



An Audit of the **University of North Texas at Dallas**

**Audit Report #773-21-01
September 8, 2022**

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Executive Summary

Purpose and Scope

The objectives of this audit were to determine whether the University of North Texas at Dallas (University):

- Procured contracts according to applicable state laws and Comptroller requirements.
- Processed payments according to applicable state laws, Comptroller requirements and statewide automated system guidelines.
- Maintained documentation to support those payments.
- Properly recorded capital and high-risk assets.
- Implemented appropriate security over payments.

This audit was conducted by the Texas Comptroller of Public Accounts (Comptroller's office), and covers the period from June 1, 2020, through May 31, 2021.

Background

The University of North Texas at Dallas (University) mission is to empower students, transform lives and strengthen communities. Through education and community connectedness, the University aspires to be the pathway to socioeconomic mobility in its primary market.

University of North Texas at Dallas
website

<https://www.untdallas.edu/>

Audit Results

The University generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. Auditors found no issues with the controls over expenditure processing and fixed assets. However, the University should consider making improvements to its payroll, purchase/procurement, and contract processes.

There were no recurring issues from the previous post-payment audit issued in August 2015. An overview of audit results is presented in the following table.



Table Summary

Area	Audit Question	Results	Rating
<u>Payroll Transactions</u>	Did payroll transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Incorrect state effective service date/ incorrect longevity/hazardous duty payment amounts. • Incorrect salary payment. • Incorrect amount paid for accrued compensatory time (overtime). • Incorrect lump sum payment of accrued vacation/sick time. 	Compliant, Findings Issued
<u>Purchase/ Procurement and Contract Transactions</u>	Did purchase and contract transactions comply the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Incorrect procurement method used. • Missing State Auditor’s Office nepotism disclosure statement. • Missing Texas Ethics Commission Certificate of Interested Parties (Form 1295). • Missing vendor compliance verifications. • Missing contract amendment. • Lack of contract monitoring and oversight. • Late reporting to the Legislative Budget Board (LBB). • Failure to report to the Vendor Performance Tracking System (VPTS). 	Compliant, Findings Issued
Fixed Assets	Were tested assets in their intended locations and properly reported in the State Property Accounting system and/or the University Inventory Tracking system?	No issues	Fully Compliant
<u>Security</u>	Are University employees who are no longer employed or whose security was revoked properly communicated to the Comptroller’s office?	Failure to notify Comptroller to remove employee from signature card.	Compliant, Findings Issued



Area	Audit Question	Results	Rating
Internal control structure	Are duties segregated to the extent possible to help prevent errors or detect them in a timely manner and help prevent fraud?	No issues	Fully Compliant

Key Recommendations

Auditors made several recommendations to help mitigate risk arising from control weaknesses. Key recommendations include:

- Confirm the amount of lifetime service credit for employees and compute the correct effective service date to prevent incorrect longevity and hazardous duty payments.
- Improve current payroll processes to prevent incorrect payments of accrued vacation or sick time.
- Ensure employee salary payments are correct.
- Ensure employees are paid correctly for accumulated compensatory time earned for working overtime.
- Ensure the correct procurement method is selected to best achieve the business requirements and procurement objectives.
- Ensure compliance with the terminated employee security revocation requirements.
- Ensure staff retains all supporting documents for purchase/procurement and contract, such as:
 - State Auditor’s Office (SAO) nepotism disclosure form.
 - Texas Ethics Commission (TEC) Certificate of Interested Parties (Form 1295).
 - Documentation showing all vendor compliance verification checks were conducted before any purchase or contract award.
 - All contract amendments.
 - Documentation reporting purchases over \$25,000 to the Vendor Performance Tracking System (VPTS).
 - Documentation showing the outcomes of any meetings with vendors, site visits, monitoring checklists or other monitoring activities conducted on each contract.
 - Documentation reporting contract awards and purchases to the Legislative Budget Board (LBB).



Detailed Findings

Payroll Transactions

Auditors developed a sample totaling \$344,771.66 from a group of 30 employees involving 133 transactions to ensure the University complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed exceptions in this group of transactions. Additionally, auditors also reviewed a limited sample of 10 voluntary contribution transactions. Audit tests revealed no exceptions for this group of transactions.

Incorrect State Effective Service Date/Incorrect Longevity/Hazardous Duty Payment Amounts

Auditors identified two employees with incorrect months of state/lifetime service credit in the University's internal payroll system resulting in incorrect payments of longevity/hazardous duty pay. The incorrect months of service credit resulted in a longevity overpayment of \$100 and a hazardous duty underpayment of \$370.

According to the University, for the first employee, the service periods were manually recorded incorrectly in its system. For the second employee, auditors identified additional prior state service in the state employment history application that did not reflect in the University's system. The University provided service history information it obtained from the Texas Commission on Law Enforcement and stated that no record of prior state service was listed.

During the audit, the University conducted the prior state service verification for the employee and provided the auditor with the required documentation to validate the correct hazardous pay amounts. The University corrected the prior state service dates in its system for both employees.

When an agency hires an employee, the agency must research whether the employee has prior state service. If prior state service exists, the agency must confirm the amount of lifetime service credit and properly record it or risk incorrectly paying longevity/hazardous duty pay. See [Texas Payroll/Personnel Resource - Non-Salary Payments - Longevity Pay](#).

Recommendation/Requirement

The University must continue to review the payroll/personnel records for current and new employees to ensure any prior state service is properly verified and documented to prevent incorrect longevity and hazardous duty payments. The University should consider using the [State of Texas Employment History Application](#) to check for additional prior state service and when applicable, request prior state service verifications directly from the listed agency.



The University should consider recovering the overpayment in accordance with [Texas Government Code, Chapter 666](#) and compensate the employee for the underpaid amount. See [34 Texas Administrative Code Section 5.40\(c\)](#).

University Response

In 2020, the University concluded an extensive project transitioning the prior state service program from a manual process to an electronic platform. As a result, employees were able to see their prior state service agency listings, and add any prior service if any periods for verification if any periods were missing. All active employees confirm the accuracy of their information. To ensure accurate service dates going forward, each month the service date, longevity pay amount and vacation accrual of employees transitioning to the next payment tier is reviewed. Corrections are made before payment is processed. The state employment history application is used for all new hires and the monthly longevity review.

Incorrect Salary Payment

Auditors identified one employee who received an incorrect salary underpayment of \$454.55. According to the University, a secondary electronic payroll action request came through with corrected information for the employee causing the original payment to be underpaid.

Recommendation/Requirement

The University should improve its payroll processes to prevent incorrect salary payments. The University must compensate the employee for the underpaid amount. See [34 Texas Administrative Code Section 5.40\(c\)](#).

University Response

University of North Texas System continues to work with campuses and departments to ensure that our electronic data base of information for transactions are entered in a timely manner. UNTS will also continue to provide the campuses with monthly detailed reports of transactions that are entered or updated past the payroll deadline date. Payroll will continue to monitor updated ePAR's with terminations that occur after a lump sum payment has been made.

Incorrect Amount Paid for Accrued Compensatory Time (Overtime)

Auditors identified two hourly employees who received an incorrect payment for accumulated compensatory time earned from working overtime (more than 40 hours in a workweek). The University did not include longevity pay in the rate of pay for calculating the amount that was owed to the employees. According to the University, these underpayments occurred due to the longevity not being updated and provided on the payout.



When additional pay components are not correctly included in the rate of pay, employees will be underpaid for compensatory time earned from working more than 40 hours in a workweek; both employees noted above were underpaid for their accumulated compensatory time.

According to the [Texas Payroll/Personnel Resource](#) as well as internal University policy, the regular rate of pay for calculating payments for banked overtime hours includes any special payments such as longevity pay, hazardous duty pay, benefit replacement pay, qualified bonus payments, and other special payments. See [Texas Payroll/Personnel Resource - Non-Salary Payments - Overtime](#).

Recommendation/Requirement

University management must ensure that employees are correctly paid for the underpayments identified. All applicable additional pay components must be included in the rate of pay for computing the amount owed to employees. Additionally, staff training programs and related documentation should include instructions for using the correct pay rate.

University Response

University of North Texas System has updated the process to ensure that all applicable base and non-base earnings are included in the payment for overtime payments to employees.

Incorrect Lump Sum Payment of Accrued Vacation/Sick Time

Auditors identified five instances where lump sum payments for accrued vacation and sick time were incorrectly calculated resulting in three underpayments and two overpayments to the employees.

The lump sum payment calculation for the first employee reflected an incorrect tally of monthly/total vacation hours resulting in an underpayment of accrued vacation of \$111.52. According to the University, the mistake in the calculation resulted in the underpayment.

The lump sum payment calculation for the second employee reflected vacation hours accrued to a weekend as opposed to only workdays. According to the University, the electronic payroll request form had an end date correction that caused the calculation to include the wrong dates, resulting in an underpayment of \$14.29.

The third employee was due termination pay for death benefits; however, the lump sum payment calculation did not include the sick leave accruals, resulting in an underpayment of \$6,877.12. According to the University, the initial workflow did not pull in when calculating the employee's sick leave payout causing the underpayment.



The lump sum payment calculation for the fourth employee reflected an incorrect pay rate that resulted in an overpayment of \$292.21. According to the University, the first electronic payroll action request had a correction to the employee record causing the calculation to include the incorrect pay rate.

The calculation for the fifth employee included the incorrect base pay resulting in an overpayment of \$1,130.96. The University stated it is working on collecting the overpayments.

The balance of the accrued vacation time must be completely allocated over the workdays following the effective date of the employee's separation from state employment. Hours must be added for each state or national holiday that occurs during the period over which the time is allocated. See [Texas Government Code, Section 661.064](#).

Additionally, when a state employee passes away, the state shall pay the employee's estate for the balances of the employee's vacation leave and sick leave. Payment under this section may not be for more than all of the state employee's accumulated vacation leave and one-half of the state employee's accumulated sick leave or 336 hours of sick leave, whichever is less. See [Texas Government Code, Section 661.033](#).

Recommendation/Requirement

The University must improve its current payroll processes to prevent incorrect payments of accrued vacation time. The University must recover the overpayments in accordance with [Texas Government Code, Chapter 666](#) and compensate the employees for the underpaid amounts. See [34 Texas Administrative Code Section 5.40\(c\)](#).

University Response

University of North Texas System has updated the process to ensure that all mandated applicable data is provided at the time of separation to ensure that proper payment is made to employees upon termination for our entities.

Purchase and Contract Transactions

Auditors developed a sample totaling \$989,475.85 from a group of 30 purchase transactions. In addition, auditors selected two contracts with values of \$1,416,365.01 and \$211,728.00 along with a sample of six contract payment transactions totaling \$808,117.56 to ensure the University complied with the GAA, [eXpendit \(FPP I.005\)](#), and pertinent statutes. Audit tests revealed the following exceptions for these groups of transactions.



Contract	Amount	Type of Service	Procurement Cycle				
			Planning	Procurement Method Determination	Vendor Selection	Contract Formation/Award	Contract Management
Contract A	\$1,416,365.01	Construction	No exceptions	No exceptions	No exceptions	<ul style="list-style-type: none"> • Missing vendor compliance verification. • Late reporting to LBB. • Missing SAO nepotism disclosure statement. • Missing TEC Certificate of Interested Parties (Form 1295). 	<ul style="list-style-type: none"> • Failure to report to VPTS. • Lack of contract monitoring and oversight.
Contract B	\$211,728.00	Building Improvements	No exceptions	Incorrect procurement method used.	No exceptions	<ul style="list-style-type: none"> • Missing vendor compliance verification. • Late reporting to LBB. 	<ul style="list-style-type: none"> • Failure to report to VPTS. • Missing contract amendment. • Lack of contract monitoring and oversight.

Incorrect Procurement Method Used

Auditors identified one contract where the University failed to select the correct procurement method when procuring professional services. The University used a building improvement contract that was procured through a group purchasing program. See [Texas Education Code, Section 51.9335](#). The building improvement contract was used to renovate a building at the University. Additionally, they used the building contract under the group purchasing program for engineering and architect services, which was not permitted and should have been procured under a professional services solicitation. According to the University, the issue occurred due to oversight.

To procure professional architectural, engineering, or land surveying services, the University must first select the most highly qualified provider based on demonstrated competence and qualifications, and then attempt to negotiate a fair and reasonable price for services. If a satisfactory contract cannot be negotiated with the most highly qualified respondent, the University must formally end negotiations with the respondent and then must attempt to negotiate a fair and reasonable price with the next most highly qualified respondent. This process may continue until a contract is executed. See the University of North Texas System Contract Management Handbook and [Texas Government Code, Sections 2254.002](#) and [2254.004](#).



Recommendation/Requirement

The University must follow procurement procedures to accurately and effectively select the procurement method that best achieves the identified business requirements and procurement objectives while adhering to state statutes regarding professional services.

University Response

The University will follow procurement procedures to accurately and effectively select the procurement method that best achieves the identified business requirements and procurement objectives while adhering to state statutes regarding professional services.

Missing State Auditor's Office (SAO) Nepotism Disclosure Statement

Auditors identified one contract where the University failed to have procurement employees complete and sign the SAO nepotism disclosure forms. The University acknowledged that the disclosure forms were not completed but has since updated the procurement processes to include them.

The SAO defines purchasing personnel as employees of a state agency who make decisions on behalf of the agency or make recommendations regarding:

- Contract terms or conditions on a major contract.
- Who is to be awarded a major contract.
- Preparation of a solicitation for a major contract.
- Evaluation of a bid or proposal.

See [Texas Government Code, Section 2262.004](#).

Recommendation/Requirement

The University must ensure all procurement personnel involved in awarding contracts of at least \$1 million sign the SAO disclosure statement for purchasing personnel located on the [SAO website](#). The signed statements must be retained in the procurement file.

University Response

The Contracts Team will add Nepotism Disclosure Statement requirement to contract management system to ensure compliance and work with all parties involved in the contract process. The Contracts team will partner with Strategic Sourcing Liaisons to ensure compliance when solicitations are made. The disclosure form has been downloaded from the SAO website and will be stored in the contract file for awarded contracts of \$1 million or more.



Missing Texas Ethics Commission Disclosure of Interested Parties Certificate (Form 1295)

Auditors identified one contract that was missing the required Texas Ethics Commission (TEC) Certificate of Interested Parties (Form 1295). Certain contracts valued at \$1 million or more require Form 1295. Before contract award, the vendor must give the agency a completed, signed form with the certificate of filing number and date. The contract developer then acknowledges the form on the TEC website. Agencies should refer to Form 1295 in the solicitation to allow the vendor to gather the pertinent information early in the process. See [Texas Government Code, Section 2252.908](#). The University stated the issue occurred due to oversight.

Recommendation/Requirement

The University must ensure any vendor involved in contract awards of \$1 million or more completes Form 1295 located on the [TEC website](#).

University Response

The Contracts Team will add TEC 1295 requirement to contract management system to ensure compliance. Contracts team will reach out via email to vendors when the contract award is \$1 million or more to provide direction on completing the TEC 1295 form and returning to UNT System for acknowledgment. Form will be kept on file in the contract management system after acknowledged to TEC website.

Missing Vendor Compliance Verifications

Auditors identified 20 purchase transactions and two contracts where the University either did not provide proof or provided invalid proof of the vendor compliance verification (VCV) checks. The University must document that staff performed each verification. The University acknowledged the vendor checks were not completed but has since updated the procurement process to include them.

Missing Warrant Hold Check

Auditors identified five purchase transactions initially paid with local funds and two contract transactions where the University did not document the verification of the vendor's warrant hold status before making a purchase or executing a contract. If the vendor is on warrant hold, the University may not enter into a written contract with the person unless the contract requires the University's payments under the contract to be applied directly toward eliminating the person's debt or delinquency. The requirement specifically applies to any debt or delinquency, regardless of when it arises. See [Texas Government Code, Section 2252.903\(a\)](#) and [eXpendit – Restricted Expenditures – Persons Indebted to the State](#).



Iran, Sudan and Foreign Terrorist Organization List Check

The University was unable to provide proof staff conducted the Iran, Sudan, and foreign terrorist check before entering into two contracts and making 20 purchase transactions. Agencies may not contract with a company doing business with Iran, Sudan or a foreign terrorist organization. See [Texas Government Code, Sections 2252.001\(2\), 2252.151\(4\) and 2252.152](#). Each agency must check the divestment lists before award to determine if the potential awardee is in violations of this requirement, per [Texas Government Code, Sections 2252.153 and 2270.0201](#). The Texas Safekeeping Trust Company maintains the divestment lists and posts them to the [Comptroller's Divestment Statute Lists](#) website. Agencies cannot award a contract to a vendor that is in violation.

Recommendation/Requirement

The University must conduct all VCV checks before any purchase, contract award, extension or renewal, and it must retain results from the specified website in the procurement file.

University Response

Warrant Hold Checks

Payment Card: New software being implemented will help when a warrant hold check is missing. Continuing education and training will be held to education payment card users on requirements for purchases of \$500 or more.

Purchase orders: Warrant hold check processes are in place for warrant hold checks to be checked when purchases are made. Additional communication will be sent as a reminder to document the warrant hold check.

Contracts: A field is being added to the contract management software which prompts a search for warrant hold check to meet the 7-day requirement before contract signature.

Iran, Sudan and Foreign Terrorist Organization List Check

The lists from the Comptroller's website have been added to a spreadsheet and are being kept in University files. A purchase is checked against this list and noted in the PO before PO dispatch. A field is being added to the contract management software with the list attached and checked before contract execution.

Missing Contract Amendment

Auditors identified one contract where the University extended the price without a written amendment. According to the University, funding was added to the purchase order without a signed amendment.



All contract amendments should be documented and should conform to the contract and agency processes, and both parties must agree to the changes. The University of North Texas System Contract Management Handbook states that contract monitoring responsibilities include working with the contractor and University of North Texas System Procurement and Payment Services when an amendment to the contract is needed.

Recommendation/Requirement

The University must ensure that contract amendments for changes to scope, schedule, payment, etc. are in writing and the University and the vendor agree to amend the contract.

University Response

The Contracts team will make easily accessible a contract amendment template and provide training on use of the template.

Late Reporting to the Legislative Budget Board

Auditors identified two purchase transactions and two contracts that the University reported late to the Legislative Budget Board (LBB). In addition to the late reporting of the contracts, the University incorrectly reported the amount of the contracts. The University stated the issue occurred due to oversight.

[General Appropriations Act \(GAA\), Reporting Requirements, Article IX, Section 7.04](#) requires state agencies that receive an appropriation to report contracts over \$50,000 to the LBB, regardless of the funding source or method of finance associated with the expenditure. This requirement applies even if only non-appropriated funds are expended. The submission must include required documentation such as the award, solicitation documents, renewal, amendments, addendums, extensions, attestation letters and certain types of supporting records related to contracts. When amendments are added to an existing contract, the contract identification number should remain the same for LBB reporting purposes. See the [LBB Contract Reporting Guide](#). The University stated the issue occurred due to oversight.

Recommendation/Requirement

The University must report all applicable contracts to the LBB to comply with the [GAA, Article IX, Section 7.04](#) and the [LBB Contract Reporting Guide](#).

University Response

The Contracts team will cross-train so that division of work among the team will help ensure more timely reporting.



Lack of Contract Monitoring and Oversight

Auditors identified two contracts that did not have a monitoring and oversight mechanism in place. The University could not provide documentation to verify both contracts were monitored.

The lack of contract monitoring and oversight mechanisms greatly increases the risk that the University will not receive services it contracted for, will pay for services not received, and will fail to carry out its statutory responsibilities.

Monitoring the contractor's performance is a key function of proper contract administration to ensure the contractor performs all contract obligations. Monitoring also ensures the University becomes aware of and addresses any problems that may develop. See University of North Texas System Contract Management Handbook.

Recommendation/Requirement

The University should develop appropriate monitoring procedures for each contract (or each type of contract) that it awards. The University should document the outcomes of any meetings with vendors, site visits, monitoring checklists or other monitoring activities conducted on each contract and retain the documentation in the procurement file.

University Response

The Risk Assessment tool has been updated to reflect agreements over \$1 million will be enhanced monitored and other contracts identified as "high risk". The contract management handbook is currently undergoing revisions from OGC. The Contracts team will review/define the ECM requirements, utilize Jaggaer Total Contract Manager (TCM) to track deliverables and store related documentation.

Failure to Report to the Vendor Performance Tracking System

Auditors identified 10 purchase transactions and two contracts over \$25,000 that were not reported to VPTS as required. The University stated that it did not include the VPTS requirement in their processes until 2021.

The Statewide Procurement Division (SPD) administers VPTS for use by all ordering agencies per [34 Texas Administrative Code Section 20.115](#). VPTS relies on agency participation to gather information on vendor performance. Ordering agencies are also encouraged to report vendor performance for purchases under \$25,000. Agencies submit the Vendor Performance form (VPF) electronically via the SPD web application portal. See [Texas Government Code, Sections 2155.089](#) and [Section 2262.055](#). While institutions of higher education are exempt from procurement provisions in Title 10, Subtitle D they must follow the rest of the subtitle. Because the reporting of vendor



performance under [Section 2155.089](#) is not part of the procurement of goods and services, and cannot possibly occur until the procurement process is complete, it is outside the scope of the [Texas Education Code, 51.9335\(d\)](#) exemption. While Texas SB 799, 87th Legislature, Regular Session (2021), amended [Texas Government Code, Section 2155.089\(c\)](#), to exempt institutions of higher education from VPTS reporting requirements for contract solicitations that began on or after Sept. 1, 2021, all of the transactions and contracts reviewed for this audit were solicited prior to the bill's implementation date.

Recommendation/Requirement

For solicitations that began prior to Sept. 1, 2021, the University must report purchases and contracts over \$25,000 to VPTS to identify suppliers demonstrating exceptional performance, aid purchasers in making a best value determination based on vendor past performance and protect the state from vendors with unethical business practices. Reporting should also identify vendors with repeated delivery and performance issues, provide performance scores in five measurable categories for Centralized Master Bidders List (CMBL) vendors, and track vendor performance for delegated and exempt purchases.

University Response

Per Section 2155.089 of the Texas Government Code, VPTS reporting does not apply to a university system or institution of higher education. The UNT System Contract Management Handbook will be revised to reflect contracts with an annual value of \$250,000 be reported to the VPTS website. UNT System Contracts Team to work with departments to ensure reporting to VPTS with an annual value of \$250,000 or more

Fixed Assets

The audit included a review of a limited number of fixed assets acquired by expenditures during the audit period to test for accurate reporting and to verify the existence of assets. All assets tested were in their intended locations. Audit tests revealed no exceptions in these transactions.

Security

The audit included a security review to identify University employees with security in the Uniform Statewide Accounting System (USAS) or on the voucher signature cards who were no longer employed or whose security had been revoked. On termination or revocation, certain deadlines must be observed so security can be revoked in a timely manner. Audit tests revealed the following exception.



Employee Retained Security To Expend Funds After Termination

During the audit period, the University failed to submit to the Comptroller's office a timely request for one terminated employee who had been designated to approve expenditures. The lack of timely notification meant the employee retained USAS security for four days after termination. The employee could have approved expenditures submitted to the Comptroller's office during that time. Any expenditure that was approved under the employee's expired authority would have constituted an unapproved expenditure. Auditors ran a report and determined the employee did not submit expenditures after the termination date.

When a designated employee terminates employment with an agency, the agency must notify the Comptroller's office about the termination. See [34 Texas Administrative Code Section 5.61\(k\)](#). Any officer or employee may send the Comptroller's office notification or termination or revocation. See [34 Texas Administrative Code Section 5.61\(k\)\(3\)\(B\)](#).

Recommendation/Requirement

The University must ensure notifications sent to the Comptroller's office to remove an employee's USAS security profile are sent on or before the effective date of the revocation or termination to prevent the employee from executing electronic approvals for the University.

University Response

The USAS Security Coordinator receives a daily list from all institutions of all users who have been termed and also a list of users who change jobs. These reports are reviewed every morning by both Security Coordinators. If these users are USAS personnel then the ticket to remove or confirmation of new duties is noted and processed that day.

Moving forward, we have implemented a new process to automate the notification of special users who do not have access to USAS or other state systems, but do have Signature responsibilities for the institutions. Additionally, this will cover users who change institutions and keep USAS access but do not have signature card duties. These roles are being developed and deployed this month with the new reporting to better identify all users.

Internal Control Structure

The review of the University's internal control structure was limited to obtaining reports identifying current user access. The review did not include tests of existing mitigating controls. The audit tests conducted revealed no exceptions in user access.



Appendices

Appendix 1 — Objectives, Scope, Methodology, Authority and Team

Audit Objectives

The objectives of this audit were to:

- Ensure payments are documented so a proper audit can be conducted.
- Ensure payment vouchers are processed according to the requirements of the Uniform Statewide Accounting System (USAS) and any of the following:
 - Uniform Statewide Payroll/Personnel System (USPS),
 - Standardized Payroll/Personnel Reporting System (SPRS),
 - Human Resource Information System (HRIS) or
 - The Centralized Accounting and Payroll/Personnel System (CAPPS).
- Verify payments are made in accordance with certain applicable state laws.
- Verify assets are in their intended locations.
- Verify assets are properly recorded for agencies and institutions of higher education that use the State Property Accounting (SPA) system.
- Verify voucher signature cards and systems security during the audit period are consistent with applicable laws, rules and other requirements.

Audit Scope

Auditors reviewed a sample of the University of North Texas at Dallas (University) payroll, purchase/procurement, contracting processes, and controls over expenditure processing that processed through USAS from June 1, 2020, through May 31, 2021, to determine compliance with applicable state laws.

The University received appendices with the full report, including a list of the identified errors. Copies of the appendices may be requested through a [Public Information Act](#) inquiry.

Texas law requires the Texas Comptroller of Public Accounts (Comptroller's office) to audit claims submitted for payment through the Comptroller's office. All payment transactions are subject to audit regardless of amount or materiality.

The audit provides a reasonable basis for the findings set forth in this report. The University should implement the recommendations listed in the Detailed Findings of this report. It is the University's responsibility to seek refunds for all overpayments unless it determines it is not cost effective to do so. If necessary, the Comptroller's office may take the actions set forth in Texas Government Code, Section 403.071(h), to ensure that the University's documents comply in the future. The University must ensure that the findings discussed in this report are resolved.



Audit Methodology

The Expenditure Audit section uses limited sampling to conduct a post-payment audit, and relies on professional judgment to select areas the auditor considers high risk.

Fieldwork

Each auditor in the Expenditure Audit section approaches each audit with an appropriate level of professional skepticism based on the results of the initial planning procedures.

If an auditor suspects during an audit that fraud, defalcation or intentional misstatement of the facts has occurred, the auditor will meet with his or her supervisor, the Statewide Fiscal Oversight manager, or both, to decide what action or additional procedures would be appropriate.

Audit Authority

State law prohibits the Comptroller's office from paying a claim against a state agency unless the Comptroller's office audits the corresponding voucher.

- Texas Government Code, Sections 403.071(a), 403.078, 2103.004(a)(3).

State law allows the Comptroller's office to audit a payment voucher before or after the Comptroller's office makes a payment in response to that voucher.

- Texas Government Code, Section 403.071(g)-(h).

In addition, state law authorizes the Comptroller's office to conduct pre-payment or post-payment audits on a sample basis.

- Texas Government Code, Sections 403.011(a)(13), 403.079, 2155.324.

Audit Team

Eunice Miranda, CTCD, Lead Auditor

Amanda Price, CFE, CTCD

Mayra Castillo, CTCD



Appendix 2 — Definition of Ratings

Compliance Areas

Definition	Rating
Agency complied with applicable state requirements and no significant control issues existed.	Fully Compliant
Agency generally complied with applicable state requirements; however, control issues existed that impact the agency's compliance, or minor compliance issues existed.	Compliant, Findings Issued
Agency failed to comply with applicable state requirements.	Noncompliant
Restrictions on auditor's ability to obtain sufficient evidence to complete all aspects of the audit process. Causes of restriction include but are not limited to: <ul style="list-style-type: none"> Lack of appropriate and sufficient evidentiary matter. Restrictions on information provided to auditor. Destruction of records. 	Scope Limitation

Internal Control Structure/Security Areas

Definition	Rating
Agency maintained effective controls over payments.	Fully Compliant
Agency generally maintained effective controls over payments; however, some controls were ineffective or not implemented. These issues are unlikely to interfere with preventing, detecting, or correcting errors or mitigating fraudulent transactions.	Control Weakness Issues Exist
Agency failed to effectively create or implement controls over payments.	Noncompliant

Repeat Finding Icon Definition



This issue was identified during the previous post-payment audit of the agency.