



An Audit of the **University of Texas at Tyler**

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Glenn Hegar
Texas Comptroller of Public Accounts



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Executive Summary

Purpose and Scope

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

- 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 Dec. 1, 2020, through Nov. 31, 2021.

Background

The University of Texas at Tyler was founded in 1971. It consists of five academic colleges and three schools. The University offers more than 80 bachelor's, master's and doctoral degree programs. The campus is located in nearly 259 acres in the pine and oak forest of East Texas.

University of Texas at Tyler website
<https://www.uttyler.edu/>

Audit Results

The University generally complied with the General Appropriations Act (GAA), relevant statutes and Comptroller requirements. Auditors found no issues with grant transactions, security and property management. However, the University should consider making improvements to its payroll, purchase/procurement, payment card and travel processes as well as its internal control structure.

The auditors reissued four findings from the previous audit conducted at the University related to:

- Purchase orders created after invoice.
- Freight charges not on purchase order.
- Incorrect travel reimbursement amount.
- Controls over expenditure processing.

Auditors originally issued these findings in August 2013. An overview of audit results is presented in the following table.




Table Summary

Area	Audit Question	Results	Rating
Payroll Transactions	Did payroll transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Missing statutory authority for reimbursement. • Incorrect state effective service date/incorrect longevity/hazardous duty payment amounts. 	Compliant, Findings Issued
Purchase and Payment Card Transactions	Did purchase and payment card transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • Missing vendor compliance verifications. 🔄 Freight charges not on purchase order. 🔄 Purchase order created after invoice. • Missing purchase documentation. 	Compliant, Findings Issued
Travel Transactions	Did travel transactions comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> 🔄 Incorrect lodging reimbursement amount. 	Compliant, Findings Issued
Grant Transactions	Did grant transactions comply with the GAA, pertinent statutes and Comptroller requirements?	No issues	Fully Compliant
Fixed Assets	Were tested assets in their intended location and properly reported in the State Property Accounting system?	No issues	Fully Compliant
Targeted Analysis	Did transactions from the targeted analysis comply with the GAA, pertinent statutes and Comptroller requirements?	<ul style="list-style-type: none"> • CTIA form signed after access to system granted. • Incorrect billing account number and mail code. 	Compliant, Findings Issued

 Repeat Finding



Area	Audit Question	Results	Rating
Security	Are University employees who are no longer employed or whose security was revoked properly communicated to the Comptroller's office?	No issues	Fully Compliant
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?	 Control weakness over expenditure processing.	Control Weakness Issues Exist

 Repeat Finding

Key Recommendations

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

- Ensure all payroll transactions submitted for reimbursement through the Uniform Statewide Accounting System (USAS) are allowable and in compliance with state laws and rules.
- Confirm any prior state service is verified and properly recorded to ensure longevity and hazardous duty pay increases occur at the correct times.
- Conduct all vendor compliance verifications (VCV) before any purchase/procurement, contract award, extension or renewal, and retain results from the specified website in the procurement file.
- Ensure it reviews invoices for accuracy, completeness and agreement with the purchase order.
- Ensure staff creates the purchase order at the time the goods or services are ordered from the vendor.
- Ensure staff retains all supporting documents for purchase/procurement transactions.
- Conserve state funds by ensuring each travel arrangement is the most cost effective considering all relevant circumstances.
- Ensure that Confidential Treatment of Information Acknowledgement forms are completed, signed and dated by employees who need access to state systems.
- Ensure payments for third-party transactions are processed in accordance with state policies and procedures.
- Have controls over expenditure processing that segregate each accounting task to the greatest extent possible.



Detailed Findings

Payroll Transactions

Auditors developed a sample totaling \$198,100.78 from a group of 25 employees and 233 payroll transactions to ensure the University complied with the GAA, [Texas Payroll/Personnel Resource \(FPP F.027\)](#) and pertinent statutes. Audit tests revealed the following exceptions in this group of transactions. Additionally, a limited sample of 10 voluntary contributions transactions were audited with no exceptions identified.

Missing Statutory Authority for Reimbursement

In the review of payroll transactions, auditors identified 33 reimbursements totaling \$1,649.40 within the sample and \$11,087.29 outside of the sample where the University did not have statutory authority to process the expenses using state funds.

The requests for reimbursement from state funds were to fund a reserve account used to pay out lump sum vacation and sick leave to terminating employees. Staff selected comptroller object 7023 – Lump Sum Termination Payment since it was deemed to be closely associated with the fee. According to the University's policy, the amounts used to fund the account are calculated as a percentage rate of eligible employee's gross payroll each month. According to the University, prior to the fiscal 2022-23 biennium the state did not permit institutions of higher education to submit for reimbursement expenditures used for or allocated to a self-insurance fund authorized by Texas Government Code, Chapter 2259, for a risk otherwise insurable by the institution, including a reserve account for lump sum payments of vacation and sick leave. The fiscal 2022-23 GAA included a provision that these payments shall be treated by the Comptroller's office as an expenditure of the respective funds. Also, the resulting self-insurance funds shall be considered designated funds as that term is used in Texas Education Code, Section 51.008(b).

According to [Article IX Section 6.04 of the General Appropriations Act](#), 86th Legislature (2019), funds appropriated by the GAA shall be expended, as nearly as practicable, for the purpose for which appropriated. In the event an agency cannot determine legislative purpose from the pattern of appropriations, the agency shall seek to determine that purpose from the proceedings of the legislative committees responsible for proposing appropriations for this state. Although Section 19 of the Special Provisions Relating Only to State Agencies of Higher Education under [Article III, General Appropriations Act](#), 87th Legislature (2021) added language to include reserve accounts for lump sum payments of vacation and sick leave to be treated by the Comptroller as an expenditure of the respective funds, the addition, effective Sept. 1, 2021, would not apply to the reimbursements processed prior to that date.



It is the University's responsibility to:

- Ensure its payroll expenditures comply with state and federal laws and rules.
- Determine its legal authority for making each payment resulting from a payroll document before that document is submitted to the Comptroller's office.
- Ensure it maintains necessary documentation for proving each payment resulting from a payroll document is legal, proper and fiscally responsible.

Auditors provided the University with the schedule for the reimbursements not payable. It is not included in this report due to confidentiality issues.

Recommendation/Requirement

The University must enhance its review process of all payroll transactions submitted for reimbursement in USAS to ensure that only expenditures that comply with state laws and rules are included in the entries. The University should reimburse the state treasury the total unallowable payroll reimbursement amount for the transactions dated prior to Sept. 1, 2021.

University Response

Prior to the FY 2022-2023 biennium the state did not permit institutions of higher education to submit for reimbursement expenditures used for or allocated to a self-insurance fund authorized by Texas Government Code, Chapter 2259, for a risk otherwise insurable by the institution, including a reserve account for lump sum payments of vacation and sick leave. The FY 2022-2023 GAA included a provision that these payments shall be treated by the Comptroller of Public Accounts as an expenditure of the respective funds. The self-insurance funds so created shall be considered designated funds as that term is used in section 51.008(b) of the Texas Education Code.

Any unallowable payroll reimbursement amounts for the transactions dated prior to Sept. 1, 2021 will be returned by April 12, 2024 through coordination between University staff and our designated ACO.

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 longevity and hazardous duty payments. The incorrect months of service credit resulted in a \$600 longevity underpayment and a \$20 hazardous duty overpayment for the first employee and a \$6,360 longevity overpayment and a \$1,030 hazardous duty underpayment for the second employee. Additionally, auditors also identified a third employee who was overpaid \$260 in longevity and underpaid \$380 in hazardous duty pay.



Auditors identified additional prior state service for the first employee that did not reflect in the University's system. According to the University, the service periods were manually recorded incorrectly in its system. During the audit, the University conducted the prior state service verification for the employee and provided the auditors with the required documentation to validate the correct hazardous pay amounts. The University corrected the prior state services dates in its internal system during fieldwork for the first two employees. The third employee was in a hazardous duty position and was paid longevity instead of hazardous duty pay.

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 employees for the underpaid amounts under [34 Texas Administrative Code Section 5.40\(c\)](#).

University Response

Initial recording of some personnel records was incorrect due to human error, going forward additional steps and reviews specific to state service recording have been put in place.

Purchase/Payment Card Transactions

Auditors developed a sample of 25 purchase transactions totaling \$86,964.32 and 11 payment card transactions totaling \$36,450.64 to ensure the University complied with the GAA, [eXpendit \(FPP I.005\)](#) and pertinent statutes. Audit tests revealed the following exceptions in these transactions.

Missing Vendor Compliance Verifications

Auditors identified the following instances where the University was unable to provide evidence of performing the VCVs for 14 purchase transactions and seven payment card transactions. The University must provide evidence, such as a dated screen print, showing that each verification was performed.



Warrant Hold Check

The University did not document the vendor's warrant hold status verification before making 19 purchase transactions and seven payment card transactions. The University must check warrant hold status if payment is made with local funds or if a payment card purchase is over \$500. See [TexPayment Resource - Warrant hold - Hold Special Circumstances, Local Funds](#) and [Payment Card Purchases](#). The University cannot proceed with a purchase made with local funds or a payment card purchase over \$500 until the warrant hold is released. For transactions involving a written contract, the warrant hold check must be performed no earlier than the seventh day before, and no later than the date of contract execution if payments under the contract will be issued with local funds. 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](#).

According to the University, during the audit period sampled, the PeopleSoft accounting system it uses only programmatically restricted payments to vendors on hold by the Comptroller's office. The University added that it now inactivates all vendors on hold by the Comptroller's office preventing both purchase and payment.

Regarding the payment card transactions, the University stated that the issue was a result of inadvertent oversight by payment card end users in ensuring they performed warrant hold checks prior to making purchases over \$500 with the payment card. The University added that its management has since updated the payment card policies and procedures. Procurement card holders have received re-training on checking and retaining the dated results of the warrant hold status verification.

Iran, Sudan and Foreign Terrorist Organization Check

The University was unable to provide documentation showing it performed the Iran, Sudan and foreign terrorist organization check before making 14 purchase transactions. Agencies may not contract with a company doing business with Iran, Sudan or a foreign terrorist organization. See [Texas Government Code, Section 2252.152](#). Each agency must check the divestment lists before award to determine if the potential awardee is in violation of this requirement. 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. According to the University, its previous process resulted in inadvertent oversights in this area, but it is now using the PaymentWorks vendor software system that continually monitors the various foreign terrorist organization lists electronically.



Recommendation/Requirement

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

University Response

During the audit period sampled, the PeopleSoft accounting system UT Tyler used only programmed restricted payments to vendors on hold by the State Comptroller. Subsequently, UT Tyler now inactivates all vendors on hold by the State Comptroller preventing both purchase and payment. UT Tyler is now using the PaymentWorks vendor software system which continually electronically monitors the various foreign terrorist organization lists.

Freight Charges Not on Purchase Order

Auditors identified one purchase transaction with a purchase order that did not include freight charges; however, the vendor's invoice added freight costs, which the University paid. Freight was not included on the original quote nor on the original purchase order. The University created a purchase order change notice to add the freight charges after receiving the invoice. The University stated this was an oversight and that the department buyer has received re-training on this topic. See [34 Texas Administrative Code Section 20.487](#).

All freight charges should be included on each purchase order. In situations where the final amount of freight cannot be determined, estimates may be used. In those instances, the University should document the limit that may not be exceeded for any freight charge. If it is determined that the upper limit for a freight charge will be exceeded, the vendor should obtain approval for the higher amount. Any approvals for higher amounts should be documented before receiving the invoice.

Recommendation/Requirement

The University must review invoices for accuracy, completeness and agreement with the purchase order. The University must pay only the contracted amount as shown on the purchase order. If a charge is inadvertently left off the purchase, a purchase order change notice must be used to correct the discrepancy before receiving the invoice.

University Response

Initial purchase order did not include any freight charges which were later paid due to an oversight by the department buyer. Additional training of purchasing staff has been completed.



Purchase Order Created After Invoice

Auditors identified two purchase transactions in which the purchase orders were dated after services were rendered and after the final invoices were received. The first transaction was for a staff veterinarian's attendance at three monthly meetings. The second transaction was to purchase sign-on capabilities for a training program. However, the purchase orders were not created at the time the services were requested. The University stated this was an oversight and the department buyer has received re-training on this topic.

According to [34 Texas Administrative Code Section 5.51\(c\)\(1\)\(D\)](#), it is the responsibility of the state agency and its officers to ensure that for each purchase document, the agency maintains necessary records to prove that each payment resulting from the document is legal, proper and fiscally responsible. Without a purchase order issued to the vendor at the time services are requested, it is difficult for the University to ensure it is not overcharged or billed for goods or services beyond those agreed.

Recommendation/Requirement

The University must ensure the purchase order is created at the time the goods or services are requested from the vendor to verify payments are valid and to ensure a proper audit trail.

University Response

Department buyer inadvertently failed to ensure purchase orders were created timely due to an oversight. Additional training of purchasing staff has been completed.

Missing Purchase Documentation

Auditors identified one purchase transaction that lacked documentation confirming the receipt of goods or services. The University did not retain a copy of the packing slip/delivery receipt. The University stated this was an oversight, and the department buyer has received re-training on this topic. Also, the University has added additional guidance about receiving documentation requirements to its policies and procedures.

If an agency does not confirm receipt of goods or services, it risks receiving incomplete orders or items purchased for personal or non-agency use. Without complete documentation, auditors could not determine whether all goods and services purchased were received as expected/billed.

Auditors also identified two payment card transactions that were missing an invoice. The University's procedures require the retention of invoices for payment card purchases. The University stated the payment card holders did not print and file a copy of the invoice due to oversight and that the department buyers have received



re-training on this topic. Without proper documentation, auditors could not determine whether the information entered in USAS was an accurate reflection of the purchases. Proper documentation must be maintained to verify payments are valid and to ensure a proper audit trail. According to the University the missing documentation was an oversight and the campus department buyer has received re-training.

According to [34 Texas Administrative Code Section 5.51\(c\)\(1\)\(D\)](#), agencies must maintain necessary documentation for each purchase document to prove each payment is legal, proper and fiscally responsible. The Comptroller's office [eXpendit](#) page (General Provisions – Responsibilities of State Agencies – Retention Requirements Concerning Supporting Documentation) explains that the type of documentation needed to support the legality and fiscal responsibility of a payment depends on the type of claim paid. Examples of required documentation include purchase orders, requisitions, contracts, invoices, receipts and receiving reports.

In addition, standard business practices and internal controls for ensuring payments are valid require adequate separation of duties in the purchasing process and a comparison (three-way match) of:

- The ordering information (purchase order).
- Billed amounts (vendor invoice).
- Confirmation that all goods or services were received as expected (receiving report).

Recommendation/Requirement

The University must ensure it does not make payments for goods or services without adequate supporting documentation to justify and validate each purchase per the three-way match. An employee independent from the purchasing process should confirm that goods and services were received as expected and should retain the confirmation in agency records. The University must also ensure its policies and training materials include instructions on performing and documenting the confirmation of goods and services received, maintaining necessary supporting documentation, and meeting the minimum requirements and expectations for the purchasing and payment review/ approval process.

University Response

Inadvertent lapse in existing processes led to required documentation not being retained. Additional training of purchasing staff has been completed.

Travel Transactions

Auditors developed a sample of 20 travel transactions totaling \$4,340.70 and 10 travel card transactions totaling \$5,212.95 to ensure the University complied with the GAA, [Textravel \(FPP G.005\)](#) and pertinent statutes. Audit tests revealed the following exceptions for this group of transactions.



Incorrect Lodging Reimbursement Amount

Auditors identified one travel transaction where the University reimbursed an employee for lodging in excess of the allowable reimbursement rate for the location based on the U.S. General Services Administration (GSA) rates. The University stated this error occurred due to inadvertent oversight in application of state lodging rate cap of the GSA amount.

[**Texas Government Code, Section 660.007\(a\)**](#) requires a state agency to minimize the amount of travel expenses paid or reimbursed by the agency. The agency must ensure each travel arrangement is the most cost effective considering all relevant circumstances.

Recommendation/Requirement

The University must exercise caution in its use of state funds and ensure those expenditures are fiscally responsible. The University must obtain a reimbursement from the traveling employee unless it determines it is not cost effective to do so. If reimbursement is obtained from the employee, the University must reimburse the state treasury for the excess amount.

University Response

Inadvertent oversight by department staff while processing reimbursements caused this singular error of reimbursing in excess of allowable reimbursement rate. Additional training and review of current policies has been completed.

Grants

Auditors developed a sample of six grant transactions totaling \$1,165,020.00, then conducted a limited review of the University's transactions relating to grant payments. This review consisted of verifying the payments did not exceed the authorized amounts. The review of these payments did not include an investigation of the University's procedures for awarding the grants or monitoring payments made to grantees; therefore, auditors are not offering an opinion of those procedures. Audit tests revealed no exceptions for this group of transactions.

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 location. Audit tests revealed no exceptions in these transactions.



Targeted Analysis

The audit included targeted analyses outside the main samples of payroll, purchase and travel transactions. Using USAS, Citibank or other systems accessible by the Comptroller's office, auditors generated several special reports to analyze additional processes relevant to the audited entity. Such processes may include interagency transfers, refunds to payroll, proper coding of payment card transactions, and others. Audit tests revealed the following exceptions in the University's targeted analysis reports.

Confidential Treatment of Information Acknowledgement (CTIA) Forms

As a routine part of the security review, auditors evaluated the University's compliance with the requirement that all users of the Comptroller's statewide accounting systems complete a CTIA form. When a new user requires access to the Comptroller's systems, the University's security coordinator has the user read and sign the [CTIA form](#). The agency's security coordinator must keep it on file for as long as the user has access to the systems plus five years. Auditors reviewed this requirement for eight employees. One form was signed after the employee accessed the system.

According to the University, this employee started in 1998 when this exception occurred and was not informed that he needed to sign a CTIA form. The University added that the security coordinator has established a process whereby security requests for access are submitted only after a signed CTIA form is received.

Recommendation/Requirement

The University must continue to enhance its procedures to ensure no user gains access to any of the statewide financial systems before completing a CTIA form and ensure the original CTIA form is kept on file as long as the user has access to the statewide accounting systems, plus the five-year retention period.

University Response

Inadvertent lapse in process. Reminded responsible party of the importance of ensuring CTIA forms are signed in advance of the first connection to CPA systems.

Incorrect Billing Account Number and Mail Code

In a report generated outside the sample, auditors identified ten procurement card transactions that were processed incorrectly to the state's payment card vendor. The University failed to provide the correct billing account number and mail code as prescribed by [Processing Third-Party Transactions in USAS for Payment/Travel Cards](#), [Direct Bill Payments and Reimbursements \(FPP A.043\)](#) and [USAS and CAPPS Financials Invoice Number Field Requirements \(FPP E.023\)](#). The invoice field also included the full 16-digit credit card number, which violates the confidentiality and security requirements.



According to the University, payments were processed using an incorrect format and internal processing procedures have been changed to only use the last ten digits of the billing account number for credit card payments. The University also stated that payments were processed using outdated billing information in the mail code field; however, the mail code has since been corrected on the programmatic vendor record data used for credit card payments.

When charge card transactions are incorrectly coded, the vendor may not be able to post payments to its payment and travel card accounts.

Recommendation/Requirement

The University must ensure payments for third-party transactions are processed in accordance with [FPP A.043](#) and [FPP E.023](#). To avoid account delinquency or reconciliation issues, auditors recommend the University continue to review payment card statements to ensure payments are posted correctly and to ensure confidential information is excluded.

University Response

Payments were processed using an incorrect format and internal processing procedures have been changed to only use the last ten digits of the billing account number for credit card payments. These payments were processed using outdated billing information in the mail code field, which has since been corrected on the programmatic vendor record data.

Security

The audit included a security review to identify University employees with security in USAS or on the voucher signature cards who were no longer employed or whose security had been revoked. Upon termination or revocation, certain deadlines must be met so that security can be revoked in a timely manner. Audit tests revealed no exceptions.

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 revealed the following exception in user access.

Control Weakness Over Expenditure Processing

The University had two employees with multiple conflicting security capabilities. The employees could:

- Enter/edit and release/approve payment vouchers in USAS.
- Process/edit and release payroll in USAS.



- Enter/edit and approve payment vouchers in USAS and create/edit a vendor profile and direct deposit information in the Texas Identification Number System (TINS).
- Edit/update vendor or employee profile and direct deposit information in TINS and on the University's signature card (could approve a paper voucher for expedite)
- Enter/edit payment vouchers in USAS, approve a paper voucher (on the signature card), and change the warrant hold status of a vendor in TINS.
- Edit direct deposit information for employees in TINS and process/edit payroll in USAS.

According to the University, due to its limited staff, it has no other option than to have two people have this type of access. Currently the process is for the senior financial accountant to enter all batches, and for the accounting & financial reporting manager to release the batches. The assistant accounting & financial reporting manager is set up with access to enter batches as a backup for when the senior financial accountant is unavailable. The assistant accounting & financial reporting manager is also set up with access to release batches for the senior financial accountant, when the accounting & financial reporting manager is unavailable. The University added that it has a written procedure and as a result of the audit recommendation has set the fatal warning control in place as a mitigating control to prevent transactions entered and approved/released by the same person from processing.

Recommendation/Requirement

The University should review the controls over expenditure processing and segregate each task to the maximum extent possible to ensure no individual is able to process payments without oversight.

University Response

The University has reviewed the controls over expenditure processing and segregated each task to the maximum extent possible to ensure no individual is able to process payments without oversight.



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 any of the following:
 - Uniform Statewide Accounting System (USAS),
 - 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 Texas at Tyler (University) payroll, purchase, payment card and travel transactions that processed through USAS from Dec. 1, 2020, through Nov. 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 the University's documents comply in the future. The University must ensure 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

Mayra V. Castillo, CTCD, CTCM, Lead Auditor

Eunice Miranda, CTCD, CTCM

Angelica Villareal, CGAP, 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.