

24-100 Payroll Expenditures

EXECUTIVE SUMMARY

Auditing & Advisory Services (A&AS) has completed an assurance engagement of payroll expenditures. This engagement was performed at the request of the UTHealth Houston Audit Committee and was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing.

Background

UTHealth Houston processes payroll using the PeopleSoft Human Capital Management System (HCM). The Payroll Department (Payroll) works with various departments to ensure payroll is processed accurately, confidentially, and on time for all employees.

Objectives/Scope

Our objective was to determine whether controls around payroll expenditures are adequate and functioning as intended. Specifically, to determine if:

- New hires, promotions, transfers, and salary changes are properly authorized, approved, and supported.
- Foreign national hires are supported by adequate documentation and corresponding FICA exemptions are appropriate.
- Terminated employees are supported by adequate documentation, effective dates in HCM are accurate, and recovery efforts are made for any overpayments. Additionally, vacation payouts are accurately calculated.
- The master script file (including tax withholdings) is reviewed by Payroll before uploading to HCM.
- Anomalies (as identified by data analytics) exist in the employee master file.

Scope Period

September 1, 2023 – March 1, 2024

Conclusion

Overall, controls around payroll expenditures are adequate and functioning as intended. During our review of the employee master file using data analytics, we noted anomalies (e.g., employees with the same contact information, no deductions, etc.) which were shared with management so further research can be conducted to determine appropriateness. A&AS will follow up during a FY25 advisory engagement.

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We would like to thank the Payroll, Human Capital Management, and Compensation Services staff and management who assisted us during the engagement.



Daniel G. Sherman, MBA, CPA, CIA
Vice President & Chief Audit Officer

NUMBER OF PRIORITY OBSERVATIONS REPORTED TO UT SYSTEM
None.

MAPPING TO A&AS FY24 RISK ASSESSMENT

Reference	Risk
FIN - 36	Insufficient department controls for approving Call Lump Sum payments.
FIN - 50	Controls around stipend payments may not be sufficient.
FIN - 54	Late entry into HCM results in overpayments to terminated employees.

DATA ANALYTICS UTILIZED

Using the IDEA tool, we conducted an analysis of the employee master file to identify any anomalies.

ENGAGEMENT TEAM

VP/CAO - Daniel G. Sherman, MBA, CPA, CIA
Supervisor - Brook Syers, CPA, CIA, CISA, CFE
Lead - Shara Vialva
Staff - Tammy Coble, CISA and Ricky Phan

END OF FIELDWORK DATE

May 8, 2024

ISSUE DATE

May 28, 2024

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