UTSA The University of Texas at San Antonio™
AUDITING & CONSULTING SERVICES

PeopleSoft-Payroll Audit Report
Project # 2018-21
10/23/2018

Reviewed by: _____
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President

Objectives:
Determine that PeopleSoft Payroll Module and Position Management Module system configurations, file maintenance, data entry, and menu access/security controls have been established to ensure validity, timeliness, and appropriateness of payroll processing.

Out Of Scope:
The recalculation of individual compensation and deductions as that this was recently covered with the State Post Payment Audit.

Conclusion:
Satisfactory configurations settings and error monitoring controls are in place to ensure that the paycycle is processed correctly and timely. However, access management needs improvement.

Non-Priority Management Action Plans:
1. Limit Correction Authorization. (High)
2. Limit ALLCampus row level security in external institutions. (High)
3. Create "view only" role for Provost Office. (High)
4. Develop means of monitoring for past due timesheets and active employees. (High)

A Priority Finding is defined as "*an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.*" Non-Priority Findings are ranked as High, Medium, or Low, with the level of significance based on an assessment of applicable Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated.

Background

In 2014 the University of Texas System (UT System) implemented the Shared Services Oracle PeopleSoft Enterprise Resource Planning (ERP) FMS and HCM system (UTShare). UTShare is a single instance implementation of the ERP utilized by UT System and six UT academic institutions including: UT Arlington, UT Rio Grande Valley, UT El Paso, UT Permian Basin, UT San Antonio, and UT Tyler.

The PeopleSoft ERP is an application that runs on the Oracle database and application servers maintained by UT System's Systemwide Information Services Department (UTSIS). The application consists of a series of modules for performing functions such as general ledger processing, human resource management, payroll processing, purchasing and others. A shared governance model has been implemented between the participating institutions lead by the UT System Chief Information Officer. At UTSA, the Business Information Services (BIS) team is the primary link in this model with several Human Resources and Financial Services staff participating on module specific committees. Additionally, there is a Security committee in place to provide guidance and work with the UTSIS security team in designing and managing access to institutional data and processing menus within the system.

Payroll is an expansive process involving multiple departments across the institution and several modules in PeopleSoft. The employee is setup in Human Resources and configured to interact with time sheet and leave administration data submitted by the employee's department and processed by Leave Administration in Human Resources. This data flows through to the Payroll Department (Payroll Module) which processes deduction and tax elections (captured and processes by Benefits in Human Resources) and works errors with Human Resources and Budget/Commitment Accounting to ensure funds available from the appropriate sources. Following a confirmed payroll, payroll expenses are processed in the general ledger.

Audit Results

Determine that PeopleSoft Payroll Module and Position Management Module system configurations, file maintenance, data entry, and menu access/security controls have been established to ensure validity, timeliness, and appropriateness of payroll processing.

1. PeopleSoft Correction Capabilities	Correction Mode/History access can be high risk if not appropriately controlled, can allow for deletion/change/insertion of effective dated records, and is difficult to audit. As a best practice, Correction Mode/History should be eliminated if not required. Where required Correction Mode/History should be limited to select individuals with a business need and each use justified and documented.
	The UTSA Human Resources department has identified three individuals who are allowed this level of access to modify payroll and

employment data and has established a process for approving and documenting its usage.

Observation:	In addition to the official role for granting Correction authorization, we identified 10 other roles affecting the payroll processes and HR data that contained correction permissions. One of these roles allowed 32 different employees across the institution to modify another employee's tax information using the Correct History function. In review of reports used by HR to detect correction use in the employee file, Audit was not able to effectively determine which changes were deletions and which were use of Correct History. As a result, Audit was not able to determine the efficacy of the process or management's ability to monitor when Correction History was used in the employee file.
Risk Level:	The risk that undetected changes will be made to critical payroll data is considered High.
Management's Action Plan:	Management will recommend to UTSIS removing Correction Mode from the cross institution roles (UTZ roles) or exchange with UTZ roles without correction capability. If needed, a UTSA role will be requested to mirror the identified problematic role but with the correction capability removed.
Responsible Person:	Carlos Gonzales, Director-BIS and ENT Project Manager.
Implementation Date:	March 2019

2. ALLCAMPUS Row Level Security	Access to UTSA data should be limited those institutional employees with a day-to-day business need and periodically reviewed for appropriateness.

Observation:	Audit noted that 36 employees across the UTSystem Institutions had row level security designated as "ALLCAMPUS" which allows a user to apply their authorized access privileges to all UT System campuses participating in PeopleSoft. Of these, 6 appear to no longer be employed with their institutions.

Risk Level:	The risk that undetected changes will be made to critical payroll data is considered High.
Management's Action Plan:	Management will recommend removing the ALLCAMPUS row level security and resetting back to the normal campus row level security. If possible, Management will seek to create a "Check Out" process through Cherwell, where the ALLCAMPUS row level security is assigned for a specific period and then revoked after that. Further, Management will attempt to turn on audit history for records the user will be updating for the ALLCAMPUS access should the history not otherwise degrade performance. Finally, Management will recommend removing the ALLCAMPUS row level security and resetting to a base-line row level security as a part of the employee de-provisioning process.
Responsible Person:	Carlos Gonzales, Director-BIS and ENT Project Manager.
Implementation Date:	June 2019.

3. Provost User Role	The UTSA Human Resources department has implemented employment processes which establish accountability within their department for updates to employee job data. Their processes require update transaction activities be properly authorized and ensure personnel records are safeguarded to prevent unauthorized access and/or the preparation of fictitious records.

Observation:	Audit noted that the UTZ_HR_HR_PROVOST_USER role, held by individuals not in Human Resources, granted Add/Update/Correction capability to pages related to adding employees and to modifying key employment data including compensation. In discussion with Business Information Services, it was verified that the role was to allow "review" capability for Faculty Contract Information (compensation rates, contracts, FTE status, supplemental pay rates, and reporting) and that nobody at UTSA was aware that update and Correct History functionalities was operable until identified in the audit. In addition to viewing data, the department was utilizing the access update tenure status.
Risk Level:	The risk that undetected changes will be made to critical payroll data is considered High.
Management's Action Plan:	HR has requested the Provost Office to submit tenure and other employment changes through established update request processes and their access will be downgraded to view only as originally

	intended. A UTZ view only role has been identified and four of the six individuals with the role have been transitioned to this new role with the remaining two scheduled for transition by the first of November. If this role proves to be inadequate to meet the Provost Office needs a UTSA role without correction capabilities will be requested.
Responsible Person:	Carlos Gonzales, Director-BIS and ENT Project Manager.
Implementation Date:	March 2019.

4. Terminations	Per FMOG Section 4.14 Separation of Employment for UTSA Personnel, departments are required to comply with the Employee Separation Process published by Human Resources. This process requires departments to complete a termination E-form and, when notified by the Termination Separation Group to proceed, complete the Separation Processing Checklist. This checklist is required to be completed prior to the termination date.

Observation:	Audit sampled 10 terminations occurring between July 2017 and June 2018 and noted:
	
	 • In three cases the Human Resource Day-One department look more than 30 days to process the submitted Department Approval Form (Interim Process).
	 • In seven cases the department submitted request was more than 30 days after the requested termination effective date.
	     o Of these, five were more than 90 days after the requested termination date.
	     o One instance resulted in an employee improperly continuing to receive payment after their effective termination date.

Risk Level:	Employees retaining access rights after they have left the institution is considered a High risk due to the potential of unauthorized changes to data and inappropriate payment of unearned wages.
Management's Action Plan:	Use of the new electronic forms (eForms) will eliminate the potential for late entry by HR as there are sufficient checks and balances to prevent these late HR implementation of terminations. The late notifications occurring in the Departments, has been a continuing problem due largely to the turnover of the people involved in the process. HR will develop a process to involve mid to senior level management and seek their assistance in enforcing this policy.

	Management will seek to create a report that will match active employees against the Payroll Distribution Report and show employees which are still active but not being paid. Additionally, a report will be created that compares the eForm submittal date, the effective termination date, and the action date for reasonableness and timeliness.
Responsible Person:	Carlos Gonzales, Director-BIS and ENT Project Manager.
Implementation Date:	March 2019.

CONCLUSION

Satisfactory configurations settings and error monitoring controls are in place to ensure that the paycycle is processed correctly and timely. However, access management needs improvement.

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This engagement was conducted in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and with Government Auditing Standards.