



The University of Texas at El Paso
Office of Auditing and Consulting Services

500 West University Ave.
El Paso, Texas 79968
915-747-5191
www.utep.edu

DATE: August 29, 2022
TO: Mark McGurk, Vice President for Business Affairs
FROM: Lori Wertz, Chief Audit Executive, Office of Auditing and Consulting Services
SUBJECT: Audit 22-200 Benefits Proportionality by Fund

Background:

Rider 8, page III-46, in the State of Texas General Appropriations Act (87th Legislature, Conference Committee Report) requires “Each institution of higher education, excluding Public Community/Junior Colleges, shall conduct an internal audit of benefits proportional by method of finance and submit a copy of the internal audit to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor’s Office no later than August 31, 2022. The audit must examine fiscal years (FY) 2019, 2020, and 2021, and must be conducted using a methodology approved by the State Auditor’s Office.”

Audit Objective:

The objective of this audit was to ensure that proportional benefits by fund are accurately calculated and applied according to the established guidelines set forth in Article IX, Section 6.08, of the General Appropriations Act (87th Legislature, Conference Committee Report).

Audit Scope and Methodology:

Fiscal Year (FY) 2019 was audited and reported on August 31, 2020; consequently, the scope of this year’s audit includes only FY 2020 and FY 2021. The audit procedures were designed to comply with the methodology prescribed by the State Auditor’s Office (SAO) and included:

- Reviewing source information obtained from the internal accounting system and the State’s Uniform Statewide Accounting System;
- Reviewing the benefits proportionality reporting process;
- Reviewing employee classification;
- Validating the accuracy of information and proportional funding calculations reported to the State Comptroller on the APS 011 reports; and
- Testing employees to verify eligibility of employee benefits paid with appropriated funds.

Results:

A. Ineligible employee was paid from General Revenue

Observation:

In FY 2020, the University paid one ineligible employee \$24,415.87 with General Revenue and no documentation was available to support this allocation. However, the salary expenses the University incurred for FY 2020 exceeded the General Revenue appropriations. This error was corrected in FY 2021.

Recommendation:

The University should develop, document, and implement a process to verify only eligible salary expenses are paid with General Revenue appropriations.

Conclusion:

Based on the results of audit procedures performed, Benefits Proportionality by Fund Reports (APS011) for FY 2020 and FY 2021, as submitted to the State Comptroller, were materially accurate.

We wish to thank the management and staff of the departments of General Accounting and Payroll for their assistance and cooperation provided throughout the audit.

Additional Observations:

We identified two areas during the audit that management should look at more carefully to determine if their salaries and benefits should be paid using General Revenue funds going forward. Although the guidelines are not totally clear, two of the departments included in our audit appeared to have quasi-auxiliary operations.

1. KTEP

Four employees in KTEP Radio Station were also cited in the audit performed by the SAO for Appropriation Year 2015. A finding was included indicating that those employees were not eligible to be paid using General Revenue; rather, they should be classified as auxiliary employees. As a few of them do teach classes within the Communications Department, a possible solution would be to only pay that portion of their salaries related to instruction from appropriated funds.

The following was noted as an issue related to employee classification. However, it has no effect on the form APS011 calculations.

2. Student Health and Welfare Center

Currently, the Center is responsible for paying operation costs such as utilities, phone lines and custodial services. Non-auxiliary operations typically do not pay for these expenses; consequently, this may indicate that they should be classified as auxiliary employees.

cc: Dr. Heather Wilson, President
Ms. Andrea Cortinas, Chief of Staff
Ms. Joanne Richardson, Assistant Vice President, Budget and Personnel
Mr. Daniel Dominguez, Director of Accounting and Financial Reporting
Ms. Mary Solis, Chief Compliance and Ethics Officer
Governor's Office of Budget, Planning and Policy
Comptroller of Public Accounts
Legislative Budget Board
Internal Audit Coordinator, State Auditor's Office
System Audit Office
Audit Committee Members:
Mr. Steve DeGroat
Mr. Fernando Ortega
Dr. John Wiebe
Mr. Daniel Garcia
Ms. Guadalupe Gomez