



The University of Texas Medical Branch
Audit Services

Audit Report

Human Resources - PeopleSoft

Engagement Number 2024-010

September 2025

The University of Texas Medical Branch
Audit Services
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Background

The Human Resources – PeopleSoft audit was included in the Fiscal Year 2024 plan and carried forward to Fiscal Year 2025 with the goal of evaluating internal controls related to the onboarding and offboarding of employees within the PeopleSoft Human Capital Management (HCM) system. The Talent Acquisition and Staffing division within Human Resources is primarily responsible for managing recruitment, and the HR Onboarding division is responsible for onboarding activities. In contrast, the Employee Relations division provides oversight of the offboarding process; however, the day-to-day responsibility for carrying out offboarding tasks lies with leaders who directly supervise employees.

The Talent Acquisition and Staffing division consists of a director, a manager, and 12 recruiters responsible for candidate sourcing and initial hiring steps. HealthCare Systems Staffing, reporting to the same director, operates as a separate unit with two managers, four Human Resources program specialists, two business coordinators, and two recruiters. Upon offer acceptance, the process transitions to the Onboarding team, which is overseen by a different director and manager and includes six Human Resources specialists. Correctional Managed Care (CMC) operates separately from UTMB Health’s Human Resources department with different processes due to the dispersed population; however, CMC continues to report to the Chief Human Resources Officer. For calendar year 2024, UTMB Health Human Resources division onboarded and offboarded the following:



Onboarding

The onboarding process begins once a candidate accepts an offer, transitioning responsibility from Recruitment to the assigned Human Resources Specialist, who sends a welcome email outlining the expectations. A standardized 23-step workflow in Taleo Recruit, integrated with PeopleSoft HCM, guides this process.

Candidates must complete all onboarding tasks, such as background checks, I-9 forms, and drug screenings, before they may begin work. Human Resources monitors the progress of these items. Drug screenings are time-sensitive and must be completed within three days of request; noncompliance is referred to the HR Compliance Specialist for further review and disposition.

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Human Resources outsources the background check and employee verification portion of the onboarding process to PreCheck, a vendor that provides background screening, credentialing, and compliance solutions. Their services can include screenings of prior employment, education, and criminal experiences. In the event PreCheck is unable to verify these items, HR utilizes an internal Alternative Verification Process with documented internal approvals to validate prior employment. The organization is now evaluating alternative vendors.

Once onboarding is complete, the Onboarding team updates key candidate information and forwards hire details and the system-generated employee ID to the Employee Business Center for processing. Orientation is held bi-weekly and typically aligns with the new hire's start date, though early starts may be approved for non-clinical roles with urgent needs.

Offboarding

The offboarding process at UTMB Health is decentralized, with individual departments responsible for managing and entering employee separations in PeopleSoft HCM. Voluntary separations typically do not involve Human Resources Employee Relations. However, terminations for cause require Human Resources involvement to ensure compliance with policy, proper documentation, classification, and rehire eligibility determination. Managers are expected to coordinate with Employee Relations in such cases.

Supervisors or managers are responsible for entering employee termination dates into PeopleSoft HCM. Once a termination is entered, PeopleSoft HCM automatically notifies Payroll, which then processes the final payment. Upon employee separation, a notification is sent to Information Security to initiate deactivation of the employee's system access. Human Resource's role in the offboarding process is primarily advisory, particularly for involuntary separations. Self-service resources, including an exit checklist and a feedback questionnaire, are available on the HR webpage to support the offboarding process.

Objective, Scope, and Methodology

The objective was to evaluate internal controls related to the onboarding and offboarding of employees within the PeopleSoft Human Capital Management (HCM) system, with analytics performed for the period between January 2023 and February 2025. We reviewed the controls associated with the following procedures:

- Utilized data analytics to review 100% of populations for the following:
 - Reviewed 100% of Taleo database onboarding transactions.
 - Assessed background screening data processes and alignment with contractual requirements by comparing PreCheck employment verification attempts versus invoiced services.
 - Compared employees invoiced from PreCheck to UTMB Health employee records for calendar year 2024.

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- Evaluated timeline of employee terminations and deactivation of system and physical access.
- Reviewed onboarding procedures in Taleo Recruit for consistency and completeness.
- Evaluated the handling and escalation of sensitive feedback from exit surveys.

Executive Summary

The Human Resources - PeopleSoft audit identified areas for improvement in governance, process consistency, and operational efficiency. Key areas reviewed include onboarding and offboarding procedures, data accuracy, and vendor management. The decentralized offboarding structure, along with the absence of standardized procedures for voluntary terminations, has resulted in variations in process execution and potential compliance risks. The use of manual workflows has contributed to data discrepancies and a decrease in efficiency. Additionally, controls over third-party vendor billing could be enhanced to support greater accountability and oversight.

Detailed Results

Standardized Offboarding Procedures

At UTMB Health, offboarding is primarily managed by individual departments with minimal Human Resources oversight, contributing to delays in entering termination dates and inconsistent execution across departments. While Human Resources provides support for involuntary terminations and is available to guide departments through those cases, procedures for voluntary separations, such as resignations, are not standardized.

Human Resources offers self-service tools such as an exit checklist and feedback questionnaire, but these resources are not well known and/or used. The absence of standardized training and formal process for offboarding reduces accountability and increases the risk of delays in deactivating access, recovering assets, and completing necessary documentation.

Human Resources is collaborating with Information Services to implement an automated notification within PeopleSoft that will email departing employees and their managers, directing them to the appropriate offboarding resources.

Recommendation 001 High – Standardized Offboarding Procedures:

Human Resources should develop and document standardized offboarding procedures, provide and promote easily accessible resources, and provide training for department managers. Additionally, Human Resources should clearly communicate where these resources can be found to ensure consistency and compliance across departments.

Management's Response: Human Resources will follow up on the project "AIS- 0727 MSS Separation Request Notification" to make sure it is completed in a timely manner. When

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an employee separation is approved via MSS, separating employees receive an auto-generated email with offboarding instructions and resources.

Employee Relations will develop a training module for managers on separating employees from UTMB. It will include resources available to employees leaving UTMB, a checklist of items to complete and a separation processing timeline.

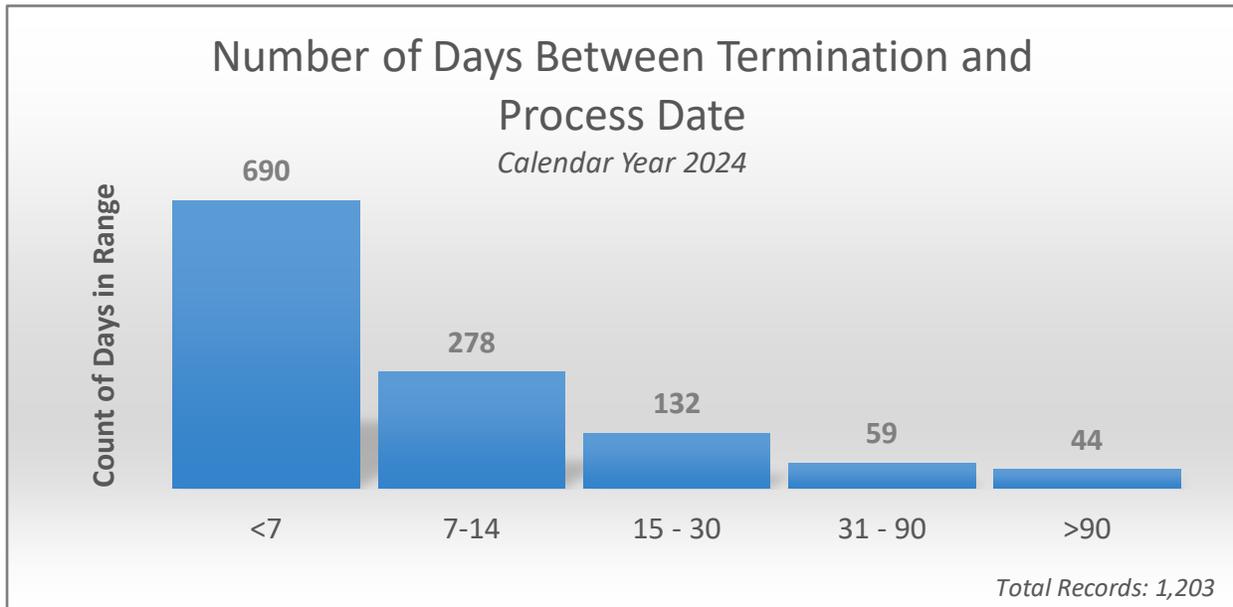
Responsible Party: Vice President and Chief Human Resources Officer

Implementation Date: December 1, 2025

Capturing Termination Date Entry

At the time of a voluntary termination, the responsibility to enter the termination date within PeopleSoft HCM is on the department managers and supervisors. Upon entering the termination date, the termination is processed and system access for that user is deactivated. Audit Services performed data analysis to determine if termination dates are processed prior to the effective date and in a timely manner. Based on the analysis, a total of 1,203 records out of 3,020 (40%) offboarded employees for calendar year 2024 had their terminations entered after the effective dates, showing a delay in termination processing.

The following breakdown summarizes termination entry processing timelines in PeopleSoft for calendar year 2024. These extended delays increase the risk of unauthorized system access and incomplete separation procedures, highlighting the need to improve offboarding timeliness.



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Recommendation 002 High – Capturing Termination Date Entry:

Human Resources should create a periodic exception report capturing the entry of delayed termination dates and communicate findings to departmental leadership as well as implementing a standardized termination process with clear timelines for consistent and timely entries.

Management’s Response: Human Resources will leverage the existing Power BI report “Separation List for IT Security” to implement an email notification process for those managers who entered their terminations after the effective date, copying their manager. Additionally, Human Resources will analyze the Separation List quarterly to determine which areas are not meeting metrics and share at the director and VP level. Lastly, Human Resources will partner with area leadership to identify barriers that prevent timely transaction processing.

Responsible Party: Vice President and Chief Human Resources Officer

Implementation Date: December 1, 2025

PreCheck Invoice Reconciliation Process

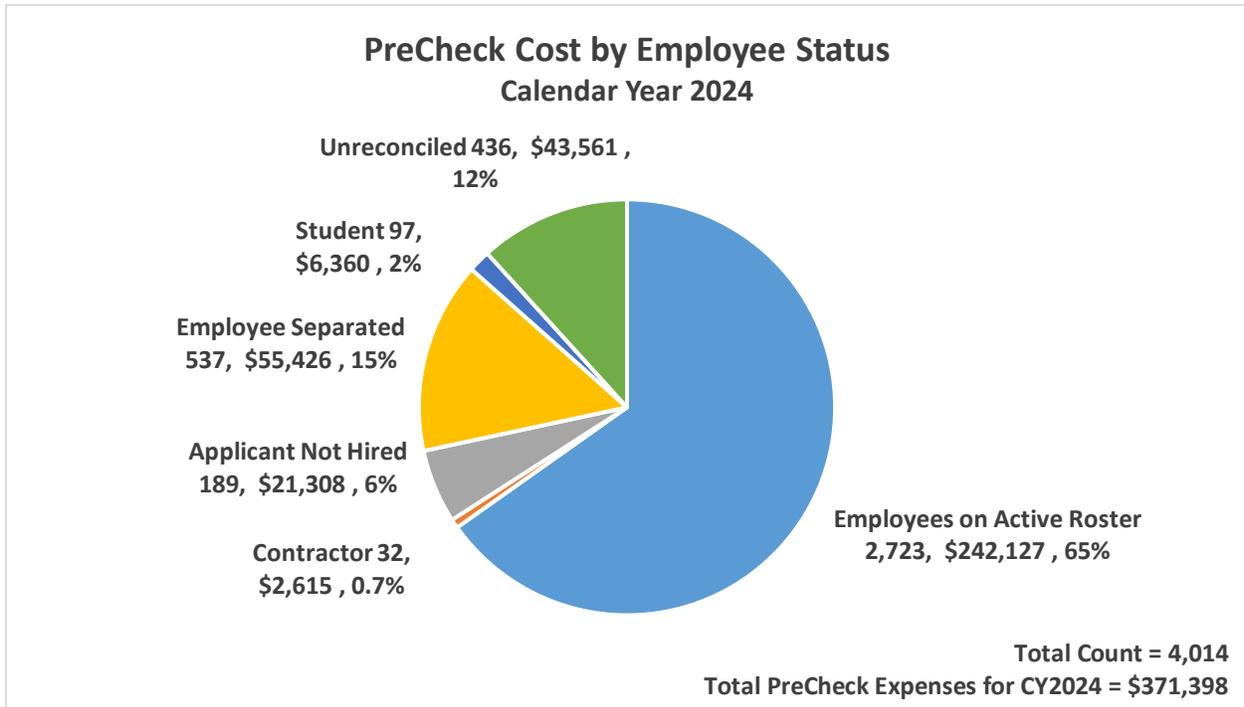
PreCheck, the third-party vendor used to conduct background checks for candidates, invoices UTMB Health monthly. Invoices are provided in Adobe PDF format and include itemized listings of services received for on average 350 employees a month. In calendar year 2024, PreCheck delivered background screening services for a total of 4,014 candidates, amounting to \$371,398. As a result of the volume and format of these invoices, only a reasonable test of the total invoiced amount is conducted prior to payment. This limited review process restricts the ability to verify whether billed services align with those requested or received. Consequently, the absence of a thorough, itemized review resulted in a delay in applying updated pricing for services rendered.

During our review, an Excel version of the invoices for calendar year 2024 was obtained and the list of invoiced individuals for 2024 was compared against the institution’s active employee roster, separation records, applicants not hired due to declining the offer, and the student enrollment report. The review identified 436 individuals, representing \$43,561 (12%) of the total invoiced amount, who could not be reconciled.

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The chart below demonstrates the allocation of PreCheck expenses for calendar year 2024.



Recommendation 003 High – Enhancing Oversight for PreCheck Services:

Human Resources should amend the PreCheck contract to require submission of an Excel version of PreCheck monthly invoice and establish and document a regular, and detailed review process to reconcile PreCheck invoices with requested and delivered services to ensure accuracy and cost control.

Management’s Response: Human Resources will establish a monthly review process to reconcile the PreCheck invoices.

Responsible Party: Vice President and Chief Human Resources Officer

Implementation Date: August 30, 2025

Taleo vs. PeopleSoft Salary Entry

The current process for entering salary information into PeopleSoft HCM is manual and controls to detect or prevent discrepancies with Taleo are limited. The absence of integration between the two systems results in inconsistent data transfer and places reliance on recruiters and Business Center staff to manually identify and correct errors. Audit analysis revealed that 1,416 out of 3,795 full-time employee records (37%) contained salary discrepancies between Taleo and PeopleSoft HCM, even in cases where job titles matched.

Recalculation of casual appointments further identified inconsistencies in salary determination. For partial and part-time roles, vague requisition titles, often listing a range of hours instead of a specific amount, made accurate salary calculation difficult. Additionally, a review of “without pay” appointments in Taleo showed salary information for three individuals. In these cases, subsequent position changes, recorded in both systems, likely account for the presence of salary data. These findings highlight the need for standardized controls in salary data entry to help minimize risks related to payroll processing and administrative operations.

Recommendation 004 High – Taleo vs. PeopleSoft Salary Entry:

Human Resources should implement system controls to reduce manual data entry errors by establishing character limits and validation rules for key salary-related fields in PeopleSoft HCM. This would help identify and prevent discrepancies, ensuring greater data accuracy and consistency.

Management’s Response: Due to Taleo system limitations, the exact pay rates in the Taleo offer grid and HCM will often not match. This is due to Taleo’s inability to account for partial FTE (.9, .5, etc.). Also, there are specific job groups, such as the Star Squad and Polar Ops, which are unique in pay calculations which will also not match.

Human Resources will implement the following actions to mitigate data entry errors:

1. Talent Acquisition will implement a consistent process where recruiters annualize salary for all candidates, regardless of whether they are 1.0 FTEs or not.
2. Talent Acquisition will specify the exact number of hours in the job posting (i.e. 20, 36, etc.)
3. HR Solutions and Analytics will grant access to the offer letter with HRBSC, so they can see the full context of offer letters.
4. HR Solutions and Analytics will create a monthly PowerBI audit report to compare the annualized salary from the Hire Details screen with annualized salary from the HCM employee records. The job groups with unique pay calculations referenced above will be flagged as outliers in this monthly audit report.
5. HR Solutions and Analytics will request IS to modify PeopleSoft HCM to limit the salary field to seven (7) characters on the left side of the decimal point. This is the fewest characters that HR could select as this field is used for both hourly rates and annual salaries.

Responsible Party: Vice President and Chief Human Resources Officer

Implementation Date: November 1, 2025

Conclusion

We greatly appreciate the assistance provided by Human Resources and hope that the information presented in our report is beneficial.

This audit was conducted in conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

Observation Ratings

Priority	An issue that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of the University or the UT System as a whole.
High	An issue considered to have a medium to high probability of adverse effects to a significant office or business process or to the University as a whole.
Medium	An issue considered to have a low to medium probability of adverse effects to an office or business process or to the University as a whole.
Low	An issue considered to have minimal probability of adverse effects to an office or business process or to the University as a whole.

Report Date:
September 30, 2025

Report Distribution:
To: Philesha Evans, Vice President and Chief Human Resources Officer
Cc: Dr. Jochen Reiser, MD, PhD
UTMB Health Institutional Audit Committee