Overall Conclusion

Overall, the controls established over faculty human resources processes at Texas A&M University provide reasonable assurance that faculty hiring, annual performance review, and termination processes are achieved in compliance with laws, policies, regulations, and university rules except for timeliness of termination processing. Significant improvements are needed in the timeliness of Employee Payroll Actions (EPAs) and removal of travel card access for terminating faculty employees. In addition, we noted opportunities for improvement in the areas of the electronic portal system, departmental faculty hiring documentation, and posting of faculty positions.

Faculty hiring and review processes at Texas A&M University are monitored by the university’s Dean of Faculties Office. The Health Science Center’s (HSC) Office of the Vice President for Academic Affairs oversees its faculty hiring and review processes. The two offices are working together to review and update procedures for more consistency where appropriate as faculty human resources management is coordinated.

Summary of Significant Results

Termination Processes

Significant improvement is needed in the timeliness of termination processing to ensure that access to university resources are removed in a timely manner for faculty members that terminate employment with the university. Departments are responsible for initiating payroll actions and notifying other offices on campus to take appropriate actions for terminating employees. Without timely processing of terminated employees’ access, university resources may be abused or become targets of compromise.

Summary of Management’s Response

Management agrees with the results of the audit and has taken, or is in the process of taking steps, to satisfactorily address all the issues raised in the report. Additional detail is provided within the individual audit responses.
Detailed Results

1. Termination Processes

Improvements are needed in termination processes to ensure that faculty employee access to university resources are removed in a timely manner. Departments are not consistent in initiating timely termination processing for payroll actions and removing travel card access. Departments are responsible for initiating payroll actions and notifying other offices on campus to take appropriate actions for terminating employees’ access to university resources. Terminated employee accounts with continued access may be abused and/or become targets for compromise.

Timely Employee Payroll Action (EPA) Processing

Departments were not consistent in the timely processing of EPAs for faculty terminations. Thirteen of thirty (43%) faculty terminations reviewed did not have EPAs processed timely, within five days, after the employee termination date. EPA submission ranged from nine to 101 days after the faculty employee termination date. In one of these instances, the former faculty employee received three monthly paychecks before the EPA was processed to record the termination. Upon notification by the university, the former faculty employee reimbursed the university for the three months of overpayment.

The university uses an electronic EPA form to communicate payroll and personnel changes to the payroll system, Budget/Payroll/Personnel (BPP). In the past, the BPP system updated the personnel module on the next payroll processing date, which could be up to 30 days after the EPA was submitted. As a result, timely processing of the EPA was not emphasized. Beginning in April 2013, the BPP system started updating the personnel files nightly. Now, offices across campus receive nightly feeds of updated personnel file information which is used for monitoring terminated employees for removal of university resources, including travel cards and electronic information. Timely submission of EPAs is now necessary for expediting the payroll processing and removing of former employees’ access to university resources. However, the university still has processes that use a 28-day grace period before removing access to certain university resources due to concerns about the lack of timely EPA processing and updating of BPP files.
Timely Removal of University Travel Card Access

Departmental termination procedures for faculty employees did not ensure the timely removal of university travel card access. Twelve of twenty (60%) terminated faculty employees’ travel card accounts reviewed did not have access to the accounts removed timely, within five days after termination date. Access removal ranged from six to 363 days after the employee’s termination date. Travel cards issued to university employees are authorized for business use only and charges made to the travel cards are paid directly by the university. Although former employees did not charge expenses to the travel cards after their termination date, the risk remains that charges could be incurred by either the terminated employee or other individuals that have access to the card/account. Timely removal of travel card access reduces the risk of loss of university resources from misappropriations.

Recommendation

Develop procedures to ensure timely EPA processing in order for the timely removal of access to travel cards and other university resources for terminated faculty employees. Communicate the procedure to all individuals responsible for processing employee terminations. Monitor the process for compliance.

Management’s Response

The university will develop a standard administrative procedure (SAP) specifically addressing the importance of processing EPAs in a timely manner to ensure the prompt removal of university resources including access to travel cards and how the process will be monitored for compliance. In addition, Texas A&M University will work with the System Office of BPP Operations requesting they include a section in their EPA Guidelines regarding prompt action of processing EPAs for employee termination. The university will communicate and implement the new SAP effective April 1, 2015.

2. Electronic Portal System

The Dean of Faculties electronic portal system (portal) is inefficient and user access is not periodically reviewed by departments. Manual forms used in the hiring process are prepared, signed and then scanned into the portal. The portal routes the document to the next level for approval, based on rules and workflows within the portal, where the document must be printed, signed and rescanned back into the portal at each approval level. The document workflow at the department and college level differs between the colleges (each college
establishes their own procedures). The portal does not use electronic forms, which could be routed for electronic approvals or electronic signatures.

The Dean of Faculties Office reviews all users on a yearly basis to determine if continued portal access is appropriate, although they do not have direct knowledge of all departmental personnel across campus. A periodic review of users’ access is not performed by each department or college to ensure that terminated employees or employees changing position or position duties have had their access to the portal changed accordingly. In addition to the hiring process, the portal is used for other processes such as faculty credentialing and faculty developmental leave. Portal access is granted based upon the employee’s job duties related to the individual areas within the system. Maintaining current user access reduces the risk of inappropriate access to confidential information maintained in the portal.

**Recommendation**

Use electronic forms and/or signatures to increase processing efficiencies of the electronic portal system. Periodically have colleges/departments review user access and make changes as needed.

**Management’s Response**

*Management has been looking forward to the approval of the use of the electronic signatures from the System Office of General Counsel. It is our understanding that this approval has now been secured. Management is currently working to adapt existing electronic hiring forms for use with the electronic signature. Expected implementation date will be April 1, 2015.*

*Management requires that deans and department heads request in writing access for their employees to the electronic portal system. Access is provided only to the specific area requested within the electronic portal system. Going forward, twice a year, spring and fall semesters, management will request from colleges and departments confirmation of their list of approved users and in addition, will cross-reference portal users with payroll and delete anyone who is not listed. Management will complete this process by January 31, 2015. Thereafter, it will be done twice a year.*

3. **Departmental Hiring Documentation**

*There are inconsistencies between academic departments regarding faculty hiring search and selection documentation practices and university hiring guidelines.* The university has a rule that describes a process linked to the guidelines stating that specific items must all be retained in departmental hiring
files. However, 19 of 50 (38%) departmental hiring files reviewed did not have all elements included in the hiring guidelines. While approval to recruit and approval to hire documentation is retained centrally in the Dean of Faculties portal system, the individual hiring departments are responsible for retaining faculty search and selection documentation. The Dean of Faculties and the HSC Office of the Vice President for Academic Affairs have guidelines, checklists, and procedures in place for documenting the faculty search and selection process. The Dean of Faculties Search and Selection Checklist is provided to all hiring departments and includes 11 items that are to be included in the departmental hiring files. Seventeen of the departmental hiring files reviewed were missing one or more of the required items. The HSC guideline, Description of Process to Select Employee, includes five items. Two of the HSC departmental files reviewed were missing one or more of these items. Discussions with management indicate that the expectation is that departments are to keep some documentation to support their search and selection process, but not necessarily all of the items listed in the guidelines.

When the guidelines are not followed consistently, the university does not have a defendable position if hiring decisions are challenged. The university needs to be able to show they made a good business decision in hiring the best qualified candidate for the vacant position. This includes supporting that discrimination was not factored into the decision, and that there was an effort to solicit a diverse applicant pool. It is important to be thoughtful about the wording of the university rule and guidelines to ensure that they convey the actual search and selection documentation practices that are intended to be followed.

**Recommendation**

Review the university's faculty search and selection documentation requirements and expectations and make necessary changes. Monitor required documentation to ensure that requirements and practices are in agreement. Consider including all required hiring documentation in the portal system.

**Management’s Response**

*Management has reviewed its hiring guidelines and has revised its suggested list of information that should be kept on file for the required records retention period. We had previously required retention of documents that were not needed for any compliance purposes, but as a result of the audit have updated that list to the minimal required set. We will revise the portal to require the uploading of all revised documentation. Expected implementation date will be April 1, 2015.*
4. **Posting Positions with Texas Workforce Commission**

**HSC faculty position postings were not in compliance with Texas Workforce Commission requirements.** Fifteen of 17 (88%) HSC faculty hiring files reviewed were not posted with the Texas Workforce Commission. The Texas Government Code requires that all positions will be listed with the Texas Workforce Commission if individuals outside of the university will be considered for the position. HSC had a decentralized process in place to post faculty positions with the Texas Workforce Commission; however, the departments were not consistently forwarding information to post the faculty positions. As a result, HSC modified the faculty hiring process in June 2014 with the intention of ensuring that faculty positions are posted as required. Monitoring processes are important to determine if processes are working as intended and meeting compliance requirements for position postings.

**Recommendation**

Establish monitoring procedures to ensure that hiring processes are working as intended and faculty positions are posted with the Texas Workforce Commission.

**Management’s Response**

*Responsibility for posting faculty positions with the Texas Workforce Commission has been moved from the academic departments to the Vice President for Academic Affairs. Currently, the Office of the Vice President for Academic Affairs electronically forwards the signed authorization to recruit forms to the Health Sciences Center Human Resources Office where the position is manually entered on the Texas Workforce Commission website.*

*In the near future, the Health Science Center Human Resources Office plans to begin using an electronic hiring system, PeopleAdmin, for all faculty hiring. PeopleAdmin automatically feeds information to the Texas Workforce Commission. Since use of the program is mandatory, compliance with Texas Workforce Commission requirements will be 100%. It is estimated that this process will be implemented on or before January 30, 2015.*
Basis of Review

Objective and Scope

The overall objective of this audit was to determine if selected faculty human resources processes were achieved in compliance with laws, policies, regulations, and university rules. The review of faculty human resources processes at Texas A&M University focused on hiring, annual performance reviews, and termination processes. The audit period focused primarily on activities from June 1, 2013 to May 31, 2014. Fieldwork was conducted from July to October 2014.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System; Texas Administrative and Government Codes; Texas A&M University Rules and procedures; and other sound administrative practices. This audit was conducted in conformance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance 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 based on our audit objectives.
Audit Team

Dick Dinan, CPA, Director
Sandy Ordner, CPA, Audit Manager
Aliza Dirden, CIA
Kendall Kleiber, CPA
Darwin Rydl, CPA

Distribution List

Dr. Mark A. Hussey, Interim President
Dr. Brett P. Giroir, Executive Vice President and Chief Executive Officer, Health Science Center
Dr. Karan L. Watson, Provost and Executive Vice President for Academic Affairs
Dr. Vernon L. Tesh, Vice President for Academic Affairs, Health Science Center
Dr. Jerry R. Strawser, Vice President for Finance and Administration
Dr. Barry C. Nelson, Vice President for Finance and Administration, Health Science Center
Mr. Scott A. Honea, Interim Associate Vice President for IT and CIO
Dr. Michael Benedik, Dean of Faculties and Associate Provost
Dr. Blanca Lupiani, Associate Dean of Faculties
Mr. Mario Rojo del Busto, Assistant Dean of Faculties and Chief of Staff
Dr. Merna Jacobsen, Interim Associate Vice President for University Risk and Compliance