

UTSouthwestern
Medical Center™

Office of Institutional Compliance
and Audit Services

Payroll Operations Audit

Internal Audit Report 25-AS-0800

October 15, 2025



Executive Summary

The Payroll Department at UT Southwestern is responsible for ensuring compliant and accurate pay for all employees in accordance with UT Southwestern policies, Fair Labor Standards Act of 1938 (FLSA) and state regulations including those applicable to Texas state agencies. UT Southwestern has a complex payroll landscape that includes both exempt and non-exempt employees with monthly, bi-weekly, and off-cycle payroll runs. Payroll processing relies primarily on two systems:

- UKG MyTime for time entry, scheduling, and accruals
- PeopleSoft for pay calculation and disbursement

Engagement Results

The Office of Institutional Compliance & Audit Services (OICAS) audited the processes and systems supporting payroll operations, evaluating both their design and effectiveness. The audit was conducted through shadowing of the monthly and bi-weekly payroll cycles, stakeholder interviews, review and sampling of payroll data, and comparison to industry leading practice.

It was noted that management has implemented substantial enhancements to the payroll process since the previous audit, reflecting a strong commitment to operational excellence. The audit team recognized multiple strengths for the processes including thorough validation steps throughout payroll processing. However, the absence of several preventative controls in the system is resulting in manual workarounds during payroll processing, resulting in inefficiencies and heightened risk of pay inaccuracies.

A summary of observations is outlined below:

AREA	OPPORTUNITIES	RISK RATING
<i>Process Efficiency Related to Manual Tasks</i>	<ul style="list-style-type: none"> • Payroll System & Configurations • Pay Rule & Earnings Discrepancy 	HIGH
<i>Historical Edits</i>	<ul style="list-style-type: none"> • Timecard Reviews & Approvals • Historical Edit Request Form • Off-Cycle Criteria 	MEDIUM

AREA	OPPORTUNITIES	RISK RATING
<i>Roles, Responsibilities & Governance</i>	<ul style="list-style-type: none"> • Data Input Controls • Comprehensive Monitoring & Tracking • Access Databases • Consistent & Documented Review Procedures • Period-to-Period Review • Payroll Disbursement Reconciliation 	MEDIUM

Further details are outlined in the Detailed Observations section. Less significant issues were communicated to management.

Management Summary Response

Management agrees with the observations and Recommendations and has developed action plans to be implemented on or before October 31, 2026.

Appendix A outlines the objectives, scope, methodology, stakeholder list, and audit team for the engagement.

Appendix B outlines the Risk Rating Classifications and Definitions.

The courtesy and cooperation extended by the personnel in the Human Resources department are appreciated.

Natalie A. Ramello

Natalie A. Ramello, JD, CIA, CHC, CHPC, CHRC, CHIAP
 Vice President, Chief Compliance & Audit Officer
 Office of Institutional Compliance & Audit Services
 October 15, 2025

DETAILED OBSERVATIONS

1. Process Efficiency Related to Manual Tasks

The payroll process has significant inefficiencies and risks due to labor-intensive manual tasks, system limitations, and complex configurations. Key issues include reliance on manual workarounds that extend processing time, a high volume of historical edits driven by leave related adjustments, and lack of automation in pay rule setup and timecard integration between systems. These challenges contribute to operational bottlenecks, increased risk of errors, and heavy workload burdens on the payroll team.

HIGH

1.1 Payroll System & Configurations

Recommendations

Management Action Plan

The current payroll process relies heavily on manual tasks and workarounds (*Appendix C*), contributing to extended processing times of up to four business days for both monthly and biweekly payroll cycles. While robust controls are in place, they are labor-intensive.

The PeopleSoft payroll system as currently configured is limited to only running one payroll at a time. When monthly and bi-weekly payrolls coincide, this constraint creates operational bottlenecks, increasing processing inefficiency and workload pressure on the payroll team, potentially impacting timeliness.

The payroll system also includes complex work rule configurations and superfluous pay codes that can be used incorrectly and risk generating payroll calculation errors.

Conduct a comprehensive assessment of the current payroll configurations, including a cost-benefit analysis of potential improvement strategies. This evaluation should consider two primary options:

- Reengineering existing processes, controls, and system configurations to optimize payroll system functionality; or
- Transitioning to a more advanced payroll technology with enhanced capabilities such as cloud-based infrastructure, concurrent payroll processing, improved integration features, automation of merit increases and access to additional modular tools.

Action Plan Owners:
Martha Washington
Jodi Levy
Bill Daley

Action Plan Executive:
Jeremy Falke

Due Date: 10/31/2026

Management will:

- *Establish a cross-functional Payroll Optimization work group to evaluate the two options and present findings and strategic recommendations to executive leadership.*
- *Develop a phased implementation roadmap based on selected strategy, including change management and training plans, and data migration plans.*

1.2 Pay Rule and Earnings Discrepancy	Recommendations	Management Action Plan
<p>While the payroll system does not have automated controls to ensure earnings types align with employee pay rules, a report is available that can manually identify discrepancies. However, this report is not currently incorporated into routine payroll processing, thereby increasing the risk of incorrect payments due to unflagged mismatches between timekeeping entries and assigned pay structures.</p> <p>During the audit, discrepancies between timekeeping entries and employee pay rules were identified that were not flagged prior to payroll processing, leading to incorrect payments. Specifically, a configuration issue in PeopleSoft allowed shift differential payments to be issued under a pay rule that did not authorize such earnings, resulting in estimated overpayments of approximately \$42,000 to 23 employees in FY 2025.</p>	<p>Conduct a detailed review of the identified employees to confirm whether shift differential payments were improperly applied and determine if additional employees were also affected. Validate the total overpayment amounts and initiate appropriate steps to recoup the funds if indicated.</p> <p>Deactivate the identified pay code in MyTime that is no longer aligned with active pay rules and implement a communication plan to notify affected employees of the change.</p> <p>Evaluate the feasibility of implementing an automated control in PeopleSoft to validate that earnings align with the pay rules transmitted from MyTime, flagging any discrepancies prior to payroll processing. If automation is not possible due to system limitations, establish a routine process to run the existing report and investigate and resolve any mismatches before each payroll cycle.</p>	<p>Action Plan Owners: John Roach Trevor Brown</p> <p>Action Plan Executive: Martha Washington</p> <p>Due Date: 12/15/2025</p> <p><i>Management reviewed the identified exceptions and discovered a discrepancy between the current pay rule assigned to this group of employees, implemented in January 2025, which does not permit differential payments, and the compensation agreement established in 2021, which allows them to receive these additional payments.</i></p> <p><i>Management will either:</i></p> <ul style="list-style-type: none"> • <i>Establish a new work rule named to match the pay rule applicable to this employee group, and ensure supporting documentation is in place to validate the exemption and confirm that the additional pay has been approved by Compensation.</i> • <i>Create a new pay rule specifically for this group to ensure that differential payments are correctly incorporated and allowed.</i>

		<p><i>Management will:</i></p> <ul style="list-style-type: none"> • <i>Implement a centralized repository for storing compensation agreements, pay rule changes, and approvals, ensuring consistent access for HR, Payroll, and Audit teams.</i> • <i>Create a formal change log process to document all pay rule modifications and to ensure documentation supports changes to pay rules and that the appropriate approvals are obtained.</i>
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2. Historical Edits

Historical payroll and timecard edits are managed through a centralized process, where requests are submitted to HR for review and adjustment. Since the process was centralized in September 2024, there has been a significant improvement in oversight; however, inefficiencies remain, including high edit volumes, frequent leave related changes, and downstream impacts in PeopleSoft. Inconsistent use of the edit request form and lack of standardized off-cycle payment criteria contribute to delays, manual workarounds, and increased risk of errors in payroll processing.

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2.1 Timecard Reviews & Approvals	Recommendations	Management Action Plan
<p>When an edit is needed for a previous pay period or during the timecard lockout for current payroll processing, the timekeeper or manager submits a request to the dedicated HR team, which reviews the request and makes the necessary edits.</p>	<p>Provide visibility to senior leadership into historical edits trends and department frequency via the historical edits dashboard to allow for targeted education, process improvements and leadership reinforcement of expectations.</p>	<p>Action Plan Owners: Trevor Brown Isaura Davis</p> <p>Action Plan Executive: Martha Washington</p> <p>Due Date: 01/15/2026</p>

<p>Since the centralized historical edit process began in September 2024, approximately 1,400 edits are processed each month which is a 30% decrease from the prior year monthly average when edits could be completed by timekeepers / managers.</p> <p>Based on data from Q3 FY 2025, the main reasons for historical edits were (<i>Appendix F</i>):</p> <ul style="list-style-type: none"> • Changes or late requests for leave accrual use (22% of requests) • Adding or removing leave requests for period when current pay period is locked (15%) • Clock in-out (punch) corrections (14%) <p>Given that nearly 40% of edits are tied to leave-related adjustments, the overall volume of edits tends to be highest in the months following periods of traditionally high leave usage, namely December, January, May, and June.</p> <p>Historical edits in the MyTime system trigger downstream impacts in PeopleSoft, requiring additional review and updates. Edits to prior period accrual usage can cascade across future pay periods, potentially resulting in pay deductions if leave exceeds available accruals.</p>	<p>Explore the feasibility of setting a timecard submission compliance target (e.g., 80%) for timekeepers and consider engaging department leaders to assess the potential for incorporating this metric into performance evaluations to support consistent review practices.</p>	<p><i>Management will:</i></p> <ul style="list-style-type: none"> • <i>HR will implement an automated Communication reminder of timesheet review and approval to catch these discrepancies.</i> • <i>Provide frequent training to reinforce expectations and reduce reliance on post-lockout edits. Including New Hire Orientation and quarterly leader and timekeeper trainings.</i> • <i>Enhance the historical edits dashboard and share with senior leadership and department managers to enable them to address issues timely and reinforce accountability.</i> • <i>HR will provide proactive reporting or timekeeping discrepancies a few days prior to payroll close to get in front of the discrepancies such as missed punches and unapproved time.</i> • <i>Evaluate the viability of a timekeeper performance metric tied to review and approval of timecards, and potential inclusion in annual evaluations.</i>
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<p>By improving the overall payroll process in response to these audit findings, management can reduce processing times. This will shorten the duration that timecards remain locked, leading to fewer historical edits and a lower volume of off-cycle payments.</p>		
2.2 Historical Edit Request Form	Recommendations	Management Action Plan
<p>The current edit request form design is contributing to inconsistent and incomplete data collection. Specifically, 48% of submitted requests list the reason for the edit as "other" accompanied by free-text explanations. This reliance on open-ended responses limits the ability to analyze trends across departments and request types and reduces the effectiveness of targeted education and process improvements.</p> <p>Additionally, the use of the "other" reason field does not prompt users to provide all necessary information required for processing, which may delay decision-making or lead to inaccurate edits.</p>	<p>Revise the historical edit request form to enhance user friendliness while ensuring it captures all necessary information to support the edit process. The updated form should also facilitate accurate and consistent data collection to enable meaningful analysis of request trends over time.</p>	<p>Action Plan Owners: Isaura Davis Trevor Brown</p> <p>Action Plan Executive: Martha Washington</p> <p>Due Date: 12/19/2025</p> <p><i>Management will:</i></p> <ul style="list-style-type: none"> • <i>Redesign the historical edit request form to improve user experience and ensure comprehensive data capture.</i> <ul style="list-style-type: none"> ○ <i>The revised form will include standardized fields to support consistent documentation and enable reliable trend analysis.</i>
2.3 Off-Cycle Criteria		Management Action Plan
<p>Payroll Operations do not have defined criteria for determining when historical edits requiring pay adjustments should be processed as off-cycle payments versus held for the regular pay cycle. This lack of standardized</p>	<p>Develop and document specific guidelines that define when a historical edit requiring a pay adjustment should be processed off cycle versus held for the regular payroll. Criteria could include factors such as dollar or</p>	<p>Action Plan Owners: John Roach Trevor Brown</p> <p>Action Plan Executive:</p>

<p>guidance has led to inconsistent handling, resulting in duplicated effort and increased risk of errors in employee compensation.</p> <p>To prevent duplicate payments, the payroll team manually compares off-cycle payments from the previous two cycles documented in a Payroll Database against current period data in PeopleSoft. This process involves reviewing individual pay codes and amounts and manually updating records by unchecking the 'OK to pay' box in PeopleSoft. The absence of automation and clear decision rules adds time to payroll processing and heightens the risk of overpayments.</p>	<p>percent of pay thresholds, employee hardship, timing of the edit relative to the next pay cycle, and regulatory requirements.</p> <p>Develop a dashboard or automated reconciliation report to compare off-cycle payments against current pay cycle data and identify potential duplicate pay entries, including matching pay codes and amounts.</p>	<p>Martha Washington</p> <p>Due Date: 2/15/2026</p> <p><i>Management will:</i></p> <ul style="list-style-type: none"> • <i>Develop and document guidance for the payroll team to assist with determining when historical edits that result in pay adjustments should be processed off cycle versus held for the regular payroll. These guidelines will be based on considerations including timing related to pay cycles, regulatory requirements, and employee hardship.</i> • <i>Design and implement a dashboard or automated reconciliation report to compare off-cycle payments with regular cycle data, to reduce manual validation and potential errors.</i>
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3. Roles, Responsibilities & Governance

Payroll operations rely on Microsoft Planner and internally managed Access databases to coordinate tasks and track process completion but lack centralized documentation and system support. The absence of centralized controls—such as a master checklist for inbound files and a high-level payroll dashboard—limits visibility, increases the risk of oversight, and reduces efficiency in identifying anomalies or errors. Additionally, reliance on unsupported databases for critical payroll functions poses risks to data integrity and long-term sustainability.

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3.1 Data Input Controls

Recommendations

Management Action Plan

The payroll team currently utilizes Microsoft Planner to manage task assignments and handoffs throughout the payroll cycle. While this tool supports operational coordination, there is no centralized, up-to-date master checklist documenting all inbound payroll input files, their originating systems, or the team members responsible for handling them.

This lack of formal documentation introduces risk of oversight, particularly in high-volume or time-sensitive cycles, and limits the ability to verify that only approved data sources are used. Additionally, without a standardized reference, it is difficult to confirm whether all required files have been received and accurately loaded into the payroll system, increasing the potential for data gaps or processing errors.

Develop and maintain a centralized master list of all inbound payroll input files. This should include:

- Source system for each file.
- File type and purpose.
- Responsible team members.
- Frequency and timing of delivery.

During each payroll cycle, the payroll team should validate all files listed in the master checklist have been received and accurately loaded into the payroll system.

Implement a process to periodically review and validate the list of approved data sources used for payroll processing. This will help ensure:

- Data is consistently sourced from authorized systems.
- Unauthorized or outdated sources are identified and removed.
- System access aligns with current roles and responsibilities

Action Plan Owner:
Trevor Brown

Action Plan Executive:
Martha Washington

Due Date: 2/1/2026

Management will:

- *Establish and maintain a centralized master list of all inbound payroll input files, detailing the source system, file type and purpose, responsible team members, and delivery schedule. This list will serve as a master checklist for each payroll cycle to confirm receipt and accurate system loading of all required files.*
- *Implement a quarterly review process to validate the list of approved data sources.*

3.2 Comprehensive Monitoring & Tracking	Recommendations	Management Action Plan
<p>While the UT Southwestern team has implemented robust manual controls to review payroll prior to posting, there is currently no efficient, centralized method for tracking and monitoring payroll at a high level. This gap limits the ability to quickly identify anomalies, significant changes from prior runs, or potential errors that may require further review before finalization.</p> <p>Although dashboards are effectively used to monitor manager approvals and historical edit trends, supporting education, process improvements and similar tools are not leveraged for overall payroll analysis, which could enhance oversight and reduce reliance on manual review.</p>	<p>Consistent with leading practices, it is recommended that HR develop a macro-level payroll dashboard to enhance executive-level oversight and streamline payroll review processes.</p> <p>The dashboard should provide visibility into key payroll metrics and trends, enabling timely identification of anomalies, unexpected shifts in pay amounts, disbursement issues, or patterns in historical edits that may signal upstream coordination challenges or system breakdowns.</p> <p>The dashboard should include, at a minimum:</p> <ul style="list-style-type: none"> • Gross pay, deductions, and net pay by cycle, with period-to-period comparisons. • Pay period trends across the fiscal year. • Team-defined key performance indicators (KPIs) and variance explanations. 	<p>Action Plan Owner: Martha Washington</p> <p>Action Plan Executive: Martha Washington</p> <p>Due Date: 9/30/2026</p> <ul style="list-style-type: none"> • <i>Management will create a high-level payroll dashboard to improve executive oversight and streamline reviews. It will highlight key metrics like gross pay, deductions, net pay, and pay trends, along with team-defined KPIs and variance alerts.</i>
3.3 Access Databases	Recommendations	Management Action Plan
<p>Key payroll processing data is managed through internally developed access databases stored in a shared team folder. These databases support</p>	<p>Audit and formally document existing access-based workflows to verify data accuracy, ensure proper maintenance, and</p>	<p>Action Plan Owners: John Roach Trevor Brown</p>

<p>transaction tracking and calculation for subsequent upload into PeopleSoft.</p> <p>While efforts are underway to transition processes away from this database workflow, limited documentation and institutional knowledge, combined with the absence of formal system ownership, continue to pose risks to data integrity, sustainability, and timely issue resolution.</p>	<p>establish support protocols that enhance sustainability and enable timely issue resolution.</p> <p>Define ownership, accountability, and support structures for any remaining databases that integrate with payroll.</p>	<p>Action Plan Executive: Martha Washington</p> <p>Due Date: 2/1/2026</p> <p><i>Management will:</i></p> <ul style="list-style-type: none"> • <i>Audit and document existing access-based workflows to confirm data accuracy, ensure proper maintenance, and establish clear support protocols.</i> • <i>Assign ownership and accountability for each payroll-integrated database and define support responsibilities.</i>
<p>3.4 Consistent & Documented Review Procedures</p>	<p>Recommendations</p>	<p>Management Action Plan</p>
<p>Payroll includes manual review controls prior to posting; however, when sample checks are used for validation, there are no established guidelines for how those samples are selected. As a result, there is potential for review results to vary by processor and month performed.</p> <p>For example, while payroll performs an audit of employees who are paid for over 80 hours worked, the payroll team reviews a sample selection of these employees in an ad hoc, subjective fashion selected by each processor, rather than more formalized guidelines.</p>	<p>Develop and implement formal sampling guidelines to ensure consistency, transparency, and adequate coverage in the review process.</p> <p>Utilize workflow automation integrated with standardized audit templates to streamline the review process and reduce manual effort and time commitment.</p>	<p>Action Plan Owners: Trevor Brown Isaura Davis</p> <p>Action Plan Executive: Martha Washington</p> <p>Due Date: 9/30/2026</p> <p><i>Management will:</i></p> <ul style="list-style-type: none"> • <i>Develop and implement formal sampling guidelines to</i>

		<p><i>standardize audit reviews and ensure consistent coverage.</i></p> <ul style="list-style-type: none"> • <i>Implement workflow automation using standardized audit templates to streamline the review process and reduce manual effort.</i>
3.5 Period-to-period Review	Recommendations	Management Action Plan
<p>UT Southwestern currently performs a period-to-period reasonability review for select high-compensation employees, commonly referred to as the “high roller” check. This control helps identify significant fluctuations in gross pay that may signal errors or unauthorized changes. However, the review is limited in scope and does not extend to the broader employee population.</p> <p>The absence of a comprehensive review for all employees increases the risk of undetected payroll inaccuracies, such as incorrect pay rates, missed deductions, or time reporting errors. Without system-driven analytics or thresholds, reliance on manual identification may lead to inconsistent control application and reduced payroll oversight.</p>	<p>Establish a systematic review of gross-to-net payroll changes across the entire employee population. Apply a variance threshold of 10-15% to identify and investigate significant fluctuations, ensuring that anomalies, regardless of employee pay level, are promptly detected and addressed.</p> <p>Develop an automated dashboard or workflow within the payroll system to support variance analysis. This tool should highlight flagged transactions, track resolution status, and provide audit trails to enhance transparency and reduce manual review burden.</p>	<p>Action Plan Owner: Martha Washington</p> <p>Action Plan Executive: Martha Washington</p> <p>Due Date: 9/30/2026</p> <p><i>Management will:</i></p> <ul style="list-style-type: none"> • <i>Implement a variance review procedure to include:</i> <ul style="list-style-type: none"> ○ <i>A monthly review of gross-to-net payroll changes across all employees.</i> ○ <i>A variance threshold to flag significant fluctuations for investigation.</i> ○ <i>Reviews that are inclusive of all pay levels to maintain equity and transparency.</i>

		<ul style="list-style-type: none"> • <i>Collaborate with HR Information Systems (HRIS) and Payroll teams to build a dashboard within the payroll system to flag transactions based on variance thresholds and allow for increased monitoring and tracking.</i>
3.6 Payroll Disbursement Reconciliation	Recommendations	Management Action Plan
<p>While UT Southwestern performs payroll-to-payroll or monthly reconciliations of direct deposit and tax funding through Payroll Accounting, it remains unclear whether these reconciliations are performed at the individual employee level to confirm that payments issued by Bank of America align precisely with payroll records. Additionally, the disbursement account for direct deposits and checks is currently reconciled by Payroll Operations, though efforts are underway to bring this process up to date and transition it to Payroll Accounting.</p> <p>The lack of a clearly defined and consistently executed employee-level reconciliation increases the risk of undetected payment discrepancies, such as missed deposits, duplicate payments, or incorrect tax funding. Strengthening reconciliation procedures at the employee level and ensuring timely ownership transfer of disbursement account oversight would enhance payroll accuracy and financial control.</p>	<p>Implement a formal reconciliation process that compares payroll register totals to Bank of America’s direct deposit and disbursement files for each payroll cycle. In instances where totals do not align, perform a detailed reconciliation down to the individual employee level to identify and resolve discrepancies promptly.</p> <p>On a quarterly basis, reconcile third-party tax funding invoices against payroll register data to ensure that all tax withholdings and remittances are accurate and complete.</p> <p>Where reporting capabilities allow, develop automated workflows using tools such as Alteryx or similar platforms to streamline reconciliation processes. These workflows should be designed to flag variances immediately, reduce manual effort, and enhance the timeliness and accuracy of payroll oversight.</p>	<p>Action Plan Owner: Trevor Brown</p> <p>Action Plan Executive: Martha Washington</p> <p>Due Date: 2/1/2026</p> <p><i>Management will:</i></p> <ul style="list-style-type: none"> • <i>Establish a formal reconciliation process for each payroll cycle comparing payroll register totals to Bank of America’s direct deposit and disbursement files.</i> <ul style="list-style-type: none"> ○ <i>Include procedures for investigating discrepancies at the individual employee level and steps for resolution.</i> • <i>Reconcile third-party tax funding invoices against payroll register data every quarter.</i>

		<ul style="list-style-type: none">○ <i>Validate accuracy of tax withholdings and remittances to ensure compliance.</i>• <i>Determine feasibility of implementing Alteryx or a similar platform to build automated reconciliation workflows.</i>
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Appendix A

Objectives, Scope, and Methodology

The objectives of the review were to assess the effectiveness and efficiency of payroll operations, including the accuracy and timeliness of payroll processing and evaluate the design and operational effectiveness of key internal controls, such as timekeeping, payroll disbursements, and authorization protocols.

The audit scope period included activities related to payroll processing between January 1, 2024 and June 30, 2025. The review included payroll onboarding, inputs into payroll, gross to net payroll processing, and payroll compliance.

Our procedures included but were not limited to the following:

- Interviewed key personnel and reviewed relevant organizational policies.
- Examined personnel management processes including the bi-weekly, monthly, and off-cycle payroll runs
- Reviewed time and attendance and payroll data for agreed upon sample
- Reviewed payroll system configurations and capabilities

We conducted our engagement in conformance with the Institute of Internal Auditors' Global Internal Audit Standards™.

Executive Sponsors:

Jeremy Falke, Vice President & Chief Human Resources Officer

Key Stakeholders:

Trevor Brown, Manager, Payroll Operations, Human Resource Services

Bill Dailey, Director, PeopleSoft HCM System

Isaura Davis, Supervisor, Payroll, Human Resource Services

Jodi Levy, Associate Vice President, Business Administration Systems

John Roach, Manager, Human Resource Information Systems

Melissa Sotelo, Director, Human Resource Services

Martha Washington, Associate Vice President, Human Resource Services

Audit Team:

Natalie Ramello, Vice President, Chief Compliance & Audit Officer
Phillippa Krauss, Assistant Director, Internal Audit
Idris Buhidma, Project Manager, Internal Audit
Alex Briseno-Yanez, Internal Audit
Mike Cardillo, Internal Audit
David Duryea, Internal Audit
Shea Fowler, Internal Audit
Lisa Herrnson, Internal Audit
Sara Kirsch, Internal Audit
Erin North, Internal Audit
John Powers, Internal Audit
Giovanni Zammiello, Internal Audit

Appendix B

Risk Classifications & Definitions

Each observation has been assigned a risk rating according to the perceived degree of risk that exists based upon the identified deficiency combined with the subsequent priority of action to be undertaken by management. The following chart is intended to provide information with respect to the applicable definitions, color-coded depictions, and terms utilized as part of our risk ranking process:

Degree of Risk & Priority of Action	
Priority	An issue identified by Internal Audit that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Southwestern or the UT System as a whole.
High	A finding identified by Internal Audit that is considered to have a high probability of adverse effects to UT Southwestern either as a whole or to a significant college / school / unit level. As such, immediate action is required by management to address the noted concern and reduce risks to the organization.
Medium	A finding identified by Internal Audit that is considered to have a medium probability of adverse effects to UT Southwestern either as a whole or to a college / school / unit level. As such, action is needed by management to address the noted concern and reduce the risk to a more desirable level.
Low	A finding identified by Internal Audit that is considered to have minimal probability of adverse effects to UT Southwestern either as a whole or to a college / school / unit level. As such, action should be taken by management to address the noted concern and reduce risks to the organization.

It is important to note that considerable professional judgment is required in determining the overall ratings. Accordingly, others could evaluate the results differently and draw different conclusions. It is also important to note that this report provides management with information about the condition of risks and internal controls at one point in time. Future changes in environmental factors and actions by personnel may significantly and adversely impact on these risks and controls in ways that this report did not and cannot anticipate.

Appendix C

Manual Processes

The following table provides expanded details and illustrative examples related to Observation #1, along with preliminary recommendations for each issue.

These suggestions are intended to inform future decisions, pending the outcome of the comprehensive assessment of current PeopleSoft payroll configurations.

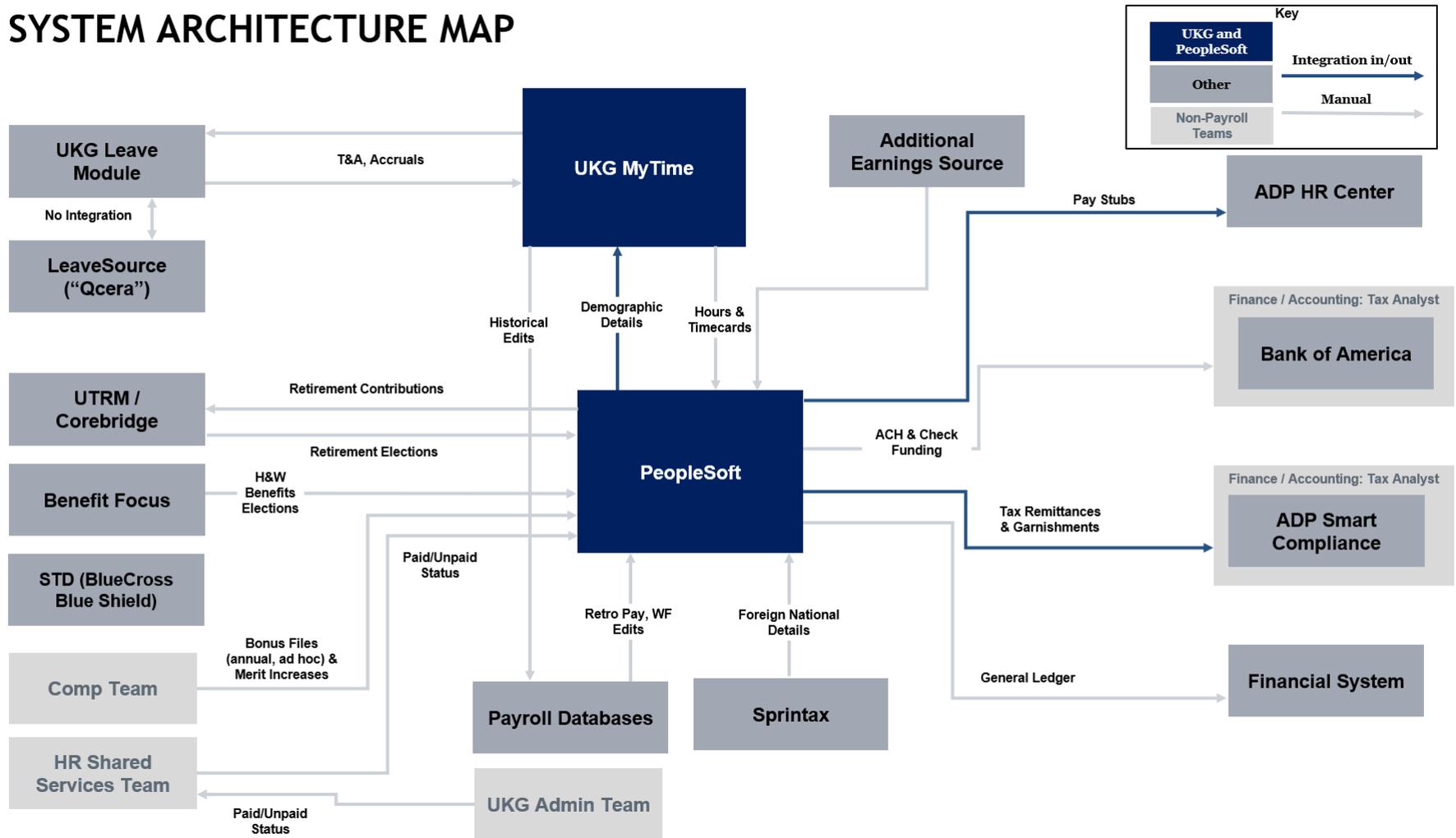
Area	Observations	Recommendations
<p>1. Pay Rule & Work Rule Configurations</p>	<ul style="list-style-type: none"> • Manual, ad hoc setup via email / Word documents. • Excessive, duplicative pay codes increase error risk. • Unrestricted pay code selection without safeguards. 	<ul style="list-style-type: none"> • Consolidate and simplify pay codes and rules. • Standardize intake using structured forms / templates. • Implement automated controls to validate earnings code usage. • Restrict timekeeping system access to allowable pay codes.
<p>2. Integration from MyTime to PeopleSoft</p>	<ul style="list-style-type: none"> • Manual file transfer and conversion are prone to errors. • Time and attendance validation relies on spreadsheets. • No system integration, increasing processing time and data integrity risk. 	<ul style="list-style-type: none"> • Streamline MyTime export and conversion with HRIS. • Document full data transfer workflow and error-handling steps. • Explore automation: <ul style="list-style-type: none"> ○ Workflow for file conversion ○ Direct system integration ○ Automated validation to replace manual checks

Area	Observations	Recommendations
<p>3. Timecard Approval Process Limitations</p>	<ul style="list-style-type: none"> Manual record loading for biweekly exempt approvals. Approved timecards are sometimes excluded from payroll loads, requiring manual reconciliation. 	<ul style="list-style-type: none"> Review UKG Dataview configuration to prevent duplication and ensure proper pagination. Conduct retrospective audits to identify and analyze omitted records. Address root causes and implement corrective actions.
<p>4. On Call Threshold Audit</p>	<ul style="list-style-type: none"> On Call 300/400 codes do not auto-adjust when 24-hour threshold is reached. Manual updates required across two UKG windows per employee. 	<ul style="list-style-type: none"> Explore configuring a single On Call code with premium triggers for threshold hours. Update or communicate scheduling/time entry policies to ensure accurate timesheets before payroll review.
<p>5. Manual Manipulation of Budget Files</p>	<ul style="list-style-type: none"> Files from AFS (budget, reimbursements, parking) require manual research and formatting before PeopleSoft upload. Increase risk and process time. 	<ul style="list-style-type: none"> Provide standardized templates to upstream teams to reduce manual formatting. Automate reconciliation workflows to flag discrepancies in real time. Create a centralized COMBO code matrix to eliminate individual code research.
<p>6. Manual Processes for Transfers</p>	<ul style="list-style-type: none"> Mid-cycle transfers cause system errors due to outdated pay rule codes. PeopleSoft references job data by payment date, not work date. Manual resolution takes 1-2 hours per cycle. 	<ul style="list-style-type: none"> Implement an "As of" date field in HCM load screen to validate eligibility by work date. As interim solution, create bulk upload file for validated entries. Streamline templates by removing unnecessary formatting to reduce manual review time.

Area	Observations	Recommendations
<p>7. Benefits Related Processes</p>	<ul style="list-style-type: none"> • Contribution limits not enforced in the system for TSA 403(b) Plan. • Manual intervention required for excess ROTH contributions and missed catch-up deductions. • No system control to monitor limits. 	<ul style="list-style-type: none"> • Configure payroll system to enforce IRS limits and suspend contributions automatically. • Assess feasibility of secure data integration between TSA vendors and PeopleSoft. • If viable, implement automated data exchange to improve accuracy and reduce manual reconciliation efforts.

Appendix D

SYSTEM ARCHITECTURE MAP

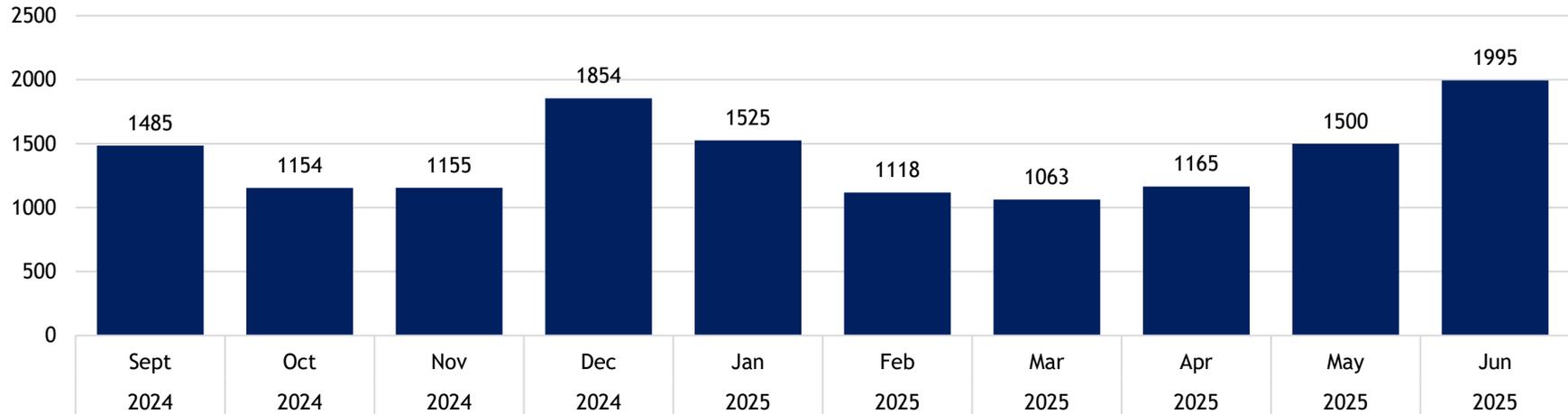


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Appendix F

Total historical edits for period 9/1/2024 - 6/30/2025: 14014 (average 1401/month).

Historical Edit Count by Month



% of Historical Edits by Request Type

