



UT Tyler

THE UNIVERSITY OF TEXAS AT TYLER

Internal Audit Department

September 5, 2025

Dr. Julie Philley
President
The University of Texas at Tyler
3900 University Blvd.
Tyler, TX 75799

Dr. Philley,

We completed the Finance Post-Awards Review Audit that was part of the University of Texas at Tyler's (UT Tyler) Fiscal Year (FY) 2025 Audit Plan. The objective of the audit was to review controls related to the oversight of expenditures for compliance with grant requirements. The scope of the audit was for the University of Texas at Tyler (UT Tyler) Main campus and Health Science Center (HSC) campus from September 1, 2024, through March 31, 2025.

This audit was conducted in accordance with guidelines set forth in The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. We appreciate the assistance provided by management and other personnel and hope the information presented in our report is helpful.

Sincerely,

Stephen Ford
Chief Risk Officer, Acting Chief Audit Executive

Enclosure

cc:

Mr. Daniel Deslatte, Chief Business Officer
Mr. Dwain Morris, Chief Financial Officer
Dr. Barbara Haas, Provost
Dr. Amir Mirmiran, Chief Research Officer
Ms. Lisa Bush, Associate Vice President, Research Administration
Mr. John Sprenkle, Controller, Business Affairs
Ms. Danielle McDonald, Director, Accounting and Financial Reporting
Mr. J. Michael Peppers, UT System Chief Audit Executive
Legislative Budget Board audit@lbb.texas.gov
Governor budgetandpolicyreports@gov.texas.gov
State Auditor's Office jacoordinator@sao.state.tx.us

Finance Post-Awards Review Audit



September 5, 2025

INTERNAL AUDIT DEPARTMENT
3900 UNIVERSITY BOULEVARD
TYLER, TEXAS 75799

AUDIT OBJECTIVE

The objective of the engagement was to review controls related to the oversight of expenditures for compliance with grant requirements.

CONCLUSION

The audit identified five (5) opportunities for improvement to strengthen controls and processes related to grant expenditures, payroll transactions, and revenues.

OBSERVATIONS

As part of our audit, we examined a sample of Expenditure, Payroll, and Revenue transactions to assess compliance with the grant's requirements. For each transaction, we reviewed supporting documentation including grant agreements, eForms/Personnel Action Forms (PAFs), billing invoices, and expenditure records.

We judgmentally selected a total of 42 transactions for testing, consisting of 19 Payroll and 23 Expenditure items. Each selection was reviewed for compliance with applicable requirements contained in the grant agreement. In addition, 20 Revenue transactions were examined to verify alignment with grant requirements.

Section A - For each of the 19 Payroll transactions selected, we answered the following questions:

- 1) Was the grant agreement for this transaction available;
- 2) Who was being paid;
- 3) Was an eForm/PAF completed;
- 4) Was the payroll journal entry aligned with the details documented in the eForm/PAF?

Section B - For each of the 23 Expenditure transactions selected, we answered the following questions:

- 1) Was the grant agreement and supporting documentation for this transaction available;
- 2) Was supporting documentation adequate and appropriate based on the grant agreement;
- 3) Was the transaction in compliance with grant requirements?

Section C – For each of the 20 Revenue and billing transactions selected, we answered the following questions:

- 1) Was the grant agreement and supporting documentation for the transaction available;
- 2) Was the billing invoice within the timeframe identified by the grant agreement;
- 3) Was the invoice issued for the correct amount?

This audit identified the following opportunities for improvement:		
1	High	Monitoring Grant Compliance
2	High	Expenditures not within Guidelines
3	High	eForm/Personnel Action Form (PAF) did not Match Payroll Distribution
4	High	Grant Billing Inconsistencies
5	Medium	Update Policies and Procedures

#1: Monitoring Grant Compliance

High: Inadequate oversight could result in noncompliance with grant requirements, resulting in over/under spending and a loss of funding.

Oversight of grant financial transactions is the responsibility of the Office of Research, Scholarship, and Sponsored Programs (ORSSP) as stated in UT Tyler’s Handbook of Operations (HOP) 8.02-*Responsible Conduct of Research Training and Responsibility*. Program guidelines require institutions to expend awarded funds within a designated time-period. It was found that expired grants were not closed out in PeopleSoft which could result in unallowed expenditures charged to the grant if it remains active and not monitored. Monitoring grants ensures compliance with the grant requirements for expenditures, revenues, payroll, and billing. Projects that were set up as cost centers are not being monitored, per Post Awards. Monitoring grant balances could help prevent over/under spending of the total grant. Lack of monitoring of allowable expenditures and appropriate payroll grant distribution occurred in 5 out of 42 sampled transactions. These consisted of two (2) payroll and three (3) expenditure transactions.

Opportunity for Improvement #1: Management should consider developing a unified process to monitor spending deadlines. These procedures will help ensure future awards are fully expended.

Management Response: Beginning in fiscal 2026 with the UT PeopleSoft Share implementation, Sponsored Programs will have a dedicated subledger on both the academic and health campuses to monitor and manage grants and contracts. This will enhance transparency and allow managers, principal investigators and administrators real time access to grant and contract account information. Principal investigators, managers and administrators also will begin receiving automated monthly budget updates to supplement the real time access function. In addition, SAHARA account reconciliations will be implemented for all grants and contracts accounts with required monthly reconciliation and approval by principal investigators.

Responsible Person(s):

Mr. Dwain Morris, Chief Financial Officer
 Ms. Lisa Bush, Associate Vice President, Research Administration

Anticipated Implementation Date: November 30, 2025

Opportunity for Improvement #2: Management should consider developing a unified process to monitor expenditures and PAFs for externally funded projects/cost centers in accordance with grant documents. This will help ensure future expenditures and PAF amounts are appropriate and accurate.

Management Response: The UT PeopleSoft Share implementation will create an E-Form process for both the academic and health campuses which will allow for the consistent treatment of personnel actions across both campuses. In addition, the implementation of the Cayuse system in early calendar 2026 will provide a modern time and effort reporting environment for principal investigators and ORSSP staff to consistently and accurately manage personnel actions.

Responsible Person(s):

Mr. Dwain Morris, Chief Financial Officer

Ms. Lisa Bush, Associate Vice President, Research Administration

Anticipated Implementation Date: November 30, 2025 – PeopleSoft Share, February 28, 2026 - Cayuse

Opportunity for Improvement #3: Management should consider establishing a unified procedure to close out expired grants promptly at the end of the grant term. Timely closure helps to prevent the risk of unallowed expenditures being charged to an expired grant.

Management Response: ORSSP and the Grant Accounting Department are collaborating to establish a unified process for grant and contract close out to be implemented after the UT PeopleSoft Share go live in early fiscal 2026.

Responsible Person(s):

Mr. Dwain Morris, Chief Financial Officer

Ms. Lisa Bush, Associate Vice President, Research Administration

Anticipated Implementation Date: November 30, 2025

#2: Expenditures not within Guidelines

High: Expenditures that do not comply with grant guidelines could result in loss of funding.

In accordance with HOP 8.01, the Office of Post-Award Accounting is responsible for the administrative monitoring and approval of grant expenditures. Of the 23 expenditures reviewed, 1 exceeded the allowable amount, 1 was for an unapproved expense under the grant guidelines, and 1 travel expense was submitted late without itemized meal receipts. Enhanced administrative oversight and timely expenditure approvals could have provided additional assurance that only appropriate expenses were charged to the grant.

Opportunity for Improvement: Management should consider enhancing oversight and developing a unified approval process for expenditures to ensure ongoing compliance with grant guidelines.

Management Response: UT PeopleSoft Share implementation for Health Science Center will allow for more detailed oversight of awards as previous to the implementation only expenses over \$1000.00 were processed through ORSSP Post Award. Moving forward all expenses no matter the amount will be processed through ORSSP Post Award group to ensure compliance with granting agency guidelines.

Responsible Person(s):

Mr. Dwain Morris, Chief Financial Officer

Ms. Lisa Bush, Associate Vice President, Research Administration

Anticipated Implementation Date: November 30, 2025

#3: eForm / Personnel Action Form (PAF) did not Match Payroll Distribution

High: Inaccurate eForms/PAFs could result in repayment of funds, penalties, and loss of future funding.

The eForm/PAF for 2 out of 19 sampled employees did not match the payroll distribution. HOP 8.01 *Grants, Contracts, and Sponsored Programs* provides procedures to ensure compliance with the Code of Federal Regulations, Title 2, Part 200: *Uniform Administrative*

Requirements, Cost Principals, and Audit Requirements for Federal Awards. There was no documented oversight to verify that payroll disbursements aligned with the approved eForms/PAFs.

Opportunity for Improvement: Management should consider developing a unified procedure to verify that payroll disbursements charged to grants match the authorized amounts on the eForms/PAFs.

Management Response: The E-Form for personnel actions will be consistent on both the health and academic campuses with the implementation of the UT PeopleSoft Share system which will improve both transparency and documentation. In addition, time and effort monitoring will be enhanced with the addition of the Cayuse System in early calendar 2026. The SARAH account reconciliation process will also be consistently required across all areas of the institution.

Responsible Person(s):

Mr. Dwain Morris, Chief Financial Officer

Ms. Lisa Bush, Associate Vice President, Research Administration

Anticipated Implementation Date: UT PeopleSoft Share and SARAH - November 30, 2025, Cayuse – February 28, 2026

#4: Grant Billing Inconsistencies

High: Inconsistency in billing could result in uncollected revenue.

Out of 20 grant billing transactions reviewed, there were 7 identified opportunities. These opportunities consisted of: 4 untimely billings, 2 billings containing errors, and 1 billing remained unpaid for over 11 months

following submission. Funding has the potential to be forfeited without proper oversight to ensure accurate and timely billing along with receiving reimbursement.

Opportunity for Improvement #1: Management should consider implementing improved controls and procedures to ensure grant billing is submitted on time and in accordance with the terms and conditions of the grant.

Management Response: The UT PeopleSoft Share Grants and Contracts subledger contains a billing module which will provide both a streamlined and transparent environment for grant billing and collections monitoring and reporting. Monthly administrative monitoring of grant and contract revenue and collections will be established.

Responsible Person(s):

Mr. Dwain Morris, Chief Financial Officer

Ms. Lisa Bush, Associate Vice President, Research Administration

Anticipated Implementation Date: November 30, 2025

Opportunity for Improvement #2: Management should consider establishing unified procedures to ensure the accuracy of the billing documents and monitor the timely receipt of payments from the granting agencies.

Management Response: Unified procedures for billing to and receipt from granting agencies will be established with the implementation of the UT PeopleSoft Share system.

Responsible Person(s):

Mr. Dwain Morris, Chief Financial Officer

Ms. Lisa Bush, Associate Vice President, Research Administration

Anticipated Implementation Date: November 30, 2025

#5: Update Policies and Procedures

Medium: If policies and procedures are not revised to reflect restructuring, key responsibilities may be overlooked or unknown.

The Office of Research has recently experienced restructuring and realignment. However, the HOP for the Office of Research has not been updated to reflect these organizational changes.

Opportunity for Improvement: Management should conduct a review of the HOP for the Office of Research to ensure it accurately reflects recent organizational changes and clearly identifies the updated responsible parties.

Management Response: Chief Research Officer and Dean of Graduate School will work with Provost office to update HOP policy.

Responsible Person(s):

Dr. Amir Mirmiran, Chief Research Officer

Ms. Lisa Bush, Associate Vice President, Research Administration

Anticipated Implementation Date: November 30, 2025

BACKGROUND

In FY 2023, a review was performed of the procedures regarding training and processing of grant expenditures (excluding payroll expenses). At that time, the Internal Audit Department (IAD) noted the Research office did not have departmental policies and procedures. Testing was also conducted for the monitoring of grant expenditures. During the Review, IAD noted that monitoring was not being performed and documented on a consistent basis. Management was encouraged to increase monitoring and documentation of purchases to assure allowability per the grant agreement.

Currently, UT Tyler has approximately 222 active grants. UT Tyler Main campus records grants in PeopleSoft UTSHARE using Grants Management and HSC records grants on spreadsheets and uses PeopleSoft for financials. HSC will be utilizing PeopleSoft UTSHARE Grants Management beginning September 2025. Both campuses use Cayuse to compile grant information.

Currently, Principal Investigator (PI) training is held monthly during the fall and spring. At the beginning of a grant, meetings are held between the PI, Post Award Team, and Accounting to discuss grant requirements and identify responsible parties.

STANDARDS

The audit was conducted in accordance with guidelines set forth in *The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

SCOPE AND PROCEDURES

The scope of the audit was from September 1, 2024 through March 31, 2025.

To achieve the audit objective, we:

- Reviewed applicable guidance, policies, procedures, and grant agreements;
- Collaborated with the Research Administration and Accounting & Financial Reporting personnel;
- Selected samples for expenditures, payroll, and revenues to test the controls related to oversight of expenditures and payroll for compliance with grant requirements; and
- Selected a sample of revenues to verify billing was completed on a timely basis.

OBSERVATION RANKINGS

Internal audit departments across the University of Texas System use a consistent process to evaluate audit results based on risk factors and the probability of a negative outcome.

Legend	
Priority	<i>A finding is defined as an issue that if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Tyler.</i>
High	<i>A finding that is considered to have a <u>medium to high probability</u> of adverse effects to UT Tyler as a whole or to a significant college or department.</i>
Medium	<i>A finding that is considered to have a <u>low to medium probability</u> of adverse effects to UT Tyler as a whole or to a college or department.</i>
Low	<i>A finding that is considered to have a <u>minimal probability</u> of adverse effects to UT Tyler as a whole or to a college or department. These findings are communicated separately to management.</i>