SYNOPSIS

- The University did not properly account for vested sick time absences of employees and did not properly calculate the accrued leave liability of the University.
During Audit Period and Current: Dr. Wayne Watson
FINDINGS, CONCLUSIONS, AND RECOMMENDATIONS

INACCURATE ACCOUNTING OF ACCRUED COMPENSATED ABSENCES

The University did not properly account for vested sick time absences of employees and did not properly calculate the accrued leave liability of the University.

We compared 100% of the employees’ accrued sick leave days/hours as of June 30, 2013 to June 30, 2012 in order to ensure that there were not any increases in accrued vested sick days/hours for any employees.

We noted 6 employees in which the accrued sick leave days/hours payable at June 30, 2012 was zero but a balance was present at June 30, 2013. The University had inadvertently left these employees’ vested time off of the 2012 listing.

These omissions of vested sick time at June 30, 2012 understated the accrued leave liability for the year ending June 30, 2012 and overstated the fiscal year 2013 expenses by approximately $128,253. An adjusting entry was proposed to correct this misstatement.

We also tested a sample of 19 employees to determine if the University was properly accounting for leave time earned and used. The University maintains manual records to track employee leave days/hours. We noted two employees in our sample that had accrued leave time that was not correctly accounted for. Once brought to the University’s attention, the employee records were corrected. (Finding 1, pages 48-49) This finding was first reported in 2011.

We recommended that the University improve its system for accumulating and calculating compensated absences to ensure records and reporting are accurate.

University agrees with auditors

University officials agreed with the recommendation and stated that the University has conducted training that covers data gathering and input processes. In addition, the University has initiated efforts to transition to an automated system. (For the previous University response, see Digest Footnote #1.)
AUDITORS’ OPINION

Our auditors state the University’s financial statements as of June 30, 2013 and for the year then ended, are fairly presented in all material respects.

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WILLIAM G. HOLLAND
Auditor General

WGH:TLK

SPECIAL ASSISTANT AUDITORS

Borschnack, Pelletier & Co. were our special assistant auditors.

DIGEST FOOTNOTES

#1 – Inaccurate Accounting of Accrued Compensated Absences – Previous University Response

The current manual process has been improved for the calculation and accumulation of compensated absences. In addition, the University will have an accounting firm to provide additional oversight and review until implementation of an automated process. The automated process is scheduled to be in effect July 1, 2013. The University accepts the recommendation.