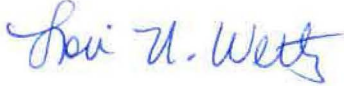




DATE: December 9, 2016

TO: Richard Aauto, Interim Vice President of Business Affairs

FROM: Lori N. Wertz, Chief Audit Executive 

SUBJECT: Review of Monitoring Plan for Segregation of Duties and Account Reconciliations

Background: In accordance with The University of Texas System (UT System) Administration Policy 142.1 (UTS142.1), *Policy on the Annual Financial Report*, section 2.3, each institution is required to develop and maintain a Monitoring Plan for the segregation of duties and reconciliation of cost centers and projects.

In order to maintain compliance with UTS 142.1, The University of Texas at El Paso (UTEP) has developed an Account Review Policy which is detailed in the Handbook of Operating Procedures.

Objective: The objective of this review was to determine compliance with UTS 142.1.

Results of Review:

A. Training

Per the Monitoring Plan, *"The PeopleSoft Office schedules reconciliation training and workshops throughout the year. Budget review and account reconciliation classes provide users the skills to review and reconcile their accounts."*

In March 2015, UT System Shared Services developed an Account Reconciliation report. The report provides account balances and transactions in one document, thereby simplifying the account reconciliation process. To increase awareness, the PeopleSoft team sends monthly email reminders when final balances have been posted. During Fiscal Year 2016, the PeopleSoft training team had offered 21 account reconciliation trainings with a total of 90 attendees.

B. Certification

According to the Monitoring Plan, *“University personnel who have signature authority are required to annually certify that there is proper segregation of duties within their departments and required reconciling activity is being performed according to university policy.”* The Office of the Vice President for Business Affairs (VPBA) Office identified 436 cost center/project account owners. On October 6, 2016, an email was sent to each account owner requesting that they certify *“that proper internal controls are maintained within their particular unit and that the accounts they are responsible for have been reconciled.”* As of November 8, 2016, 206 individuals (47%) had responded. A reminder email was sent to all account owners on November 10, 2016, and the response rate increased to 59%.

Based on the responses, a sample of five account owners were chosen and two reconciliations for each account owner were tested. The results of the testing are summarized in the chart below.

<i>Selection</i>	<i>Reconciliations Performed?</i>	<i>Reconciler Approval?</i>	<i>Cost Center/Project Account Owner Approval?</i>	<i>Reconciliations Correct?</i>
1	✓	✓	✓	✓
2	✗	✗	✗	✗
3	✓	✓	✗	✓
4	✓	✓	✓	✓
5	✓	✓	✓	✗

B.1 Reconciliation did not Have Account Owner Approval

The Office of Research and Sponsored Projects (ORSP) created the Project Information Center version 2 (PIC2). PIC2 gives principal investigators (PIs), project administrators, contracts and grants staff and research administrators visibility into all transactions related to sponsored projects as well as a budget overview that helps track spending. The tool also allows project administrators to reconcile accounts. PIC2 was used to reconcile the accounts for Selection 3. However, the PIC2 tool does not allow PIs to certify transactions, nor does the tool notify the PIs when the reconciler has certified the transactions. ORSP has indicated that they are currently in the development stage of providing this capability into PIC2.

B.2 Cost Center Reconciliation Incorrect

The reconciliation testing for Selection 5 identified one transaction (\$156.25) for each month tested. After reviewing the support documentation for the transactions it was

determined that the transaction was for a catering event, and it was charged twice. The reconciler and the reviewer failed to identify the duplicate charge during the reconciliation process. Subsequent to audit review, the duplicate charge was refunded to the department.

C. Departmental Review

As stated by the Monitoring Plan, “*The Office of the VPBA will review for segregation of duties and reconciliation of all departmental expense activity.*”

At the time of this review, the Office of the VPBA had not yet conducted any reviews. Internal Audit performed limited testing to determine if cost center reconcilers and/or approvers had attended a PeopleSoft reconciliation training and were reconciling their expenses on a monthly basis. A sample of five cost center approvers were chosen for testing, and one cost center for each approver was reviewed. The results of the testing are summarized in the chart below.

<i>Selection</i>	<i>Reconciliation performed?</i>	<i>Reconciler Approval?</i>	<i>Cost Center Owner Approval?</i>	<i>Attended reconciliation training?</i>	<i>Aware of certification process?</i>
1	✓	✗	✓	✓	✓
2	✗	✗	✗	✓	✓
3	✓	✓	✓	✓	✓
4	✗	✗	✗	✓	✓
5	✗	✗	✗	✓	✓

Conclusion:

The monitoring plan has been developed and is progressing, but not all components have been implemented.

Report Distribution:

University of Texas at El Paso (UTEP)

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Ms. Iris Niestas, Director, PeopleSoft Support Services

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University of Texas System (UT System)

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