



Review of U.T. Systemwide (UTS) Policy 142.1 Monitoring Plan for
Subcertifications, Segregation of Duties, and Account Reconciliations

Project # 2017-06

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Reviewed by: 
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Executive Summary
Review of UTS 142.1 Monitoring Plan for Subcertifications, Segregation of Duties,
and Reconciliation of Accounts
Project # 2017-06

Objective

Determine compliance with UTS 142.1 and specifically whether:

- UTSA followed its monitoring plan for segregation of duties and account reconciliations;
- Account owners submitted subcertifications to the Financial Reporting Officer; and
- Assertions of segregation of duties and account reconciliations were valid.

Conclusion

Based on our review, UTSA complies with UTS 142.1 related to the Monitoring Plan, Subcertifications, Segregation of Duties and Account Reconciliations. Overall, there is a greater awareness and understanding of PeopleSoft and the responsibilities with account reconciliations compared to the prior two years.

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Background

Per UTS 142.1, Section 6, the institutional Chief Audit Executive shall perform annual testing of the Monitoring Plan and the subcertifications, and validate the assertions on segregation of duties and account reconciliations.

The Financial Reporting Officer (Associate Vice President for Financial Affairs) at each institution is required to develop and annually update their Monitoring Plan. The Monitoring Plan outlines the internal controls to ensure that funds are expended and recorded appropriately on the UTSA Annual Financial Report.

At UTSA, Department Managers are responsible for all financial aspects of funds allocated under their authority and serve as financial stewards of UTSA resources. The Monitoring Plan includes the Department Managers' internal control duties related to the following key processes:

- segregation of duties,
- transaction approval,
- receipt of goods or services,
- reconciliations and reviews, and
- cash handling and securing.

As the part of the Monitoring Plan, Department Managers are required annually to certify (subcertification) to the Financial Reporting Officer that Cost Centers/Project IDs under their authority are reconciled timely, financial duties within their department are adequately segregated, and any material internal control weaknesses have been appropriately reported and addressed.

Quality Assurance Reviews (QARs) are performed by the Office of Institutional Compliance and Risk Services (OICRS) and are intended to provide management with assurance that the key departmental internal controls of segregation of duties and account reconciliations are in place and are operating effectively.

QARs also verify the integrity of responses in the subcertifications and help ensure that responses are in accordance with UT System financial accountability requirements.

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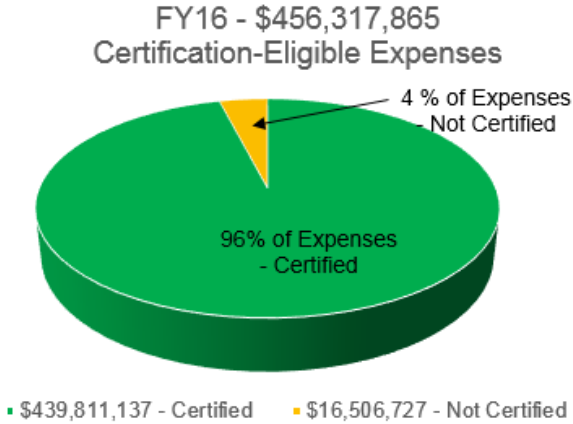
Audit Results

Monitoring Plan | Financial Affairs revised the Monitoring Plan in accordance with UTS 142.1 and updated the Financial Management Operational Guidelines website on February 11, 2016 to reflect these changes.

Subcertifications | The Assistant Vice President, Financial Affairs and Controller (AVPFA/Controller) reviewed the sub-certification responses from the Department Managers to identify any potential issues with reconciliations and/or segregation of duties. Based on this analysis, several departments disclosed that they were behind on account reconciliations due to staff turnover/vacancies.

Financial Affairs hired six temporary accountants to assist departments with learning the PeopleSoft account reconciliation process and with becoming current on account reconciliations. The temporary accountants worked on average 3 – 5 days with 85 departments across campus that requested assistance. In the four months from June – September 2015, they were able to assist all departments requesting assistance. In September 2015, the temporary accountants assisted the Research Service Centers in becoming current with research account reconciliations. Of the six temporary accountants, five were hired to permanent positions at UTSA.

The total certification-eligible expenses for FY 2016 are \$456,317,865 of which \$439,811,137 or 96% were certified this fiscal year. FY 2016 expenses not certified were \$16,506,727 or 4%.



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The total number of department managers required to certify this year was 205, of which 193 or 94% certified. 12 Department Managers or 6% did not complete their subcertifications. For the 12 Department Managers that did not complete their subcertifications, the Vice President for Business Affairs will contact these managers to discuss their non-response and to offer assistance.

Segregation of Duties and Account Reconciliations

Due to the transition to PeopleSoft, the Office of Institutional Compliance and Risk Services (OICRS) streamlined the QAR process to focus only on the key internal controls of segregation of duties and account reconciliations from May 2014, when PeopleSoft was implemented, until August 2016. UTSA currently has 205 Department Managers. Below is a summary chart prepared by OICRS outlining the results of the QARs completed that identified the number of departments where improvements are needed. The QAR results are shared with the UTSA Executive Compliance Committee at their quarterly meetings.

QARs FY15 & FY16							
VP	# QARs Conducted	Segregation of Duties			Account Reconciliation		
President	0 of 4						
VP Community Services	21 of 23	1	6	14	1	9	11
VP Business Affairs	23 of 26		7	16		9	14
VP Academic Affairs / Provost	39 of 119		10	29	8	14	17
VP External Relations	4 of 4		1	3	1	1	2
VP Research	0 of 6						
VP Student Affairs	22 of 23	1	2	19	5	4	13
Total	109/205	2	26	81	15	37	57

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**FY17 QAR
Changes**

In October and November 2016, OICRS consulted with Financial Affairs to modify the QAR process to be a risk based approach for selecting departments for a QAR. Factors in the risk assessment include level of expenditures and revenues, responses to the sub-certification, date of last QAR, audit history, organizational change/turnover and cash on hand. OICRS began FY17 QARs on higher risk departments within Vice President for Academic Affairs/Provost and Vice President for Research in December 2016.

OICRS will provide detailed descriptions of the QAR significant findings and their related follow-up activities to the Vice President for Business Affairs and the Financial Reporting Officer. Additionally, OCRIS will provide a summary report to the Vice Presidents of the QAR results performed in their respective areas.

Conclusion


Based on our review, UTSA complies with UTS 142.1 related to the Monitoring Plan, Subcertifications, Segregation of Duties and Account Reconciliations. Overall, there is a greater awareness and understanding of PeopleSoft and the responsibilities with account reconciliations compared to the prior two years.



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This engagement was conducted in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.