



UNIVERSITY OF
TEXAS
ARLINGTON

STUDENT FINANCIAL AID – FINANCIAL SYSTEM INTERFACE AUDIT

FEBRUARY 23, 2017

OFFICE OF INTERNAL AUDIT (the “Office”)
BOX 19112
ARLINGTON, TX 76019-0112
817-272-0150
www.uta.edu/internalaudit



MEMORANDUM

TO: Dr. Vistasp Karbhari
President

FROM: David A. Medrano *DM*
Chief Audit Executive - Institutional

Globen Sabado
Senior IT Auditor

DATE: March 8, 2017

SUBJECT: FY 2016 Audit Plan Engagement:
Student Financial Aid – Financial System Interface Audit Dated
Feb. 23, 2017

EXECUTIVE SUMMARY

There were no reportable findings noted in this engagement.

We have completed the Student Financial Aid – Financial System Interface Audit as included in our Fiscal Year 2016 audit plan. The objective of this engagement was to review interfaces among Campus Solutions (i.e. the PeopleSoft Student Information System), relevant systems at the Federal Aid Office of the Department of Education (“DoED”) and the UT’s financial system (“UT Share Finance”), to ensure timely reconciliation occurs between these various systems.

Our audit procedures have confirmed that the Office of Financial Aid and Scholarships (“FAO”) has a process in place to reconcile scholarship funds approved by the DoED and awarded to students via Campus Solutions. The total of financial aid awarded via Campus Solutions is also reconciled to the relevant cost center account balances in UT Share.

We appreciate the courtesy and cooperation we received from the FAO, Accounting Services, and Office of Information Technology staff throughout this audit.

cc: Jean Hood, Vice President-Human Resources, UT Arlington
Jennifer Chapman, Executive Director, University Compliance Services, UT Arlington
Troy Johnson, Vice President for Enrollment Management, UT Arlington
Stephanie Scott, Associate Vice President and Controller, UT Arlington
Karen Krause, Executive Director, Office of Financial Aid and Scholarships, UT Arlington
Andrea Wright, Executive Director, Accounting Services, UT Arlington
Jeff Neyland, Acting Chief Information Officer and Interim VP of IT, UT Arlington
Jason Hardy, Director, Infrastructure and Operations - OIT, UT Arlington
Tammy Montgomery, Identity & Access Management Analyst II – OIT, UT Arlington

Institutional Audit Committee Voting Members:

Chairman: Randal Rose, Managing Director, JPMorgan Chase
Brian Gutierrez, Vice Chancellor for Finance and Administration, Texas Christian University
Stephen Frimpong, Vice President-Internal Audit, Kimberly-Clark Corporation
Ronald Elsenbaumer, Interim Vice Provost and Vice President for Academic Affairs, UT Arlington
Kelly Davis, Chief Financial Officer and Vice President, UT Arlington
John Hall, Vice President for Administration and Campus Operations, UT Arlington
Chandra Subramaniam, Interim Dean-College of Business Administration, UT Arlington

BACKGROUND INFORMATION

Free Application for Federal Student Aid (“FAFSA”) records created by those students who have applied for financial aid is downloaded from Edconnect software at the DoED into Campus Solutions. The FAFSA data is automatically processed in Campus Solutions to determine eligibility and the amount to be awarded to the students. FAO administers these eligible financial aid awards, in Campus Solutions, to generate an electronic file to be transferred to the Common Origination and Disbursement system (COD) for DoED review and approval. Upon approval by the DoED, UTA downloads the COD electronic file which is then uploaded to Campus Solutions for posting to a student’s account.

Direct loans and grants disbursements posted to the students’ accounts via Campus Solutions are recorded to cost center accounts in UT Share Finance.

Accounting Services draws down cash from the DoED G5 Grants Management system to reimburse UTA for the financial aid funds posted to the student’s account. These reimbursement draws are also reconciled to the total direct loans and grants recorded in the cost center accounts in UT Share Finance.

OBJECTIVES

1. Determine that only authorized personnel have access to the Campus Solutions Financial Aid high-privileged roles.
2. Determine that only authorized personnel have access to the DoED G5 Grants Management system used to drawdown grant funds.
3. Verify that adequate and accurate reconciliation is performed on DoED approved financial aid data, the amount credited to the students in the Campus Solutions, and the relevant cost center account balances in UT Share Finance.
4. Verify that prepared spreadsheet for funds to be drawn are duly certified by the grant accountant supervisor; discrepancies, if any, between awards and payment records are reconciled; and each grant account is credited with the proper amount as shown on the spreadsheet.

CRITERIA

- Procedure 2-3, *Cost Center and Project Statements, Responsibilities*: Maintain accurate departmental records that support the activity/transactions of each cost center or project. Reconcile cost center/project on a monthly basis;
- Texas Administrative Code 202 Security Control Standards Catalog: AC-2, *Account Management*.

SCOPE AND METHODOLOGY

Scope: Financial aid transactions limited to direct loans and Pell grants for August 2015.

Methodology: We utilized the following techniques to support our verification and testing:

- Interviewed key personnel in the FAO and Accounting Services;
- Used data analytics software (IDEA) to select samples and analyze user accounts and financial aid data;
- Reviewed pertinent documentation such as the reconciliation procedures and monthly reconciliation reports.

AUDIT RESULTS

Objective 1: PeopleSoft financial aid roles

We sampled 10 high-privileged roles that have access to Campus Solutions Financial Aid menus and confirmed that user accounts for each high-privileged role were authorized by the respective management.

Objective 2: Access to drawdown grant funds

We identified all G5 user accounts and noted that these user accounts were authorized by Accounting Services management.

Objective 3: Student financial aid reconciliation

Procedure 2-3, *Cost Center and Project Statements*, requires that departments are responsible for maintaining accurate departmental records that support the activity/transactions of each cost center or project, and for reconciling cost center/project on a monthly basis.

We sampled 10 Pell grants and 10 direct loans approved per the COD data file and tested the sample set against grants and loan disbursement amounts posted to student's account in Campus Solutions. No issues were noted. However, we observed that no reconciliation was being performed between direct loan and grant disbursements posted to student's account in Campus Solutions and the relevant cost center account balances in UT Share Finance.

FAO has hired an accountant whose responsibilities included the reconciliation of financial aid disbursements between the COD, Campus Solutions, and relevant cost center accounts in UT Share Finance. The required monthly reconciliations were performed for the 2015-2016 academic year. These reconciliation reports were examined by the State Auditor's Office (SAO) during their recent audit of the Student Financial Assistance Cluster expenditures for the Statewide Single Audit. Since the required reconciliation process is implemented and reviewed by the SAO, no further testing was performed by Internal Audit on this matter.

Objective 4: Certification of reimbursement funds. Accounting Services is responsible for ensuring that G5 cash drawdowns are accurate based on the amount to be reimbursed per the relevant cost center account balances in UT Share. The G5 drawdowns performed by Accounting Services were also examined by the SAO in the Statewide Single Audit noted above. Therefore, no further testing was performed by Internal Audit.

As of the date of this report, the SAO report has not been issued.

CONCLUSION

There were no reportable findings noted in this engagement.

Our audit procedures have confirmed that the Office of Financial Aid and Scholarships ("FAO") has a process in place to reconcile scholarship funds approved by the DoED and awarded to students via Campus Solutions. The total of financial aid awarded via Campus Solutions is also reconciled to the relevant cost center account balances in UT Share.

Our examination was conducted in accordance with guidelines set forth in the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. These *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of the internal auditing department. UT System policy UTS 129 titled "Internal Audit Activities" requires that we adhere to the *Standards*.

We appreciate the courtesy and cooperation we received from the FAO, Accounting Services, and Office of Information Technology staff throughout this audit.