INTERNAL AUDIT
UT HEALTH SCIENCE CENTER®
SAN ANTONIO

BACKGROUND INFORMATION

The Office of Management and Budget (OMB) Circular A-21, *Cost Principles for Educational Institutions*, establishes cost principles that institutions of higher education must follow in order to qualify for expenditures of federally funded grants and contracts. Circular A-21 requires that institutions maintain a payroll distribution system that allows salaries paid from a federal grant to be allocated based on an individual's effort, UT System Policy 163 *Guidance on Effort Reporting and Certification Policies,* provides detailed requirements to help UT institutions comply with A-21. The individual or other responsible person must also periodically certify that his or her reported effort is consistent with actual effort.

At the University of Texas Health Science Center at San Antonio, this periodic certification is conducted through a new web-based effort certification application, Effort Certification and Reporting Technology (ECRT), which is managed by the Office of Sponsored Programs (OSP). ECRT was implemented in 2011, and was first used for the six month certification period ending August 31, 2011. This system is intended to ensure that the salaries, wages, and fringe benefits charged to sponsored programs are in compliance with UT System Policy 163 *Guidance on Effort Reporting and Certification Policies*.

OBJECTIVE AND SCOPE

The objective of the audit was to evaluate the effectiveness of the time and effort process utilizing the newly implemented ECRT application. The audit focused on OSP's general and IT internal control processes for the six month certification reporting period ending February 29, 2012, and its compliance with UT System Policy 163. We did not evaluate whether the effort certified by individuals accurately reflected their actual effort expended.

We conducted our audit in accordance with the Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing*.

SUMMARY OF RESULTS

Internal Audit conducted interviews and performed testing to evaluate the design and implementation of general and IT internal controls related to ECRT. OSP conducted a robust monitoring review for the certification period ending February 29, 2012. We verified that all required certifications had been submitted, and that the transfer of data between the institution's payroll system and ECRT was accurate and complete. OSP's use of ECRT was well-defined, and included key controls such as continuous monitoring, user training, and a timely reporting structure.

OSP did not have a process to periodically review the appropriateness of user access to the ECRT system. Without a periodic review of user access, OSP could be unaware of an ECRT user transferring to a new position within the institution, and whether the position required the same level of ECRT access. This item, along with our recommendation and management's action plan, is included in the table of Issues and Recommendations.

We would like to thank management and staff of the Office of Sponsored Programs for the support and assistance provided during this audit.

SUMMARY OF SIGNIFICANT FINDINGS

This audit identified no findings considered significant to the institution. According to the UT System Policy 129 – *Internal Audit Activities*, an audit finding identified as significant is one that is material to the operation, financial reporting, or legal compliance of the institution. The UT System Audit Office receives and tracks significant audit findings on a quarterly basis. It also provides a summary report to the UT System Internal Audit Committee and the Audit, Compliance, and Management Review Committee of the UT System Board of Regents.

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An "*" preceding your name indicates you are required to respond to recommendations contained in this report; an adequate response describing the action taken or planned is required to be sent to the Director, Internal Audit.

APPROVED FOR RELEASE	AVP, INTERNAL AUDIT & CONSULTING SERVICES *Carla Cashio*	AUDITORS E. Villarreal J. Bledsoe

Issues and Recommendations

	Observation/Condition	Business Implication	Recommendation	Management Action Plan	Due Date	Responsible Party
1	**Periodic Review of User Access.** The Office of Sponsored Programs (OSP) did not have a process to periodically review the appropriateness of user access to the ECRT system. Network access to ECRT is automatically removed for terminated employees. However, existing controls could result in transferred and returning employees having inappropriate access to ECRT.	Inappropriate access may result in unauthorized use or disclosure of data.	OSP should create and implement a policy and process to manage the deactivation of non-faculty ECRT accounts for terminated and transferred employees. The process should include: • Obtaining employee termination listings from Human Resources to help ensure accounts are deactivated in a timely manner. • Requiring documented reviews of employee access for appropriateness on at least an annual basis. • Retaining evidence of review and removal of access.	OSP will perform a semi-annual ECRT user role access management program. Before each semi-annual effort certification period is opened, OSP will verify with each Primary ECRT Effort Coordinator that all user access roles in their department/center/institution are current. If a user access role change is necessary, OSP will update ECRT. In addition, OSP will perform and document a manual review of Primary, Secondary and IT user role access in ECRT. Management will add user role management program to the OSP Certification Monitoring Plan. During the certification period, departments, institutes, and centers without an active Primary Effort Coordinator will be unable to process Effort Cards.	2/28/2013	Director of Sponsored Programs