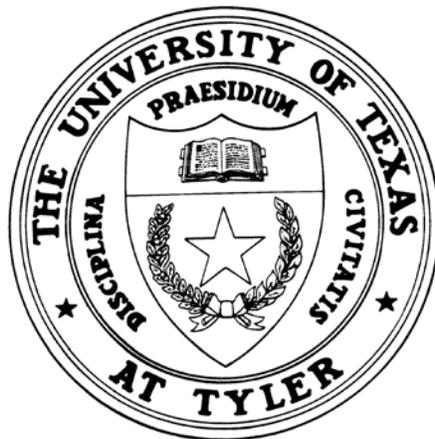


**The University of Texas
at Tyler**

**Departmental
Account Reconciliations Audit**



August 2017

THE UNIVERSITY OF TEXAS AT TYLER
OFFICE OF AUDIT SERVICES
3900 UNIVERSITY BOULEVARD
TYLER, TEXAS 75799

The University of Texas at Tyler
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Fiscal Year 2017

BACKGROUND

Account reconciliations provide an important review of transactions to compare university accounting records in the PeopleSoft accounting system to departmental documentation. The University of Texas at Tyler (UT Tyler) Management Responsibilities Handbook requires account reconciliations be completed monthly with the reconciler and approver each signing and dating the reconciliation to evidence their review and approval. The “Account Reconciliation Process”, “Reconciliation Report”, and “Summary Financial Report” were originally developed by the University of Texas System PeopleSoft Shared Services. Monthly reconciliations of Cost Centers as well as Capital and Grant Projects are required to be completed using the “Reconciliation Report” and “Summary Financial Report” as directed by the UT Tyler Budget and Financial Reporting Office.

Reconciliation procedures consist of the following steps:

- The UT Tyler Budget and Financial Reporting Office sends an email with reconciliation instructions to Budget Authorities and Support Staff that the month has closed, and the reconciliations should be prepared by a designated due date using the Reconciliation Report.
- The reconciler downloads a Reconciliation Report that lists all transactions by Department or downloads separate Reconciliation Reports for each Cost Center and Project.
- The reconciler and approver review the transactions and verify the information to supporting documentation, including revenue reports, invoices, time sheets, etc.
- The reconciler or approver reports any reconciling differences to the Budget and Financial Reporting Office for follow-up investigation and correction.
- The “Summary Financial Report” is certified by the reconciler and approver as evidenced by their required signatures and dates.

A review of Account Reconciliation completions is included in departmental Quality Assurance Reviews (QAR) conducted by the Compliance Office.

This audit was included in the Fiscal Year 2017 Audit Plan as approved by the Institutional Audit Committee.

AUDIT OBJECTIVE

The objective of the audit was to determine if account reconciliations were in compliance with UT Tyler guidelines regarding documented completion, approval, and timeliness of account reconciliations.

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STANDARDS

This audit was conducted in accordance with guidelines set forth in *The Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing*.

SCOPE AND METHODOLOGY

To accomplish the audit objective noted above, a sample of one Cost Center or Project from 50 of the 155 Budget Authorities was selected for detailed testing based on management input, prior year testing results, QAR results, and amount of revenue or expense. Our selection also included new and random budget authorities.

Testing was conducted to determine if the February 2017 reconciliations were completed by the required deadline of April 28th and to verify that the "Summary Financial Report" was signed and dated by both the preparer and approver by the deadline.

AUDIT RESULTS

A Priority Finding is defined as "an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole." Non-Priority Findings are ranked as High, Medium, or Low, with the level of significance based on an assessment of applicable Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated. This audit resulted in one medium finding.

Reconciliation Testing Results (Medium):

The results of detailed testing of 50 reconciliations are included in the following table.

Issue Noted	# of Exceptions
Reconciliation report not downloaded by due date.	11 (22%)
Summary Report not signed by the preparer.	1 (2%)
Summary Report not dated or completed timely by preparer.	12 (24%)
Summary Report not signed by the budget authority.	1 (2%)
Summary Report not dated or completed timely by budget authority.	16 (32%)

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Failure to timely complete and approve account reconciliations could allow incorrect or fraudulent transactions to be undetected and monthly financial reports used by executive management to be incorrect. Detailed observations have been communicated to the individual budget authorities and executive management.

Recommendation: The Vice President of Business Affairs should communicate the importance of completing account reconciliations by the required due date to all Budget Authorities and Administrative Assistants.

Management Response by Vice President of Business Affairs: Currently, the University has policies that require monthly account reconciliations to be performed. The Budget and Reporting Office also sends monthly reminders to Budget Authorities to perform their account reconciliations and provides them with the due date. Finally, Budget Authorities certify on an annual basis that their accounts are being reconciled on a monthly basis and according to the audit report, the accounts are being reconciled. The Office of Business Affairs is willing to take the additional step to communicate to all Budget Authorities and Administrative Assistants the importance of completing the account reconciliations by the due date and to sign and date the reconciliations. This communication was sent on August 31, 2017 to Budget Authorities and Administrative Assistants.

Implementation Date: Completed August 31, 2017.

CONCLUSION

UT Tyler budget authorities are generally in compliance with the account reconciliation requirements with exceptions noted above. We commend the Budget and Financial Reporting Office for sending monthly reconciliation notices and as well as reminder emails prior to the due dates to all Budget Authorities and Administrative Assistants.