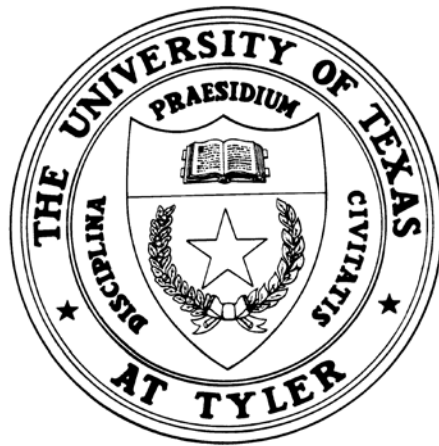


**The University of Texas at Tyler**

**PeopleSoft Fiscal Year 2018 to Fiscal Year 2019  
Balances Forward Audit**



**May 2019**

THE UNIVERSITY OF TEXAS AT TYLER  
OFFICE OF AUDIT AND CONSULTING SERVICES  
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**Fiscal Year 2019**

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**BACKGROUND**

The University of Texas at Tyler (UT Tyler) uses the PeopleSoft Financial Management System (FMS) for their accounting system. Certain cost centers are eligible to have the ending fiscal year balances “rolled forward” to begin the next fiscal year. These include most Designated Tuition and Fees cost centers and Auxiliary Enterprises. The Budget Office was responsible for the process used to roll forward Fiscal Year (FY) 2018 ending balances to the FY 2019 cost centers. This process is considered a risk due to the financial impact of the roll-forward process and was included in the FY 2019 Audit Plan as approved by the Institutional Audit Committee.

**AUDIT OBJECTIVE**

The objective of this audit was to determine if the FY 2018 ending balances are accurately stated in the FY 2019 accounting system.

**STANDARDS**

The audit was conducted in accordance with guidelines set forth in *The Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

**SCOPE AND METHODOLOGY**

The scope of this audit included all cost centers with an ending balance in FY 2018. To accomplish the objective noted above, data analytics was used and the following procedures were conducted:

- Gained an understanding of the roll-forward process through meetings with the Budget Office personnel.
- Obtained the FY 2018 ending balances in PeopleSoft FMS by cost center,
- Identified cost centers with FY 2018 ending balances that should roll forward to FY 2019 cost centers,
- Compared the FY 2018 ending balance to the amount “rolled-forward” as the FY 2019 beginning balance.
- Identified any differences in the roll-forward amounts and reviewed these with the Budget Office.

**AUDIT RESULTS**

According to The University of Texas System Audit Office, “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.

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<b>Finding Level Legend</b>	
<b>Priority</b>	<i>A finding is defined as an issue that if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Tyler.</i>
<b>High</b>	<i>A finding that is considered to have a <u>medium to high probability</u> of adverse effects to UT Tyler as a whole or to a significant college or department.</i>
<b>Medium</b>	<i>A finding that is considered to have a <u>low to medium probability</u> of adverse effects to UT Tyler as a whole or to a college or department.</i>
<b>Low</b>	<i>A finding that is considered to have a <u>minimal probability</u> of adverse effects to UT Tyler as a whole or to a college or department.</i>

This audit resulted in two Medium-level findings.

<b>Audit Findings</b>		
	<b>Level</b>	<b>Summary of Finding</b>
1	<b>Medium</b>	Unreconciled roll forward amounts
2	<b>Medium</b>	Procedures not current

**#1 Unreconciled Cost Center Roll Forward Amounts**

The FY 2018 ending balance should match the FY 2019 roll forward beginning balance for those cost centers eligible for roll forward.

As of May 15, 2019, there were 34 (1.3%) out of 2,598 cost centers that needed additional research in the FY 2018 ending balance and the FY 2019 roll forward beginning balance. The details of these cost centers have been discussed with the Vice President for Budget and Finance.

**Recommendation:** The Budget and Resource Office should research the cost centers with unreconciled differences and also verify ending balances rolled to the appropriate cost center. Correcting entries should be recorded when the amounts are material.

**Management Response and Implementation Date:** *The Budget and Resource Planning office is continuing to research the balances identified as exceptions by the Internal Audit Team. As appropriate, correcting general and/or budget journal entries will be recorded. We anticipate resolution prior to July 31, 2019.*

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**#2 Procedures not Current**

The UT Tyler Management Responsibilities Handbook states: “*Each department and budget unit is expected to have a departmental policies and procedures manual. A department policies and procedures manual should address policies and procedures that are unique to the department and procedures to implement institutional policies and procedures*”. The Budget and Resource Office has written procedures used in prior years, however, the procedures need to be updated to reflect the current methodology used for the balance roll forward process. The lack of updated procedures could result in inconsistent and inefficient processes.

**Recommendation:** The Budget and Resource Planning Office should update procedures for the roll forward process including responsible personnel and queries used in the process.

**Management Response and Implementation Date:** *The Budget and Resource Planning office is working to incorporate the changes in methodology for addressing ending balances into its written procedures. This will be an annual process, based on executive leadership’s guidance. The existing procedures will be updated for the 2018 methodology by August 1, 2019. Any updates to the methodology for 2019 will be incorporated into the written procedures by September 30, 2019.*

**CONCLUSION**

Based on our testing, the PeopleSoft FMS roll forward balances for FY 2019 are correct except as noted. We appreciate the assistance of the Budget and Resource Office during this project.