



Brownsville • Edinburg • Harlingen

**Change in Management Audit of the Associate Vice President for
Research and Sponsored Programs (AVPRSP)**

Report No. 16-05

July 14, 2016

Dr. Guy Bailey, President
The University of Texas Rio Grande Valley
2102 Treasure Hills Blvd.
Harlingen, TX 78550

Dear Dr. Bailey,

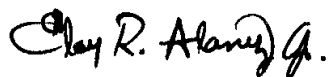
At the request of the Senior Vice President for Research, Innovation & Economic Development, we completed a Change in Management Audit of the Associate Vice President for Research and Sponsored Programs (AVPRSP) at The University of Texas Rio Grande Valley (UTRGV). The objectives of this audit were to evaluate current operations under the AVPRSP and identify strengths and opportunities for improvement, including emerging challenges. This report was focused on strengthening the overall internal control environment.

Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

The recommendations in this report represent, in our judgment, those most likely to provide a greater likelihood that management's objectives are achieved. The recommendations differ in such aspects as difficulty of implementation, urgency, visibility of benefits, and required investments in facilities and equipment, or additional personnel. The varying nature of the recommendations, their implementation costs, and their potential impact on operations should be considered in reaching your decision regarding courses of action.

We appreciate the assistance provided by UTRGV's management and other personnel. We hope the information and analyses presented in our report are helpful.

Sincerely,



Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Executive

cc: Theresa Maldonado, Senior Vice President of Research
UTRGV Internal Audit Committee
UT System Audit Office
Governor's Office of Budget, Planning and Policy
Sunset Advisory Commission
State Auditor's Office
Legislative Budget Board

Office of Audits and Consulting Services

Table of Contents

<i>Executive Summary</i>	<i>1</i>
<i>Background Information</i>	<i>2</i>
<i>Audit Objectives</i>	<i>3</i>
<i>Scope of Work</i>	<i>3</i>
<i>Audit Results</i>	<i>3</i>
<i>Conclusion</i>	<i>15</i>

EXECUTIVE SUMMARY

At the request of the Senior Vice President for Research, Innovation & Economic Development, we completed a Change in Management Audit of the Associate Vice President for Research and Sponsored Programs (AVPRSP) at the University of Texas Rio Grande Valley (UTRGV).

The objectives of the audit were to evaluate current operations under the AVPRSP and identify strengths and opportunities for improvement, including emerging challenges. This report was focused on strengthening the overall internal control environment. Our audit was limited to interviews with departmental employees and review of internal control questionnaires, departmental records, and processes.

Observations and recommendations for improvements were identified in the following areas:

- A strong governance structure has not been established in the Office of the AVPRSP.
- Processes and controls over Research and Sponsored Programs do not provide reasonable assurance that operations are performed effectively and efficiently and in compliance with applicable laws, policies, rules and regulations.

Based on the procedures performed, significant weaknesses were identified within the governance structure and control environment of the Associate Vice President for Research and Sponsored Programs resulting in inefficient and ineffective operations. Implementation of the recommendations will provide reasonable assurance that the University is operating in compliance with applicable policies, laws, and procedures.

BACKGROUND

The University of Texas Rio Grande Valley (UTRGV) was created by the Texas Legislature on December 7, 2012, and it combined the resources and assets of The University of Texas-Pan American (UTPA) and the University of Texas-Brownsville (UTB) effective September 1, 2015. UTRGV has locations in Brownsville, Edinburg, and Harlingen as well as off-campus research laboratories throughout the Rio Grande Valley. Its transitional phase is ongoing, as various strategic, operational and logistical challenges are addressed gradually.

The Division of Research, Innovation and Economic Development (RIED) at the University of Texas Rio Grande Valley promotes, encourages, and provides assistance for research, scholarship, and creative activities in all disciplines by the university faculty, staff, and students. RIED's **Offices of Sponsored Programs and Research Compliance** provides services covering guidance on all research administration including funding opportunities, proposal development, research compliance and "early-stage" post award administration.¹ The **Office of Sponsored Programs (OSP)** facilitates efforts in research by faculty and staff to help seek and administer both internal and external funding for research, scholarship, creative activities and public service- related projects. Its goal is to enhance UTRGV's research capacity and to support faculty members in creating opportunities for students to gain valuable hands-on experience and to better prepare students for graduate careers and the knowledge-based global job market. This is accomplished through active participation by faculty members, staff and students, and the research centers on and off campus. The **Office of Research Compliance (ORC)** is responsible for ensuring research integrity and compliance with federal, state, UT System, and UTRGV policies and procedures. The office offers educational programs, guides faculty and staff, and facilitates and manages the approval process for research related protocols for compliance, such as Institutional Review Board (IRB) for human subjects research, Institutional Animal Care and Use Committee (IACUC) for animal research, and the Institutional Biosafety Committee (IBC) for research involving any biohazardous materials.²

OSP and ORC report directly to the Associate Vice President for Research and Sponsored Programs. The AVPRSP position reports directly to the Senior Vice President for Research, Innovation & Economic Development (SVPRIED). In November of 2015, the AVPRSP position was vacated, shortly thereafter, we initiated a change in management audit at the request of the SVPRIED.

OSP has seven budgeted positions and ORC has four. Recently, a senior grants and contracts specialist in OSP Edinburg, with over ten years of experience, resigned. As of March 2016, there have been three new hires in the Brownsville offices, which includes a research service coordinator in OSP and a research compliance specialist and an office assistant I in ORC.

¹ The crux of post award management is provided by the Office of Grants & Contracts, which reports to the Executive Vice President for Finance & Administration.

² The IBC is coordinated with the UTRGV Environmental, Health, and Safety Office.

**Change in Management Audit of the Associate Vice President for
 Research and Sponsored Programs**

The annual budget as of September 1, 2015 for the AVPRSP for FY 2016 is included below.

Account Name/Project Number	Admin. & Professional Staff Salaries	Classified Personnel	Wages	Operating	Travel	Miscellaneous Expenses	Total
Sponsored Programs/110000023	\$155,240.00	\$ -	\$ -	\$ -	\$ -		\$ 155,240.00
Sponsored Programs/110000024	\$ 76,000.00	\$ 787,356.00	\$18,662.00	\$ 30,609.00	\$14,586.00	\$ 251,629.00	\$1,178,842.00
Research Admin. Activity/210000628	\$ -	\$ -	\$ -	\$ 1,136.12	\$ -	\$ -	\$ 1,136.12
IC-Spons Projects/240000022	\$ -	\$ -	\$ -	\$ 36,167.87	\$ -	\$ -	\$ 36,167.87

Project number 110000023 is for the AVPRSP salary only. Project number 110000024 is for staff salaries in both OSP and ORC.

AUDIT OBJECTIVES

The objectives of the audit were to evaluate current operations under the AVPRSP and identify strengths and opportunities for improvement, including emerging challenges. This report was focused on strengthening the overall internal control environment.

AUDIT SCOPE & METHODOLOGY

The scope of our testing included the Offices of Sponsored Programs and Research Compliance and consisted of a portion of FY 2016, September 1 - December 31, 2015. The audit was conducted during the transition period of the AVPRSP leadership. See the audit results below for the detailed audit steps that were performed. Our examination was conducted in accordance with guidelines set forth in The University of Texas System’s Policies UTS 129 and the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to those *Standards*.

AUDIT RESULTS

Control Conscious Environment

A control conscious environment encompasses technical competence and ethical commitment, and it is an important factor for the establishment of effective internal controls. It is an atmosphere in which people conduct their activities, carry out their control responsibilities, and are committed to following an organization's policies and procedures and its ethical and behavioral standards. In order to establish an adequate control conscious environment, a department should have the following: a mission statement, goals and objectives and a policies and procedures manual. Additionally, employees should receive adequate training, performance evaluations should be conducted regularly and any conflicts of interest should be identified and addressed.

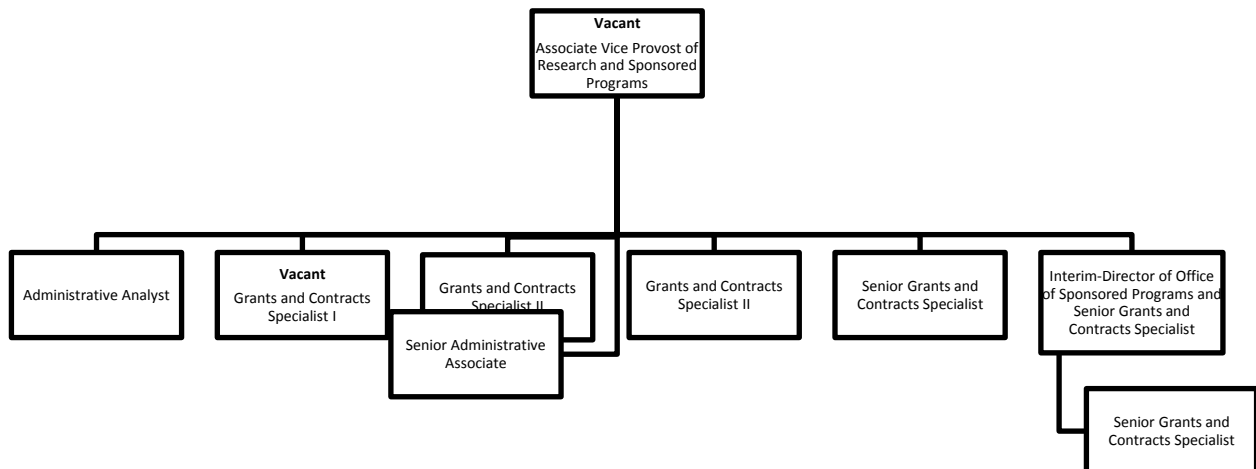
We conducted interviews with personnel in the Office of the Associate Vice President for Research and Sponsored Programs to evaluate the control conscious environment. The staff expressed the following concerns:

- Lack of leadership from the former Associate Vice President for Research and Sponsored Programs.
- Frustration among employees due to lack of communication and exclusion from participation in departmental meetings.
- Lack of cross training among Research and Sponsored Program employees.
- Training was not highly encouraged. Currently, staff has been restricted to attend one training per year due to budget constraints.

We administered an internal control questionnaire and followed up with interviews of staff to solicit input and gain an understanding of established processes and procedures within the Office of the Associate Vice President for Research and Sponsored Programs.

Governance Structure

We obtained and evaluated the organizational chart for the OSP under the Associate Vice President for Research and Sponsored Programs, as he structured the office moving forward in UTRGV. The following structure was created by the former Associate Vice President for Research and Sponsored Programs and currently remains in place as of February 2016. We learned that the SVPRIED had not seen this organizational chart and thus, did not approve it. Furthermore, the title shown for the AVPR uses “Provost” rather than “President.”



Based on our interviews with personnel and review of the organizational chart, we determined the reporting structure is ineffective. The interim director of sponsored programs, located in

Brownsville, has limited supervisory and decision making authority. She currently has one person reporting to her, and the perception is that the other five OSP positions report to the Senior Vice President for Research, Innovation & Economic Development after the departure of the AVPRSP in November 2015. This structure created a division within the OSP, resulting in an untenable working environment. We also observed that the administrative analyst has sole authority in assigning all grants and grant proposals to the grants and contracts specialists. In addition, grants and grant proposals are not strategically assigned to specialists based on areas of expertise and years of experience; instead, the assignment is based on workloads.

Currently, post-award processes for cost transfers; matching fund requirements; sub recipient monitoring; changes to personnel action forms; and verifying that costs are reasonable, allocable, allowable and consistent are handled by the Office of Grants & Contracts, which reports to the Executive Vice President for Finance & Administration. Some of these functions overlap with OSP and ORC such as effort reporting and allowable costs. It is crucial that these offices work together providing access to important financial information.

Recommendation:

1. We recommend that consideration be given to evaluating the current reporting structure of the Office of Grants & Contracts. As UTRGV progresses towards an emerging research university, the post award management function most appropriately aligns with the Research, Innovation, & Economic Development Division and provides a central research function. In addition, there are many federal grant management requirements (i.e., effort reporting and allowable costs) that necessitate collaboration and unified thinking. Many of the UT System Institutions have similar structures in place.

Management's Response:

1. *In response to Recommendation #1, the leadership of RIED agrees that having the Office of Grants & Contracts (G&C) under a different administrative structure, as is currently the case, is problematic and even disruptive. Inconsistencies in priorities, processes, timelines, training, data management systems, etc., between OSP and G&C have led to extraordinary inconveniences and frustrations for Principal Investigators (PIs). The misalignment of the two offices alone will have a deleterious impact on research expenditures. However, RIED does not have the authority to make this change.*

To address other comments made above, the SVPRIED has drafted a vision and mission statement for the division and has hired a new Associate Vice President for Research – not Associate Vice President for Research & Sponsored Programs – with a broader scope than the predecessor. This new hire will work with the SVPRIED to completely revamp OSP and ORC. An external-only search will be

launched for a new Director of Sponsored Programs. Ideally, if the G&C is transferred to the RIED Division, then one individual will be recruited through a national search to become Director of a single Office of Sponsored Programs Services (OSPS) that will be created by combining OSP and G&C. A single office to serve the PIs at UTRGV should streamline tremendously the timely services they deserve.

Implementation Date:

The implementation date for Recommendation #1 will depend on the Office of the President.

Through interviews conducted with employees from both the Edinburg and Brownville offices, we determined that, currently, there is a lack of clear direction, resulting in weak controls and lack of operational guidance. The following observations were identified:

- There are no formal UTRGV policies and procedures to provide uniform guidance for managing operations. Informal procedures for OSP Edinburg are deferred to UTPA legacy institution while OSP Brownsville are deferred to the UTB legacy institution. For instance, there are different processes used to enter proposals into Cayuse, the electronic proposal submission software. OSP Brownsville employees enter proposals in Cayuse before submission to the agency whereas OSP Edinburg employees enter proposals after submission to the agency. In addition, ORC is currently using UTPA legacy institution's website to post research compliance information and processes such as IRBNet and IRB meeting dates. The UTRGV research website only has general UT System policies posted. The absence of clear formal policies, procedures and processes creates inefficiencies in operations and increases the risk of noncompliance with research and sponsored programs related requirements.
- UTRGV Time and Effort Certifications for the Fall Semester have not occurred. The UTRGV effort certification and reporting technology (ECRT) system has not yet been established or populated. A plan of action has not been identified. As of the audit fieldwork date, there is no timeline for completion of the certifications.
- Currently, the proposal list compiled by OSP does not identify if matching funds/cost share are required. Cayuse has a feature to identify cost share but the feature is not consistently utilized.
- OSP does not have access to pertinent financial and human resources data to verify the accuracy of information submitted. For example, the cost share form is completed by Principal Investigator (PI) and verified by Dean/Division head. The decision was made by the former Associate Vice President for Research and Sponsored Programs to rely on the PI to provide correct cost share information. Overreliance on PI's without validation of financial and human resources data increases risk of incorrect information and possible violations of grant requirements.

- The UTRGV School of Medicine has not been integrated into the processes of research compliance and sponsored programs. The only communications that have taken place have been in four of the Research Deans Council Meetings.
- A central repository for all grants & contracts agreements has not been designated.
- OSP does not have a process in place for handling reviews/audits of awards by outside agencies.
- There are limited resources and expertise in the Office of the Associate Vice President for Research and Sponsored Programs to address the complexities and intricacies of Research and Sponsored Programs in Academics and the School of Medicine.
- Based on our inquiries from the Research Liaison Officer, research centers have not been transferred to UTRGV. A decision has not been made on the centers reporting structure.

Recommendation:

2. We recommend that the Senior Vice President for Research, Innovation & Economic Development develop a formal management plan, including specific timelines and responsible parties for full implementation that address the above observations. The plan should focus on the following:
 - Develop comprehensive UTRGV formal policies and procedures that provide guidance and accountability for adherence to processes and should address Academics and the School of Medicine. Policies and procedures help ensure management directives are carried out towards achievement of management goals and objectives, and risks are managed. Also institution wide training should be conducted to disseminate information about processes, rules and regulations.
 - Develop a plan of action to ensure compliance with Time and Effort Certifications.
 - Reevaluate the current OSP structure to provide adequate authority to the interim director of sponsored program to reduce inefficiencies in operations. Develop standardized processes and have clear and concise roles within those processes.
 - Standardize the use of the Cayuse system to ensure consistency and efficiency of operations.
 - Access to pertinent financial and human resources data should be requested for OSP personnel in order to effectively carry out duties and reduce the risk of noncompliance with sponsored programs related requirements.
 - Designate or coordinate with the Office of Grants and Contracts about a central repository for all grants & contracts agreements.
 - Develop a process to handle review/audits of awards by outside agencies.
 - Consider evaluating the current staffing levels to ensure employees have adequate expertise in the Academic and School of Medicine areas.

- Develop a plan of action to address the reporting structure of the research centers as well as ensuring compliance with Regent Rule 40602 Organized Research Units.

Regent Rule 40602 Organized Research Centers

2.3 Center.

A unit that furthers research in a designated field or a unit engaged primarily in providing research facilities for other units and departments. Centers with anticipated annual budgets of at least \$3,000,000, representing the sum of research grants and contracts managed through the Center's operations as well as institutional and other funding, are in this category.

Sec. 3 Procedure for Establishment of ORUs.

An ORU is established upon submittal and approval of a proposal by the president and the Executive Vice Chancellor for Academic Affairs or the Executive Vice Chancellor for Health Affairs. The proposal should describe the purpose and benefits of the ORU to the institution, the faculty members and other participants, research and other activity plans, space requirements, and budget needs. If institutional space or funds are committed, confirmation of such commitments from the appropriate institutional representative should be included in the proposal.

Sec. 5 Advisory Committee or Council.

Each ORU is headed by a director and will have an advisory committee/council that assists the director in setting the unit's goals and may assist by critically evaluating its effectiveness on a continuing basis. The creation of an advisory committee/council must be approved by the Board of Regents in accordance with Regents' *Rules and Regulations*, [Rule 60302](#)

Management's Response:

2. *The leadership of RIED is in complete agreement with the findings. In response, the following actions are being or will be taken:*
 - ***Policies and procedures:*** *Comprehensive UTRGV formal policies and procedures are scheduled to be developed over the next three months, and they are scheduled to be completed, reviewed, and posted on the web by the end of July. The new Associate VP for Research (AVPR) will lead this effort in coordination with the SVPRIED and other RIED leadership.*

Implementation Date: *July 2016 – The new Associate Vice President for Research (This position was retitled and broader in scope.)*

- ***Time and Effort Certifications:*** *The new AVPR will work with the Manager of ORC, the UTRGV Chief Compliance Officer, and the SVPRIED to ensure that the eCERT system is set up for UTRGV and that the Fall 2015 and Spring 2016 Time and Effort (T&E) of all UTRGV employees is certified by the end of June. Thereafter, T&E will be certified three times per year, at the end of each academic semester and summer semester.*

Implementation Date: *June 2016 – The new Associate Vice President for Research*

- **OSP structure:** *The structure of OSP is getting revamped at this time. The new AVPR will work with the SVPRIED to strengthen the current structure for the time being, with the interim director becoming more empowered. A national search for a Director of Sponsored Program Services, if Grants & Contracts is transferred into the SVPRIED division, will be launched by the end of June for a start date in Aug. or Sept. (If G&C is not transferred, then a search will be launched for the Director of OSP.) Only external candidates will be considered.*

Implementation Date: *August/September 2016– The new Associate Vice President for Research*

- **Use of Cayuse:** *The SVPRIED continues to learn how Cayuse is used inconsistently and inefficiently by OSP staff. The OSP staff is “overworked;” however, inefficiencies contribute to some of the workload burden. The SVPRIED will be working with the new AVPR (both are engineers) to study the full capacity of Cayuse and have the OSP staff learn the full capacity of the software for the benefit of the UTRGV research program. This effort should take only two months, targeting the end of June for optimum performance.*

Implementation Date: *June/July 2016– The new Associate Vice President for Research*

- **Access to data from other divisions:** *Gaining access to pertinent financial and human resources data to carry out necessary duties in OSP and ORC is, without question, one area in which the coordination of SVPRIED with G&C is fragile. The timeline for this correction must be determined by the President’s office. In the meantime, coordination between OSP and ORC with G&C continues to improve gradually. G&C lacks very important training critical to their roles.*

Implementation Date: *A new approach to this coordination and its implementation date will depend on the Office of the President*

- **Document repository:** *Information (data and documents) at UTRGV is managed and stored in a variety of software applications. The RIED leadership will explore and seek a solution to create a central repository for all grants & contracts agreements. This timeline to identify the right software and then transfer and catalog documents may extend to the end of August, but this activity will be treated as a priority to get organized by the beginning of the next fiscal/academic year.*

Implementation Date: *August 2016– The new Associate Vice President for Research*

- **Process for review/audits of externally-funded grants and contracts:** *There was a NSF virtual site visit for a UTPA/UTRGV award in March 2016, and most of*

the information needed for the review was from G&C. Participating in the review were OSP, ORC, G&C, and the UTRGV Chief Compliance Officer – offices reporting to a total of three UTRGV vice presidents. The site visit went well. However, the preparation for this site visit revealed gaps in our processes and in staff training that were corrected in time for the review by NSF. Addressing these gaps is ongoing, but some of the improvements needed will be hampered by the multi-level coordination currently required. The new AVPR will work with the SVPRIED to continue the improvements.

Implementation Date: *August 2016– The new Associate Vice President for Research, although some of the streamlining requires action by the Office of the President.*

- ***Training of existing staff for research ramp-up in all Colleges and the School of Medicine:*** *Training is ongoing but will ramp up. More face-to-face time with individual staff will be ongoing by the new AVPR and the SVPRIED to assess each person’s current knowledge level and tailor their training program to their needs. The compliance committee members of the IRB, IACUC, and IBC are also getting better trained. These committees are comprised mainly of faculty. In addition, everyone must understand their role in the big picture of successful research administration.*

Implementation Date: *August 2016– The new Associate Vice President for Research*

- ***Reporting structure of research centers and institutes:*** *The current reporting structure of these research units is driven by the Provost of UTRGV. The current practice was rolled into UTRGV from UTPA and UTB. Most (not all) current center directors presented their units to a group comprised of the Provost, the SVPRIED, and some deans and department heads in Jan. 2016 as an initial assessment for transitioning them into UTRGV. However, there has been no discussion about any of them being strategically positioned in the Office of the SVPRIED. The process for transitioning into UTRGV is incomplete, and the timeline is unknown by the SVPRIED. One risk arising from loose coordination of research units is Time & Effort reporting.*

Implementation Date: *The implementation date will depend on the Office of the Provost and the Office of the President*

Implementation Dates: *Please refer to the individual responses above for implementation timelines.*

Employee Separation Procedures

The Employee Separation Process is completed to ensure that all departing employees, regardless of classification, are separated from employment properly, that access to the university network, including email server and email account is disabled, and that any university property is cleared prior to the employee's departure from UTRGV. We reviewed supporting documentation from various departments to determine if proper transfer procedures were followed as required by Human Resources. Normal procedure is for the supervisor to complete the separation/off boarding process. However, in this instance separation was completed by Human Resources. A UTPA employee separation clearance checklist was used for the Associate VP for Research and Sponsored Programs by Human Resources. As of January 5, 2016, UTRGV employee separation procedures have been integrated into the electronic personnel action form (ePAF) system. We identified a few issues related to the clearance process as follows:

- While access to the network and email server was disabled during the exit process, the email account was not disabled and continued to receive emails. Email accounts should be disabled within a reasonable period of time after the exit process is completed and while account remains open, the emails should be forwarded to their supervisor or designee. No recommendation will be made because this issue will be addressed in our review of UTRGV business processes scheduled later this fiscal year. In addition, the Associate VP for Research and Sponsored Programs was the contact person and the only Authorized Organizational Representative (AOR) for the legacy institutions on all research grants and contracts. The transfer of all the legacy institutions grants and contracts was delayed, because information was sent to the AVPRSP's email and no one had access to it. Award notifications were also sent to the AVPRSP's email, and UTRGV was unaware of these awards.
- Although the emergency clearance checklist was routed to Assets Management, official inventory records continue to have the Associate VP for Research and Sponsored Programs as the official equipment custodian.

Recommendation:

3. We recommend that a research department email account should be created with access given to the future AVPR and a designee. This department email should be used on all official funding agency documents for business continuity.

Management's Response:

3. *The SVPRIED agrees with this recommendation. In Sept. 2015 the Research Liaison Officer suggested to the AVPR that such a department e-mail account be set up; she suggested Research@utrgv.edu. However, the AVPR did not agree and thus, did not have it set up. Since the AVPR's departure in Nov. 2015, the RIED Division set up a research department e-mail account, sponpro@utrgv.edu,*

and several people can see this account. The SVPRIED Division will ensure that all systems have backup personnel moving forward.

Implementation Date:

Our new approach with e-mail accounts was implemented in November 2015.

Assets Management

We traced five items located in the office to the respective inventory listing. We also confirmed the existence of five assets selected from official inventory records to the office.

Based on our inventory testing, we identified the following:

- As previously mentioned, the responsibility of the assets was not updated to reflect the Senior Vice President for Research, Innovation & Economic Development as the appropriate custodian at the time of the exit process. At the end of fieldwork, the official inventory records have the former Associate VP for Research and Sponsored Programs as the equipment custodian. Only new purchases have been assigned responsibility to the Senior Vice President for Research, Innovation & Economic Development.
- We were unable to trace one item back to the official inventory records of the University.
 - Computer, Desktop asset number (0000064583) found in the Research & Innovation Building in Edinburg.
- There were 3 items in a different location from official inventory listing. The following items were located in BBRHB 2220 in Brownsville; however, inventory records show the items listed at the Research & Innovation Building in Edinburg.
 - Desktop, Dell OptiPlex 7020 (0000100094)
 - Desktop, Dell OptiPlex 7020 (0000100095)
 - Desktop, Dell Latitude E6440 (0000100131)

Recommendation:

4. We recommend that a physical inventory be conducted to ensure that inventory is accounted for and reported appropriately. Proper forms should be submitted for any items not found in the department and to correct the location of the item, and the inventory custodian. Assurance that changes have been completed by Asset Management should be followed up.

Management's Response:

4. *A comprehensive physical inventory will be done immediately. The SVPRIED will task the Programmer Analyst III to work with the new AVPR, along with members of the RIED Division, to complete this effort.*

Implementation Date:

The comprehensive inventory is targeted to be completed by mid-June 2016.

Time Reporting

We selected a sample of three full time employees to determine if their longevity was accurately paid based on their state service months recorded by Human Resources. Based on our review of employee records, we noted no exceptions.

We selected a sample of three hourly employees to determine if time cards were adequately computed and approved by supervisory level. We also selected a sample of four full time employees to determine if employees’ leave amounts were properly approved and recorded accurately in the University’s official records. The following observations were made:

Full Time Exempt Employees

From the four full time employees selected for testing, there were two employees in which partial-day absences were deducted from employees’ vacation and sick leave contrary with the Time and Attendance Guidelines Memorandum dated November 10, 2015 from the Chief Human Resources Officer to Executive Leadership, which stated that “*effective immediately, partial-day absences of exempt employees will not be recorded as sick or vacation leave. There will be no docking of exempt employees for up to half-day (four hour) absences from work.*”

Employee #	Date	Sick Leave Hrs.	Vacation Hrs.
1	12/21/15	2.25	
2	11/24/15		2

Recommendation:

- We recommend that the Senior Vice President for Research, Innovation & Economic Development ensure Time and Attendance Guidelines are communicated to employees and consistently applied with all employees.

Management’s Response:

- The SVPRIED is reissuing the referenced Memorandum to the RIED Division with a message to this effect.*

Implementation Date:

This task will be done by the week of April 18, 2016.

Hourly Employees

Although time cards were adequately computed and approved by supervisory level, we noted the 2nd half of the semi-monthly payroll expense is being recorded on the general ledger the following month. Based on our discussion with a payroll representative, the 2nd half of the payroll is postponed in order to manage time more effectively and meet the monthly closing deadline as they receive four main payrolls on the last week of the month. Payroll estimates total

amount of payments and adds it to the monthly financial report (MFR) in the month incurred. See table for details.

PAY PERIOD		GL Post Date
From	To	
09/01/15	09/15/15	Sept. 30
09/16/15	09/30/15	Oct. 31
10/01/15	10/15/15	Oct. 31
10/16/15	10/31/15	Nov. 30
11/01/15	11/15/15	Nov. 30
11/16/15	11/30/15	Dec. 31
12/01/15	12/15/15	Jan. 31
12/16/15	12/31/15	Jan. 31

No recommendation will be made because this issue will be addressed in our review of UTRGV business processes scheduled later this fiscal year.

Departmental Expenditures

We tested a sample of five operating and three travel expenses representing 89% and 68% of the total dollar value of the population, respectively. We reviewed supporting documentation for validity, appropriateness, and approvals. In addition, the following attributes were tested as we reviewed each transaction:

- Adequate Supporting Documentation
- Adequate and Appropriate Business Purpose
- Mathematically Accurate
- Properly Recorded
- Within Allowed Limits
- Non-Reimbursement or Direct Payment of Prohibited Items

Based on our review, we determined internal controls over expenditures were appropriate.

Accounting and Financial Reporting

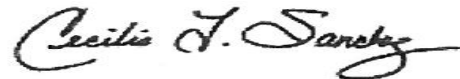
We obtained the departmental monthly financial reports and monthly reconciliations for the months of September 2015 and October 2015. Based on our review, we determined account reconciliations are being completed. No exceptions were noted.

CONCLUSION

Based on the procedures performed, significant weaknesses were identified within the governance structure and control environment of the Associate Vice President for Research and Sponsored Programs resulting in inefficient and ineffective operations. Implementation of the above recommendations will provide reasonable assurance that the University is operating in compliance with applicable policies, laws, and procedures.



Norma L. Ramos CIA, CGAP
Director



Cecilia Sanchez, CIA, CGAP
Senior Auditor II