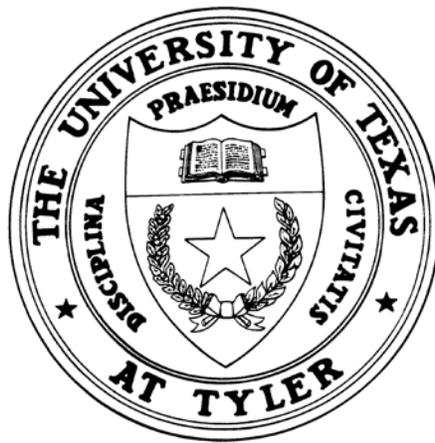


The University of Texas at Tyler

**PeopleSoft Fiscal Year 2016 to Fiscal Year 2017
Balances Forward Audit**



March 2017

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Fiscal Year 2017

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 and Financial Reporting Office was responsible for the process used to roll forward Fiscal Year (FY) 2016 ending balances to the FY 2017 cost centers. This process is considered a risk due to the financial impact of the roll-forward process and was included in the FY 2017 Audit Plan as approved by the Institutional Audit Committee.

AUDIT OBJECTIVE

The objective of this audit was to determine if the FY 2016 ending balances are accurately stated in the FY 2017 accounting system.

SCOPE AND METHODOLOGY

The scope of this audit included all cost centers with an ending balance in FY 2016. 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 and Financial Reporting Office personnel.
- Obtained the FY 2016 ending balances in PeopleSoft FMS by cost center,
- Identified cost centers with FY 2016 ending balances that should roll forward to FY 2017 cost centers,
- Verified ending balances were correct by recalculating the amount using the FY 2016 beginning balance, adding revenue, and subtracting expenses, encumbrances and pre-encumbrances,
- Identified any differences in the FY 2016 ending balances and reviewed these with the Budget and Financial Reporting Office.
- Compared the FY 2016 ending balance to the amount “rolled-forward” as the FY 2017 beginning balance.
- Identified any differences in the roll-forward amounts and reviewed these with the Budget and Financial Reporting Office.

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

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. This audit resulted in two Non-Priority Findings: 1 High-level Finding and 1 Medium-level Finding.

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#1 FY 2017 Roll Forward Process (High)

Ending fiscal year balances should be rolled forward to beginning fiscal year balances in a timely manner to enable Budget Authorities to have accurate cost center balances. The Budget and Financial Reporting Office reported the roll-forward process was completed in October of 2016 noting that some cost centers may need additional Balance Roll Forward adjustments after the Annual Financial Report is complete. The Budget and Financial Reporting Office was still processing FY 2016 roll forward amounts during the third quarter of FY 2017. The delay was caused by problems with encumbrances remaining at the end of Fiscal Year 2016 as well as other PeopleSoft problems. This delay prevented Budget Authorities from having the ability to fully plan and spend budgeted amounts efficiently and effectively.

Recommendation: The process for the balance roll forward for FY 2018 should be completed timely and should be optimized by using the data analytics report created by UT System data analytics specialist. This report will help analyze roll forward balances to confirm the amounts are correct.

Management Response and Implementation Date: The Budget and Financial Reporting Office will continue to use the current queries and tools available to reconcile budget balance roll forwards to the general ledger in conjunction with data analytics. After the month of August close occurs, the first FY 2018 budget balance roll forward process commences and is scheduled to be completed by the end of September 2017. A second adjusted roll forward process is scheduled after AFR adjusting entries are finalized and to be completed by the end of October 2017.

#2 Unreconciled Cost Center Roll Forward Amounts (Medium)

The FY 2016 ending balance should match the FY 2017 roll forward beginning balance for those cost centers eligible for roll forward. Following is a summary of the FY 2016 cost centers and the results of the roll forward to FY 2017:

Description	Cost Centers
FY 2016 ending balances that equaled FY 2017 roll forward beginning balances	1,375
Cost Centers with no FY 2016 balance or activity	558
State Funded and other cost centers that are not eligible for roll forward	146
Cost Centers with unreconciled differences in the roll forward amount	21
Total Cost Centers	2,100

As of February 16, 2017, there were 21 cost centers with unreconciled differences in the FY 2016 ending balance and the FY 2017 roll forward beginning balance. The details of these cost centers have been discussed with the Director of Budget and Financial Reporting.

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Recommendation: The Budget and Financial Reporting Office should identify the differences in the unreconciled cost centers and record correcting entries when the amounts are material.

Management Response and Implementation Date: The Budget and Financial Reporting Office had previously identified unreconciled cost centers and has been working on correcting the variances. Current reconciling issues mainly relate to encumbrance issues with POs, requisitions, and travel authorizations; un-budget checked expenses; cancelled travel authorizations not re-budget checking; and etc. Reconciliations are scheduled to be completed by April 30, 2017.

CONCLUSION

The roll forward of FY 2016 balances to FY 2017 was conducted timely in Fall of 2016, however a few cost centers still had unreconciled differences as of February 2017. Based on our testing, the PeopleSoft FMS roll forward balances for FY 2017 are correct except as noted. Improvements will be made when data analytics are used in the future to verify the accuracy of the roll forward balances.

We appreciate the assistance of the Budget and Financial Reporting Office and commend them on their continued improvement of PeopleSoft FMS processes.