

Economic Component Institutions
The University of Texas at Arlington
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas at San Antonio
The University of Texas at San Marcos
The University of Texas at Tyler



Health Component Institutions
The University of Texas Southwestern Medical Center at Dallas
The University of Texas Medical Branch at Galveston
The University of Texas Health Science Center at Houston
The University of Texas Health Science Center at San Antonio
The University of Texas M.D. Anderson Cancer Center
The University of Texas Health Center at Tyler

THE UNIVERSITY OF TEXAS SYSTEM
OFFICE OF BUSINESS AFFAIRS

R. D. Burck
Executive Vice Chancellor
for Business Affairs
512/499-4560

June 4, 1999

MEMORANDUM

To: Chief Business Officers
Institutional Compliance Officers

From: R. D. Burck *DAM*

Subject: Compliance

Based upon a review of recent component Internal Audit Reports and State Auditor's Reports, we continue to have a high number of instances of department's failing to have proper segregation of duties or to reconcile their departmental accounts. In order to reduce the instances of non-compliance with this high-risk area, the following suggestions are offered:

- ◆ Proper segregation of duties and reconciliation of all accounts should be added to each institution's risk assessment as soon as possible.
- ◆ Responsibility for compliance should be placed with the Chief Business Officer or Controller or equivalent.
- ◆ Specific training regarding Internal Controls should be provided on a continuing basis to all of the appropriate parties.
- ◆ The responsible party should develop a monitoring program to insure that there is an appropriate level of segregation of duties and prompt reconciliation of accounts.
- ◆ Internal Audit should perform a compliance audit as soon as possible to determine whether these procedures have been implemented and are working.

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As reported during a recent Compliance Officers' meeting, Scott Scarborough has implemented a process whereby Financial Services representatives make unannounced spot checks of departments to determine compliance with this requirement. In addition, each department chair will be required to certify at the end of the fiscal year that all accounts are reconciled and revenue and expenditures are appropriate.

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c: Chancellor Cunningham
Dr. Charles B. Mullins
Dr. Edwin R. Sharpe
Chief Administrative Officers
Internal Audit Directors