FY 2014 Departmental Change in Management Audit

Biology Instructional Office

May 2015

The University of Texas at Austin
Office of Internal Audits
UTA 2.302
(512) 471-7117
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FY 2014 Departmental Change in Management Audit: Biology Instructional Office
Project Number: 14.101
May 28, 2015

President William C. Powers, Jr.
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Powers,

We have completed our audit of the Biology Instructional Office (BIO). Our scope included the controls and operations in place for fiscal year 2014.

Based on the procedures performed, we conclude that BIO has reasonable to strong controls in most of the areas reviewed. However, opportunities for improvement were noted for payroll/HR and procurement cards. Our audit report provides detailed observations for each area under review. Suggestions are offered in the report for improvement in the existing control structure.

We appreciate the cooperation and assistance of BIO throughout the audit and hope that the information presented herein is beneficial.

Sincerely,

Michael W. Vandervort, CPA
Director

cc: Internal Audit Committee Members
Ms. Nancy Brazzil, Deputy to the President and Chief of Staff, Office of the President
Dr. Linda Hicke, Dean, College of Natural Sciences
Dr. Janice Fischer, Director, Biology Instructional Office
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
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EXECUTIVE SUMMARY

Conclusion
Based on the audit procedures performed, we conclude that the Biology Instructional Office (BIO) has reasonable to strong controls in most of the areas reviewed. However, opportunities for improvement were noted for payroll/HR and Procurement Cards.

Summary of Recommendations
Internal Audits identified one notable issue which led to the following recommendation: Ensure that all employees complete time reports.

One additional recommendation is also provided, but is considered minor in significance.

Management agreed with our observations and has provided corrective action plans which are expected to be implemented on or before May 11, 2015.

Audit Scope and Objective
Departmental Change in Management audits are conducted annually and units are chosen based on a risk assessment. The objective is to evaluate the adequacy and effectiveness of the unit’s structure, processes, and internal controls and to determine compliance with relevant policies and procedures for fiscal year 2014. The Information Systems Security portion of this audit was not included in this audit because this unit is currently being reviewed as part of the IT General Controls audit (Project: #14.301).

Background Summary
BIO coordinates the teaching and scheduling of all courses in the Biology Department, which consists of Molecular Biosciences, Integrative Biology, and Neuroscience. It also develops the curriculum for entry level biology and non-majors biology classes. The office has eight staff members who work with 20 faculty members across the three biology departments. BIO has a budget of approximately $2.5 million and is a part of the College of Natural Sciences.
BACKGROUND

The Biology Instructional Office (BIO), a part of the College of Natural Sciences, coordinates the teaching and scheduling of all courses taught in the Biology Department, which consists of Molecular Biosciences, Integrative Biology, and Neuroscience. It also develops the curriculum for entry level biology and non-majors biology classes.

The office strives to provide the students it serves with the best possible experience in Biology classes, while also fostering teaching excellence, creativity, and innovation. BIO has eight staff members who work with 20 faculty members across the Biology Department. BIO has a budget of approximately $2.5 million and is part of the College of Natural Sciences.

For management of IT resources, BIO uses College of Natural Sciences' Office of Information Technology.

SCOPE, OBJECTIVES, AND PROCEDURES

Departmental Change in Management audits are conducted annually and units are chosen based on a risk assessment. The objective is to evaluate the adequacy and effectiveness of the unit’s structure, processes, and internal controls and to determine compliance with relevant policies and procedures for fiscal year 2014. The Information Systems Security portion of this audit was not included in this audit because this unit is currently being reviewed as part of the IT General Controls audit (Project: #14.301).

To achieve these objectives, Internal Audits:

- Surveyed the unit via a questionnaire to ascertain reported strength in internal controls and compliance with The University of Texas of Austin (UT Austin) rules;
- Reviewed the department’s electronic office structure and employees’ appointment statuses;
- Conducted limited testing on payroll/HR, account certifications, account reconciliations, cash and cash equivalent handling, inventory, purchasing, procurement card expenditures, travel expenditures, and entertainment and official occasion expenditures; and
- Clarified follow-up issues through e-mails, meetings, and other correspondence.

This audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing and with Government Auditing Standards.
AUDIT RESULTS

We reviewed internal controls in 20 areas regarding departmental operations and financial processes, of which seven areas were not applicable to BIO. The appendix provides information on the specific areas reviewed. The following were the results:

- 11 (84%) areas had reasonable to strong controls in place,
- 1 (8%) area had opportunities for minor improvements,
- 1 (8%) area had opportunities for significant improvements, and
- 0 (0%) areas have priority weaknesses.

Recommendations were made in areas where opportunities for improvement were noted and are detailed in the remainder of this report.

Payroll/HR — Completion of Time Reports
One (33%) out of three employees reviewed had not completed the required time reports for approximately 15 months. The unit does not have a current practice in place to enforce the completion of time reports. Without timely and accurate time keeping, there is an increased risk that employees will be paid incorrect amounts and allocated improper paid time off.

According to Section 5-4020 of UT Austin’s Handbook of Operating Procedures, “University policy requires that ‘Official Time Reports’ form (PO-6) be prepared and maintained on all classified employees, Code 1000 titles, Professional Librarians, Academic Assistants, and Tutors. The report must be completed on a weekly basis and signed by the employee’s supervisor.”

**Recommendation 1:** Management should ensure all employees complete and submit their time reports on a weekly basis. In addition, time reports should be signed by the employee’s supervisor on a weekly basis.

**Management’s Corrective Action Plan:** All BIO supervisors have been directed that all employees reporting to them should complete and submit their time reports on a weekly basis and that the supervisors must sign and approve the time sheets on a weekly basis. Natalie Potts will monitor the time sheets to make sure they are being submitted, signed, and approved each week.

**Responsible Person:** Executive Assistant to the Director
**Planned Implementation Date:** May 11, 2015

**Post Audit Review:** Internal Audits has performed follow-up work and confirm this recommendation has been implemented.
Procurement Cards — Goods/Services Received
All of the 38 Procard transactions (100%) tested did not have documentation providing the verification of receipt of goods. The unit’s current practice does not include Procurement Card purchases having documentation verifying receipt of goods. Without reviewing and documenting the verification of receipt of goods, there is an increased risk that goods purchased with University funds may not be received or used to conduct University business.

According to Section 7.8 of UT Austin’s Handbook of Business Procedures, Procurement Card Program, “In order to maintain internal controls, an employee other than the cardholder (but in the same department) is responsible for verifying the receipt of the goods or services purchased. Receipt of goods and services must be documented—some examples of acceptable documentation are noting the date on the associated receipt or retaining the packing slip.”

Recommendation 2: Management should ensure that evidence of goods/services received is documented with a signature and date of the responsible individual.

Management’s Corrective Action Plan: BIO has purchased pre-inked “received” stamps for each BIO procard holder. Each procard holder will be informed of the importance of validating the receipts with the “received” stamp, his/her signature, and the receipt date of the goods or services purchased. BIO procard reviewers (Allan Bonin and Natalie Potts) will review each receipt and will document whether the “received” stamp is on each receipt. If the “received” stamp is missing, the “BIO procard Documentation Worksheet” will be completed and sent to the procard holder, who will need to make the necessary corrections.

Responsible Person: Executive Assistant and Executive Assistant to the Director
Planned Implementation Date: May 2015 Procard Vouchers

Post Audit Review: Internal Audits is in the process of performing follow-up work for this recommendation.

CONCLUSION

Based on the audit procedures performed, we conclude that BIO has reasonable to strong controls in most of the areas reviewed. However, opportunities for improvement were noted for payroll/HR and Procurement Cards.

In accordance with directives from The University of Texas System Board of Regents, the Office of Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.
### APPENDIX

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[1] A priority weakness, if not addressed timely, could directly impact achievement of a strategic or important operation objective of a UT institution or the UT System as a whole. These findings will be reported to UT System Administration.