

AUDIT REPORT

TO: Gerard Long, Ph.D., Assistant Vice President for Business Affairs
FROM: Angela D'Anna, Chief Audit Executive, Internal Audit and Consulting Services 
DATE: November 5, 2015
SUBJECT: Review of Sub-Certification Process and Monitoring of Key Controls (16-03)

EXECUTIVE SUMMARY

Internal Audit and Consulting Services has reviewed the Sub-Certification Process and Monitoring of Key Controls at The University of Texas Health Science Center at San Antonio for the year ended August 31, 2015. This audit was performed at the request of the UT System Audit Office as required by policy. The major objectives of the audit were to determine whether sub-certifications were completed on a timely basis, to evaluate management assertions related to segregation of duties and account reconciliations, and to ascertain compliance with the institutional monitoring plan.

In general, the internal controls surrounding the sub-certification process and execution of the institutional monitoring plan were in place and operating as intended to ensure compliance with policy and that the financial statements were free of material misstatements. This audit identified no issues considered priority to the institution.

DETAILED REPORT

See attached.

AUDIT TEAM

Raul Cardenas, Senior Internal Auditor

AUDITING STANDARDS

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* as promulgated by the Institute of Internal Auditors.

DISTRIBUTION

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DETAILED AUDIT REPORT

PURPOSE AND SCOPE

Internal Audit and Consulting Services has reviewed the year-end Sub-Certification Process and Monitoring of Key Controls at The University of Texas Health Science Center at San Antonio. This review was performed at the request of the UT System Audit Office as required by policy. We reviewed the certification letters signed by the executive account owners for fiscal year 2015 and the revised institutional monitoring plan. The major objectives of the review were as follows:

- Determine whether executive account owners submitted year-end certifications on a timely basis.
- Evaluate management assertions regarding segregation of duties and account reconciliations.
- Ascertain whether the institution monitored segregation of duties and reconciliation of accounts in accordance with the revised institutional monitoring plan.

BACKGROUND

Segregation of duties and account reconciliations are key financial internal controls designed to help ensure the accuracy of financial reports. UT System Policy 142.1, *Policy on the Annual Financial Report*, requires each institution to develop a plan to monitor account reconciliations and segregation of duties on a regular basis. The monitoring plan is reviewed annually and updated as needed by the Chief Financial Officer.

Additionally, this policy requires that the Chief Administrative Officer, Financial Reporting Officer, and Internal Audit Officer certify that the financial statements are fairly presented and that any deficiencies in the design of internal controls are properly addressed to ensure financial statements contain no false information or omission of information that would materially affect their accuracy. Also, each executive account owner (Vice Presidents and Deans) must provide an annual certification letter (referred to as sub-certification) to the Financial Reporting Officer certifying that the accounts are free of material misstatements and that the internal controls are effective in their areas of responsibility. Furthermore, the policy requires that Internal Audit Services perform an annual review of the year-end sub-certifications, as well as the monitoring plan to validate management assertions regarding segregation of duties and account reconciliations.

RESULTS

Based on our review, we determined that the executive account owners signed the certifications for their respective areas of responsibility on a timely basis and that any exceptions disclosed on the forms would not result in material misstatements to the financial statements for the year ended August 31, 2015. Additionally, the Office of Business Affairs executed the institutional monitoring plan for segregation of duties and account reconciliations.

This audit identified no issues considered priority to the institution. According to UT System Policy 129, *Internal Audit Activities*, a priority audit issue is one that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of the institution or the UT System as a whole.