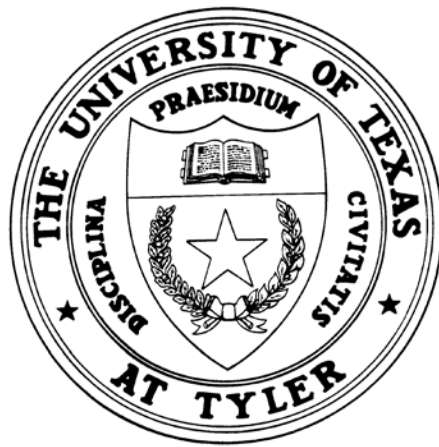


**The University of Texas at Tyler**

**PeopleSoft Fiscal Year 2015 to Fiscal Year 2016  
Balances Forward Audit**



**AUGUST 2016**

THE UNIVERSITY OF TEXAS AT TYLER  
OFFICE OF AUDIT AND CONSULTING SERVICES  
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**Fiscal Year 2016**

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**BACKGROUND**

The University of Texas at Tyler (UT Tyler) converted from the DEFINE accounting system to the PeopleSoft Financial Management System (FMS) in May 2014. 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) 2015 ending balances to the FY 2016 cost centers. This audit was included in the FY2016 Audit Plan as approved by the Institutional Audit Committee.

**AUDIT OBJECTIVE**

The objective of this audit was to determine if the FY 2015 ending balances were accurately stated in the FY 2016 accounting system.

**SCOPE AND METHODOLOGY**

The scope of this audit was all cost centers with an ending balance in FY 2015. To accomplish the objectives 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 2015 ending balances in PeopleSoft FMS by cost center,
- Identified cost centers with FY 2015 ending balances that should roll forward to FY 2016 cost centers,
- Verified ending balances were correct by recalculating the amount using the FY 2015 beginning balance, adding revenue, and subtracting expenses, encumbrances and pre-encumbrances,
- Identified any differences and reviewed these with the Budget and Financial Reporting Office.
- Compared the FY 2015 ending balance to the amount “rolled forward” as the FY 2016 beginning balance.
- Identified any differences 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 three Non-Priority Findings: 1 High-level Finding and 2 Medium-level Finding.

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**#1 FY 2016 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 to manage. The Budget and Financial Reporting Office was still processing FY 2015 roll forward amounts during the third quarter of FY 2016. The delay was caused by problems with encumbrances remaining at the end of Fiscal Year 2015 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 2017 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. The first FY17 budget balance roll forward process is scheduled to be completed by the end of September 2016. The final adjusted FY17 budget balance roll forward process is scheduled to be completed by the end of October 2016.

**#2 Policies and Procedures (Medium)**

The UT Tyler Management Responsibilities Handbook states: *“Each department and budget unit is expected to have a departmental policies and procedures manual. A department policies and procedures manual should address policies and procedures that are unique to the department and procedures to implement institutional policies and procedures”*. The Budget and Financial Reporting Office has a list of cost centers eligible for the roll forward of ending balances; however, there are no written policies and procedures of process. The lack of written policies and procedures could result in inconsistent and inefficient processes.

**Recommendation:** The Budget and Financial Reporting Office should develop written procedures for the roll forward process including responsible personnel and queries used in the process.

**Management Response and Implementation Date:** The Budget and Financial Reporting Office has developed a list of cost centers that include whether the cost center rolls or lapses. Written procedures for the roll forward process will be developed and completed by end of November 2016.

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**Fiscal Year 2016**

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**#3 Unreconciled Cost Center Roll Forward Amounts (Medium)**

The FY 2015 ending balance should match the FY 2016 roll forward beginning balance for those cost centers eligible for roll forward. Following is a summary of the FY 2015 cost centers and the results of the roll forward to FY 2016:

<b>Description</b>	<b>Cost Centers</b>
FY 2015 ending balances that equaled FY 2016 roll forward beginning balances	992
Cost Centers with no FY 2015 balance or activity	580
State Funded and other cost centers that are not eligible for roll forward	388
Cost Centers with unreconciled differences in the roll forward amount	13
<b>Total Cost Centers</b>	<b>1,973</b>

As of August 1, there were 13 cost centers with unreconciled differences in the FY 2015 ending balance and the FY 2016 roll forward beginning balance. The details of these cost centers have been discussed with the Director of Budget and Financial Reporting.

**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 issue whether it be a variance due to a budget related amount or due to another PeopleSoft module application error (i.e. encumbrance issues with POs, requisitions, and travel authorizations; un-budget checked expenses; cancelled travel authorizations not re-budget checking; etc.). Reconciliations are scheduled to be completed by the end of August 2016.

**CONCLUSION**

The roll forward of FY 2015 balances to FY 2016 was conducted throughout FY 2016; however, many cost centers were not finalized on a timely basis, with some entries not made until the fourth quarter of FY 2016. Based on our testing, the PeopleSoft FMS roll forward balances for FY 2016 are correct except as noted.

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