

2006 Self-Assessment of Controls

Results for Campus/Unit Your Department Name

These results have been e-mailed to Your Department Head Name. You can use the *Print* function on your Web browser to obtain a copy of this page.

<p><i>Question 1:</i> Have all faculty and exempt staff in your department completed an Outside Interests Disclosure Form?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> The department may not be aware of a conflict of interests that exists between an employee and the university.</p> <p><i>Corrective Action:</i> Ensure that all faculty and exempt staff complete and submit an Outside Interests Disclosure Form as required by Policy FI0125, #7.</p>
<p><i>Question 2:</i> Has anyone in your department received gifts, services, or discounts of monetary value from a person or an entity while being in a position to obtain favored treatment for that person or entity?</p> <p><i>Your Response:</i> Yes</p>	<p><i>Risk:</i> Although no favored treatment may have resulted from the gifts, services, or discounts of monetary value, a conflict of interests exists for the person receiving these items.</p> <p><i>Corrective Action:</i> Any occurrence should be reported to the campus chief business officer.</p>
<p><i>Question 3:</i> Have all employees in your department been instructed to take the initiative and report in writing (e.g., memo) to their immediate supervisor any of the following circumstances at the time it occurs? (Note: This also applies to their spouses and dependent and nondependent children.)</p> <ul style="list-style-type: none">• Holding more than a 5 percent financial interest (or 5 percent combined interest of the employee, spouse, and dependent/nondependent child) in an outside venture and: 1) The employee procures or influences the procurement of goods or services from that venture for the university; or 2) The employee uses his or her university position to obtain favored treatment for or to provide an unfair advantage to that venture.• Engaging in a partnership, consulting relationship, employment relationship, or other outside venture with other university employees or students. Note: Policy	<p><i>Risk:</i> The department may not be aware of a conflict of interests that exists between an employee and the university.</p> <p><i>Corrective Action:</i> Ensure that all employees are aware they are to report any outside interests that meet the requirements listed above at the time they occur.</p>

<p><u>HR0122</u> prohibits university supervisory staff from hiring employees in their line of authority for personal services.</p> <ul style="list-style-type: none"> Engaging in university research sponsored by an organization in which the employee has more than a 5 percent or \$10,000 financial interest. Having a financial interest (including, but not limited to, receiving payments for services exceeding \$10,000, having equity interest exceeding 5 percent or \$10,000, and holding intellectual property rights) in an outside venture that would reasonably appear to be affected by any research conducted by the employee. <p><i>Your Response:</i> No</p>	
<p><i>Question 4:</i> Did new employees hired within the last 12 months complete and file a disclosure form within 30 days of their effective employment date whether or not they had interests or activities to disclose?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> The department may not be aware of a conflict of interests that exists between an employee and the university.</p> <p><i>Corrective Action:</i> Take steps to ensure that all new employees file a disclosure form within 30 days of their effective employment date.</p>
<p><i>Question 5:</i> Have all employees involved in sponsored research (i.e., principal investigator, co-principal investigators, graduate assistants, and any other person at the university who is responsible for the design, conduct, or reporting of research activities funded or proposed for funding) been instructed to disclose any outside interests that may be affected by the research before proposals were submitted to funding agencies? (Examples of such interests include, but are not limited to, receiving payments for services exceeding \$10,000, having equity interest exceeding 5 percent or \$10,000, and holding intellectual property rights.)</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Employees in the department may have a conflict of interests and violate agency regulations.</p> <p><i>Corrective Action:</i> Take steps to ensure that employees involved in research disclose outside interests before submitting proposals to funding agencies.</p>
<p><i>Question 6:</i> Have all individuals in your department who make purchases with procurement cards read the</p>	<p><i>Risk:</i> Individuals who make purchases with procurement cards without reading the</p>

<p>procurement card policy (FI0530)?</p> <p><i>Your Response:</i> No</p>	<p>procurement card policy may make disallowed purchases or not obtain adequate receipts. Corrective Action: Ensure that all individuals who use procurement cards in the department have read Policy FI0530 on procurement card use.</p>
<p><i>Question 7:</i> Are procurement cards used to purchase items between \$1,000 and \$4,999.99 that are classified as minor sensitive equipment (examples include: computers, computer components, cameras, radios)?</p> <p><i>Your Response:</i> Yes</p>	<p><i>Risk:</i> Policy FI0530, #4 prohibits purchasing minor sensitive equipment with procurement cards. Invoices must be processed for such purchases to ensure that the items are entered to the university equipment inventory system and recorded in the proper general ledger (G/L) account. Corrective Action: Ensure that minor sensitive equipment is not purchased with procurement cards. Review previous minor sensitive equipment purchases and ensure they were entered in the equipment inventory system and recorded in the proper G/L account.</p>
<p><i>Question 8:</i> Have instances occurred where purchases to a single vendor for items with a similar purpose (e.g., furniture, computer components) were divided into multiple purchases under \$5,000 to allow using the procurement card?</p> <p><i>Your Response:</i> Yes</p>	<p><i>Risk:</i> Purchases have been made which do not comply with university policy and should have been competitively bid to ensure that the university obtains the most favorable prices. Corrective Action: Purchases for items with a similar purpose from a single vendor which exceed \$5,000 must be made by the campus/institute purchasing department and be competitively bid in accordance with Policy FI0410.</p>
<p><i>Question 9:</i> When receipts obtained from vendors do not meet the minimum requirements established by Policy FI0530, #17, are Supplemental Receipt Forms prepared by your department and attached to original supporting documentation received by the vendor (e.g., non-itemized receipt, packing slip)?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Fraudulent purchases may be concealed with inadequate documentation. Corrective Action: When an original receipt cannot be obtained which meets minimum requirements, ensure that a Supplemental Receipt Form is completed and attached to the original supporting documentation obtained</p>

	from the vendor.
<p><i>Question 10:</i> During the verification process, are all procurement card expenses distributed to the appropriate general ledger (G/L) accounts?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Failure to distribute expenses to the appropriate G/L accounts results in a misrepresentation of the university's accounting records.</p> <p><i>Corrective Action:</i> Ensure that the verifier distributes expenses to the appropriate G/L account.</p>
<p><i>Question 11:</i> Are all original procurement card statements and receipts kept in the department for six years?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Accounting records are not being maintained in accordance with university policy.</p> <p><i>Corrective Action:</i> Ensure that procurement card statements and receipts are kept in the department for six years.</p>
<p><i>Question 12:</i> Do all procurement cardholders in your department review and sign their statements each month to ensure that the transactions listed are correct?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Unauthorized transactions may exist on the monthly statement.</p> <p><i>Corrective Action:</i> Ensure that all cardholders sign their monthly statements after reviewing them for accuracy.</p>
<p><i>Question 13:</i> Are invoices checked and approved (i.e., signed) by someone other than the employee who requisitions materials? (Note: If the person who requisitions materials is the department head, please answer "Not applicable.")</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> No separation of duties exists to help prevent fraudulent purchase practices.</p> <p><i>Corrective Action:</i> Assign duties so that the person requisitioning materials does not approve invoices.</p>
<p><i>Question 14:</i> Is each invoice marked with a "date received" stamp that indicates the month, day, and year the invoice was received by the department?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> The invoices do not meet fiscal policy requirements necessary to comply with the Prompt Payment Act, which requires all invoices to be paid within 45 days of receipt of the invoice or date the goods or services were received.</p> <p><i>Corrective Action:</i> Mark each invoice with a "date received" stamp.</p>

<p>Question 15: Does the processing of invoices for payment include all of the following:</p> <ul style="list-style-type: none"> a. Comparison of terms, prices, quantities, and freight charges on invoices with those on the purchase orders? b. Comparison of items and quantities on invoices with merchandise actually received? c. Mathematical check of footings, extensions, and discounts on invoices? <p><i>Your Response:</i> No</p>	<p>Risk: The university may pay for goods not received or pay an incorrect amount.</p> <p>Corrective Action: Compare invoices, purchase orders, and packing slips with the items actually received and mathematically check the footings, extensions, and discounts on invoices.</p>
<p>Question 16: Are all original invoices received and entered into the university's financial and human resources system (IRIS) by the department kept on file for six years?</p> <p><i>Your Response:</i> No</p>	<p>Risk: Accounting records are not being maintained in accordance with university policy.</p> <p>Corrective Action: Ensure that original invoices are kept on file in the department for six years.</p>
<p>Question 17: Do all employees in the department who approve transactions in IRIS meet the following conditions?</p> <ul style="list-style-type: none"> • The employee's position is classified as exempt. • The employee does not approve any expenditures in IRIS that he or she has entered or prepared for entry. <p><i>Your Response:</i> No</p>	<p>Risk: Approval authority may have been granted to someone who 1) is not in a position to assess the appropriateness of the purchase or 2) may have the opportunity to conceal fraudulent purchases.</p> <p>Corrective Action: Remove approval authority from all employees who are non-exempt and prohibit employees from approving any expenditure in IRIS that he or she has entered or prepared for entry.</p>
<p>Question 18: Has someone with approval authority delegated approval by sharing his or her password?</p> <p><i>Your Response:</i> Yes</p>	<p>Risk: IRIS security has been compromised by sharing passwords. (The approver is accountable for all actions taken by someone who has used his or her password.)</p> <p>Corrective Action: The substitute approver should use a unique IRIS user ID and password; the shared password should be changed; and IRIS users should be informed they are not to share passwords.</p>

<p><i>Question 19:</i> Has someone in your department been specifically assigned responsibility to monitor and approve transactions in the event of the regular approver's absence? (Note: A department may have multiple approvers authorized, but still not have someone specifically assigned to monitor and approve transactions in the regular approver's absence.)</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Transactions may not be approved and processed in a timely fashion. Corrective Action: Assign someone in the department responsibility for monitoring and approving transactions in IRIS in the regular approver's absence.</p>
<p><i>Question 20:</i> Does the person who approves payment of invoices in IRIS physically observe the original invoice as he or she approves the transactions in IRIS?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Transactions in IRIS do not contain itemized detail of what was purchased. Fraudulent purchases may occur because the person approving the invoice did not know what was purchased. Corrective Action: The person approving transactions in IRIS should physically observe and review the original invoices as he or she approves the transactions in IRIS.</p>
<p><i>Question 21:</i> Are invoices processed and approved in IRIS so that payment will be made within 45 days of receipt of the invoice or date the goods or services were received (whichever is later)?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Payments may not be made to vendors within the 45-day limit established by the Prompt Payment Act. Corrective Action: Take steps to ensure that invoices are processed and approved for payment within 45 days of receipt.</p>
<p><i>Question 22:</i> Is the departmental ledger reconciled each month by someone who enters data into IRIS?</p> <p><i>Your Response:</i> Yes</p>	<p><i>Risk:</i> Fraudulent transactions may not be detected. Corrective Action: Segregate duties so that the ledger is reconciled each month by someone who does not perform data entry.</p>
<p><i>Question 23:</i> Is the reconciled ledger reviewed by the person responsible for the funds?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> The person responsible for the funds may be unaware of inaccuracies and transactions that do not go through workflow (including fraud). Corrective Action: Ensure that the person responsible for the funds reviews the reconciled ledger each month.</p>

<p><i>Question 24:</i> Are invoices kept in a secure location with access limited to only those who need it?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Documentation may be stolen to conceal fraudulent transactions.</p> <p><i>Corrective Action:</i> Keep invoices in a secure location with access limited to only those who need it.</p>
<p><i>Question 25:</i> Are petty cash payments for casual labor limited to:</p> <ul style="list-style-type: none"> • \$50 per payment? • Individuals whose total compensation from the university will not exceed \$600 in a calendar year? • Individuals not currently on the university's payroll? <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> The petty cash payment does not meet the requirements for casual labor as defined by Policy FI0525, #14. The university may violate federal laws on income withholding.</p> <p><i>Corrective Action:</i> Ensure that petty cash payments for casual labor are in compliance with fiscal policy.</p>
<p><i>Question 26:</i> Does your department obtain the campus/institute chief business officer's approval for all entertainment expenses \$500 and above per function which are paid with petty cash?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Proper approval is not obtained for entertainment expenses \$500 and above per function as required by Policy FI0715.</p> <p><i>Corrective Action:</i> Ensure that petty cash expenditures for entertainment \$500 and above per function are approved by the campus/institute chief business officer.</p>
<p><i>Question 27:</i> Are receipts (or, for some campuses, invoices) for bookstore purchases reconciled to charges on the departmental ledger each month by someone in the department who is authorized to make bookstore charge purchases?</p> <p><i>Your Response:</i> Yes</p>	<p><i>Risk:</i> Unauthorized transactions may be charged to the department.</p> <p><i>Corrective Action:</i> Assign someone who is not authorized to make bookstore charge purchases the duty of reconciling bookstore receipts to the departmental ledger (or invoices received) each month.</p>
<p><i>Question 28:</i> Has your department purchased services from outside sources in the past two years?</p> <p><i>Your Response:</i> Yes</p>	
<p><i>Question 29:</i> Are formal contracts for services from individuals</p>	<p><i>Risk:</i> Service contracts with individuals do not</p>

<p>(i.e., not informal written or verbal agreements) submitted to the campus/institute contract office whenever payments by the university for services are expected to exceed \$5,000 per engagement?</p> <p><i>Your Response:</i> No</p>	<p>receive the review required by the Treasurer's Office. (Note: Policy FI0420 has not been updated to reflect the new Treasurer's Office requirements.)</p> <p>Corrective Action: Ensure that formal contracts are submitted in these instances.</p>
<p>Question 30: Does the IRIS approver verify that all services have been satisfactorily performed before authorizing payment?</p> <p><i>Your Response:</i> No</p>	<p>Risk: Departments may be authorizing the expenditure of university funds for services that have not been completed nor performed adequately.</p> <p>Corrective Action: The IRIS approver should verify that all services have been satisfactorily performed before authorizing payment.</p>
<p>Question 31: Are all amendments to formal contracts for services exceeding \$5,000 submitted to the campus/institute contract office for review?</p> <p><i>Your Response:</i> No</p>	<p>Risk: Amendments may be initiated which are not legally binding or that contain terms prohibited by university policies.</p> <p>Corrective Action: All amendments to formal contracts should be forwarded to the campus/institute contract office so they can receive legal and fiscal review.</p>
<p>Question 32: Is contract work (for outside services purchased by the department) ever performed before the contract is prepared and approved?</p> <p><i>Your Response:</i> Yes</p>	<p>Risk: The university may be liable for work performed that was never authorized.</p> <p>Corrective Action: Contract work for services should not be permitted until the contract is prepared and has been approved.</p>
<p>Question 33: Is a Justification for Non-Competitive Purchases and Contracts form completed and submitted to the appropriate campus/institute contract or business office for all service contracts over \$5,000 that are not competitively bid?</p> <p><i>Your Response:</i> No</p>	<p>Risk: A non-competitive agreement may be executed with a vendor that does not qualify as a sole-source provider. In addition, documentation providing justification is not obtained as required by university fiscal policy.</p> <p>Corrective Action: Prepare and submit a Justification for Non-Competitive Purchases and Contracts form for all contracts over \$5,000 that are not competitively bid as specified in Policy FI0420, #23b.</p>
<p>Question 34:</p>	

<p>Does your department obtain grants and contracts from sponsoring agencies?</p> <p><i>Your Response:</i> Yes</p>	
<p><i>Question 35:</i> Do all WBS elements for your department's sponsored projects have complete and accurate budgets in IRIS which include all sources and uses of funds, e.g., program income, facilities and administrative (F&A) costs, F&A cost sharing, direct cost sharing?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> IRIS cannot be used to monitor WBS elements for over-expenditures if the budgets are inaccurate and do not include all sources and uses of funds.</p> <p><i>Corrective Action:</i> Submit all new or revised budgets to the campus research or business office so the budget will be correctly reflected on the departmental ledger in a timely manner.</p>
<p><i>Question 36:</i> Does your department identify, investigate, and resolve overspent WBS elements on a monthly basis?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> If over-expenditures of sponsored projects occur, corrective action may not be taken in a timely manner. Over-expenditures can cause billing delays. Also, the expenditures may actually belong on another sponsored project.</p> <p><i>Corrective Action:</i> Review all sponsored project WBS elements for the department each month and investigate and resolve any over-expenditures.</p>
<p><i>Question 37:</i> In instances where work or expenditures must begin before a grant or contract for a sponsored project is fully executed, is a WBS element established to handle project expenditures?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Expenditures may be charged to incorrect WBS elements and require difficult and error-prone transfers after the correct WBS elements are established.</p> <p><i>Corrective Action:</i> Always establish a WBS element when work or expenditures must begin before a grant or contract is fully executed.</p>
<p><i>Question 38:</i> Does your department always request extensions if needed before the existing grants and contracts expire?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> If extensions are not obtained before existing grants and contracts expire, the university may incur expenditures that cannot be reimbursed, or payments to the university may be delayed unnecessarily.</p> <p><i>Corrective Action:</i> Develop procedures in your department to ensure that extensions are requested</p>

	<p>before the existing grants and contracts expire.</p>
<p><i>Question 39:</i> Are actions taken to ensure that PIs (or other employees reviewing expenses before payment of invoices) are familiar with OMB Circular A-21, sponsor regulations, specific award provisions, and UT fiscal policies and know which costs are not allowed?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> PIs (or other employees reviewing expenses before payment of invoices) may not be familiar with sponsored project regulations and know which costs are unallowed. Therefore, unallowable costs could be charged to a sponsored project.</p> <p><i>Corrective Action:</i> Take action to familiarize PIs (and other employees reviewing expenses) with OMB Circular A-21, sponsor regulations, specific award provisions, and UT fiscal policy and inform them of their responsibilities to ensure compliance with these regulations and other limitations on expenditures.</p>
<p><i>Question 40:</i> Has any of the following occurred in your department in the last year?</p> <ul style="list-style-type: none"> • A sponsored project with more than four cost transfers within a month of the ending date or after the ending date? • An underspent sponsored project with cost transfers within a month of the ending date or after the ending date from an overspent project? <p><i>Your Response:</i> Yes</p>	<p><i>Risk:</i> Sponsors may disallow these cost transfers. Excessive or late cost transfers are viewed suspiciously by sponsors and may indicate weak accounting practices or using underspent projects to fund overspent projects. This could jeopardize future funding.</p> <p><i>Corrective Action:</i> Establish procedures to ensure that cost transfers occur rarely and only to correct errors. Ensure that all cost transfers include documentation explaining the reason for the transfer and how the project being charged benefited from the expenditure</p>
<p><i>Question 41:</i> If sponsored projects in your department produce program income, is the income identified in the proposals and the projects' accounting records (i.e., deposited into the sponsored project WBS element using cost element 700900)?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Violation of Circular A-110 regulations. Also, if a sponsor discovers that program income was earned but not included in the proposal, they may insist that the money be refunded to them.</p> <p><i>Corrective Action:</i> Ensure that all program income is identified in the proposals and accounting records.</p>
<p><i>Question 42:</i> At the end of sponsored projects, does your</p>	<p><i>Risk:</i> The university may not be able to recover</p>

<p>department: 1) process all charges and travel vouchers within 60 days, 2) submit final technical reports to agencies within 90 days, 3) zero and close sponsored projects in a timely manner (within 3 months), and 4) if necessary, request and receive extensions from sponsors before the ending date of the award?</p> <p><i>Your Response:</i> No</p>	<p>all charges or collect the final payment in a timely fashion. Also, if credits are processed against a sponsored project after the final invoice or financial report has been sent, the university has overcharged the sponsor and must return funds and file revised final financial reports.</p> <p>Corrective Action: Establish procedures to ensure that: 1) project ending dates are monitored centrally in the department and closeout is accomplished in a timely manner with complete and valid charges on the sponsored project within 60 days of projects' ending dates; 2) expired sponsored projects are monitored centrally in the department and corrective action is taken to zero expired sponsored projects; and 3) extensions are processed properly in a timely fashion.</p>
<p><i>Question 43:</i> Does your department refrain from making expenditures (including salaries) to sponsored project WBS elements after the end dates?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Expenses may not be reimbursed by the sponsoring agency. Also, if late charges should actually be made to another WBS element (e.g., for a continuing project), there may be difficulties in resolving the accounting and reimbursement from the agency.</p> <p>Corrective Action: Establish procedures to control expenditures made after the end date of sponsored projects, e.g., require PIs to notify the department head if expenditures will occur after the end date; submit Personnel Information Forms (PIF) in a timely manner.</p>
<p><i>Question 44:</i> If the PIs in your department personally certify their effort for sponsored project WBS elements each month in IRIS, has someone in your department been assigned responsibility to review the Report of Non-Certified Effort in IRIS to ensure that all PIs have certified their effort?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Not certifying effort each month may cause the following: salary allocations may not be changed at a later date to the correct amount; agencies may be billed for erroneous amounts that must be corrected later; if not certified within six months, the system cannot automatically transfer costs.</p> <p>Corrective Action: Assign someone in the department responsibility for reviewing the Report</p>

	<p>of Non-Certified Effort in IRIS and to follow up with PIs who have not certified their effort.</p>
<p><i>Question 45:</i> If the PIs in your department do not personally certify their effort for sponsored project WBS elements each month in IRIS, does the PI, department head, or appropriate designee (knowledgeable exempt staff or faculty) sign a document each month attesting to the accuracy of the certification, and are these documents kept on file in the department for six years?</p> <p><i>Your Response:</i> No</p>	<p><i>Risk:</i> Documentation is not being maintained to meet federal requirements.</p> <p><i>Corrective Action:</i> Ensure that the PI, department head, or appropriate designee (knowledgeable exempt staff or faculty) signs documents attesting to the accuracy of the certifications and they are kept on file in the department for six years.</p>

Thank you for completing the 2006 Self-Assessment of Controls. If you have questions or comments, contact Institute coordinator Leigh Cheek (Audit and Consulting Services).

Responses submitted by Clerk's Name on 10/2/2006 at 3:34:53 PM EDT.