

## **2005-2006 :: Accounting & Treasury**

### **1. Mission Statement:**

The Accounting and Treasury department supports the university's mission to produce engaged graduates and to become a top-tier research university.

The mission of the Accounting and Treasury department of the Office of Associate Vice President for Finance and Controller is to maintain the University's General Ledger and related internal controls in accordance with accounting principles and standards set by the Government Accounting Standards Board (GASB), UTD and UT System's policies and procedures, and the requirements of the State of Texas. The department is responsible for the following main functions: General Accounting, Treasury Accounting and State Accounting. The General Accounting group has responsibility for the following funds: Unexpended Plant, Investment in Plant, Endowment, Pledge Accounting and Agency funds. The Treasury functions oversees the bank and investment accounts, which includes cash flow management and bank and investment account reconciliation and analysis.

The State Accounting section ensures that UTD complies with the State of Texas Office of Comptroller's accounting and financial reporting rules and regulations. The section analyzes, reports and reconciles UTD's financial transactions in the Uniform Statewide Accounting System (USAS) to the University's internal general ledger.

### **2. Objectives:**

**2.1 Minimize risk of unauthorized use of funds.:** Minimize risk of fraud and unauthorized use of funds by reviewing division and schools account reconciliations.

**2.1.1 Standards and Associations:** N/A

**2.2 Provide FRS account reconciliation training.:** Accurately prepared and approved account reconciliations help safeguard university financial resources from unauthorized expenditures. This department has the responsibility for developing and administering account reconciliation training classes for University faculty and staff with responsibility for financial resources.

**2.2.1 Related Strategic Plan Item(s):** III-1 Dynamic Change Management

**2.3 Timely reconciliations of bank accounts.:**

UTD maintains three bank accounts in a commercial bank, two investment accounts managed by UT System and a cash account at the State of Texas Treasury. The timely reconciliation of these cash and investment accounts is an important internal control function. Timely reconciliations help to identify potential irregularities and recording and reporting errors.

**2.3.1 Related Strategic Plan Item(s):** III-1 Dynamic Change Management

**2.4 University adherence to cash handling policies.:** Adherence by all school and divisions to university cash handling policies and procedures is an important aspect of sound internal controls.

**2.4.1 Related Strategic Plan Item(s):** III-1 Dynamic Change Management

### **3. Measures & Findings:**

**3.1 Report FBM040 Chart of Accounts by school/division:** Keep track the number of school or divisions that had their account reconciliations reviewed. Report all findings to the University Compliance Committee through the formal quarterly reporting process. Timeframe: 1 at end of quarter.

**3.1.1 Success Criteria:** Perform at least one review each quarter.

**3.1.2 Related Objective(s):** Minimize risk of unauthorized use of funds.

**3.1.3 Results Related To Success Criteria:** The target has not been met in FY06.

**3.1.4 Achievement Level:** Not Met

**3.1.5 Further Action:** Yes

**3.2 Registration and Attendance Rosters.:**

The department will track the number of account reconciliation training classes offered. Time Frame: 6 per year/1 every two months

**3.2.1 Success Criteria:** Offer one training class every other month.

**3.2.2 Related Objective(s):** Provide FRS account reconciliation training.

**3.2.3 Results Related To Success Criteria:** The department started offering account reconciliations classes in FY06. A total of 3 training classes had been given.

**3.2.4 Achievement Level:** Partially Met

**3.2.5 Further Action:** Yes**3.3 Reconcile Bank Statements to University records :** Reconcile all univerity bank and investment accounts by comparing bank and investment statements to university records. Timeframe: Completed monthly by the end of the following reporting month.**3.3.1 Success Criteria:**

All bank and investment accounts are reconciled no later that the end of the following reporting month.

**3.3.2 Related Objective(s):** Timely reconciliations of bank accounts.**3.3.3 Results Related To Success Criteria:**

The cash account in the State of Texas Treasury was being reconciled on a monthly basis throughout the year. The investment accounts were also being reconciled on a timely basis. The reconciliation of the commercial bank accounts was delayed due to payroll recording problems. All bank and investment accounts reconciliations for the month of August were completed by September 30th, 2006.

**3.3.4 Achievement Level:** Partially Met**3.3.5 Further Action:** Yes**3.4 Review of cash handling processes.:**

Perform a review of cash handling policies and procedures for selected schools and or divisions. Document findings in a quarterly compliance report which is submitted to the University Compliance Committee. Work with schools and or divisions to improve any weakness which have been identified during the reviews.

**3.4.1 Success Criteria:** Perform a review of one school, division or department per quarter.**3.4.2 Related Objective(s):** University adherence to cash handling policies.**3.4.3 Results Related To Success Criteria:**

Although all petty cash funds have been counted in FY06, there were no reviews performed of divisional/school overall cash handling procedures.

**3.4.4 Achievement Level:** Not Met**3.4.5 Further Action:** Yes**5. Closing the Loop:****5.1 Focus on objective and improve planning.:** The primary reason for not having met the objective of completing quarterly reviews in FY06 was lack of available resources due to competing priorities and the replacement of three accountants in the Finance Office who needed training and supervision. These accountants have now been trained. They will be able to work more independently and absorb more responsibilities. This will enable the department director to attend to this task on a timely basis. The director will report to the associate VP of finance before the end of the quarter on the results of this effort. If the task is at risk of not being completed, other compensating measures will be implemented before the quarter is over. A meeting will be scheduled with the bank to review technologies avaiable to assist in streamlining the reconciliation process. If necessay, we may also meet with other bank clients to review there processes.**5.1.1 Related Objective(s):** Minimize risk of unauthorized use of funds.**5.1.2 Related Measure(s):** Report FBM040 Chart of Accounts by school/division**5.1.3 Responsible Person:** Teresa Johnston**5.1.4 Target Date:** December 31, 2006.**5.1.5 Priority:** High Priority**5.2 Create and publish an annual training schedule.:** An annual schedule of account reconciliation classes will be developed and posted on the Training web page. There will be at least one training class given per month. If for any reason, the class can not be given as schedule, a make up class will be offered during the following month.**5.2.1 Related Objective(s):** Provide FRS account reconciliation traning.**5.2.2 Related Measure(s):** Registration and Attendance Rosters.**5.2.3 Responsible Person:** Teresa Johnston, Director of Accounting & Treasury**5.2.4 Target Date:** December 31, 2006.**5.2.5 Priority:** High Priority**5.3 Streamline bank reconciliation process.:** Currently commercial bank reconciliations are performed manually by matching daily postings in the general ledger to the daily individual transactions on the bank statement. In FY07, the

department will work with the commercial bank on developing one or many exception reports which will be used to streamline the bank reconciliation processes and reduce the number of manual comparisons. The goal of this project is to substantially decrease or eliminate the manual effort of comparing transactions which will result in a more timely completion of reconciliations.

**5.3.1 Related Objective(s):** Timely reconciliations of bank accounts.

**5.3.2 Related Measure(s):** Reconcile Bank Statements to University records

**5.3.3 Responsible Person:** Teresa Johnston, Director of Accounting & Treasury

**5.3.4 Target Date:** 07/31/2007

**5.3.5 Priority:** High Priority

**5.4 Focus on objective and improve planning.:**

The Director will create a schedule for visiting selected schools and/or divisions during each quarter of FY07. This schedule will be discussed and approved by the Associate Vice President of Finance and Controller. The Director will present a report of the reviewed unit two weeks before the end of the particular quarter. If the particular quarterly review is in danger of not being completed, the director will discuss the matter with the Associate Vice President in time to make the required reassignment of resources.

**5.4.1 Related Objective(s):** Minimize risk of unauthorized use of funds.

**5.4.2 Related Measure(s):** Review of cash handling processes.

**5.4.3 Responsible Person:** Teresa Johnston, Director of Accounting & Treasury

**5.4.4 Target Date:** 02/28/2007

**5.4.5 Priority:** High Priority

**6. Analysis:**

**6.1 Program/Unit Strengths:**

**6.1.1 Objectives/Outcomes Exceeded or Met:** By the end of the fiscal year, the department was successful in completing all bank account reconciliations by the target date. The continued success of timely reconciliations will be assured by the department's completion of the FY07 planned project of utilizing bank reconciliation best practices.

**6.2 Program / Unit Weaknesses:**

**6.2.1 Objectives / Outcomes Partially or Not Met:** The primary reason for not meeting the target outcomes/objectives was lack of focus. In an environment of competing priorities and the necessity to meet external reporting deadlines, the department must improve its forward planning process in order to be able to reallocate the required resources.

**7. Report:**

**7.1 Executive Summary:**

Strong accounting and treasury operations are the backbone of financial internal controls. Well trained and experienced accounting professionals are essential to a dynamic forward looking accounting environment. During fiscal year 2006, the department made improvements in all strategic areas of its responsibilities.

**7.2 Top 3 Program/Unit Accomplishments:**

The Accounting and Treasury department documented and updated existing Treasury and Cash Management procedures.

In an effort to increase the university's investment income, the daily deposit is considered with the daily cash balances when sending funds for investments or requesting funds to cover operations. Our average collected bank balance has decreased from over \$500,000 to less than \$100,000.

The Accounting and Treasury department worked with the Financial System and Reporting department to automate the plant fund and tuition and fee revenue schedules of the Annual Financial report.

**7.3 Research Activities or Publications:** N/A

**7.4 Instructional/Training Activities (presented or received):** Account Reconciliation Training - Number of workshops: 3  
Number of Attendees: 39

**7.5 Public Service:** N/A

**7.6 Other External Activities:** N/A

**7.7 Contributions to UTD:**

An inventory of all departmental tasks was performed resulting in a more equitable assignment of tasks among staff. An accounting vacancy was filled with an experienced accountant and this accountant has been trained to take over the responsibilities of a senior accountant when he retires in FY07. The department updated its policies and procedures; implemented the new UT System investment strategy and also gathered cash handling policies from schools and divisions. The bank reconciliations have been brought up to date and are now being performed on a timely basis. Action plans have been developed for FY06 performance targets that did not meet the desired results.

**7.8 Top 3 Program / Unit Challenges:**

The department will experience challenges when one of its senior accountants retires in February and the position is not replaced.