CONTROL TRACKER

Strengthening Business Practices:
The Language of Our Control Environment

Debbie Rico
Internal Controls
Good internal controls help you get your job done efficiently and demonstrate that you take your responsibility for the University’s assets and public image seriously.

Poor internal controls have a negative impact on the teaching, research, and public service missions of the University, impact our reputation, and cost us our jobs.
New Audit Requirements

• Statement of Auditing Standards (SAS) No. 112 (now 115): Communicating Internal Control Related Matters Identified in an Audit

• Significantly tightens the requirements for reporting of internal control deficiencies

Sarbanes Oxley
What is SAS 112 again?

Statement of Auditing Standards (SAS) 112 is an accounting standard that established guidelines for determining the seriousness of internal control issues.

Effective July 1, 2007, SAS 112 was incorporated into UCSD’s external financial audit conducted by PricewaterhouseCoopers (PwC).

SAS 112 requires that:
- Key controls exist
- Key controls are functioning effectively, and
- Key Control activities are documented
...by the way, what is *Internal Control*?

A *process*, put in place by people, that is designed to provide *reasonable assurance* that we will achieve the following *objectives*:

1. Effectiveness and efficiency of operations
2. Reliability of financial reporting
3. Compliance with laws and regulations
Key Control Areas – Department Responsibilities

- **Fiscal Operations Review** - actual revenues and expenses are monitored to ensure the accuracy and reliability of budget and financial information. Differences to accounting information are investigated and resolved in a timely manner.

- **Ledger Transaction Verification** – Transactions are validated with follow-up on unusual items including verifying amounts to supporting documentation, resolving exceptions, and ensuring that corrective actions are taken in a timely manner.

- **Overdraft funds** – Overdraft conditions (expenses greater that authorized budget) are monitored and documented. Corrective actions are taken to prevent or resolve overdraft conditions. Follow-up actions are performed and recorded.
Key Control Areas – Department Responsibilities

- **Payroll expense verification** – Detailed payroll expenses are reviewed for general propriety and to validate the accuracy of the charges. Accounting data, employee names, pay rates, and/or other key entry errors are reviewed for accuracy.

- **Reconciliation of Permanent Staffing List** - Permanently budgeted faculty and staff reports are reviewed, with out of balance amounts reconciled and employee accounting information checked for accuracy. Assure all changes are correct and that allocations are processed in a timely manner.

- **Monitoring of Clearing Accounts** (for credit card activity) – Transactions processed through accounts are reviewed for appropriateness with follow-up on unusual items. Reconciliation performed with accounting entries processed timely and variances resolved.

- **Physical inventory** - Review of asset reporting information/reports to ensure proper accounting of newly purchased assets, and proper certification of the location and identification of asset
Key Control Areas – Department Responsibilities

➢ **Security Controls / DSA** – Ensure appropriate personnel have been assigned the proper system access and individual security access is terminated for separated employees. Unused account access is reviewed with corrective action taken.

➢ **Effort Reporting** – Personnel Activity Reports (PARS) are certified by a responsible department official with first hand knowledge of the work performed.

➢ **Balance Sheet Certifications** – General ledger detail transactions are validated for general propriety, reasonableness, and accuracy is completed in a timely manner.

➢ **Petty Cash & Change Funds** - Verification of cash balances is performed by someone other than the fund custodian with expenditures reviewed for propriety.
CONTROL TRACKER
Control Tracker

What is it?

A web-based application developed by UCSD, in collaboration with IBM, to document the performance and certification of control activities within a Unit in compliance with SAS 112/115. The OP ERM group, in particular Grace Crickette, has supported this effort since inception. Application will be available to all UC campuses.

Application will take the place of the paper “UCSD Department Key Controls Documentation” document.
Application Features

- Accessible by Single Sign On
- Application elements configurable by individual campuses.
- Establishes roles (Campus administrator, Unit administrator, Performer, Certifier) to determine ability to access application elements
Application Features

- View status of compliance efforts at a glance (i.e. “units” that have not performed and/or certified control activities)
- E-mail or export the data in control activity table
- See historical information by month, quarter, or year
Roles

Campus Administrator:

- Add control activities (modify, inactivate)
- Add evidence of review (modify, change description)
- Establish allowable time to complete a control activity
- Establish notification reminder parameters for e-mail
- Establish delinquency reminder parameter for e-mail
- Designate time allowed to complete control activity
- Establish security - who can access tool (i.e. identify Unit Administrators)
- Modify “unit administrator” information
- As requested from a Unit Administrator change (i.e. “undo”) a performance of a key control activity and indicate correct activity performed. *History field will reflect this change.*
- As requested from a Unit Administrator change (i.e. “undo”) certification of a key control activity and indicate correct certification. *History will affect this change.*
Roles continued...

Unit Administrator:
- Constructs “unit” (i.e. departments)
- Identify Unit head
- Identify performers & certifiers for each control activity
- Copy user roles from one Unit to another
- Reassign Unit department administrator role to another
- Turn “off or on” notification reminders (*can not turn off a delinquency notice*)
- Change timing of notification reminders

Performer / Certifier:
- Executes or certifies control activities
- Add notes/comments
- E-mail capability
- Export capability
How do you get to Control Tracker?
Welcome DEBORAH ANN RICO

Pending Approvals

You do not currently have any documents to approve.

Additional Approvals
- Marketplace
- CAMS

Release Notes

+ Expand All

Q3 2012

1. Expresscard New Module (Attachment Manager)
2. FinancialLink Portal Upgrade
3. TMS Install Base v1.0
4. TMS Directory v1.0
5. Mobile version of MyTravel

Financial Training
- UC Learning

Calendar:
- Thursday, September 6
  - 8:30am  Transaction Sampler
- Tuesday, September 11
  - 1:30pm  Red Flags Of Fraud
- Thursday, September 27
Toolbox

Reports
Transactions
Tools
Queries
Approvals
Link Family
Search Knowledge Base
Release Notes
About FinancialLink

Tools

Expand All

Contracts and Grants
Effort Reporting
Financial Controls
Index and Project Management
Projection and Local Transaction
Reconciliation
Transaction Sampling
Report Usage and Statistics

Expand All
Performer and Certifier View
## Initial Performer and Certifier View

### Monthly Control Activities - 11, 2011

<table>
<thead>
<tr>
<th>Unit</th>
<th>Fiscal Operations Review</th>
<th>Ledger Transaction Verification</th>
<th>Overdraft Funds Review</th>
<th>Payroll Expense Verification</th>
<th>Credit Card Activity - Cash Clearing Accounts (Not Express Card)</th>
<th>Status</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin/Metrics</td>
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<td>✗</td>
<td>✓</td>
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<td></td>
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<tr>
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### Quarterly Control Activities - Q2, 2012

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<th>Unit</th>
<th>Effort Reporting</th>
<th>Balance Sheet</th>
<th>Credit Card Activity (Not Express Card)</th>
<th>Petty Cash/Change Funds</th>
<th>Reconciliation of Permanent Starting List</th>
<th>Individual Security Access</th>
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<th>Action</th>
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### Annual Control Activities - 2012

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<th>Unit</th>
<th>Petty Cash and Change Funds</th>
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</table>
### Monthly Control Activity View

#### Monthly Control Activities

<table>
<thead>
<tr>
<th>Unit</th>
<th>Fiscal Operations Review</th>
<th>Ledger Transaction Verification</th>
<th>Overdraft Funds Review</th>
<th>Payroll Expense Verification</th>
<th>Credit Card Activity - Cash Clearing Accounts (Not Express Card)</th>
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<th>Action</th>
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<tbody>
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<td>✓</td>
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<td>In Progress</td>
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</tr>
<tr>
<td>Controller</td>
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</table>
Perform a Control Activity

Department Key Controls must be documented in such a fashion to demonstrate the review and follow-up activities were performed. Certain Financial Link tools can assist in these reviews and have been noted where appropriate. Business officers and department heads must certify that each of the following key control functions are properly performed on a timely basis.

**Payroll Expense Verification**

Detailed payroll expenses are reviewed each month by departments for general propriety and to validate the accuracy of the charges. Departments review the accuracy of accounting data, employee names, pay rates, and/or for possible other key entry errors.

**Evidence of Review: Please select any one of the below**

<table>
<thead>
<tr>
<th>Perform</th>
<th>Evidence Name</th>
<th>Evidence Description</th>
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<tr>
<td>✔</td>
<td>Financial Link Toole- Ledger Reviewer</td>
<td>Monthly review and verification of account 60 Faculty Salaries, 61 Staff Salaries, 62 General Assistance, and 66 benefits budget and expenditure transactions. Audit of reviewed and certified costs noted as OK on problem code drop-down menu.</td>
</tr>
<tr>
<td></td>
<td>Post Authorization Notification System (PAN)</td>
<td>Review of all PAN notifications to assure that salary, fte, benefit designation, comments and accounting entries into the campus payroll system are authorized, accurate and complete. Please include any comments.</td>
</tr>
</tbody>
</table>

**Comments:**

**History:**

Submit  Cancel
After you have performed activity..

<table>
<thead>
<tr>
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<td>BFS-Controller</td>
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<td>Certified</td>
<td>Certified</td>
<td>Certified</td>
<td>Pending</td>
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</table>
Unit Administrator View
Initial Unit Administrator Screen
Units
Notifications

### Performer Notifications

- When initial e-mail should be sent: None

### Certifier Notifications

- When 1st e-mail reminder should be sent: 19
- When 2nd e-mail reminder should be sent: 9

First day the activity is available to be performed. Value is an offset in days based on the time allowed to complete activity.

Days before the activity will not be available for performing (e.g., five days before following month’s end). Value is an offset in days based on the last day the activity can be performed.

Last day before the activity will not be available for performing (e.g., last day of following month’s end). Value is an offset in days based on the last day the activity can be performed.

Save Changes  Reset
Creating a Unit....

Unit Name: Procurement
Org/Index-UCSD: 661110

Control Activity Roles

Copy Users From Another Unit

<table>
<thead>
<tr>
<th>Campus Units</th>
<th>Copy</th>
<th>Employee Name</th>
<th>E-Mail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin/Metrics</td>
<td></td>
<td>Laura Osante</td>
<td><a href="mailto:losante@ucsd.edu">losante@ucsd.edu</a></td>
</tr>
<tr>
<td>OPAFS</td>
<td></td>
<td>DONALD LARSON</td>
<td><a href="mailto:dlarson@ucsd.edu">dlarson@ucsd.edu</a></td>
</tr>
<tr>
<td>General Acctg</td>
<td></td>
<td>JEE HUH</td>
<td><a href="mailto:jyuh@ucsd.edu">jyuh@ucsd.edu</a></td>
</tr>
<tr>
<td>Controller.</td>
<td></td>
<td>ANGELA SONG</td>
<td><a href="mailto:aysong@ucsd.edu">aysong@ucsd.edu</a></td>
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<td>Systems</td>
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New Unit Created

Unit Name: Procurement
Org/Index-UCSD: 661110

Control Activity Roles

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Fiscal Operations Review</th>
<th>Ledger Transaction Verification</th>
<th>Overdraft Funds Review</th>
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Employee added to Unit

Unit Name: Admin/Metrics
Org/Index-UCSD: 660501

Unit Admin: Laura Osante
Unit Head: ANGELA SONG

Control Activity Roles

<table>
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<tr>
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<th>Overdraft Funds Review</th>
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</table>
Adding an Employee to Unit

Add/Search Employee

First Name:
Last Name: Manuel
Email:

Select | Employee Name | E-Mail
-------|---------------|------
MANUEL | mmanuel@ucsd.edu
MICHELLE MANUEL DAVID | mcdavid@ucsd.edu
MARIA MANUEL | mgmanuel@ucsd.edu
MARY LOU MANUEL | mmanuel@ucsd.edu
MATTHEW MANUEL | mtmanuel@ucsd.edu
ROBERT MANUEL | rmanuel@ucsd.edu

Search  Add  Cancel
Employee added to Unit

<table>
<thead>
<tr>
<th>Employee Name</th>
<th>Fiscal Operations Review</th>
<th>Ledger Transaction Verification</th>
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<tr>
<td>Osante, Laura</td>
<td>P ✓ C</td>
<td>P □ C</td>
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Unit Name: Admin/Metrics
Org/Index-UCSD: 660501
Unit Admin: Laura Osanete
Unit Head: ANGELA S

12/17/2012
The Rollout......

- UCSD focus groups began in July 2010
- Student Affairs pilot launched in January 2011
- Business and Financial Services Units launched in October 2011
- Campus-wide launch to other units

Additional information- contact Debbie Rico at drico@ucsd.edu