October 5, 2022

Dr. Kirk Calhoun
President
The University of Texas at Tyler
3900 University Blvd.
Tyler, TX 75799

Dr. Calhoun,

We have completed the Research Time & Effort Audit as part of our Fiscal Year (FY) 2022 Audit Plan. The objective of this audit was to evaluate the adequacy of processes and controls for accurate time and effort reporting for sponsored research. The scope of the audit was testing the accuracy of the Effort Certification and Reporting Technology (ECRT) process and reports for both the University of Texas at Tyler (UT Tyler) Main campus (semiannual certification through February 28, 2022) and the Health Science Center (HSC) campus (quarterly certification through the first and second quarters of FY 2022).

This audit was conducted in accordance with guidelines set forth in The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards.* We appreciate the assistance provided by management and other personnel and hope the information presented in our report is helpful.

Sincerely,

Stephen Ford
Vice President, Chief Audit Executive

Enclosure
cc:
Mr. Dwain Morris, Executive VP, Administration, Chief Business Officer
Dr. Amir Mirmiran, Executive VP, Academic Affairs, Provost
Dr, Julie Philley, Executive VP, Health Affairs, Vice Provost
Ms. Kris Kavasch, Senior VP, Finance, Chief Financial Officer
Dr. Steven Idell, Senior VP of Research, Dean of Graduate School
Dr. Archie Holmes, UT System Executive Vice Chancellor for Academic Affairs
Dr. John Zerwas, UT System Executive Vice Chancellor for Health Affairs
Mr. Patrick Francis, UT System Associate Vice Chancellor for Health Affairs
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Research Time & Effort Audit

October 5, 2022

INTERNAL AUDIT DEPARTMENT
3900 UNIVERSITY BOULEVARD
TYLER, TEXAS 75799

AUDIT OBJECTIVE

The objective of the audit was to evaluate the adequacy of processes and controls for accurate time and effort reporting for sponsored research, including salary caps where applicable, on both the University of Texas at Tyler (UT Tyler) Main campus and Health Science Center (HSC) campus.

CONCLUSION

The Effort Certification and Reporting Technology (ECRT) process and reports for UT Tyler is managed by the Office of Research, Scholarship, and Sponsored Programs (ORSSP). Testing identified opportunities for improvement including updating policies, oversight of all external projects, and the timeliness and accuracy of the ECRT certification process and reports. Noncompliance with time and effort requirements could result in repayment and/or penalties to the granting agency and loss of future funding.

OBSERVATIONS

This audit identified the following opportunities for improvement for ORSSP		
1	High	_Include ECRT notification timeframe in policy_
2	High	_Provide oversight of all University grants, including externally and internally funded projects_
3	High	_Ensure personnel forms are accurate and inclusive of applicable salary caps_
4	High	_Verify ECRT contains correct information_
5	High	_Follow up to ensure ECRT is certified and signed by the deadline_

#1: Include ECRT Notification Timeframe in Policy

High: ECRT reports that are not distributed timely, in accordance with best practice, could allow inaccurate data to be uncorrected.

Timely completion of the ECRT process is necessary to ensure corrections can be processed when needed. ORSSP reviews ECRT reports and notifies certifiers that the reports are available. University policies and guidelines require certifiers to complete the process within 30 days of notification. However, there is no time requirement for ORSSP to send notifications to the certifiers. The HSC reports for the first quarter of FY 2022 were distributed on May 18, 2022, and the second quarter reports were distributed on June 29, 2022. The first FY 2022 semiannual report for the Main campus was distributed on April 10, 2022.

> **Opportunity for Improvement:** ORSSP should expand the policies to include timeframes for notifying certifiers that the ECRT reports are available, in accordance with best practice.
>
> **Management Response – Director of ORSSP and the Senior Vice President of Research:** Agreed. ORSSP will revise HOP policy 3.7.1 Grants, Contracts, and Sponsored Programs to include the time requirement for ORSSP to send notification to certifiers.
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> **Title of Responsible Person(s):** Director, ORSSP
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> **Anticipated Implementation Date:** Revised HOP 3.7.1 will be submitted to HOP committee by October 31, 2022

#2: Provide Oversight of all University Grants, including externally and internally funded projects

> **High**: Inadequate oversight could result in noncompliance with grant requirements and a loss of funding.

ORSSP is responsible for oversight of UT Tyler grants. This oversight enhances compliance with grant requirements, including timely and accurate ECRT reports. Currently, the responsibility for oversight of grants awarded to University Academy is not defined or stated in UT Tyler's policy.

Opportunity for Improvement: ORSSP should formally document the requirements for University Academy to follow the ORSSP guidelines.

Management Response – Director ORSSP and the Senior Vice President of Research:
Agreed. ORSSP will include documentation requirements in revised HOP 3.7.1 submitted to HOP Committee by October 31, 2022. Oversight of University Academy funding will be done moving forward by ORSSP as requested and per HOP 3.7.1 pertaining to routing and oversight of all external applications/awards. Correspondence will be sent to University Academy regarding this requirement by October 31, 2022.

Title of Responsible Person(s): Director, ORSSP

Anticipated Implementation Date: October 31, 2022

#3: Ensure Personnel Forms are Accurate and Inclusive of Applicable Salary Caps

> **High:** Inaccurate personnel forms could result in repayment of funds, penalties, and loss of future funding.

Employee appointment information is recorded in the PeopleSoft Accounting System using electronic personnel forms, which include salary allocations for grants, where applicable. Some grants include a maximum salary (Salary Cap) that can be charged to a grant. Salary above this amount must be paid by UT Tyler as a cost share. The allocation on the forms should agree to grant documents, including the maximum salary allowed, where applicable. The following exceptions were noted from the 26 employee personnel forms and salary allocations tested:

- 1 electronic personnel form did not include the salary cap, and the amount allocated to the grant was incorrect by less than $600,
- 2 electronic personnel forms did not include the salary cap amount; however, the salary allocations were correct, and
- 1 electronic personnel form included a salary cap even though it was not required by the grant.

Opportunity for Improvement: ORSSP should review employee personnel forms and related calculations to ensure they agree to the grant documents and include the salary caps, where applicable.

Management Response – Director ORSSP and the Senior Vice President of Research:
Agreed. ORSSP will review all employee personnel forms and related calculations to ensure they agree with grant documents and include the salary caps, where applicable.

Effective Spring 2022, ORSSP has instituted "new award" meetings with the Principal Investigators and administrative/program staff when new or supplemental funding is received. Issues of pay, personnel forms, salary cap, changes in time and effort and how these changes

are to be prepared and communicated are discussed. Employee personnel forms have been updated recently to ensure accuracy on the Health Science Center campus, the electronic Personnel Action (ePA) system has been modified by IT to make the "% effort" and "% distribution" fields mandatory for all grant award funds in PeopleSoft, as is the case on the academic campus. These forms will be carefully reviewed for accuracy by ORSSP personnel in preparation for all time and effort attestations.

Title of Responsible Person(s): Director, ORSSP

Anticipated Implementation Date: October 31, 2022

#4: Verify ECRT Contains Correct Information

> **High:** Incorrect ECRTs could result in repayment of funds, penalties, and loss of future funding.

ECRT should include an accurate calculation of time and effort expended on the grant. This calculation is determined by data on the personnel form. ORSSP reviews the ECRT reports prior to notifying the certifiers the reports are available for certification. The ECRT data could not be recalculated to match the data in the personnel forms in 13 of the 26 ECRTs tested.

Opportunity for Improvement: ORSSP should verify the ECRT calculations are correct prior to notifying certifiers the reports are available.

Management Response – Director ORSSP and the Senior Vice President of Research: Agreed. ORSSP staff will verify the ECRT calculations are correct prior to notifying certifiers the reports are available. A new budget modification process will be implemented so that ORSSP, PIs, and administrative staff have correct budget information prior to the creation of electronic personnel action forms (ePAs).

Title of Responsible Person(s): Director, ORSSP

Anticipated Implementation Date: October 31, 2022

#5: Follow up to Ensure ECRT is "Certified" and Signed by the Deadline

> **High:** Delayed and/or incomplete ECRT certifications could allow inaccurate data to be uncorrected. This could also result in repayment of funds, penalties, and loss of future funding.

Certifiers are notified by ORSSP to review and certify ECRTs within 30 days. All 26 of the ECRTs tested were certified, however, 7 were certified after the due date.

Opportunity for Improvement: ORSSP should follow up with certifiers to ensure all ECRTs have been certified as required.

Management Response – Director ORSSP and the Senior Vice President of Research: Agreed. ORSSP will ensure follow-up with all individuals who have not certified via the eCRT system within 30 days of receipt. A process to ensure compliance within the 30 day certification period will be developed.

Title of Responsible Person(s): Director, ORSSP

Anticipated Implementation Date: October 31, 2022

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BACKGROUND
The Research Time & Effort Audit was completed as part of the Fiscal Year (FY) 2022 Audit Plan as a risk-based audit. ORSSP serves the UT Tyler Main campus and HSC campus by procuring and managing externally funded projects, which includes ensuring compliance with federal and state regulations.

Regulation 45 CFR 75.430, *Compensation – Personnel Services*, requires that charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed.

False and inaccurate time and effort reporting can lead to financial risk, including the loss of current sponsored funding and the loss of future sponsored funding, reputational risk, and could potentially be criminally prosecuted under the False Claims Act.

STANDARDS
The audit was conducted in accordance with guidelines set forth in The Institute of Internal Auditors' *Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

SCOPE and PROCEDURES
The scope of the audit was testing the ECRT process and reports for both the UT Tyler Main campus (semiannual certification through February 28, 2022) and the Health Science Center (HSC) campus (quarterly certification through the first and second quarters of FY 2022) and included the following procedures:
- Reviewed Federal regulations and UT Tyler policies and procedures;
- Selected a sample of UT Tyler Main campus and HSC campus grants and the associated employees from various funding sources;
- Verified personnel forms were approved by ORSSP;
- Compared data included in the personnel forms to the grant documents, including Salary Cap amounts, where applicable;
- Recalculated ECRT data to verify its accuracy in comparison to personnel forms; and
- Verified each selected ECRT was certified, signed, and dated appropriately.

OBSERVATION RANKINGS
Internal Audit across the UT System uses a consistent process to evaluate audit results based on risk factors and the probability of a negative outcome.

Legend	
Priority	*A finding is defined as an issue that if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Tyler.*
High	*A finding that is considered to have a medium to high probability of adverse effects to UT Tyler as a whole or to a significant college or department.*
Medium	*A finding that is considered to have a low to medium probability of adverse effects to UT Tyler as a whole or to a college or department.*
Low	*A finding that is considered to have a minimal probability of adverse effects to UT Tyler as a whole or to a college or department. These findings are communicated separately to management.*