



UNIVERSITY OF PUERTO RICO
CENTRAL ADMINISTRATION

G.P.O. BOX 4984-G

SAN JUAN, PUERTO RICO 00936-4984

Office of
FINANCE AND ADMINISTRATION

April 9, 1984

Circular No. 84-15

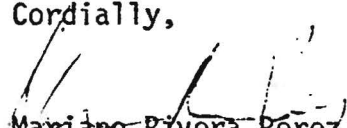
To : Chancellors, Deans of Administration, Finance and other Officials responsible for Administering Fiscal Affairs for the University of Puerto Rico

Re : Conduct of Circular A-110 Pilot Audit

The independent firm of Peat, Marwick, Mitchell & Co. has issued a final audit report on federal financial assistance to the University, in accordance with the requirements prescribed by OMB Circular A-110 (Grants and Agreements with Institutions on Higher Education, Hospitals, and Other Non-profit Organizations). The issuance of this audit report has indicated serious deficiencies with respect to internal controls. These must be corrected immediately to comply with applicable federal statutes and regulations that allow the University to administer these funds for the improvement of institutional services.

For your information we have attached a detailed copy of the external audit findings, and applicable corrective actions required to improve each problem area. It is urgent to proceed with the adoption of these measures, since the external audit firm of Peat, Marwick, Mitchell & Co. will, during a subsequent phase, verify that corrective action has been taken with respect to present findings.

Cordially,


Mariano Rivera Pérez
-Director

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Enclosure

Circular No. 84-15
April 9, 1984

Circular A-110: Audit Findings
For Fiscal Year ending June 30, 1984

Re: Audit Control No. 02-47000

PROPERTY AND EQUIPMENT (Attachment N-Circular No. A-110, Property Management Standards)

Problem Area

A physical inventory of property shall be taken and the results reconciled with the property records at least once every two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be clarified to determine the causes of the difference, and to proceed with the necessary adjustments.

Action Required

Effective immediately, those Institutional Units of the University System that have not conducted a property inventory within a two-year period, shall proceed to do so. This procedure will be carried-out not later than June 30 of the present calendar year for all property in the custody of each campus. Additionally, information on physical property inventories is required to be circulated between all Institutional Units. This will facilitate optimum utilization of the Institution's equipment, reduce applicable operating costs, and serve the System's needs in an effective and timely fashion. (Inter-Unit Equipment and Property Exchange).

EFFORT REPORTING SYSTEM (Attachment E, F, and G. Circular No. A-110)

Problem Area

Awards of federal funds containing any type of matching or cost-sharing components are currently identified in the System's books and records as real cash, and not verifiable as matching requirements for the University of Puerto Rico.

Action Required

The Office of Finance and Administration within the Central Administration of the University of Puerto Rico, requires that all cost-sharing or matching (in kind contributions) portions of programs are duly noted and verifiable in the accounting books and records of the System. When such obligations are not met, the corresponding Institutional Unit will assume total responsibility for any claims, or the resolution or final disposition of any matters, that may arise from various federal agencies.

MANAGEMENT AND ACCOUNTABILITY OF FUNDS (Attachment F and G - Circular A-110;
Circular A-21)

Problem Area

Cash accounts at each Institutional Unit should be identified by source and activity.

Action Required

Effective July 1st., 1984 each Institutional Unit will be responsible for establishing and maintaining adequate documentation on institutional income and expenditures, so as to indentify all income by source, and distribute costs by function or activity. This includes all funds received by the Institution, whether they derive from the Commonwealth, or Federal Government, institutional activities, and sources or other outside support.

FINANCIAL REPORTING REQUIREMENTS

Problem Area

The reporting due dates and documentation applicable to each required state and federal financial or cash transaction report are not readily discernible. In some Institutional Units they are prepared and sent in compliance with the established format and designated schedule; however, in other units they are prepared but not dispatched.

Action Required

The Office of Finance and Administration, University of Puerto Rico, Central Administration requests that each Institutional Unit of the System prepare a schedule of all compulsory federal or state reports. This documentation should be prepared for each respective program, in accordance with statutory, regulatory or other requirements and standards as set forth in approved applications or award documents. The shcedule should be prepared by each applicable office before, and not later than, April 30, 1984.

The purpose of this directive is to monitor the timely and appropriate preparation of required reporting documents by each distinct level and unit of the system (monitoring and Reporting Program Performance).

COST SHARING AND MATCHING REQUIREMENTS

Problem Area

Disbursements for cost sharing and matching, as well as in-kind contributions are not currently included or identified in the quarterly reports.

Action Required

Effective immediately, all Institutional Units will prepare quarterly reports in such manner so as to adequately identify all cost-sharing, matching, and in-kind contributions of services or equipment, as prescribed in awards from sponsoring federal agencies, foundations, or other sponsors.

ALLOWABILITY OF CHARGES

Problem Area

Established procedures and regulations have not been adhered to with regard to disbursements for travel and transportation costs.

Action Required

The Central Office of Finance of Administration reiterates and stresses that the standards and procedures promulgated by existing regulations must be followed with regard to all travel and per diem disbursements. The existing directives in this area also set for the corrective measures applicable to cases of non-compliance in this area.

HEALTH PROFESSIONS STUDENT LOANS

Problem Area

The Institution is not in compliance with regulations and requirements relative to debt collection standards and proceedings; this includes lack of diligence in notifying the borrower of initial delinquency, during a grace period, but before the lapse of the final due date for the first payment.

Action Required

All appropriate officials must proceed immediately to fulfill the debt collection requirements applicable to the efficient administration of this program. Each applicable Institutional Unit will maintain adequate written documentation of all procedures carried out to fulfill this requirement. Site visits to provide for appropriate follow-up of the directive will be conducted by the personnel of the University's Central Administration Office.