

Investments Audit
Audit No.

- b. Based on the review in recommendation 'a', resolve and ensure new agreements are fully executed by all the relevant parties.

2. Accrued Investment Interest Income e
not Recorded in the General Ledger

There were 2 out of 4 instances where accrued investment interest income for UNTHSC at August 31, 2017, totaling \$22,683, was not recorded in the general ledger.

During the audit we reviewed the accuracy, existence and valuation of the asset balances in the investment reports at August 31, 2017 by vouching the amounts to the investment and bank statements. Furthermore, to test the completeness of investment amounts in the financial statements, we traced the

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Observations with Management's Responses

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1. Unauthorized Sweep Investment Vehicles

What We Found

UNT System, UNT, and UNT Dallas held repurchase agreements with Wells Fargo Bank as sweep investment vehicles during fiscal year 2017. However, this is specifically prohibited in the Master Depository and Banking Services Agreement between UNT System and Wells Fargo Bank. The total balance in the repurchase account at August 31, 2017 was \$7,665,644.

During the audit we reviewed repurchase agreements for compliance with requirements of UNT System Regulation 08.2000- Investment of System Funds. We noted all existing repurchase agreements were signed in July 2014, which predated the signing of the Master Depository and Banking Services Agreement of August 2015. Upon further review of the of the Master Depository and Banking Services Agreement, section 4'Con[(e)4.7()TJ -0.r(e)7.7(w)0.9(

Observations

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6. The reconciliation process should include a comparison of activity between the sub ledger (i.e. data from the subsidiary systems), or supporting spreadsheet and the general ledger, resolution of unreconciled items and manager Review. Accounts should be reconciled systematically with the utilization of system generated reports and processes whenever possible and manually reconciled as needed.”

Texas Comptroller of Public Accounts in its website states:

“Agency Requirement for the Government-wide Financial Statements (GWFS)

The GWFS must be presented on a full accrual basis of accounting for both governmental and proprietary fund types for the CAFR and for stand-alone or audited reports.”

What We Recommend

Recommendations for the UNTHSC Associate Controller:

- a. Identify the journal entries needed to correct the unrecorded amount of \$22,683, and post them to the general ledger.
- b. Develop a process to ensure that information in the quarterly investment reports from UNT System Treasury is reconciled to the general ledger at the end of each quarter.

What Action
Management Commits
to Do

Individual Responsible for Implementation: Paula Welch, UNTHSC Associate Controller:

- 2a. The journal entries needed to correct the unrecorded amounts have been identified and will be posted to the general ledger .
- 2b. The reconciliation process will be reviewed and updated to ensure quarterly investment reports are reconciled to the general ledger at least quarterly.

Expected Implementation Date: February 28, 2018
