


UPR RIO PIEDRAS CAMPUS  
UNIVERSITY OF PUERTO RICO



**Supplemental Information Report to the  
Middle States Commission on Higher Education**

Dr. Luis A. Ferrao  
Interim Chancellor

  
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MSCHE Liaison Officer

Due May 1, 2019

**Subject of Supplemental Report**

*To require a supplemental information report due May 1, 2019, documenting evidence of (1) the single audit and audited financial statements for fiscal year 2018, and (2) submission of the 2018 single audit and audited financial statements to the Commission, United States Department of Education, and other parties as required by regulation and/or law (Standard VI and Requirement of Affiliation 11). To remind the institution and the related entity of its obligation to provide timely and accurate financial audits.*



May 1, 2019

Dr. Elizabeth H. Sibolski  
President  
Middle States Commission of Higher Education (MSCHE)

Dear Dr. Sibolski:

Your letter of March 18, 2019 officially notifies the University of Puerto Rico, Rio Piedras Campus, (UPRRP) of the actions taken by MSCHE in its meeting of March 14, 2019. These actions led to the request to UPRRP of a Supplemental Report, due May 1, 2019, documenting evidence of: (1) the single audit and audited financial statements for fiscal year 2018, and (2) submission of the 2018 single audit and audited financial statements to the Commission, United States Department of Education, and other parties as required by regulation and/or law (Standard VI and Requirement of Affiliation 11). Your letter also reminds the institution and the related entity of its obligation to provide timely and accurate financial audits.

UPRRP submitted on time all required documents for the preparation of the Consolidated Financial Statement of the 11 Campuses of the University of Puerto Rico System by Central Administration. We also provided all information and documents as requested by the firm of external auditors, Ernst & Young (E&Y).

We are pleased to inform that the University of Puerto Rico issued its Audited Financial Statements and Reports and Schedule required by the Uniform Guidance Report (Single Audit) for the year ended June 30, 2018 on April 29, 2019. These reports were submitted to the Commission and the United States Department of Education, before the allowed time line expiring on May 1, 2019, and April 30, 2019, respectively. This supplemental report includes the above mentioned document (Appendix 1). Appendices 2 and 3 present evidence of submission of these documents by Central Administration to the United States Department of Education as specified in accreditation Standard VI and Requirement of Affiliation 11.

To sustain compliance with MSCHE requirements on a continuous basis we summarize below the more significant actions that UPRRP has taken since the Institutional Report was submitted. These actions aim to achieve a higher level of overall discipline in the performance of financial operations and improve the management of *schedule compliance*, much needed for the timely flow of accurate information at the campus level and with Central Administration.

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**Advances and Accomplishments to Date – synchronized financial operations, closing of accounting cycle and opportune reporting for FY 2019 on**

The audited financial statements of the UPR System for fiscal year 2017 were to be issued by January 2, 2019, after extensions, and were finally issued on January 14, 2019. These delays affected the FY 2018 reporting and closing of books in exceptional ways. The Institutional Response of February 18, 2019 (Appendix 4), and Dr. Luis Ferrao's, Chancellor, presentation to MSCHE on March 14, 2019 summarized the short term internal plan that had to be elaborated to accelerate the preparation of the FY 2018 reports and make gains for the lost time. The plan proved to be highly effective in bringing up- to- speed the delivery of information to Central Administration and meeting revised due dates with a high degree of reliability and accuracy in campus operations. Hence, we achieved the timely transfer of information to Central Administration for the preparation of the FY 2018 consolidated audit reports, which we are including in this letter as requested by MSCHE.

Specific actions have followed to address the timeliness issue directly and maintain the high level of efficiency achieved. These actions focus on: 1) establishing clear guidelines for the improvement of campus closing processes, specifically oriented to FY 2019 and on, 2) implementing a detailed synchronized calendar for closing the accounting cycle, 3) ensuring continuous monitoring of financial processes and controls and the flow of information campus-wide, and 4) increasing campus communication and training of financial personnel.

Specific advances to those ends include:

- Implementation of measures presented in the Institutional Response. In particular, the integration of personnel from different administrative offices as support proved to be a key component for the FY 2018 reports, and is being continued. This move has also been highly effective in expanding campus awareness of the complexities involved.
- Monitoring of controls and compliance by a Coordinator in charge. This addition to the process continues for FY 2019.
- Implementation of a more detailed accounting cycle closing calendar. (Appendix 5): Circular Letter 11 of the Dean of Administration: *Calendar – Closing Process of the Financial System, FY 2019*). This is a major milestone for the improvement of annual closing processes. It provides clear guidelines for distributing the different financial functions of registering, analysis and reconciliation more evenly during the fiscal period to ensure timely flow of information and minimize backlogs. The timeline covers critical areas to be addressed from May 20 to July 31. Each area of concern was, in turn, subdivided into specific tasks that must be accomplished accurately and on time. Circular Letter 11 expresses campus commitment to the implementation of corrective measures to meet stipulated dates and the importance of a coordinated campus- wide effort.

- Accountability: each task has been assigned a specific campus unit and a finance official for follow up and for guaranteeing attainment of objectives.
- Design of a specialized curriculum for all financial personnel. Topics have been chosen based on recommendations from unit personnel, and offerings will start June 1.
- Programming of individual meetings with college administrative personnel. Early and ongoing communication with all units that provide financial information is being incorporated as a vital component.

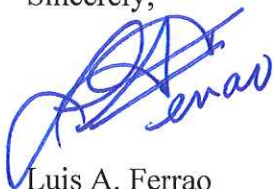
Some of these measures proved crucial in the successful completion of the FY 2018 schedule, and are being maintained for the preparation of the FY 2019 reports and on. Efforts have been fruitful to date. UPRRP has complied on time and with accuracy with the financial reporting required by Central Administration for the forthcoming FY 2019 consolidated report. Closing of the campus accounting cycle for FY 2019 is going on as scheduled.

As a result of the measures taken, UPRRP has enhanced significantly its financial operations and endowed its processes with a higher degree of internal control and synchronization for schedule compliance. Monitoring, training, and a more inclusive communication approach have been integrated as essential components. We feel confident that timeliness and accuracy are firmly engrained in the campus financial system to ensure continuous compliance with Requirement of Affiliation 11 and Standard VI. Periodic assessment will guide modifications ahead to increase efficiency.

As stated above, the Single Audit and Audited Financial Statement for fiscal year 2018 have been completed as required by MSCHE. Also, the 2018 audit reports were provided by Central Administration to the Commission, United States Department of Education, and other parties as required by regulation and/or law, evidence is included. At campus level a detailed calendar for closing the accounting cycle and enhanced financial processes that minimize potential tardiness are firmly in place. Furthermore, UPRRP has consistently responded effectively and on a timely basis to the requests of information from Central Administration and external auditors. Management at the System level has started and continued to process several initiatives that will assist and foster a continuous compliance financial reporting environment, thereby improving the overall efficiency and financial management of the University.

Consequently, we respectfully submit this Supplemental Report and sustain that the University of Puerto Rico, Rio Piedras Campus has acted in accordance with MSCHE expectations and complies with Standard VI of accreditation and Requirement of Affiliation 11.

Sincerely,



Luis A. Ferrao  
Acting Chancellor