



The University of Texas at El Paso
Office of Auditing and Consulting Services

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DATE: August 31, 2020
TO: Mark McGurk, Vice President for Business Affairs
FROM: Lori Wertz, Chief Audit Executive, Office of Auditing and Consulting Services
SUBJECT: Audit 20-200 Benefits Proportionality by Fund

Background:

Rider 8, page III-48, in the State of Texas General Appropriations Act (86th Legislature, Conference Committee Report) requires “Each institution of higher education, excluding Public Community/Junior Colleges, shall conduct an internal audit of benefits proportional by method of finance and submit a copy of the internal audit to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor’s Office no later than August 31, 2020. The audit must examine fiscal years (FY) 2017, 2018, and 2019, and must be conducted using a methodology approved by the State Auditor’s Office.”

Audit Objective:

The objective of this audit was to ensure that proportional benefits by fund are accurately calculated and applied according to the established guidelines set forth in Article IX, Section 6.08, of the General Appropriations Act (86th Legislature, Conference Committee Report).

Audit Scope and Methodology:

Fiscal Year (FY) 2017 was audited and reported on September 7, 2018; consequently, the scope of this year’s audit includes only FY 2018 and FY 2019. The audit procedures were designed to comply with the methodology prescribed by the State Auditor’s Office and included:

- Reviewing source information obtained from the internal accounting system and the State’s Uniform Statewide Accounting System;
- Reviewing the benefits proportionality reporting process;
- Validating the accuracy of information and proportional funding calculations reported to the State Comptroller on the APS 011 reports; and
- Testing a sample of employees to verify eligibility of employee benefits paid with appropriated funds.

Results:

A. Ineligible employees were paid from General Revenue

Observation:

In FY 2018 and FY 2019, the University paid eight and six ineligible employees, respectively, with General Revenue and no documentation was available to support this allocation. However, the salary expenses the University incurred for FY 2018 and FY 2019 exceeded the General Revenue appropriations.

Recommendation:

The University should develop, document, and implement a process to verify only eligible salary expenses are paid with General Revenue appropriations.

Conclusion:

Based on the results of audit procedures performed, Benefits Proportionality by Fund Reports (APS011) for FY 2018 and FY 2019, as submitted to the State Comptroller, were materially accurate.

We wish to thank the management and staff of General Accounting and Payroll Office for their assistance and cooperation provided throughout the audit.

cc: Dr. Heather Wilson, President
Ms. Andrea Cortinas, Chief of Staff
Ms. Joanne Richardson, Assistant Vice President, Budget and Personnel
Mr. Daniel Dominguez, Director of Accounting and Financial Reporting
Ms. Mary Solis, Chief Compliance and Ethics Officer
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