

MEMORANDUM

TO: Charles P. Mouton, MD, MS, MBA
Executive Vice President and Provost, and Dean, School of Medicine

FROM: Desolyn Foy, CPA, CIA, MHA
Vice President, Audit Services

DATE: August 31, 2021

SUBJECT: Faculty Compensation and Incentive Plan Administration Audit
Engagement Number 2021-017

Attached is the final audit report regarding the Faculty Compensation and Incentive Plan. This audit will be presented at the next Institutional Audit Committee meeting.

Thank you for your cooperation and assistance during the course of this review. If you have any questions or comments regarding the audit or the follow-up process, please feel free to contact me at (409) 747-3277.

Attachment:
Faculty Compensation Incentive Plan Audit Report

c: Dr. Ben Raimer, MD, MA, FAAP
Loren Skinner, MBA
Victor Moreno



The University of Texas Medical Branch
Audit Services

Audit Report

Faculty Compensation and Incentive Plan Audit

Engagement Number 2021-017

August 2021

The University of Texas Medical Branch
Audit Services
301 University Boulevard, Suite 4.100
Galveston, Texas 77555-0150

Faculty Compensation Incentive Plan Audit

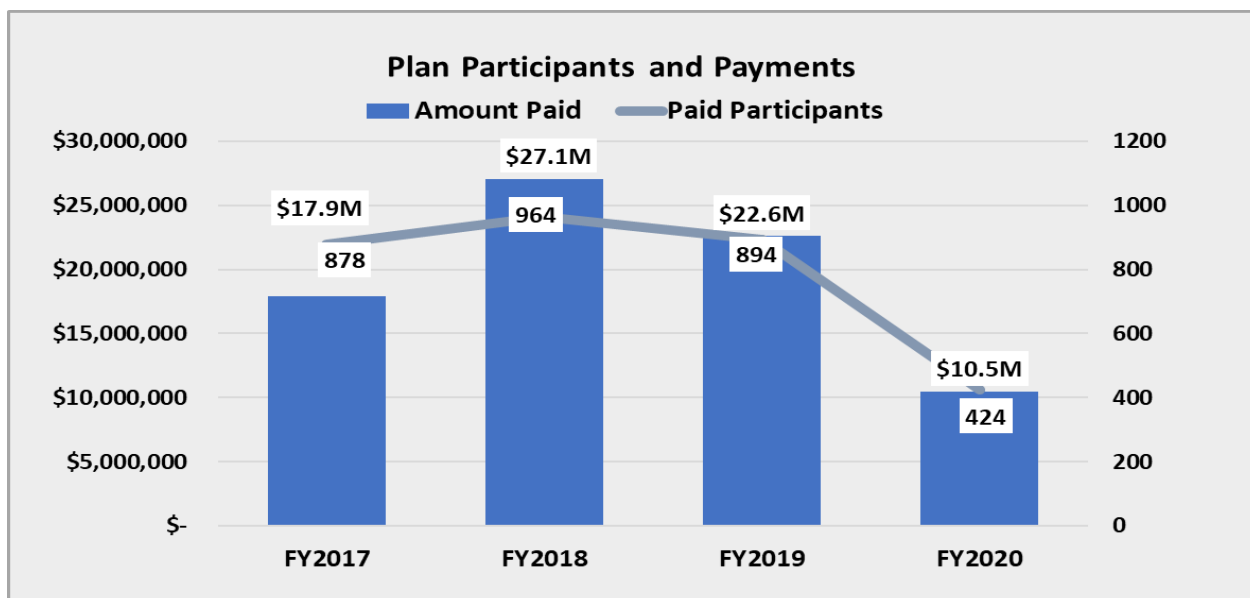
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Background

Faculty Compensation and Incentive Plan Overview

The University of Texas Medical Branch (UTMB) Faculty Compensation and Incentive Plan (Plan) was established in 2016. The Plan Administrator is UTMB’s President and the Provost is the designee. The Plan establishes incentive compensation to providers and groups in the Schools of Health Professions, Medicine and Nursing for mission-based work in clinical and educational settings and research productivity. The participants must meet eligibility requirements and sign the Memorandum of Appointment (MOA) which consists of the participant’s annual estimated faculty compensation and an acknowledgement of receipt of the Faculty Effort and Expectation Agreement (FEEA) setting forth required productivity and performance targets.

As illustrated in the table below, there was a 50% decrease in paid participants and payment amounts from FY19 to FY20. Contributing factors include a change in the total compensation package and the impact of the pandemic.



**This data does not include Community Based Clinic Providers.*

Incentive Payment Calculations

The Office of the Provost, Faculty Relations and Performance Services department, is responsible for maintaining participant agreements and administering the Plan. The Provost Operations Web Enterprise Resources application (POWER) is used to maintain compensation data for calculating the incentive payments based upon worked relative value units (wRVUs). The Manager reviews and approves the payment amounts prior to submitting to Payroll for processing in the PeopleSoft Human Capital Management module.

Faculty Compensation Incentive Plan Audit

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Objective, Scope and Methodology

Objective

The primary objective of this engagement was to determine whether internal controls were operating effectively and incentive compensation payments were in conformance with Plan provisions.

Scope of Work and Methodology

The audit scope focused on incentive payments earned during FY20. The work performed included interviews, process walkthroughs and data analytics. Specifically, we performed the following.

- Evaluated eligibility verification and incentive payment calculation processes and oversight controls for completeness and proper segregation of duties.
- Tested eligibility determinations confirm accuracy and alignment with the Plan.
- Tested 100% of the Plan participants' incentive payment calculations to confirm accuracy.

Results Summary

Current Year Audit Controls

Internal controls were adequate to ensure incentive compensation payments were accurate, complete and timely.

Prior Year Recommendation

Automation of the payment process for Community Based Clinic providers is currently in the testing phase with completion targeted for FY21 payments.

Conclusion

Internal controls were adequate and incentive compensation payments were in conformance with Plan provisions. Improvement opportunities exist for the Community Based Clinic provider payment process. We greatly appreciated the assistance from staff in the Provost Administration, Primary Care Services and Payroll departments.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.



Desolyn Foy, CPA, CIA, MHA
Vice President, Audit Services



Lisa H. Lee, CPA, CISA, CFE
Manager, Audit Services