December 8, 2016

Scott Wright, Ed.D.
Executive Director
Texas Medical & Dental Schools Application Service
The University of Texas System Administration
P.O. Box 2175
Austin, Texas 78768

Dear Dr. Wright:

We have completed our audit of the Joint Admission Medical Program (JAMP). Our engagement consisted of determining if JAMP’s financial statement fairly represented, on the cash basis, the revenues and expenses for the two fiscal year period ended August 31, 2016.

We conducted our engagement in accordance with The Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*.

We appreciate the assistance provided by the JAMP Office throughout the audit.

Sincerely,

[Signature]

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

cc: Raymond Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs
Jeff Rabek, Ph.D., JAMP Council Chair
Judianne Kellaway, M.D., JAMP Council Chair-Elect
The University of Texas System Administration
Joint Admission Medical Program Audit Report

For the Two Fiscal Years Ended August 31, 2016

December 2016

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 WEST SIXTH STREET, SUITE B.140E
AUSTIN, TX  78701
(512) 499-4390
BACKGROUND
The Joint Admission Medical Program (JAMP) was created by Senate Bill 940 of the 77th Texas Legislature in May 2001. JAMP’s purpose is to provide funding and services that support and encourage highly qualified, economically disadvantaged students to pursue a medical education. JAMP is governed by the JAMP Council (Council), which consists of representatives from each of the nine medical schools in Texas, and administratively managed by The University of Texas (UT) System Administration.

Biennially, the Texas Legislature provides state appropriations for JAMP to the Texas Higher Education Coordinating Board (THECB). THECB entered into an agreement with the Council to outline terms and conditions for the transfer of appropriated funds. The Council then entered into an agreement with UT System Administration to establish the terms and conditions for the use and distribution of the funds, and distribute funds to participating schools. Participating schools currently include 66 undergraduate institutions (32 public, 34 private), and the nine medical schools in Texas. The schools are required to return unused funds, currently on an annual rather than a biennial basis.

The agreement between THECB and the Council further states that the Council is required to provide THECB “not later than December 31 of each even-numbered year, a financial statement detailing Fiscal Year revenues and expenditures by purposes and amounts, along with an internal or independent auditor’s opinion.”

The 83rd Texas Legislature allocated approximately $10.2 million to JAMP in fiscal year (FY) 2016. This funding was primarily used by participating schools for program costs such as summer school programs, undergraduate scholarships, stipends, and other related costs. JAMP’s Statement of Revenues, Expenses, and Fund Balance (financial statement) for FYs 2015 and 2016 is included as Appendix B.

AUDIT OBJECTIVES
The audit objective was to determine the reliability and integrity of key financial information reported on the JAMP financial statement.

SCOPE & METHODOLOGY
The scope of this audit included activities in JAMP financial accounts from September 1, 2014 through August 31, 2016 (FYs 2015 and 2016).

Our audit procedures included the following:
- Agreeing the JAMP financial statement, reported on the cash basis, to the accounting system; and
- Testing a sample of revenue and expense transactions to determine whether amounts were properly authorized, accurately recorded, and had sufficient supporting documentation, and a sample of canceled/returned unused JAMP funds to determine
whether the funds were returned as expected, deposited timely, and properly recorded in the accounting system.

This audit was conducted in accordance with The Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing.*

**AUDIT RESULTS AND CONCLUSION**

Based on the audit procedures performed, JAMP’s financial statement (included in *Appendix B*) fairly represents, on the cash basis, the revenues and expenses for the period September 1, 2014 through August 31, 2016 (FYs 2015 and 2016). The audit opinion on the financial statement was issued separately to the JAMP Office, and is included herein as *Appendix A*.

Although no material misstatements were identified during the audit, opportunities for enhancement were identified and communicated verbally to department management to improve the efficiency, accuracy, and timeliness of entries in the accounting system and during financial statement preparation.

J. Michael Peppers, CPA, CIA, QIAL, CRMA  
Chief Audit Executive

Dyan Hudson, CIA, CISA, CFE, CRMA  
Director - Specialty Audit Services
Appendix A – Financial Statement Opinion Letter

December 8, 2016

Scott Wright, Ed.D.
Executive Director
Texas Medical & Dental Schools Application Service
The University of Texas System Administration
P.O. Box 2175
Austin, Texas 78768

Dear Dr. Wright:

The University of Texas (UT) System Audit Office has reviewed the Joint Admission Medical Program (JAMP) Statement of Revenues, Expenses, and Fund Balance (financial statement), prepared on the cash basis, for the two fiscal year period ended August 31, 2016.

Our engagement consisted of verifying that revenues and expenses were compiled and classified accurately in the financial statement. Our work relied on the accuracy of expenditure reports submitted by participating institutions, and did not include testing for appropriateness. Per their agreements with the JAMP Council, participating institutions were required to provide an auditor’s opinion on the appropriateness of their expenditures on a risk basis, as determined by your office.

In our opinion, the accompanying JAMP financial statement fairly represents, in all material respects, JAMP activity for the two fiscal year period ended August 31, 2016.

Our examination was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

We appreciate the assistance provided by you and your staff.

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

cc: Raymond Greenberg, M.D., Executive Vice Chancellor for Health Affairs
    Jeff Rabek, Ph.D., JAMP Council Chair
    Judianne Kellaway, M.D., JAMP Council Chair-Elect
Appendix B – JAMP Financial Statement

<table>
<thead>
<tr>
<th>JOINT ADMISSION MEDICAL PROGRAM</th>
<th>FINANCIAL REPORT</th>
<th>FISCAL YEARS 2015 and 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>FY 2015</td>
<td>FY 2016</td>
</tr>
<tr>
<td>BEGINNING BALANCE</td>
<td>$6,327,863</td>
<td>$917,447</td>
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<tr>
<td>INCOME</td>
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<tr>
<td>THECB PROGRAM DISTRIBUTION</td>
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<td>CANCELED/RETURNED FUNDS FROM PRIOR PERIOD *</td>
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<td>TOTAL FUNDS AVAILABLE</td>
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<td>EXPENSES</td>
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<tr>
<td>UNDERGRADUATE STUDENT SCHOLARSHIPS</td>
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<tr>
<td>MEDICAL SCHOOL SCHOLARSHIPS</td>
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<td>MEDICAL SCHOOL INTERVIEW STIPENDS</td>
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<td>MEDICAL SCHOOLS PROGRAM COSTS</td>
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<td>MEDICAL SCHOOLS SUMMER INTERNSHIP PROGRAM COSTS</td>
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<td>PRE-JAMP OUTREACH PROGRAM COSTS</td>
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<td>GRADUATE MEDICAL EDUCATION PROGRAM COSTS</td>
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<td>ADMINISTRATIVE COSTS</td>
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<td>ENDING BALANCE</td>
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<td>$6,063,134</td>
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</tbody>
</table>

* Please note the new income line item. This is a change in the presentation of the financial report from previous years in which canceled/returned funds from prior periods offset current year expenses. This does not change the ending balance.