January 16, 2015

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 Years Ended August 31, 2014.

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

We will follow up on the recommendation made in this report to determine its implementation status. This process will help to enhance accountability and ensure that audit recommendations are implemented in a timely manner.

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

Sincerely,

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

cc: Raymond Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs
    Wallace Gleason, M.D., JAMP Council Chair
The University of Texas System Administration
Joint Admission Medical Program Audit

For the Two Years Ended August 31, 2014

January 2015

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 W. 6th STREET, SUITE B.140E
AUSTIN, TEXAS 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. Participant schools currently include 67 undergraduate institutions (33 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, each even-number 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 million to JAMP in Fiscal Year (FY) 2014. This funding was primarily used by participating schools for program costs such as summer school programs, undergraduate scholarships, stipends, and other related costs. The JAMP Financial Statement for FYs 2013 and 2014 is included as Appendix B.

AUDIT OBJECTIVES
Audit objectives were to determine the reliability and integrity of key financial information reported on the JAMP financial statement.

SCOPE AND METHODOLOGY
The scope of this audit included activities in JAMP financial accounts from September 1, 2012, through August 31, 2014 (FYs 2013 and 2014).

Audit procedures included the following:
- Agreeing of JAMP’s Statement of Revenues, Expenses, and Fund Balance (financial statement), reported on the cash basis, to accounts in 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 returned unused JAMP funds to determine whether unused funds were returned as expected and recorded correctly.

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 as Appendix B) fairly represents, on the cash basis, the revenues and expenses for the period September 1, 2012 through August 31, 2014 (FYs 2013 and 2014). The audit opinion on the financial statement was issued to the JAMP Office on December 12, 2014, in order to be included in JAMP’s biennial program report submitted to THECB. The audit opinion letter is included herein as Appendix A.

During the audit, opportunities were identified and communicated verbally to department management to improve the efficiency, accuracy, and timeliness of the financial statement preparation process. In addition, we noted errors during testing of unused JAMP funds returned by the participant schools that related to the deposit process and proper recording of returned funds in the accounting system. Specifically,

- Four checks were not deposited timely in accordance with UT System Policy UTS166, *Cash Management and Cash Handling*, which requires payments to be deposited within one business day.
- Three returned funds were not recorded in the correct subaccount in *DEFINE*. In one of these instances, a portion of the returned funds from a participant school was not allocated to the correct subaccount.

These errors did not significantly impact the financial statement and had no net effect on the estimated fiscal year ending balances. However, improper recording of the transactions in the future may lead to misreporting on the financial statement.

**Recommendation:** The JAMP Office should establish procedures to closely monitor and reconcile its monthly activity for proper recording of transactions in the accounting system and compliance with applicable policies.

**Management Response:** The JAMP Office will implement the following to satisfy the recommendations of the audit performed for Fiscal Year 2014.

- In accordance with UT System Policy UTS166, *Cash Management and Cash Handling*, all checks of returned unspent funds will be deposited within one business day.
- All checks for returned funds will be clearly marked to indicate which Cost Center (formerly subaccount) the funds are to be deposited. The Deposit Cover Page sent to APS will indicate which cost center and the amount to be deposited.
- Photocopy of deposit cover page and check(s) will be placed in appropriate expenditure report notebook.
After each deposit, Cost Centers will be monitored to insure that returned funds are deposited in to the correct Cost Centers. In addition, each Cost Center will be reconciled monthly to insure that funds being distributed are disbursed from the correct Cost Center.

Implementation Date: January 12, 2015

Responsible Parties:
- Assistant Director, JAMP
- JAMP Administrative Staff
- Senior Administrative Associate, Texas Medical and Dental Application Service
December 12, 2014

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 a cash basis, for the two fiscal year period ended August 31, 2014.

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 accurately compiles, in all material respects, the JAMP activity reported by participating institutions, for the two fiscal year period ended August 31, 2014.

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: Francisco G. Cigarroa, M.D., Chancellor
    Raymond Greenberg, M.D., Executive Vice Chancellor for Health Affairs
    Wallace Gleason, M.D., JAMP Council Chair
## APPENDIX B

**JOINT ADMISSION MEDICAL PROGRAM**

**STATEMENT OF REVENUES, EXPENSES, AND FUND BALANCE (CASH BASIS)**

**TWO FISCAL YEAR PERIOD ENDED AUGUST 31, 2014**

<table>
<thead>
<tr>
<th>REVENUE</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>THECB PROGRAM DISTRIBUTION</td>
<td>$4,844,684</td>
<td>$10,206,794</td>
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<tr>
<td>TOTAL FUNDS AVAILABLE</td>
<td>$4,844,684</td>
<td>$10,874,815</td>
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<table>
<thead>
<tr>
<th>EXPENSES</th>
<th>FY 2013</th>
<th>FY 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>UNDERGRADUATE STUDENT SUMMER STIPENDS</td>
<td>$380,000</td>
<td>$288,000</td>
</tr>
<tr>
<td>UNDERGRADUATE STUDENT SCHOLARSHIPS</td>
<td>$320,000</td>
<td>$313,000</td>
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<tr>
<td>MEDICAL SCHOOL SCHOLARSHIPS</td>
<td>$710,000</td>
<td>$995,000</td>
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<tr>
<td>MEDICAL SCHOOL INTERVIEW STIPENDS</td>
<td>$155,000</td>
<td>$227,500</td>
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<tr>
<td>UNDERGRADUATE SCHOOLS PROGRAM COSTS</td>
<td>$417,352</td>
<td>$398,857</td>
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<td>MEDICAL SCHOOLS PROGRAM COSTS</td>
<td>$425,956</td>
<td>$466,553</td>
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<td>MEDICAL SCHOOLS SUMMER INTERNSHIP PROGRAM COSTS</td>
<td>$1,058,644</td>
<td>$1,106,922</td>
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<td>PRE-JAMP OUTREACH PROGRAM COSTS</td>
<td>$180,993</td>
<td>$154,157</td>
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<td>GRADUATE MEDICAL EDUCATION PROGRAM COSTS</td>
<td>$95,000</td>
<td>$132,500</td>
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<td>EVALUATION, ACCOUNTABILITY &amp; DEVELOPMENT</td>
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<td>$94,406</td>
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<td>ADMINISTRATIVE COSTS</td>
<td>$362,228</td>
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<td>TOTAL EXPENSES</td>
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<td>$4,546,951</td>
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<tr>
<td>ESTIMATED ENDING BALANCE</td>
<td>$668,021</td>
<td>$6,327,863</td>
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