




## MEMORANDUM

To: Kelly Davis  
Vice President for Business Affairs and Controller

From: Ken Schroeder   
Director, Office of Internal Audit

Date: November 26, 2014

Subject: Benefits Proportionality by Fund Audit

We have completed our audit of Benefits Proportionality by Fund for UT Arlington, as requested by Governor Rick Perry. Based on audit procedures performed, the *Benefits Proportionality by Fund Report* (APS 011) for appropriation year (AY) 2013, as submitted to the State Comptroller on November 19, 2013 and as revised and re-submitted on April 24, 2014, was materially accurate and appropriate proportional adjustments were made based upon APS 011 guidelines. The process in place to prepare the annual report is sufficient to ensure benefits funding proportionality is applied according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act.

The scope of our audit included benefits funding proportionality reporting for AY 2013. Risk of material error in reporting accuracy for years prior to AY 2013 was assessed based on audit results and determined to be low, thus additional testing of prior appropriation years was not performed.

Our audit methodology included review of source information obtained from the UT Arlington internal accounting system and the State's Uniform Statewide Accounting System (USAS). We relied upon work conducted in previous audits by our office, our external audit firm, and the Texas State Auditor's Office to gain assurance about the reliability of data in our internal accounting system and USAS. Based on that work, we determined that the information in these systems was sufficiently reliable for the purposes of this audit. In addition, we reviewed the benefits proportionality reporting process with relevant staff, validated the accuracy of information and proportional funding calculations reported to the State Comptroller on the *Benefits Proportionality by Fund Report* (APS 011), and tested to verify eligibility of employee benefits paid with appropriated funds. Sample size for testing was determined following guidance on internal control testing for compliance from the American Institute for Certified Public Accountants (AICPA). The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

**MEMORANDUM:** November 26, 2014  
**SUBJECT:** Benefits Proportionality by Fund Audit  
Page 2 of 2

Our audit of the Revised APS 011 form for AY 2013 resulted in no errors and UT Arlington Accounting Services Staff is commended for their due diligence in completing a self-assessment review.

We thank you and your staff for assistance during the audit. As always, should you have any questions, please contact me at x2-2018.

cc: Dr. Vistasp Karbhari -- President, UT Arlington  
Dr. Ronald L. Elsenbaumer -- Provost and Vice President for Academic Affairs, UT Arlington  
Mr. John Hall -- Vice President for Administration and Campus Operations, UT Arlington  
Ms. Stephanie Scott -- Associate Vice President, Business Affairs, UT Arlington  
Ms. Andrea Wright -- Executive Director, Accounting Services, UT Arlington  
Dr. Pedro Reyes -- Executive Vice Chancellor for Academic Affairs, UT System  
Mr. Randy Wallace -- Associate Vice Chancellor, Controller and Chief Budget Officer, UT System  
Mr. Alan Marks -- Assistant Vice Chancellor of Academic Affairs & Athletics Counsel, UT System  
Mr. J. Michael Peppers -- Chief Audit Executive, UT System  
Ms. Moshmee Kalamkar -- Audit Manager, UT System  
Mr. Ed Osner -- Legislative Budget Board  
Mr. Jonathan Hurst -- Governor's Office of Budget, Planning and Policy  
Internal Audit Coordinator, State Auditor's Office  
Mr. Ken Levine -- Sunset Advisory Commission