


**MEMORANDUM**

TO: David L. Callender, MD  
President, UTMB Health

William R. Elger, CPA  
Executive Vice President & Chief Business/Finance Officer

FROM: Kimberly K. Hagara, CPA, CIA, CISA   
Associate Vice President, Audit Services

DATE: October 31, 2012

SUBJECT: UT System Policy 142.1 Compliance Review  
Audit Control Number 2013-019

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In anticipation of the completion of the Annual Financial Certification Letter to UT System (UTS), Audit Services completed a review of fiscal year (FY) 2012 subcertification letters, select departmental account reconciliations and monitoring efforts to ensure compliance with UTS 142.1, *Policy on the Annual Financial Report*.

**Subcertification Letters**

Academic Enterprise, Health System Enterprise, and Institutional Support compiled lists of individuals responsible for completing and submitting FY 2012 subcertification letters. Audit Services compared the lists with subcertification letters submitted to entity leadership and determined all individuals responsible for completing subcertification letters had completed and submitted them within the expected timeframe. Additionally, Audit Services reviewed the lists for appropriateness and completeness noting no exceptions.

**Monitoring Plan for Segregation of Duties and Reconciliation of Accounts**

Annually, the Finance Department develops and executes a monitoring plan related to segregation of duties and account reconciliation. Audit Services reviewed the plan and interviewed the General Accounting Senior Financial Analyst responsible for monitoring departmental compliance with UTMB Health's *Financial Controls, Monthly Review and Reconciliation Policy*. During FY2012, 20 departments with a combined total of 41 accounts were monitored. Audit Services selected five monitored departments and reviewed all associated monitoring documentation. Our review indicated the FY 2012 monitoring activities were well documented.

Additionally, Audit Services noted one department has been non-responsive to corrective action. Although the monitor notified the direct supervisor, further escalation has not occurred. We recommended to Finance leadership they consider developing a formal escalation process to help facilitate timely resolution of identified issues.

**Departmental Account Reconciliations**

To ensure segregation of duties and adequate reconciliation processes for departments not monitored during the year, Audit Services selected 15 departments to determine if their respective accounts were reconciled monthly in accordance with UTMB Health's policy and if appropriate segregation of duties

were in place. Although not all of the departments used the methodology specified in the policy, 14 out of the 15 departments had documented their monthly reconciliations or review activities during FY 2012. The one department not documenting the monthly reconciliations or review activity is being addressed.

**Conclusion**

Based on Audit Services interviews and review of supporting documentation, UTMB Health generally appears in compliance with UTS 142.1.

c: Craig Ott