

UT SOUTHWESTERN
MEDICAL CENTER

Daniel K. Podolsky, M.D.
President
Philip O'Bryan Montgomery, Jr., M.D. Distinguished
Presidential Chair in Academic Administration

Professor of Internal Medicine
Doris and Bryan Wildenthal Distinguished
Chair in Medical Science

November 14, 2012

Kenneth Shine, M.D.
Executive Vice Chancellor for Health Affairs
The University of Texas System
601 Colorado Street
Austin, TX 78701

Enclosed for your information is a copy of the University of Texas Southwestern Medical Center Internal Audit Report 13:04 Joint Admission Medical Program.

I concur with the auditors' recommendation. This audit resulted in no findings of noncompliance with the JAMP Agreement or JAMP Expenditure Guidelines. One recommendation has been implemented.

Sincerely,

Daniel K. Podolsky, M.D.

Enclosure

cc: Arnim E. Dontes
J. Michael Peppers
Eva Narten

The University of Texas Southwestern Medical Center

**Internal Audit Report 13:04
Joint Admission Medical Program**



November 14, 2012

Office of Internal Audit
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**The University of Texas Southwestern Medical Center
Internal Audit Report 13:04
Joint Admission Medical Program
FY 2012**

AUDIT REPORT

November 14, 2012

Daniel K. Podolsky, M.D., President
The University of Texas Southwestern Medical Center
5323 Harry Hines Boulevard, MC 9002
Dallas, Texas 75390-9002

Dear Dr. Podolsky:

The University of Texas Southwestern Medical Center (Medical Center) Office of Internal Audit has completed its Joint Admission Medical Program (JAMP) audit as detailed below.

Executive Summary

Our audit focused on compliance with the JAMP Agreement requirements and JAMP Expenditure Guidelines for fiscal years 2011 and 2012. The audit found expenditures were appropriate and were used to promote the objectives of the program. There were no findings of noncompliance with the JAMP Agreement or JAMP Expenditure Guidelines. One recommendation to improve supporting documentation for on-line check requests related to vendor payments has been implemented.

Background

JAMP represents a special program established by the Texas Legislature to encourage and support highly qualified, economically disadvantaged students pursuing a medical education. Funded through the Texas Higher Education Coordinating Board, JAMP forms a unique partnership with all nine Texas medical schools and sixty-five public and private four-year undergraduate institutions. The JAMP program is accomplished through the JAMP Council and leadership structure comprised of Admissions and Student Affairs deans and faculty members from Texas participating schools. The JAMP Council duties are to establish a process for recruiting, evaluating and admitting eligible undergraduate students, monitor the program implementation and assist in developing supporting services to encourage the pursuit of a medical education by participating students. The JAMP Council is responsible for matching participating students to summer internship and required mentoring programs, applying, matching and enrolling students to a participating medical school. The JAMP Council further awards scholarships and summer stipends to participating students or non-traditional students, enters into agreements with the parties, and implements the program. Since 2001, JAMP has been helping Texas students become tomorrow's medical professionals by providing:

- Support through undergraduate and graduate scholarships and summer stipends

- Mentoring and personal assistance to prepare for medical school
- Hands-on experience through summer internships
- Guaranteed admission to a Texas medical school if all requirements are met

Audit Objectives

The JAMP Agreement with individual institutions requires an Internal or Independent Auditor's opinion on the appropriateness of the expenditures for the JAMP program every even year for the prior two fiscal years. In June 2011, the JAMP Council changed the process by which audits are performed at the medical and undergraduate institutions. The JAMP administrative office was asked to coordinate with the University of Texas (UT) System auditors to develop a subset of institutions subject to audits for each two-year cycle. The Medical Center was selected to submit an audit report for fiscal year 2012. The audit objective is to provide assurance that the Medical Center is in compliance with JAMP policies and procedures as well as with laws and regulations that could have a significant impact on operations and reports.

Scope and Methodology

The audit is a JAMP required biennial audit covering program expenditures and activity for the period of September 1, 2010 through August 31, 2012. To achieve our objectives, we reviewed JAMP guidelines, conducted interviews with program and support function personnel, and tested related expenditures.

This audit is an externally required audit from the fiscal year 2013 audit plan. Our examination was conducted according to guidelines set forth by the UT System policy UTS129 "Internal Audit Activities", the Regents' Rules and Regulations, and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

AUDIT RESULTS/RECOMMENDATIONS

The audit determined there was overall compliance with JAMP medical school expenditure guidelines and institutional policies and procedures for fiscal years 2011 and 2012. Audit results are detailed as follows.

1. Supporting Documentation

Our test of selected JAMP expenditure items overall confirmed reasonableness, appropriateness, compliance and proper supporting documentation. For one payment, the hotel correspondence showing agreement to a pricing change was not included as support for the on-line check request. The support was obtained upon inquiry during the audit. The payment was a \$34,509 accounts payable check for fiscal year 2011 summer program student housing accommodation. This payment was for a revised amount covering hotel room expenses and banquet charges for 17 student interns. The initial contract agreement had called for \$55,875 for 30 participants. The Office of Student Alumni and Affairs did confirm with Accounting and Contracts Management that a formal contract change was not needed. The revised approved payment corresponded with the room charges and services rendered. JAMP Medical School Expenditure Guidelines specify that the expenditure

of JAMP funds must provide direct support to the JAMP Program and/or JAMP participants and Pre-JAMP participants as defined by the "Agreement" between the JAMP Council and the Medical School. The expenditures must be reasonable, appropriate, comply with the institutional guidelines for the use of state funds, and should have supporting documentation to provide justification and accountability of funds expended.

Recommendation

We recommend that documentation showing vendor agreement to pricing changes be included as part of the support for check requests to ensure adequate explanation and compliance.

Management Response

Agree. This recommendation has been implemented and will be followed.

Implementation Status:	Implemented
Target Implementation Date:	October 31, 2012

Responsible Personnel:
Associate Director of Admissions, Office of Vice President of Student and Alumni Affairs

2. Testing of Compliance

We tested selected transactions to determine compliance with the related JAMP guidelines.

a. Revenues

We reviewed award amounts received over the fiscal years 2011 and 2012 to determine that the receipts were logged in a timely fashion. No exceptions were noted.

b. Expenditures

JAMP medical school expenditure guidelines specify that expenditures must be utilized for direct support for enrichment programs and support services for JAMP participants, including internship programs, implementing or expanding the school's mentoring programs, and recruitment of JAMP applicants.

- i. We reviewed payroll expenditures associated with the JAMP sub-ledger account to determine that persons paid from the account were allocated the appropriate amount based on approved correspondence, certification and system payroll allocation. No exceptions were noted.
- ii. We selected a sample of travel expenditures and performed testing to determine relevance, appropriateness and enhancement to the JAMP program and that they pertained to in-state travel only. No exceptions were noted.

iii. We sampled general expenditures and tested for appropriateness, proper approval, account coding, and adequate supporting documentation. We had one recommendation for retaining complete documentation to support check request payments involving vendor agreed pricing changes and/or revisions. This recommendation has been implemented.

c. Equipment

We verified the existence of all equipment purchased through the JAMP sub-ledger account during the last two fiscal years and determined the equipment is for the direct benefit of the JAMP or used by JAMP participants for program purposes. No exceptions were noted.

3. Reporting

We reviewed procedures to determine if the JAMP certified expenditure reports by the Medical Center for fiscal years 2011 and 2012 were prepared timely and appropriately. In order to properly classify expenditures, the Office of Post Awards reviews the classification and explanation for all JAMP expenditures before preparing the required financial reports. We found the expenditure reports were appropriately prepared by distribution type (administrative, summer program or outreach initiative) and dated prior to the reporting deadline established by the JAMP Council. We also found that these financial reports were certified by the JAMP Council Member representing the Medical Center and the Director of Post Awards as required by the JAMP program.

Conclusion

Overall, the audit found that the Medical Center complies with JAMP program guidelines set by the JAMP Council and that expenditures were appropriate for fiscal years 2011 and 2012. One recommendation to improve supporting documentation for processing check requests has been implemented. Our Internal Auditor's opinion letter has been submitted to the JAMP Council in the requested format and timeframe. We appreciate the courtesy and cooperation of all Medical Center Admissions Office personnel.

Van Nguyen, CPA
Jarrett Cocharo, CPA

- Supervisor of Internal Audit
- Internal Auditor II

250 Audit Hours Expended

Sincerely,

Eva Narten, CPA, CIA, CISA
Assistant Director of Internal Audit

Cc: Arnim E. Dontes, MBA, Executive Vice President for Business Affairs
James Richardson, D.V.M., Ph.D., Professor of Pathology & Molecular Biology,
UT Southwestern JAMP Faculty Director
Wes Norred, Vice President of Office of Student and Alumni Affairs
Anne McLane, Associate Director of Admissions
Don Mele, Director of Office of Post Awards
Pricewaterhouse Coopers LLP by Debbie McKibben, Internal Audit Services