The University of Texas at Tyler

Benefits Proportional by Fund Audit

August 2018
BACKGROUND
The General Appropriations Act (85th Legislature), Rider 8, requires each higher education institution to conduct an internal audit of benefits proportional by fund for fiscal years (FY) 2015 through 2017. This audit was included in the University of Texas at Tyler (UT Tyler) FY 2018 Annual Audit Plan and approved by the Institutional Audit Committee.

AUDIT OBJECTIVE
The objectives of this audit are to:
- verify UT Tyler had a sufficient process in place to prepare the annual reports to ensure benefits funding proportionality was applied according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act, and
- review the Benefits Proportional by Fund Reports (APS 011) for FY 2015 through 2017 and verify the accuracy.

STANDARDS
The audit was conducted in accordance with guidelines set forth in The Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Sample size for testing was determined following guidance on internal control testing for compliance from the American Institute for Certified Public Accountants (AICPA).

SCOPE AND METHODOLOGY
Our audit procedures were consistent with the methodology prescribed by the State Auditor’s Office to comply with Rider 8, and included the following:
- review of source information obtained from the internal accounting system and the State’s Uniform Statewide Accounting System (USAS),
- review of the benefits proportionality reporting process,
- validation of the accuracy of information and proportional funding calculations reported to the State Comptroller on the APS 011 reports, and
- testing to verify eligibility of employee benefits paid with appropriated funds.

In addition, 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 the internal accounting system and USAS.

AUDIT RESULTS
According to The University of Texas System Audit Office, “A Priority Finding is defined as an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole. Non-Priority Findings are ranked as High, Medium, or Low, with the level of significance based on an assessment of applicable Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated.”
Finding Level Legend

<table>
<thead>
<tr>
<th>Priority</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>High</strong></td>
<td>A finding that is considered to have a medium to high probability of adverse effects to UT Tyler as a whole or to a significant college or department.</td>
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<tr>
<td><strong>Medium</strong></td>
<td>A finding that is considered to have a low to medium probability of adverse effects to UT Tyler as a whole or to a college or department.</td>
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<td><strong>Low</strong></td>
<td>A finding that is considered to have a minimal probability of adverse effects to UT Tyler as a whole or to a college or department.</td>
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This audit resulted in no findings.

Based on audit procedures performed, which were provided by The University of Texas System (UT System) Audit Office, the Benefits Proportional by Fund Reports (APS 011) for FY 2015 through 2017 were materially accurate and no reimbursement is due. The process in place to prepare the annual reports is sufficient to ensure benefits funding proportionality was applied according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act.

**CONCLUSION**

Based on our review, we found AY 2015 through 2017 APS 011 reports to be fairly stated. Opportunities for process improvements and procedure efficiencies have been discussed with management.

We appreciate the assistance of the UT System Audit Office and the UT Tyler Financial Reporting Office during this audit. We commend the Financial Reporting team for their diligent attention to the Benefits Proportional by Fund requirements.