



# UTHealth

The University of Texas  
Health Science Center at Tyler

*Office of Internal Audit*

August 11, 2020

Dr. Kirk A. Calhoun, President  
UT Health Science Center at Tyler  
11937 U. S. Hwy 271  
Tyler, TX 75708

Dr. Calhoun,

We have completed the Benefits Proportionality Audit that was part of our Fiscal Year (FY) 2020 Audit Plan as a required audit. The objective of this audit was to ensure that benefits proportional by fund are accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28, the General Appropriations Act (86<sup>th</sup> Legislature, Conference Committee Report). The scope of the audit was FY 2018 and FY 2019.

This audit was conducted in accordance with guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. We appreciate the assistance provided by everyone we worked with on this audit and hope the information presented in our report is helpful.

Sincerely,

Stephen Ford  
AVP, Chief Audit Executive

Enclosure

cc:

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## **Benefits Proportionality Audit**

**August 11, 2020**

**UT HEALTH SCIENCE CENTER AT TYLER  
OFFICE OF INTERNAL AUDIT  
11937 US HIGHWAY 271  
TYLER, TX 75708**

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**Report**

***Background***

Rider 8, page III-48, in the State of Texas General Appropriations Act (86<sup>th</sup> Legislature, Conference Committee Report) requires “Each institution of higher education, excluding Public Community/Junior Colleges, shall conduct an internal audit of benefits proportional by method of finance and submit a copy of the internal audit to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor’s Office no later than August 31, 2020. The audit must examine fiscal years (FY) 2017, 2018, and 2019, and must be conducted using a methodology approved by the State Auditor’s Office.”

This area has been previously audited, which includes Audit #14-17, Benefits Paid Proportional by Fund, Audit #16-10, Benefits Paid Proportional by Fund, and Audit #18-M, Audit of Benefits Paid Proportional by Fund. Audit #14-17 was completed as part of the FY 2014 Audit Plan as a special request from the Governor, Rick Perry. The scope of this audit included FY 2013 as requested by the Governor. Audit #16-10 was completed as part of the FY 2016 Audit Plan and was required by Rider 8, page III-39, of the State of Texas General Appropriations Act (84<sup>th</sup> Legislature, Conference Committee Report). This rider required that the audit examine FY 2012 through 2014. Since FY 2013 had already been reviewed in the previous audit, the scope for Audit #16-10 included only FY 2012 and 2014. Audit #18-M was completed as part of the FY 2018 Audit Plan and was required by Rider 8, page III-44, of the State of Texas General Appropriations Act (85<sup>th</sup> Legislature, Conference Committee Report). This rider required that the audit examine FY 2015 through 2017. Since FY 2017 had already been reviewed in the previous audit, the scope for this year’s audit included only FY 2018 and FY 2019.

***Objective***

The objective of this audit was to ensure that benefits proportional by fund were accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28, of the State of Texas General Appropriations Act (86<sup>th</sup> Legislature, Conference Committee Report).

***Scope and Methodology***

The scope of the audit included FY 2018 and FY 2019.

Our audit procedures were consistent with the methodology prescribed by the State Auditor’s Office to comply with Rider 8, and included the following:

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- Reviewed source information obtained from the internal accounting system and the State's Uniform Statewide Accounting System;
- Reviewed the benefits proportionality reporting process;
- Validated the accuracy of information and proportional funding calculations reported to the State Comptroller on the APS 011 reports; and
- Tested a sample of employees to verify eligibility of employee benefits paid with appropriated funds.

The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*.

***Conclusion***

Based on our audit procedures performed, the Institution's benefits proportional by fund, as submitted in the annual APS 011 reports for FY 2018 and FY 2019, were accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28, of the State of Texas General Appropriations Act (86th Legislature, Conference Committee Report).



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Stephen Ford  
AVP, Chief Audit Executive