



July 21, 2020

Cheryl A. Sadro, CPA
Chief Financial Officer
301 University Boulevard
Administration Building, Suite 6.206
Galveston, TX 77555

Dear Ms. Sadro,

Audit of Benefits Proportionality by Fund 2017 - 2019, Engagement Ref. 2020-027

We have completed our audit of Benefits Proportionality by Fund for The University of Texas Medical Branch at Galveston (UTMB Health), as required by Rider 8, page III-46, of the General Appropriations Act (86th Legislature, Conference Committee Report). The Rider requires that this audit examine appropriation years 2017 through 2019, and states that a copy of this report must be submitted to the Legislative Budget Board, the Comptroller of Public Accounts, and the State Auditor's Office no later than August 31, 2020.

We audited FY17 data in our prior Benefits Proportionality audit completed in May 2018, reporting that appropriation years 2017 *Benefits Proportionality by Fund Reports* (APS 011) appeared materially accurate and no reimbursement was due. Additional audit procedures have been performed this year for appropriation years 2018 and 2019. Similarly, we found the *Benefits Proportionality by Fund Reports* (APS 011), as submitted to the State Comptroller, appeared materially accurate with no reimbursement due.

The opinion expressed above is based on the consistent application of rules and practices as applied to all UTMB Health's *Benefits Proportionality by Fund Reports* (APS 011) over recent years. However, such opinion remains subject to an ongoing assessment by the Comptroller's Office, this causes the FY18 and FY19 submissions to remain pending finalization at the date of this audit report.

Our audit procedures were consistent with the methodology prescribed by the State Auditor's Office to comply with Rider 8, and included 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, sample testing to verify eligibility of employee benefits paid with appropriated funds. Additionally, 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.

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*.



We greatly appreciate the assistance provided by the Office of Finance during this engagement.

Sincerely,

A handwritten signature in blue ink that reads "Mark Stacey". The signature is written in a cursive style and is positioned above the printed name.

Mark E. Stacey, FCA, CIA, CISA
Interim Vice President, Audit Services, UTMB Health

cc: Ben G. Raimer, MD, Interim President, UTMB Health
C. Aaron LeMay, Vice President Financial Accounting and Reporting, UTMB Health
J. Michael Peppers, Chief Audit Executive, UT System
Veronica Hinojosa Segura, Associate Vice Chancellor/Controller, UT System