



Benefits Proportionality by Fund

Audit Report No. R2208 | *July 11, 2022*



Executive Summary

Audit Objective

The objective of our audit was to ensure that proportional employee benefits by fund are accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28 of the General Appropriations Act (87th Legislature) for fiscal years 2020 and 2021.

Observations

There were no observations resulting from this audit.

Overall Conclusion

Based on the audit procedures performed, the proportional employee benefits by fund for appropriation years 2020 through 2021, as submitted to the State Comptroller's Office via the APS 011 reports, were accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28 of the General Appropriations Act (87th Legislature) for fiscal years 2020 and 2021.

*For details about the audit, methodology and report distribution,
please see Appendices A and B, respectively, in the attached report.*



Appendix A: Information Related to the Audit

Background

Rider 8, page III-48 of the General Appropriations Act (87th Legislature)¹ requires each higher education institution, excluding public community/junior colleges, to conduct an internal audit of benefits proportionality. The audit must examine fiscal years 2019 through 2021 and be conducted using methodology approved by the State Auditor's Office². Appropriation year 2019 was audited and reported on in the previous benefits proportionality audit: [Benefits Proportionality R2017](#).

The Accounting and Financial Reporting team, within the Office of Budget and Finance, are responsible for the process to ensure benefits are proportional by fund.

Objective

The objective of our audit was to ensure that proportional employee benefits by fund are accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28 of the General Appropriations Act (87th Legislature) for fiscal years 2020 and 2021.

Scope

The scope of the audit was fiscal year 2020 and 2021. Fieldwork began in April 2022, and the audit concluded on June 21, 2022.

¹ https://www.lbb.texas.gov/Documents/GAA/General_Appropriations_Act_2020_2021.pdf

² <https://sao.texas.gov/InternalAudit/#benefits>



Methodology

In addition to the methodology approved by the State Auditor’s Office, the audit was conducted in conformance with the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with generally accepted government auditing standards (GAGAS). Both standards are required by the Texas Internal Auditing Act, and they require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. The Office of Audit and Consulting Services is independent per both standards for internal auditors.

Our audit methodology included interviews, observations of processes, reviews of documentation, and testing. The following table outlines our audit procedures and overall controls assessment for each of the audit area objectives performed.

Audit Area	Methodology
USAS Transactional Review and Reconciliations	Reviewed reconciliations between UTD’s accounting system (PeopleSoft) and the Uniform Statewide Accounting System (USAS) for completeness and accuracy
APS 11 Reporting	Reviewed the reporting process and validated the accuracy of the reported amounts
Eligibility	Tested a sample of employees to verify eligibility of employee benefits paid with appropriated funds



Appendix B: Report Submission and Distribution

We thank the Office of Budget and Finance management and staff for their support, courtesy, and cooperation provided throughout this audit.

Respectfully Submitted,

Toni Stephens, CPA, CIA, CRMA, Chief Audit Executive

Distribution List

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External Parties

- The University of Texas System Audit Office
- Legislative Budget Board
- Governor's Office
- State Auditor's Office
- Comptroller's Office

Engagement Team

Project Leader: Ms. Caitlin Cummins, Internal Auditor III