



Office of Internal Audit

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November 11, 2016

Dr. Richard Benson, President,
Ms. Lisa Choate, Chair of the Institutional Audit Committee:

We have completed an audit of the [Joint Admission Medical Program](#) (JAMP) for fiscal year 2016, as part of our fiscal year 2017 Audit Plan, and the detailed report is attached for your review. The objective of this audit was to provide assurance that UT Dallas is in compliance with policies, procedures, laws, and regulations that could have a significant impact on operations and reports, as required by the JAMP Council Agreement. We followed the audit procedures and report format prescribed by the JAMP.

Overall, we found that UT Dallas generally complies with JAMP agreement requirements, but controls over expenditures and the budgeting process can be improved as outlined in the attached report.

Management has reviewed the recommendation and has provided responses and anticipated implementation dates. Though management is responsible for implementing the course of action outlined in the response, we will follow up on the status of implementation subsequent to the anticipated implementation dates. We appreciate the courtesies and considerations extended to us during our engagement. Please let me know if you have any questions or comments regarding this audit.

Toni Stephens
Institutional Chief Audit Executive

UT Dallas Responsible Parties:

Dr. Andrew Blanchard, Dean of Undergraduate Education
Dr. Karen de Olivares, Director of Undergraduate Education

Members of the UT Dallas Institutional Audit Committee:

External Members:
Mr. Bill Keffler
Mr. Ed Montgomery
Ms. Julie Knecht
Dr. Hobson Wildenthal, Executive Vice President and Provost
Dr. Calvin Jamison, Vice President for Administration
Mr. Terry Pankratz, Vice President for Budget and Finance
Mr. Brian Dourty, Interim Vice President and Chief Information Officer
Dr. Bruce Gnade, Vice President for Research
Dr. George Fair, Vice President for Diversity and Community Engagement; Compliance Officer
Dr. Gene Fitch, Vice President for Student Affairs
Dr. Inga Musselman, Senior Vice Provost
Mr. Timothy Shaw, University Attorney

The University of Texas System:

Dr. J. Scott Wright, Executive Director, Joint Admission Medical Program
Mr. Paul Hermesmeier, Director, Joint Admission Medical Program
System Audit Office

State of Texas Agencies:

Legislative Budget Board
Governor's Office
State Auditor's Office
Sunset Advisory Commission

Executive Summary

Audit Objective and Scope:

The objective of this audit was to provide assurance that UT Dallas is in compliance with policies, procedures, laws, and regulations that could have a significant impact on operations and reports, as required by the JAMP Council Agreement.¹

The audit included financial activity for the period from September 1, 2015 to August 31, 2016.

Conclusion:

Overall, we found that UT Dallas generally complies with JAMP agreement requirements, but controls over expenditures and the budget process can be improved. The expenditure report for FY 2016 appears to be materially accurate.

The following is a summary of the audit recommendations by risk level:

Recommendation	Risk Level	Estimated Implementation Date
<i>Improve Controls over Expenditures</i>	Medium	December 1, 2016
<i>Improve Budgeting Process</i>	Medium	November 1, 2016
Responsible Vice President: Dr. Wildenthal, Executive Vice President and Provost	Responsible Parties: <ul style="list-style-type: none"> • Dr. Andrew Blanchard, Dean of Undergraduate Education • Dr. Karen de Olivares, UT Dallas JAMP Faculty Director 	
Staff Assigned to Audit: Robert M. Hopkins, CFE, Senior Auditor, Project Leader		

¹ <http://www.texasjamp.org/Forms/JAMP%20UG%20Expenditure%20Guidelines%206-18-2013.pdf>

Table of Contents

Background	4
Audit Objective	4
Scope and Methodology.....	5
Conclusion	5
Audit Results and Management’s Responses.....	6

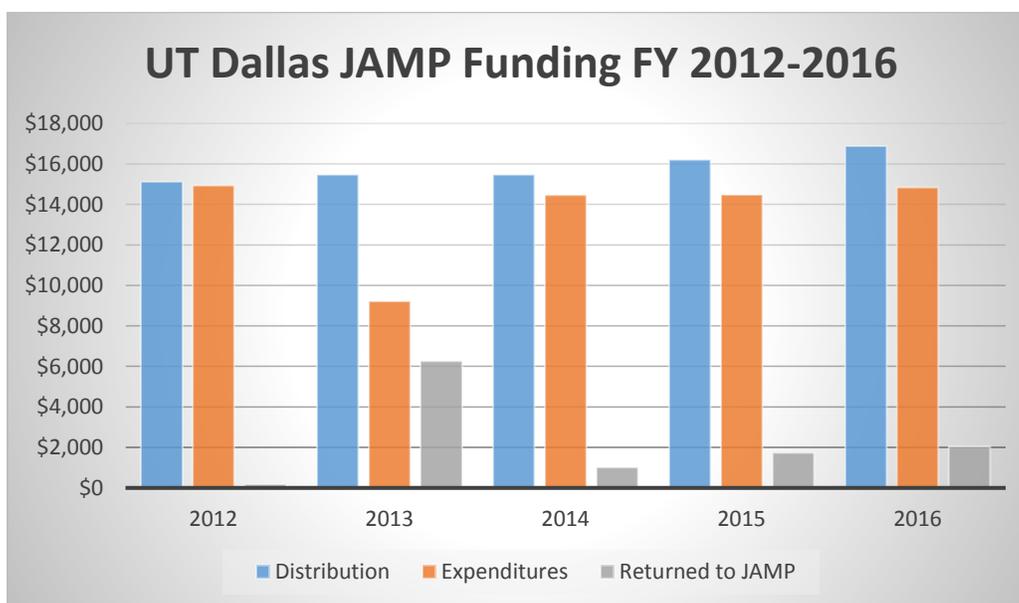
Appendices

1. JAMP FY 2016 Expenditure Report	10
2. Priority Findings and Risk Matrix.....	11
3. Status of Prior Audit Recommendations	12

Background

The Joint Admission Medical Program (JAMP) was created by Senate Bill 940 of the 77th Texas Legislature in May 2001 to provide funding and services that support and encourage highly qualified, economically disadvantaged students to pursue a medical education. The program is funded through the Texas Higher Education Coordinating Board and administratively managed by the The University of Texas System Administration. It is a partnership between nine Texas medical schools and 67 public and private four-year undergraduate institutions.²

The UT Dallas program is part of the Dean of Undergraduate Education's Health Profession Advising Center. The Center, that includes JAMP, provides pre-health advising to students preparing for health professions and is led by The Director of Undergraduate Education. Noncompliance with JAMP guidelines and JAMP Expenditure Guidelines increases the potential risk for decreased funding or the cessation of future funding to UT Dallas.



Audit Objective

The objective of this audit was to provide assurance that UT Dallas is in compliance with policies, procedures, laws, and regulations that could have a significant impact on operations and reports, as required by the JAMP Council Agreement.³

² <https://www.texasjamp.org/whoware/homepage.htm>

³ <http://www.texasjamp.org/Forms/JAMP%20UG%20Expenditure%20Guidelines%206-18-2013.pdf>

Scope and Methodology

The audit included financial activity for the period from September 1, 2015 to August 31, 2016.

We followed the audit procedures recommended by the JAMP Council by:

- Gaining an understanding of the JAMP Council Agreement and expenditure guidelines.
- Interviewing persons responsible for compliance and monitoring to ensure that an appropriate system has been established to ensure proper authorization and compliance.
- Reviewing and testing the 2016 Expenditure Report (See Appendix 1) to determine if:
 - ✓ Revenues were accurately recorded in a timely manner.
 - ✓ Expenditures tested were compliant with the UT JAMP Guidelines and UT Dallas policies and were properly approved, recorded, and contained adequate supporting documentation.
 - ✓ The Expenditure Report accurately reflected all transactions, any differences between budgeted and actual expenditures were properly approved, and unexpended funds have been returned as required.

Conclusion

Overall, we found that UT Dallas generally complies with JAMP agreement requirements, but controls over expenditures and the budget process can be improved. The expenditure report for FY 2016 appears to be materially accurate.

We appreciate the courtesy and cooperation received from the staff in the Office of Undergraduate Education, Sponsored Programs Accounting, and Office of Sponsored Projects during this audit.

Audit Results and Management’s Responses

Priority Findings – UT System: A UT System priority finding is defined by the UT System Audit Office 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.” We have **no UT System Priority Findings** resulting from this audit.

Risk Level	Observation	Risk/Effect	Recommendation	Management’s Action Plan
<p>Medium</p>	<p>1. <u>Improve Controls over Expenditures</u> We tested a sample of expenses and noted the following:</p> <p>a. Additional payments totaling \$4,000 were disbursed to three individuals within the department who worked on JAMP during the fiscal year, but their salaries were not paid from JAMP funds. One was made in April, and the other two were made in August of 2016. These supplemental payments were for excellent work performed.</p> <p>The JAMP budget did contain \$4,000 for salaries. These expenditures were not for salaries and instead one-time supplemental/additional payments which are not subject to time and effort reporting. The Expenditure Guidelines state, “JAMP funds used for salaries must be proportionate to the percent of time dedicated to the direct support of the program and or providing a direct benefit to the JAMP participant. Documentation of time and effort should be in accordance with institutional requirements.” Because these payments cannot be tied directly through time and effort for the JAMP program, they should be separately budgeted and approved by JAMP as supplemental pay rather than for salaries.</p>	<p>a. Since no record of time is being documented, we were unable to determine if the funds used are proportionate to the percent of time dedicated to the JAMP program. These payments appear to be rewards or bonuses, rather than regular salary payments for time worked on JAMP.</p>	<p>Controls over expenses should be improved to ensure the correct accounting and budgeting for salary payments and equipment purchases on the annual expenditure report, compliance with travel policies, adequacy of supporting documentation, and compliance with state sales taxes on purchases.</p>	<p>Management’s Response and Action Plan:</p> <p>a. Practices in place during prior years were followed to recognize the extra time devoted to JAMP recruitment, advising and meetings. Beginning now, compensation will be tied to tasks performed time allotted to the task documented.</p>

Risk Level	Observation	Risk/Effect	Recommendation	Management's Action Plan
<p style="background-color: yellow; margin: 0; padding: 5px;">High</p>	<p>b. An authorized One Card Cardholder charged travel expenses for another employee, totaling \$276.88, to their One Card for a conference that they both attended. The One Card Program User Guide states, "Each traveler is responsible for their own travel and related expenditures. You cannot cover travel expenses of another UT Dallas employee (Unless given authorization from Procurement Management)." We did verify that the employee did not claim a reimbursement for the \$276.88 paid on the other employee's travel card.</p>	<p>b. The risk of error or potential fraud is increased. There is a potential for the employee to obtain reimbursement for travel that had already been charged to another employee's One Card.</p>		<p>b. The One Card replaced the travel card. My understanding is that the One Card is a department card rather than the card of a single employee, the HPAC Director. Travel Authorization forms were submitted, the Director was in possession of the card and directly paid the charge, and expenses charged were reviewed by the Director and the OUE Financial Officer. In the future, however, we will clarify the procedure and obtain authorization from Procurement as directed.</p>
	<p>c. Supporting documentation existed for all transactions that were tested, but we noted two instances that did not have complete documentation. The JAMP Expenditure Guidelines state that "<i>all expenditures must have appropriate supporting documentation to provide justification and accountability of funds expended.</i>"</p>	<p>c. Failure to maintain complete and accurate records increases the risk of improper use of funds and loss of funding for UT Dallas.</p>		<p>c. The transactions do not appear to be specified, thus limiting a response; however, I will be extra vigilant to ensure supporting documentation exists for all transactions. Ms. Luong, however, made inquiries and my understanding is that documentation has been provided showing the charges were related to expenses on JAMP interview day at UT Southwestern, and that travel forms were filled out and kept on file.</p>

Risk Level	Observation	Risk/Effect	Recommendation	Management's Action Plan
High	<p>d. During our testing, we noted three separate transactions where sales tax was charged to JAMP funds. Total sales tax paid was \$36.26 for these three transactions.</p>	<p>d. UT Dallas is exempt from paying sales tax. Since this JAMP account is a State Funded Account, charging sales tax is prohibited.</p>		<p>d. Appropriate measures will be implemented so that Texas State sales tax is not charged to the JAMP grant. Ms. Luong investigated and tax will be refunded by the provider. We will follow procedures to return it to the JAMP office once funds are received.</p>
	<p>e. All of the expenditures we tested were properly coded and matched up to categories included on the expenditure report. However, after the expenditure report for FY 2016 was distributed, a revision to the report was requested by the JAMP Faculty Director to move the textbook purchases to "Equipment" rather than to "Maintenance and Operating" (M&O). The approved budget for FY 2016 lists textbook, resource room charts and models as equipment.</p>	<p>e. UT Dallas accounting systems classify textbooks as maintenance and operating (M&O) and not as equipment. As a result of the revision, the expenditure reports will not agree to UT Dallas Accounting Records.</p>		<p>e. Textbooks for JAMP are purchased to be checked out and returned for use again until that edition is no longer in use at which time the books become part of the Resource Room materials. We have not found another code appropriate, however, I will send Accounting a bi-monthly report so that the Expenditure report generated can aligned prior to the end of the budget year with the appropriate budget line on the JAMP grant.</p> <p>Estimated Dates of Implementation:</p> <ul style="list-style-type: none"> a. October 26, 2016 b. November 1, 2016 c. October 26, 2016 d. October 26, 2016 and when amount refunded is received. e. December 1, 2016

Risk Level	Observation	Risk/Effect	Recommendation	Management's Action Plan
Medium	<p>2. <u>Improve Budgeting Process</u> As shown on page four, we noted that for the past five years, approximately in \$11,000 in unused funds have been sent back to the JAMP Council.</p>	<p>UT Dallas has forfeited funds that could have been used for the program.</p>	<p>Improving the budget process will help ensure that all budgeted funds are used accordingly to support and further enhance the JAMP at UT Dallas.</p>	<p>Person Responsible for Implementation: Karen de Olivares, JFD</p> <p>Management's Response and Action Plan: The JAMP budget year ends after the date set for expenditures to be charged to the default cost center (HPAC). Additionally, the school year begins before the budget year ends but after charge to default cost center. Furthermore, purchases made prior to the default date may not be processed through Procurement prior to the default date. The bulk of funds returned during the indicated period were for textbooks purchased for JAMP students, which occurred when students returned and the books needed were indicated and available. We have worked to make improvements in this area, with amounts returned decreasing. We will continue to improve monitoring processes so that budgeted funds are used accordingly.</p> <p>Estimated Date of Implementation: November 1, 2016</p> <p>Person Responsible for Implementation: Karen de Olivares, JFD</p>

Appendix 1: FY 2016 JAMP Expenditure Report

**Joint Admission Medical Program
 FY 2016 Expenditure Report – Undergraduate Institutions**

Institution THE UNIVERSITY OF TEXAS AT DALLAS Date 10/26/2016

Income	
FY 2016 Distribution	\$16,883.00
Total	\$16,883.00
Expenses	
Salaries – Professional/Administrative	\$4,000.00
Salaries – Faculty	
Salaries - Classified	
Wages – Students	
Other Personnel Costs/Contract Services*	
Fringe Benefits	
Maintenance and Operation	\$4,188.10
Equipment Purchases ¹	\$1,781.64
Capital Purchases ²	
Travel ³	\$3,166.88
Other (must specify) ⁴ *	
STUDENT MEETINGS	\$944.65
MCAT REGISTRATION	\$0.00
SUBSCRIPTIONS	\$754.00
Total Expenses for FY 2016	\$14,837.27
Unspent Balance	2045.73

Additional information required: A copy of your institution’s monthly statement of account for JAMP funds, as of August 31, 2016 must be provided with this report.

Unspent FY16 Funds: Any funds that have been encumbered under the FY16-19 Agreement should be expended no later than September 30, 2016. All remaining funds must be returned no later than October 31, 2016.

Certification: By signing this document, I certify, to the best of my knowledge and belief, that this report is correct and that all outlays and unliquidated obligations are for the purpose set forth in the Agreement executed with the JAMP Council.

 _____ Signature Required Tracy Lederer _____ Print Name tracy.lederer@utdallas.edu _____ Email address	10/28/16 _____ Date Manager, Sponsored Programs _____ Title 972-883-4518 _____ Telephone Number
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The signature required must be the institution’s officer responsible for accountability of JAMP funds. This may be a vice president, controller, director or manager of contract and grants, or other business officer directly responsible for funds.

¹ JAMP requires a list of all equipment purchases with a value of \$250 or higher.
² JAMP defines capital expenditures as items of physical improvement, i.e. classroom, resource room, labs.
³ Travel related expenditures should be for the enhancement of the program and be incurred by JAMP participants and/or program facilitators. No JAMP funds may be used for out of state travel, with the exception of the regional and national Advisors for the Health Professions meeting.
⁴ The category "Other" is to be used when no other category applies. Information must be provided to identify expenditure(s).
 * A detailed explanation of expenditures is required for funds listed in this category.

Appendix 2: Priority Findings and Risk Matrix

Definition of Risks

Risk Level	Definition
Priority	High probability of occurrence that would significantly impact UT System and/or UT Dallas. Reported to UT System Audit, Compliance, and Management Review Committee (ACMRC). Priority findings reported to the ACMRC are 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.”
High	Risks are considered to be substantially undesirable and pose a moderate to significant level of exposure to UT Dallas operations. Without appropriate controls, the risk will happen on a consistent basis.
Medium	The risks are considered to be undesirable and could moderately expose UT Dallas. Without appropriate controls, the risk will occur some of the time.
Low	Low probability of various risk factors occurring. Even with no controls, the exposure to UT Dallas will be minimal.

Appendix 3: Status of Prior Audit Recommendations

The following is the status of implementation of the recommendations resulting from Internal Audit Report No. 1312, *Joint Admission Medical Program (JAMP)*, dated December 20, 2012.

Recommendation	Implemented?
<i>Review Wages Paid from JAMP Funds</i>	Partially – As discussed above
<i>Ensure Expenditure Reports Agree to Accounting Records</i>	Partially – As discussed above
<i>Maintain Adequate Supporting Documentation for JAMP Expenditures</i>	Partially – As discussed above
<i>Reconcile Purchasing Card Transactions for Proper Account Coding</i>	Yes