

## 17-107 Texas Higher Education Coordinating Board

We have completed our audit of the Family Practice Residency Program Fiscal Year 2016 Annual Financial Report (AFR). This annual audit is required by the Texas Higher Education Coordinating Board (THECB). This audit was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

### BACKGROUND

THECB provides appropriated funds to help operate and maintain family practice residency programs in Texas. The purpose of the funds is to educate and train family practice residents and encourage them to locate their practices in underserved urban and rural areas of the state, which may ultimately lead to improved medical care for citizens in those areas. The total funding received by the Family Practice Residency Program for FY2016 was \$392,284. The intent of these funds is to directly support the education and training of 36 full-time family practice residents.

### OBJECTIVES

The objective of this audit was to provide an opinion regarding revenues and expenditures related to THECB funds awarded during FY2016 and reported on the Family Practice Residency Program FY2016 AFR.

### SCOPE AND METHODOLOGY

Audit procedures included review of the agreement and test of transactions. The audit period was September 1, 2015 through August 31, 2016.

### AUDIT RESULTS

**Agreement with General Ledger and Expenditure Testing:** Auditing and Advisory Services (A&AS) traced amounts reported on the FY2016 AFR to the general ledger and noted no exceptions. There were no equipment purchases or non-payroll expenditures paid from the project's funds during FY2016. Based on this testing, we have reasonable assurance these funds are being used for their intended purpose.

**Payroll Expenditures:** A&AS reviewed payroll transaction as well as the time and effort reports for a sample of five individuals to determine whether the employees worked on the project and noted no exceptions. The individuals paid from the project's funds worked on the project, and their time and effort reports were certified and approved.

**Unexpended Funds:** A&AS reviewed for unexpended funds from FY2015 AFR and noted reallocated funds totaling \$6,733 were not expended as of August 31, 2015. A&AS confirmed UTHealth did not receive and has no access to the reallocated funds after the fiscal year ended. Consequently, this

amount was not carried-forward or available for spending in FY2016. For FY2016, funds totaling \$1,928.64 were not expended as of August 31, 2016 and this amount was reported accordingly on the FY2016 AFR as required by the State Grant Agreement.

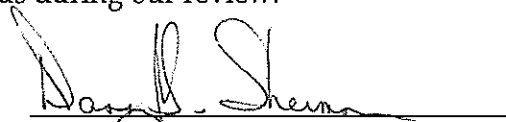
**CONCLUSION**

In our opinion, the AFR being reported to the THECB fairly presents revenues and expenditures related to FY2016 THECB award.

**NUMBER OF PRIORITY & HIGH FINDINGS REPORTED TO UT SYSTEM**

None

We would like to thank the staff and management within the departments of Family & Community Medicine and Post-Award Finance, who assisted us during our review.



Daniel G. Sherman, MBA, CPA, CIA  
Assistant Vice President

**MAPPING TO FY 2016 RISK ASSESSMENT**

<b>Risk (Rating)</b>	Revenues and expenditures related to THECB funds awarded and reported on the Family Practice Residency Program FY2016 AFR are not fairly and accurately represented (Medium).
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**AUDITING & ADVISORY SERVICES ENGAGEMENT TEAM**

<b>Assistant Vice President</b>	Daniel G. Sherman, MBA, CPA, CIA
<b>Audit Manager</b>	Nathaniel Gruesen, MBA, CIA, CISA, CFE
<b>Auditor Assigned</b>	Kathy Tran, CIA, CFE
<b>End of Fieldwork Date</b>	December 13, 2016
<b>Issue Date</b>	December 19, 2016

**Copies to:**

- Audit Committee
- Rolf Montalvo, M.D.
- Carlos Moreno, M.D.
- Elaine Embody
- Victoria Briscoe
- Suzanne Pickens, THECB
- Ernest Jacquez, THECB