



December 19, 2012

Kirk A. Calhoun, M.D., President
The University of Texas Health Science Center at Tyler
11937 U. S. Highway 271
Tyler, TX 75708

Dear Dr. Calhoun:

We completed an audit of the Family Medicine Residency Program (FMRP) Grant for fiscal year ended August 31, 2012. This audit was completed as part of our FY 2013 Annual Audit Plan to comply with Texas Higher Education Coordinating Board audit requirements. The objective of the audit was to provide an opinion regarding revenues and expenditures related to Texas Higher Education Coordinating Board grant funds reported on the Family Medicine Residency Program FY 2012 Annual Financial Report (AFR). In our opinion, the AFR submitted to the Texas Higher Education Coordinating Board fairly presents revenues and expenditures related to the fiscal year 2012 Texas Higher Education Coordinating Board grant award.

Our audit was conducted in accordance with the Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. We appreciate the assistance provided by management and other personnel. We hope the information presented in our report is helpful.

Sincerely,

A handwritten signature in black ink that reads "Kris I. Kavasch".

Kris I. Kavasch
Director of Internal Audit

Enclosure

cc:

Dr. Jonathan MacClements, Family Medicine Residency Program Director (FY 2012) jonathan.macclements@uthct.edu
Dr. Robert Tompkins, Family Medicine Residency Program Director robert.tompkins@uthct.edu
Dr. David Coultas, Vice President, Clinical and Academic Affairs and Physician-in-Chief david.coultas@uthct.edu
Vernon Moore, Vice President, Chief Business and Financial Officer vernon.moore@uthct.edu
David Anderson, Director of Pre-Award Services david.anderson@uthct.edu
Dr. Kenneth I. Shine, UT System Executive Vice Chancellor for Health Affairs rbuckingham@utsystem.edu
J. Michael Peppers, UT System Chief Audit Executive systemauditoffice@utsystem.edu
Richard St. Onge, UT System Associate Vice Chancellor for Health Affairs richardstonge@utsystem.edu
Anne Heitke, UT System Audit Manager ahaitke@utsystem.edu
Legislative Budget Board - ed.osner@lbb.state.tx.us
Governor - internalaudits@governor.state.tx.us
State Auditor's Office - iacordinator@sao.state.tx.us
Sunset Advisory Commission sunset@sunset.state.tx.us

**The University of Texas Health Science Center at Tyler
Family Medicine Residency Program
Grant Audit
Fiscal Year Ended August 31, 2012**



December 19, 2012

THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT TYLER
OFFICE OF INTERNAL AUDIT
11937 US HIGHWAY 271, TYLER, TEXAS 75708

TABLE OF CONTENTS

<i>BACKGROUND</i>	4
<i>AUDIT OBJECTIVE</i>	4
<i>AUDIT SCOPE/METHODOLOGY/RESULTS</i>	4
<i>CONCLUSION</i>	4
<i>SUMMARY OF SIGNIFICANT FINDINGS</i>	5

AUDIT REPORT

BACKGROUND

The Family Medicine Residency Program (FMRP) is designed to enhance physician training and provide medical care to the under-served urban and rural areas of Texas. The University of Texas Health Science Center at Tyler (UTHSCT) receives funding for the FMRP under the provisions of the Texas Education Code, Chapter 61. The Texas Higher Education Coordinating Board (Coordinating Board) administers the program and pursuant to their responsibility for administration has issued the *Family Medicine Residency Program Guidelines for Funding Operational and Optional Rotation Programs*. These guidelines include a requirement for submission of an annual financial report of Family Medicine Residency Program revenues and expenditures along with an internal or independent auditor's opinion by December 31, 2012.

In FY 2012, the FMRP operated on a budget of approximately \$6 million, including \$93,589.14 program grant funding provided by the Texas Higher Education Coordinating Board. The UTHSCT FMRP program director for FY 2012 was Dr. Jonathan MacClements.

AUDIT OBJECTIVE

The objective of the audit was to provide an opinion regarding revenues and expenditures related to Texas Higher Education Coordinating Board grant funds reported on the Family Medicine Residency Program FY 2012 Annual Financial Report (AFR).

AUDIT SCOPE/METHODOLOGY/RESULTS

The scope of the audit included Texas Higher Education Coordinating Board FMRP funding and associated expenditures presented within the FMRP AFR for FYE 8/31/2012. We verified the institution received \$93,589.14 for the operational and rural rotation grants as stipulated by the agreement and other pertinent documents. We verified Coordinating Board revenue and expenditure amounts were accurately presented in the annual financial report. We tested expenditures made from Coordinating Board FMRP funding and found these to be appropriate and made in accordance with applicable rules, regulations, policies and procedures. We conducted our audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* as promulgated by The Institute of Internal Auditors.

CONCLUSION

In our opinion, the AFR submitted to the Coordinating Board fairly presents revenues and expenditures related to the fiscal year 2012 Coordinating Board grant award.



Kris I. Kavasch
Director or Internal Audit

**THE UNIVERSITY OF TEXAS HEALTH SCIENCE CENTER AT TYLER
FAMILY MEDICINE RESIDENCY PROGRAM GRANT AUDIT
FISCAL YEAR ENDED AUGUST 31, 2012**

SUMMARY OF SIGNIFICANT FINDINGS

According to The University of Texas System, a significant finding is one that may be material to the operation, financial reporting, or legal compliance of the university if corrective action has not been fully implemented. This would include an internal control weakness that does not reduce the risk of irregularity, illegal act, error, inefficiency, waste, ineffectiveness, or conflict of interest to a reasonably low level.

In view of the above requirements, the Family Medicine Residency Program Grant Audit for fiscal year ended August 31, 2012 had no significant findings.

Texas Higher Education Coordinating Board

Family Medicine Residency Program Annual Financial Report

(Report Covers Revenues and Expenditures from September 1, 2011 through August 31, 2012)

Please review the attached instructions for completing the Annual Financial Report.

Family Medicine Residency Program Name: **The University of Texas Health Science Center at Tyler FPRP**
Physical Address: **11937 U.S. Highway 271, Tyler, Texas 75708-3154**
Mailing Address: **11937 U.S. Highway 271, Tyler, Texas 75708-3154**
Phone Number: **(903) 877-7204**
Fax Number **(903) 877-7778**
Program Director: **Jonathan MacClements, M.D.**
E-Mail Address: **jonathan.macclements@uthct.edu**
Program Administrator: **Jonathan MacClements, M.D.**
E-Mail Address: **jonathan.macclements@uthct.edu**

Please include only Revenues and Expenses that supported the Family Practice Residency Program education and training effort.

REVENUE

A. Coordinating Board Family Practice (CBFP) Funds

1. Unexpended balance on CBFP funds (received prior to August 31, 2011)	\$ _____
2. Unexpended interest on CBFP funds (received prior to August 31, 2011)	\$ _____
3. CBFP Operational Grant for Fiscal Year 2012	\$ <u>89,589.14</u>
4. Unexpended FY 2011 funds as reported on the FY 2011 AFR	\$ _____
5. CB Rural Rotation Grants awarded in Fiscal Year 2012 <i>(Please include the name and amounts for all participating residents on the Rural Rotation worksheet provided.)</i>	\$ <u>4,000.00</u>
Subtotal (A.1. Through 6.)	\$ <u>93,589.14</u>

B. Professional Service Revenue

1. *Total Gross Charges for professional services rendered (include all Family Practice activities: ambulatory care, hospital, ER)	\$ _____
2. *Net dollars amount of professional services retained by Department/ Residency Program	\$ _____*
3. Total Net Dollars available to FPRP	\$ <u>2,089,380.93</u>

C. Unreimbursed

*Amount non-reimbursable Indigent Care \$ 664,727.22

D. Affiliated Hospital(s) Support

1. Total financial support for the Family Practice Residency Program	\$ <u>1,815,919.24</u>
2. *In-kind support (list on attached sheet showing individual items and estimated dollar for each)	\$ _____*
3. *Medicare Indirect Payment for medical education	\$ <u>493,276.97</u>
4. *Medicare Direct Payment for medical education	\$ <u>1,322,642.27</u>

E. Affiliated Medical School

1. Total financial support to the Program: State Appropriations	\$ 279,748.10
2. Total financial support to the Program: All Other Funds	\$ 277,059.93
3. *In-kind support (list on attached sheet showing individual items and estimated dollar for each)	\$ *

F. Local/Community and Philanthropy/Foundations

1. City/County/Other Local Government payments to the Program	\$
2. Financial contributions to the Program by philanthropic organizations, foundations, corporations, etc.	\$
3. *In-kind support (list on attached sheet showing individual items and estimated dollar for each)	\$ *

G. Federal Funding (Training grants, AHEC funds, etc) (Include only direct funds)

\$

H. Other Funds (list below)

1. Specific Legislative Line Item Appropriation (explain)	\$ 1,362,711.96
2. Contracts, grants, affiliations (i.e., additional professional services, public health contracts, medical director for other agencies, etc.)	\$
3. Rural Rotation funds from sources other than CB	\$

Other Funds (list below)

4. Endowment Income	\$ 24,425.20
5. Misc. Restricted	\$ 57,462.17
Subtotal (H.1. Thru 6.)	\$ 1,444,599.33

7. *In-kind support (list on attached sheet showing individual items and estimated dollar for each)	\$ *
---	------

I. TOTAL REVENUE ALL SOURCE OF FUNDS

(Use only outlined Subtotal in "Revenue: A thru H")

\$ 6,000,296.67

EXPENDITURES

	CBFP Funds	All Other Funds	Total
A. Resident Compensation			
1. Stipends	\$ 70,333.38	\$ 1,230,576.18	\$ 1,300,909.56
2. Fringe Benefits (health ins, workman's comp, state unemployment, FICA)	\$ 19,337.57	\$ 325,810.48	\$ 345,148.05
3. PH/Rural Rotation Stipends	\$ 1,059.91	\$ -	1,059.91
4. Professional Liability	\$ -	\$ 19,610.00	\$ 19,610.00
Subtotal (A.1. Thru 4.)	\$ 90,730.86	\$ 1,575,996.66	\$ 1,666,727.52

	CBFP Funds	All Other Funds	Total
B. Faculty Compensation			
1. Total Salaries		\$ 1,544,846.50	\$ 1,544,846.50
2. Fringe Benefits (health ins, workman's comp, state unemployment, FICA, retirement)		\$ 258,240.55	\$ 258,240.55
3. Professional Liability	\$ -	\$ 5,652.00	\$ 5,652.00
Subtotal(B.1. Thru 3.)	\$ -	\$ 1,808,739.05	\$ 1,808,739.05
C. Support Personnel Compensation			
1. Salaries and Wages	\$ -	\$ 674,907.52	\$ 674,907.52
2. Fringe Benefits (health ins, workman's comp, state unemployment, FICA)	\$ -	\$ 181,025.80	\$ 181,025.80
Subtotal (C.1. Thru 2.)	\$ -	\$ 855,933.32	\$ 855,933.32
D. Operating Expenses			
1. Building Expenses (rent, repairs, utilities, insurance, telephone, maintenance, facilities use)	\$ -	\$ 713,418.86	\$ 713,418.86
2. Administrative Overhead (professional services, institutional development, administrative overhead, and other mandated deductions, such as taxes or other allocated deductions NOT facilities use)	\$ -	\$ 527,133.33	\$ 527,133.33
3. Academic/Office Support Expense (expendible supplies, misc services, postage, copy costs, small equipment, etc.)	\$ -	\$ 9,706.08	\$ 9,706.08
4. Non-Individual Liability Ins.	\$ -	\$ -	\$ -
5. Clinic/Medical Support Expense (expendible supplies, disposable medical supplies, ancillary expenses, patient billing overhead -if not part of administrative overhead, etc.)		\$ 102,318.01	\$ 102,318.01

	CBFP Funds	All Other Funds	Total
6. Professional Development/ Academic Enhancement <small>(e.g., travel, dues, licensure fees, book subscriptions, software, etc. for faculty and residents)</small>	\$ <u>2,858.28</u>	\$ <u>98,046.75</u>	\$ <u>100,905.03</u>
7. Fees <small>(accreditation, legal, NOT licensure, etc.)</small>	\$ <u>-</u>	\$ <u>7,900.00</u>	\$ <u>7,900.00</u>
8. Consultant Fees and Costs	\$ <u>-</u>	\$ <u>18,250.00</u>	\$ <u>18,250.00</u>
9. Other <small>(List: Attached)</small>	\$ <u>-</u>	\$ <u>172,898.95</u>	\$ <u>172,898.95</u>
Subtotal (D.1. Thru 9.)	\$ <u>2,858.28</u>	\$ <u>1,649,671.98</u>	\$ <u>1,652,530.26</u>
E. Capital Equipment (all individual items \$500 and above):			
1. Academic/Office	\$ <u>-</u>	\$ <u>16,366.52</u>	\$ <u>16,366.52</u>
2. Clinic/Medical			\$ <u>-</u>
Subtotal (E.1. And 2.)	\$ <u>-</u>	\$ <u>16,366.52</u>	\$ <u>16,366.52</u>
3. Complete "Equipment Inventory" Section in Appendix "B"			
F. TOTAL EXPENDITURES <small>(Use Only Outlined Subtotals in Expenditure: A Thru E)</small>	\$ <u>93,589.14</u>	\$ <u>5,906,707.53</u>	\$ <u>6,000,296.67</u>
Summary			
A. Total REVENUES: <small>(A-H)</small>	\$ <u>93,589.14</u>	\$ <u>5,906,707.53</u>	\$ <u>6,000,296.67</u>
B. Total EXPENDITURES: <small>(A-E)</small>	\$ <u>93,589.14</u>	\$ <u>5,906,707.53</u>	\$ <u>6,000,296.67</u>
C. NET BALANCE:	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Certification

I certify that this report is true and correct and accurately reflects the unexpended cash balance of CBFP funds as of the end of the fiscal year.

Jonathan E. MacClements, M.D.
Name of Program Director (please type)


Signature of Program Director

12/19/2012
Date of Certification

Appendix "A" - Payments to Affiliated Medical School

1. Of the total amount of expenditures recorded in "EXPENDITURES -A thru E", how much was paid to the Program's affiliated medical school? \$ _____

2. On the lines below, please list the general purpose(s) that the expenditure listed in (1) was made.

(For ex: malpractice insurance for residents or faculty, faculty compensation and benefits, administrative costs, support personnel, etc.)

Purpose	Amount Paid to Affiliated Medical Schools
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

Appendix "B" - Equipment Inventory

Please describe any equipment purchased with Coordinating Board Family Practice Residency Program funds, along with the price of the equipment and the inventory tag number. Each piece of equipment should be tagged as having been purchased with Coordinating Board Funds.

If the Program did not purchase any equipment with Coordinating Board Family Practice Residency Program funds in the past fiscal year, please complete and sign at the bottom of the page.

Equipment Description	Date of Purchase	Price	Inventory Tag Number
_____	_____	_____	_____

Certification

I certify that the University of Texas Health Center at Tyler Family Practice Residency Program did not purchase any equipment with Coordinating Board Family Practice Residency Program funds for this fiscal year.

Jonathan E. MacClements, M.D.
Name of Program Director (please type)


Signature of Program Director

12/19/2012
Date of Certification

Breakdown of Section D. Operating Expenses: #9 Other

D. Operating Expenses

9. Other:

a. Public Health Agency	0.00
b. Food & Floral	24,807.84
c. Relocation Costs	10,803.78
d. Advertising	0.00
e. Freight and Delivery	142.84
f. Recruitment Costs	24,391.89
g. Temp Agencies	112,619.86
h. Medicare Indirect Expense	0.00
i. Fuel and Maintenance	132.74
	<hr/>
Total	<u><u>\$172,898.95</u></u>

Rural Health Rotations Fiscal Year 2012

Resident Last Name	Resident First Name	Rotation Date	Payment
Barstad	Jeffrey	4/2/12-4/29/13	\$ 132.49
Hinton	Amy	2/6/12-3/4/12	\$ 132.49
Low	Sarah	9/19/11-10/16/11	\$ 132.49
Mai	Tuan Vinh	7/25/11-8/21/11	\$ 132.49
Newton	Amy	10/17/11-11/13/11	\$ 132.49
Tyo	Stephanie	1/9/12-2/5/12	\$ 132.49
Ward	Michelle	8/22/11-9/18/11	\$ 132.49
Weldon	Chad	6/27/11-7/24/11	\$ 132.49

Total**\$ 1,059.92**