

Report on Benefits Proportionality By Fund Audit #18-116

We have completed our audit of Benefits Proportionality by Fund for UTHealth as required by Rider 8, page III-44, General Appropriations Act (85th Legislature, Conference Committee Report), for higher education institutions' (excluding public community/junior colleges) internal audits of benefits proportionality. The rider requires that the audit examine appropriation years (AY) 2015 through 2017. The scope of this year's audit included AY 2015, 2016 and 2017. Results for all three-appropriation years are included in Attachment 1.

Based on audit procedures performed, *Benefits Proportionality by Fund Reports* (APS 011) for appropriation years 2015 through 2017, as submitted to the State Comptroller. The process in place to prepare the annual report is sufficient to ensure benefits funding proportionality is applied according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act. All errors identified during the audit are described in Attachment 1.

Our audit procedures were consistent with the methodology prescribed by the State Auditor's Office to comply with Rider 8, and included a 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 testing to verify eligibility of employee benefits paid with appropriated funds. Sample size for testing was determined following guidance on internal control testing for compliance from the American Institute for Certified Public Accountants (AICPA).

In addition, 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*.

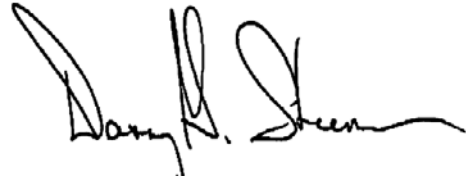
For AY 2015, no variance was noted on General Revenue Proportionality calculation.

For AY 2016, we noted the process to ensure exclusion of benefit expense paid from Tobacco Funds had overstated the amount of expense to be excluded. The net effect was an under reimbursement of \$59,304.

For AY 2017, we noted a change in the process due to the exclusion of Harris County Psychiatric Hospital (HCPC) Funds as recommended by the Comptroller's office. No variance was noted on General Revenue Proportionality calculation.

18-116 Benefits Proportionality By Fund

We would like to thank the Office of Finance and Business Services who assisted us during our review.



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

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End of Fieldwork Date	5/30/2018
Issue Date	5/30/2018

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Summary Appendix

	Appropriation Year	Benefit Type	Financing Source	Error Description	Error Amount	Refund Status	Document Number and Effective Date
	2015	OASI	GR Fund # 0001	No exception noted	-	Complete	
	2015	GIP	GR Fund # 0001	No exception noted	-	Complete	
	2015	TRS	GR Fund # 0001	No exception noted	-	Complete	
	2015	ORP	GR Fund # 0001	No exception noted	-	Complete	
Subtotal	2015				\$ -	Complete	
	2016	OASI	GR Fund # 0001	Error on Tobacco funds	(13,670.30)	In Process	
	2016	GIP	GR Fund # 0001	Error on Tobacco funds	(32,030.46)	In Process	
	2016	TRS	GR Fund # 0001	Error on Tobacco funds	(8,839.54)	In Process	
	2016	ORP	GR Fund # 0001	Error on Tobacco funds	(4,763.26)	In Process	
Subtotal	2016				\$ (59,303.56)	In Process	
	2017	OASI	GR Fund # 0001	No exception noted	-	Complete	
	2017	GIP	GR Fund # 0001	No exception noted	-	Complete	
	2017	TRS	GR Fund # 0001	No exception noted	-	Complete	
	2017	ORP	GR Fund # 0001	No exception noted	-	Complete	
Subtotal	2017				\$ -	Complete	
Total	2015-2017				\$ (59,303.56)	In Process	
Total to reimburse to be reimbursed from the State (Cash Basis with GIP excluded)					(27,273.10)		