



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, TX 78701 • (512)471-7117 • FAX (512)471-8099

February 24, 2016

Dr. Gregory L. Fenves, President
The University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Fenves,

We have completed our audit of Benefits Proportionality by Fund for appropriation year (AY) 2012 for The University of Texas at Austin (UT Austin), as required by Rider 8, page III-39, of the General Appropriations Act (84th Legislature, Conference Committee Report). Our scope included documentation and testing of transactions pertaining to benefits proportionality for the period of September 1, 2011 - August 31, 2012.

Based on audit procedures performed, *Benefits Proportionality by Fund Report* (APS 011) for AY 2012, as submitted to the State Comptroller, was materially accurate and no reimbursement is due. 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. No errors were identified during the audit.

We appreciate the cooperation and assistance of the Office of Accounting throughout the audit and hope that the information presented herein is beneficial.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Vandervort".

Mr. Michael W. Vandervort, CPA
Chief Audit Executive

cc: Institutional Audit Committee Members
Ms. Mary E. Knight, CPA, Associate Vice President and Interim Chief Financial Officer
Ms. Patricia A. Ohlendorf, Vice President for Legal Affairs
Mr. Jeffery D. Treichel, CPA, Associate Director, Office of Internal Audits

Benefits Proportionality Appropriation Year 2012



February 2016

**The University of Texas at Austin
Office of Internal Audits
UTA 2.302
(512) 471-7117**

**The University of Texas at Austin
Internal Audit Committee**

Mr. William O'Hara, External Member, Chair
Dr. Gregory L. Fenves, President
Dr. Judith Langlois, Executive Vice President and Provost, ad interim
Dr. Patricia L. Clubb, Vice President for University Operations
Ms. Patricia C. Ohlendorf, Vice President for Legal Affairs
Dr. Daniel T. Jaffe, Vice President for Research
Dr. Gage E. Paine, Vice President for Student Affairs
Ms. Mary E. Knight, CPA, Associate Vice President and Interim Chief Financial Officer
Mr. Paul Liebman, Chief Compliance Officer
Mr. Cameron D. Beasley, University Information Security Officer
Ms. Christine A. Plonsky, Women's Athletics Director and Executive Senior Associate
Athletics Director for External Services
Mr. Tom Carter, External Member
Ms. Lynn Utter, External Member
Ms. Susan Whittaker, External Member
Mr. Michael W. Vandervort, Chief Audit Executive
Mr. J. Michael Peppers, Chief Audit Executive, University of Texas System

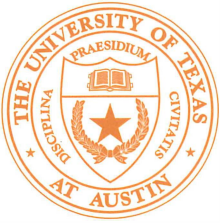
**The University of Texas at Austin
Office of Internal Audits**

Chief Audit Executive:	Michael Vandervort, CPA
Associate Director:	Jeff Treichel, CPA
Assistant Directors:	*Angela McCarter, CIA, CRMA Chris Taylor, CIA, CISA
Audit Manager:	Brandon Morales, CISA, CGAP
Auditor III:	*Michael Hammond, CIA, CISA, CFE *Cynthia Martin-Hajmasy, CPA Ashley Oheim, CPA Kelli Nichols, CPA
Auditor II:	Stephanie Grayson Miranda Pruett, CFE
Auditor I:	Jason Boone Bobby Castillo Kerri Jordan
Sr. IT Auditor:	Tod Maxwell, CISA, CISSP
IT Auditor:	Tiffany Yanagawa

* denotes project members

This report has been distributed to Internal Audit Committee members, the Legislative Budget Board, the State Auditor's Office, the Sunset Advisory Commission, the Governor's Office of Budget and Planning, and The University of Texas System Audit Office for distribution to the Audit, Compliance, and Management Review Committee of the Board of Regents.

**Benefits Proportionality Appropriation Year 2012
Project Number: 16.005**



OFFICE OF INTERNAL AUDITS
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, TX 78701 • (512)471-7117 • FAX (512)471-8099

February 24, 2016

Ms. Mary E. Knight, CPA, Associate Vice President and Interim Chief Financial Officer
Office of the Vice President and Chief Financial Officer
The University of Texas at Austin
110 Inner Campus Drive, Stop G4900
Austin, Texas 78712-1705

Dear Ms. Knight,

We have completed our audit of Benefits Proportionality by Fund for appropriation year (AY) 2012 for The University of Texas at Austin (UT Austin), as required by Rider 8, page III-39, of the General Appropriations Act (84th Legislature, Conference Committee Report). The rider requires that the audit examine AY 2012 through 2014. An internal audit of the proportionality of higher education benefits for AY 2013 was conducted during fiscal year 2015 at the request of the Governor. An audit conducted by the State Auditor's Office (SAO) will satisfy the intent of the related internal audit requirement for AY 2014. Therefore, the scope of this audit only included AY 2012.

Based on audit procedures performed, *Benefits Proportionality by Fund Report* (APS 011) for AY 2012, as submitted to the State Comptroller, was materially accurate and no reimbursement is due. 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. No errors were identified during the audit.

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), a 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*.

We appreciate the cooperation and assistance of those associated with this project in the Office of Accounting.

Sincerely,

A handwritten signature in blue ink, appearing to read "Mike Vandervort".

Michael W. Vandervort, CPA
Chief Audit Executive

cc: Dr. Gregory L. Fenves, President, The University of Texas at Austin
Mr. J. Michael Peppers, Chief Audit Executive, University of Texas System
Mr. Randy Wallace, Associate Vice Chancellor, Controller, Chief Budget Officer, University of Texas System
Mr. Jeffery D. Treichel, CPA, Associate Director, Office of Internal Audits