



Office of Internal Audit

January 30, 2017

Dr. Kirk A. Calhoun, President
UT Health Northeast
11937 U. S. Hwy 271
Tyler, TX 75708

Dear Dr. Calhoun:

We completed an audit of the Family Medicine Residency Program (FMRP) Annual Financial Report (AFR) for the fiscal year ended August 31, 2016. This audit was completed as part of our FY 2017 Annual Audit Plan to comply with Texas Higher Education Coordinating Board audit requirements. The objective of the audit was to determine if FY 2016 Texas Higher Education Coordinating Board funds awarded to the UT Health Northeast Family Medicine Residency Program under the State Grant Agreement were appropriately expended as required by program guidelines.

FY 2016 Texas Higher Education Coordinating Board funds awarded to the UT Health Northeast Family Medicine Residency Program as part of the operational grant in the amount of \$ 261,523 were appropriately spent in accordance with applicable guidelines. Rural Rotation funding awarded by the Coordinating Board in the amount of \$12,500 was received but not spent due to a processing error. To resolve the unexpended balance of \$12,500 the Coordinating Board will reduce UT Health Northeast's FY 2018 FMRP payment. This audit was conducted in accordance with guidelines set forth in 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 and hope the information presented in our report is helpful.

Sincerely,

Gail Lewis,
Interim Director, Chief Audit Executive

Enclosure

cc:

Dr. Robert Tompkins, Associate Professor and Chair of Family Medicine - robert.tompkins@uthct.edu
Dr. Jeffrey Levin, Senior Vice President for Clinical and Academic Affairs - jeffrey.levin@uthct.edu
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**Family Medicine Residency Program
Annual Financial Report Audit for Fiscal
Year Ended August 31, 2016**

January 30, 2017

**UT HEALTH NORTHEAST
OFFICE OF INTERNAL AUDIT
11937 US HIGHWAY 271
TYLER, TX 75708**

**UT Health Northeast
Family Medicine Residency Program
AFR Audit for FYE 8/31/2016**

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Audit Report

BACKGROUND

The Family Medicine Residency Program (FMRP) is a program designed to enhance physician training and provide medical care to the under-served urban and rural areas of Texas. UT Health Northeast 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 31st or on a date established by the Coordinating Board staff and communicated to the program directors. For FY 2016, the Coordinating Board established the due date for the annual financial report and auditor's opinion as February 1, 2017.

In FY 2016, the FMRP operated on a budget of approximately \$8.5 million, including \$274,023 in program grant funding provided by the Texas Higher Education Coordinating Board. There were twenty-five residents in the program in FY 2016. The UT Health Northeast FMRP Program Director for FY 2016 was Dr. Robert Tompkins and the Program Administrator was Dr. Jeffrey Levin.

AUDIT OBJECTIVE

The objective of the audit was to determine if FY 2016 Texas Higher Education Coordinating Board funds awarded to the UT Health Northeast Family Medicine Residency Program under the State Grant Agreement have been appropriately expended as required by program guidelines.

AUDIT SCOPE/METHODOLOGY

The audit period was September 1, 2015 through August 31, 2016. Audit procedures included review of the Coordinating Board agreement, pertinent supporting documents and testing of transactions.

RESULTS

We verified that the Coordinating Board funding based on the operational grant agreement and rural rotation awards in the sum of \$274,023 agreed to the amounts that were received and recorded in the general ledger and FMRP AFR for FYE 8/31/2016. In FY 2016 all expenditures from the operational grant funds were appropriate and made in accordance with program guidelines for FMRP payroll expenses and related costs that totaled \$261,523. There were no non-payroll or capital expenditures paid from Coordinating Board funds during this period. The Coordinating Board awarded rural rotation funding to the institution in the amount of \$12,500 for five residents; however, due to a processing error expenses were not charged against the funding awarded for rural rotations completed in FY 2016. To resolve the unexpended funds,

**UT Health Northeast
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the Coordinating Board plans to reduce their FY 2018 payment to the UT Health Northeast FMRP by \$12,500. 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.



Gail Lewis
Interim Director, Chief Audit Executive

Annual Financial Report 2016

Texas Higher Education Coordinating Board Family Practice Residency Program Annual Financial Report

(Report Covers Revenues and Expenditures from September 1, 2015 through August 31, 2016)

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

Family Practice Residency Program Name:	The University of Texas Health Science Center at Tyler
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) 877-5874
Fax Number:	(903) 877-7778
Program Director:	Robert Tompkins, M.D.
E-Mail Address:	robert.tompkins@uthct.edu
Program Administrator:	Dr. Jeffrey L. Levin, Sr. VP Clinical and Academic Affairs
E-Mail Address:	jeffrey.levin@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, 2016)	\$	
2. Unexpended interest on CBFP funds (received prior to August 31, 2016)	\$	
3. CBFP Operational Grant for Fiscal Year 2016	\$	261,523.00
4. CBFP Operational Grant REALLOCATION for Fiscal Year 2016	\$	-
5. Unexpended FY 2015 funds as reported on the FY 2016 AFR	\$	
6. CB Rural Rotation Grants awarded in Fiscal Year 2016 (Please include the name and amounts for all participating residents on the Rural Rotation worksheet provided.)	\$	12,500.00
Subtotal (A.1. Through A.6.)	\$	274,023.00

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	\$	3,836,991.83

C. Unreimbursed

*Amount non-reimbursable Indigent Care	\$	1,159,359.98
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D. Affiliated Hospital(s) Support

1. Total financial support for the Family Practice Residency Program	\$	1,851,705.04
2. *In-kind support (list on attached sheet showing individual items and estimated dollar for each)	\$	*
3. *Medicare Indirect Payment for medical education	\$	390,879.89
4. *Medicare Direct Payment for medical education	\$	1,460,825.15

E. Affiliated Medical School

1. Total financial support to the Program: State Appropriations	\$	526,922.92
2. Total financial support to the Program: All Other Funds	\$	565,191.88
3. *In-kind support (list on attached sheet showing individual items and estimated dollar for each)	\$	*

Annual Financial Report 2016

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)	\$ 1,422,315.00
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	\$ 22,809.71
5. Misc. Restricted	\$ 44,755.51
6. _____	\$ _____

Subtotal (H.1. Thru H.6.)

\$ 1,489,880.22

7. *In-kind support (list on attached sheet showing individual items and estimated dollar for each)	\$ *
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I. TOTAL REVENUE ALL SOURCE OF FUNDS

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

\$ 8,544,714.89

EXPENDITURES

	CBFP Funds	All Other Funds	Total
A. Resident Compensation			
1. Stipends	\$ 199,091.20	\$ 1,081,356.12	\$ 1,280,447.32
2. Fringe Benefits (health ins, workman's comp, state unemployment, FICA)	\$ 62,431.80	\$ 298,857.62	\$ 361,289.42
3. Rural Rotation Stipends	\$ -	\$ -	0.00
4. Professional Liability	\$ -	\$ 34,848.00	\$ 34,848.00
Subtotal (A.1. Thru A.4.)	\$ 261,523.00	\$ 1,415,061.74	\$ 1,676,584.74
B. Faculty Compensation			
1. Total Salaries		\$ 2,871,702.71	\$ 2,871,702.71
2. Fringe Benefits (health ins, workman's comp, state unemployment, FICA, retirement)		\$ 532,270.30	\$ 532,270.30
3. Professional Liability	\$ -	\$ 13,560.00	\$ 13,560.00
Subtotal (B.1. Thru B.3.)	\$ -	\$ 3,417,533.01	\$ 3,417,533.01
C. Support Personnel Compensation			
1. Salaries and Wages	\$ -	\$ 1,410,216.98	\$ 1,410,216.98
2. Fringe Benefits (health ins, workman's comp, state unemployment, FICA)	\$ -	\$ 369,373.85	\$ 369,373.85
Subtotal (C.1. Thru C.2.)	\$ -	\$ 1,779,590.83	\$ 1,779,590.83

Annual Financial Report 2016

	CBFP Funds	All Other Funds	Total
D. Operating Expenses			
1. Building Expenses (rent, repairs, utilities, insurance, telephone, maintenance, facilities use)	\$ _____ -	\$ 660,290.19	\$ 660,290.19
2. Administrative Overhead (professional services, institutional development, administrative overhead, and other mandated deductions, such as taxes or other allocated deductions NOT facilities use)	\$ _____ -	\$ 398,995.35	\$ 398,995.35
3. Academic/Office Support Expense (expendible supplies, misc services, postage, copy costs, small equipment, etc.)	\$ _____ -	\$ 23,960.04	\$ 23,960.04
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.)		\$ 268,961.56	\$ 268,961.56
6. Professional Development/ Academic Enhancement (e.g., travel, dues, licensure fees, book subscriptions, software, etc. for faculty and residents)	\$ _____ -	\$ 101,274.02	\$ 101,274.02
7. Fees (accreditation, legal, NOT licensure, etc.)	\$ _____ -	\$ 5,200.00	\$ 5,200.00
8. Consultant Fees and Costs	\$ _____ -	\$ 13,200.00	\$ 13,200.00
9. Other (List: Attached)	\$ _____ -	\$ 178,470.65	\$ 178,470.65
Subtotal (D.1. Thru D.9.)	\$ _____ -	\$ 1,650,351.81	\$ 1,650,351.81
E. Capital Equipment (all individual items \$500 and above):			
1. Academic/Office	\$ _____ -	\$ 8,154.50	\$ 8,154.50
2. Clinic/Medical		\$ _____ -	\$ _____ -
Subtotal (E.1. And E.2.)	\$ _____ -	\$ 8,154.50	\$ 8,154.50
3. Complete "Equipment Inventory" Section in Appendix "B"			
F. TOTAL EXPENDITURES (Use Only Outlined Subtotals in Expenditure: A Thru E)	\$ 261,523.00	\$ 8,270,691.89	\$ 8,532,214.89

Annual Financial Report

	CBFP Funds	All Other Funds	Total
Summary			
A. Total REVENUES: (A-H)	\$ 274,023.00	\$ 8,270,691.89	\$ 8,544,714.89
B. Total EXPENDITURES: (A-E)	\$ 261,523.00	\$ 8,270,691.89	\$ 8,532,214.89
C. NET BALANCE:	\$ 12,500.00	\$ -	\$ 12,500.00

*If the net balance is negative please provide an attached explanation as to the source of funding required to balance the program's operating budget.

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.

Robert Tompkins, M.D.
Name of Program Director (please type)

Robert S. Tompkins, MD
Signature of Program Director

1-30-2016
Date of Certification

Appendix "A" - Payments to Affiliated Medical School

1. Of the total amount of expenditures recorded in "EXPENDITURES -A thru E", what was the amount 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.

Robert Tompkins, M.D.
Name of Program Director (please type)

R. S. Tompkins, MD
Signature of Program Director

1-30-2017
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	13,338.17
c. Relocation Costs	0.00
d. Advertising	0.00
e. Freight and Delivery	333.27
f. Recruitment Costs	27,947.55
g. Temp Agencies	136,851.66

Total

\$178,470.65