

18-107 Texas Higher Education Coordinating Board

We have completed our audit of the Family Practice Residency Program Fiscal Year 2017 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 FY 2017 was \$386,200. In addition, there was also unexpended funds from FY 2016 of \$1,928.64 that was available for use. 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 revenue and expenditures related to THECB funds awarded during FY 2017 and report on the Family Practice Residency Program FY 2017 AFR.

SCOPE AND METHODOLOGY

Audit procedures included review of the agreement and test of transactions. The audit period was FY 2017.

AUDIT RESULTS

Agreement with General Ledger: Auditing and Advisory Services (A&AS) traced amounts reported on the FY 2017 AFR to the general ledger and noted no exceptions.

Capital Expenditures: Our audit work indicated there were no equipment purchases during FY 2017.

Non-Payroll Expenditures: A&AS reviewed a random sample of five non-payroll expenses paid from these funds during FY 2017 to determine whether they are consistent with the program guidelines/contract provisions. We noted an expense was charged in error to the grant. The error was confirmed with Family Medicine and the expense was approved to be transferred out of the project. Based on this testing, we have reasonable assurance these funds are being used for their intended purpose.

Payroll Expenditures: A&AS reviewed a random sample of five employees paid from these funds

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during FY 2017 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 FY2016 AFR and noted funds totaling \$1,928.64 were not expended as of August 31, 2016. The amount was made available during FY 2017 for use. For FY 2017, funds totaling \$20,828.51 were not expended as of August 31, 2017 and this amount was reported accordingly on the FY 2017 AFR as required by the State Grant Agreement.

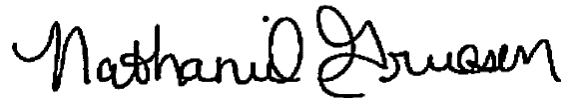
CONCLUSION

In our opinion, the AFR being reported to the THECB fairly represents revenues and expenditures related to FY 2017 THECB award.

NUMBER OF PRIORITY & HIGH FINDINGS REPORTED TO UT SYSTEM

None

We would like to thank the staff and management within the Family & Community Medicine who assisted us during our review.



Nathaniel Gruesen, MBA, CIA, CISA, CFE
Senior Audit Manager

MAPPING TO FY 2018 RISK ASSESSMENT

Risk (Rating)	N/A - This audit is not risk based. This is annual audit required by THECB to provide an opinion on revenue and expenditure reporting of program funds.
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AUDITING & ADVISORY SERVICES ENGAGEMENT TEAM

Audit Manager	Nathaniel Gruesen, MBA, CIA, CISA, CFE
Auditor Assigned	Kathy Tran, CIA, CFE
End of Fieldwork Date	December 18, 2017
Issue Date	December 18, 2017

Copies to:

- Audit Committee
- Carlos Moreno, M.D.
- Phuc Duc Nguyen, M.D.
- Elaine Embody
- Victoria Briscoe
- Suzanne Pickens, THECB
- Ernest Jacquez, THECB