



# UTHealth

The University of Texas  
Health Science Center at Tyler

*Office of Internal Audit*

March 28, 2018

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

Dr. Calhoun,

We have completed the Audit of Benefits Paid Proportional by Fund that was added to our Fiscal Year 2018 Audit Plan as an Ad Hoc Audit. The objective of this audit was to ensure that benefits proportional by fund were accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28, in the State of Texas General Appropriations Act (85<sup>th</sup> Legislature, Conference Committee Report). The scope of the audit included Fiscal Years (FY) 2015, 2016 and 2017.

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,

Stephen Ford  
AVP, Chief Audit Executive

Enclosure

cc:

Mr. Joe Woelkers, Executive Vice President, Chief Operating and Business Officer [joe.woelkers@uthct.edu](mailto:joe.woelkers@uthct.edu)  
Ms. Kris Kavasch, Vice President, Finance & Chief Financial Officer [kris.kavasch@uthct.edu](mailto:kris.kavasch@uthct.edu)  
Ms. Cindy Scott-Lunau, Vice President, Human Resources & Chief Human Resources Officer [cindy.scott-lunau@uthct.edu](mailto:cindy.scott-lunau@uthct.edu)  
Ms. Natalie Harms, Director of Accounting and Financial Reporting [natalie.harms@uthct.edu](mailto:natalie.harms@uthct.edu)  
Dr. Raymond S. Greenberg, UT System Executive Vice Chancellor for Health Affairs [rgreenberg@utsystem.edu](mailto:rgreenberg@utsystem.edu)  
Mr. J. Michael Peppers, UT System Chief Audit Executive [systemauditoffice@utsystem.edu](mailto:systemauditoffice@utsystem.edu)  
Mr. Richard St. Onge, UT System Associate Vice Chancellor for Shared Services [richardstonge@utsystem.edu](mailto:richardstonge@utsystem.edu)  
Ms. Dyan Hudson, UT System Director of Specialty Audit Services [dhudson@utsystem.edu](mailto:dhudson@utsystem.edu)  
Legislative Budget Board [audit@lbb.state.tx.us](mailto:audit@lbb.state.tx.us)  
Governor [budgetandpolicyreports@gov.texas.gov](mailto:budgetandpolicyreports@gov.texas.gov)  
State Auditor's Office [jacoordinator@sao.state.tx.us](mailto:jacoordinator@sao.state.tx.us)  
Sunset Advisory Commission [sunset@sunset.texas.gov](mailto:sunset@sunset.texas.gov)



**UTHealth**

The University of Texas  
Health Science Center at Tyler

## **Benefits Paid Proportional by Fund Audit**

**March 28, 2018**

**UT HEALTH SCIENCE CENTER AT TYLER  
OFFICE OF INTERNAL AUDIT  
11937 US HIGHWAY 271  
TYLER, TX 75708**

**UT Health Science Center at Tyler  
Benefits Paid Proportional by Fund Audit  
FY 2018**

---

**TABLE OF CONTENTS**

*Background* ..... 4

*Objective*..... 4

*Scope and Methodology* ..... 4

*Conclusion*..... 5

**UT Health Science Center at Tyler**  
**Benefits Paid Proportional by Fund Audit**  
**FY 2018**

---

**Report**

***Background***

Rider 8, page III-44, in the State of Texas General Appropriations Act (85<sup>th</sup> Legislature, Conference Committee Report) requires “Each institution of higher education, excluding Public Community/Junior Colleges, (to) conduct an internal audit of benefits proportional by fund and submit a copy of the internal audit to the Legislative Budget Board, Comptroller of Public Accounts, and State Auditor’s Office no later than August 31, 2018. The audit must examine fiscal years (FY) 2015, 2016, and 2017, and must be conducted using a methodology approved by the State Auditor’s Office.”

This area has been previously audited, which includes Audit #14-17, Benefits Paid Proportional by Fund, and Audit #16-10, Benefits Paid Proportional by Fund. Audit #14-17 was completed as part of the FY 2014 Audit Plan as a special request from the Governor, Rick Perry. The scope of this audit included FY 2013 as requested by the Governor. Audit #16-10 was completed as part of the FY 2016 Audit Plan and was required by Rider 8, page III-39, of the State of Texas General Appropriations Act (84<sup>th</sup> Legislature, Conference Committee Report). This rider required that the audit examine FY 2012 through 2014. Since FY 2013 had already been reviewed in the previous audit, the scope for Audit #16-10 included only FY 2012 and 2014.

***Objective***

The objective of this audit was to ensure that benefits proportional by fund were accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28, of the State of Texas General Appropriations Act (85<sup>th</sup> Legislature, Conference Committee Report).

***Scope and Methodology***

The scope of the audit included FY 2015, 2016 and 2017.

Our audit procedures were consistent with the methodology prescribed by the State Auditor’s Office to comply with Rider 8, and included the following:


- Reviewed source information obtained from the internal accounting system and the State’s Uniform Statewide Accounting System;
- Reviewed the benefits proportionality reporting process;
- Validated the accuracy of information and proportional funding calculations reported to the State Comptroller on the APS 011 reports; and
- Tested a sample of employees to verify eligibility of employee benefits paid with appropriated funds.

**UT Health Science Center at Tyler**  
**Benefits Paid Proportional by Fund Audit**  
**FY 2018**

The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*.

***Conclusion***

Based on our audit procedures performed, the Institution's benefits proportional by fund as submitted in the annual APS 011 report were accurately calculated and applied according to the established guidelines set forth in Section 6.08, page IX-28, in the State of Texas General Appropriations Act (85<sup>th</sup> Legislature, Conference Committee Report) for FY 2015, 2016 and 2017.



---

Stephen Ford  
AVP, Chief Audit Executive