



May 30, 2018

Cheryl A. Sadro, CPA
Chief Financial Officer
301 University Boulevard
Administration Building, Suite 6.206
Galveston, TX 77555

Dear Ms. Sadro,

We have completed our audit of Benefits Proportionality by Fund for The University of Texas Medical Branch at Galveston (UTMB Health), as required by Rider 8, page III-44, of the General Appropriations Act (85th Legislature, Conference Committee Report). The rider requires that the audit examine appropriation years (AY) 2015 through 2017.

Based on audit procedures performed, *Benefits Proportionality by Fund Reports* (APS 011) for appropriation years 2015 through 2017, as submitted to the State Comptroller, were 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.

Our audit procedures were consistent with the methodology prescribed by the State Auditor's Office to comply with Rider 8, and included 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. Testing sample sizes were determined based on results of prior years' audits and an amount deemed sufficient for risk coverage. Additionally, 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 greatly appreciate the assistance provided by the Office of Finance during this engagement.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kimberly K. Hagara".

Kimberly K. Hagara, CPA, CIA, CISA, CRMA
Vice President, Audit Services, UTMB Health Galveston

cc: David L. Callender, MD, President, UTMB Galveston
John B. States, Vice President Financial Accounting and Reporting, UTMB Galveston
R. Craig Ott, Associate Vice President & Controller, UTMB Galveston
J. Michael Peppers, Chief Audit Executive, UT System
Randy Wallace, Associate Vice Chancellor/Controller & Chief Budget Officer, UT System