



**McAllen Family Practice Residency Program
Operational Grant Audit**

Report No. 19-REQ-28

December 21, 2018

Office of Audits & Consulting Services

December 21, 2018

Dr. Guy Bailey, President
The University of Texas Rio Grande Valley
1201 West University Drive
Edinburg, Texas 78539

Dear Dr. Bailey,

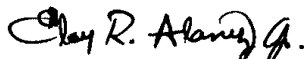
The Office of Audits & Consulting Services has completed the McAllen Family Practice Residency Program Operational Grant Audit for the fiscal year (FY) ended August 31, 2018 as required by the Texas Higher Education Coordinating Board. The objective of this audit was to assess whether revenues, expenditures and the unexpended fund balance were reported accurately in the annual financial report and the funds were utilized in accordance with the Texas Higher Education Coordinating Board's *Family Medicine Residency Program Guidelines for Funding Operational and Optional Rotation Programs*.

This audit was conducted in accordance with The University of Texas System's (UTS) Policy 129 *Internal Audit Activities*, the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)* and *Generally Accepted Government Auditing Standards (GAGAS)*. The *Standards and GAGAS* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of audits. We are required to adhere to these *Standards* and UTS 129.

In our opinion, the FY 2018 Annual Financial Report submitted to the Texas Higher Education Coordinating Board present fairly, in all material respects, its revenues, expenses, and unexpended fund balance, and all expenses were appropriate in support of the University of Texas Rio Grande Valley's (UTRGV) McAllen Family Practice Residency Program. In addition, all other required reports were fairly stated.

We appreciate the assistance provided by UTRGV's management and other personnel. We hope the information and analyses presented in our report are helpful.

Sincerely,



Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Officer

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cc: Dr. John Krouse, Dean for School of Medicine
Mr. Michael Patriarca, Executive Vice Dean for the School of Medicine
Ms. Melba Sanchez, Associate Dean for School of Medicine Finance &
Administration
Dr. Nausheen Jamal, Associate Dean for Graduate Medical Education
Dr. Sunand Kallumadanda, McAllen Family Practice Residency Program Director
UTRGV Internal Audit Committee
UT System Audit Office
Governor's Office of Budget, Planning and Policy
Sunset Advisory Commission
State Auditor's Office
Legislative Budget Board

Office of Audits and Consulting Services

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EXECUTIVE SUMMARY

We completed the McAllen Family Practice Residency Program Operational Grant Audit as part of our fiscal year 2019 Audit Plan. The objective of this audit was to assess whether revenues, expenditures and the unexpended fund balance were reported accurately in the annual financial report and the funds were utilized in accordance with the Texas Higher Education Coordinating Board's *Family Medicine Residency Program Guidelines for Funding Operational and Optional Rotation Programs*.

In our opinion, the FY 2018 Annual Financial Report submitted to the Texas Higher Education Coordinating Board present fairly, in all material respects, its revenues, expenses, and unexpended fund balance, and all expenses were appropriate in support of the University of Texas Rio Grande Valley's (UTRGV) McAllen Family Practice Residency Program. In addition, all other required reports were fairly stated.

BACKGROUND

The Family Practice Residency Program (FPRP) is designed to enhance physician training and provide medical care to the under-served urban and rural areas of Texas. UTRGV operates the McAllen FPRP program and receives funding for the program under the provisions of the Texas Education Code, Chapter 61. The Texas Higher Education Coordinating Board (Coordinating Board) issued the *Family Medicine Residency Program Guidelines for Funding Operational and Optional Rotation Programs* pursuant to their responsibility for administration. These guidelines include a requirement for submission of an annual financial report (AFR) of FPRP revenues and expenditures along with an internal or independent auditor's opinion.

In FY 2018, the McAllen FPRP operated on a budget of approximately \$2.8 million, including \$112,264 in program grant funding provided by the Coordinating Board. The grant amount is based on the residency program director's certification to the Coordinating Board that, as of September 1, 2017, eighteen (18) full-time family medicine residents were physically present at the residency program and contractually obligated to train in the program in FY 2018 for a minimum of six months.

AUDIT OBJECTIVE

The objective of this audit was to assess whether revenues, expenditures and the unexpended fund balance were reported accurately in the annual financial report and the funds were utilized in accordance with the Texas Higher Education Coordinating Board *Family Medicine Residency Program Guidelines for Funding Operational and Optional Rotation Programs*.

AUDIT SCOPE & METHODOLOGY

The scope of the audit included the Coordinating Board FPRP funding and associated expenditures presented within the FPRP annual financial report for FY 2018. To achieve the audit objective we:

- Verified the institution received \$112,264 for the operational and rural rotation grants as stipulated by the agreement and other pertinent documents.
- Verified accuracy of revenue and expenditure amounts presented in the annual financial report.
- Tested all expenditures made from the Coordinating Board funding to determine if they were appropriate and valid expenses for the program and made in accordance with program guidelines.
- Verified the number of residents for FY 2018 by 1st year, 2nd year and 3rd year and agreed them to Roster of Residents.
- Verified proper recording of equipment purchases, if any.

This audit was conducted in accordance with The University of Texas System’s (UTS) Policy 129 *Internal Audit Activities*, the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing (Standards)* and *Generally Accepted Government Auditing Standards (GAGAS)*. The *Standards and GAGAS* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of audits. We are required to adhere to these *Standards* and UTS 129.

RESULTS & CONCLUSION

In our opinion, the FY 2018 Annual Financial Report submitted to the Texas Higher Education Coordinating Board present fairly, in all material respects, its revenues, expenses, and unexpended fund balance, and all expenses were appropriate in support of the University of Texas Rio Grande Valley’s (UTRGV) McAllen Family Practice Residency Program. In addition, all other required reports were fairly stated.

Norma L. Ramos

**Norma Ramos, CIA, CGAP
Director**

Cecilia I. Sánchez

**Cecilia I. Sánchez, CIA, CGAP
Senior Auditor**