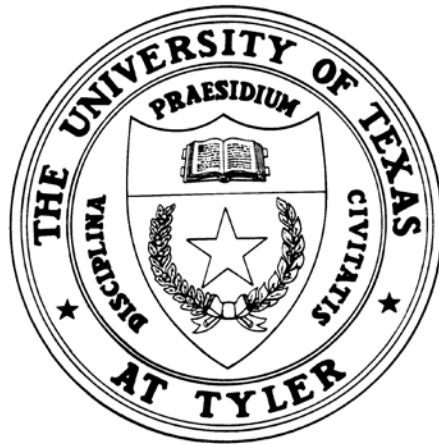


The University of Texas at Tyler
Benefits Proportional by Fund Audit



August 2018

THE UNIVERSITY OF TEXAS AT TYLER
OFFICE OF AUDIT AND CONSULTING SERVICES
3900 UNIVERSITY BOULEVARD
TYLER, TEXAS 75799

**The University of Texas at Tyler
Benefits Proportional by Fund Report
Fiscal Year 2018**

BACKGROUND

The General Appropriations Act (85th Legislature), Rider 8, requires each higher education institution to conduct an internal audit of benefits proportional by fund for fiscal years (FY) 2015 through 2017. This audit was included in the University of Texas at Tyler (UT Tyler) FY 2018 Annual Audit Plan and approved by the Institutional Audit Committee.

AUDIT OBJECTIVE

The objectives of this audit are to:

- verify UT Tyler had a sufficient process in place to prepare the annual reports to ensure benefits funding proportionality was applied according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act, and
- review the *Benefits Proportional by Fund Reports* (APS 011) for FY 2015 through 2017 and verify the accuracy.

STANDARDS

The audit was conducted in accordance with guidelines set forth in *The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*. Sample size for testing was determined following guidance on internal control testing for compliance from the American Institute for Certified Public Accountants (AICPA).

SCOPE AND METHODOLOGY

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

- 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.

In addition, 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.

AUDIT RESULTS

According to The University of Texas System Audit Office, "A *Priority Finding* is defined as an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole. *Non-Priority Findings* are ranked as *High, Medium, or Low*, with the level of significance based on an assessment of applicable *Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated.*

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Finding Level Legend	
Priority	<i>A finding is defined as an issue that if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Tyler.</i>
High	<i>A finding that is considered to have a <u>medium to high probability</u> of adverse effects to UT Tyler as a whole or to a significant college or department.</i>
Medium	<i>A finding that is considered to have a <u>low to medium probability</u> of adverse effects to UT Tyler as a whole or to a college or department.</i>
Low	<i>A finding that is considered to have a <u>minimal probability</u> of adverse effects to UT Tyler as a whole or to a college or department.</i>

This audit resulted in **no** findings.

Based on audit procedures performed, which were provided by The University of Texas System (UT System) Audit Office, the *Benefits Proportional by Fund Reports* (APS 011) for FY 2015 through 2017 were materially accurate and no reimbursement is due. The process in place to prepare the annual reports is sufficient to ensure benefits funding proportionality was applied according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act.

CONCLUSION

Based on our review, we found AY 2015 through 2017 APS 011 reports to be fairly stated. Opportunities for process improvements and procedure efficiencies have been discussed with management.

We appreciate the assistance of the UT System Audit Office and the UT Tyler Financial Reporting Office during this audit. We commend the Financial Reporting team for their diligent attention to the Benefits Proportional by Fund requirements.