

**MEMORANDUM**

TO: Ben G. Raimer, MD  
 President Ad Interim, UTMB Health

FROM: Kimberly K. Rogers, CPA, CIA, CISA, CHIAP, CRMA  
 Vice President, Audit Services

DATE: November 4, 2019

SUBJECT: UT System Policy 142.1 Compliance Review  
 Engagement Number 2020-005

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In anticipation of the completion of the Annual Financial Certification Letter to UT System (UTS), Audit Services completed a review of Fiscal Year (FY) 2019 sub-certification letters, select departmental account reconciliations, and monitoring efforts to ensure compliance with UTS 142.1, *Policy on the Annual Financial Report*.

**Sub-certification Letters**

Academic Enterprise, Health System Enterprise, Institutional Support, and Correctional Managed Care (CMC) compiled lists of individuals responsible for completing and submitting FY 2019 sub-certification letters. Audit Services compared these lists with the sub-certification letters submitted to entity leadership and determined all individuals in Institutional Support, Academic Enterprise and CMC responsible for completing sub-certification letters had completed and submitted them prior to the submission prior to October 15, 2019.

Audit Services noted that at the time of submission of the Health System's entity certification on October 22, 2019, 560 of 615 (91%) of listed departments had submitted sub-certifications; the completion rate increased to 568 of 615 (92%) by October 30, 2019. Audit Services recommends the Health System Enterprise reviews its process for obtaining and maintaining sub-certifications to ensure the submission and review of all sub-certifications prior to the entity certification and improve compliance with UT System Policy 142.1

**Monitoring Plan for Segregation of Duties and Reconciliation of Accounts**

Annually, the Finance Department develops and executes a monitoring plan related to segregation of duties and account reconciliation. Audit Services reviewed the plan and interviewed the General Accounting Senior Finance Manager regarding monitoring departmental compliance with UTMB Health's *Financial Controls, Monthly Review and Reconciliation Policy*. During FY2019, 15 departments were monitored. Audit Services selected five monitored departments and reviewed all associated monitoring documentation. Our review indicated the FY 2019 monitoring activities performed by Accounting were well documented and follow-ups occur throughout the year as applicable.

**Departmental Account Reconciliations**

To ensure segregation of duties and adequate reconciliation processes for departments not monitored during the year, Audit Services reviewed 15 departments to determine if their respective accounts were reconciled monthly in accordance with UTMB Health's policy and if appropriate segregation of duties were in place. Based on the number of overall departments, we selected a proportioned sample by entity: Health System – 8; Academic Enterprise – 3; and, Institutional Support – 4. Audit Services sampled 3 reconciliations from each department.

Although all departments provided departmental reconciliations, Audit Services noted that 3 of the 15 departmental reconciliations were prepared and approved after the auditor's request for one in Academic Enterprise and two in the Health System Enterprise. This appeared to be the result of changes in personnel, added Clear Lake departments, and lost data and having to recreate the reconciliations. Additionally, we noted supervisory review/approval of reconciliations was not occurring consistently. 18 of 45 (40%) of the reconciliations reviewed were not prepared and/or approved timely within those tested for all entities. These results will be communicated to Institutional Support, Academic Enterprise and Health System for further action as needed.

**Conclusion**

Based on Audit Services interviews and review of supporting documentation, UTMB Health generally appears in compliance with UTS 142.1.

C: Cheryl A. Sadro  
Aaron Lemay  
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