

May 30, 2019

Michael Keneker
Vice President and Chief Accounting Officer
1515 Holcombe Blvd.
Unit 1694
Houston, TX 77030

Dear Mr. Keneker,

We have completed our audit of Benefits Proportionality by Fund for The University of Texas MD Anderson Cancer Center for fiscal year (AY) 2018, as required by Article III, page III-45, of the General Appropriations Act (85th Legislature, Conference Committee Report).

Based on audit procedures performed, the *Benefits Proportionality by Fund Report* (APS 011) for fiscal year 2018, as submitted to the State Comptroller, **is materially accurate**. Also, 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.

The immaterial errors noted within the prior year's audit (MDA18-206) were corrected, and processes have been put into place to enhance the accuracy and reliability of the reporting process. These changes resulted in the correction of any submission errors that had taken place before the issuance of the FY18 audit report.

For audit methodology, please refer to **Appendix A**.

The courtesy and cooperation extended by the Division of Finance was sincerely appreciated.



Sherri Magnus, CPA, CIA, CFE, CRMA
Vice President & Chief Audit Officer

cc: Ben Melson, Senior Vice President and Chief Financial Officer, MD Anderson Cancer Center
Juan Castro, Vice President, MD Anderson Cancer Center
Tomas Guajardo, Executive Director, MD Anderson Cancer Center
Christy Harrison, Executive Director and Assistant Controller, MD Anderson Cancer Center
Veronica Hinojosa-Segura, Associate Vice Chancellor and Controller, UT System
J. Michael Peppers, Chief Audit Executive, UT System

APPENDIX A - Audit Methodology

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

- A review of source information obtained from the internal accounting system and the State's Uniform Statewide Accounting System (USAS)
- A 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
- Testing to verify eligibility of employee benefits paid with appropriated funds

The sample size for testing was determined following guidance on internal controls testing for compliance from the American Institute for Certified Public Accountants (AICPA). 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* and *Government Auditing Standards*.