



The University of Texas Medical Branch
Audit Services

Audit Report

UTS 142.1 – Account Reconciliation/ Segregation of Duties

Engagement Number 2023-007

August 2023

The University of Texas Medical Branch
Audit Services
301 University Boulevard, Suite 4.100
Galveston, Texas 77555-0150

UTS 142 – Account Reconciliation/ Segregation of Duties

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Background

The University of Texas Medical Branch (UTMB Health) internal Financial Controls, Monthly Review, and Reconciliation Policy outlines financial responsibilities for management, faculty, and staff related to exercising appropriate financial controls, ensuring accuracy of the financial statements, preparedness and review of account reconciliations, and their responsibility in ensuring UTMB Health complies with the UTS 142.1 Policy on the Annual Financial Report.

The UTS 142.1 policy requires all UT System institutions to provide an annual certification of compliance with the financial reporting requirements and outlines the principal responsibilities for the Chief Administrative Officer, Financial Reporting Officer, and Chief Audit Executive. The institution’s Financial Reporting Officer is responsible for the establishment of internal controls over the annual financial report preparation and development of monitoring plans for segregation of duties and reconciliations of accounts. Furthermore, UTMB Health’s policy outlines monitoring guidelines for the finance department to perform risk based monthly financial reviews of departmental reconciliations to ensure departments are correctly (and timely) reconciling their expenses. In FY22, Finance selected the following 15 departments for review:

Department Name	Month Reviewed	Net Revenue
Academic Enterprise		
Orthopedic Surgery	October	\$ 24,320,514
Radiology Services	November	\$ 35,901,607
Pathology	November	\$ 67,105,645
Anesthesiology	November	\$ 79,520,326
Internal Med-Gastroenterologist	December	\$ 1,570,179
Health System		
Microbiology And Immunology	December	\$ 46,856,234
Cardiac Catheterization Laboratory	January	\$ 94,360,838
Respiratory Care Services	January	\$ 118,321,200
House Staff Office	April	\$ 47,313,261
Total Joint Program	June	\$ 27,641
Pharmacy	July	\$ 269,931,325
Surgical Operating Suite	July	\$ 402,379,343
Institutional Support		
Marketing and Communications	February	\$ 5,085,951
Police	February	\$ 8,101,386
Cafeteria Operations	March	\$ 9,198,307
Total Reviewed 15		\$ 1,209,993,757
Total Net Revenue		\$ 4,897,721,136

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Objective, Scope, and Methodology

Objective

The objective of the UTS 142.1 Account Reconciliation/ Segregation of Duties engagement was to assess controls related to account reconciliations and segregation of duties to facilitate compliance with the UTS 142.1 policy.

Scope of Work and Methodology

The scope of work included the review of monthly and annual financial certifications and related reconciliations for FY22.

Methodologies used in this engagement included:

- Confirmed the Annual Certification Letter, Financial Code of Ethics Certification, and the Chief Audit Executive Risk Assessment Certification were completed and submitted as outlined by the UTS 142.1 Policy.
- Verified the completeness of the monitoring review controls for the departments selected in FY22.

Executive Summary

In efforts to efficiently comply with the UTS 142.1 requirements, the Finance Department developed an in-house web-based application, to automate the completion of FY22 department annual sub-certifications. Based on our review of the Finance Department FY22 monthly verification process, and annual sub-certification process UTMB is compliant with UTS 142.1.

Conclusion

We greatly appreciate the assistance provided by General Accounting staff and hope that the information presented in our report is beneficial.

This audit was conducted in conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.



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