

The University of Texas
Rio Grande Valley™

Benefits Proportionality by Fund For AY 2018 and AY 2019

Report No. 20-REQ-022

August 31, 2020

Office of Audits & Consulting Services

August 31, 2020

Dr. Guy Bailey, President
The University of Texas Rio Grande Valley
2102 Treasure Hills Blvd., Suite 3.115
Harlingen, TX 78550

Dear Dr. Bailey,

We have completed our audit of Benefits Proportionality by Fund for The University of Texas at Rio Grande Valley (UTRGV), as required by the *General Appropriations Act* (86th Legislature, Conference Committee Report). The Act requires that the audit examine appropriation years (AY) 2018 through 2019. Based on audit procedures performed, the APS 011 Reports for appropriation years 2018 and 2019 submitted to the State Comptroller were materially accurate; however, we identified inaccuracies in the amounts reported. Although overall no reimbursement is due to the State, UTRGV should make a total funding proportionality adjustment in the amount of \$304,945.54 from General Revenue fund to General Revenue Dedicated fund, which will result in a portion of the approximately \$300,000 being reimbursed to UTRGV. All errors identified are summarized in *Appendix 1* and described in the **Results** section below.

Our audit procedures were consistent with the methodology prescribed by the State Auditor's Office to comply with Rider 8, and included 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. Sample size for testing was determined following guidance on internal control testing for compliance from the American Institute for Certified Public Accountants (AICPA). 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. 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*.

Office of Audits and Consulting Services

One West University Blvd.
Brownsville, Texas 78520
(956) 882-8200

1201 West University Blvd.
Edinburg, Texas 78539
(866) 441-8872

2102 Treasure Hills Blvd.
Harlingen, Texas 78550
(956) 365-8779

utrgv.edu

Results

Although UTRGV’s APS011 report were materially accurate, the Financing Sources were not properly recorded, which resulted in UTRGV not correctly calculating all funding sources in the Financing Sources section of the report. Specifically:

- For AY2018, UTRGV did not record appropriation amount of \$50,108 in the Sources of Funding column for General Revenue. Although this amount was included in an updated APS011 report requested by the ACO, the entry was incorrectly included in GR-D Financing as well. Since no entries were completed for the updated APS011, the original report was used to determine how benefits were paid.
- For AY2019, UTRGV erroneously included \$2,089,349.03 in the Sources of Funding column for General Revenue – Dedicated and classified \$6,000 of tuition rebates as an expense rather than a contra revenue. As a result of these errors, eligible amount of Tuition and Lab Fees held at state was over by \$699,557.57.

As a result, UTRGV’s proportionality percentages and calculations of the benefit expenditures to be charged to each funding source were inaccurate. UTRGV’s should make an additional funding proportionality adjustment of \$4,310.52 from General Revenue Dedicated to General Revenue for AY2018 and \$309,256.06 from General Revenue to General Revenue Dedicated for AY2019. See *Appendix 1-Summary of Errors* for detailed information.

While there are first and secondary reviews of the completed APS 011 benefits proportional report in accordance with the Comptroller’s Office’s requirements, these reviews did not capture errors in the report. The first and secondary reviews should be documented to support the accuracy of the report, including reviews of key formulas, calculations and general ledger reconciliations that supports the annual APS 011 report filing prior to submission.

Auditors also identified other less significant issues that were communicated with management at the exit conference.

Management concurred with the suggestions.

We appreciate the courtesy and cooperation received from management and staff during our audit.

Office of Audits and Consulting Services

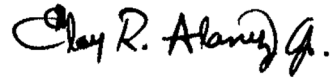
One West University Blvd.
Brownsville, Texas 78520
(956) 882-8200

1201 West University Blvd.
Edinburg, Texas 78539
(866) 441-8872

2102 Treasure Hills Blvd.
Harlingen, Texas 78550
(956) 365-8779

utrgv.edu

Sincerely,



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

cc: Audit Committee
 Michael Mueller, Senior Associate Vice President for Fin Pl & Res Dev
 Geoffrey Scarpelli, Associate Vice President for Financial Services
 J. Michael Peppers, Chief Audit Executive, UT System
 Veronica Hinojosa Segura, Associate Vice Chancellor & Controller, UT System

Appendix 1 – Summary of Errors

REPORT APPENDIX: SUMMARY OF ERRORS

	Appr Year	Benefit Type	Financing Source	Error Description	Error Amount	Refund Status	Document Number and Effective Date
	2018	OASI	GR- Fund # 0001	Difference in financing amounts reported	1,047.43		
	2018	GIP	GR- Fund # 0001	Difference in financing amounts reported	2,305.46		
	2018	TRS	GR- Fund # 0001	Difference in financing amounts reported	504.91		
	2018	ORP	GR- Fund # 0001	Difference in financing amounts reported	452.72		
Total	2018				4,310.52	In Process	
	2019	OASI	GR- Fund # 0001	Difference in financing amounts reported	(73,869.92)		
	2019	GIP	GR- Fund # 0001	Difference in financing amounts reported	(169,469.91)		
	2019	TRS	GR- Fund # 0001	Difference in financing amounts reported	(37,949.09)		
	2019	ORP	GR- Fund # 0001	Difference in financing amounts reported	(27,967.14)		
Total	2019				(309,256.06)	No refund due to State	

Office of Audits and Consulting Services

One West University Blvd.
 Brownsville, Texas 78520
 (956) 882-8200

1201 West University Blvd.
 Edinburg, Texas 78539
 (866) 441-8872

2102 Treasure Hills Blvd.
 Harlingen, Texas 78550
 (956) 365-8779

utrgv.edu