

UT Southwestern
Medical Center

Proportional Benefits Funding Audit

Internal Audit Report 20:38

August 11, 2020

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Executive Summary

Background

The Texas Comptroller of Public Accounts, under the authority of the General Appropriations Act (GAA), requires state agencies and institutions of higher education to ensure:

- Payments for benefit costs are proportional to an institution's funding from appropriated funds and federal receipts unless another legal provision prohibits proportionality.
- State appropriated general revenue (GR) funds are not used for paying benefits associated with salaries and wages paid from other funding sources.
- When it is determined that GR paid more than its proportionate share of benefits, an adjustment must be made to achieve a proportional benefit distribution.

Funds created by the state constitution or statute are expended through a legislative appropriation process and are captured in the Uniform Statewide Accounting System (USAS). UT Southwestern Medical Center (Medical Center) receives its appropriation through GAA appropriated funds. Accounting and Fiscal Services is responsible for the assessment, monitoring and reporting of benefits proportional requirements for all appropriated funds. They are also responsible for completing the annual Benefits Proportional by Fund report form (APS 011 Report) for management certification and submitting this certified report to the Comptroller's Office and the State Auditor's Office (SAO). This report outlines the computation and recording of relevant adjustments to accomplish proportionality of benefits costs and funding based on the prior appropriation year (AY)'s budget.

Scope and Objectives

The Office of Internal Audit has completed its Proportional Benefits Funding audit. This is a required audit and part of the fiscal year 2020 Audit Plan. The audit scope included review of the annual Benefits Proportionality by Fund Report for AY 2018 and 2019 (85th and 86th State Legislature). Audit procedures included interviews with stakeholders, review of policies and operating procedures and other documentation, account reconciliation, data analytics and substantive testing. The primary objectives included the following:

- Accuracy of the Benefits Proportionality by Fund Reports (APS 011) for appropriation years 2018 and 2019, as submitted to the State Comptroller.
- Adequate controls in place to prepare the annual benefits funding proportionality report according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act.

Executive Summary

We conducted our examination according to guidelines set forth by the Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

Conclusion

Overall, Benefits Proportionality by Fund Reports (APS 011) for AY 2018 and 2019, as submitted to the State Comptroller, were materially accurate. The process in place to prepare the annual report is sufficient to ensure benefits funding proportionality applies according to the guidelines established in Article IX, Section 6.08, of the General Appropriations Act. All prior action plans were completed and closed.

We would like to thank management and staff from Accounting and Fiscal Services and Budget and Resource Planning for the courtesies and cooperation extended to us during the review.

Sincerely,

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