



UT Tyler
THE UNIVERSITY OF TEXAS AT TYLER

Internal Audit Department

April 08, 2022

Dr. Kirk Calhoun
President
The University of Texas at Tyler
3900 University Blvd.
Tyler, TX 75799

Dr. Calhoun,

We have completed the Benefits Proportionality Audit as part of our Fiscal Year (FY) 2022 Audit Plan. The objective of this audit was to ensure that benefits proportionality had been accurately calculated and applied according to the State of Texas guidelines for FY 2020 and FY 2021. The scope of the audit included both the University of Texas at Tyler's (UT Tyler) Main campus and the Health Science Center (HSC) campus.

This audit was conducted in accordance with guidelines set forth in The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. We appreciate the assistance provided by management and other personnel and hope the information presented in our report is helpful.

Sincerely,

Stephen Ford
Vice President, Chief Audit Executive

Enclosure

cc:

Ms. Kris Kavasch, Senior Vice President, Finance, Chief Financial Officer / Interim Chief Business Officer
Dr. Kim Laird, Senior Vice President, Business Affairs, Chief Operating Officer – Academic Affairs
Ms. Natalie Harms, AVP/Controller
Ms. Claudette Clay, Director of Business Services
Ms. Danielle McDonald, Financial Reporting Manager
Mr. Tom Ward, State Treasury & Property Specialist
Ms. Esteici Licea, Financial Accountant
Dr. Archie Holmes, UT System Executive Vice Chancellor for Academic Affairs
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Benefits Proportionality Audit



April 08, 2022

INTERNAL AUDIT DEPARTMENT
3900 UNIVERSITY BOULEVARD
TYLER, TEXAS 75799

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AUDIT OBJECTIVE

The objective of the audit was to ensure that benefits proportionality had been accurately calculated and applied according to the State of Texas guidelines for fiscal year (FY) 2020 and FY 2021. This audit included testing of both the University of Texas at Tyler (UT Tyler) Main campus and the Health Science Center (HSC) campus.

CONCLUSION

Based on our audit procedures performed, the Institution's benefits proportional by fund, as submitted in the annual APS 011 reports for the University of Texas at Tyler (UT Tyler) Main campus and the Health Science Center (HSC) campus for FY 2020 and FY 2021, were accurately calculated and applied according to the established guidelines set forth by Section 6.08, page IX-28 of the State of Texas General Appropriations Act (87th Legislature, Conference Committee Report).

OBSERVATIONS

There were no observations resulting from this audit.

BACKGROUND

The General Appropriations Act (87th Legislature), Rider 8, page III-46, requires each higher education institution to conduct an internal audit of benefits proportional by fund for FY 2019, 2020, and 2021 using a methodology approved by the State Auditor's Office. Please note FY 2019 was audited for legacy UT Tyler (UT Tyler Audit Project #20-3), now UT Tyler Main campus, and legacy UT Health Science Center at Tyler (UTHSCT) (UTHSCT Audit Project #20-11), now HSC campus, as part of audits for the benefits proportional by fund conducted in FY 2020 with no exceptions noted.

STANDARDS

The audit was conducted in accordance with guidelines set forth in *The Institute of Internal Auditors' Standards for the Professional Practice of Internal Auditing* and *Generally Accepted Government Auditing Standards*.

SCOPE and PROCEDURES

The scope of this audit included FY 2020 and FY 2021 for both the UT Tyler Main campus and the HSC campus. Procedures were consistent with the methodology prescribed by the State Auditor's Office to comply with Rider 8, and included the following:

- Reviewed source information obtained from the internal accounting system and the State's Uniform Statewide Accounting System (USAS);
- Reviewed the benefits proportionality reporting process;
- Validated the accuracy of information and proportional funding calculations reported to the Comptroller of Public Accounts on the APS 011 reports; and
- Tested a sample to verify eligibility of employee benefits paid with appropriated funds.

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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.

OBSERVATION RANKINGS

Internal audit across the UT System uses a consistent process to evaluate audit results based on risk factors and the probability of a negative outcome.

Legend	
Priority	<i>A finding is defined as an issue that if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Tyler.</i>
High	<i>A finding that is considered to have a <u>medium to high probability</u> of adverse effects to UT Tyler as a whole or to a significant college or department.</i>
Medium	<i>A finding that is considered to have a <u>low to medium probability</u> of adverse effects to UT Tyler as a whole or to a college or department.</i>
Low	<i>A finding that is considered to have a <u>minimal probability</u> of adverse effects to UT Tyler as a whole or to a college or department. These findings are communicated separately to management.</i>