

**Date:** December 9, 2019

**To:** Andrea Marks, Senior Executive Vice President and Chief Operating Officer

**From:** John Lazarine, Chief Audit Executive  
Internal Audit & Consulting Services

**Subject:** Audit of Employee Benefits Proportionality

Internal Audit and Consulting Services has completed the audit of Employee Benefits Proportionality for UT Health San Antonio as required by Rider 8, page III-46, of the *General Appropriations Act* (86<sup>th</sup> Legislature). The rider requires that the audit examine appropriation years 2017, 2018 and 2019.

Based on audit procedures performed, the *Benefits Proportional by Method of Finance (APS 011)* reports for appropriation years 2017 and 2019, as submitted to the State Comptroller, were materially accurate, and the process in place to ensure benefits funding proportionality was applied according to the guidelines established in Article IX, Section 6.08 of the General Appropriations Act.

For appropriation year (AY) 2018, we identified an instance where the reported Group Insurance expenditures were overstated. As a result, this caused the Institution to make the adjustments noted below. The adjustments, which were made on August 26, 2019, were required to ensure that the Institution paid the proportionate amount of benefit expenditures. No additional actions are required to address this issue.

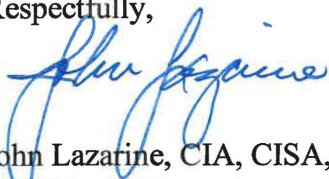
<b>AY 2018 Benefit Expenditure</b>	<b>Additional Adjustment</b>
Social Security, State Employee Match	\$ 1,595.36
Retirement Contributions	1,019.53
Optional Retirement Program	535.02
<b>Total Adjustment</b>	<b>\$ 3,149.91</b>

Our audit procedures were consistent with the methodology prescribed by the Texas State Auditor's Office to comply with Rider 8, and included the following:

- Review of source information obtained from the UT Health San Antonio 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
- Verification that only eligible employee benefits were paid from State appropriated funds

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 on 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*.

Respectfully,



John Lazarine, CIA, CISA, CRISC  
Chief Audit Executive  
Internal Audit & Consulting Services

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