



Benefits Proportionality by Fund

Internal Audit Report No. R2017
August 31, 2020



Executive Summary

Audit Objective:

The objective of our audit was to determine compliance with the applicable requirements prescribed in Article IX, Section 6.08 of the General Appropriations Act (86th Legislature). This audit is required under Rider 8, page III-48, Of the General Appropriations Act.

Conclusion:

Based on the audit procedures performed, Benefits Proportionality by Fund Reports (APS 011) for appropriation years 2018 through 2019, as submitted to the State Comptroller, were materially accurate and no reimbursement is due. The process in place to prepare the annual report is sufficient to ensure benefits funding proportionality is applied according to guidelines established in Article IV, Section 6.08, of the General Appropriations Act.

Appropriation year 2017 was audited and reported on in the previous benefits proportionality audit: Benefits Proportionality R1814.

*For specific details and engagement methodology,
please see the attached report.*



Appendix A: Methodology

Background

Rider 8, page III-45 of the General Appropriations Act (86th Legislature) requires each higher education institution, excluding public community/junior colleges, to conduct an internal audit of benefits proportionality. The audit must examine fiscal years 2017 through 2019 and be conducted using methodology approved by the State Auditor's Office¹. Note that appropriation year 2017 was audited and reported in the previous benefits proportionality audit. See the report at [Benefits Proportionality R1814](#).

The Accounting and Financial Reporting team, within the Office of Budget and Finance, are responsible for the process to ensure benefits are proportional by fund.

Scope and Procedures

The scope of this audit was appropriation years 2018 and 2019, and our fieldwork concluded on August 21, 2020. Our audit procedures were consistent with the methodology prescribed by the State Auditor's Office to comply with Rider 8, and included the following:

- Gaining an understanding of the benefits proportionality by fund processes and procedures.
- Auditing compliance with applicable requirements prescribed by Section 6.08, page IX-28, the General Appropriations Act (86th Legislature).
- Auditing the accuracy of the report demonstrating proportionality required by Section 6.08(g).
- Performing procedures to determine and if necessary, disclose in the audit report, (a) the aggregate dollar amount of all instances of noncompliance with the proportionality requirements identified during the audit, regardless of materiality, and (b) the status of any resulting reimbursement payments to the Comptroller of Public Accounts.
- Testing to verify eligibility of employee benefits paid with appropriated funds.

We conducted our examination in conformance with the Texas Internal Auditing Act in conformance with the guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. The *Standards* are statements of core requirements for the professional practice of internal auditing.

¹ <https://www.sao.texas.gov/InternalAudit/#benefits>



Thank You

We appreciate the courtesies and considerations extended to us from the Accounting and Financial Reporting during this engagement. Please let me know if you have any questions or comments regarding this audit.

A handwritten signature in blue ink that reads "Toni Stephens". The signature is written in a cursive, flowing style.

Toni Stephens, CPA, CIA, CRMA
Chief Audit Executive



Appendix B: Report Distribution

<p style="text-align: center; color: #4F81BD;">Members of the UT Dallas Institutional Audit Committee</p> <p><i>External Members</i></p> <ul style="list-style-type: none"> • Ms. Lisa Choate, Chair • Mr. Gurshaman Baweja • Mr. John Cullins • Mr. Bill Keffler • Ms. Julie Knecht <p><i>UT Dallas Members</i></p> <ul style="list-style-type: none"> • Dr. Richard Benson, President • Mr. Rafael Martin, Vice President and Chief of Staff • Dr. Kyle Edgington, Vice President for Development and Alumni Relations • Mr. Frank Feagans, Vice President and Chief Information Officer • Dr. Gene Fitch, Vice President for Student Affairs • Dr. Calvin Jamison, Vice President for Facilities and Economic Development • Dr. Inga Musselman, Provost and Vice President for Academic Affairs • Ms. Sanaz Okhovat, Chief Compliance Officer • Dr. Joseph Pancrazio, Vice President for Research • Mr. Terry Pankratz, Vice President for Budget and Finance • Mr. Timothy Shaw, University Attorney, ex-officio 	<p style="text-align: center; color: #4F81BD;">UT Dallas Responsible Parties</p> <p><i>Responsible Vice President (VP)</i></p> <ul style="list-style-type: none"> • Mr. Terry Pankratz, VP for Budget and Finance <p><i>Persons Responsible for Implementing Recommendations</i></p> <ul style="list-style-type: none"> • Mr. Greg Argueta, AVP for Accounting and Financial Reporting • Ms. Melody Monjazebe, Interim Director of Accounting and Financial Reporting <p style="text-align: center; color: #4F81BD;">External Agencies</p> <p><i>The University of Texas System</i></p> <ul style="list-style-type: none"> • System Audit Office <p><i>State of Texas Agencies²</i></p> <ul style="list-style-type: none"> • Legislative Budget Board • Governor’s Office • State Auditor’s Office • Comptroller of Public Accounts
<p style="color: #4F81BD;">Engagement Team</p> <p>Project Leader: Caitlin Cummins, Internal Auditor II</p>	

² Per Texas Internal Auditing Act Requirements