



THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
Joint Admission Medical Program (JAMP) Audit
Fiscal Year 2023

SUMMARY

BACKGROUND: The Joint Admission Medical Program (JAMP) was created in May 2001 by Senate Bill 940 of the 77th Texas Legislature to provide funding and services that support and encourage highly qualified, economically disadvantaged students to pursue a medical education. JAMP is governed by the JAMP Council (Council) which consists of representatives from each medical school in Texas and is administratively managed by The University of Texas (UT) System Administration.

Biennially, the Texas Legislature provides state appropriations for JAMP to the Texas Higher Education Coordinating Board (Coordinating Board). The Coordinating Board entered into an agreement with the Council to outline terms and conditions for the transfer of appropriated funds. The Council then entered into an agreement with UT System Administration to establish the terms and conditions for the use and distribution of the funds, and to distribute funds to participating schools. The agreement between the Coordinating Board and the Council further requires that the Council provide the Coordinating Board, “not later than December 31 of each even-numbered year, a financial statement detailing Fiscal Year revenues and expenditures by purposes and amounts, along with an internal or independent auditor’s opinion.” JAMP’s Statement of Revenues, Expenses, and Fund Balance (financial statement) for Fiscal Years (FY) 2021 and 2022, the subject of this audit, is included in *Appendix A*.

OBJECTIVE: Determine the reliability and integrity of key financial information reported on the Joint Admission Medical Program (JAMP) financial statement.

CONCLUSION: The JAMP financial statement fairly represents, in all material respects, JAMP activity for the two fiscal year period ended August 31, 2022. However, returned funds checks received from the participating institutions during the period were not securely stored or deposited within one business day as required by UT Systemwide Policy (UTS) 166, *Cash Management and Cash Handling Policy*.

OBSERVATIONS

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Low

When checks are not properly stored in a secured area and deposited in a timely manner, the organization is at an increased risk of loss or theft. In addition, the funds are not available to the JAMP Office for immediate use.

Management developed and immediately implemented an action plan to address this observation.



Returned Funds:
Securely Store and Deposit Checks Timely

When checks are not properly stored in a secured area and deposited in a timely manner, the organization is at an increased risk of loss or theft. In addition, the funds are not available to the JAMP Office for immediate use.

The JAMP program was appropriated \$9,696,794 for the 2022-23 biennium by the 87th Texas Legislature. This funding is primarily used for program costs. Program costs are disbursements made to the institutions that participate in JAMP for institutional program costs and student scholarships and stipends. Institutions are then required to return any unused funds to the JAMP Office after the close of the fiscal year. Student scholarships and stipends cancelled during the fiscal year would also result in returned funds.

The System Audit Office reviewed ten returned funds transactions totaling \$345,507.28 (or 33% of total returned funds). Of these returned funds, the JAMP Office received a physical check from a participating institution for five of the recorded transactions. We found that these five returned funds checks were not securely stored or deposited within one business day as required by UTS 166, *Cash Management and Cash Handling Policy*. According to the policy, assets should not be left unattended or unprotected. However, the returned funds checks were not physically protected in a locked space, such as a safe, locked metal box, or locked drawer. In addition, UTS 166 requires that all deposits over \$500 are deposited within one business day. None of the returned checks were deposited timely, with an average of 14 working days before deposit.

The JAMP Office also receives returned funds electronically through the State Treasury that are deposited directly into JAMP's cost centers. There were no observations related to cancelled checks or returned funds through the treasury.

ACTION PLAN

The JAMP Office agrees and will comply with the requirements of UTS 166 for all future deposits, effective immediately. JAMP will revise invoice templates to include instructions to send returned funds checks to the UT System lockbox. Returned funds checks still sent to the administrative office will be stored in a locked safe prior to deposit and access limited to the JAMP Director and JAMP Administrative Associate. Additionally, checks will be deposited within one business day or a justification for any delays will be maintained.

Anticipated Implementation Date: Immediately



The System Audit Office conducted this engagement in accordance with the *International Standards for the Professional Practice of Internal Auditing* and generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our observations and conclusions based on our objectives. We believe that the evidence obtained provides a reasonable basis for our observations and conclusions based on our objectives. The System Audit Office is independent per GAGAS requirements for internal auditors.

SCOPE AND PROCEDURES

The scope of this engagement included revenue and expense activities of the JAMP program in FY 2021 and FY 2022 (September 1, 2020 – August 31, 2022) and control practices currently in place. We assessed the overall risk of material misstatement on the financial statement as low. Audit procedures were conducted between October and December 2022.

Procedures performed included gaining an understanding of any changes to the JAMP program since prior audits, validating key financial information reported on the JAMP financial statement, and verifying required institutional audit reports were received and any findings would not impact the JAMP financial statement. A sample of revenues and expenses were tested to confirm the transactions were properly approved, adequately supported, accurately recorded, and deposited timely.

We will follow up on the action plan in this report to determine its implementation status. We review and rely on written affirmation from the responsible department to track completion of action plans for Medium- and Low-level observations. Responsible departments may request an extension to implement their action plans. This process will help enhance accountability and ensure that timely action is taken to address the observations.

OBSERVATION RATINGS

| | |
|-----------------|---|
| Priority | An issue that, if not addressed timely, has a high probability to directly impact achievement of a strategic or important operational objective of System Administration or the UT System as a whole. |
| High | An issue considered to have a medium to high probability of adverse effects to a significant office or business process or to System Administration as a whole. |
| Medium | An issue considered to have a low to medium probability of adverse effects to an office or business process or to System Administration as a whole. |
| Low | An issue considered to have minimal probability of adverse effects to an office or business process or to System Administration as a whole. |

CRITERIA

- Family Educational Rights and Privacy Act (20 U.S.C. §1232g; 34 CFR Part 99)
- UTS 166, *Cash Management and Cash Handling Policy*

REPORT DATE

March 13, 2023

REPORT DISTRIBUTION

To: Matthew Meeks, Ed.D., Executive Director, Texas Health Education Service
 Cc: Joel Robles, Ed.D., JAMP Director
 UT System Internal Audit Committee
 External Agencies (State Auditor, Legislative Budget Board, Governor’s Office)



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Fiscal Year 2023

APPENDIX A



THE UNIVERSITY of TEXAS SYSTEM
 FOURTEEN INSTITUTIONS. UNLIMITED POSSIBILITIES.

System Audit Office
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 Austin, Texas 78701
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WWW.UTSYSTEM.EDU

December 9, 2022

Matthew Meeks
 Executive Director, Texas Health Education Service
 The University of Texas System Administration
 P.O. Box 2175
 Austin, Texas 78768

Dear Mr. Meeks:

The University of Texas (UT) System Audit Office has reviewed the Joint Admission Medical Program (JAMP) Statement of Revenues, Expenses, and Fund Balance (financial statement), prepared on a cash basis, for the two fiscal year period ended August 31, 2022.

Our engagement consisted of verifying that revenues and expenses were compiled and classified accurately in the financial statement. Our work relied on the accuracy of expenditure reports submitted by participating institutions and did not include testing for appropriateness. Per their agreements with the JAMP Council, participating institutions were required to provide an auditor's opinion on the appropriateness of their expenditures on a risk basis, as determined by your office.

In our opinion, the accompanying JAMP financial statement fairly represents, in all material respects, JAMP activity for the two fiscal year period ended August 31, 2022.

Our examination was conducted in accordance with the guidelines set forth in the *International Standards for the Professional Practice of Internal Auditing* and generally accepted government auditing standards.

We appreciate the assistance provided by you and your staff.

Sincerely,

J. Michael Peppers, CPA, CIA, QIAL, CRMA
 Chief Audit Executive

cc: David L. Lakey, M.D., Vice Chancellor for Health Affairs and Chief Medical Officer
 Felix Morales, M.D., JAMP Council Chair
 Cynthia Perry, Ph.D., JAMP Council Chair-Elect

The University of Texas at Arlington · The University of Texas at Austin · The University of Texas at Dallas · The University of Texas at El Paso
 The University of Texas Permian Basin · The University of Texas Rio Grande Valley · The University of Texas at San Antonio
 The University of Texas at Tyler · The University of Texas Southwestern Medical Center · The University of Texas Medical Branch at Galveston
 The University of Texas Health Science Center at Houston · The University of Texas Health Science Center at San Antonio
 The University of Texas MD Anderson Cancer Center · The University of Texas Health Science Center at Tyler



**JOINT ADMISSION MEDICAL PROGRAM
 FINANCIAL REPORT
 FISCAL YEARS 2021 and 2022**

| | | FY 2021 | FY 2022 |
|-----------------------|---|--------------------|---------------------|
| INCOME | BEGINNING BALANCE | \$7,453,961 | \$2,883,319 |
| | THECB PROGRAM DISTRIBUTION | \$0 | \$9,696,794 |
| | RETURNED FUNDS FROM PRIOR PERIOD | \$538,229 | \$475,794 |
| | TOTAL FUNDS AVAILABLE | \$7,992,190 | \$13,055,907 |
| EXPENSES | UNDERGRADUATE STUDENT SUMMER STIPENDS | \$286,500 | \$270,000 |
| | UNDERGRADUATE STUDENT SCHOLARSHIPS | \$294,000 | \$304,000 |
| | MEDICAL SCHOOL SCHOLARSHIPS | \$1,236,000 | \$1,204,000 |
| | MEDICAL SCHOOL INTERVIEW STIPENDS | \$2,000 | \$141,000 |
| | UNDERGRADUATE SCHOOLS PROGRAM COSTS | \$515,182 | \$523,199 |
| | MEDICAL SCHOOLS PROGRAM COSTS | \$660,000 | \$780,000 |
| | MEDICAL SCHOOLS SUMMER INTERNSHIP PROGRAM COSTS | \$1,350,499 | \$1,361,175 |
| | PRE-JAMP OUTREACH PROGRAM COSTS | \$184,056 | \$200,000 |
| | GRADUATE MEDICAL EDUCATION PROGRAM COSTS | \$132,000 | \$0 |
| | EVALUATION, ACCOUNTABILITY & DEVELOPMENT | \$0 | \$50,000 |
| | ADMINISTRATIVE COSTS | \$448,634 | \$474,490 |
| | TOTAL EXPENSES | \$5,108,871 | \$5,307,864 |
| ENDING BALANCE | \$2,883,319 | \$7,748,043 | |