



A Legislative Summary Document Regarding
**The University of Texas Health
Science Center at Houston**

Contents
Key Findings from Previous Audits and Reviews
Most Recent Performance Measure Certification
Quality Assurance Team Reviews
Information System Vulnerability Assessments

Prepared for the 78th Legislature
by the State Auditor's Office

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This is not an audit report and, with the exception of any audit report summaries, the material in this document has not been subjected to all of the tests and confirmations performed in an audit.

The University of Texas Health Science Center at Houston

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Key Findings from Previous Audits and Reviews

January 1, 2001–December 31, 2002

State of Texas Federal Portion of the Statewide Single Audit Report for the Year Ended August 31, 2001¹

(February 2002)

Cash Management – Research and Development Cluster

The University of Texas Health Science Center at Houston’s (UTHSC-Houston) research and development grant requests are based on accounts payable and processed payroll information that is recorded in the account “Due to Other Funds,” indicating that the amount is due to the General Fund when received. However, due to the time delays between the processing of payroll and the release of the checks, compared to the time the reimbursement request is processed, actual payment of the amounts captured in “Due to Other Funds” may not have occurred. As a result, the reimbursement request becomes an advance payment from the federal government. Based on the audit procedures we performed, we did confirm that requests for four of 30 expenditures tested were held from one to four days in excess of the three days allowed after receipt of the federal funds. These expenditures totaled \$1,525. In addition, monitoring is not being performed to identify if an advance of funds occurs. As a result, advanced funds are not always expended within three days of receipt and related interest has not been calculated and remitted to the respective federal agency.

Status of Audit Recommendations as of November 30, 2002

KPMG LLP will report on the status of these recommendations in the federal portion of the statewide single audit for fiscal year 2002. This report is expected to be released in Spring 2003.

Allowable Costs

Six of 19 payroll expenditure adjustments tested were charged to a grant that was not listed on the confirmed effort report for the respective employees for the effective period of the adjustment. As a result, payroll costs of \$3,555 were charged to grants and not supported by the confirmed effort reports. The questioned costs were \$3,555.

Most Recent Performance Measure Certification

Fiscal Year 1998–Fiscal Year 2003

The results of *An Audit Report on Performance Measures at 36 State Entities–Phase 12 of the Performance Measures Reviews* (Report No. 98-040, May 1998) for this entity are summarized below.

Period	Measure	Certification Results
1997	Total number of graduates going into an internal medicine, pediatrics, obstetrics/gynecology, and emergency medicine residency	Certified with Qualification
1997	Total number of graduates completing first-time licensure	Certified
1997	Total number of filled positions in residency programs	Inaccurate
1997	Total number of filled residency positions in Texas Health Professional Shortage Areas (HPSAs)	Certified with Qualification
1997	Total number of filled post-doctoral (Ph.D., M.D./D.O., and DDS) research trainee positions	Inaccurate
Total Measures Certified Without Qualification ^a		1/5 (20%)
Data Reliability Percentage (Certified and Certified with Qualification)		3/5 (60%)

^a The percentage of unqualified certifications is presented because it is used in determining an entity’s eligibility for performance rewards as established in the General Appropriations Act [77th Legislature, Article IX, Sec. 6.31(d)(2)].

¹ Results from only the most recent statewide single audit are included in this Legislative Summary Document. KPMG LLP conducted the federal portion of that audit under contract with the State Auditor’s Office. Only excerpts from the KPMG audit report are presented above. For the full text of the KPMG audit report, please see www.sao.state.tx.us/Reports/report.cfm?report=2002/02-345.

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Category	Definition
Certified	Reported performance is accurate within +/-5 percent, and controls appear adequate to ensure accurate collection and reporting of performance data.
Certified with Qualification	Reported performance is within +/-5 percent, but the controls over data collection and reporting are not adequate to ensure the continued accuracy of performance data.
Factors Prevented Certification	Actual performance cannot be determined because of inadequate controls and insufficient documentation.
Inaccurate	Reported performance is not within +/-5 percent of actual performance, or there is an error rate of at least 5 percent in the supporting documentation.
Not Applicable	A justifiable reason exists for not reporting performance.

Quality Assurance Team Reviews

Conducted by the Legislative Budget Board and State Auditor's Office

Completed Projects

Quality Assurance Team Annual Report – January 2003

The University of Texas Health Science Center at Houston (UTHSC-Houston) completed the Clinical Automation Project at a cost of \$1,768,425 on July 31, 2002. The initial budget was \$1,254,500, and the initial completion date was August 1, 2001.

Ongoing Projects

Quality Assurance Team Annual Report – January 2003

System Technology for Administrative Resources (STAR) (Formerly Payroll, HR, and Financial System Replacement) — In September 1999, UTHSC-Houston began to replace its payroll and human resources system with PeopleSoft™. Time line and cost increases are due to migration of the legacy applications from the mainframe to a development server.

Project	Function	Initial Budget	Current Budget	Budget Change	Initial End Date	Current End Date	Time Change
STAR	Replace payroll and HR system with PeopleSoft™	\$11,300,664	\$15,766,336	\$4,465,672	08/01/01	08/31/03	24 months

Information System Vulnerability Assessments

The State Auditor's Office (SAO) and/or the Department of Information Resources performed one or more information system vulnerability assessments at The University of Texas Health Science Center at Houston between January 2000 and November 2002. Detailed results of this work are confidential under Texas Government Code, Section 2054.077(c). The SAO's Legislative Summary Document titled "Information System Vulnerability Assessments" provides general information about the results of information system vulnerability assessments.