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Travis County Auditor's Office
Subrecipient Risk Assessment Results
The University of Texas at Austin - Dell Medical School
Fiscal Year 2022

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TRAVIS COUNTY
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To: Roger Jefferies, County Executive
Justice Planning

From: Patti Smith, CPA
Travis County Auditor

Date: July 27, 2022

Subject: Risk Assessment Results for The University of Texas at Austin - Dell Medical School

The American Rescue Plan Act (ARPA) of 2021 is a $1.9 trillion federal economic stimulus bill. Within the ARPA, the Coronavirus State and Local Fiscal Recovery Fund (LFRF) provides $130 billion for local governments, split evenly between municipalities and counties. Travis County has been allocated $247,450,630 in LFRF funds.

When the County remits LFRF funds to another organization to carry out a federal award, that organization may be considered a subrecipient by the federal government depending on the details of the County's relationship with that organization. Travis County is required to comply with applicable Code of Federal Regulations (CFR) for its subrecipients. Specifically, the County must comply with 2 CFR §200.332 (b), which requires the County to perform a risk assessment and evaluate internal controls for federal grant subrecipients. The County is required to use these risk assessment results to develop a monitoring plan for the subrecipients.

The terms of this LFRF-funded project are captured in the interlocal agreement between Travis County and The University of Texas at Austin (UT Austin). UT Austin entered into the agreement on behalf of the Dell Medical School at UT Austin. Accordingly, the Risk Evaluation & Consulting Division (REC) of the Travis County Auditor's Office completed a subrecipient risk assessment of UT Austin; the following report details our findings for this risk assessment.

RISK RATINGS

For subrecipient risk assessments, REC utilizes a five-level risk rating scale from very low to very high to quantify risks based on 11 criteria. The ratings for these criteria are then utilized to assign an overall risk rating to the subrecipient of low, medium, or high. We determined the overall risk rating for UT Austin to be low. None of the risk criteria were rated high or very high, so there are

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no areas of concern to report. See Attachment A for a summary of the individual risk ratings for the 11 risk criteria.

FINANCIAL OBSERVATIONS

UT Austin is one of several universities, medical schools, and other entities that make up The University of Texas System (UT System). It is UT System's consolidated financial statements, rather than the individual financial statements for UT Austin, that are audited. For that reason, the following observations are based on the unaudited financial statements for the fiscal year ended August 31, 2021, which were provided in UT Austin's Annual Financial Report.

Financial Statements

- Annual revenues totaled $4,309,836,680. Revenues were comprised of investments (42.7%), sponsored programs (20.8%), student tuition and fees (12.2%), state appropriations (7.9%), and other revenue (16.4%). Expenditures totaled $3,120,030,602, which resulted in an excess of revenues over expenditures of $1,189,806,078.

- Assets totaled $14,908,625,074, and liabilities $1,187,402,775, resulting in net position of $13,721,222,299. There were restrictions totaling $6,687,169,937 on these net assets.

Financial Ratios

The following ratios appear to be within acceptable limits:

- The current ratio is 2:1 (current assets/current liabilities), with 1:1 being the minimum recommended. This ratio measures the entity's ability to pay short term obligations (due within one year) with current assets.

- The days cash on hand ratio is 73 days (cash + cash equivalents)/[(total expenses - depreciation expense)/365 days]. This calculation measures the number of days of expenses that can be covered from existing cash and cash equivalents.

- Unrestricted net assets as a percentage of total expenses is 84.1%, meaning expenses could be paid with net assets for 307 days (84.1% x 365 days). The Government Finance Officers Association recommends having a minimum of two months, so UT Austin is well above this threshold.

RISK ASSESSMENT TEAM

Joanne Englund, CPA, Financial Analyst VI
Amanda Muehlberg, CPA, Financial Analyst V

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CLOSING

This report is intended solely for the information and use of County departments and offices involved with processing LFRF grant funds and the Commissioners Court. Please contact us if you have any concerns or questions regarding this report.

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Risk Assessment File

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ATTACHMENT A – RISK ASSESSMENT RATINGS

RISK ASSESSMENT

Risk Assessment Criteria	Rating
1. Financial impropriety involving the subrecipient reported in the media	Very Low
2. Amount of grant award for this project/program	Medium
3. Experience managing any type of grant funds	Very Low
4. Grant experience: dollar amount of grant revenue for most recent fiscal year.	Very Low
5. Single Audit	Low
6. Financial statement audit	Very Low
7. Financial records and reporting	Low
8. State/federal agency monitoring during the past 3 years	Low
9. Personnel experience and/or turnover	Medium
10. Internal Control Questionnaire	Low
11. Documented procedures 2 CFR 200	Medium
Overall Risk Rating	Low