



**UNIVERSITY HOSPITALS AUTHORITY AND
UNIVERSITY HOSPITALS TRUST**

Audit in Accordance with the Uniform Guidance

Year ended June 30, 2024

(With Independent Auditors' Reports Thereon)

UNIVERSITY HOSPITALS AUTHORITY AND UNIVERSITY HOSPITALS TRUST

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KPMG LLP
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Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Members of the University Hospitals Authority and
Trustees of the University Hospitals Trust:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the University Hospitals Authority and University Hospitals Trust (together referred to as UHAT), which comprise the statement of net position as of June 30, 2024, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 30, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered UHAT's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of UHAT's internal control. Accordingly, we do not express an opinion on the effectiveness of UHAT's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether UHAT's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the UHAT's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the UHAT's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Dallas, Texas
October 30, 2024



KPMG LLP
Suite 1400
2323 Ross Avenue
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Independent Auditors' Report on Compliance for The Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Members of the University Hospitals Authority and Trustees of the University Hospitals Trust:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the University Hospitals Authority and University Hospitals Trust's (together referred to as UHAT) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on UHAT's major federal program for the year ended June 30, 2024. UHAT's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, UHAT complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2024.

Basis for Opinion on The Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of UHAT and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of UHAT's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to UHAT's federal program.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on UHAT's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The



risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about UHAT's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding UHAT's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of UHAT's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of UHAT's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of UHAT as of and for the year ended June 30, 2024, and have issued our report thereon dated October 30, 2024, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

Dallas, Texas
October 30, 2024

UNIVERSITY HOSPITALS AUTHORITY AND UNIVERSITY HOSPITALS TRUST

Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

<u>Federal Grantor/pass-through grantor/program or cluster title</u>	<u>Federal assistance listing number</u>	<u>Pass-through entity identifying number</u>	<u>Direct federal expenditures less subrecipients</u>	<u>Amounts passed through to subrecipients</u>	<u>Total federal expenditures</u>
U.S. Department of The Treasury: Pass-through State of Oklahoma: COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	OK00825	\$ <u>24,232,792</u>	<u>4,049,384</u>	<u>28,282,176</u>
Total U.S. Department of The Treasury			<u>24,232,792</u>	<u>4,049,384</u>	<u>28,282,176</u>
Total Expenditures of Federal Awards			\$ <u><u>24,232,792</u></u>	<u><u>4,049,384</u></u>	<u><u>28,282,176</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

UNIVERSITY HOSPITALS AUTHORITY AND UNIVERSITY HOSPITALS TRUST

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

(1) Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes the federal award activity of the University Hospitals Authority (Authority) and the University Hospitals Trust (Trust) for the fiscal year ended June 30, 2024. The information in this schedule is presented in conformity with the requirements set forth in Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(a) Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity includes the combined Authority and Trust presented together as "UHAT". The Trust is considered to be a blended component unit of the Authority.

(b) Basis of Presentation

The schedule reports total federal award expenditures for each federal program identified by the Assistance Listing (AL) number, formerly the Catalog of Federal Domestic Assistance for the fiscal year ended June 30, 2024.

Federal financial awards could include federal financial assistance and federal cost-reimbursement contracts. Federal financial assistance may be defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, food commodities, interest subsidies, insurance or direct appropriations, but does not include direct federal cash assistance to individuals or funding for tangible goods or services.

The scope of the schedule includes expenditures made by UHAT. The determination of when a federal award is expended is based on when the activity related to the federal award occurs. Generally, the activity pertains to events that require UHAT to comply with federal statutes, regulations, and the terms and conditions of the federal awards. Subrecipient expenditures are generally considered expended when the subrecipient notifies UHAT of such expenditures.

(c) Basis of Accounting

The accompanying schedule, in general, reports expenditures of UHAT in accordance with U.S. Generally Accepted Accounting Principles (GAAP) as they apply to governmental entities. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The operations of UHAT are accounted for as an enterprise fund on an accrual basis in order to recognize the flow of economic resources. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, depreciation of assets is recognized, and all assets and liabilities associated with the operations of UHAT are included in the statements of net position.

(2) Indirect Cost Rate

UHAT has not elected to charge any indirect costs to federal funding sources and thus has not elected to use the 10% de minimis indirect cost rate allowed in Uniform Guidance 2 CFR § 200.414(f).

UNIVERSITY HOSPITALS AUTHORITY AND UNIVERSITY HOSPITALS TRUST

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2024

(3) Coronavirus State and Local Fiscal Recovery Funds Expenditures

During fiscal year 2024, Coronavirus State and Local Fiscal Recovery Funds, AL #21.027, in the amount of \$28,282,176 were expended by UHAT. This represents 100% of the total federal expenditures at UHAT during fiscal year 2024. UHAT is a subrecipient to the State of Oklahoma for 100% of the federal awards it has been granted.

UNIVERSITY HOSPITALS AUTHORITY AND UNIVERSITY HOSPITALS TRUST

Schedule of Findings and Questioned Costs

Year ended June 30, 2024

(1) Summary of Auditors' Results

- a. Type of report issued on whether the financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- c. Noncompliance material to the financial statements: **No**
- d. Internal control deficiencies over major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- e. Type of report issued on compliance for major programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- g. Major programs:
 - Coronavirus State and Local Fiscal Recovery Funds – Assistance listing number 21.027
- h. Dollar threshold used to distinguish between Type A and Type B programs: **\$848,465**
- i. Auditee qualified as a low-risk auditee: **No**

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

None

(3) Findings and Questioned Costs Relating to Federal Awards

None