



Office of Internal Audit

August 14, 2020

Dr. Sandra Woodley, President
The University of Texas of the Permian Basin
4901 E. University Boulevard
Odessa, Texas 79762

Dear Dr. Woodley:

We have completed our audit of executive travel and entertainment expenses for the 2019 and 2020 fiscal years, as required by UT System directive. The purpose of our audit was to determine if UT System and UT Permian Basin (UTPB) policies and procedures were followed in the expenditure and reimbursement of funds for travel and entertainment purposes by UTPB executives, excluding the President.

We conducted our audit in accordance with guidelines set forth in UTS129, the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*, and *Generally Accepted Government Auditing Standards (GAGAS)* as issued by the Comptroller General of the United States.

While we noted several immaterial exceptions, based upon the results of our testing, it is our opinion that, overall, UT Permian Basin is complying with both UT System and institutional policies and procedures. For additional detail, please refer to the attached audit report.

We express our appreciation to the management and staff of UT Permian Basin for the courtesy and cooperation extended to us during this audit.

Sincerely,

A handwritten signature in black ink that reads "Glenn S. Spencer".

Glenn Spencer, CPA, CGMA
Chief Audit Executive

cc: Cesario Valenzuela, CPA, Chief Financial Officer and Vice President for Business Affairs
Felecia Burns, Director of Accounting
UT System Audit Office

The University of Texas Permian Basin



Executive Travel and Entertainment Expenses FYs 2019 and 2020 August 2020

**Office of Internal Audit
4901 E. University Boulevard
Odessa, Texas 79762**

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Executive Summary

We have completed our audit of executive travel and entertainment expenses for the 2019 and 2020 fiscal years, as required by UT System directive. The purpose of our audit was to determine if UT System and UT Permian Basin (UTPB) policies and procedures were followed in the expenditure and reimbursement of funds for travel and entertainment purposes by UTPB executives, excluding the President.

Risk Level	Findings
	None

OVERALL
CONCLUSION

While we noted several immaterial exceptions, based upon the results of our testing, it is our opinion that, overall, UT Permian Basin is complying with both UT System and institutional policies and procedures.

Objective

The objective of our audit was to determine if UT System and UT Permian Basin (UTPB) policies and procedures were followed in the expenditure and reimbursement of funds for travel and entertainment purposes by UTPB executives, excluding the President.

Scope and Methodology

We reviewed a sample of travel and entertainment transactions for selected UTPB executives for the period of September 1, 2018 through August 31, 2019; and from September 1, 2019 through February 29, 2020. Our audit included the following procedures:

- Gained an understanding of the travel and entertainment expense process through interviews.
- Reviewed policies and procedures regarding travel and entertainment expenses.
- Reviewed supporting documentation for each transaction in our sample.

We conducted our audit in accordance with guidelines set forth in UTS 129; with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*; and with *Generally Accepted Government Auditing Standards (GAGAS)* as issued by the Comptroller General of the United States.

Risk Ranking Criteria

Risk Level	Definition
PRIORITY	An issue or condition, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Permian Basin or UT System as a whole.
HIGH	Risk that is considered to be substantially undesirable and results in a medium to high probability of significant adverse effects to UT Permian Basin either as a whole or at the college/department/unit level.
MEDIUM	Risk that is considered undesirable and has a low to medium probability of adverse effects to UT Permian Basin either as a whole or at the college/department/unit level. Without appropriate controls, the risk will occur some of the time.
LOW	Considered to have minimal probability of adverse effects to the UT institution either as a whole or at the college/ school/unit level. Even with no controls, the exposure to UT Permian Basin will be minimal.

Audit Results

No reportable findings noted.

Status of Prior Year Findings and Recommendations

Management has implemented the sole recommendation from the prior year audit. See **Appendix A** for detailed results.

Conclusion

While we noted several immaterial exceptions, based upon the results of our testing, it is our opinion that, overall, UT Permian Basin is complying with both UT System and institutional policies and procedures.

APPENDIX A

STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS

No.	Finding	Recommendation	Status
1.	<p>Out of 39 transactions reviewed (27 travel and 12 entertainment), we noted some minor exceptions which are summarized as follows:</p> <ul style="list-style-type: none"> • 1 instance where a request for reimbursement was approved by the individual requesting reimbursement, rather than by a supervisor. • 1 instance where a travel authorization form was signed by a budget head for their employee spouse, which created a conflict of interest. In this instance, signature approval should have come from a higher-level supervisor. • 11 instances of minor over/under reimbursements – primarily due to not accurately following the UTPB policy on gratuities. <p>Assessed Level of Risk: Low</p> <p>The total dollar impact of the over/under reimbursements was negligible, and calls for no payment back to UTPB. Based upon the results of our testing, we found that, overall; the University is complying with UT System and UT Permian Basin policies and procedures in regard to executive travel and entertainment expenses.</p>	<p>Recommendation:</p> <p>Due to ongoing faculty and staff turnover, we recommend that UTPB continue to provide training and remind all employees of the specific travel and entertainment policies on a regular basis.</p> <p>Management Response:</p> <p>Management concurs with the recommendations.</p> <p>At the beginning of each fiscal year, an email reminder will be sent to all employees of the travel and entertainment policies and procedures. Accounting will provide training on travel policies on a periodic basis throughout the fiscal year.</p>	<p>Implemented. A reminder of the policies sent to all faculty and staff by email on 10/11/18. Emails regarding travel and expense training and processes sent by Accounting on 1/29/19 and 3/11/19.</p>