



The University of Texas at Brownsville

FY 2014 Audit of Executive Travel and Entertainment Expenses

January 30, 2014



OFFICE OF INTERNAL AUDITS

The University of Texas at Brownsville

Norma L. Ramos, CIA, CGAP

Director of Internal Audits

January 30, 2014

Dr. Juliet V. Garcia, President
The University of Texas at Brownsville
80 Fort Brown
Brownsville, Texas 78520

Dear Dr. Garcia:

As part of our Audit Plan for fiscal year 2014, we completed the **FY 2014 Audit of Executive Travel and Entertainment Expenses** at The University of Texas at Brownsville. The objectives of this audit were to:

- Determine the reliability and integrity of travel and entertainment expenses for the executives of the University of Texas at Brownsville; and
- Determine compliance with the applicable policies, procedures, laws, and regulations.

Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

We appreciate the assistance provided by UTB's management and other personnel. We hope the information and analyses presented in our report are helpful.

Sincerely,

A handwritten signature in cursive script that reads 'Norma L. Ramos'.

Norma L. Ramos, CIA, CGAP
Director of Internal Audits

cc: *The University of Texas at Brownsville*

Dr. Alan F. J. Artibise, Provost and Vice President for Academic Affairs
Mr. Ben Reyna, Associate Provost for Government Relations
Dr. Janna Arney, Associate Provost for Faculty and Academic Affairs
Ms. Rosemary Martinez, CPA, Vice President for Business Affairs
Dr. Hilda Silva, Vice President for Student Affairs
Mr. Irvine W. Downing, Vice President for Institutional Advancement and
Vice President for Economic Development and Community Services
Dr. Luis Colom, Vice President for Research

Dr. Clair Goldsmith, Vice President for Information Technology Services and Chief Information Officer

Dr. Marilyn Woods, Chief of Staff

Ms. Veronica Mendez, Associate Vice President for Business Affairs/Compliance

UT System Administration

Dr. Pedro Reyes, Executive Vice Chancellor for Academic Affairs,

Mr. Michael Peppers, Chief Audit Executive, UT System Audit Office



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FY 2014 Audit of Executive Travel and Entertainment Expenses

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Executive Summary

The 2014 approved audit plan included the Audit of Executive Travel and Entertainment Expenses at the University of Texas at Brownsville. Our audit was limited to interviews with departmental employees, and review of departmental records.

The objectives of the audit were:

- Determine the reliability and integrity of travel and entertainment expenses for the executives of the University of Texas at Brownsville; and
- Determine compliance with applicable policies, procedures, laws, and regulations.

Over all, internal audits concluded that executive's travel and entertainment expenses were in compliance with applicable policies and regulations of the University, UT System, and the State of Texas.

The expenses had an adequate and appropriate business purpose, were properly approved, and supported by appropriate documentation.



Background Information

The University of Texas System (UT System) Board of Regents' Rules and Regulations Series 20205 *Expenditures for Travel, Entertainment, and Housing by Chief Administrators* was approved on May 11, 2006. Since fiscal year 2007, The University of Texas at Brownsville (UTB) Audit Office has been conducting audits of the travel, entertainment expenses for which the President and her spouse have been reimbursed or that have been paid directly on their behalf.

As requested by Chancellor Cigarroa, the Office of Internal Audits is expanding the audit to also include travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the UTB executives. All of the executives will be subject to review annually, but may not necessarily be chosen to be audited every year. The following executives were selected for review:

- Provost/Vice President for Academic Affairs
- Chief of Staff
- Associate Provost Academic Affairs
- Vice President for Research
- Vice President for Institutional Advancement and Economic Development and Community Service
- Vice President for Business Affairs
- Vice President for Student Affairs
- Assistant Vice President for Academic Affairs for Budget & Finance

Audit Objectives

The objectives of the audit were to:

- Determine the reliability and integrity of travel and entertainment expenses for the executives of the University of Texas at Brownsville; and
- Determine compliance with applicable policies, procedures, laws, and regulations.

Scope of Work

The nature and extent of our audit tests were as follows:

- We reviewed applicable policies and procedures, laws and regulations.
- We interviewed key personnel.
- The verification of selected travel, and entertainment expenses through inspection of supporting documentation.



FY 2014 Audit of Executive Travel and Entertainment Expenses

Our examination was conducted in accordance with guidelines set forth in The University of Texas System's Policies UTS 129 and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)*. The *Standards* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of internal auditing department. UTS 129 requires that we adhere to the *Standards*.

Audit Results

The scope of this audit included travel and entertainment expenses reimbursed to, or paid on behalf of, the UTB executive officers during the period September 01, 2012 through August 31, 2013. Our audit included specified procedures requested by UT System Administration.

We tested a sample of 75 expenditures including 37 entertainment expenses by reviewing supporting documentation for appropriateness, validity, and approvals.

	Amount	Transactions
Travel	\$26,947.73	26
Entertainment	\$13,535.15	31
Total:	\$40,482.88	57

In addition, the following attributes were used as we reviewed each individual travel and entertainment expense:

- The approval process is in compliance with applicable rules, laws and regulations.
- Adequate supporting documentation was maintained for expenditures tested.
- An adequate and business purpose was well documented.
- Expenditures were mathematically accurate and properly recorded.
- Expenditures were within allowable limits.
- Expenditures were timely submitted.

Based on our review of entertainment expenses, sample selected met all mentioned criteria above.

Based on our review of travel expenses, sample selected met all mentioned criteria above.



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Conclusion

Internal Audits concluded that executive's travel and entertainment expenses were in compliance with applicable policies and regulations of the University, UT System, and the State of Texas.

The expenses had an adequate and appropriate business purpose, were properly approved, and supported by appropriate documentation.