

MEMORANDUM

TO: David L. Callender, MD
President, UTMB Health

FROM: Kimberly K. Hagara, CPA, CIA, CISA, CRMA
Vice President, Audit Services 

DATE: October 26, 2016

SUBJECT: Executive Travel and Entertainment Expenses
Engagement Number 2017-003

Attached is the final audit report regarding the Executive Travel & Entertainment Expenses audit. This audit will be presented at the next Institutional Audit Committee meeting.

Thank you for your cooperation and assistance during the course of this review. If you have any questions or comments regarding the audit, please feel free to contact me at (409) 747-3277.

Attachment



The University of Texas Medical Branch
Audit Services

Audit Report

Executive Travel and Entertainment Expenses

Engagement Number 2017-003

October 2016

The University of Texas Medical Branch
Audit Services
301 University Boulevard, Suite 4.100
Galveston, Texas 77555-0150

Executive Travel and Entertainment Expenses **Audit Control Number: 2017-003**

Background

Numerous State rules and University of Texas Medical Branch (UTMB Health) policies including the Institutional Handbook of Operating Procedures (IHOP) Policy 4.3.1--*Travel Policy*, IHOP 4.4.2--*Official Function Expenditures, Travel Guide, and Accounts Payable Guide* provide guidance for reimbursement of travel and entertainment expenses incurred by institutional employees. Additionally, the University of Texas System (UT System) Board of Regents' Rule and Regulation 20205 (Regents' Rule 20205), *Expenditures for Travel, Entertainment, and Housing for Chief Administrators* provides additional guidance related to the approval, review, and audit process for travel, entertainment, and housing expenses incurred by institutional presidents and their spouses.

Although revisions to Regents' Rule 20205 in 2013 shifted the responsibility for performing the annual audits of the presidents and their spouses' expenses from the institution's internal audit department to the UT System Audit Office, UTMB Health's Audit Services continues to include the President and his spouse in the quarterly audits of travel and entertainment expenses for institutional leadership. The President's and spouse expenditures are subject to additional audit by UT System in select years. Beginning in fiscal year 2014, Audit Services expanded the audit to include a sample of all UTMB Health employees.

Audit Objective, Scope, and Methodology

The primary objective of this audit was to ensure compliance with institutional policies regarding travel and entertainment expenditures by institutional leadership as well as compliance with Regents' Rule 20205. The audit scope included all fiscal year 2016 reimbursements and payments for travel, entertainment, and other expenditures made for or on behalf of the President and his spouse. Additionally, our scope included travel and entertainment expenditures for the President's direct reports; all UTMB Health institutional leaders with Vice President or equivalent titles; and employees with expenditures totaling \$5,000 or more.

Audit methodology included testing selected expenditures for appropriate business purpose, adequate supporting documentation, appropriate authorization, and mathematical accuracy. Additionally, we compared quarterly reports, submitted to the UT System Executive Vice Chancellor for Business Affairs, to PeopleSoft transactions for timeliness and completeness.

The audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* as promulgated by the Institute of Internal Auditors.

Audit Results

Quarterly Reports

Audit Services comparisons of the quarterly reports submitted to the UT System Executive Vice Chancellor for Business Affairs to the transactions recorded in PeopleSoft indicated the quarterly reports were generally complete and submitted timely.

Travel, Entertainment, and Housing – President and Spouse

Audit Services review of travel and entertainment transactions indicated that, overall, transactions were for an appropriate business purpose, allowable, authorized, timely,

Executive Travel and Entertainment Expenses
Audit Control Number: 2017-003

mathematically correct, and adequately supported. Additionally, there were no expenditures related to Presidential housing in fiscal year 2016.

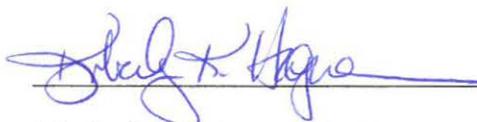
Travel and Entertainment – Other Selected Employees

Audit Services review of travel and entertainment transactions indicated that, overall, transactions were for an appropriate business purpose, allowable, authorized, timely, mathematically correct, and adequately supported. Audit Services identified minor account discrepancies in expense reimbursement submissions. Additionally, during the review of employees with reimbursements greater than \$5,000 there was one employee identified as being over reimbursed. Repayment of the over reimbursed amount was requested from the traveler and received.

Conclusion

Overall, UTMB Health generally follows its policies and procedures for travel and entertainment expenditures and reimbursements to the President, his spouse, the President's direct reports, UTMB Health leadership, center and institute directors, department chairs, and employees.

We greatly appreciate the assistance provided by the staff of both the Office of the President and Accounts Payable during this audit, and hope that the information in this report is beneficial.



Kimberly K. Hagara, CPA, CIA, CISA,
CRMA
Vice President, Audit Services



Barbara L. Winburn, RHIA, CIA, CRMA
Senior Audit Services Manager