



**THE UNIVERSITY OF TEXAS-PAN AMERICAN
OFFICE OF AUDITS & CONSULTING SERVICES**

Executive Travel and Entertainment Audit FY13 and FY14

Report No. 15-11



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OFFICE OF INTERNAL AUDITS

THE UNIVERSITY OF TEXAS - PAN AMERICAN

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July 31, 2015

Dr. Havidán Rodríguez, Interim President
The University of Texas-Pan American
1201 W. University Drive
Edinburg, TX 78539

Dear Dr. Rodríguez,

As part of our fiscal year 2015 Audit Plan, we completed an externally required audit of Executive Travel and Entertainment Expenses for FY13 and FY14. The UT System Chancellor requested that annual audits of presidential travel and entertainment expenses be expanded to include key executives of the institution in an effort towards more progressive and transparent accountability.

The audit objective was to provide assurance that UTPA executive management travel and entertainment expenses were for business purposes, reasonable, had adequate approvals and documentation as required by UTPA's Handbook of Operating Procedures (HOP) and state requirements. The scope of the audit included travel and entertainment expenses reimbursed to, or paid on behalf of, UTPA executive management during the period from September 1, 2012 through August 31, 2014. We tested 10 executives from a population of 34.

Based on the work performed, we concluded that the executive management's travel and entertainment expenses were appropriate and met HOP and state requirements. The detailed report is attached for your review.

We appreciate the courtesy and cooperation received from management and staff during our audit.

Sincerely,

Eloy R. Alaniz, Jr., CPA, CIA, CISA
Executive Director of Audits & Consulting Services



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EXECUTIVE SUMMARY

In October 2012, the UT System Chancellor requested that annual audits of presidential travel and entertainment expenses be expanded to include key executives of the institution in an effort towards more progressive and transparent accountability.

The audit objective was to provide assurance that UTPA executive management travel and entertainment expenses were for business purposes, reasonable, had adequate approvals and documentation as required by UTPA's Handbook of Operating Procedures (HOP) and state requirements. The scope of the audit included travel and entertainment expenses reimbursed to, or paid on behalf of, UTPA executive management during the period from September 1, 2012 through August 31, 2014 (Fiscal Years 2013 & 2014). We tested 10 executives from a population of 34.

Overall, the executive management's travel and entertainment expenses were for a business purpose, reasonable, had adequate approvals and were supported by documentation as required by the HOP and state requirements.



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BACKGROUND

In accordance to *Regents' Rules and Regulations 20205*, annual audits of presidential travel and entertainment expenses are required. In the period of 2006 thru 2012, The University of Texas - Pan American's Office of Audit and Consulting Services conducted audits of presidential travel and entertainment expenses for which the president and his spouse had been reimbursed or that had been paid directly on their behalf. In August 2013, the UT System Board of Regents amended Rule 20205 so that these audits are now conducted by the UT System Audit Office.

On October 10, 2012, the UT System Chancellor requested that the presidential travel and entertainment expenses audit be expanded to include the travel and entertainment expenses of all executive teams across all UT System institutions beginning with fiscal year 2013 and subject to review annually.

AUDIT OBJECTIVE

The audit objective was to provide assurance that UTPA executive management travel and entertainment expenses were for business purposes, reasonable, had adequate approvals and were supported by documentation as required by Handbook of Operating Procedures (HOP) and state requirements.

AUDIT SCOPE & METHODOLOGY

The scope of the audit included travel and entertainment expenses reimbursed to, or paid on behalf of, UTPA executive management during the period of September 1, 2012 through August 31, 2014 (Fiscal Years 2013 & 2014). To achieve our objective, we performed the following procedures:

- Obtained guidance from The University of Texas System's Board of Regents' Rules and Regulations, Series: 20205, *Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences*; UTPA's Handbook of Operating Procedures Sections 8.3.2 - *Travel Policy* and 8.6.7 – *Business Purchases and Entertainment Expense Reimbursements*.
- Determined the population size and selected a sample of executives to test.
- Requested travel and entertainment information maintained by the administrative personnel of the executives sampled.
- Compared the information provided by the administrative personnel to the amounts we queried from the Oracle Financials System for the period to ensure completeness.
- Analyzed and categorized data into travel and entertainment.

The audit population consisted of 34 executive members of the University Council. While these executives are subject to review annually, they may not necessarily be chosen to be audited every year. A total of 12 individuals were tested in the prior fiscal year. For this audit we selected another 10 executives, not including the ones that were previously tested.



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The following executives were selected for review:

	President's Office
1	Chief of Staff and Governmental Relations Officer
	Academic Affairs
2	Vice Provost for Graduate Studies currently Provost/Vice President for Academic Affairs, Ad Interim
3	Vice Provost for Faculty Affairs
4	Vice Provost for Research & Sponsored Projects
5	Dean-Library
6	Dean-College of Arts & Humanities
7	Dean-College of Business Administration
8	Dean-College of Health Sciences and Human Services
9	Dean-College of Social and Behavioral Sciences
	Student Affairs
10	Associate Vice President and Dean of Students

The audit was conducted in accordance with the guidelines set forth in The University of Texas System's Policy 129 and the *Institute of Internal Auditor's Standards for the Professional Practice of Internal Auditing*.

AUDIT RESULTS

We tested 337 transactions totaling \$54,488 from a population of \$161,782 representing 34% of the total dollar amount of the population.

Each transaction was tested for the following criteria:

- Proper approval,
- Adequate supporting documentation,
- Mathematically accurate;
- Appropriate business purpose for the benefit of UTPA,
- Properly recorded,
- Within allowable limits, as applicable;
- Timeliness of payment or reimbursement.

Based on testing, we determined that the travel and entertainment expenses reimbursed to the executives, or paid directly on their behalf, met the criteria above.



CONCLUSION

Overall, the executive management’s travel and entertainment expenses were for a business purpose, reasonable, had adequate approvals and were supported by documentation as required by the HOP and state requirements.

Isabel Benavides

**Isabel Benavides CIA, CGAP, CFE
Director, Audits and Consulting Services**