



THE UNIVERSITY of TEXAS SYSTEM
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Audit Office

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January 14, 2016

Daniel K. Podolsky, M.D., President
Office of the President
UT Southwestern Medical Center (UTSW)
5323 Harry Hines Boulevard
Dallas, Texas 75392

Dear President Podolsky:

We have completed our audit of travel, entertainment, and university residence maintenance expenses paid on behalf of, or reimbursed to, you and your spouse during the period December 1, 2013 to May 31, 2015. Our audit objective was to determine whether these expenses are appropriate, accurate, and in compliance with applicable institutional policies and The University of Texas System Board of Regents' *Rules and Regulations*. The detailed report is attached for your review.

We conducted our engagement in accordance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

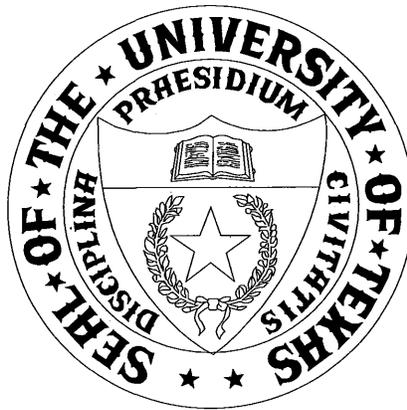
We appreciate the assistance provided by the president's and internal audit offices in conducting this engagement.

Sincerely,

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

cc: Arnim Dontes, Executive Vice President for Business Affairs, UTSW
Valla Wilson, Assistant Vice President Internal Audit, UTSW
Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs, UT System
Administration

**Presidential Travel, Entertainment, and University Residence
Maintenance Expenses Audit Report
The University of Texas Southwestern Medical Center
FY 2015**



January 2016

**THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 W. 6th STREET, SUITE B.140E
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**The University of Texas System Audit Office
Presidential Travel, Entertainment, and University Residence Maintenance
Expenses Audit – UT Southwestern Medical Center
Fiscal Year 2015**

AUDIT REPORT

January 2016

BACKGROUND

As required by The University of Texas (UT) System Board of Regents' *Rules and Regulations*, Rule 20205, titled "Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences" (Rule 20205), the UT System Audit Office has completed the audit of presidential travel, entertainment, and university residence maintenance expenses. Guidance for these expenses is provided by various state laws, rules and regulations promulgated under those laws, and UT System and institutional travel and entertainment policies and procedures including, but not limited to, Rule 20205.

While each of the presidents is subject to the annual audit, substantive testing of their expenses is determined on a year-to-year basis. This assessment is made based both on an analysis of risk and an element of rotation to ensure complete coverage over a period of time.

AUDIT OBJECTIVE

The overall objective of this audit was to determine whether travel, entertainment, and university residence maintenance expenses paid on behalf of or reimbursed to the presidents and their spouses are appropriate, accurate, and in compliance with applicable institutional policies and Regents' *Rules and Regulations*.

SCOPE AND METHODOLOGY

The scope of this audit included travel, entertainment, and university residence maintenance activity of the presidents and their spouses for the period from December 1, 2013 to May 31, 2015. The audit scope of travel and entertainment expenses for the presidents' spouses is limited to those expenses related to the presidents' offices.

At UT Southwestern Medical Center (UTSW), the president's spouse did not have any travel or entertainment expenses, as related to the Office of the President, during the audit scope. In addition, UTSW does not have a university residence for the president; therefore, there are no such expenses.

The audit methodology consisted of reviewing applicable institutional policies and procedures, assessing internal controls, and analyzing the institutions' quarterly reports submitted to UT System. Based on the risk determined as a result of these audit procedures at UTSW, additional substantive testing was performed on a sample of travel and entertainment expenses to determine whether applicable policies and procedures were followed and whether expenses were appropriate, adequately supported, and accurately processed.

The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors' (IIA) *International Standards for the Professional Practice of Internal Auditing (Standards)*.



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AUDIT RESULTS

Overall, the travel and entertainment expenses reimbursed to, and paid on behalf of, the president appeared appropriate and accurate, and adequate internal controls are in place. However, it was noted that the institution's business entertainment policy has been in draft form for several years. The responsible parties should continue the review process and strive to have it finalized in the near future. Other minor issues were noted and communicated to management.

CONCLUSION

Overall, the travel and entertainment expenses reimbursed to, and paid on behalf of, the president appeared appropriate and accurate, and adequate internal controls are in place.

Handwritten signature of J. Michael Peppers in black ink.

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

Handwritten signature of Moshmee Kalamkar in black ink.

Moshmee Kalamkar, CPA, CIA
Audit Manager