



THE UNIVERSITY of TEXAS SYSTEM  
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**Audit Office**

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March 10, 2016

Rodney H. Mabry, Ph.D., President  
Office of the President  
The University of Texas at Tyler  
3900 University Blvd.  
Tyler, TX 75799

Dear President Mabry:

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: David Dabney, Interim Vice President for Administration & Chief Business Officer, UT Tyler  
Lou Ann Viergever, Institutional Chief Audit Executive, UT Tyler  
Steven Leslie, Ph.D., Executive Vice Chancellor for Academic Affairs, UT System Administration

**Presidential Travel, Entertainment, and University Residence  
Maintenance Expenses Audit Report  
The University of Texas at Tyler  
FY 2015**



**March 2016**

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE  
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(512) 499-4390



**The University of Texas System Audit Office  
Presidential Travel, Entertainment, and University Residence Maintenance  
Expenses Audit – UT Tyler  
Fiscal Year 2015**

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**AUDIT REPORT**

March 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 were 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. UT Tyler (UTT) 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 UTT, 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)*.

***AUDIT RESULTS***

Overall, the travel and entertainment expenses reimbursed to, and paid on behalf of, the president and his spouse appeared appropriate and accurate, and adequate internal controls are in place. Enhancements were identified related to the completeness and accuracy of the quarterly reports



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and reviewing applicable travel and entertainment policies for potential revisions, including the amounts for business meal limits.

**Completeness and Accuracy of Quarterly Reports**

Quarterly reports of presidential travel and entertainment expenses are required to be filed with UT System per Rule 20205. Through a review of these quarterly reports, travel expenses for five trips and one entertainment expense, totaling approximately \$2,300 were omitted, and a few minor inaccuracies were found.

**Recommendation:**

The Office of the President should strengthen the process of preparing and reviewing the quarterly expense reports to ensure they are complete and accurate. The person(s) preparing the report should be familiar with the travel systems, the accounting system, and the overall process to ensure all relevant expenses are identified and properly captured.

**Management's Response:**

The President's Office has trained recently hired staff and implemented new procedures to insure accuracy and completeness in the reporting process for the quarterly expense reports.

**Implementation Date:** Immediately

**Policies and Procedures and Meal Limits for Entertainment Expenses**

The UT Tyler policy for business entertainment expenses (BRUD) exempts the president and refers to Rule 20205. However, Rule 20205 does not include, and is not intended to prescribe, specific guidance on the administration of expenses; therefore, there are no established per person meal limits or description of allowable business entertainment expenses for the president. Additionally, the BRUD policy prohibits reimbursement of business meals when the only attendees are university faculty or staff; however, a management decision was made to no longer require that non-campus personnel be present for reimbursement.

**Recommendation:**

UT Tyler should establish appropriate guidance related to business entertainment expenses for the president, including per person meal limits, allowable expenses, and other applicable criteria. In addition, as already recognized by UT Tyler, the BRUD policy should be evaluated to determine if an adjustment to the maximum business meal amounts may be needed. Further, UT Tyler should update the policy to reflect the change made by executive management to allow business entertainment expenses to be paid for events in which only university employees attend, and ensure that the periodic review required in the travel policies is completed.



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**Management's Response:**

The BRUD policy is in the process of being evaluated to include the changes approved by executive management related to reimbursement of business meals and will include a review of maximum business meal amounts to determine if an adjustment is needed. Further, the policy will be revised to include specific guidelines pertaining to the President's business entertainment expenses.

**Implementation Date:**

Policy should be updated and approved by August 31, 2016.

***CONCLUSION***

Overall, the travel and entertainment expenses reimbursed to, and paid on behalf of, the president and his spouse appeared appropriate and accurate, and adequate internal controls are in place. Enhancements were recommended in the areas of accuracy and completeness of the quarterly reports and updates to the travel and entertainment policies.

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