

17-108-Executive Travel & Entertainment

We have completed our review of Executive Travel and Entertainment (T&E) for the third and fourth quarters of fiscal year 2016. With this, we have completed our testing of T&E for all of fiscal year 2016. Our review was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

BACKGROUND

The UTHealth Audit Committee requested an audit of travel and entertainment expenses incurred on behalf of the institution's executives. The process for reimbursing the executive's expenses begins with a review of the request and supporting documentation by appropriate personnel in the department. They are responsible for verifying mathematical accuracy, and overall compliance with institutional policies and procedures with regards to travel and entertainment reimbursement limitations. The Expense Reimbursement Team (ERT) is responsible for the Financial Management System (FMS) Travel Procurement/Payable module, travel policies and procedures, and review and approval of expense reimbursements.

OBJECTIVES

The objective of this work was to review executive travel and entertainment for appropriateness, reasonableness, mathematical accuracy and compliance with applicable policies, statutes, rules, and regulations. The population selected for review was all employees who have a direct reporting relationship to the president or chief operating and financial officer, deans, Medical School department chairs and key personnel from each of the schools.

SCOPE PERIOD

The scope period was 09/01/2016 - 08/31/2017

METHODOLOGY

The following procedures were performed:

- Obtain a listing of the Executive Management Team that directly reports to Kevin Dillon and Dr. Giuseppe Colasurdo and the Medical School Department Chairs.
- Run FMS queries to obtain the expenses made by or on behalf of the executive management employee.
- Judgmentally select a sample of expenditures from the query to perform testwork on expenditures for executives who have in excess of \$2,000 in expenditures or those with unusual expenditures or foreign travel.

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- Review selected vouchers for appropriateness, reasonableness, mathematical accuracy and compliance with applicable policies, statutes, rules, and regulations.

AUDIT RESULTS

For the first two quarters, a judgmental sample of 43 expenditures dated between 9/01/2016 and 02/28/2017 representing a total of \$ 78,464 was selected for testing. This represented approximately 36% of the expenditures from each quarter. Of 43 vouchers tested, one did not have adequate support and one contained a mathematical error. We contacted the respective department and the issue was addressed prior the close of our Fieldwork.

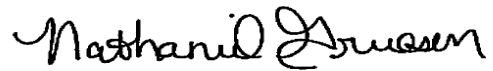
For the final two quarters of FY2017, a judgmental sample of 47 expenditures dated between March 1, 2017 and August 31, 2017 representing a total of \$ 80,417 was selected for testing. This comprised 32% of the total executive travel and entertainment expenditures for the period. We noted one voucher contained an error in the reimbursement. We contacted the individuals within the department, who addressed the issue prior to the close of fieldwork.

Executive travel and entertainment expenditures are appropriate and reasonable, and are in compliance with applicable policies, statutes, rules, and regulations.

NUMBER OF PRIORITY & HIGH FINDINGS REPORTED TO UT SYSTEM

None

We would like to thank the staff and management within the university who assisted us during our review.



Nathaniel Gruesen, MBA, CIA, CISA, CFE
Senior Audit Manager

MAPPING TO FY 20XX RISK ASSESSMENT

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| Risk (Rating) | None |
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DATA ANALYTICS UTILIZED

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| Data Analytic #1 | Run a duplicate reimbursement testing on the population of Executive reimbursements from 09/01/2016 to 08/31/2017 |
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AUDITING & ADVISORY SERVICES ENGAGEMENT TEAM

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| Audit Manager | Nathaniel Gruesen, MBA, CIA, CISA, CFE |
| Auditor Assigned | Diarra Boye, IAP Senior Auditor |
| End of Fieldwork Date | 11/3/2017 |
| Issue Date | 11/7/2017 |

Copies to:
Audit Committee