



November 3, 2017

Kirk A. Calhoun, M.D., President
The University of Texas Health Northeast (UTHNE)
11937 U.S. Highway 271
Tyler, TX 75708

Dear President Calhoun:

As required by The University of Texas (UT) System Board of Regents' *Rules and Regulations* (Regents' *Rules and Regulations*), Series 20205, titled "Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences", the UT System Audit Office has completed the audit of presidential travel, entertainment, and university residence maintenance expenses.

The overall objective of this audit was to determine whether travel and entertainment expenses incurred by the presidents and their spouses and expenses for the maintenance of university residences were appropriate, accurate, and in compliance with applicable institutional policies and Regents' *Rules and Regulations*. The scope of the audit included expenses incurred from June 1, 2015 through May 31, 2017. The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

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

Sincerely,

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

cc: Mr. Joe Woelkers, Exec. Vice President-Chief Operating Officer/Chief Business Officer, UTHNE
Ms. Kris Kavasch, Vice President of Finance and Chief Financial Officer, UTHNE
Mr. Stephen Ford, Jr., Associate Vice President and Chief Audit Executive, UTHNE
Dr. David E. Daniel, Deputy Chancellor, UT System
Dr. Raymond S. Greenberg, Executive Vice Chancellor for Health Affairs, UT System

**Presidential Travel, Entertainment, & University Residence
Maintenance Expenses Audit Report
The University of Texas Health Northeast
FY 2017**



November 2017

**THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 West 7th STREET
AUSTIN, TX 78701
(512) 499-4390**



**The University of Texas System Audit Office
Presidential Travel, Entertainment, & University Residence Maintenance
Expenses Audit – UT Health Northeast
Fiscal Year 2017**

AUDIT REPORT

November 2017

BACKGROUND

As required by The University of Texas (UT) System Board of Regents' (Board) *Rules and Regulations*, Series 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 institutional 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 analysis of risk and an element of rotation to ensure audit coverage of all presidents every two years. In addition, expenses will be audited at least by the first full fiscal year after a new president assumes office.

AUDIT OBJECTIVE

The specific objective of this audit at UT Health Northeast was to determine whether travel and entertainment expenses incurred by the president and his spouse were appropriate, accurate, and in compliance with applicable institutional policies and Regents' *Rules and Regulations*.

SCOPE AND METHODOLOGY

The scope of this audit included expenses incurred from June 1, 2015 through May 31, 2017. UT Health Northeast did not have international travel or university residence expenses during the audit scope.

The audit methodology consisted of reviewing applicable institutional policies and procedures and assessing internal controls. In addition, substantive testing was performed on a sample of travel and entertainment expenses, and follow-up was performed on a prior year recommendation. The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

AUDIT RESULTS AND CONCLUSION

Overall, the travel and entertainment expenses incurred by the president and his spouse appeared appropriate, accurate, and in compliance with applicable institutional policies and Regents' *Rule and Regulations*. Adequate internal controls are in place and functioning as intended. In addition, management has fully implemented the recommendation from the prior presidential travel and entertainment expenses audit related to retaining adequate supporting documentation (including approval for direct billed expenses), certifying expenses, and submitting reimbursements in a timely manner.

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

Moshmee Kalamkar, CPA, CIA
Assistant Director