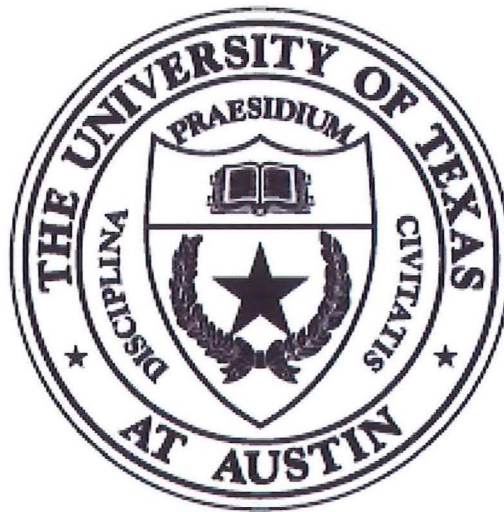


# **FY16 Executive Travel and Entertainment Expenses Audit**



***February 2018***

**The University of Texas at Austin  
Office of Internal Audits  
UTA 2.302  
(512) 471-7117**

**The University of Texas at Austin  
Institutional Audit Committee**

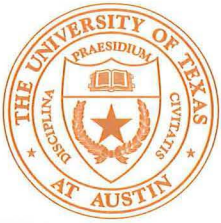
Mr. William O'Hara, External Member, Chair  
Dr. Gregory Fenves, President  
Dr. Maurie McInnis, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Dr. Daniel Jaffe, Vice President for Research  
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Ms. Christine A. Plonsky, Women's Athletics Director and Executive Senior Associate Athletics  
Director for External Services  
Mr. Tom Carter, External Member  
Ms. Susan Whittaker, External Member  
Ms. Liz Yant, External Member  
Mr. Michael Vandervort, Chief Audit Executive, Office of Internal Audits  
Mr. J. Michael Peppers, Chief Audit Executive, University of Texas System Audit Office

**The University of Texas at Austin  
Office of Internal Audits**

Chief Audit Executive:	Michael Vandervort, CPA
Associate Director:	Jeff Treichel, CPA
Assistant Director:	Angela McCarter, CIA, CRMA Chris Taylor, CIA, CISA
Audit Manager:	*Brandon Morales, CISA, CGAP
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Auditor III:	Bobby Castillo *Bill Furman, CIA Stephanie Grayson Kerri Jordan Miranda Pruett, CFE
Auditor II:	Jason Boone
Auditor I:	*Ryan Kothlow
IT Auditor II:	Mike McIntosh
IT Auditor I:	Mark Boze

\* denotes project members

This report has been distributed to Internal Audit Committee members, the Legislative Budget Board, the State Auditor's Office, the Sunset Advisory Commission, the Governor's Office of Budget and Planning, and The University of Texas System Audit Office for distribution to the Audit, Compliance, and Management Review Committee of the Board of Regents.



**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

February 28, 2018

President Gregory L. Fenves  
The University of Texas at Austin  
Office of the President  
P.O. Box T  
Austin, Texas 78713

Dear President Fenves,

We have completed our audit of Executive Travel and Entertainment Expenses. Our scope included expenses for fiscal year 2016.

Based on audit procedures performed, we conclude that executives are in general compliance with policies and procedures regarding travel and entertainment expenses. Our audit report provides detailed observations for each executive reviewed. Suggestions are offered for improvement in the existing control structure.

We appreciate the cooperation and assistance throughout the audit of the executives selected, and hope that the information presented herein is beneficial.

Sincerely,

A handwritten signature in blue ink, which appears to read "Mike Vandervort", is written over a horizontal line.

Michael W. Vandervort, CPA  
Chief Audit Executive

cc: Institutional Audit Committee Members  
Mr. William O'Hara, Chair, Institutional Audit Committee  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits



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## EXECUTIVE SUMMARY

This audit was conducted as required by The University of Texas System (UT System) Audit Office, as part of our Fiscal Year 2017 Audit Plan.

### **Conclusion**

Based on a review of relevant policies, procedures, and supporting documentation, it appears that The University of Texas at Austin (UT Austin) executives are in general compliance with policies and procedures regarding travel and entertainment expenses. Six recommendations were made at the executive level regarding compliance with UT Austin policies and procedures. Each executive agreed with the recommendations and provided an action plan with implementation dates. Executives included in the review have been individually apprised of their audit results in final memorandums which are included in the Appendix of this report.

### **Summary of Recommendations**

Recommendations consisting primarily of approvals, timely reimbursements, and adequate supporting documentation were made at the executive level. Each executive agreed with the recommendations and provided an action plan with implementation dates. Executives included in the review have been individually apprised of their audit results in final memorandums, which are included in the Appendix of this report.

### **Audit Scope and Objective**

The scope of this audit involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period of September 1, 2015 – August 31, 2016. Our objective was to determine whether the expenses reimbursed to or directly paid to vendors on behalf of executives were in compliance with relevant UT Austin policies and procedures.

### **Background Summary**

Since fiscal year 2013, UT System has required the Executive Travel and Entertainment audit under regent rule 20205. All of the executive officers are subject to review on a biennial basis. Executives consisted of those who directly reported to the president, key management members (Executive VPs/Directors, VP/Directors, and Deans), and department chairs.



## BACKGROUND

Since fiscal year 2013, The University of Texas System (UT System) has required the Executive Travel and Entertainment audit under regent rule 20205. All of the executive officers are subject to review on a biennial basis.

The population of executives was determined based on audit guidance provided from UT System and The University of Texas at Austin (UT Austin) Office of Internal Audits. Executives consisted of those who directly reported to the President, key management members (Executive VPs/Directors, VP/Directors, and Deans), and department chairs.

We chose our sample by selecting the associated executive for the top ten unit codes with the most travel related spend and the top ten unit codes with the most entertainment related spend. If an executive had been audited in the past three years, we skipped to the next unit code and associated executive in the list. Twelve different executives were chosen in total since some unit codes were in the top ten for both travel and entertainment. Per guidance provided by UT System, the methodology to determine which executives will be audited should consider higher risk travelers and entertainers and the executives chosen to be audited for travel expenses do not necessarily have to be the same executives chosen to be for entertainment expenses.

## SCOPE, OBJECTIVES, AND PROCEDURES

The scope of this audit involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period of September 1, 2015 - August 31, 2016. Our objective was to determine whether the expenses reimbursed or directly paid to vendors on behalf of executives were in compliance with relevant UT Austin policies and procedures.

To achieve the objective, the Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

The remainder of this report presents detailed observations and recommendations.



## AUDIT RESULTS

A review of each executive's department policies and procedures indicated that they are generally aligned with UT Austin's requirements regarding travel and entertainment expenditures. Expenses related to executive travel and entertainment for fiscal year 2016 appeared to be in alignment with UT Austin guidance.

Recommendations consisting primarily of approvals, timely reimbursements, and adequate supporting documentation were made at the executive level. The six executives identified, agreed with the recommendations and provided an action plan with implementation dates. The individual reports are attached in the Appendix of this report.

## CONCLUSION

Twelve executives were chosen as a sample to represent the executives at UT Austin. Based on a review of relevant policies, procedures, and supporting documentation, it appears that UT Austin executives are in general compliance with policies and procedures regarding travel and entertainment expenses. Recommendations consisting primarily of approvals, timely reimbursements, and adequate supporting documentation were made at the executive level. Each executive agreed with the recommendations and provided an action plan with implementation dates. Executives included in the review have been individually apprised of their audit results via final memorandums, which are included in the Appendix of this report.

In accordance with directives from The UT System Board of Regents, the Office of Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.





## APPENDIX

### Memorandums to Executives

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##### **Executives Selected for Travel Only**

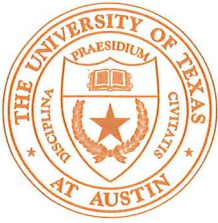
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**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Armandroff

Date: January 18, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Armandroff, Director, McDonald Observatory, College of Natural Sciences, was selected for this year's audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 travel expenses reimbursed to or paid on behalf of Dr. Armandroff from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,



- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that all travel policies and procedures are being followed. No recommendations are necessary.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: wf

cc: Dr. Taft Armandroff, Director, McDonald Observatory, College of Natural Sciences  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits




**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Michel

Date: February 6, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Daryl Michel, Director, Institute for Public School Initiatives, College of Education, was selected for this year's audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 travel expenses reimbursed to or paid on behalf of Dr. Michel from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,

- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that all travel policies and procedures are being followed.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: wf

cc: Dr. Daryl Michel, Director, Institute for Public School Initiatives, College of  
Education  
Dr. Manuel Justiz, Dean, College of Education  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits



**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA *mle & gva*  
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Moore

Date: February 16, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Samuel Moore, Director of Outreach and Diversity Programs, Jackson School of Geosciences, was selected for this year's audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 travel expenses reimbursed to or paid on behalf of Dr. Moore from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,



- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that all travel policies and procedures are being followed. No recommendations are necessary.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: rk

cc: Dr. Samuel Moore, Director of Outreach and Diversity Programs, Jackson School  
of Geosciences  
Dr. Sharon Mosher, Dean, Jackson School of Geosciences  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits






**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Waiwaiole

Date: January 18, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Waiwaiole, Executive Director, Department of Educational Administration, College of Education, was selected for this year's audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 travel expenses reimbursed to or paid on behalf of Dr. Waiwaiole from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,

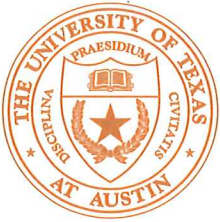
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that all travel policies and procedures are being followed. No recommendations are necessary.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: wf

cc: Dr. Waiwairole, Executive Director, Department of Educational Administration,  
College of Education  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits




**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

## **MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Diehl

Date: November 29, 2017

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Diehl, Dean, College of Liberal Arts, was selected for this year's audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

## **AUDIT RESULTS**

We obtained all fiscal year 2015-2016 entertainment expenses reimbursed to or paid on behalf of Dr. Diehl from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,

- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

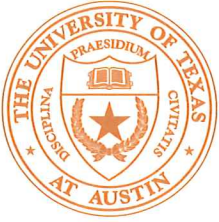
Based on the above procedures, it appears that all entertainment policies and procedures are being followed. No recommendations are necessary.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: wf

cc: Dr. Randy Diehl, Dean, College of Liberal Arts  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits





**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA  
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Poehl

Date: February 21, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Mr. Michael Poehl, Director III, Construction Industry Institute, Cockrell School of Engineering, was selected for this year's audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 travel and entertainment expenses reimbursed to or paid on behalf of Mr. Poehl from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,



- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that most entertainment policies and procedures are being followed; however, one opportunity for improvement pertaining to a duplicate payment was noted.

### **Duplicate Payment**

#### **Audit Issue Ranking: Medium (see Appendix)**

During our audit of Mr. Poehl's entertainment expenses we discovered notes on one voucher cover sheet referring to a duplicate payment for a travel reimbursement. We found one travel reimbursement request that appeared to be a duplicate transaction. The senior administrative associate responsible for reimbursements was supposed to file for the first part of a Houston trip (8/30/2015 and 8/31/2015) and another associate would file for the return portion of the trip (9/1/2015 through 9/3/2015). However both filed for the first part of the trip causing a duplicate request in the amount of \$182.05.

TAC 34 Part 1 Chapter 5 Subchapter C Section 5.22 (b) states "A travel expense must be incurred before it is eligible for reimbursement". It is most likely and reasonable that Mr. Poehl only incurred one meal allowance on 8/30/15 and one on 8/31/15 and only drove once from his home to the hotel in Houston. Section 9.1.1.E of UT Austin's Handbook of Business Procedures states, "Employees of The University of Texas at Austin are expected to be good stewards of university funds".

**Recommendation 1:** Management should work with the Office of Procurement and Payment Services to correct the misfiling causing the duplicate payment or require repayment of the \$182.05 over reimbursement.

**Management Response and Corrective Action Plan:** Management will correct the transaction. At present travel and entertainment reimbursements by Mr. Poehl have been and will continue to be processed by only one senior administrative staff member. This will alleviate any miscommunications, duplicate payments or other administrative errors.

**Responsible Person:** Mr. Michael Poehl, Director III, Construction Industry Institute, Cockrell School of Engineering

**Planned Implementation Date:** February 28, 2018

**Post Audit Review:**

We appreciate the assistance and cooperation of you and your staff in this audit. Our office will conduct follow-up procedures to confirm that management's corrective action plan has been implemented. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: wf

cc: Mr. Michael Poehl, Director III, Construction Industry Institute, Cockrell School  
of Engineering  
Dr. Sharon Wood, Dean, Cockrell School of Engineering  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits

## APPENDIX

### Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT Austin, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.
- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.




**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: President Gregory L. Fenves  
Office of the President

From: Mr. Michael Vandervort, CPA  
Chief Audit Executive 

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 – Reagins-Lilly

Date: February 21, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Soncia Reagins-Lilly, Vice President for Student Affairs and Dean of Students, Office of the Vice President for Student Affairs and Office of the Dean of Students, was selected for this year's audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 entertainment expenses reimbursed to or paid on behalf of Dr. Reagins-Lilly from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:



- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that most entertainment policies and procedures are being followed; however, opportunities for improvement pertaining to adequate supporting documentation were noted.

**Adequate Supporting Documentation – Entertainment**  
**Audit Issue Ranking: Medium (see Appendix)**

Seven (50%) of 14 entertainment transactions tested were not in compliance with UT Austin procedures. In 2 cases Official Occasion Expense Form's (OOEF) and receipts for transactions at The Carillon were not retained at the department level. In five cases receipts for transactions at The Carillon were not maintained at the department level.

According to the Administrative Services Officer "One of our biggest challenges is obtaining receipts when our staff have meetings at the AT&T Conference Center." Without adequate supporting documentation such as receipts and OOEF's, there is an increased risk that expenses may not be properly approved and disallowed entertainment transactions may be reimbursed with UT Austin funds.

Section 9.1.1.M.1.a and c of *UT Austin's Handbook of Business Procedures* states, "An Official Occasion Expense Form (OOEF) should be submitted with corresponding itemized receipts at the time the voucher is submitted for payment." and "When using UT Market for entertainment and official occasion-related items, or for entertainment IDT charges from The Carillon and Housing and Food 40 Acres Catering, departments are not required to send the signed Official Occasion Expense Form (OOEF) to the Office of Accounting. Departments must attach a signed OOEF for each purchase and include the form as a basic part of the back-up documentation retained at the departmental level. Backup documentation is subject to review and must be provided upon request for auditing purposes."

**Recommendation 1:** Management should ensure that adequate supporting documentation is submitted and maintained for entertainment expenses.

**Management Response:** Our goal is to have the correct supporting OOEF and receipts in our files for all entertainment expenses. This recommendation pertains solely to expenses incurred at the on-campus dining facility, The Carillon. My challenge has been



in obtaining all receipts on transactions from the AT&T Conference Center. Tracking those has been challenging because all charges made by senior staff to one account were in my name. With nine programming units using the account, and with delayed posting of the charges to our UT define account 6-8 weeks following the actual event, it is difficult to get the requested receipts.

Since this audit, we have created separate AT&T accounts and access cards for each of our program directors which enables us to more closely and quickly track responsible staff when charges show up for which we don't readily have documentation.

Responsible Person: Cheryl Pyle, Administrative Services Officer

Planned Implementation Date: February 16, 2018

**Post Audit Review:** Internal Audits will follow up in the third quarter of FY18

We appreciate the assistance and cooperation of you and your staff in this audit. Our office will conduct follow-up procedures to confirm that management's corrective action plan has been implemented. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: wf

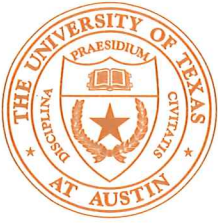
cc: Dr. Soncia Reagins-Lilly, Vice President for Student Affairs and Dean of Students  
Office of the Vice President for Student Affairs and Dean of Students  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits

## APPENDIX

### Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT Austin, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.
- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.




**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Wood

Date: December 6, 2017

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Wood, Dean, Cockrell School of Engineering, was selected for this year's audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 entertainment expenses reimbursed to or paid on behalf of Dr. Wood from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,

Memorandum for Dr. Wood

November 3, 2017

Page 2 of 2

- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that all entertainment policies and procedures are being followed. No recommendations are necessary.

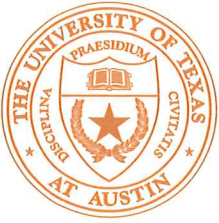
We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [brandon.morales@austin.utexas.edu](mailto:brandon.morales@austin.utexas.edu).

MV: wf

cc:

Dr. Sharon Wood, Dean, Cockrell School of Engineering  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits






**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Crismon

Date: January 10, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Crismon, Dean, College of Pharmacy, was selected for this year's audit of travel and entertainment expenses.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Crismon from UT Austin's Departmental Financial Information Network.

Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,

Memorandum for Dr. Crismon  
January 10, 2018  
Page 2 of 2

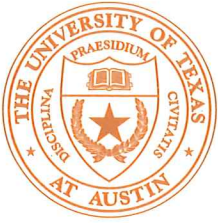
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that all travel and entertainment policies and procedures are being followed. No recommendations are necessary.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: wf

cc: Dr. Lynn Crismon, Dean, College of Pharmacy  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits




**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Dempster

Date: January 31, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Dr. Douglas Dempster, Dean, College of Fine Arts, was selected for this year's audit of travel and entertainment expenses.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Dempster from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,



- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that most travel and entertainment policies and procedures are being followed; however, opportunities for improvement pertaining to adequate supporting documentation were noted.

#### **Adequate Supporting Documentation – Entertainment**

##### **Audit Issue Ranking: Medium (See Appendix)**

For 2 (13%) of 15 entertainment transactions tested, no supporting documentation was available to assess compliance with University policies and procedures. And, one (7%) of the 15 transactions did not have an Official Occasion Expense Form (OOEF) evidencing proper approval and adequate supporting documentation. The department was unable to locate the supporting documentation. Without adequate supporting documents unpermitted entertainment transactions may be approved and reimbursed with UT Austin funds.

Section 9.1.1.M.1.b and c of UT Austin's *Handbook of Business Procedures* states, "departments must attach a signed OOEF for each purchase and include the form as a basic part of the back-up documentation retained at the department level. Backup documentation is subject to review and must be provided upon request for auditing purposes."

**Recommendation 1:** Management should ensure adequate supporting documentation of expenses is submitted and maintained for audit purposes.

**Management Response:** Beginning FY 2017/18, our office began scanning and uploading to Office of Accounting UT Box all official occasion expense (VPE) documents. A staff person checks OA imaging system to verify document is properly scanned. We keep the original documents until the VPE document has been final approved and paid. This new practice started in an effort to help not only expedite payment but to prevent receipts from being lost in transition. With regard to procard (VP7) documents, our office also scans documentation to UT Box. We keep the originals in our files, and after two years (the record retention period), we send original documentation to OA for imaging. We will continue our efforts to ensure that all appropriate support documentation is submitted and maintained.

**Responsible Person:** Cathy Kothlow, Assistant Dean for Business Affairs, College of Fine Arts

**Planned Implementation Date:** Implemented September 1, 2017



<b><u>Post Audit Review:</u></b> N/A
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We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: wf

cc: Dr. Douglas Dempster, Dean, College of Fine Arts  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits

## APPENDIX

### Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT Austin, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.
- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.




**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Dr. Maurie McInnis, Executive Vice President and Provost  
Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Farnsworth

Date: February 26, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Mr. Ward Farnsworth, Dean, School of Law, was selected for this year's audit of travel and entertainment expenses.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.

**AUDIT RESULTS**

We obtained all fiscal year 2015-2016 travel and entertainment expenses reimbursed to or paid on behalf of Mr. Farnsworth from UT Austin's Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,

- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that most travel and entertainment policies and procedures are being followed; however, two opportunities for improvement pertaining to timely reimbursements were noted.

### **Timely Reimbursements – Travel**

#### **Audit Issue Ranking: Medium (see Appendix)**

Two (13%) of sixteen transactions tested did not have receipts submitted within 60 days. The receipts from travel are not submitted in a timely manner because some receipts were lost. Without processing all reimbursements within 60 days there is an increased risk that UT Austin may be in violation of federal rules and regulations.

Part 11.5.F of UT Austin's *Handbook of Business Procedures* states, "Due to Internal Revenue Service (IRS) regulations and the Safe Harbor rules, expenses older than 60 days require a written explanation as to the reasons for the lateness. These late reimbursement requests will also require additional levels of approval and may even run the risk of being disallowed entirely or reported as taxable income to the payee. For exceptions to this policy, contact Travel Services."

**Recommendation 1:** Management should ensure reimbursement requests for travel expenses are turned in within 60 days of the event and if receipts are lost then an explanation is given within the 60 day timeframe.

**Management Response and Corrective Action Plan:** I believe the late submissions you noted occur less often than the luck of your draw suggested, but in any event I agree that they should be minimized and we will make every effort to do so. That is: we will make every effort to avoid ever submitting a request for reimbursement or explanation of delay more than 60 days after the event at issue.

**Responsible Person:** Ward Farnsworth, Dean, School of Law

**Planned Implementation Date:** February 23, 2018

**Post Audit Review:** Internal Audits will follow up in the third quarter of FY18.

### **Timely Reimbursements – Entertainment**

#### **Audit Issue Ranking: Medium (see Appendix)**

Five (31%) of 16 entertainment transactions tested did not have receipts submitted within 60 days. However, an email was provided explaining that some of the receipts were lost and this is



the reason that they were submitted late. Without processing all reimbursements within 60 days there is an increased risk that UT Austin may be in violation of federal rules and regulations.

Section 9.1.1.L of UT Austin's *Handbook of Business Procedures* states, " Due to Internal Revenue Service (IRS) regulations and Safe Harbor rules, employees who request reimbursement of expenses that were incurred more than 60 days ago are required to submit with their request for reimbursement a written statement explaining the reasons for the delay. Late reimbursement requests will also require additional levels of approval and may be disallowed entirely or reported as taxable income to the payee."

**Recommendation 2:** Management should ensure reimbursement requests for entertainment expenses are turned in within 60 days and if receipts are lost then an explanation is given within the 60 day timeframe.

**Management Response and Corrective Action Plan:** I believe the late submissions you noted occur less often than the luck of your draw suggested, but in any event I agree that they should be minimized and we will make every effort to do so. This is: we will make every effort to avoid ever submitting a request for reimbursement or explanation of delay more than 60 days after the event at issue.

**Responsible Person:** Ward Farnsworth, Dean, School of Law

**Planned Implementation Date:** February 23, 2018

**Post Audit Review:** Internal Audits will follow up in the third quarter of FY18.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or bill.furman@austin.utexas.edu.

MV: rk

cc: Mr. Ward Farnsworth, Dean, School of Law  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits

## APPENDIX

### Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT Austin, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.
- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.




**OFFICE OF INTERNAL AUDITS**  
THE UNIVERSITY OF TEXAS AT AUSTIN

1616 Guadalupe Street, Suite 2.302 • Austin, Texas 78701 • (512) 471-7117 • FAX (512) 471-8099

**MEMORANDUM**

To: Mr. Christopher Del Conte  
Vice President and Athletic Director, Intercollegiate Athletics

Ms. Christine Plonsky  
Athletic Director and Executive Sr. Associate AD M-W Ext Services,  
Intercollegiate Athletics

From: Mr. Michael Vandervort, CPA   
Chief Audit Executive

Subject: Memorandum: FY15-16 Executive Travel and Entertainment Expenses Project  
#17.013 - Perrin

Date: February 26, 2018

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses reimbursed to, or directly paid on behalf of, The University of Texas at Austin (UT Austin) executive officers. All executive officers are subject to review annually, but may not be chosen to be audited every year. Mr. Perrin was selected for this year's audit of travel and entertainment expenses

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers during the period September 1, 2015, through August 31, 2016. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are appropriate, accurate, and in compliance with relevant UT Austin policies and procedures.

To achieve the objective, The Office of Internal Audits:

- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and with *Government Auditing Standards*.



## AUDIT RESULTS

We obtained all fiscal year 2015-2016 travel and entertainment expenses reimbursed to or paid on behalf of Mr. Perrin from UT Austin's Departmental Financial Information Network.

Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

Based on the above procedures, it appears that most travel and entertainment policies and procedures are being followed; however, one opportunity for improvement pertaining to timely reimbursement was noted.

### Timely Reimbursements – Entertainment

#### **Audit Issue Ranking: Medium (see Appendix)**

For 3 (23%) of 13 entertainment transactions tested, the department did not have receipts submitted within 60 days. Because receipts were submitted in groups, not all reimbursements were processed within the required 60 days. Without processing all reimbursements within 60 days there is an increased risk that UT Austin may be in violation of federal rules and regulations.

Section 9.1.1.L of UT Austin's *Handbook of Business Procedures* states, " Due to Internal Revenue Service (IRS) regulations and Safe Harbor rules, employees who request reimbursement of expenses that were incurred more than 60 days ago are required to submit with their request for reimbursement a written statement explaining the reasons for the delay. Late reimbursement requests will also require additional levels of approval and may be disallowed entirely or reported as taxable income to the payee."

**Recommendation 1:** Management should ensure reimbursement requests for entertainment expenses are turned in within 60 days and if not then an explanation is provided.

**Management Response and Corrective Action Plan:** The Business Office departmental policy manual was amended February 22, 2018 to further clarify the expectations for athletics staff when submitting receipts that are 60 or more days old. The policy will continue to require a written memorandum detailing the reason for late receipt submission and the memo must be included with the applicable expense report. Additionally, the Business Office's condensed training materials now highlight the 60-day receipt policy and required documentation. These updates emphasize the importance



of receipts and expense reports being submitted in a timely manner and will hopefully reduce these occurrences in the future.

Responsible Person: Jon Payne, Chief Financial Officer

Planned Implementation Date: February 23, 2018

**Post Audit Review:** Internal Audits will follow up in the third quarter of FY18.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Bill Furman at 512-471-9836 or [bill.furman@austin.utexas.edu](mailto:bill.furman@austin.utexas.edu).

MV: rk

cc: Mr. Michael Perrin, Special Assistant, Intercollegiate Athletics  
Ms. Lori Hammond, Senior Associate Athletics Director, Risk Management and Compliance Services, Intercollegiate Athletics  
Dr. David Wolcott, Chief of Staff, Executive Vice President and Provost  
Ms. Patricia Ohlendorf, Vice President for Legal Affairs  
Mr. Carlos Martinez, Chief of Staff, Office of the President  
Mr. Will O'Hara, Chair, Institutional Audit Committee  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits

## APPENDIX

### Audit Issue Ranking

Audit issues are ranked according to the following definitions, consistent with UT System Audit Office guidance. These determinations are based on overall risk to UT System, UT Austin, and/or the individual college/school/unit if the issues are left uncorrected. These audit issues and rankings are reported to UT System directly.

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.
- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.