



August 19, 2019

Gregory L. Fenves, Ph.D., President
The University of Texas at Austin
110 Inner Campus Drive, G3400
Austin, Texas 78712-3400

Dear President Fenves:

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 travel, entertainment, and university residence maintenance expenses for selected chief administrators across the UT System.

The general objective of the 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 this audit included expenses incurred from March 1, 2018 through February 28, 2019. 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*.

The report for UT Austin is attached for your review. 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: Steven W. Leslie, Ph.D., Executive Vice Chancellor for Academic Affairs, UT System
Darrell L. Bazzell, Senior Vice President and Chief Financial Officer, UT Austin
Sandy Jansen, Chief Audit Executive, UT Austin

**The University of Texas at Austin
Presidential Travel, Entertainment, & University Residence
Maintenance Expenses Audit Report
FY 2019**



AUGUST 2019

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
210 WEST SEVENTH STREET
AUSTIN, TX 78701
(512) 499-4390



**The University of Texas System Audit Office
Presidential Travel, Entertainment, & University Residence Maintenance
Expenses Audit – UT Austin
Fiscal Year 2019**

AUDIT REPORT

August 2019

BACKGROUND

As required by The University of Texas (UT) System Board of Regents' (Regents) *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 by the first full fiscal year after a new president assumes office.

AUDIT OBJECTIVE

The specific objective of this audit at UT Austin 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 March 1, 2018 through February 28, 2019. UT Austin does not have university residence maintenance expenses.

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. 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 & 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' *Rules and Regulations*. Adequate internal controls are in place and functioning as intended.

In addition, the recommendation from the prior presidential travel and entertainment expenses audit related to premium airfare has been addressed through application of the policy UTS 191 Travel Guidance for Presidents and Their Spouses.

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

Moshmee Kalamkar, CPA, CIA
Director