



THE UNIVERSITY OF TEXAS AT DALLAS

OFFICE OF AUDIT AND CONSULTING SERVICES
800 W. CAMPBELL RD. SPN 32, RICHARDSON, TX 75080
PHONE 972-883-4876 FAX 972-883-6846

November 20, 2019

Dr. Richard Benson, President,
Ms. Lisa Choate, Chair of the Institutional Audit Committee:

We have completed an audit of Executive Travel and Entertainment as part of our fiscal year 2019 Audit Plan. The objective of our audit was to determine if travel expenses incurred by UT Dallas executive management are compliant with UT System and UT Dallas policies and procedures and are properly authorized, supported by appropriate documentation, and were made for a reasonable business purpose. The report is attached for your review.

Based on the audit work performed, we conclude that executive travel and entertainment expenditures are compliant with UT System and UT Dallas policies and procedures, are supported by appropriate documentation, and appear to have a reasonable business purpose. Minor issues regarding travel authorization have been discussed with a few departments to ensure that presidential approval for travel is received prior to travel via the travel authorization form.

We appreciate the courtesies and considerations extended to us during our engagement. Please let me know if you have any questions or comments regarding this audit.

Toni Stephens, CPA, CIA, CRMA
Chief Audit Executive



Executive Summary

Audit Objective and Scope

To determine if travel expenses incurred by UT Dallas executive management are compliant with UT System and UT Dallas policies and procedures and are properly authorized, supported by appropriate documentation, and were made for a reasonable business purpose.

The scope included vice presidents within the President’s cabinet as well as all deans during FY18 – February 2019. The President was excluded from the scope because UT System Audit conducted a separate audit of his expenses during FY19.

Conclusion

Executive travel and entertainment expenditures are compliant with UT System and UT Dallas policies and procedures, are supported by appropriate documentation, and appear to have a reasonable business purpose. Minor issues regarding travel authorization have been discussed with a few departments to ensure that presidential approval for travel is received prior to travel via the travel authorization form.

Responsible Executive

Dr. Richard Benson, President

Responsible Party

Mr. Terry Pankratz, VP for Budget and Finance

Staff Assigned to Audit

Project Leader: Joshua Bennett, Auditor II

Report Distribution

Members of the UT Dallas Institutional Audit Committee

External Members

- Ms. Lisa Choate, Chair
- Mr. Gurshaman Baweja
- Mr. John Cullins
- Mr. Bill Keffler
- Ms. Julie Knecht

UT Dallas Members

- Dr. Richard Benson, President
- Mr. Rafael Martin, Vice President and Chief of Staff
- Dr. Kyle Edgington, Vice President for Development and Alumni Relations
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- Ms. Sanaz Okhovat, Chief Compliance Officer
- Dr. Joseph Pancrazio, Vice President for Research
- Mr. Terry Pankratz, Vice President for Budget and Finance
- Mr. Timothy Shaw, University Attorney, ex-officio

External Agencies

The University of Texas System

- System Audit Office

State of Texas Agencies

- Legislative Budget Board
- Governor’s Office
- State Auditor’s Office



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Background

Since fiscal year 2013, all UT institutions have been requested to conduct audits of travel and entertainment expenses for executive leaders that parallel the requirements of [Regents' Rules and Regulations 20205](#), *Expenditures for Travel and Entertainment by Chief Administrators...*". The audits are suggested to be conducted every two years, or more frequently based on the annual risk assessment process. UT System Audit is responsible for conducting audits of institutional presidents. An audit of the UT Dallas president was conducted by UT System Audit during FY19.

At UT Dallas, the Office of Payment Services, reporting to the Vice President for Budget and Finance, is responsible for processing all travel and entertainment expenditures for the University. Employees are responsible for ensuring that their travel and entertainment expenses comply with university policies and procedures and support the mission of UT Dallas. Travel and entertainment expenses for all employees must be approved by the employee's supervisor before submission to Procurement Management for processing.

The total amount of executive travel and entertainment expenditures during the scope of the audit was \$254,886. For the purpose of this audit, executives included deans and vice presidents.

University policies and procedures relating to travel and entertainment are outlined at the following websites:

- Travel: <https://www.utdallas.edu/finance/payment-services/travel/>
- Entertainment Policy: <https://policy.utdallas.edu/utdbp3094>

Audit Objective

To determine if travel expenses incurred by UT Dallas executive management (1) are compliant with UT System and UT Dallas policies and procedures and (2) are properly authorized, supported by appropriate documentation, and were made for a reasonable business purpose.

Scope and Methodology

The scope of this audit was FY18 through February 2019, and our fieldwork concluded on November 7, 2019. To satisfy our objectives, we performed the following:

- Gained an understanding of travel and entertainment policies, procedures, and processes by reviewing applicable policies and procedures.
- Tested executive travel and entertainment expenditures for compliance with UT Dallas policies and procedures, including proper authorization and supporting



documentation, and ensured the expenditures were made for a reasonable business purpose.

We conducted our examination in conformance with the guidelines set forth in The Institute of Internal Auditor's *International Standards for the Professional Practice of Internal Auditing*. The *Standards* are statements of core requirements for the professional practice of internal auditing.

Additionally, we conducted the audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Audit Results

Minor opportunities were noted to enhance the travel authorization process to ensure that vice presidential travel is approved by the president. Changes in [travel authorization requirements](#) by the Office of Budget and Finance have since improved this process.

Conclusion

Based on the audit work performed, we conclude that executive travel and entertainment expenditures are compliant with UT System and UT Dallas policies and procedures, are supported by appropriate documentation, and appear to have a reasonable business purpose. Minor issues regarding travel authorization have been discussed with a few departments to ensure that presidential approval for travel is received prior to travel via the travel authorization form.

We appreciate the courtesy and cooperation received from the executive management and staff in the various vice president offices as well as Budget and Finance as part of this audit.



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To: Dr. Brian Bernoussi, Assistant VP for Budget and Finance

From: Toni Stephens, Chief Audit Executive

Date: January 23, 2020

Subject: Internal Audit Report R2004a
Audit Observation with University-wide Impact: *Revise Process for Approval of Travel and Business Expense Reimbursements* (Addendum to Audit Report No. R2004)

As part of our Fiscal Year 2019 Audit Plan, Internal Audit conducted an audit of Executive Travel and Entertainment (Audit Report No. R2004, dated November 20, 2019). The following information is based on an observation identified while conducting this audit that has the potential for improving university operations. Though management is responsible for implementing the course of action outlined, we will follow up on the status of implementation subsequent to the anticipated implementation date.

Observation and Risk Level

Revise Process for Approval of Travel and Business Expense Reimbursements (Medium Risk¹)

The current approval process for travel and business expense reimbursements requires approval by the cost center owner or delegate within the eProcurement system workflow. As a result, the opportunity exists for administrative employees to approve the travel and business expense reimbursements for their supervisors. Travel and business expense reimbursements should be approved by the employee's direct supervisor. There is no university-wide procedure that provides guidance on this specific approval process issue. Upon discussion with administrative personnel, many were unaware of the requirements for supervisors to authorize travel prior to incurring travel expenses.

Risk/Effect

Without prior authorization and approval of all travel and business expense reimbursements by an employee's direct supervisor, the opportunity for misuse of institutional funds and the potential for reputational damage is increased.

¹ A Medium Risk is defined by UT System as a risk considered to be undesirable and could moderately expose UT Dallas. Without appropriate controls, the risk will occur some of the time.

Recommendation

The Office of Budget and Finance should develop a process to ensure that travel and business expense reimbursements are approved by an employee's direct supervisor, and better communicate the procedures for authorization of travel prior to incurring travel expenses.

Management's Responses and Action Plan

The Office of Budget and Finance will develop a process to verify that travel and business expense reimbursements are approved by an employee's supervisor or an appropriate designated delegate. OBF will work with the University Business Council and Fiscal Officers to communicate travel authorization guidelines to campus departments.

Estimated Implementation Date

8/31/2020

Responsible Party

Dr. Brian Bernoussi
Assistant VP for Budget and Finance

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