



February 8, 2019

Daniel K. Podolsky, M.D.  
The University of Texas Southwestern Medical Center  
Office of the President  
5323 Harry Hines Boulevard  
Dallas, Texas 75390

Dear President Podolsky:

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 report is attached for your review.

The overall 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 June 1, 2017 through May 31, 2018. 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: Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs, UT System  
Arnim Dontes, Executive Vice President for Business Affairs, UT Southwestern Medical Center  
Valla Wilson, Associate Vice President of Internal Audit, UT Southwestern Medical Center

**The University of Texas Southwestern Medical Center  
Presidential Travel, Entertainment, & University Residence  
Maintenance Expenses Audit Report  
FY 2018**



**February 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 Southwestern  
Fiscal Year 2018**

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**AUDIT REPORT**

February 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 at least by the first full fiscal year after a new president assumes office.

***AUDIT OBJECTIVE***

The specific objective of this audit at UT Southwestern Medical Center (UT Southwestern) 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, 2017 through May 31, 2018. UT Southwestern did not have spousal entertainment expenses during the audit scope and 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.

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

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Moshmee Kalamkar, CPA, CIA  
Assistant Director