Executive Travel and Entertainment Audit
Fiscal Year 2013

November 2013

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

Executive Travel and Entertainment Audit
Project Number: 812.13
November 12, 2013

President William C. Powers, Jr.
University of Texas at Austin
Office of the President
P.O. Box T
Austin, Texas 78713

Dear President Powers,

We have completed our audit of executive travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on the behalf of, The University of Texas at Austin’s executive officers during the period of September 1, 2011 – August 31, 2012.

Based on a review of relevant policies and procedures for processing and approving travel and entertainment expenses and testing, we conclude that the executives appear to be in general compliance with UT Austin’s policies and procedures. Our audit report provides detailed observations for each area under review. Suggestions are offered throughout the report for improvement in the existing control structure.

We appreciated the cooperation and assistance of all staff involved throughout the audit and hope that the information presented herein is beneficial.

Sincerely,

Michael W. Vandervort, CPA
Director

cc: Internal Audit Committee Members
Mr. Kevin Hegarty, Vice President and Chief and Financial Officer
Ms. Mary Knight, Associate Vice President, Office of the Vice President and Chief Financial Officer
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EXECUTIVE SUMMARY

This audit was conducted at the request of The University of Texas System Audit Office, as an addition to our Fiscal Year 2013 Audit Plan. The scope of this audit involved travel and entertainment expenses reimbursed to, or paid on behalf of, The University of Texas at Austin’s (UT Austin) executive officers during the period of September 1, 2011-August 31, 2012. 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.

Thirty executives were chosen as a sample to represent the 133 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. Several 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 via discussion and in final memorandums which are included in the Appendix of this report.

In addition to the executive level recommendations, two recommendations are being made at the university level. The first involves serving alcohol at off-campus university sponsored events, and the second involves the overall approval process for dean and vice presidential level entertainment expenses. These recommendations are listed as part of this report and will include follow-up procedures based on the action plan developed.
BACKGROUND

Since fiscal year 2007, The University of Texas at Austin’s (UT Austin) Office of Internal Audits has been conducting audits of travel, entertainment, and housing expense reimbursements paid to or on behalf of the president and his spouse. This audit is required by The University of Texas System (UT System) Board of Regents’ Rules and Regulations, Series 20205: “Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences.”

On October 10, 2012, UT System Chancellor Francisco Cigarroa communicated via memorandum that the UT System Audit Office has expanded the audit to also include travel and entertainment expenses that have been reimbursed to, or have been directly paid on behalf of, UT Austin’s executive officers beginning fiscal year 2013. All of the executive officers will be subject to review on an annual basis, but may not be chosen for an audit each year.

The population of executives was determined based on audit guidance provided from UT System to 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.

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, 2011-August 31, 2012. 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 2012 appeared to have adequate supporting documentation, and were processed in a timely manner in alignment with current UT Austin guidance.

Several 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. These individual reports are attached in the Appendix of this report. Additionally two recommendations are being made at the university level.

Off-Campus Alcohol Approval Procedures
Advance approval to serve alcoholic beverages at off-campus university sponsored events is not required. Without prior approval to serve alcoholic beverages at off-campus university sponsored events, UT Austin puts itself at risk for liability issues.

Current UT Austin policies require prior approvals to serve alcoholic beverages in campus facilities by the provost’s office; however, prior approval is not required for off-campus events.

**Recommendation 1:** The Office of Internal Audits recommends that the university establish policies and procedures for serving alcoholic beverages in locations off-campus that are not licensed to serve alcohol. In addition, consideration should be given so that individuals do not approve their own events.

**Management Response:** The payment and policy staff in the Office of the Vice President and CFO will review existing policies and procedures regarding the approval of off-campus events that serve alcohol, updating as needed.

**Implementation Date:** March 2014

Entertainment and Official Occasion Expense Form Approval Procedures
Entertainment expenses under $100 for vice presidents and deans may be approved by a subordinate person with signature authority. Authority for approval may be delegated for amounts greater than $100, provided that quarterly reports are prepared and approved by the vice president or dean. While current UT Austin guidance allows for departmental financial or administrative managers to approve expense reports, these managers typically work for the executives for whom they are approving expenditures; therefore, appropriate oversight and evaluation from an operational perspective may not be achieved.
As a best practice, approvals for entertainment expenses should be obtained by an immediate supervisor at the executive level for all deans and vice presidents. Deans should obtain approval from the Executive Vice President and Provost and vice presidents should obtain approval from the President.

**Recommendation 2:** The Office of Internal Audits recommends that the university require that all entertainment expense approvals for vice presidents and deans are obtained by an immediate supervisor at the executive level. This should also be reflected in the policies disclosed in UT Austin’s Handbook of Business Procedures.

**Management Response:** The payment and policy staff in the Office of the Vice President and CFO will work on writing policies and procedures for review and approval of expenses for vice presidents and deans.

**Implementation Date:** March 2014

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**CONCLUSION**

Thirty executives were chosen as a sample to represent the 133 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. Several 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 via discussion and in final memorandums which are included in the Appendix of this report.

In addition to the executive level recommendations, two recommendations are being made at the university level. The first involves serving alcohol at an off-campus university sponsored event, and the second involves the overall approval process for dean and vice presidential level entertainment expenses. These recommendations are listed as part of this report.

In accordance with directives from The University of Texas System Board of Regents, the Office of Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.
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Dr. Randy Bomer (Ms. Norma Cantu)
Department of Educational Administration
MEMORANDUM

To: Dr. Randy Bomer, Interim Department Chair  
Department of Educational Administration

From: Mr. Michael Vandervort, CPA  
Director

Subject: Final Report: Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

We have completed our audit of Ms. Cantu’s 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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Ms. Cantu from UT Austin’s Departmental Financial Information Network (#DEFINE). A combined sample of 15 out of 123 travel and entertainment expenses was randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
Proper Approval
Eight of 15 entertainment transactions tested did not obtain proper approval from the dean or the authorized person with signature authority for UT Market expenses and an Official Occasion Expense Form (OOEF) was not on file as supporting documentation. Without the submission of an OOEF, the dean or the person with signature authority for entertainment expenses cannot provide the necessary oversight.

According to Section 9.1.1.K of UT Austin’s Handbook of Business Procedures, “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 OOF 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:** Management should ensure that all OOEFs for UT Market expenses are approved by the dean or the person with signature authority and is on file as supporting documentation.

**Management Response:** Management will ensure that all OOEFs for entertainment expenses, including UT Market orders, will be approved by the Dean’s Office and/or the person with signature authority and is on file as supporting documentation. This plan will be fully implemented by August 1, 2013.

**Implementation Date:** August 1, 2013

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Jeffrey Brewer, Executive Assistant, Department of Educational Administration
Report 2 of 30:
Dr. M. Lynn Crimson
College of Pharmacy
MEMORANDUM

To: Dr. M. Lynn Crismon, Dean
   College of Pharmacy

From: Mr. Michael W. Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Crismon from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 17 out of 542 travel and entertainment expenses was randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
Memorandum Dr. Crisman  
October 30, 2013  
Page 2 of 2

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

**Proper Approval**

One of 17 entertainment expenses tested did not document proper approval. By not retaining the Official Occasion Expense Form (OEOF), proper approval could not be determined.

According to Section 9.1.1.K of UT Austin’s *Handbook of Business Procedures*, “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 (OEOF) to the Office of Accounting. Departments must attach a signed OOF 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.”

<table>
<thead>
<tr>
<th><strong>Recommendation:</strong> Management should ensure that an OEOF is created and approved by the dean for entertainment expenses estimated at more than $500 and is on file as supporting documentation.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Response:</strong> We will assure that a copy of the OEOF is on file for all entertainment expenses</td>
</tr>
<tr>
<td><strong>Implementation Date:</strong> 6/14/13</td>
</tr>
</tbody>
</table>

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MWV: cdj

cc: Mr. Joseph M. Sosler, Assistant Dean, College of Pharmacy
Report 3 of 30:
Dr. Douglas Dempster
College of Fine Arts
MEMORANDUM

To: Dr. Douglas Dempster, Dean
   College of Fine Arts

From: Mr. Michael Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Dempster from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 28 out of 750 travel and entertainment expenses was randomly selected and tested for the following attributes:
   - Proper Approval,
   - Adequate Supporting Documentation,
Memorandum Dr. Dempster
October 30, 2013
Page 2 of 2

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

**Proper Approval**
One of 11 travel transactions tested did not have an explanation for submitting receipts after 60 days, as required by UT Austin policy. Without written explanation and proper approvals, travel expenses older than 60 days have been reimbursed and the likelihood of fraud has increased.

According to Section 11.5.F of UT Austin’s *Handbook of Business Procedures*, “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**: Management should ensure that travel expenses older than 60 days are submitted with a written explanation as to the reasons for the lateness with all necessary approvals. |
| **Management Response**: Employees who process travel reimbursements have been reminded of handling reimbursements in a timely manner, ideally within 30 days of event. If for some reason reimbursements are processed more than 60 days, written explanations will be provided. |
| **Implementation Date**: Immediately (May 24, 2013) |

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

**MV: cj**

**cc:** Ms. Catherine Kothlow, Assistant Dean for Administration, College of Fine Arts
Report 4 of 30:
Dr. Randy Diehl
College of Fine Arts
MEMORANDUM

To: Dr. Randy Diehl, Dean
   College of Liberal Arts

From: Mr. Michael Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Diehl from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 29 out of 539 travel and entertainment expenses was randomly selected and tested for the following attributes:
   ○ Proper Approval,
Memorandum Dr. Diehl
October 30, 2013
Page 2 of 2

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

**Proper Approval**
One of 16 entertainment transactions tested had final approval authorized by the director for her own Official Occasion Expense Form (OOEF) for reimbursement.

According to the procedures for OOEFs for the College of Liberal Arts, if the payee is the chair/director, the OOEF will route to the Dean’s Office for approval after the chair approves it.

<table>
<thead>
<tr>
<th>Recommendation:</th>
<th>Management should ensure that the College of Liberal Arts’ OOEF system automatically routes the OOEFs to the Dean’s Office for approval when the payee is the chair/director.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Response:</strong></td>
<td>Upon learning of this exception, the college immediately revised the data entry screen of the OOEF system to include an additional question, “Did the Chair/Director attend event”. The previous question asked only, “Was the Chair/Director the Payee”. Answering “Yes” to either question will now cause the OOEF to route to the dean’s office for final approval.</td>
</tr>
<tr>
<td><strong>Implementation Date:</strong></td>
<td>April 9, 2013</td>
</tr>
</tbody>
</table>

In accordance with directives from The University of Texas System Board of Regents the Office of Internal Audits will perform follow-up procedures to confirm that the audit recommendation has been implemented.

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. James Southerland, Associate Dean for Business Affairs, College of Liberal Arts
Report 5 of 30:
Mr. DeLoss Dodds
Intercollegiate Athletics
MEMORANDUM

To: Mr. DeLoss Dodds, Athletic Director  
Intercollegiate Athletics  

From: Mr. Michael Vandervort, CPA  
Director  

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13  

Date: October 30, 2013  

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, Internal Audits:
  o Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
  o Reviewed supporting documentation; and
  o 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 memorandum presents detailed observations and recommendations.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Mr. Dodds from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 29 out of 2,018 travel and entertainment expenses was randomly selected and tested for the following attributes:
  o Proper Approval,
Memorandum Mr. Dodds
October 30, 2013
Page 2 of 3

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. Opportunities for improvement pertaining to proper approval and adequate supporting documentation were noted.

**Proper Approval**
Eight of 12 travel transactions tested did not obtain proper approval before the dates of travel. Without submission of an electronic Request for Travel Authorization (RTA), the immediate supervisor may not have been aware that Mr. Dodds was absent from campus for business travel during working periods.

According to Section 11.2.A of UT Austin’s *Handbook of Business Procedures*, “Prior approval for all business travel is required for absences of employees from the campus or other designated headquarters for periods of half a day or more during the normal working period, whether or not there is a cost to The University.”

| **Recommendation 1:** Management should ensure that an electronic RTA is created and approved prior to all dates of travel. |
| **Management Response:** Mr. Dodd’s assistant will email our travel department before any of his travel so they can complete an RTA. |
| **Implementation Date:** Immediate (May 17, 2013) |

**Adequate Supporting Documentation**
One of 12 travel transactions tested did not have an electronic RTA as part of the supporting documentation. Without submission of an electronic RTA, prior approval cannot be obtained for dates of travel.

According to Section 11.2.A of UT Austin’s *Handbook of Business Procedures*, “An electronic Request for Travel Authorization (RTA) should be completed. Approval is delegated to the immediate supervisor.”

| **Recommendation 2:** Management should ensure that an electronic RTA is on file as supporting documentation for all dates of travel. |
| **Management Response:** Mr. Dodd’s assistant will email our travel department before any of his travel so they can complete an RTA. |
| **Implementation Date:** Immediate (May 17, 2013) |
In accordance with directives from The University of Texas System Board of Regents, the Office of Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Dave Marmion, Senior Associate Athletics Director, Business Operations, Intercollegiate Athletics
Report 6 of 30:
Dean Ward Farnsworth
School of Law
MEMORANDUM

To: Mr. Ward Farnsworth, Dean
   School of Law

From: Mr. Michael Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, Internal Audits:
   o Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
   o Reviewed supporting documentation; and
   o 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dean Farnsworth from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 31 out of 1,556 travel and entertainment expenses was randomly selected and tested for the following attributes:
   o Proper Approval,
Memorandum Dean Farnsworth  
October 30, 2013  
Page 2 of 2

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

**Proper Approval**

One of 14 travel expenses tested did not obtain proper approval from the Executive Vice President and Provost. Without submission of an electronic Request for Travel Authorization (RTA) to the immediate supervisor, the supervisor may not be aware that Mr. Farnsworth is absent from campus for business travel.

According to Section 11.2.A of UT Austin’s *Handbook of Business Procedures*, “An electronic Request for Travel Authorization (RTA) should be completed. Approval is delegated to the immediate supervisor.”

**Recommendation:** Management should ensure that all RTAs are submitted to the Executive Vice President and Provost for approval.

**Management Response:** Management will ensure that all RTAs for the Dean are submitted to the Executive Vice President and Provost for approval. It is our practice to forward all travel requests to the Provost to approve Dean travel. This was an oversight. We will communicate this practice to all pertinent staff.

**Implementation Date:** 5/30/13

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Kimberly Biar, Assistant Dean, School of Law
Report 7 of 30:
Dr. Thomas Gilligan
McCombs School of Business
MEMORANDUM

To: Dr. Thomas Gilligan, Dean
    McCombs School of Business

From: Mr. Michael Vandervort, CPA
      Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Gilligan from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 30 out of 241 travel and entertainment expenses was 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
Memorandum Dr. Gilligan  
October 30, 2013  
Page 2 of 2

- Timeliness.

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

Proper Approval
One of 15 entertainment transactions tested did not obtain prior approval before the event occurred. Without the submission of an Official Occasion Expense Form (OOEF), the Associate Dean for Business Affairs cannot provide the necessary oversight of entertainment expenses.

According to the procedures for processing official occasions and entertainment expenses for the McCombs School of Business, prior approval is required by the Associate Dean for Business Affairs. Also, according to Section 9.1.1.K of UT Austin’s Handbook of Business Procedures, “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: Management should ensure that an OOEF is created and approved by the Associate Dean for Business Affairs prior to events and is on file as supporting documentation for all events. |
| Management Response: Will continue to enforce the existing school policy to file OOEF prior to the event. |
| Implementation Date: Immediately (May 20, 2013) |

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Susie Brown, Associate Dean for Business Affairs, McCombs School of Business
Report 8 of 30:
Dr. Roderick Hart
College of Communications
MEMORANDUM

To: Dr. Roderick Hart, Dean
College of Communication

From: Mr. Michael Vandervort, CPA
Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Hart from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 28 out of 502 travel and entertainment expenses was randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
Memorandum to Dr. Hart
October 30, 2013
Page 2 of 2

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

In general, evidence of the above attributes was found in the travel anc entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

Proper Approval
One of 16 entertainment transactions tested did not obtain prior approval to pay the social club dues for the 2011-2012 academic year. Without an approval letter for social club membership dues, proper oversight could not be achieved.

According to Section 9.1.1.G of UT Austin’s Handbook of Business Procedures, “Social club memberships are allowed if they pertain to the person's job duties and benefit the university. Faculty and staff may be reimbursed for these expenses, or the vendor may be paid directly. An approval letter for the social club membership signed by the current dean, vice president, provost, or president is required. Academic staff must have social club memberships approved by the appropriate dean, and administrative staff must have them approved by the President's Office. Signatures from official delegates will not be accepted for social club dues. Dues for deans or vice presidents require approval from the Provost’s or President’s Office.”

**Recommendation:** Management should ensure that a current approval letter for club membership is created and on file as supporting documentation for all social club dues.

**Management Response:** Will ensure prior approvals are reviewed and enforced as written

**Implementation Date:** Immediately (8/2/13)

In accordance with directives from The University of Texas System Board of Regents the Office of Internal Audits will perform follow-up procedures to confirm that the audit recommendation has been implemented.

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Janice Daman, Assistant Dean, College of Communication
    Mr. Jeffrey Toreki, Finance Manager, College of Communication
Report 9 of 30:
Dr. Jay Hartzell
Department of Finance
MEMORANDUM

To: Dr. Jay Hartzell, Department Chair  
   Department of Finance

From: Mr. Michael Vandervort, CPA  
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President's Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Hartzell from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 30 out of 352 travel and entertainment expenses was 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
Memorandum Dr. Hartzell
October 30, 2013
Page 2 of 2

○ Timeliness.

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

Proper Approval
One of 16 entertainment transactions tested did not obtain prior approval before the event occurred. Without the submission of an Official Occasion Expense Form (OOEF), the Associate Dean for Business Affairs cannot provide the necessary oversight of entertainment expenses.

According to the procedures for processing official occasions and entertainment expenses for the Red McCombs School of Business, prior approval is required by the Associate Dean for Business Affairs. Also, according to Section 9.1.1.K of UT Austin’s Handbook of Business Procedures, “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: Management should ensure that an OOEF is created and approved by the Associate Dean for Business Affairs prior to events and is on file as supporting documentation for all events.

Management Response: Remind and train involved faculty as to OOEF requirements.

Implementation Date: Immediate- June 2013

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Amy Miller, Assistant Director, Red McCombs School of Business
     Ms. Nan Watkins, Senior Interface Manager, Red McCombs School of Business
Report 10 of 30:
Dr. Richard Hazeltine
Department of Physics
MEMORANDUM

To: Dr. Richard Hazeltine, Department Chair
   Department of Physics

From: Mr. Michael Vandervort, CPA
      Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011- 2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Hazeltine from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 16 out of 323 travel and entertainment expenses was randomly selected and tested for the following attributes:
   • Proper Approval,
   • Adequate Supporting Documentation,
   • Mathematical Accuracy,
In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

**Proper Approval**
One of 16 entertainment transactions tested did not obtain or document proper approval for a The Carillon expense. Without the Official Occasion Expense Form (OEOF), the department cannot provide evidence of proper approval for the expense.

According to Section 9.1.1.K of UT Austin’s *Handbook of Business Procedures*, “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 (OEOF) to the Office of Accounting. Departments must attach a signed OEOF 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.”

<table>
<thead>
<tr>
<th><strong>Recommendation:</strong></th>
<th>Management should ensure that an OEOF is created and approved by the Dean for all events. The OEOF should be on file as supporting documentation.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Response:</strong></td>
<td>Department will ensure that an OEOF is created and approved by the Dean for all events. A copy of OEOF forms will be kept on file.</td>
</tr>
<tr>
<td><strong>Implementation Date:</strong></td>
<td>6/24/13</td>
</tr>
</tbody>
</table>

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameoasha Jones at 471-8977 or cameoasha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Mary Lindholm, Assistant Director for Physics Administration, Department of Physics  
Ms. Mary Holt, Financial Analyst, Department of Physics
Report 11 of 30:
Dr. Linda Hicke
College of Natural Sciences
MEMORANDUM

To: Dr. Linda Hicke, Dean
   College of Natural Sciences

From: Mr. Michael Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011- August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents detailed observations and recommendations.

Audit Results

We obtained all fiscal year 2011- 2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Hicke from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 23 out of 835 travel and entertainment expenses was 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.

In general, evidence of the above attributes was found in the travel and entertainment expenses. Opportunities for improvement pertaining to proper approval were noted.

**Proper Approval- Official Occasion Expense Form**
One of the 17 entertainment transactions tested did not have proper approval obtained for The Carillon expense. Without the Official Occasion Expense Form (OOEF), the department cannot provide evidence of proper approval for the expense.

According to Section 9.1.1.K of UT Austin's *Handbook of Business Procedures*, “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 an OOEF is created and approved by the Dean for all events. The OOEF should be on file as supporting documentation.

**Management Response:** The transaction in question occurred during a previous dean’s administration. In January 2013 CNS implemented an Official Occasions and Entertainment Expenses Policy. The policy will be updated to include instructions for faculty and staff to create and retain an OOEF for all entertainment and official-related items for entertainment IDT charges from The Carillon and Housing and Food 40 Acres Catering.

**Implementation Date:** July 31, 2013

**Proper Approval- Request for Travel Authorization**
Two of six travel expenses tested did not have proper approval obtained from the Executive Vice President and Provost. Without submission of an electronic Request for Travel Authorization (RTA) form to the immediate supervisor, the supervisor may not be aware that the dean is absent from campus for business travel and that department funds are being spent.
Memorandum Dr. Hicke  
October 30, 2013  
Page 3 of 3  

According to Section 11.2.A of UT Austin’s *Handbook of Business Procedures*, “An electronic Request for Travel Authorization (RTA) should be completed. Approval is delegated to the immediate supervisor.”

**Recommendation 2:** Management should ensure that all RTAs for deans are submitted to the Executive Vice President and Provost for approval.

**Management Response:** *DEFINE is programmed to route RTA documents for approval based on who the traveler is. RTA’s route to the supervisor when the traveler is also the unit head of the account. Both RTAs in question were for travel Dean Hicke made almost immediately after officially becoming dean on July 13, 2012. While the EVPP approved the travel, the paperwork to show that Dean Hicke was the “unit head” had not been submitted and approved. As a result, the two documents did not route to the Provost because *DEFINE did not recognize Dean Hicke as the unit head. The unit head change paperwork was submitted to the Office of Accounting on July 26, 2012. The RTAs in question were submitted between July 5-13, 2012.*

**Implementation Date:** July 1, 2013

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Ricardo Medina, Assistant Dean for Business Services, College of Natural Sciences
Report 12 of 30:
Ms. Julie Hooper
University Development Office
MEMORANDUM

To: Ms. Julie Hooper, Associate Vice President
   University Development Office

From: Mr. Michael Vandervort, CPA
      Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project
         #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, Internal Audits:
   o Reviewed and evaluated relevant policies and procedures for processing and
     approving travel and entertainment expenses;
   o Reviewed supporting documentation; and
   o 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Ms. Hooper from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 32 out of 955 travel and entertainment expenses was randomly selected and tested for the following attributes:
   o Proper Approval,
Adequate Supporting Documentation,  
Mathematical Accuracy,  
Adequate and Appropriate Business Purpose,  
Proper Recording,  
Within Allowable Limits,  
Non-Reimbursement of Prohibited Items, and  
Timeliness.

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

Proper Approval
For 14 of 15 travel transactions tested, proper approval was not obtained from the immediate supervisor. Without submission of a Request for Travel Authorization (RTA) to the immediate supervisor, the supervisor may not be aware that Ms. Hooper is absent from campus for business travel.

According to Section 11.2.A of UT Austin’s *Handbook of Business Procedures*, “An electronic Request for Travel Authorization (RTA) should be completed. Approval is delegated to the immediate supervisor.”

**Recommendation:** Management should ensure that all RTAs for Ms. Hooper are submitted to the Office of the President for approval.

**Management Response:** RTAs will be submitted to immediate supervisor.

**Implementation Date:** 6/21/13

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Roberto Gonzalez, Senior Development Associate, University Development Office
Report 13 of 30:

Dr. Robert Hutchings

Lyndon B Johnson School of Public Affairs
MEMORANDUM

To: Dr. Robert Hutchings, Dean
Lyndon B Johnson School of Public Affairs

From: Mr. Michael Vandervort, CPA
Director

Subject: Final Report — Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents detailed observations and recommendations.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Hutchings from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 32 out of 981 travel and entertainment expenses was randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
Memorandum Dr. Hutchings  
October 30, 2013  
Page 2 of 3

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. Opportunities for improvement pertaining to proper approval were noted.

**Proper Approval - Official Occasion Expense Form (OEOF)**

One of 17 entertainment transactions tested did not have proper approval obtained from the dean or assistant dean for finance and administration. Without the submission of an OEOF, the dean or assistant dean for finance and administration cannot provide the necessary oversight of entertainment expenses that are more than $1,000.

According to the procedures for processing official occasions and entertainment expenses for the LBJ School of Public Affairs, entertainment expenses greater than $1,000 must be approved by the dean or assistant dean for finance and administration.

| **Recommendation 1:** Management should ensure that an OEOF is created and approved by the dean or assistant dean for finance and administration for all entertainment expenses greater than $1,000. |
| **Management Response:** The approval procedure for entertainment expenses has been modified, as of January 1, 2013, such that all entertainment expenses greater than $1,000 must be routed to either the Assistant Dean of Finance or the Dean of the LBJ School for approval. |
| **Implementation Date:** January 1, 2013 |

**Proper Approval - UT Market Expenses**

Five of the 17 entertainment transactions tested did not have proper approval for UT Market expenses. Without the submission of an OEOF, the dean or a person with signature authority for entertainment expenses cannot provide the necessary oversight.

According to Section 9.1.1.K of UT Austin’s *Handbook of Business Procedures*, “When using the Procard for entertainment and official occasion-related items, departments must attach a signed Official Occasion Expense Form (OEOF) for each purchase and include the form as a basic part of the back-up documentation retained for the Procard at the departmental level. If purchasing alcohol from grocery stores using the Procard, the OEOF requires advance approval by the applicable dean, vice president, or official delegate. Backup documentation is subject to review and must be provided upon request for auditing purposes.”

| **Recommendation 2:** Management should ensure that all OOEFS for UT Market expenses are approved by the dean or a person with signature authority and are on file as supporting documentation. |
Memorandum Dr. Hutchings  
October 30, 2013  
Page 3 of 3

**Management Response:** The approval procedure for UT Market carts that include food has been modified, as of July 15, 2013, such that all electronic carts must have an attached, signed OOEF before being approved by the LBJ School Business Office.

**Implementation Date:** July 15, 2013

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameoasha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Christopher Lynch, Senior Financial Analyst, Lyndon B Johnson School of Public Affairs
Report 14 of 30:

Dr. Michael Marder

UTeach Science Program
MEMORANDUM

To: Dr. Michael Marder, Director
    UTeach Science Program

From: Mr. Michael Vandervort, CPA  
      Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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.

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 Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Gary Wene, Administrative Manager, UTeach Science Program
Report 15 of 30:
Dr. Sharon Mosher
Jackson School of Geosciences
MEMORANDUM

To: Dr. Sharon Mosher, Dean
    Jackson School of Geosciences

From: Mr. Michael Vandervort, CPA
      Director

Subject: Final Report -- Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, Internal Audits:
   o Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
   o Reviewed supporting documentation; and
   o 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.

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 Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Michael Valdez, Administrative Manager, Jackson School of Geosciences
Report 16 of 30:
Dr. Jayathi Murthy
Department of Mechanical Engineering
MEMORANDUM

To: Dr. Jayathi Murthy, Department Chair
   Department of Mechanical Engineering

From: Mr. Michael Vandervort, CPA
   Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: November 5, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, Internal Audits:
  o Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
  o Reviewed supporting documentation; and
  o 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 memorandum presents detailed observations and recommendations.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Murthy from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 29 out of 494 travel and entertainment expenses was randomly selected and tested for the following attributes:
  o Proper Approval,
  o Adequate Supporting Documentation,
  o Mathematical Accuracy,
Adequate and Appropriate Business Purpose,
Proper Recording,
Within Allowable Limits,
Non-reimbursement of Prohibited items, and
Timeliness.

In general, evidence of the above attributes was found in the travel and entertainment expenses. Opportunities for improvement pertaining to proper approval were noted.

**Proper Approval- Official Occasion Expense Form (OOEF)**

Five of 14 travel transactions tested did not have proper approval prior to the dates of travel. Without submission of an electronic request for travel authorization (RTA), the immediate supervisor was not aware that Dr. Murthy was absent from campus for business travel during working periods.

According to Section 11.2.A of UT Austin’s *Handbook of Business Procedures*, “Prior approval for all business travel is required for absences of employees from the campus or other designated headquarters for periods of half a day or more during the normal working period, whether or not there is a cost to The University.”

**Recommendation 1:** Management should ensure that an electronic RTA is created and approved prior to all dates of travel.

**Management Response:** The Department was not informed of the travel, until after it had occurred. We will continue to reiterate to our travelers the importance of notifying the Department for the RTAs prior to travel.

1. The Department follows the recommendations in both the Handbook of Operating Procedures (3-1210 Travel Requests) and the Handbook of Business Procedures (Part 11. Travel), regarding the University’s guidelines and recommendations for travel procedures.

2. Each departmental employee (faculty, staff and student employee) is instructed, first as a new employee at his/her respective orientation, then periodically via electronic reminders and annual compliance updates, to file the Request for Travel Authorization (RTA), if he/she is to be off campus during the regular workday, for more than 4 hours; or to conduct University business away from campus.

3. Each traveler is responsible for contacting his/her Departmental administrative contact(s) in a timely fashion, *prior to traveling*, in order for the electronic RTA to be processed and final approved. This electronic document provides the Department Chair with the details necessary to approve such absences from an employee’s regular worksite and schedule, for the purpose of providing disposition of duties during the absence, as well as the explanation of the purpose and benefit of such absences.

4. A departmental employee’s request to create the electronic RTA is sent to his/her administrative contact(s), by the individual faculty, staff, or student employee, in the following acceptable manner: via email (preference) or verbal request in person.
The Department is also working to establish an electronic request form, which would be available to our employees online, and routing directly to the appropriate administrator.

**Implementation Date:** Immediately (September 16, 2013)

**Proper Approval - UT Market Expenses**
Six of 15 entertainment transactions tested did not have proper approval obtained for coffee purchased on UT Market and with the Procard. Without the Official Occasion Expense Form (OOEF), the department cannot provide evidence of proper approval for the expense.

According to Section 9.1.1.K of UT Austin’s *Handbook of Business Procedures*, “When using the Procard for entertainment and official occasion-related items, departments must attach a signed Official Occasion Expense Form (OOEF) for each purchase and include the form as a basic part of the back-up documentation retained for the Procard at the departmental level. 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 2:** Management should ensure that an OOEF is created and approved by the dean or a designated person with signature authority for all UT Market and Procard expenses. The OOEFs should be on file as supporting documentation.

**Management Response:** Now that the department is aware of the required OOEF forms, for the purchase of coffee, we have implemented this process. OOEF forms are now completed for all coffee orders, and documentation is maintained.

**Implementation Date:** June 21, 2013, upon notification

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Danielle Fournier, Executive Assistant, Department of Mechanical Engineering
Report 17 of 30:
Dr. J. Tinsley Oden
Vice President of Research
MEMORANDUM

To: Dr. J. Tinsley Oden  
   Associate Vice President for Research

From: Mr. Michael W. Vandervort, CPA  
   Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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.

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 Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MWV: cdj

cc: Ms. Fatima Z. Bridgewater, Office Manager, Institute for Computational Engineering and Science
Report 18 of 30:
Dr. Tadeusz Patzek
Department of Petroleum and Geosystems Engineering
MEMORANDUM

To: Dr. Tadeusz Patzek, Department Chair  
Department of Petroleum and Geosystems Engineering

From: Mr. Michael Vandervort, CPA  
Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: November 5, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011, through August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents detailed observations and recommendations.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Patzek from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 29 out of 420 travel and entertainment expenses was randomly selected and tested for the following attributes:

○ Proper Approval,
○ Adequate Supporting Documentation,
Memorandum Dr. Patzek  
November 5, 2013  
Page 2 of 3  

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. Opportunities for improvement pertaining to proper approval were noted.

Proper Approval - Request for Travel Authorization (RTA)  
One of 13 travel transactions tested did not have proper approval obtained before the dates of travel. Without submission of a RTA, the immediate supervisor was not aware that Dr. Patzek was absent from campus for business travel during working periods.

According to Section 11.2.A of UT Austin’s *Handbook of Business Procedures*, “Prior approval for all business travel is required for absences of employees from the campus or other designated headquarters for periods of half a day or more during the normal working period, whether or not there is a cost to The University.”

| Recommendation 1: Management should ensure that an electronic RTA is created and approved prior to all dates of travel. |
| Management Response: The department is aware of the HBP rules for travel authorizations and strives to follow the rules. The one cited above was just missed because of an oversight. |
| Implementation Date: Already implemented |

Proper Approval - Official Occasion Expense Form (OOEF)  
Eight of 16 entertainment transactions tested did not have proper approval obtained from the dean or an authorized person with signature authority for entertainment expenses. Without the submission of an OOEF, the dean or person with signature authority for entertainment expenses cannot provide the necessary oversight.

According to Section 9.1.1.K of UT Austin’s *Handbook of Business Procedures*, “When using the Procard for entertainment and official occasion-related items, departments must attach a signed Official Occasion Expense Form (OOEF) for each purchase and include the form as a basic part of the back-up documentation retained for the Procard at the departmental level. If purchasing alcohol from grocery stores using the Procard, the OOEF requires advance approval by the applicable dean, vice president, or official delegate. Backup documentation is subject to review and must be provided upon request for auditing purposes.”

| Recommendation 2: Management should ensure that all OOEFs are approved by the dean or a person with signature authority for entertainment expenses. |
Management Response: The department follows all policies and procedures for processing vouchers as set forth in the HBP and Cockrell School of Engineering. The problem lies in the Dean’s Office which did not have an authorized signer approving Procard documents when entertainment was present. We talked with Wes Queen, Assistant Dean for Business Affairs, on July 18, 2013, and he confirmed that they have changed their procedures to have him approve all Procard documents that have entertainment.

Implementation Date: July 18, 2013

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Sandra Taylor, Executive Assistant, Department of Petroleum and Geosystems Engineering
Report 19 of 30:
Dr. Bruce Porter
Department of Computer Science
MEMORANDUM

To: Dr. Bruce Porter, Department Chair  
   Department of Computer Science

From: Mr. Michael Vandervort, CPA  
   Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Porter from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 18 out of 291 travel and entertainment expenses was randomly selected and tested for the following attributes:
  ○ Proper Approval,
  ○ Adequate Supporting Documentation,
Memorandum Dr. Porter  
October 30, 2013  
Page 2 of 2

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

**Proper Approval**

One of 11 entertainment transactions tested did not have proper approval obtained from the dean. By not submitting the Official Occasion Expense Form (OOEF), the dean cannot provide the necessary oversight of entertainment expenses.

According to the procedures for processing entertainment related-expenses for the Department of Computer Science, all OOEFs must be submitted to the dean for approval after obtaining approval form the department.

<table>
<thead>
<tr>
<th><strong>Recommendation:</strong> Management should ensure that all OOEFs are submitted to the dean for approval.</th>
</tr>
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<tbody>
<tr>
<td><strong>Management Response:</strong> Department will submit all VP7 OOEFs to CNS Dean’s Office for signature and attach to VP7 documentation.</td>
</tr>
<tr>
<td><strong>Implementation Date:</strong> Immediately 7/26/13</td>
</tr>
</tbody>
</table>

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Kathy Guajardo, Associate Director of Administration, Department of Computer Science
Report 20 of 30:
Dr. Sonica Reagins-Lilly
Office of the Dean of Students
MEMORANDUM

To: Dr. Soncia Reagins-Lilly  
   Senior Associate Vice President and Dean of Students

From: Mr. Michael Vandervort, CPA  
   Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, Internal Audits:
   o Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
   o Reviewed supporting documentation; and
   o 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.

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 Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Cheryl Pyle, Administrative Services Officer I, Office of the Dean of Students
Report 21 of 30:
Mr. Glenn Richter
Sarah and Ernest Butler School of Music
MEMORANDUM

To: Mr. Glenn Richter, Interim Director
   Sarah and Ernest Butler School of Music

From: Mr. Michael Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Mr. Richter from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 15 out of 105 travel and entertainment expenses was randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
Memorandum Mr. Richter
October 30, 2013
Page 2 of 2

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

**Proper Approval**
Four of 15 entertainment transactions tested did not have proper approval obtained for Procard entertainment expenses. Without the submission of an Official Occasion Expense Form, the dean or the person with signature authority for entertainment expenses cannot provide necessary oversight.

According to Section 9.1.1K of UT Austin’s *Handbook of Business Procedures*, “When using the Procard for entertainment and official occasion-related items, departments must attach a signed Official Occasion Expense Form (OEOF) for each purchase and include the form as a basic part of the back-up documentation retained for the Procard at the departmental level. Backup documentation is subject to review and must be provided upon request for auditing purposes.”

**Recommendation:** Management should ensure that all OEOFs for Procard expenses are approved by the dean or the person with signature authority and is on file as supporting documentation.

**Management Response:** Effective immediately, all Procard OEOFs will be forwarded to Cathy Kothlow, Assistant Dean, for review and approval.

**Implementation Date:** 7-18-13

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Antonio Zapata, Finance Manager, School of Music
Report 22 of 30:
Dr. Ronald Steel
Department of Geological Sciences
MEMORANDUM

To: Dr. Ronald Steel, Department Chair  
Department of Geological Sciences

From: Mr. Michael Vandervort, CPA  
Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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.

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 Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Stacia Delcon, Financial Services and HR Supervisor, Department of Geological Sciences
Report 23 of 30:
Dr. Frederick Steiner
School of Architecture
MEMORANDUM

To: Dr. Frederick Steiner, Dean
   School of Architecture

From: Mr. Michael Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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.

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 Camoisha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Jeffrey Evelyn, Assistant Dean for Administration, School of Architecture
Report 24 of 30:
Dr. Alexa Stuifbergen
School of Nursing
MEMORANDUM

To: Dr. Alexa M. Stuijbergen, Dean  
School of Nursing

From: Mr. Michael W. Vandervort, CPA  
Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Stuijbergen from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 27 out of 292 travel and entertainment expenses was randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
Memorandum Dr. Stuifbergen
October 30, 2013
Page 2 of 2

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

Proper Approval
Two of 11 travel transactions tested did not have proper approval obtained before the dates of travel. Without submission of an electronic request for travel (RTA), UT Austin may not have been aware that Dr. Stuifbergen was absent from campus for business travel during working periods.

According to Section 11.2.A of UT Austin’s Handbook of Business Procedures 11.2.A, “Prior approval for all business travel is required for absences of employees from the campus or other designated headquarters for periods of half a day or more during the normal working period, whether or not there is a cost to The University.”

**Recommendation:** Management should ensure that an electronic RTA is created and approved prior to all dates of travel.

**Management Response:** Dean and Executive Assistant will create and submit RTAs for approval prior to all travel.

**Implementation Date:** August 1, 2013

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Margaret Hill, Assistant Dean, School of Nursing
Report 25 of 30:
Dr. Ahmed Tewfik
Department of Electrical & Computer Engineering
MEMORANDUM

To: Dr. Ahmed Tewfik, Department Chair
   Department of Electrical & Computer Engineering

From: Mr. Michael Vandervort, CPA
   Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: November 5, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, Internal Audits:
   o Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
   o Reviewed supporting documentation; and
   o 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Tewfik from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 31 out of 436 travel and entertainment expenses was randomly selected and tested for the following attributes:
   o Proper Approval,
   o Adequate Supporting Documentation,
Memorandum Dr. Tewfik
November 5, 2013
Page 2 of 3

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

Proper Approval
One of 16 entertainment transactions tested did not obtain or document proper approval for The Carillon expense. Without the submission of an Official Occasion Expense Form (OEOF) and proper approval of all expenses by the dean or an authorized person with signature authority, there is an increased risk of misuse of funds.

According to Section 9.1.1.K of The University of Texas at Austin’s Handbook of Business Procedures, “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 (OEOF) to the Office of Accounting. Departments must attach a signed OEOF 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:** Management should ensure that an OEOF is created and approved by the dean or an authorized person with signature authority for all expenses incurred at The Carillon. All OOEFS should be maintained as supporting documentation at the department level.

**Management Response:** ECE instituted a new procedure that calls for an official occasion expense form to be filled and approved by the college for all expenses incurred at The Carillon and Housing and Food 40 Acres Catering. The college approved form will be attached with the receipt from the business breakfast lunch or dinner along with the corresponding VT5. ECE will keep an electronic scan of all VT5's with the OEOF form for backup. All ECE offices, units and ORUs will be informed of this procedure by September 23, 2013.

ECE will also review all past expenses incurred at the Carillon and Housing and Food 40 Acres Catering since January 2013 and secure a college approved OEOF for each expense. This review will be completed by December 1, 2013.

To make sure that all changes to UT procedures are implemented by all ECE offices, units and ORUs, the ECE executive assistant will regularly forward all updates from the college UBOC representative to all offices, units and ORUs.

**Implementation Date:** September 23, 2013
Memorandum Dr. Tewfik  
November 5, 2013  
Page 3 of 3  

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Carole Bearden, Executive Assistant, Department of Electrical & Computer Engineering
Report 26 of 30:
Dr. Thomas Truskett
Department of Chemical Engineering
MEMORANDUM

To: Dr. Thomas Truskett, Department Chair  
Department of Chemical Engineering

From: Mr. Michael Vandervort, CPA  
Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: November 5, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011, through August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents detailed observations and recommendations.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Truskett from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 22 out of 203 travel and entertainment expenses was randomly selected and tested for the following attributes:
- Proper Approval,
Memorandum Dr. Trussett  
November 5, 2013  
Page 2 of 3

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. Opportunities for improvement pertaining to proper approval were noted.

**Proper Approval - Official Occasion Expense Forms**

One of 16 entertainment transactions tested did not obtain prior approval from the Dean or Assistant Dean for Business Affairs. Without the submission of an Official Occasion Expense Form (OEOF) the Dean or Assistant Dean for Business Affairs cannot provide the necessary oversight of entertainment expenses estimated at $3,000 or above.

According to the procedures for processing official occasions and entertainment expenses for the Cockrell School of Engineering, pre-approval of official occasions expenses must be obtained from the Dean or Assistant Dean for Business Affairs for any proposed event with a projected cost of $3,000 or above.

| **Recommendation 1:** Management should ensure that all OEOFs are approved by the Dean or Assistant Dean for Business Affairs prior to all events with a projected cost of $3,000 or above and is on file as supporting documentation. |
| **Management Response:** Financial Analyst sends annual reminder to impacted staff regarding policy. |
| **Implementation Date:** Already implemented as of 1/7/13 |

**Proper Approval - Procard Expenses**

One of 16 entertainment transactions tested did not obtain proper approval for the Procard entertainment expense. Without the submission of an Official Occasion Expense Form (OEOF), the dean or the person with signature authority for entertainment expenses cannot provide the necessary oversight.

According to Section 9.1.1.K of UT Austin’s *Handbook of Business Procedures*, “When using the Procard for entertainment and official occasion-related items, department must attach a signed Official Occasion Expenses Form (OEOF) for each purchase and include the form as a basic part of the back-up documentation retained for the Procard at the departmental level. Backup documentation is subject to review and must be provided upon request for auditing purposes.”
Memorandum Dr. Truskett
November 5, 2013
Page 3 of 3

**Recommendation 2:** Management should ensure that all OOEFS for Procard expenses are approved by the dean or the person with signature authority and is on file as supporting documentation.

**Management Response:** BAO will now route Procard (VP7) documents to Assistant Dean or person with signature authority for final approval to provide second "electronic signature whenever VP7 has an object code of 1347 or 1309 for entertainment expenses. Department will continue to retain OOEF with department level signature for backup documentation.

**Implementation Date:** 7/17/13

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Teri Sahba, Financial Analyst, Department of Chemical Engineering
Report 27 of 30:
Dr. Gregory Vincent
Vice President for Diversity and Community Engagement
MEMORANDUM

To: Dr. Gregory Vincent  
Vice President for Diversity and Community Engagement

From: Mr. Michael Vandervort, CPA  
Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011- August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents detailed observations and recommendations.

Audit Results

We obtained all fiscal year 2011- 2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Vincent from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 33 out of 1,359 travel and entertainment expenses was randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
Memorandum Dr. Vincent  
October 30, 2013  
Page 2 of 3

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. Opportunities for improvement pertaining to proper approval were noted.

Proper Approval- Official Occasion Expense Form (OOEF)
One of 17 entertainment transactions tested did not have proper approval for the OOEF before the voucher was submitted for payment. Without the submission of an OOEF and proper approval of all expenses by the vice president or a person with signature authority, there is an increased risk of misuse of funds.

According to Section 9.1.1.K of UT Austin’s Handbook of Business Procedures, “An Official Occasion Expense Form (OOEF) should be submitted with corresponding itemized receipts at the time a voucher is submitted for payment. The form must include the date of the activity, location, participants and/or group attending with estimated or actual number of people attending, purpose, benefit, funding source to charge, and required approval(s). Departments may use a form of their own design as long as it includes the same information as the Official Occasion Expense Form. Departments may enter the required information in the Notes section of the *DEFINE document instead of supplying an OOEF. However, the dean/vice president or official delegate must be included in the electronic routing of the document in order for Notes to be accepted.”

**Recommendation 1:** Management should ensure that all OOEFs are approved by the vice president or a person with signature authority before vouchers are submitted for payments.

**Management Response:** Unit has been directed to ensure protocols are followed. When we were collecting the documents for the audit, MEC staff (Ixchel Rosal [Director of Division of Diversity & Community Engagement] and Sherry Reddick [Senior Program Coordinator]) and I [Dr. Enrique Romo, Deputy to the Vice President] had a conversation about how to handle OOEFs. I reminded them that we needed to keep copies for our files at all times and to make sure we get signatures prior to any event.

I went ahead and emailed them this morning [9/11/13] with our protocol/process (as described to you in our narrative memo sent on July 3, 2013) just so that we have that documented. We do not anticipate any other issues. If there are further questions, I asked them to contact me so we could make sure we are following protocol/procedures.

**Implementation Date:** Immediately (September 5, 2013)
Proper Approval - Social Club Dues
One of the 17 entertainment transactions tested did not have proper approval for the payment of a social club due expense. There is an increased risk of misuse of funds without an approval letter to pay social club dues from the president.

According to Section 9.1.1.G of UT Austin’s Handbook of Business Procedures, “Social club memberships are allowed if they pertain to the person's job duties and benefit the university. Faculty and staff may be reimbursed for these expenses, or the vendor may be paid directly. An approval letter for the social club membership signed by the current dean, vice president, provost, or president is required. Academic staff must have social club memberships approved by the appropriate dean, and administrative staff must have them approved by the President's Office. Signatures from official delegates will not be accepted for social club dues. Dues for deans or vice presidents require approval from the Provost’s or President’s Office.”

**Recommendation 2:** Management should ensure that an approval letter is on file as supporting documentation for all payments of social club dues.

**Management Response:** We have secured presidential approval for club dues. Approval letter was attached.

**Implementation Date:** Immediately (September 5, 2013)

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

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Dr. Enrique Romo, Deputy to the Vice President, Division of Diversity and Community Engagement
Report 28 of 30:
Dr. Michael Walton (Dr. Sharon Wood)
Architectural & Environmental Engineering
MEMORANDUM

To: Dr. C. Michael Walton, Interim Department Chair
   Department of Civil, Architectural and Environmental Engineering

From: Mr. Michael W. Vandervort, CPA  
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

We have completed our audit of Dr. Wood’s 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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Wood from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 28 out of 532 travel and entertainment expenses was randomly selected and tested for the following attributes:

   ○ Proper Approval,
   ○ Adequate Supporting Documentation,
Memorandum Dr. Walton  
October 30, 2013  
Page 2 of 3

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

In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

Proper Approval
Five of 16 entertainment transactions tested did not have proper approval obtained from the dean or authorized person with signature authority for UT Market and Procard expenses. In addition, one of the five transactions did not include an Official Occasion Expense Form (OEOF) on file as supporting documentation. Without the submission of an OEOF and proper approval of all expenses by the dean or a person with signature authority, there is an increased risk of misuse of funds.

According to Section 9.1.1.K of UT Austin’s Handbook of Business Procedures, “When using the Procard for entertainment and official occasion-related items, departments must attach a signed Official Occasion Expense Form (OEOF) for each purchase and include the form as a basic part of the back-up documentation retained for the Procard at the departmental level. 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 (OEOF) to the Office of Accounting. Departments must attach a signed OEOF 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:** Management should ensure that all OOEFS for UT Market and Procard expenses are approved by the dean or a person with signature authority are on file as supporting documentation at the departmental level.

**Management Response:** Based on your recommendations the Dean’s office in the Cockrell School of Engineering will now require the department to get an OEOF signed before purchases are made in UT market. Wes Queen, Assistant Dean for Business Affairs, has developed a Cockrell School policy of procedures instructing the creator to attach the form to electronic purchase document and keep copies on file.

**Implementation Date:** August 1, 2013

In accordance with directives from The University of Texas System Board of Regents, the Office of Internal Audits will perform follow-up procedures to confirm that the audit recommendation has been implemented.
Memorandum Dr. Walton  
October 30, 2013  
Page 3 of 3  
We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Hortensia Peoples, Executive Assistant, Department of Civil, Architectural and Environmental Engineering
Report 29 of 30:
Dr. Sharon Wood (Dr. Gregory Fenves)
Cockrell School of Engineering
MEMORANDUM

To: Dr. Sharon Wood, Interim Dean
   Cockrell School of Engineering

From: Mr. Michael Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

We have completed our audit of Dr. Fenves’ 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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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 memorandum presents a detailed observation and recommendation.

Audit Results

We obtained all fiscal year 2011-2012 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Fenves from UT Austin’s Departmental Financial Information Network (*DEFINE). A combined sample of 33 out of 1,544 travel and entertainment expenses was 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
In general, evidence of the above attributes was found in the travel and entertainment expenses. An opportunity for improvement pertaining to proper approval was noted.

**Proper Approval**
For two of 17 entertainment transactions tested an Official Occasion Expense Form (OEOF) was submitted by one individual and approved by another individual. These individuals are related to each other. A possible conflict of interest was created in the approval of reimbursement for entertainment expenses.

According to the Handbook of Operating Procedures 5-1260 Employment of Close Relatives (Nepotism), “If an appointment, reappointment, or promotion of a person places him or her under the supervision of a close relative, all actions with regard to the terms and conditions of employment of the supervised employee, including the annual performance evaluation, shall be the responsibility of the next highest administrative supervisor.”

<table>
<thead>
<tr>
<th><strong>Recommendation:</strong></th>
<th>The department should ensure that requests for reimbursement from related individuals are routed to the next authorized person with signature authority for entertainment expenses.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Management Response:</strong></td>
<td>The individual who had previously signed the official occasion expense form no longer signs them. The director (individual’s supervisor) now signs all OOEFS for their office. If the director is out of the office, the forms and invoices will be held until the director’s return and approval of expenses. If the director is out for an extended period of time, the assistant dean for student affairs will sign on her behalf. The dean’s offices have centralized accounting functions to a certain extent and the Business Affairs office (BAO) has added this review to their audits. This process has also been implemented into the training of new BAO employees as of 5/1/13.</td>
</tr>
<tr>
<td><strong>Implementation Date:</strong></td>
<td>Immediately (May 23, 2013)</td>
</tr>
</tbody>
</table>

In accordance with directives from The University of Texas System Board of Regents the Office of Internal Audits will perform follow-up procedures to confirm that the audit recommendation has been implemented.

We appreciate the assistance and cooperation of you and your staff in this audit and hope that the information presented herein is beneficial. If you have any questions, please contact me or Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Mr. Wesley G. Queen, Assistant Dean, Cockrell School of Engineering
Ms. Amy M. Reyna, Executive Assistant, Cockrell School of Engineering
Report 30 of 30:
Dr. Luis Zayas
School of Social Work
MEMORANDUM

To: Dr. Luis Zayas, Dean
   School of Social Work

From: Mr. Michael Vandervort, CPA
       Director

Subject: Final Report – Executive Travel and Entertainment Expenses: Project #812.13

Date: October 30, 2013

As an addition to the FY 2013 President’s Travel and Entertainment Expenditure Audit, The University of Texas System Board of Regents now requires an inclusion of a sample of the travel and entertainment expenditures for selected executives at The University of Texas at Austin (UT Austin) each year.

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 of September 1, 2011 - August 31, 2012. Our objective was to determine whether the expenses reimbursed to and directly paid to vendors on behalf of executives are in compliance with relevant UT Austin policies and procedures.

To achieve the objective, 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.

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 Cameosha Jones at 471-8977 or cameosha.jones@austin.utexas.edu.

MV: cj

cc: Ms. Julie Cunniff, Assistant to the Dean, School of Social Work