FY15 Executive Travel and Entertainment Expenses Audit

May 2016

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

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FY 15 Executive Travel and Entertainment Expenses Audit
Project Number: 16.013
May 20, 2016

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

Dear President Fenves,

We have completed our audit of Executive Travel and Entertainment Expenses. Our scope included expenses for fiscal year 2015.

Based on the audit procedures performed, we conclude that the executives selected have reasonable to strong controls in most of the areas reviewed. However, opportunities for improvement were noted in the areas of approvals and adequate supporting documentation. Our audit report provides detailed observations for each area under review. Suggestions are offered for improvement in the existing control structures.

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

Sincerely,

Michael W. Vandervort, CPA
Chief Audit Executive

cr: Institutional Audit Committee Members
Ms. Nancy Brazzil, Deputy to the President and Chief of Staff, Office of the President
Ms. Patricia Ohlendorf, Vice President for Legal Affairs
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
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EXECUTIVE SUMMARY

This audit was conducted as required by The University of Texas System (UT System) Audit Office, as part of our Fiscal Year 2016 Audit Plan.

Conclusion
Based on a review of relevant policies, procedures, and supporting documentation, it appears that The University of Texas at Austin (UT Austin) executives are generally in 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.

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

Audit Scope and Objective
The scope of this audit involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period of September 1, 2014 – August 31, 2015. 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.

Background Summary
Since fiscal year 2013, UT System has required the Executive Travel and Entertainment audit under regent rule 20205. All of the executive officers are subject to review on an annual basis, but may not be chosen for an audit each year. Executives consisted of those who directly reported to the president, as well as key members of management (Executive VPs/Directors, VP/Directors, and Deans), and department chairs.
BACKGROUND

Since fiscal year 2013, The University of Texas System (UT System) has required the Executive Travel and Entertainment audit under regent rule 20205. All of the executive officers are subject to review on 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 and The University of Texas at Austin (UT Austin) Office of Internal Audits. Executives consisted of those who directly reported to the President, as well as key members of management (Executive VPs/Directors, VP/Directors, and Deans), and department chairs.

We chose our sample by first ranking unit codes based on total travel-related spend, and separately based on total entertainment-related spend. We then determined the associated executive for the top ten units for each category (travel and entertainment), skipping any units audited in the prior three years. Sixteen different executives were chosen in total since some unit codes were in the top ten for both travel and entertainment. Per guidance provided by UT System, the methodology to determine which executives will be audited should consider higher risk travelers and entertainers and the executives chosen to be audited for travel expenses do not necessarily have to be the same executives chosen to be audited for entertainment expenses.

SCOPE, OBJECTIVES, AND PROCEDURES

The scope of this audit involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period of September 1, 2014-August 31, 2015. 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 2015 appeared to be in alignment with UT Austin guidance.

Recommendations consisting primarily of approvals and adequate supporting documentation were made for six different executives. The executives identified agreed with the recommendations and provided an action plan with implementation dates. These individual reports are attached in the Appendix of this report.

CONCLUSION

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

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

To: Dr. Jay Bernhardt, Dean
    Moody College of Communication

From: Mr. Michael Vandervort, CPA
      Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project #16.013 - Brummett

Date: April 8, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Dr. Brummett, Chair of the Department of Communication Studies, was chosen as part of this audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
- Reviewed and evaluated relevant policies and procedures for processing and approving travel expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel expenses.

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 travel expenses reimbursed to or paid on behalf of Dr. Brummett from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
Memorandum to Dr. Bernhardt
April 8, 2016
Page 2 of 2

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

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

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: kj

cc: Dr. Barry Brummett, Chair, Department of Communication Studies
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

To: Dr. Gage Paine, Vice President for Student Affairs
   Office of the Vice President for Student Affairs

From: Mr. Michael Vandervort, CPA
   Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project
        #16.013 – Dison

Date: April 12, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Mr. Dison, Senior Associate Vice President and Director of the Division of Recreational Sports, was chosen as part of this audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:

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

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 travel expenses reimbursed to or paid on behalf of Mr. Dison from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
Based on the above procedures, it appears that all travel policies and procedures are being followed. No recommendations are necessary.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: jb

cc: Mr. Thomas Dison, Senior Associate Vice President and Director, Division of Recreational Sports
    Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

To: Dr. Judith Langlois, Executive Vice-President and Provost (Interim)
   Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA
   Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project
       #16.013 - Hackert

Date: April 12, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and
entertainment expenses that have been reimbursed to, or that have been directly paid on behalf
of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive
officers will be subject to review annually, but may not be chosen to be audited every year. Dr.
Hackert, Dean (Interim) of Graduate Studies, was chosen as part of this audit but only travel
expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel
and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers
during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
  • Reviewed and evaluated relevant policies and procedures for processing and approving
    travel expenses;
  • Reviewed supporting documentation; and
  • Conducted testing on a sample of travel expenses.

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 travel expenses reimbursed to or paid on behalf of Dr.
Hackert from UT Austin’s Departmental Financial Information Network. Samples were
randomly selected and tested for the following attributes:
  • Proper Approval,
  • Adequate Supporting Documentation,
  • Mathematical Accuracy,
Based on the above procedures, it appears that all travel policies and procedures are being followed. No recommendations are necessary.

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: jb

cc: Dr. Marvin Hackert, Dean (Interim), Graduate Studies
    Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

To: Dr. Judith Langlois, Executive Vice-President and Provost (Interim)
Office of the Executive Vice-President

From: Mr. Michael Vandervort, CPA
Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses
Project #16.013 - Johnston

Date: May 10, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Dr. Johnston, Vice President for Medical Affairs and Dean for Dell Medical School, was chosen as part of this audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
• Reviewed and evaluated relevant policies and procedures for processing and approving travel expenses;
• Reviewed supporting documentation; and
• Conducted testing on a sample of travel expenses.

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

AUDIT RESULTS

We obtained all of your unit’s fiscal year 2014-2015 travel expenses from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:
• Proper Approval,
• Adequate Supporting Documentation,
• Mathematical Accuracy,
• Adequate and Appropriate Business Purpose,
Proper Approval - Travel Requests

Audit Issue Ranking: High

For 6 of 12 travel transactions tested, proper approval was not obtained from the immediate supervisor. The department does not maintain documentation evidencing approval by the employee’s supervisor for travel. Without proper approval from the immediate supervisor, the supervisor may not be aware that the employee is absent from campus for business travel and that department funds are being spent.

Section 11.2.A of UT Austin’s *Handbook of Business Procedures* states, “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 all travel requests are submitted to the employee’s immediate supervisor for approval including a Dean.

**Management Response:** Dell Medical School is a client of the Central Business Office (CBO). CBO is assisting the Finance Office and Dean’s Office staff in ensuring that this recommendation is followed by utilizing electronic routing of Request for Travel Authorization (RTA) documents to obtain proper approval. Electronic routing will be used by all Medical School personnel and gaining supervisor approval of travel requests will be enforced by both our Finance Office and the CBO.

**Implementation Date:** 4/22/2016

In accordance with directives from The UT System Board of Regents, 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. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: kj

cc: Dr. S. Claiborne Johnston, Vice President for Medical Affairs and Dean, Dell Medical School
    Mr. Jeff Treichel, Associate Director, Office of Internal Audits
APPENDIX

Audit Issue Ranking

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

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.

- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.

- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.
MEMORANDUM

To: Dr. Daniel Jaffe, Vice President for Research
    Office of the Vice President for Research
From: Mr. Michael Vandervort, CPA
        Chief Audit Executive
Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project #16.013 - Penrod
Date: April 8, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Dr. Penrod, Executive Director of Applied Research Laboratories, was chosen as part of this audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
- Reviewed and evaluated relevant policies and procedures for processing and approving travel expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel expenses.

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 travel expenses reimbursed to or paid on behalf of Dr. Penrod from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
Memorandum to Dr. Jaffe
April 8, 2016
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- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
- Non-Reimbursement of Prohibited Items, and
- Timeliness.

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

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: kj

cc: Dr. Clark Penrod, Executive Director, Applied Research Laboratories
    Mr. Jeff Treichel, Associate Director, Office of Internal Audits
To: Ms. Nancy Brazzil, Deputy to the President and Chief of Staff Office of the President
From: Mr. Michael Vandervort, CPA Chief Audit Executive
Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project #16.013 - Plonsky
Date: April 25, 2016

The University of Texas System (UT System) Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Ms. Plonsky, Athletics Director and Executive Senior Associate Athletics Director M-W External Services for Intercollegiate Athletics, was chosen as part of this audit but only travel expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
- Reviewed and evaluated relevant policies and procedures for processing and approving travel expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel 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 2014-2015 travel expenses reimbursed to or paid on behalf of Ms. Plonsky from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:
- Proper Approval,
Adequate Supporting Documentation,
Mathematical Accuracy,
Adequate and Appropriate Business Purpose,
Proper Recording,
Within Allowable Limits,
Non-Reimbursement of Prohibited Items, and
Timeliness.

Based on the above procedures, it appears that most travel policies and procedures are being followed; however, one opportunity for improvement pertaining to proper approval was noted. The issue has been ranked according to The UT System Audit Issue Ranking guidelines. Please see the Appendix for ranking definitions.

**Proper Approval – Travel Requests**

**Audit Issue Ranking: Medium**

For 15 of 15 travel transactions tested, proper approval was not obtained from the immediate supervisor. During the audit scope, the department did not maintain documentation evidencing approval by the employee’s supervisor. Without proper approval from the immediate supervisor, the supervisor may not be aware that the employee is absent from campus for business travel and that department funds are being spent. Per Jonathan Payne, Assistant Athletics Director, electronic routing of Athletics Directors’ requests for travel through the President’s Office was set up in the fall of 2015 which is after the audit scope period. Therefore, the risk is mitigated by the fact that the electronic routing has already been corrected.

Section 11.2.A of UT Austin’s *Handbook of Business Procedures* states, “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 all travel requests are submitted to the employee’s immediate supervisor for approval.

**Management Response:** In fall 2015, the Texas Athletics Business Office initiated electronic routing of both athletics directors’ travel requests to the president’s office. This mitigation was in response to discovering that the travel authorizations, prior to that time, had been requested and processed in a timely manner, but then had not been immediately routed to the president’s office, per HOP policy.

The Athletics Business Office will continue to ensure that electronic routing of athletics directors’ travel requests include appropriate confirmation of president’s office receipt, with copy to the executive assistant who files the request on behalf of the athletic directors.

**Implementation Date:** Fall 2015

**Post Audit Review:** Internal Audits is in the process of conducting its post audit review.
In accordance with directives from The UT System Board of Regents, 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. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: jb

cc: Ms. Christine Plonsky, Athletics Director and Executive Senior Associate Athletics Director M-W External Services, Intercollegiate Athletics
     Mr. Jeff Treichel, Associate Director, Office of Internal Audits
APPENDIX

Audit Issue Ranking

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

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.

- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.

- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.
MEMORANDUM

To: President Gregory L. Fenves  
Office of the President

From: Mr. Michael Vandervort, CPA  
Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project  
#16.013 - Brazzi

Date: May 13, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Ms. Brazzi, Deputy to the President and Chief of Staff, was chosen as part of this audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
- Reviewed and evaluated relevant policies and procedures for processing and approving entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of entertainment expenses.

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 entertainment expenses reimbursed to or paid on behalf of Ms. Brazzi from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
• Adequate and Appropriate Business Purpose,
• Proper Recording,
• Within Allowable Limits,
• Non-Reimbursement of Prohibited Items, and
• Timeliness.

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

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: jb

cc: Ms. Nancy Brazzil, Deputy to the President and Chief of Staff, Office of the President
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

To: Dr. Jay Hartzell, Dean
   Red McCombs School of Business

From: Mr. Michael Vandervort, CPA
   Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project #16.013 - Fredrickson

Date: April 8, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Dr. Fredrickson, Chair of the Department of Management at the Red McCombs School of Business, was chosen as part of this audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:

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

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 entertainment expenses reimbursed to or paid on behalf of Dr. Fredrickson from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
Memorandum to Dr. Hartzell  
April 8, 2016  
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- Adequate and Appropriate Business Purpose,  
- Proper Recording,  
- Within Allowable Limits,  
- Non-Reimbursement of Prohibited Items, and  
- Timeliness.

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

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: kj

cc:  
Dr. James Fredrickson, Chair, Department of Management, Red McCombs School of Business  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

To: Dr. Judith Langlois, Executive Vice-President and Provost (Interim)
   Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA
      Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project
         #16.013 - Haricombe

Date: April 29, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and
entertainment expenses that have been reimbursed to, or that have been directly paid on behalf
of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive
officers will be subject to review annually, but may not be chosen to be audited every year. Dr.
Haricombe, Vice Provost and Director of the University of Texas Libraries, was chosen as part
of this audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel
and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers
during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
- Reviewed and evaluated relevant policies and procedures for processing and approving
  entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of 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 2014-2015 entertainment expenses reimbursed to or paid on behalf of
Dr. Haricombe from UT Austin’s Departmental Financial Information Network. Samples were
randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
Based on the above procedures, it appears that most entertainment policies and procedures are being followed. However, an opportunity for improvement pertaining to Official Occasion Expense Forms (OOEF) was noted. The issue has been ranked according to The UT System Audit Issue Ranking guidelines. Please see the Appendix for ranking definitions.

**Official Occasion Expense Forms**

**Audit Issue Ranking: Medium**

Two of 16 entertainment transaction's estimated and actual amounts on the OOEF did not match the transaction totals. In the past, parking expenses were not included in the estimated and actual amounts listed on the OOEF. In addition, the OOEF for an additional transaction at The Carillon was not retained at the departmental level. When an OOEF is not accurately completed or retained, there is an increased risk that expenses may not be properly approved and disallowed entertainment transactions may be reimbursed with UT Austin funds.

Section 9.1.1.M.1.A of *UT Austin’s Handbook of Business Procedures* states, “An Official Occasion Expense Form (OOEF) should be submitted with corresponding itemized receipts at the time 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).”

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

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

**Management Response:** UTL Official Occasion Expense Forms (OOEF) will require anticipated parking expenses be included in the estimated cost. The unique automated billing of the Carillon to university accounts creates a risk that an OOEF will not be matched to an expense. During the account reconciliation process, if an entertainment expense is not documented with an approved OOEF and receipt, the transaction will be flagged for further action. This action will involve the determination of the event and the responsible employee and ultimately the submission of the proper documentation to support the expense.

**Implementation Date:** April 15, 2016

**Post Audit Review:** Internal Audits is in the process of conducting its post audit review.
Memorandum to Dr. Langlois
April 29, 2016
Page 3 of 4

In accordance with directives from The UT System Board of Regents, 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. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: jb

cc: Dr. Lorraine Haricombe, Vice Provost and Director, University of Texas Libraries
    Mr. Jeff Treichel, Associate Director, Office of Internal Audits
APPENDIX

Audit Issue Ranking

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

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

To: Dr. David Laude, Senior Vice Provost for Enrollment and Graduation Management, Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA
Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project #16.013 - Kearns

Date: May 10, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Ms. Kearns, Director of Admissions for Office of Admissions, was chosen as part of this audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
- Reviewed and evaluated relevant policies and procedures for processing and approving entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of entertainment expenses.

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

AUDIT RESULTS

We obtained all of your unit’s fiscal year 2014-2015 entertainment expenses from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
Memorandum for Dr. Laude  
May 10, 2016  
Page 2 of 3

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

Based on the above procedures, it appears that most entertainment policies and procedures are being followed. However, an opportunity for improvement pertaining to Official Occasion Expense Forms (OOEF) was noted. The issue has been ranked according to The UT System Audit Issue Ranking guidelines. Please see the Appendix for ranking definitions.

**Official Occasion Expense Forms**  
**Audit Issue Ranking: Medium**

One of 15 entertainment transactions did not acquire proper approval. Internal Audits requested the signed OOEF, but the requested approval was not located and the employee who handled this approval is no longer with UT Austin. When an OOEF is not accurately completed or retained, there is an increased risk that expenses may not be properly approved and disallowed entertainment transactions may be reimbursed with UT Austin funds.

Section 9.1.1.M.1.A of *UT Austin's Handbook of Business Procedures* states, “An Official Occasion Expense Form (OOEF) should be submitted with corresponding itemized receipts at the time 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).”

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

**Management Response:** Management has notified the appropriate staff members to ensure that adequate supporting documentation is submitted and maintained for entertainment expenses (OOEF).

**Implementation Date:** 4/22/2016

In accordance with directives from The UT System Board of Regents, 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. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: kj  
cc: Ms. Susan Kearns, Director of Admissions, Office of Admissions  
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
APPENDIX

Audit Issue Ranking

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

- **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.

- **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.

- **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

- **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of "Low" are reported verbally to the unit and are not included in the final report.
MEMORANDUM

To: Dr. Jay Hartzell, Dean
   Red McCombs School of Business

From: Mr. Michael Vandervort, CPA
       Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project
         #16.013 - Parrino

Date: April 8, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and
entertainment expenses that have been reimbursed to, or that have been directly paid on behalf
of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive
officers will be subject to review annually, but may not be chosen to be audited every year. Dr.
Parrino, Chair of the Department of Finance for the Red McCombs School of Business, was
chosen as part of this audit but only entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel
and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers
during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:

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

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 entertainment expenses reimbursed to or paid on behalf of
Dr. Parrino from UT Austin’s Departmental Financial Information Network. Samples were
randomly selected and tested for the following attributes:

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

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

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: kj

cc: Dr. Robert Parrino, Chair, Department of Finance, Red McCombs School of Business
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

To: Dr. Judith Langlois, Executive Vice-President and Provost (Interim)
   Executive Vice President & Provost

From: Mr. Michael Vandervort, CPA
      Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project
         #16.013 - Wicha

Date: April 8, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and
entertainment expenses that have been reimbursed to, or that have been directly paid on behalf
of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive
officers will be subject to review annually, but may not be chosen to be audited every year. Ms.
Wicha, Director of the Jack S. Blanton Museum of Art, was chosen as part of this audit but only
entertainment expenses were examined.

We have completed our audit of travel and entertainment expenses. Our scope involved travel
and entertainment expenses reimbursed to, or paid on behalf of, UT Austin's executive officers
during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:

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

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 entertainment expenses reimbursed to or paid on behalf of
Ms. Wicha from UT Austin's Departmental Financial Information Network. Samples were
randomly selected and tested for the following attributes:

- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
Memorandum to Dr. Langlois
April 8, 2016
Page 2 of 2

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

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

We appreciate the assistance and cooperation of you and your staff in this audit. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: jb

cc: Ms. Simone Wicha, Director, Jack S. Blanton Museum of Art
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

To: Dr. Judith Langlois, Executive Vice-President and Provost (Interim)
   Executive Vice-President and Provost

From: Mr. Michael Vandervort, CPA
       Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project #16.013 - Bernhardt

Date: April 20, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Dr. Bernhardt, Dean of the Moody School of Communication, was selected for review.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

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

AUDIT RESULTS

We obtained all of your unit’s fiscal year 2014-2015 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Bernhardt from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
- Proper Recording,
- Within Allowable Limits,
• Non-Reimbursement of Prohibited Items, and
• Timeliness.

Based on the above procedures, it appears that all travel 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 Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: kj

cc: Dr. Jay Bernhardt, Dean, Moody College of Communication
    Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

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

From: Mr. Michael Vandervort, CPA
      Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project
         #16.013 - Breithaupt

Date: April 8, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and
entertainment expenses that have been reimbursed to, or that have been directly paid on behalf
of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive
officers will be subject to review annually, but may not be chosen to be audited every year. Dr.
Breithaupt, Associate Vice President and UIL Executive Director, was selected for review.

We have completed our audit of travel and entertainment expenses. Our scope involved travel
and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers
during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:

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

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

AUDIT RESULTS

We obtained all fiscal year 2014-2015 travel and entertainment expenses reimbursed to or paid
on behalf of Dr. Breithaupt from UT Austin’s Departmental Financial Information Network.
Samples were randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
- Adequate and Appropriate Business Purpose,
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 Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: jb

cc: Dr. Charles Breithaupt, Associate Vice President and UIL Executive Director, University Interscholastic League
    Mr. Jeff Treichel, Associate Director, Office of Internal Audits
MEMORANDUM

To: Dr. Judith Langlois, Executive Vice-President and Provost (Interim)
    Office of the Executive Vice President
From: Mr. Michael Vandervort, CPA
       Chief Audit Executive
Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses
         Project #16.013 – Ellzey
Date: May 12, 2016

The University of Texas System Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Dr. Ellzey, Vice Provost of International Programs, was chosen for review.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, The Office of Internal Audits:
- Reviewed and evaluated relevant policies and procedures for processing and approving travel and entertainment expenses;
- Reviewed supporting documentation; and
- Conducted testing on a sample of travel and entertainment expenses.

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

AUDIT RESULTS

We obtained all of your unit’s fiscal year 2014-2015 travel and entertainment expenses from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:
- Proper Approval,
- Adequate Supporting Documentation,
- Mathematical Accuracy,
Memorandum to Dr. Langlois
May 12, 2016
Page 2 of 4

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

Based on the above procedures, it appears that most travel and entertainment policies and procedures are being followed; however, two opportunities for improvement pertaining to proper approval of travel requests and proper recording of object codes were noted.

**Proper Approval – Travel Requests**

**Audit Issue Ranking: High**

For five of five Request for Travel Approval’s (RTA) tested, proper approval was not obtained from the immediate supervisor. The department does not maintain documentation evidencing approval by the employee’s supervisor for travel. Without proper approval from the immediate supervisor, the supervisor may not be aware that the employee is absent from campus for business travel and that department funds are being spent.

Section 11.2.A of UT Austin’s *Handbook of Business Procedures (HBP)* states, “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 all travel requests are submitted to the employee’s immediate supervisor for approval.

**Management Response:** Dr. Janet Ellzey’s travel requests will be electronically routed to the Provost’s Office for approval. The Provost has delegated approval authority to her Executive Assistant for Request for Travel Authorizations (RTAs) for direct reports.

**Implementation Date:** May 2, 2016

**Proper Recording - Object Code**

**Audit Issue Ranking: Medium**

For 3 of 16 entertainment transactions tested, the expense was not recorded in the correct object code in *DEFINE*. Two transactions were recorded in object code 1309 (official student occasion) but should have been recorded in object code 1347 (official occasion, conferences, business meetings). One transaction was recorded in object code 1347 and should have been recorded on object code 1309. The two object codes are similar; therefore it appears that this was a data entry oversight. If incorrect object codes are used for financial transactions, then there is an increased risk of inaccurate reporting regarding entertainment transactions.

Section 9.1.1.M.2 of UT Austin’s *HBP* states, “Official occasion and business meeting entertainment expenses should be paid on VPE documents using the appropriate object codes.”
In addition, Section II.7 of UT Austin's Voucher Processing Manual states, “These codes are required by the state of Texas and are used for reporting purposes. It is essential that vouchers be coded with the proper object code(s).”

**Recommendation 2:** International Office management should ensure that employees who create vouchers are aware of and use correct object codes.

**Management Response:** International Office management will remind employees to be more diligent in entering the correct object codes when creating vouchers.

**Implementation Date:** May 2, 2016

In accordance with directives from The UT System Board of Regents, 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. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: kj

cc: Dr. Janet Ellzey, Vice Provost of International Programs, International Office
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
APPENDIX

Audit Issue Ranking

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

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

To: Judith Langlois, Executive Vice-President and Provost (Interim)
   Executive Vice President and Provost

From: Mr. Michael Vandervort, CPA
   Chief Audit Executive

Subject: Memorandum: FY14-15 Executive Travel and Entertainment Expenses Project #16.013 – Wilson

Date: April 25, 2016

The University of Texas System (UT System) Audit Office requires that we perform an audit of travel and entertainment expenses that have been reimbursed to, or that have been directly paid on behalf of, the executive officers of The University of Texas at Austin (UT Austin). All of the executive officers will be subject to review annually, but may not be chosen to be audited every year. Dr. Wilson, Professor and previously Dean (Interim) for the Lyndon B. Johnson School of Public Affairs, was selected for review.

We have completed our audit of travel and entertainment expenses. Our scope involved travel and entertainment expenses reimbursed to, or paid on behalf of, UT Austin’s executive officers during the period September 1, 2014, through August 31, 2015. 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, 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 memorandum presents a detailed observation and recommendation.

AUDIT RESULTS

We obtained all fiscal year 2014-2015 travel and entertainment expenses reimbursed to or paid on behalf of Dr. Wilson from UT Austin’s Departmental Financial Information Network. Samples were randomly selected and tested for the following attributes:

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

Based on the above procedures, it appears that most travel and entertainment policies and procedures are being followed; however, one opportunity for improvement pertaining to proper approval was noted. The issue has been ranked according to The UT System Audit Issue Ranking guidelines. Please see the Appendix for ranking definitions.

Proper Approval – Travel Requests
Audit Issue Ranking: High
For 13 of 13 travel transactions tested, proper approval was not obtained from the immediate supervisor. The department does not maintain documentation evidencing approval by the employee's supervisor for travel. Without proper approval from the immediate supervisor, the supervisor may not be aware that the employee is absent from campus for business travel and that department funds are being spent.

Section 11.2.A of UT Austin’s Handbook of Business Procedures states, “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 all travel requests are submitted to the employee’s immediate supervisor for approval including a Dean. |
| Management Response: The approval procedure for all travel requests, including Dean travel, has been modified such that the requests will be submitted to the employee’s immediate supervisor for approval. |
| Implementation Date: April 18, 2016 |
| Post Audit Review: Internal Audits is in the process of conducting its post audit review. |

In accordance with directives from The UT System Board of Regents, 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. If you have any questions, please contact me or Michael Hammond at 512-471-8977 or michael.hammond@austin.utexas.edu.

MV: jb

cc: Ms. Angela Evans, Dean, LBJ School of Public Affairs
Mr. Jeff Treichel, Associate Director, Office of Internal Audits
APPENDIX

Audit Issue Ranking

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

• **Priority** – A Priority Issue is an issue that, if not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of UT Austin or the UT System as a whole.

• **High** – An issue that is considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.

• **Medium** – An issue that is considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

• **Low** – An issue that is considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level. Issues with a ranking of “Low” are reported verbally to the unit and are not included in the final report.