

October 30, 2012

To: Giuseppe Colasurdo, M.D.
President
UTHealth

Re: Report on Presidential Travel and Entertainment - #13-105

We have completed our audit of Presidential Travel and Entertainment. This annual audit is required by the Board of Regents of The University of Texas System and is part of our fiscal year 2013 audit plan. This audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

BACKGROUND

The UT Board of Regents' Rule Series 20205 requires an annual audit of travel, entertainment, and housing expenses incurred on behalf of the chief administrator or their spouses. The University of Texas Health Science Center at Houston (UTHealth) does not fund permanent housing expenses.

OBJECTIVE

The objective of this audit was to review presidential travel and entertainment expenditures for appropriateness, reasonableness, and compliance with applicable statutes, rules, and regulations.

SCOPE AND METHODOLOGY

Auditing and Advisory Services (A&AS) took into consideration the Guidance on Presidential Expenses and President's Office Operations as provided by the Office of Health Affairs in a letter to the University of Texas Health Institutions' presidents dated October 1, 2009. The letter listed best practices as well as areas of caution which were

incorporated into our audit program. All travel expenditures were selected and supporting documentation of presidential travel expenditures and reimbursements made to or on behalf of the president for fiscal year 2012 were reviewed. We tested expenditures for proper approval, adequate supporting documentation, and compliance with spending limits, appropriateness, and appropriate funding source. We also performed analytical reviews of other monies under the president's control to review for travel and entertainment expenditures made on the president's behalf.

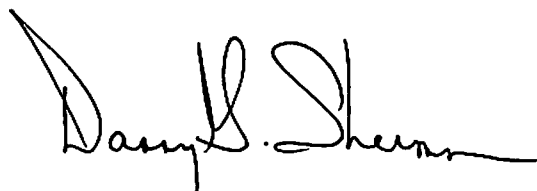
We reviewed 33 vouchers, dated from September 1, 2011 through August 31, 2012. These vouchers contained 63 travel and entertainment expenditures totaling \$21,920.74. We reviewed supporting documentation and tested for proper approval, adequate support, compliance with spending limits and appropriateness. We also reviewed 29 community outreach expenditures dated from September 1, 2011 through August 31, 2012 totaling \$94,233.10. We reviewed supporting documentation for proper approval, adequate support, and appropriateness.

CONCLUSION

Presidential travel and official function expenses, either reimbursed to the president or paid on his behalf, appear appropriate and reasonable. Associated controls were present and functioning as intended.

UTHealth policies and procedures include the major components to be considered best practices as defined in the guidance from the Office of Health Affairs.

We would like to thank the Office of the President and Finance personnel who assisted us during our review.



Daniel G. Sherman, CPA, CIA
Assistant Vice President

DGS: crs

cc: Audit Committee

Auditor Assigned: Cara Saldivar

Issue Date: October 31, 2012