March 17, 2015

William L. Henrich, M.D., MACP, President
Office of the President, UT Health Science Center - San Antonio
7703 Floyd Curl Drive
San Antonio, TX 78229

Dear President Henrich,

As required by The University of Texas (UT) System Board of Regents’ *Rules and Regulations*, Rule 20205, titled “Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences” (Rule 20205), the UT System Audit Office has completed the audit of presidential travel, entertainment, and university residence maintenance expenses. These audits have historically been performed by the respective institutional audit departments. At their August 2013 meeting, the UT System Board of Regents (Board) amended Rule 20205 so that these audits are now conducted by the UT System Audit Office.

The overall objective of this audit was to determine whether travel, entertainment, and university residence maintenance expenses paid on behalf of or reimbursed to the presidents and their spouses were appropriate, accurate, and in compliance with applicable institutional policies and Board *Rules and Regulations*. Each of the presidents is subject to the annual audit; however, the determination to perform substantive testing of their expenses was based both on an analysis of risk and an element of rotation to ensure complete coverage over a period of time.

The scope of the audit included travel, entertainment, and university residence maintenance expense activity of the presidents and their spouses for the period from September 1, 2012 to November 30, 2013. The audit methodology consisted of reviewing applicable institutional policies and procedures, assessing internal controls, and analyzing the institutions’ quarterly expense reports submitted to UT System. As a result of these audit procedures and the assessed risk, no additional substantive testing was performed at UT Health Science Center - San Antonio (UTHSCSA). The audit was conducted in accordance with the guidelines set forth in The Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*.

Based on the procedures performed at UTHSCSA, we did not identify any audit findings and noted that appropriate internal controls were in place to ensure that the expenses were processed in accordance with applicable policies.

We appreciate the assistance provided by the offices of the president and internal audit in conducting this audit.

Sincerely,

J. Michael Peppers, Chief Audit Executive

cc: Andrea Marks, Vice President and Chief Financial Officer, UTHSCSA  
    Angela D’Anna, Chief Audit Executive, UTHSCSA  
    Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs, UT System