MEMORANDUM

TO: David L. Callender, MD
    President, UTMB Health

FROM: Kimberly K. Hagara, CPA, CIA, CISA
    Associate Vice President, Audit Services

DATE: November 26, 2012

SUBJECT: Presidential and Institutional Leadership Travel and Entertainment Expenses - Audit Control Number 2013-003

Attached is the final audit report regarding the Presidential and Institutional Leadership Travel & Entertainment Expenses. This audit will be presented at the next Institutional Audit Committee meeting.

Thank you for your cooperation and assistance during the course of this review. If you have any questions or comments regarding the audit, please feel free to contact me at (409) 747-3277.

Attachment

c: William R. Elger
   Celia Bailey-Ochoa
The University of Texas Medical Branch
Audit Services

Audit Report
Presidential and Institutional Leadership Travel and Entertainment Expenses

Audit Control Number 2013-003

November 2012
Presidential and Institutional Leadership
Travel and Entertainment Expenses
Audit Control Number: 2013-003

Background
The University of Texas System (UT System) Board of Regents’ Rule and Regulation 20205 (Regents’ Rule 20205), Expenditures for Travel, Entertainment, and Housing for Chief Administrators, prescribes, clarifies, and provides uniformity in the approval, review, and audit process for travel, entertainment, and housing expenses incurred by the Chancellor, presidents, and their spouses. Under Regents’ Rule 20205, each institution is required to submit quarterly reports of expenses to the Executive Vice Chancellor for Business Affairs and conduct an internal audit of the expenses within 90 days of each fiscal year end.

Additionally, various state rules and University of Texas Medical Branch (UTMB Health) policies including the Institutional Handbook of Operating Procedures (IHOP) Policy 4.3.1--Travel Policy, IHOP 4.4.2--Official Function Expenditures, Travel Guide, and Accounts Payable Guide provide guidance for reimbursement of travel and entertainment expenses incurred as part of the President and his spouse’s official duties.

The President requested Audit Services also review the travel and entertainment expenses for his direct reports, UTMB Health leadership, center and institute directors, and department chairs. UTMB Health leadership, center and institute directors, and department chairs were added beginning with the review of third quarter expenditures.

Audit Objective, Scope, and Methodology
The primary objective of this audit was to ensure compliance with Regents’ Rule 20205. An additional objective is ensuring compliance with institutional policies regarding travel and entertainment expenditures by institutional leadership. The audit scope included all reimbursements and payments for travel, entertainment, and other expenditures made for or on behalf of the President and his spouse, as well as the President’s direct reports for the fiscal year 2012. UTMB Health leadership, center and institute directors, and department chairs travel and entertainment expenses were reviewed for the third and fourth quarters of fiscal year 2012.

Audit methodology included:

- Comparing quarterly reports, submitted to the UT System Executive Vice Chancellor for Business Affairs, to PeopleSoft transactions for timeliness and completeness, and
- Reviewing 100% of travel and entertainment expenditures for the President, Presidential direct reports, UTMB Health leadership, center and institute directors, and department chairs for appropriate business purpose, adequate supporting documentation, appropriate authorization, and mathematical accuracy for the period previously identified.

The audit was conducted in accordance with the International Standards for the Professional Practice of Internal Auditing as promulgated by the Institute of Internal Auditors.

Audit Results
Quarterly Reports
Audit Services reviews comparing the quarterly reports submitted to the Executive Vice Chancellor for Business Affairs to the transactions recorded in PeopleSoft indicated the quarterly reports were complete and submitted timely.

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Travel, Entertainment, and Housing
Audit Services review of travel and entertainment transactions indicated that generally transactions were for an appropriate business purpose, allowable, authorized, timely, mathematically correct, and adequately supported. No exceptions were noted related to any Presidential or President's spouse travel or entertainment transactions. Additionally, there were no expenditures related to Presidential housing in fiscal year 2012.

Audit Services identified one instance of over reimbursement to a departmental chair due to a lack of understanding of how to appropriately allocate the expenses of a combined business and personal trip. Once identified and communicated to the traveler, appropriate reimbursement occurred. Additionally, Audit Services noted some minor supporting documentation and approval discrepancies in several of the President's direct reports, UTMB Health leadership, center and institute directors, or department chairs expense reimbursement submissions. Although the items identified did not require any repayments, Audit Services provided additional training to the applicable individual and/or their immediate supervisor to avoid potential future issues.

Conclusion
Overall, UTMB Health generally follows its policies and procedures for travel and entertainment expenditures and reimbursements to the President, his spouse, the President's direct reports, UTMB Health leadership, center and institute directors, and department chairs.

We greatly appreciate the assistance provided by the staff of both the Office of the President and Accounts Payable during this audit, and hope that the information in this report is beneficial.

Kimberly K. Hagara, CPA, CIA, CISA
Associate Vice President, Audit Services

Barbara L. Winburn, CIA, CRMA, RHIA
Audit Services Senior Manager

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