

June 24, 2015

MEMORANDUM

TO: Karla Browne
Director, Finance, Accounts Payable & Travel

Michael Keneker
Associate Vice President & Controller

FROM: Sherri Magnus *Sherri Magnus*
Vice President & Chief Audit Officer

SUBJECT: Audit of Executive Officers' Travel and Business Entertainment Expenditures
Audit Control Number 2015 – 101

We have completed a review of Executive Travel and Business Entertainment Expenditures. This review was required by UT System and is an expansion of the Quarterly Review of President's Travel and Business Entertainment. The review covered the period January 2014 through December 2014 and encompassed 83 expense reports for 17 executives. The expenditures we reviewed totaled more than \$345,000 and were selected based on the dollar amount and expenditure type. Each item was reviewed for approval, supporting documentation, accuracy, business purpose, allowability and timeliness.

Overall, the travel and business entertainment expenditures we reviewed were reasonable, properly approved, and for legitimate business purposes. We did, however, identify minor errors with certain expenditures, which were communicated individually to the respective executives. In addition, we noted two observations that require further action by Travel Services management:

1. Prior registration with the Office of State-Federal Relations (OSFR) did not occur for three trips to Washington, D.C., as required. Management subsequently notified the OSFR of these trips as a result of our audit.
2. Airfare totaling more than \$38,000 for four trips was not allocated to departmental budgets in a timely manner, resulting in understated expenditures for the relevant time periods.

Recommendation

Management should implement processes to ensure prior OSFR registration of trips to Washington, D.C., as required by State regulations. In addition, management should continue monitoring unallocated airfare and implement a plan to ensure the airfare is allocated to departmental accounts in a timely manner.

Management's Action Plan

Responsible Executive: Weldon Gage

Owner: Karla Browne

Observer: Sue Threlkeld

Due Date: August 31, 2015

1. *In collaboration with Governmental Affairs, we will establish a pre-approval process whereby all requested travel for legislative purposes or for the purpose of engaging in activities related to spending of federal funds or impacting federal policies will be conditionally approved pending the completion of an OSFR.*
2. *We will continue to work with Concur to identify an efficient method for isolating travel to Washington, DC. The option of Legislative Visit to DC has been added to the drop down list feature in the Trip Purpose listing and is scheduled to roll-out on 07/31/15.*
3. *We will begin allocating unallocated airfare 90+ days old to the traveler's department. Departments will be notified of the allocation.*

We appreciate the courtesy and cooperation extended to us during this review.

SM/sbs/vz

cc: Leon Leach, PhD
Weldon Gage
Chris McKee
Sue Threlkeld
Christy Harrison
Craig Henderson