


**MEMORANDUM**

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

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

**DATE:** November 7, 2018

**SUBJECT:** Executive Travel and Entertainment Expenses  
Engagement Number 2018-016

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Attached is the final audit report regarding the Executive Travel & Entertainment Expenses audit. 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



The University of Texas Medical Branch  
Audit Services

Audit Report

Executive Travel and Entertainment Expenses

Engagement Number 2018-016

November 2018

The University of Texas Medical Branch  
Audit Services  
301 University Boulevard, Suite 4.100  
Galveston, Texas 77555-0150

## Executive Travel and Entertainment Expenses Engagement Number: 2018-016

### **Background**

Numerous 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 by institutional employees. Additionally, 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* provides additional guidance related to the approval, review, and audit process for travel, entertainment, and housing expenses incurred by institutional presidents and their spouses.

Regents' Rule 20205 designates the responsibility for performing the periodic audits of the presidents and their spouses' expenses to the UT System Audit Office; however, UTMB Health's Audit Services includes the President and his spouse in the quarterly audits of travel and entertainment expenses for the institution.

### **Audit Objective, Scope, and Methodology**

The primary audit objective was to ensure compliance with institutional policies regarding travel and entertainment expenditures by institutional leadership as well as compliance with Regents' Rule 20205. The audit scope included all fiscal year 2018 reimbursements and payments for travel, entertainment, and other expenditures made for or on behalf of the President and his spouse. Additionally, our scope included travel and entertainment expenditures for the President's direct reports; all UTMB Health institutional leaders with Vice President or equivalent titles; employees with expenditures totaling \$5,000 or more and those with expenditures in excess of defined policy amounts.

Audit methodology included testing selected expenditures for appropriate business purpose, adequate supporting documentation, appropriate authorization, and mathematical accuracy. Additionally, we compared the annual report, submitted to the UT System Executive Vice Chancellor for Business Affairs to PeopleSoft transactions for timeliness and completeness.

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**

#### ***Travel, Entertainment, and Housing – President and Spouse***

Audit Services review of travel and entertainment transactions indicated that, overall, transactions were for an appropriate business purpose, allowable, authorized, timely, mathematically correct, and adequately supported. Additionally, there were no expenditures related to Presidential housing in fiscal year 2018.

#### ***Travel and Entertainment – Other Selected Employees***

Audit Services review of travel and entertainment transactions indicated that, overall, transactions were for an appropriate business purpose, allowable, authorized, timely, mathematically correct, within established expenditure limits and adequately supported. Audit

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**Executive Travel and Entertainment Expenses**  
**Engagement Number: 2018-016**

Services identified immaterial discrepancies in expense reimbursement submissions and some payment of expenses not in full accordance with policy. These items were communicated to area financial leadership for further follow up including potential reimbursement and additional training.

**Conclusion**

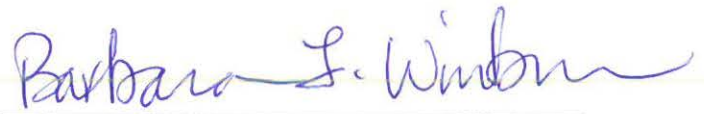
Overall, UTMB Health generally follows its policies and procedures for travel and entertainment expenditures and reimbursements to the President, his spouse, the President's direct reports, UTMB Health leadership, center and institute directors, department chairs, and employees.

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.



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Vice President, Audit Services



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Senior Audit Services Manager