



October 18, 2018

David L. Callender, M.D., President
Office of the President
The University of Texas Medical Branch
301 University Boulevard
Galveston, Texas 77555

Dear President Callender:

As required by The University of Texas (UT) System Board of Regents' *Rules and Regulations* (Regents' *Rules and Regulations*), Series 20205, titled "Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences", the UT System Audit Office has completed the audit of presidential travel, entertainment, and university residence maintenance expenses. The report is attached for your review.

The overall objective of this audit was to determine whether travel and entertainment expenses incurred by the presidents and their spouses and expenses for the maintenance of university residences were appropriate, accurate, and in compliance with applicable institutional policies and Regents' *Rules and Regulations*. The scope of the audit included expenses incurred from June 1, 2017 through May 31, 2018. 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*.

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

Sincerely,

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

cc: Cheryl A. Sadro, Executive Vice President and Chief Business & Finance Officer, UTMB
Kimberly Hagara, Vice President, Audit Services, UTMB
Raymond S. Greenberg, M.D., Ph.D., Executive Vice Chancellor for Health Affairs, UT System

**The University of Texas Medical Branch at Galveston
Presidential Travel, Entertainment, & University Residence
Maintenance Expenses Audit Report
FY 2018**



October 2018

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
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The University of Texas System Audit Office
Presidential Travel, Entertainment, & University Residence Maintenance
Expenses Audit – UT Medical Branch
Fiscal Year 2018

AUDIT REPORT

October 2018

BACKGROUND

As required by The University of Texas (UT) System Board of Regents' (Regents) *Rules and Regulations*, Series 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. Guidance for these expenses is provided by various state laws, rules and regulations promulgated under those laws, and UT System and institutional travel and entertainment policies and procedures including, but not limited to, Rule 20205. While each of the institutional presidents is subject to the annual audit, substantive testing of their expenses is determined on a year-to-year basis. This assessment is made based both on analysis of risk and an element of rotation to ensure audit coverage of all presidents every two years. In addition, expenses will be audited at least by the first full fiscal year after a new president assumes office.

AUDIT OBJECTIVE

The specific objective of this audit at UT Medical Branch at Galveston (UT Medical Branch) was to determine whether travel and entertainment expenses incurred by the president and his spouse were appropriate, accurate, and in compliance with applicable institutional policies and Regents' *Rules and Regulations*.

SCOPE AND METHODOLOGY

The scope of this audit included expenses incurred from June 1, 2017 through May 31, 2018. UT Medical Branch did not have international travel, spousal travel and entertainment, or university residence maintenance expenses during the audit scope.

The audit methodology consisted of reviewing applicable institutional policies and procedures and assessing internal controls. In addition, substantive testing was performed on a sample of travel and entertainment expenses. 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*.

AUDIT RESULTS & CONCLUSION

Overall, the travel and entertainment expenses incurred by the president appeared appropriate, accurate, and in compliance with applicable institutional policies and Regents' *Rules and Regulations*. Adequate internal controls are in place and functioning as intended.

J. Michael Peppers, CPA, CIA, QIAL, CRMA
Chief Audit Executive

Moshmee Kalamkar, CPA, CIA
Assistant Director