System Audit Office

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October 28, 2019

Richard Adauto, Executive Vice President, Administration and Oversight The University of Texas at El Paso 500 West University Avenue Administration Building, Room 500 El Paso, Texas 79968-0500

Dear Mr. Adauto:

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 travel, entertainment, and university residence maintenance expenses for selected chief administrators across the UT System.

The general objective of the audit was to determine whether travel and entertainment expenses incurred by the presidents and their spouses and expenses for the maintenance of university residences during the period from March 1, 2018 through February 28, 2019 were appropriate, accurate, and in compliance with applicable institutional policies and Regents' *Rules and Regulations*. However, with the recent transition in presidents at UT El Paso, specific audit procedures were modified to include analytical review rather than detailed expense testing.

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*.

The report for UT El Paso is attached for your review. We appreciate the assistance provided by the offices of the president and internal audit in conducting this engagement.

Sincerely,

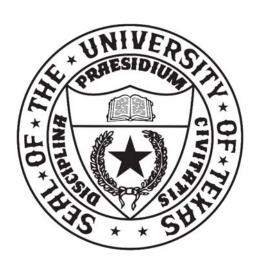
J. Michael Peppers, CPA, CIA, QIAL, CRMA

Chief Audit Executive

J. Michael Repens

cc: Steven W. Leslie, Ph.D., Executive Vice Chancellor for Academic Affairs, UT System Mark McGurk, Vice President for Business Affairs, UT El Paso Lori Wertz, Chief Audit Executive, UT El Paso

The University of Texas at El Paso Presidential Travel, Entertainment, & University Residence Maintenance Expenses Audit Report FY 2019



OCTOBER 2019

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE 210 WEST SEVENTH STREET AUSTIN, TX 78701 (512) 499-4390



The University of Texas System Audit Office Presidential Travel, Entertainment, & University Residence Maintenance Expenses Audit – UT El Paso Fiscal Year 2019

AUDIT REPORT

October 2019

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 by the first full fiscal year after a new president assumes office.

AUDIT OBJECTIVE

The specific objective of this audit at UT El Paso was to determine the reasonableness of presidential travel and entertainment expenses as well as maintenance expenses for the Hoover House.

SCOPE AND METHODOLOGY

The scope of this audit included expenses incurred from March 1, 2018 through February 28, 2019. UT El Paso did not have international travel during the audit scope.

The audit methodology consisted of various analytical reviews of travel and entertainment expenses and interviews with the client to assess internal controls over related processes. 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

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Overall, the travel and entertainment expenses incurred by the president appeared reasonable, and internal controls, as described, are adequate and appropriate.

In addition, the prior audit recommendation regarding proper approval and reporting of Hoover House expenses was determined to be implemented.

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