



MEMORANDUM

TO: Ben G. Raimer, MD
President Ad Interim, UTMB Health

FROM: Kimberly K. Rogers, CPA, CIA, CISA, CHIAP, CRMA
Vice President, Audit Services

DATE: November 4, 2019

SUBJECT: Executive Travel and Entertainment Expenses Audit
Engagement Number 2019-004

A handwritten signature in blue ink, appearing to read "Kimberly K. Rogers".

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 or the follow-up process, please feel free to contact me at (409) 747-3277.



The University of Texas Medical Branch
Audit Services

Audit Report

Executive Travel and Entertainment Expenses

Engagement Number 2019-004

November 2019

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: 2019-004

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.

Although revisions to Regents' Rule 20205 in 2013 shifted the responsibility for performing the annual audits of the presidents and their spouses' expenses from the institution's internal audit department to the UT System Audit Office, UTMB Health's Audit Services continues to include the President and his spouse in the quarterly audits of travel and entertainment expenses for institutional leadership. The President's and spouse expenditures are subject to additional audit by UT System. Beginning in fiscal year 2014, Audit Services expanded the audit to include a sample of all UTMB Health employees. Pursuant to revisions to Rule 20205 in fiscal year 2016, reports of the president's activity are submitted to UT System on an annual basis, as opposed to quarterly.

Audit Objective, Scope, and Methodology

The primary objective of this audit 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 2019 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 2019.

Executive Travel and Entertainment Expenses
Engagement Number: 2019-004

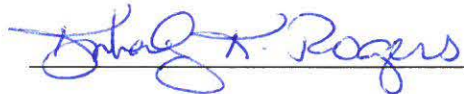
Travel and Entertainment – Other Selected Employees

Audit Services review of travel and entertainment transactions indicated that, overall, transactions were for an appropriate business purpose, allowable, authorized, timely, mathematically correct, and adequately supported. Audit Services identified immaterial discrepancies in expense reimbursement submissions. These items were communicated to area financial leadership for further follow up including potential reimbursement and additional training. Additionally, during the review of duplicate reimbursements there was one employee identified. The repayment of the duplicated amount was requested from the traveler and received.

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.



Kimberly K. Rogers, CPA, CIA, CISA,
CHIAP, CRMA
Vice President, Audit Services