

MEMORANDUM

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

FROM: Mark Stacey, FCA, CIA, CISA
Interim Vice President, Audit Services

DATE: September 16, 2020

SUBJECT: FY20 Executive Travel and Entertainment Expenses Audit
Engagement Number 2020-004

Attached is the final audit report regarding the FY20 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) 747-3282.

CC: Cheryl A. Sadro
Sheila Lidstone
Lynn McGinley



**The University of Texas Medical Branch
Audit Services**

Audit Report

FY20 Executive Travel and Entertainment Expenses

Engagement Number 2020-004

September 2020

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

FY20 Executive Travel and Entertainment Expenses
Engagement Number: 2020-004**Background**

State rules and institutional policies provide guidance for reimbursement of travel and entertainment (T&E) expenses. These include the University of Texas Medical Branch (UTMB Health) Institutional Handbook of Operating Procedures (IHOP) Policy 4.3.1-- *Travel Policy*, IHOP 4.4.2-- *Official Function Expenditures*, and Accounts Payable and Travel guidelines.

Additionally, the University of Texas System (UT System) Board of Regents' Rule and Regulation 20205 (Regents' Rule 20205), *Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences*, provides additional guidance for institutional presidents T&E and housing. The audit responsibility related to the Regents' Rule 20205 is assigned to the UT System Audit Office, who perform their audits on a risk basis.

UTMB Health has continued to request Audit Services to perform T&E audits for institutional leadership and expanded testing of other employee expenses exceeding defined thresholds.

Audit Objective, Scope, and Methodology

The primary objective of this audit was to provide assurance on compliance with institutional T&E policies and the Regents' Rule 20205. The audit scope included all fiscal year 2020 T&E reimbursements, and community service and development office expenditures, with testing performed on a risk-basis. Audit methodology included testing transactions on a quarterly basis for compliance, appropriate business purpose and authorization, supporting documentation and mathematical accuracy.

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.

Results

We tested all relevant expense reimbursements of the President ad interim and his spouse for conformance with Regents' Rule 20205. No exceptions were found. Regents' Rule 20205 also requires the UTMB Chief Financial Officer to annually report each President's T&E expense that exceeds \$1,000. Audit Services has reviewed this listing of expenses confirming completeness and accuracy.

As requested, for Executive T&E we tested all reimbursements for newly appointed President's direct reports, as well as a sample of established Leadership (Executive Vice President, Senior Vice President, Vice President and Assistant Vice President) expenses throughout the year. We also tested a sample of direct charges to the President's Office. No exceptions were found for the Executive T&E expenses.

FY20 Executive Travel and Entertainment Expenses
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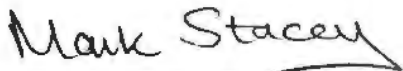
Additionally, we performed wider T&E testing on a risk basis to include: all expense reports with a total exceeding \$5,000, a sample of transactions with nightly lodging exceeding \$350 for policy compliance, and a sample of potential duplicate expense claims.

In this wider T&E testing we found two exceptions with immaterial discrepancies in expense reimbursement submissions, one duplicate claim and one expense already included in a conference fee. Both exceptions were communicated to management timely and resolved through employee reimbursement. The exceptions are assessed to be isolated incidents and no recommendations for process improvements are made.

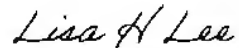
Conclusion

Overall, T&E transactions were in compliance with requirements.

We greatly appreciate the assistance provided by staff of both the Office of the President and Accounts Payable during this audit and hope that the information in this report is beneficial.



Mark E. Stacey, FCA, CISA, CIA
Interim Vice President, Audit Services



Lisa H. Lee, CPA, CISA
Audit Services Manager