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# Departmental Controls

*August 2024*

**Office of Internal Audits**  
*UT Austin's Agents of Change*



# Executive Summary

## Departmental Controls

Project Number: 24.008

### Audit Objective

The objective of the audit was to evaluate College, School, and Unit (CSU) official occasion and entertainment expense transactions and approval processes for effective controls and compliance with University policies.

### Conclusion

Overall, selected CSUs have effective official occasion and entertainment transaction controls and approval processes and generally comply with University policies. However, there is an opportunity for leadership to evaluate whether standardized processes will generate efficiencies and whether large-scale/high-profile University events should be managed through a different process.

### Audit Observations<sup>1</sup>

Recommendation	Risk Level	Estimated Implementation Date
Official Occasion Process Evaluation	Medium	June 2025

### Engagement Team

Ms. Autumn Gray, Assistant Director, CIA

Ms. Suzi Nelson, Senior Auditor, CPA, CIA, CISA

<sup>1</sup> Each observation has been ranked according to The University of Texas System Administration (UT System) Audit Risk Ranking guidelines. Please see the last page of the report for ranking definitions.



## Detailed Audit Results

### Observation #1 Official Occasion Process Evaluation

The current official occasion and entertainment (official occasion) expenditure approval process is heavily decentralized, resulting in process inefficiencies and inconsistent application across campus. Additionally, the process does not always serve as an effective control for administering large-scale/high-profile events. During this engagement, we identified the following:

- The College of Liberal Arts (COLA), Department of Mathematics (Math), and the University Development Office (Development) have implemented the official occasion policy using disparate processes and requirements. The CSUs use internally developed systems, varying delegation levels, and additional procedures beyond policy requirements to manage official occasion expenditures.
- The selected CSUs do not consistently retain necessary approval and support documentation for official occasions, whether charged through interdepartmental transfers or from outside vendors. Further, University policy and guidance displayed in \*DEFINE are contradictory in regard to required support for official occasion interdepartmental transactions.

The administration of large-scale University events (e.g., commencement) and some donor events appears to be beyond the scope of the current official occasion policy and approval process (i.e., approval through a single form). These events frequently require executive leadership approval of policy exceptions (e.g., per person expenditure limits) and may require numerous vendors/expenditures, which are not easily captured and approved under the current process. Additionally, the scale of the events creates challenges for maintaining required documentation and reconciling estimated costs to actual expenditures. The frequent approval of policy exceptions and missing documentation indicates the current official occasion process is inefficient and ineffective for these activities.

Standardization and clarification of policy requirements would help CSUs more efficiently administer the official occasion process, assist University leadership to more effectively monitor related campus spending, and provide better oversight of high-profile/large-scale events.

**Management's Corrective Action Plan:** University leadership is evaluating the official occasion process and opportunities for standardization. As part of this process, management will update current policy requirements and plans to implement a standard system of processing and approving related expenditures.

Additionally, leadership will evaluate whether updated policies and processes are necessary for the oversight of large-scale University events and donor events. Procurement and Payment Services will update related policies with any process changes.

**Responsible Person:** Associate Vice President for Finance

**Planned Implementation Date:** June 30, 2025



## Conclusion

Overall, selected CSUs have effective official occasion and entertainment transaction controls and approval processes and generally comply with University policies. However, there is an opportunity for leadership to evaluate whether standardized processes will generate efficiencies and whether large-scale/high-profile University events should be managed through a different process.

**Table: Controls Assessment**

Audit Objective	Controls Assessment
Evaluate CSU official occasion transactions and approval processes for effective controls and compliance with University policies.	Effective with medium-risk opportunity

## Scope, Objectives, and Methodology

This audit was conducted in conformance with The Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*. Additionally, we conducted the audit in accordance with Generally Accepted Government Auditing Standards and meet the independence requirements for internal auditors. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions on our audit objectives.

The scope of the engagement includes fiscal year 2023 official occasion and entertainment expenditure transactions from the following CSUs:

- College of Liberal Arts
- Department of Mathematics, College of Natural Sciences
- University Development Office

Specific audit objectives and the methodology to achieve the objectives are outlined in the following table.



**Table: Objectives and Methodology**

Audit Objective	Methodology
Evaluate College, School, and Unit official occasion transactions and approval processes for effective controls and compliance with University policies.	<ul style="list-style-type: none"> <li>• Examined University policies and procedures.</li> <li>• Interviewed CSU and Procurement and Payment Services staff to determine official occasion expense procedures and approval processes.</li> <li>• Tested a sample of official occasion expenditures from selected CSUs for compliance with policies and effective controls.</li> </ul>

### Criteria

Handbook of Business Procedures, 9.1.1, *Entertainment and Official Occasion Expenses*

CSU-specific official occasion and entertainment expense procedures

### Observation Risk Ranking

Audit observations are ranked according to the following definitions, consistent with UT System Audit Office guidance.

Risk Level	Definition
Priority	If not addressed immediately, has a high probability to directly impact achievement of a strategic or important operational objective of The University of Texas at Austin (UT Austin) or the UT System as a whole.
High	Considered to have a medium to high probability of adverse effects to UT Austin either as a whole or to a significant college/school/unit level.
Medium	Considered to have a low to medium probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.
Low	Considered to have minimal probability of adverse effects to UT Austin either as a whole or to a college/school/unit level.

In accordance with directives from UT System Board of Regents, Internal Audits will perform follow-up procedures to confirm that audit recommendations have been implemented.



## Report Submission

We appreciate the courtesies and cooperation extended throughout the audit.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Sandy Jansen".

Sandy Jansen, CIA, CCSA, CRMA, Chief Audit Executive

## Distribution

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