

## 16-108 Executive Travel and Entertainment

We have completed our review of Executive Travel and Entertainment (T&E) for the third and fourth quarter of fiscal year 2016. With this, we have completed our testing of T&E for all of fiscal year 2016. Our review was performed at the request of the UTHealth Audit Committee and was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*.

### BACKGROUND

The UTHealth Audit Committee requested an audit of travel and entertainment expenses incurred on behalf of the institution's executives. The process for reimbursing the executive's expenses begins with a review of the request and supporting documentation by appropriate personnel in the department. They are responsible for verifying mathematical accuracy, and overall compliance with institutional policies and procedures with regards to travel and entertainment reimbursement limitations. The Expense Reimbursement Team (ERT) is responsible for the Financial Management System (FMS) Travel Procurement/Payable module, travel policies and procedures, and review and approval of expense reimbursements.

### OBJECTIVES

The objective of this work was to review executive travel and entertainment for appropriateness, reasonableness, mathematical accuracy and compliance with applicable policies, statutes, rules, and regulations. The population selected for review was all employees who have a direct reporting relationship to the president or chief operating and financial officer, deans, Medical School department chairs and key personnel from each of the schools.

### SCOPE PERIOD

The scope period was 09/01/2015 – 08/31/2016

### METHODOLOGY

The following procedures were performed:

- Obtain a listing of the Executive Management Team that directly reports to Kevin Dillon and Dr. Giuseppe Colasurdo and the Medical School Department Chairs.
- Run FMS queries to obtain the expenses made by or on behalf of the executive management employee.
- Judgmentally select a sample of expenditures from the query to perform testwork on expenditures for executives who have in excess of \$ 2,000 in expenditure or those with unusual expenditures or foreign travel.

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- Review selected vouchers for appropriateness, reasonableness, mathematical accuracy and compliance with applicable policies, statutes, rules, and regulations.

**AUDIT RESULTS**

For the first two quarters, a judgmental sample of 50 expenditures dated between September 1, 2015 and February 29, 2016 representing a total \$135,362 were selected for testing. This represented approximately 44% of the expenditures from each quarter. No exception was noted.

For the final two quarters of FY2016, a judgmental sample of 36 expenditures dated between March 1, 2016 and August 31, 2016 representing a total of \$ 79,250 were selected for testing. This was 33% of the total executive travel and entertainment expenditures for the period.

We noted that one voucher had an error in the reimbursement and two vouchers were approved by someone who reported directly to the traveler. We contacted the individuals and departments who addressed the issue prior to the close of fieldwork.

Executive travel and entertainment expenditures are appropriate and reasonable, and in compliance with applicable policies, statutes, rules, and regulations.

**NUMBER OF PRIORITY & HIGH FINDINGS REPORTED TO UT SYSTEM**

None

We would like to thank the staff and management within the university who assisted us during our review.

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Daniel G. Sherman, MBA, CPA, CIA  
Assistant Vice President

**MAPPING TO FY 2016 RISK ASSESSMENT**

<b>Risk (Rating)</b>	R.46 Faculty do not use the UTH-approved travel agency for travel.(Low)
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**AUDITING & ADVISORY SERVICES ENGAGEMENT TEAM**

<b>Assistant Vice President</b>	Daniel G. Sherman, MBA, CPA, CIA
<b>Audit Manager</b>	Daniel G. Sherman, MBA, CPA, CIA

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<b>Auditor Assigned</b>	Diarra Boye, Auditor
<b>End of Fieldwork Date</b>	11/2/2016
<b>Issue Date</b>	11/2/2016

**Copies to:**  
Audit Committee