




FY15 Executive Management Travel & Entertainment Internal Audit Report  
Project # 2016-05  
*July 15, 2016*

Reviewed by:   
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Dr. Ricardo Romo  
President

**Objectives:**

Determine whether the travel and entertainment expense transactions of the Vice Presidents (VP) or direct/ indirect reports to the VPs were appropriate, accurate and complied with UTSA Financial Management Operational Guidelines (FMOG) for Travel and Entertainment Expenditures, and

Determine if duplicate expense reimbursements requested within expense reports or between expense reports and Procard transactions are identified and duplicate reimbursements are either prevented or refunded.

**Conclusion:**

In our opinion, travel and entertainment expenses were appropriate and accurate for the Vice Presidents and sampled indirect/direct reports to the VPs. UTSA Disbursements & Travel Services and other institutional departments generally complied with the Financial Management Operation Guidelines on Travel Reimbursement and Business Related Hospitality and Entertainment Expenditures. However, we identified opportunities for improvement to strengthen controls, enhance centralized oversight, and update any related guidelines and processes. Process improvements related to travel and entertainment disbursements were discussed with management and action plans were developed to address these issues.

A Priority Finding is defined as *“an issue identified by an internal audit that, if not addressed timely, could directly impact achievement of a strategic or important operational objective of a UT institution or the UT System as a whole.”* Non-Priority Findings are ranked as High, Medium, or Low, with the level of significance based on an assessment of applicable Qualitative, Operational Control, and Quantitative risk factors and probability of a negative outcome occurring if the risk is not adequately mitigated. This audit resulted in one Medium-level findings, but no Priority Findings.

**Non-Priority Recommendations:**

- Create a report to identify potential duplicate payments and re-emphasize the risks of duplicate payments in the Disbursements & Travel Services trainings. (Medium)

**Background and Scope**

In 2012, the scope of the President’s Travel and Entertainment Expense Audit required by Regents’ Rules and Regulations 20205 was expanded to include the travel and entertainment expenses of all executive teams across all UT System institutions. The UTSA Auditing and Consulting Services Office identified the executive team to be members of UTSA’s Executive Leadership Council. Six (6) VP members were selected for detailed testing related to travel and entertainment expenditures. Additionally, a total of six (6) direct or non-direct reports were selected for detailed testing based upon their activity and spending level of expenditures. The scope of work included a review of executive travel and entertainment expense transactions and the related supporting documentation for the period of September 01, 2014 through August 31, 2015.

Additionally, UTSA added a second objective to review for duplicates across the entire population of travel and entertainment expenses for FY15. Duplicate testing was based on a new analytics tool that was developed to identify potential duplicate payments.

**Audit Results**

The travel (including the Corporate Liability Individual Billed Account) and entertainment expenses were appropriate and accurate for the Vice Presidents and sampled indirect/direct reports to the VPs. However, opportunities for process improvement surrounding compliance with the Financial Management Operation Guidelines on travel reimbursement and business hospitality and entertainment expenditures were recognized and included the enhancement of oversight and the guidelines.

A portion of all employee direct reimbursement travel and entertainment transactions were examined for duplicate transactions during fiscal year 2015.

Utilizing IDEA, a data analysis software, Audit identified 58 potential duplicates. Thirteen (13) when verified were determined to be actual duplicate disbursements totaling \$749.43. Duplicate funds have been returned/paid back to the institution in the amount of \$579.19. The outstanding balance of \$170.24 related to two (2) duplicates is to be followed up by management.

<b>Observation:</b>	There is no procedure or reporting tool in place to identify and verify duplicate reimbursements.
<b>Risk Level:</b>	Lack of a procedure or a reporting tool to identify or track potential reimbursement duplicates is considered a <b>MEDIUM</b> risk due to the lack of a management oversight control in an important area. This is an opportunity for a control or process improvement that can correct an operational deficiency, because without the appropriate monitoring control, the

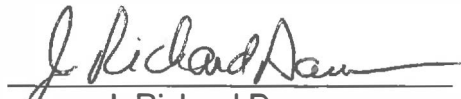
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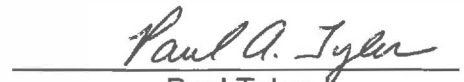
	misappropriation of funds will happen on a random, or infrequent basis.
<b>Management's Response:</b>	Management concurs that a control should be established to monitor duplicate payments. Management will create a report to look for potential duplicate payments and will re-emphasize the risks of duplicate payments in its training to campus. It is incumbent upon department reconcilers and department managers certifying their monthly financial reports to monitor expenses and the duplicity of payments when different methods of payment are used.
<b>Responsible Person:</b>	Director of Disbursements & Travel Services
<b>Implementation Date:</b>	August 31, 2017

**CONCLUSION**


In our opinion, travel and entertainment expenses were appropriate and accurate for the Vice Presidents and sampled indirect/direct reports to the VPs. UTSA Disbursements & Travel Services and other institutional departments generally complied with the Financial Management Operation Guidelines on Travel Reimbursement and Business Related Hospitality and Entertainment Expenditures. However, we identified opportunities for improvement to strengthen controls, enhance centralized oversight, and update any related guidelines and processes. Process improvements related to travel and entertainment disbursements were discussed with management and action plans were developed to address these issues.

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This engagement was conducted in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.