

September 28, 2017

MEMORANDUM

TO: Michael Keneker
Associate Vice President & Controller

Karla Browne
Director, Finance, Accounts Payable & Travel

FROM: Sherri Magnus *Sherri Magnus*
Vice President & Chief Audit Officer

SUBJECT: Review of Executive Travel and Business Entertainment Expenditures
Audit Control Number 2017 – 207

We have completed a review of Executive Travel and Business Entertainment Expenditures for the period of January 1, 2016 through December 31, 2016. A biennial review is required by UT System and is an expansion of the President's Travel and Business Entertainment Review. Our objective was to review the expenditures for proper approval, supporting documentation, accuracy, business purpose, allowability, and timeliness, in accordance with established policies.

We tested Concur and travel card expenditures totaling more than \$755,000 for 18 executives. This represented 43 percent of travel and business entertainment expenses for the period. No significant exceptions were identified. We noted one departmental event exceeding \$2,000 that received presidential approval after the event, which is untimely and noncompliant with the Business Entertainment policy. In addition, we found minor instances where expenses were not submitted timely, gratuities exceeded allowable limits, itemized receipts were not provided, business purposes were not adequately documented, and a few immaterial expenses that did not follow fund guidelines.

Overall Recommendation:

We recommend that management revise the Employee Reimbursement Policy (ADM0116) so that it aligns with the recently updated Employee Travel Management Policy (ADM0145), allowing travelers 60 days from the last day of travel to request reimbursement, instead of 45 days from the date of the expense. In addition, management should provide employees with additional guidance to ensure that the business purpose of business entertainment is adequately documented and attached to the expense report in accordance with policy. Due to the immateriality of the other exceptions noted, further recommendations are not warranted at this time.

Management's Action Plan:

Responsible Executive: Mike Keneker

Owner: Karla Brown

Due Date: 02/28/2018

We are in agreement that the Employee Reimbursement Policy should be aligned with the Travel Management Policy. We will make any necessary changes.

With regard to audit points that have been missed, we will follow up with the Concur audit team to discuss the need for retraining their auditors on our policy details. Additionally, the Chief Financial Officer and the Controller will meet with Executives, individually and in groups, to remind them of the need to comply with travel and business entertainment policies and to appropriately document the business purposes of these activities.

We appreciate the courtesy and cooperation extended to us during this project.

SM/jms/dkf/rbr

cc: Christy Harrison
Ben Melson