

The University of Texas
Rio Grande Valley™

**Executive Management Travel and Entertainment
Expenses**

17-FIN-002

August 31, 2018

Office of Audits & Consulting Services

March 31, 2018

Dr. Guy Bailey, Founding President
The University of Texas Rio Grande Valley
1201 West University Drive
Edinburg, Texas 78539

Dear Dr. Bailey,

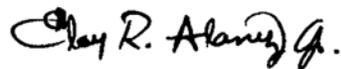
The Office of Audits & Consulting Services has completed the Executive Management Travel and Entertainment Audit as part of our fiscal year 2017 Audit Plan. The audit objective was to provide assurance that UTRGV Executive Management travel and entertainment expenses were for business purposes, reasonable, had adequate approvals and documentation as required by UTRGV's Handbook of Operating Procedures (HOP), State and Federal requirements. The scope of the audit included travel and entertainment activity for the fiscal year (FY) 2016, from September 1, 2015 through August 31, 2016.

This audit was conducted in accordance with The University of Texas System's (UTS) Policy 129 *Internal Audit Activities*, the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing (Standards)* and *Generally Accepted Government Auditing Standards (GAGAS)*. The *Standards and GAGAS* set criteria for internal audit departments in the areas of independence, professional proficiency, scope and performance of audit work, and management of audits. We are required to adhere to these *Standards* and UTS 129.

Overall, UTRGV Executive Management travel and entertainment expenses were generally in compliance with UTRGV's HOP, State and Federal requirements. However, we identified deficiencies in the UTRGV's travel and entertainment policies and procedures. Due to the complexity and timing of the transition as well as reporting changes, many processes and policies were not adopted. The Chief Procurement Officer along with others have been working to address these gaps.

We appreciate the assistance provided by UTRGV's Finance and Administration staff throughout the audit.

Sincerely,



Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Officer

cc:

UTRGV Internal Audit Committee
UT System Audit Office

Office of Audits and Consulting Services
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Table of Contents

<i>EXECUTIVE SUMMARY</i>	<i>1</i>
<i>BACKGROUND</i>	<i>2</i>
<i>AUDIT OBJECTIVE</i>	<i>2</i>
<i>AUDIT SCOPE & METHODOLOGY</i>	<i>2</i>
<i>AUDIT RESULTS</i>	<i>4</i>
<i>CONCLUSION</i>	<i>14</i>

EXECUTIVE SUMMARY

We completed the audit of The University of Texas Rio Grande Valley (UTRGV) Executive Management Travel and Entertainment Expenses. This audit is required by The University of Texas System and was included in our fiscal year 2017 Audit Plan. The audit objective was to provide assurance that UTRGV Executive Management travel and entertainment expenses were for business purposes, reasonable, had adequate approvals and documentation as required by UTRGV's Handbook of Operating Procedures (HOP), State and Federal requirements. The scope of the audit included travel and entertainment activity for the fiscal year (FY) 2016, from September 1, 2015 through August 31, 2016. The audit population consisted of 57 Executives, which included Executive Vice Presidents through Director levels. From this population, we selected 15 Executives, and tested a sample of their travel and entertainment expense reimbursements or payments made on their behalf.

UTRGV Executive Management travel and entertainment expenses were generally in compliance with UTRGV's HOP, State and Federal requirements. From the tested samples, 16 of 29 (55%) trips and 25 of 39 (64%) entertainment events met the audit objectives. However, the following deficiencies existed:

- Lack of a Business Entertainment Policy
- Improper travel and entertainment authorization
- Inadequate review of supporting documentation
- Untimely submission of reimbursements
- Lack of documented procedures for travel cards

Due to the complexity and timing of the transition as well as reporting changes, many processes and policies were not adopted. The Chief Procurement Officer along with others have been working to address these gaps.

We made recommendations at the institutional level to strengthen controls and ensure compliance with UTRGV's HOP, State and Federal requirements, as well as to ensure good stewardship of University funds.

BACKGROUND

The University of Texas Rio Grande Valley was created by the Texas Legislature in 2013 as the first major public university of the 21st century in Texas. This transformative initiative provided the opportunity to expand educational opportunities in the Rio Grande Valley, including a new School of Medicine, and made it possible for residents of the region to benefit from the Permanent University Fund – a public endowment contributing support to the University of Texas System and other institutions.

UTRGV has campuses and off-campus research and teaching sites throughout the Rio Grande Valley including in Boca Chica Beach, Brownsville (formerly The University of Texas at Brownsville campus), Edinburg (formerly The University of Texas-Pan American campus), Harlingen, McAllen, Port Isabel, Rio Grande City, and South Padre Island. UTRGV, a comprehensive academic institution, enrolled its first class in the fall of 2015, and the School of Medicine welcomed its first class in the summer of 2016.

In accordance with The University of Texas System (UT System) Board of Regents' *Rules and Regulations 20205*, annual audits of travel and entertainment expenses of the Chancellor, UT Presidents and their spouses are conducted by UT System Audit Office. On October 10, 2012, UT System requested that this audit be expanded to include the travel and entertainment expenses of Executives across all UT System institutions. These audits are conducted by the institutions' internal audit offices. All institutional Executives are subject to this audit on an annual basis, but may not be selected each fiscal year.

AUDIT OBJECTIVE

The audit objective was to provide assurance that UTRGV's Executive Management travel and entertainment expenses were for business purposes, reasonable, had adequate approvals and supporting documentation as required by UTRGV's Handbook of Operating Procedures (HOP), State and Federal requirements.

AUDIT SCOPE & METHODOLOGY

The scope of the audit included travel and entertainment activity of UTRGV Executive Management during FY 2016. Expenses included those reimbursed to or paid on behalf of the Executives. To achieve our objective, we performed the following procedures:

- Obtained guidance from UT System and UTRGV relevant policies.
- Gathered input from Travel Office and Accounts Payable personnel.
- Assessed internal controls and evaluated travel and entertainment procedures.

- Determined the total Executive population based on UTRGV's organizational chart as of October 9, 2015. The audit population consisted of 57 Executives, which included Executive Vice Presidents through Director levels.
- All ten “top tier” Executives, Vice Presidents and direct reports of the President, were selected. Five other “second tier” Executives, those who were not Vice Presidents or direct reports to the President, were randomly selected. Our sample consisted of 15 Executives.
- Requested travel and entertainment information maintained by the administrative assistants of the 15 Executives.
- Compared the information provided by the administrative assistants to the amounts we queried from the Oracle Financials System for the period to ensure completeness.
- Analyzed the data and categorized it into travel and entertainment for each of the 15 Executives.
- Selected the following travel and entertainment samples for each of the 15 Executives based on higher dollar amounts, higher risk expense types, trips vs transactions and frequent travelers and entertainers:

SAMPLE	AMOUNT	# TRIPS / EVENTS
Travel	\$ 68,206	29
Entertainment	\$ 5,999	39

- Tested the travel and entertainment samples for the following criteria:
 - Proper approval
 - Appropriate business purpose / benefit to UTRGV
 - Adequate supporting documentation
 - Mathematically accurate
 - Within allowable limits, as applicable
 - Reasonable and necessary
 - Properly recorded
 - Timeliness of payment or reimbursement
 - Appropriate funding source

The following 15 Executive Management were selected for the audit:

	Office of the President
1	Athletics Director
	Academic Affairs
2	Vice President for Medical Affairs and Dean of the School of Medicine
3	Provost and Executive Vice President for Academic Affairs
4	Vice President for Student Success
5	Dean of Engineering and Computer Science
6	Senior Associate Dean of Education and Academic Affairs
7	Chief Information Officer
	Research, Innovation and Economic Development
8	Senior Vice President for Research, Innovation and Economic Development
	Finance and Administration
9	Executive Vice President for Finance and Administration
10	Vice President for Finance and Public Policy
11	Assistant Vice President for Campus Auxiliary Services
	Institutional Advancement
12	Vice President for Advancement
	Governmental and Community Relations
13	Vice President for Governmental and Community Relations
	Operations and Chief of Staff
14	Vice President for Operations and Chief of Staff, currently Deputy President
15	Chief Information Security Officer

The audit was conducted in accordance with the guidelines set forth in The University of Texas System’s Policy 129 and the *Institute of Internal Auditors’ Standards for the Professional Practice of Internal Auditing*.

AUDIT RESULTS

Business Entertainment Policy

UTRGV developed a draft Business Entertainment Policy; however, it did not adopt the Policy during FY 2016. Therefore, employees, supervisors and reviewers, such as the Procurement Office, Business Service Center (BSC) and project managers lacked guidance of allowable and unallowable business entertainment expenses. A lack of policy resulted in incomplete information for reimbursement requests and improper approval of entertainment reimbursed to or paid on behalf of Executives.

We tested 39 entertainment events that were reimbursed or paid with University cards and reviewed by the BSC or Procurement Office staff and summarized as follows:

	Entertainment Tested	Reimbursed	University Cards (p-card / travel card)	Provided Detailed Business Purpose on i-Shop Form
Employee meals	14	11	3	1
Entertainment	25	19	6	5
Total	39	30	9	6

We found the following:

- 14 of the 39 (36%) entertainment events were employee meals. One of these meals also included two employees’ spouses as well as reimbursement for alcoholic beverages.
- 4 of the 15 (27%) selected Executives approved their own entertainment reimbursements because they were listed as project managers for the accounts. Other Executives had their reimbursements approved by employees who directly reported to them because they were listed as project managers or alternate approvers.

In addition, we noted that the “Employee Business Expense Reimbursement Form” within UTRGV’s e-procurement system (i-Shop) referenced a non-existent, legacy institution’s Business Entertainment Policy. In many cases, these forms were not completed properly. They lacked required information such as the business purpose and names/titles of meal participants.

We reviewed UT System Internal Policy 115 and other UT institutions’ Business Entertainment policies. We found that many of these policies were consistent with respect to supervisor approvals, unallowable expenses such as employee meals, and required documentation of business purpose and participants of business entertainment expenses.

Recommendation #1

The Executive Vice President for Finance and Administration (EVPFA) should finalize the draft Business Entertainment Policy to provide the University community with guidance on allowable and unallowable business entertainment expenses, thus ensuring good stewardship of University funds. The EVPFA should look to UT System and other UT institutions policies as a guide in the allow ability of entertainment expenses. The Policy should also include approval processes of business entertainment expenses to disallow employees from approving their own reimbursement or University card transactions. This segregation of duties may assist in disallowing excessive entertainment expenses and/or expenses without documented business purposes.

In addition, the finalized Business Entertainment Policy should be communicated to the University community and training should be provided to all employees, including project managers, Procurement Office and Business Service Center staff responsible for reviewing business entertainment expense reimbursement requests and University card transactions. These trainings should emphasize that business entertainment expenses require supporting documentation that describes the benefit to UTRGV, name and title of all participants, as well as supervisor approval and submission of reimbursement requests within 60 days of incurring expense as per IRS publication 463.

Management Response:

The audit recommendation has been reviewed and evaluated. The Business Entertainment Policy is currently under review and will become effective once approved by HOP approval process (Spring 2018). Once in effect, the Policy will be communicated to the university community through various training methods i.e. UTRGV Messenger, video trainings etc. The approval process for business entertainment expenses will be indicated in both the Business Entertainment Policy as well as the UTRGV Expense Resource guide. Account Managers will be able to approve their own reimbursements as long as the supporting documentation is provided. Business Entertainment expense process on Procurement cards is covered as part of the reconciler trainings for individuals handling those roles. Having a separate individual reviewing the transactions ensures segregation of duties.

Implementation Date:

May 1, 2018.

Travel Authorization and Notice

UTRGV’s travel processes were inefficient in ensuring that the Executives’ travel and/or overages had proper authorization. UTRGV’s Travel Policy ADM 10-602 requires prior approval of domestic travel, and notification to the Texas Office of State-Federal Relations (OSFR) for certain travel to Washington D.C. An OSFR form, along with the “Contact with Federal Official Reporting” form, must be submitted to the appropriate agencies by the traveler’s department and uploaded as attachments in i-Shop. Prior approvals allow for review of the traveler’s business

<p>The University of Texas Rio Grande Valley Handbook of Operating Procedures</p>	<p>Section: ADM 10-602 Effective: 09/01/2015 Last Amended: N/A Last Reviewed: N/A</p>
<p><u>TRAVEL POLICY</u></p>	
<p>D. Policy</p>	
<p>6. Travel Authorization and Responsibilities.</p>	
<p>b. <i>Travel Authorization and Notice</i> - Prior approval is required for all travel as detailed below. Additionally, prior notice is required for business travel to Washington, D.C.</p>	
<p>i. <i>Domestic US Travel</i> - Prior to travel to any of the 50 states or Puerto Rico, the traveler must obtain approval for the travel from his or her immediate supervisor and from the appropriate Account Manager.</p>	

purpose and justification of travel overages, as well as review of sufficient budgetary funds for the requested expenses.

UTRGV’s travel booking system (i-Travel) allows an automatic 24-hour passive approval if no direct action is taken by the traveler’s supervisor to either accept or reject airfare, hotel and/or car rental booked through i-Travel. Therefore, unless the supervisor directly approves via i-Travel, there is no evidence that he or she actually reviewed the direct-billed travel expenses and/or justifications of travel overages. Furthermore, i-Travel only notifies the traveler’s supervisor via email, and no notification is sent to the project manager, if different. The project manager is notified after the travel arranger submits a Travel Request Form in i-Shop, and this step may occur after the 24-hour passive approval. Therefore, expenses such as airfare may be incurred without prior approval from the project managers, who are responsible for the administration of budgetary funds.

We identified the following trips without proper travel authorization or notification:

Attribute Tested	Total Trips Tested	Error	Error Rate
Project Manager Prior Approvals	29	5	17%
Supervisor Approvals	29	5 ¹	17%
Contact w/ Federal Officials Reporting Form	1	1	100%

Recommendation #2

The Chief Procurement Officer should ensure the following:

- UTRGV’s i-Travel and i-Shop systems should not allow manual input of the traveler’s supervisor. The supervisor field should automatically populate to prevent unauthorized approvers, and travelers from approving their own travel. In addition, i-Travel should send an email notification to both the supervisor and project manager of the booked travel to comply with UTRGV’s Travel Policy ADM 10-602 and to allow the project manager to review budgetary funds for the requested expenses. UTRGV’s e-procurement system should be the centralized location to document the supervisor and project manager approvals.
- More effective frequent refresher training to all travel arrangers, reviewers, project managers that:

¹ Because the i-Travel system allowed the supervisor to be manually changed from the default supervisor, this resulted in 2 trips approved by the traveler, 2 trips approved by the project manager and 1 trip approved by the Travel Office instead of the appropriate supervisors.

- I-Shop Travel Requests must be submitted before travel occurs, thus allowing timely approval of the requests in accordance with UTRGV's Travel Policy ADM 10-602.
- Ensures proper completion of travel requisitions and reimbursement forms. These forms need to properly document the traveler's business purpose, benefit to UTRGV, travel dates and destination, and justification for travel overages. Travel requests and reimbursement forms need to include all travel expenses of the trip, rather than submitting individual expenses per travel request/reimbursement form.
- OSFR and Contact with Federal Officials Reporting Form requirements for applicable Washington, DC travel are understood and that departments are completing these forms and uploading them as attachments in i-Shop. In addition, the Travel Request Form in i-Shop needs to be updated because it currently has a non-functioning legacy institution's link for employees to complete the Contact with Federal Officials Reporting Form.
- UTRGV's Travel Policy ADM 10-602 should be revised to include specific guidance on the authorized approvers of exceptions, such as lodging and airfare overages. The Policy states that the respective "Executive Officer" must approve overages, but the Policy does not include a definition for this term. It is unclear whether project managers or supervisors are the authorized approvers, therefore if a traveler is also a project manager he/she would be allowed to approve his/her own travel overages, which may result in excessive travel expenses.

Management Response:

Both the iTravel and iShop systems have been locked down as of March 2017. Users will no longer be able to change the default supervisor of record. The Human Resources Office maintains the supervisor of record and both iTravel and iShop will be reflective of any record updates in Human Resources.

Travelers are responsible for notifying both their supervisor and project manager of their trip and its cost prior to the trip. We will continue to train travelers and their arrangers that travel requests must be approved by supervisor and the project manager prior to departure. The iShop and iTravel systems are the central location for approval of trips.

We recently changed our travel processes and revised the Travel Policy ADM 10-602 to align with those processes. The Travel Policy ADM 10-602 was updated October 1, 2017 for approval by December 2017. Consequently, we have provided training sessions to 468 individuals at both Edinburg and Brownsville campuses. We are expecting to have twelve (12) more training over the next 6 months. These trainings include the changes to travel processes as well as the requirements for, travelers, travel arrangers, supervisors and Project/Account managers must be aware of such as the proper completion of travel requests

and forms and documentation that must be maintained. Travel overages, from encumbered amount, exceeding 10% will be approved by the travelers' project manager.

The contact with Federal Officials Reporting Form link has been updated in the policy.

Implementation Date:

Implemented and training is ongoing.

Review of Travel and Entertainment Expenses

Monitoring activities of travel and entertainment expenses paid or reimbursed on behalf of employees is necessary to ensure compliance with the UTRGV's Travel Policy ADMN 10-602, State and Federal requirements. Travelers, entertainers, travel arrangers and authorized approvers have a responsibility to ensure that each travel and entertainment expense includes appropriate documentation of the business purpose, benefit to UTRGV, participants and justifications of exceptions, such as overages.

During our testing, we identified instances where supervisors and reviewers, Travel Office and/or BSC staff, did not properly review supporting documentation of travel and entertainment expenses. In some instances, the supervisors and reviewers did not request additional information for inadequate or missing justifications of hotel and airfare overages, or a more detailed description of the business purpose for the travel and entertainment.

Improper review of information submitted in i-Travel and i-Shop resulted in the following:

- An airfare expense of \$1,364 that was \$767 more than the most economical option of \$597 provided in i-Travel. The traveler provided an insufficient justification, listed as "inflexible schedule." Neither the Travel Office nor the supervisor required the traveler to provide a more detailed justification. Furthermore, the airfare expense included change fees, which resulted from a change in departure dates. These change fees were approved by the traveler and not by the supervisor.
- Two hotel expenses were approved with improper justifications for overages. Neither the travelers' supervisor nor the Travel Office identified the travelers' justifications as inaccurate.
 - One hotel charge was double the lodging per diem rate. The traveler's i-Travel justification was inaccurate, listed as "*VP approval supplemental with meal money.*" However, even with unused meal per diem rates, this hotel still resulted in overages.
 - The second hotel was also over the lodging per diem rates. The traveler's i-Travel justification was inaccurate, listed as "*No hotel within the conference area that were within per diem for DC. All other hotels in the area were \$ 400 plus night.*" This justification was incorrect because i-Travel listed one other hotel below the

per diem rate and two other hotels at the per diem rate and all within a half mile from the conference.

- 14 employee meals, as previously stated in our report, had insufficient description of the benefit to UTRGV, such as “business lunch meetings.” The Procurement Office and Business Service Center reviewers did not request additional information to justify the business purpose and the participation of employees and/or their spouses in these entertainment expenditures.

Recommendation #3

The Associate Vice President for Financial Services in coordination with the Chief Procurement Officer should ensure that effective training on travel and entertainment policies and procedures is provided to all employees, including the Procurement Office, Travel Office and Business Service Center staff. These trainings will improve the authorized approvers and reviewers understanding of completeness and accuracy of supporting documentation. To facilitate the review processes, departments should also be trained to include all travel expenses associated with a trip in one i-Shop requisition, and all employee reimbursement in one Travel Reimbursement Form, instead of multiple requisitions. Travel Requests in i-Shop should also include an itemized conference/business agenda to substantiate the trip’s business purpose, dates, location and meals.

Management Response:

Management has reviewed and evaluated the audit recommendation. The Travel Office is providing ongoing in-person training to the university on new travel processes made effective October 1. In addition, the new processes will be posted to the Travel Office website as well as the UTRGV Messenger. The training includes the proper completion of travel requests and the documentation that must be maintained by departments. All Travel Office staff are aware of the new travel processes and their responsibility over these processes. The Business Service Center is no longer in existence; Accounts Payable has assumed the Travel Reimbursement duties and recommendation for travel reimbursement training should be developed by this area. Accounts Payable is no longer reporting to the Chief Procurement Officer as of December 2016.

Implementation Date:

Ongoing

In addition, we noted that one Executive’s primary residence was in Austin and frequently traveled to the Rio Grande Valley over a two-year period. UTRGV paid for and/or reimbursed travel expenses totaling \$32,536 for this Executive without documentation to support the arrangement. The Executive’s offer letter referenced moving expenses up to \$14,000, but did not reference reimbursement of travel expenses to the Rio Grande Valley.

Summary of Total Travel Expenses to RGV

Travel to RGV	Jan 2015 - Aug 2015	FY 2016	Sep 2016 - Mar 2017	TOTAL
Transportation	\$ 2,574	\$ 11,293	\$ 8,999	\$ 22,866
Meals	38	1,063	621	1,722
Lodging	94	4,887	2,967	7,948
Total	\$ 2,706	\$ 17,243	\$ 12,587	\$ 32,536

Recommendation #4

The Executive Vice President for Finance and Administration should determine whether these travel expenses are taxable. Negotiations with new hires should be documented and maintained.

Management Response:

There was documentation for all travel expenses for this Executive back and forth from Austin to the Rio Grande Valley. The offer letter was not sufficiently clear regarding the specific time period for this commuting arrangement. All future employment offer letters will document negotiated moving as well as temporary living and/or commuting expense reimbursements.

Implementation Date:

March 1, 2018.

Submission of Reimbursement Requests within a Reasonable Time

UTRGV’s Travel Policy ADM 10-602 does not include a mandatory period for employees to submit reimbursement requests. As per Internal Revenue Services (IRS) Publication 463, under the accountable plan rules, employees requesting non-taxable reimbursements must adequately account for their business expenses to their employers within 60 days for non-advances. Submitting reimbursements within a reasonable time also ensures that most expenses are recorded in the proper fiscal year. Due to a lack of a mandatory period for submission of travel and entertainment reimbursements, we identified the following issues:

Description	Submitted	Fiscal Year Incurred	Fiscal Year Recorded	Months After Incurring Expense	Reimbursement Type
September 2015 trip	January 2016	2016	2016	4 months	Travel
March 2016 trip	October 2016	2016	2017	7 months	
June 2016 trip	December 2016	2016	2017	6 months	
December 2015 entertainment	July 2016	2016	2016	7 months	Entertainment
December 2015 entertainment	March 2016	2016	2016	3 months	

All reimbursements above were submitted late by the departments requesting reimbursements.

Recommendation #5

The Executive Vice President for Finance and Administration should ensure compliance with IRS Publication 463, accountable plan rules. The Travel Policy ADM 10-602 and Business Entertainment Policies or the Expense Resource Guide should include this mandatory 60-day period for submission of employee reimbursements to avoid taxable events.

Management Response:

The Expense Resource Guide currently contains the following language: “Request for reimbursement must be submitted within 60 days from the date of the event to comply with IRS Publication 463”.

The Accounts Payable Office will include expense reimbursements data analytics in its monitoring plan.

Implementation Date:

Implemented September 1, 2017.

Travel Card Processes

Of the 15 Executives selected, one had a travel card assigned during the audit scope. UTRGV did not develop travel card procedures for travel card users or processes for monitoring travel card transactions. The traveler did not obtain prior approvals from their supervisor and project manager for travel expenses, as required by UTRGV’s Travel Policy ADM 10-602. The traveler was able to directly book hotels and incur travel meals, public transportation fees and incidental travel expenses. In addition, entertainment expenses were paid with the travel card. The Travel Office did not provide independent monitoring of travel card transactions, instead monitoring of receipts was conducted by the department. The Executive’s department did not properly monitor the Executive’s travel card expenses. Documentation was not maintained of entertainment expenses paid with the travel card such as the business purpose, benefit to UTRGV, name and title of all participants. This information was made available to us after we requested it.

We also identified the following weaknesses at the departmental level:

- Most travel card samples did not comply with U.S. General Services Administration (GSA) per diem rates and the UTRGV Travel Policy ADM 10-602. Furthermore, no justification was included in the original supporting documentation for travel overages.
- Travel expenses, paid with institutional funds, included gratuities associated with travel meals and public transportation fees.
- I-Shop Travel Request Forms were incorrectly used for local entertainment paid with travel cards. These forms were approved by the project manager and Travel Office.
- Entertainment expenses paid with travel cards were misclassified as travel expenses; therefore, travel expenses were overstated and entertainment expenses were understated in Oracle.

Recommendation #6

The Chief Procurement Officer should adopt travel card policies and procedures similar to its Procurement Card processes, such as a travel card program manual and i-Shop reconciliation forms. These processes will allow for independent monitoring of travel card transactions rather than limiting this review at the department level. In addition, the Travel Policy ADM 10-602 should be updated to clearly state that all travel expenses, regardless of funding source, should comply with the travel policy, which includes following GSA per diem rates and disallowance of alcohol and gratuities associated with travel meals and public transportation fees.

Management Response:

Management has reviewed and evaluated audit recommendation. As of October 1, 2017 the travel card process is now similar to that of the Procurement card. Travel card policies and procedures have been incorporated into the Procurement Card program to develop a One Card program (Pro-Card and Travel Card program combined).

The Travel Policy ADM 10-602 was updated effective December 2017.

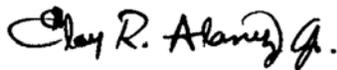
Implementation Date:

Implemented.

CONCLUSION

Based on our audit, UTRGV Executive Management travel and entertainment expenses were generally in compliance with UTRGV's HOP, State and Federal requirements. From the tested samples, 16 of 29 (55%) trips and 25 of the 39 (64%) entertainment events met the audit objectives. However, we identified deficiencies in the UTRGV's travel and entertainment policies and procedures. During FY 2016, UTRGV lacked a Business Entertainment Policy and documented procedures for travel cards, which resulted in instances of improper travel and entertainment authorization, inadequate review of supporting documentation, untimely submission of reimbursements. Due to the complexity and timing of the transition as well as reporting changes, many processes and policies were not adopted. The Chief Procurement Officer along with others have been working to address these gaps.

We made recommendations at the institutional level to strengthen controls and ensure compliance with the UTRGV's HOP, State and Federal requirements, as well as to ensure good stewardship of University funds.



Eloy R. Alaniz, Jr., CPA, CIA, CISA
Chief Audit Officer