

Executive and Faculty Travel and Business Entertainment Audit

Audit Control No. 2024-111
August 26, 2024

Audit Team:
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MEMORANDUM

August 26, 2024

TO: Karla Aspinall
Executive Director, Finance - Accounts Payable & Travel**FROM:** Sherri Magnus *Sherri Magnus*
Vice President & Chief Audit Officer**SUBJECT:** 24-111 Executive and Faculty Travel and Business Entertainment Audit

Internal Audit has completed the review of the Executive and Faculty Travel and Business Entertainment for the period of January 1, 2023, through December 31, 2023. Our objective was to determine if travel and entertainment activities and expenditures of executive management and faculty are conducted in accordance with UT System and MDACC policy.

We reviewed travel and business entertainment expenditures including foreign travels, totaling approximately \$526K for 35 individuals. Our methodology included an assessment of:

- Adequacy of business purpose,
- Accuracy of expense reimbursements,
- Appropriateness of expenses, and
- Sufficiency of supporting documentation.

Overall, management has established internal controls to monitor the travel and entertainment activities and expenditures of executive management and faculty, ensuring compliance with UT System and MDACC policy. We did identify a couple of isolated areas for improvement.

1.0 Appropriate Fund should be used for Expense Reimbursement**Ranking:** MEDIUM

We have identified three payments totaling \$63,000 paid to a faculty member as reimbursement for tuition fees toward a master's degree program, using Fund Group 30 and Fund Type 15. However, this fund cannot be used for tuition toward degreed programs. Using the appropriate funding source for travel and business entertainment reimbursements is crucial to comply with institutional policies and state and federal regulations.

Recommendation:

We recommend that management strengthen internal controls to ensure the appropriate funding source is used for reimbursement, thereby ensuring compliance with institutional policies and federal and state regulations.

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Management Action Plan:

Due Date: 09/01/24

Responsible Executive: Omer Sultan

Department/Division Executive: Michael Keneker, Christian Harrison

Owner: Karla Aspinall

Concur will be modified to include tuition as an expense type, and with a workflow step to TAP. TAP will review allowability and funding source as part of the process.

2.0 Unallowable Costs**Ranking:** MEDIUM

State taxes for lodging expenses, along with no show fees, are being periodically charged to Citi Bank Corporate Cards (CLIBA) and paid with institutional funds. Per the Employee Travel Management Policy, this is an unallowable cost, as MD Anderson is exempt from the state portion of the Texas Hotel Occupancy tax. It is incumbent on travelers to bear the cost and seek a refund of any charges if they fail to provide the hotel with a tax exemption certificate.

Recommendation:

We recommend that management implement controls to ensure charges for lodging charged to CLIBA cards complies with institutional policy.

Management Action Plan:

Due Date: 9/1/2024

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Our practice is to short pay by the amount of the occupancy taxes, and we will continue to educate our staff to watch for these taxes and ensure they are not paid.

We sincerely appreciate the courtesy and cooperation extended by each individual and the Accounts Payable and Travel Department.

Our internal audit was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*. The internal audit function at MD Anderson Cancer Center is independent per the *Generally Accepted Government Auditing Standards (GAGAS)* requirements for internal auditors.

cc: Omer Sultan
Michael Keneker
Christy Harrison
Karen Kennedy
Tomas Guajardo

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