



The University of Texas System
Nine Universities. Six Health Institutions. Unlimited Possibilities.

System Audit Office

702 Colorado Street, Austin, TX 78701
Phone: 512-499-4390 Fax: 512-499-4426

MEMORANDUM

The University of Texas at Arlington
The University of Texas at Austin
The University of Texas at Brownsville
The University of Texas at Dallas
The University of Texas at El Paso
The University of Texas—Pan American
The University of Texas
of the Permian Basin
The University of Texas at San Antonio
The University of Texas at Tyler

TO: Francisco Cigarroa, M.D., Chancellor

FROM: J. Michael Peppers, Chief Audit Executive

SUBJECT: Special Reviews

DATE: February 12, 2013

Attached are two special reviews conducted in response to the Paul Hastings LLP
“Special Investigative Report” released April 23, 2012.

The University of Texas
Southwestern Medical Center
The University of Texas
Medical Branch at Galveston
The University of Texas
Health Science Center at Houston
The University of Texas
Health Science Center at San Antonio
The University of Texas
M. D. Anderson Cancer Center
The University of Texas
Health Science Center at Tyler

www.utssystem.edu

JMP/dgh
Attachments

c: Barry Burgdorf, Vice Chancellor & General Counsel

The University of Texas System Administration

Special Reviews In Response To
Paul Hastings LLP “Special Investigative Report”



February 2013

THE UNIVERSITY OF TEXAS SYSTEM AUDIT OFFICE
702 COLORADO STREET, CLB 3.100
AUSTIN, TEXAS 78701-2981
(512) 499-4390



Executive Summary

The following reviews have been completed as a follow up to the Paul Hastings LLP “Special Investigative Report” released April 23, 2012:

1. Grant Thornton LLP – Review of Travel Expenses
(Attachment 1)

The University of Texas Southwestern Medical Center (“UTSW”) contracted with Grant Thornton LLP (“Grant Thornton”) in May 2012 to perform an analysis of Dr. C. Kern Wildenthal’s travel expenses. The Grant Thornton report to UTSW management, received February 12, 2013, is included as Attachment 1. Findings were as follows:

- a. Dr. Wildenthal received appropriate travel approval and submitted documentation in compliance with policy for the travel reviewed by Grant Thornton.
- b. A few instances were noted in which Dr. Wildenthal was reimbursed for personal days of rental car charges or amounts exceeding allowable meal per diem. The total dollar amount identified by Grant Thornton was de minimis.

University of Texas (“UT”) System General Counsel determined upon receipt in November 2012 of a draft report that the scope of the work performed by Grant Thornton did not adequately address many of the travel-related questions raised by the Paul Hastings LLP investigative report. Specifically, while it confirmed Dr. Wildenthal’s compliance with UTSW and UT System policies for travel approval and documentation requirements in place at the time of travel, it did not assess whether activities during travel substantiated the stated business purpose and benefit to UTSW that was presented by Dr. Wildenthal in order to secure approval for the travel.

2. System Audit Office – Special Review at Request of the UT System General Counsel: C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses
(Attachment 2)

Following receipt of a draft report of the Grant Thornton work described above, the UT System Audit Office was asked to perform a special review of Dr. Wildenthal’s travel and related expenses over a ten-year period, September 2002 through May 2012, to determine whether all expenditures were appropriate relative to the stated purpose of travel, and whether any personal or unnecessary days of travel had been reimbursed by UTSW. The report is included as Attachment 2.

There was a total of 577 days of travel, for which our analysis identified that business purpose was substantiated for 431 of those days. There was limited or no UTSW documentation for 146 days. On November 30, 2012, Dr. Wildenthal was provided a list of the trips and 146 dates in question. He agreed to provide access to materials in his possession that he believed would substantiate the business conducted on those trips. On January 8, 2013, System Audit Office staff met with Dr. Wildenthal on the UTSW campus to observe and discuss these materials.



**The University of Texas System Audit Office
Special Reviews in Response To
Paul Hastings LLP “Special Investigative Report”**

Based on the work detailed in the attached report, the System Audit Office identified \$21,156.81 in unsubstantiated expenses, personal expenses, and reimbursement errors. Of that amount, Dr. Wildenthal had previously written checks to UTSW which totaled \$14,980.77; however, most were noted with “donation,” “contribution,” or “gift” in the memo line and were processed by UTSW as donations rather than reimbursements. Because Dr. Wildenthal received gift acknowledgements for these amounts, personal expenses requiring repayment to UTSW are still due. UTSW staff advised us that there were no policies or procedures in place at the time that would have allowed “donations” or “contributions” to count toward personal reimbursement of personal travel expenses. They were unable to identify any payments of personal travel expenses of other UTSW staff being handled in this manner.

Because the scope of our review extended back ten years and UTSW’s documentation requirements much of that time were not sufficient to clearly and thoroughly document how stated business purpose was served, official records were not always conclusive. These limitations impacted our ability to definitively state that official records supported all expenditures in the best interests of UTSW, leaving for some expenditures only our subjective assessment based on unofficial documents and recollections provided by Dr. Wildenthal. Therefore, we recommend for reimbursement only those expenses for which we can state with confidence, and without assumption, were not related to stated business purpose, were reimbursed in error, or were intended to be paid personally by Dr. Wildenthal.

ATTACHMENT 1

Report by Grant Thornton LLP
to Arnim Dontes, UTSW Executive Vice President for Business Affairs, and
Leah Hurley, UTSW Vice President for Legal Affairs

Regarding “Analysis of Certain Expense Reports for Dr. Kern Wildenthal”

February 12, 2013



Grant Thornton

Arnim Dontes
Executive Vice President for Business Affairs
UT Southwestern Medical Center
5323 Harry Hines Blvd.
Dallas, TX 75390 - 9029

Leah Hurley
Vice President for Legal Affairs
UT Southwestern Medical Center
5323 Harry Hines Blvd.
Dallas, TX 75390 - 9029

Grant Thornton LLP
1717 Main Street, Suite 1500
Dallas, TX 75201-9436
T 214.561.2300
F 214.561.2370
www.GrantThornton.com

February 12, 2013

Dear Arnim and Leah,

Below please find our report on the procedures we performed and our respective findings related to the analysis of certain expense reports for Dr. Kern Wildenthal.

Background

Grant Thornton LLP (“Grant Thornton”, “us”, or “we”) was engaged by the University of Texas Southwestern Medical Center (“UTSW”) to perform an analysis of certain out of state travel expense packages for Dr. Kern Wildenthal. The analysis consisted of comparing the detail of Dr. Wildenthal’s travel expense packages against certain UTSW travel and expense policies in effect at the time of travel for Dr. Wildenthal.

Grant Thornton’s assignment was consultative in nature. Grant Thornton provided its services in accordance with the Statement on Standards for Consulting Services promulgated by the American Institute of Certified Public Accountants. In no way were the services performed representative of an audit, review, compilation, or other attest services.

UTSW directed Grant Thornton to analyze certain travel expense packages which UTSW represented as the out-of-state travel expenses for Dr. Wildenthal from October 13, 2002 through May 3, 2012. UTSW also provided Grant Thornton with certain travel and expense policies which consisted of a combination of Texas Government Code, University of Texas System (“UTS”) policies and UTSW policies. No independent verification of the completeness of the population of travel expense packages or the travel and expense policies was conducted by Grant Thornton. We did not verify the occurrence of the trips taken by Dr. Wildenthal nor determine whether and to what extent Dr. Wildenthal may owe reimbursement to the institution for travel and entertainment expenditures.

Dr. Wildenthal was president of UTSW from 1986 to 2008. Subsequent to stepping down as president of UTSW in 2008, Dr. Wildenthal served as special assistant to the newly appointed president and continued to be a member of faculty. In addition, Dr. Wildenthal was appointed

as president of Southwestern Medical Foundation, effective September 2008. Dr. Wildenthal served in these positions during the period under analysis.

Phase 1

UTSW provided Grant Thornton with 82 travel expense packages.¹ The scope of our initial analysis focused on whether each of the 82 travel expense packages contained the following information, as defined and required in each of the respective travel and expense policies for the period in question.

1. Stated business purpose and a stated benefit to UTSW
2. Appropriate prior approval for foreign travel according to the applicable expense policies
3. Appropriate supporting documentation for the reported expenses

Travel & Expense Policies Considered

The following travel and expense policies were provided to us by UTSW for purposes of our analysis.²

- Handbook of Operating Procedures – UT Southwestern Medical Center – January 1998
- Policy UTS 120 Spousal Travel Policy
- Rules and Regulation of the Board of Regents - Rule 20205 Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences
- Rules and Regulation of the Board of Regents - Rule 20801 Travel
- Rules and Regulation of the Board of Regents - Rule 30201 Leave Policies
- State of Texas Travel Allowance Guide – October 2004
- Texas Government Code Chapter 660 – Travel Expenses
- University of Texas Southwestern Medical Center at Dallas (“UTSMC”) Summary of Prior Approval of Departmental Expenditures Policy
- UT Southwestern Employee Travel Per Diems and Expense Limits Maximum Reimbursement Rates Policies
- UT Southwestern Medical Center Travel Policy – June 8, 2011

The following timeline provided by UTSW outlines the applicable travel and expense policies related to the respective travel expense packages:³

¹ See Appendix A – List of 82 Travel Expense Packages.

² See Appendix B – Travel and Expense Policies Considered in the Dr. Wildenthal Compliance Analysis.

³ UTSW directed Grant Thornton that multiple policies were in effect simultaneously and either/or, or a combination of policies were allowable for use.

Expenses	Actual Expenses Claimed	Per Diem Claimed	Mix of Per Diem and Actual Expenses	Prior Approval	Spouse Expenses
Prior to 12/10/04	A	F	A,F	N/A	B
12/10/04 to 8/11/05	A	F	A,F	N/A	B
8/11/05 to 5/11/06	A	F	A,F	N/A	B
5/11/06 to 8/14/08	A,C	C,F	A,C & F	C	B
8/14/08 to 9/2/08⁴	A,C	C,F	A,C & F	C	B1
9/2/08 to 9/28/10	F,G,H & J	F,G,H & J	F,G,H & J	G	B1
9/28/10 to 12/10/10	F,G,H & J	F,G,H & J	F,G,H & J	G	B1
12/10/10 to 5/26/11	F,G,H & J	F,G,H & J	F,G,H & J	G	B1
5/26/11 to Present	F,G,H & J	F,G,H & J	F,G,H & J	G	B2

Legend:⁵

A	Government Code 660 Section 660.203(2)
B	UTS 120 Spousal Policy Dated 7/11/2002
B1	UTS 120 Spousal Policy Dated 8/20/2008
B2	UTS 120 Spousal Policy Dated 5/26/2011
C	Rule 20205 CEO T&E Dated 5/11/2006
D	Rule 20801 Travel
E	Rule 30201 Leave
F	Handbook of Operating Procedures UTSW, January 1998, Chapter 7 Sec. 7.1.7.2, 1.e. (2) c., (3) & (4).
G	UTSW Travel Policy – Dated 6/8/2011
H	UTSW Summary of Prior Approval of Departmental Expenditures Policy – Travel Reimbursement.
J	UTSW Travel Per Diem (Maximum Reimbursement Rates)

⁴ Dr. Wildenthal was no longer president of UTSW starting 9/2/2008.

⁵ UTSW noted certain versions of the travel and expense policies mentioned above contained only editorial changes; and therefore, were not provided to Grant Thornton. In these instances, UTS and UTSW provided written assertions as to the accepted practices in place at those times. UTSW provided additional policies and direction on applicability of all policies subsequent to our initial analysis and preliminary findings.

Procedures Performed

As part of the process to address the Phase 1 scope objectives, Grant Thornton created a detailed inventory of each expense item contained in the 82 travel expense packages. The data points related to each expense item tracked within the detailed inventory included destination, expense category, description of expense, dates, location, amount reimbursed, amount of direct payments, attendees, receipt date, receipt vendor, location, currency, and receipt total.

The policies in effect at the time of travel define certain types of appropriate supporting documentation for travel expenses. These types of supporting documentation include, but are not limited to, the following:

- UTSW expense reimbursement voucher
- Prepayment (direct payment) form
- Travel Request Form (“TRQ”)
- Vendor receipts
- Vendor invoices
- Credit card statements
- Handwritten log related to expenses for Dr. and Mrs. Wildenthal

Grant Thornton compared each expense item within the travel and expense packages to determine whether said expenses and related supporting documentation were in agreement with the relevant travel and expense policies. Grant Thornton did not validate the nature or verify the occurrence of the stated business purpose and benefit as identified in each of the travel expense packages.

Findings

The findings below are categorized into the three areas as defined in the scope:

Stated business purpose and stated benefit to UTSW

All travel expense packages analyzed contained a documented business purpose and stated benefit to UTSW as required by the relevant travel and expense policies. Grant Thornton did not validate the nature or verify the occurrence of the stated business purpose and benefit as identified on the TRQ form in each of the travel expense packages.

Appropriate prior approval for foreign travel

All travel expense packages contained the appropriate approval for foreign travel according to the applicable expense policies.

Appropriate documentation for expenses⁶

Grant Thornton identified a total of two (2) instances in which expense items lacked appropriate supporting documentation based on the relevant travel and expense policies utilized. The exceptions were related to the meal-specific expenses limits.

Phase 2

Subsequent to the completion of Phase 1, UTSW directed Grant Thornton to analyze a subset of 50 of the 82 initially provided travel expense packages to determine whether the stated business purpose and benefit were consistent with the president and faculty roles and responsibilities as defined in the respective Board of Regents Rules for the period in question.

Travel & Expense Policies Considered

The following Board of Regents rules were provided to us by UTSW for purposes of our Phase 2 analysis.⁷

- University of Texas System Rules and Regulations of the Board of Regents Rule: 20201: Presidents (August 23, 2007)
- The University of Texas System Rules and Regulations of the Board of Regents Rule: 31004: Rights and Responsibilities of Faculty Members (December 10, 2004)

Procedures Performed

Grant Thornton compared the stated business purpose within the 50 travel and expense packages to determine whether said business purposes were consistent with the relevant Board of Regents rules. In addition, we conducted interviews of certain UTS personnel to provide additional clarity on the intent and context of Board of Regents Rules as they relate to the roles and responsibilities of the president and faculty. Grant Thornton did not verify the occurrence of the stated business purpose and benefit as identified in each of the travel expense packages.

Findings

The documented business purpose contained in the 50 travel and expense packages analyzed were consistent with the applicable Board of Regents rules.

⁶ See Appendix C – Dr. Wildenthal compliance analysis Findings – Phase 1

⁷ See Appendix D – Travel and Expense Policies Considered in the Dr. Wildenthal Compliance Analysis.

Phase 3

Subsequent to the conclusion of Phase 2, UTSW directed Grant Thornton to analyze the original population of 82 travel packages in order to identify expenses that were reimbursed for days documented by Dr. Wildenthal as vacation.

Procedures Performed

Grant Thornton identified twenty-three (23) travel packages which included documentation of vacation time taken as part of the trip. Documented vacation days were contained in the Travel Voucher - Daily Expenses Form within the travel expense packages. For those travel packages containing documentation of vacation time, we analyzed the respective expenses to determine if any expenses were reimbursed for the identified vacation time. Travel packages were excluded from further analysis if vacation was not listed in the documentation. We did not determine the appropriateness, or verify the occurrence of any of the trips taken by Dr. Wildenthal.

Findings

Grant Thornton identified two (2) instances of reimbursement for fuel in which the receipt dates were documented vacation days. In addition, we identified nine (9) instances in which UTSW direct paid Dr. Wildenthal's corporate credit card bill, which included car rental expenses for trips with documented vacation days. Of the nine (9) instances of car rental expense identified, two (2) of the respective travel packages included documentation of personal reimbursement from Dr. Wildenthal to UTSW and five (5) of the respective travel packages included documentation of partial payment from Dr. Wildenthal to the credit card company by personal check. Further, no documentation indicative of reimbursement, or partial payment to the credit card company, by Dr. Wildenthal, was found for two (2) trips, in the respective travel packages.⁸

⁸ See Appendix E – Dr. Wildenthal Compliance Analysis Findings – Phase 3

**UT Southwestern Medical Center
Expense Compliance Analysis on Dr. Kern Wildenthal
Summary**

Appendix A - List of 82 Travel Expense Packages

No.	Foreign/ Domestic	Date/Location	Total Trip Cost (Reimbursements & Direct Pmts in USD)
1	Foreign	Oct. 13-20, 2002, France	\$ 9,602.65
2	Domestic	Nov. 15-17 2002, Boston	1,909.57
3	Domestic	Feb. 14-16 2003, New York	3,358.41
4	Foreign	Jun. 18-28 2003, Italy	4,852.72
5	Foreign	Jul. 22-23, 2003, England, Alaska, Washington DC	7,982.12
6	Foreign	Sept. 16-27, 2003, Madrid	3,664.87
7	Domestic	Oct. 24-27 2003, San Francisco	1,624.40
8	Domestic	Nov. 7-9, 2003, New York	1,582.36
9	Foreign	Nov. 14-24, 2003, France, Washington DC	5,991.51
10	Domestic	Dec. 6-7, 2003, Raleigh-Durham	416.50
11	Domestic	Dec. 18-20, 2003, New York	1,520.35
12	Domestic	Feb. 14-16, 2004, Raleigh-Durham	528.15
13	Domestic	Feb. 24-25, 2004, Washington DC	1,442.36
14	Foreign	Mar. 2-7, 2004, London	3,567.79
15	Domestic	Apr. 17, 2004, Chicago	1,010.80
16	Foreign	May 13-19, 2004, London	6,152.43
17	Domestic	May 28-30, 2004, Raleigh-Durham	479.70
18	Foreign	Jun. 16-26, 2004, France	5,070.58
19	Domestic	Sept. 1-6 2004, San Francisco	1,696.52
20	Foreign	Sept.-Oct. 2004, Rome	960.00
21	Domestic	Oct. 14-17, 2004, Washington DC	2,932.70
22	Domestic	Oct. 22-24 2004, San Jose	454.20
23	Domestic	Nov. 12-14, 2004, New York	2,473.82
24	Domestic	Dec. 17-19 2004, Raleigh-Durham	466.20
25	Domestic	Mar. 11-13, 2005, New York	1,002.36
26	Domestic	May 14-16, 2005, New York	2,502.70
27	Foreign	Jun. 15-25 2005, England, France	5,971.60
28	Foreign	Jul. 22-30, 2005, England	5,657.61
29	Domestic	Aug. 18-20, 2005, Palo Alto, San Francisco	1,798.88
30	Domestic	Sept. 3-4 2005, Raleigh-Durham	255.93

**Privileged and Confidential
Attorney Client Work Product**

**UT Southwestern Medical Center
Expense Compliance Analysis on Dr. Kern Wildenthal
Summary**

No.	Foreign/ Domestic	Date/Location	Total Trip Cost (Reimbursements & Direct Pmts in USD)
31	Foreign	Sept. 27-Oct. 5, 2005, France, Spain, Switzerland	7,263.99
32	Domestic	Oct. 20-23, 2005, Pennsylvania	2,520.76
33	Domestic	Nov. 17-20, 2005, New York	2,513.00
34	Domestic	Mar. 17-19 2006, Raleigh-Durham	408.12
35	Domestic	May 14-16, 2006, New York	1,598.78
36	Domestic	Jun. 4-12 2006, Hawaii	3,219.56
37	Domestic	Jun. 19-21, 2006, Washington DC	1,674.02
38	Foreign	Jul. 20-27, 2006, England	9,821.60
39	Foreign	Sept. 4-14, 2006, France	8,618.91
40	Domestic	Sept. 26-Oct. 1, 2006, Raleigh-Durham	1,947.47
41	Foreign	Oct. 26-Nov. 4 2006, England, Poland, Austria	5,024.37
42	Domestic	Nov. 10-12 2006, Boston	1,764.10
43	Domestic	Dec. 14-17, 2006, New York	2,362.26
44	Foreign	Mar. 9-13, 2007, France	1,357.89
45	Domestic	Apr. 27-28, 2007, Williamsburg	1,220.89
46	Foreign	Jun. 13-28, 2007, England, Italy	12,385.95
47	Foreign	Aug. 1-9, 2007, France, Switzerland	5,002.82
48	Foreign	Sept. 5-13, 2007, France	3,851.51
49	Foreign	Sept. 26 - Oct. 3, 2007, New York & Grindelwal/Lausanne/Zurich, Switzerland.	8,450.48
50	Domestic	Nov. 2-4, 2007, New York	1,799.10
51	Domestic	Dec. 14-16, 2007, New York	1,359.72
52	Foreign	Jun. 9-21, 2008, England, New York	6,939.95
53	Domestic	Sept. 21-23, 2008, New York	2,792.30
54	Foreign	Sept. 24-Oct. 4, 2008, England, Denmark	12,009.97
55	Domestic	Oct. 31-Nov. 2, 2008, New York	2,658.00
56	Foreign	Feb. 3-10, 2009, England	5,019.25
57	Domestic	Feb. 20, 2009, New York	1,137.00
58	Foreign	May 1-11, 2009, Germany, England	10,733.14
59	Domestic	Jun. 17-20, 2009, San Francisco, Palo Alto	1,465.05
60	Foreign	May 28 - Jun. 05, 2009, Nuits-St George/Nice/Paris, France.	8,022.28
61	Foreign	Jul. 15-25, 2009, England	11,713.82
62	Domestic	Aug. 4-5, 2009, Washington DC	1,298.27
63	Domestic	Aug. 16-21, 2009, Palo Alto, Carmel	1,217.54

**Privileged and Confidential
Attorney Client Work Product**

**UT Southwestern Medical Center
Expense Compliance Analysis on Dr. Kern Wildenthal
Summary**

No.	Foreign/ Domestic	Date/Location	Total Trip Cost (Reimbursements & Direct Pmts in USD)
64	Domestic	Sept. 13-15, 2009, New York	2,064.40
65	Domestic	Sept. 30 - Oct. 3, 2009, New York	1,549.76
66	Domestic	Dec. 4-6, 2009, New York	1,842.40
67	Foreign	Dec. 2009 - Jan. 2010, New Zealand	7,646.60
68	Foreign	Jun. 2010, England, Spain	10,338.83
69	Domestic	Aug. 11-17, 2010, Jackson	2,533.19
70	Foreign	Sept. 17 - Oct. 1, 2010, France, New York	1,189.40
71	Domestic	Nov. 12-14, 2010, Newport Beach, CA.	1,363.32
72	Foreign	Nov. 18 - Dec. 02, 2010, New Delhi & Jaipur, India	10,632.50
73	Foreign	Mar. 2011, Nice	-
74	Domestic	Apr. 20-23, 2011, New York	2,518.19
75	Domestic	May 2011, Bethesda	2,516.56
76	Foreign	May 28 - Jun. 7, 2011, England	10,829.33
77	Foreign	Jun.27 - Jul. 1, 2011, Nice, France	3,981.70
78	Domestic	Aug. 23-30, 2011, Las Vegas	967.88
79	Domestic	Sept. 21-27, 2011, New York	1,296.20
80	Domestic	Sep. 29-Oct. 1, 2011 Raleigh-Durham	-
81	Foreign	Jan. 24-31 2012, London	8,356.86
82	Domestic	May 3 - 4, 2012, Bethesda, Maryland	1,030.10
Totals - All Trips			\$ 306,758.88

University of Texas Southwestern Medical Center
Travel and Expense Policies Considered in the Dr. Wildenthal Compliance Analysis
Appendix B

Table of Contents

1. Handbook of Operating Procedures – UT Southwestern Medical Center – January 1998
2. Policy UTS 120 Spousal Travel Policy
3. Rules and Regulation of the Board of Regents - Rule 20205 Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences
4. Rules and Regulation of the Board of Regents - Rule 20801 Travel
5. Rules and Regulation of the Board of Regents - Rule 30201 Leave Policies
6. State of Texas Travel Allowance Guide – October 2004
7. Texas Government Code Chapter 660 – Travel Expenses
8. University of Texas Southwestern Medical Center at Dallas (“UTSMC”) Summary of Prior Approval of Departmental Expenditures Policy
9. UT Southwestern Employee Travel Per Diems and Expense Limits Maximum Reimbursement Rates Policies
10. UT Southwestern Medical Center Travel Policy – June 8, 2011

Appendix B

Full text of the travel and expense policies considered in the Dr. Wildenthal Compliance Analysis is not included herein due to volume.

A copy may be obtained by contacting J. Michael Peppers at 512-499-4390.

**UT Southwestern Medical Center
Expense Compliance Analysis on Dr. Kern Wildenthal**

Appendix C - Findings, Phase 1

No.	Trip	Expense Category	Description	Meal Date	Amount Reimbursed (USD)	Location	Amount Over \$50 USD Cap
1	May 28 - Jun. 7, 2011, England	Meals	Lunch	May 31, 2011	55.00	London, England	\$ 5.00
2	May 28 - Jun. 7, 2011, England	Meals	Lunch	June 5, 2011	55.00	Cambridge, England	\$ 5.00

Meal-Specific Cap Overage Amount \$ 10.00
Number of Total Exceptions 2

University of Texas Southwestern Medical Center
Travel and Expense Policies Considered in the Dr. Wildenthal Analysis
Appendix D

Table of Contents

1. University of Texas System Rules and Regulations of the Board of Regents Rule: 20201: Presidents (August 23, 2007)
2. The University of Texas System Rules and Regulations of the Board of Regents Rule: 31004: Rights and Responsibilities of Faculty Members (December 10, 2004)

- 1. University of Texas System Rules and Regulations of the Board of Regents Rule: 20201: Presidents (August 23, 2007)**

1. Title

Presidents

2. Rule and Regulation

Sec. 1 Presidential Selection. The Board of Regents selects the president of each institution.

1.1 Presidential Search Advisory Committee. When there is to be a vacancy in the office of a president, an Advisory Committee shall be established to recommend candidates to the Board. No person who elects to be a candidate for the vacancy may serve on the Advisory Committee. The Executive Vice Chancellor for Health Affairs or the Executive Vice Chancellor for Academic Affairs shall serve as Chairman of the Advisory Committee unless the Chairman of the Board makes another appointment. Committee membership is as follows:

- (a) At least one Regent to be appointed by the Chairman of the Board.
- (b) Two presidents from the U. T. System to be appointed by the Chairman of the Board.
- (c) The Executive Vice Chancellor for Academic or Health Affairs.
- (d) Three faculty members from the institution involved. At least two of the members shall have the rank of associate professor or higher. The method of selection for faculty members shall be determined by the faculty governance of the campus.
- (e) One Dean to be selected by the Deans' Council of the institution involved for academic institutions. At health-related institutions, the member will be the Dean of the Medical School or in the absence of that position the member will be a senior representative of the teaching program of the institution selected by the Chairman of the Board.

- (f) One student, in good academic standing, from the institution involved. The method of selection shall be determined by the student governance of the campus or, if there is no student governance, by the Chairman of the Board. If the institution does not have students, this category of representation shall be omitted.
 - (g) The President of the alumni association of the campus involved. If the institution does not have an active alumni organization, an alumnus of the institution may be selected by the Chairman of the Board.
 - (h) One non-faculty employee of the institution involved. The method of selection shall be determined by the staff or employee council of the institution involved. If there is no staff or employee council, selection will be by the Chairman of the Board.
 - (i) At least two representatives of the institution's external constituency who have demonstrated a deep interest in and support of the institution, its programs, and its role in community activities to be appointed by the Chairman of the Board.
- 1.2 Diversity of Members. Campus constituent groups with responsibility for selection of Advisory Committee representatives are expected to consider diversity, particularly as it relates to minority and female representation. Unless there are unusual delays in faculty, staff, or student representative selection that postpone initiation of the committee process, the Chairman of the Board will make his or her appointments to the Advisory Committee after campus selections to maximize the prospect that the total committee composition reflects diversity. The Chairman's appointments to the Advisory Committee will be made following due consideration of input from members of the Board, the institutional leadership, and community leaders.
- 1.3 Selection Criteria. Selection criteria for the president shall relate to the needs of the individual institution.
- 1.4 Responsibilities of the Committee Chairman. The Committee Chairman shall develop a timetable for the

Committee's work, in consultation with the Chairman of the Board, and shall initiate mechanisms to develop an appropriate candidate pool and to seek information on several candidates.

- 1.5 Responsibilities of the Advisory Committee. The Advisory Committee shall inquire from competent sources as to the candidates' academic, administrative, and business abilities.
- 1.6 Interviews. The Advisory Committee may interview candidates as a part of its selection process. Interviews should be conducted on the basis that the confidentiality of the process is critical to its ultimate success.
- 1.7 Recommendation. The Advisory Committee shall submit to the Board, through its Chairman, a list of no more than 10 recommended candidates with no preference indicated. Candidates recommended shall have received a majority vote of the Committee. The Committee shall strive to include candidates with diverse professional backgrounds and experiences.
- 1.8 Finalists. The Board determines which candidates will be further interviewed prior to naming a finalist or finalists. If none of the names submitted by the Advisory Committee is satisfactory to the Board of Regents, the Board in its discretion may either name a new committee or proceed to select a president under such other procedures as in its discretion it may deem proper and appropriate.
- 1.9 Alternate Process. When the Board of Regents has candidate(s) from recent searches at other institutions, from within the U. T. System, and/or of national prominence from outside the U. T. System to advance for consideration, the Chairman of the Board of Regents shall appoint a Special Committee to provide the Board with advice and evaluation consistent with that usually provided by an Advisory Committee. The Special Committee shall be composed as specified above for the Advisory Committee but will not include members of the Board of Regents. The Special Committee shall not extend its consideration beyond those candidates referred to it by the Board of Regents without specific concurrence from the Board.

- Sec. 2 Reporting. The president reports to and is responsible to the Executive Vice Chancellor having responsibility for the institution. The president has access to the Chancellor and is expected to consult with the appropriate Executive Vice Chancellor and the Chancellor on significant issues as needed.
- Sec. 3 Term and Removal from Office. The president serves without fixed term, subject to the pleasure of the appropriate Executive Vice Chancellor and approval by the Chancellor and the Board of Regents. When circumstances warrant or require such action, the Chancellor may take interim action involving a president, including but not limited to suspension or leave of absence, pending approval by the Board.
- Sec. 4 Duties and Responsibilities. Within the policies and regulations of the Board of Regents and under the supervision and direction of the appropriate Executive Vice Chancellor, the president has general authority and responsibility for the administration of that institution. Specifically, the president is expected, with the appropriate participation of the staff, to:
- 4.1 Develop and administer plans and policies for the program, organization, and operation of the institution.
 - 4.2 Interpret the System policy to the staff, and interpret the institution's programs and needs to the System Administration and to the public.
 - 4.3 Develop and administer policies relating to students, and where applicable, to the proper management of services to patients.
 - 4.4 Recommend appropriate operating budgets and supervise expenditures under approved budgets.
 - 4.5 Appoint all members of the faculty and staff, except as provided in [Rule 31007](#), concerning the award of tenure, and maintain efficient personnel programs.
 - 4.6 Ensure efficient management of business affairs and physical property; and recommend additions and alterations to the physical plant.

- 4.7 Serve as presiding officer at official meetings of faculty and staff of the institution, and as ex officio member of each college or school faculty (if any) within the institution.
- 4.8 Appoint, or establish procedures for the appointment of, all faculty, staff, and student committees.
- 4.9 Cause to be prepared and submitted to the appropriate Executive Vice Chancellor and the Vice Chancellor and General Counsel for approval, the rules and regulations for the governance of the institution and any related amendments. Such rules and regulations shall constitute the *Handbook of Operating Procedures* for that institution. Any rule or regulation in the institutional *Handbook of Operating Procedures* that is in conflict with any rule or regulation in the Regents' *Rules and Regulations* is null and void and has no effect.
 - (a) Input from the faculty, staff, and student governance bodies for the institution will be sought for all significant changes to an institution's *Handbook of Operating Procedures*. The institutional *Handbook of Operating Procedures* will include a policy for obtaining this input that is in accordance with a [model policy](#) developed by the Office of General Counsel.
 - (b) Sections of the *Handbook of Operating Procedures* that pertain to the areas of faculty responsibility as defined in Regents' *Rules and Regulations*, [Rule 40101](#) titled Faculty Role in Educational Policy Formulation will be explicitly designated in the *Handbook of Operating Procedures*. The president, with the faculty governance body of the campus, shall develop procedures to assure formal review by the faculty governance body before such sections are submitted for approval. The formal review should be done within a reasonable timeframe (60 days or less).
- 4.10 Assume initiative in developing long-range plans for the program and physical facilities of the institution.
- 4.11 Assume active leadership in developing private fund support for the institution in accordance with policies and

procedures established in the Regents' *Rules and Regulations*.

4.12 Develop and implement plans and policies to ensure that the institution remains in compliance with any accreditation requirements appropriate to the institution or its programs, including, for the health institutions and those academic institutions with student health services, the accreditation of hospitals, clinics, and patient-care facilities.

4.13 The president of each general academic institution of The University of Texas System that engages in intercollegiate athletic activities shall ensure that necessary rules and regulations are made so as to comply with the current [General Appropriations Act](#).

3. Definitions

None

4. Relevant Federal and State Statutes

Texas Government Code [Section 552.123](#) – Exception: Name of Applicant for Chief Executive Officer of Institution of Higher Education (excepting applicant names and identifying information from public disclosure but requiring notice of name or names of finalists at least 21 days before meeting at which final action is to be taken)

Current [General Appropriations Act](#)

5. Relevant System Policies, Procedures, and Forms

[Model Policy – Handbook of Operating Procedures \(HOP\) Amendment Approval Process](#)

6. Who Should Know

Administrators
Faculty
Staff
Students

7. System Administration Office(s) Responsible for Rule

Office of Academic Affairs
Office of Health Affairs

8. Dates Approved or Amended

Editorial amendments to Number 4 made October 4, 2011
August 23, 2007
August 10, 2006
May 11, 2006
March 10, 2005
December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

2. The University of Texas System Rules and Regulations of the Board of Regents Rule: 31004: Rights and Responsibilities of Faculty Members (December 10, 2004)

1. Title

Rights and Responsibilities of Faculty Members

2. Rule and Regulation

- Sec. 1 Freedom in Research. Faculty members are entitled to full freedom in research and in the publication of the results.
- Sec. 2 Freedom in the Classroom. Faculty members are entitled to freedom in the classroom in discussing his or her subject, but are expected not to introduce into their teaching controversial matter that has no relation to his or her subject.
- Sec. 3 Clarification of Role. Faculty members are citizens, members of learned professions, and officers of an educational institution supported by the State of Texas. When the faculty member speaks or writes as a citizen, he or she should be free from institutional censorship or discipline, but should make it plain that the faculty member is not an institutional spokesperson.
- Sec. 4 Primary Duties. The primary duties of a member of the faculty are to:
- 4.1 Teaching. Teach in the classroom, laboratory, seminar, or clinical setting.
 - 4.2 Research. Study, investigate, discover, create, and develop professionally.
 - 4.3 Administration. Perform curricular tasks auxiliary to teaching and research, e.g., serving on faculty committees, attending to administrative and disciplinary tasks, fostering intellectual curiosity and integrity in the student body.
 - 4.4 Contribution to Society. Use their professional expertise to benefit society.
- Sec. 5 Compensation Restriction. Full-time faculty or staff of the rank of instructor or above on 12-month appointments may receive additional compensation for correspondence course and/or extension center teaching, but may not receive additional compensation for summer school teaching. Full-time faculty on nine-month appointments may receive additional compensation

for correspondence course and/or extension center teaching during the nine-month period and also may be paid for summer school teaching.

Sec. 6 Textbook and Course Materials. The policy of the Board of Regents concerning textbooks and other materials prescribed for the use of students is as follows:

6.1 Choice of Materials. Individual faculty members or the department should have discretion in the choice of materials to be used in the courses offered by the department.

Sec. 7 Materials Authored by Faculty. Although the authorship of books, outlines, manuals, and similar materials by members of the faculty and staff should be encouraged, the prescribed use of these for students is a responsibility that goes beyond that of the individual author. Whenever an approved fee includes a charge for such materials distributed through the classroom, the prices should be as low as possible, consistent with the payment of any required royalty to the author or authors.

7.1 Required Approval. Textbooks, notebooks, manuals, or other materials for the use of students of an institution, written or prepared by a member of the faculty of that institution, shall not be prescribed for the use of students in that institution or sold to such students until approved by the dean, chief academic officer, and president of an institution, pursuant to policies included in the institutional *Handbook of Operating Procedures*. At a minimum, these policies should provide for consultation with departmental faculty.

Sec. 8 Nonsectarian. In accordance with *Texas Education Code Section 65.38*, no course of instruction of a sectarian character shall be taught in the System.

Sec. 9 Fees. Faculty members without previous and special approval of the Board of Regents, shall not collect from students any fees or charges to be expended for institutional purposes, and shall not sell to students books, notes, or similar student supplies.

9.1 Prohibited Fees. A member of the faculty may not accept pay for extra instruction or teaching of students registered in the institution where he or she is employed.

- 9.2 Allowed Fees. With written approval, teaching assistants and other like instructional employees below the rank of an instructor may accept pay from students for extra-class instruction or coaching but only in courses or sections of courses with which they have no instructional connection. The *Handbook of Operating Procedures* of the institution shall specify the procedure for approval at the institutional level.

3. Definitions

None

4. Relevant Federal and State Statutes

Texas Education Code [Section 65.38](#)– Nonsectarian Courses

5. Relevant System Policies, Procedures, and Forms

None

6. Who Should Know

Faculty

7. System Administration Office(s) Responsible for Rule

Office of Academic Affairs
Office of Health Affairs

8. Dates Approved or Amended

December 10, 2004

9. Contact Information

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu

**Southwestern Medical Center
Expense Compliance Analysis on Dr. Kern Wildenthal**

Appendix E - Findings, Phase 3

Trip/Destination	Vacation Dates	Rental Car Expense (Claimed on Direct Payment Form) (USD)	Amount per Personal Check Made to UTSW/Credit Card Company (USD)	Footnote	Gasoline Expenses (Claimed on Travel Voucher) (USD)	Footnote
Jun. 18 - 28, 2003, Italy	June 19, 2003 June 20, 2003	\$ 1,132.47	\$ 1,132.47	A	-	
Jun. 16-26, 2004, France	June 18, 2004 June 19, 2004 June 24, 2004	1,328.20	-	B	\$ 41.55	D
Jun. 15-25, 2005, France	June 21, 2005 June 22, 2005 June 23, 2005	1,129.37	2,157.91	A	-	
Jul. 22-30, 2005, England	July 28, 2005	634.21	-	B	-	
Sept. 27-Oct. 7, 2005, France, Spain, Switzerland	September 30, 2005 October 1, 2005 October 2, 2005 October 3, 2005	829.07	853.79	C	\$ 79.18	E
Jul. 20-27, 2006, England	July 24, 2006	1,104.44	220.29	C	-	
Sep. 4-14, 2006, France	September 7, 2006 September 11, 2006 September 12, 2006	1,231.16	860.03	C	-	
Jun. 13-28, 2007, England, Italy	June 18, 2007 June 19, 2007	1,021.18	255.30	C	-	
Aug. 1-9, 2007, France, Switzerland	August 5, 2007 August 6, 2007 August 7, 2007	\$ 880.59	\$ 377.40	C	-	

Footnotes:

- A** Car rental expense amount appears to be directly paid in its entirety by UTSW. Copy of a personal check from Dr. Wildenthal is made out to UTSW, for an amount equal to, or greater than, the car rental expense, is included in the documentation.
- B** Car rental expense amount appears to be directly paid in its entirety by UTSW. No copy of a personal check to UTSW or the credit card company was provided in the travel expense package documentation.
- C** Car rental expense amount is reduced by the amount of personal check by Dr. Wildenthal, made to the credit card company. Documentation indicates the amount of the check relates to the personal portion of the trip, as calculated by either Dr. Wildenthal or UTSW.
- D** Gasoline expense on 6/18/04 for \$41.55, which was indicated as a vacation day. This expense was claimed on a Travel Voucher.
- E** Gasoline expense on 9/30/05 for \$79.18, which was indicated as a vacation day. This expense was claimed on a Travel Voucher.

ATTACHMENT 2

Special Review at Request of the UT System General Counsel

Regarding C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses

February 12, 2013



**Special Review at Request of the UT System General Counsel
C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses
September 2002 through May 2012**

At the request of the Vice Chancellor & General Counsel, The University of Texas (“UT”) System Audit Office has conducted a special review of documentation in support of expenses incurred during travel by Dr. C. Kern Wildenthal, former president of the UT Southwestern Medical Center (“UTSW”), for the period September 2002 through May 2012. We were specifically asked to:

- 1) Determine whether all expenditures were appropriate relative to the stated purpose of travel; and
- 2) Determine whether any extra, unnecessary days of travel were included in the original reimbursements.

In order for us to make the determinations above, we reviewed the findings reported by Paul Hastings LLP (“Paul Hastings”), discussed Grant Thornton LLP (“Grant Thornton”) engagement procedures and findings with Grant Thornton staff, and reviewed documentation provided by UTSW. UTSW documents included “travel packages”¹ that serve as documentation of travel expenditures for 82 out-of-state and foreign trips made by Dr. Wildenthal during the period under review; Dr. Wildenthal’s official calendar during his presidency; 136 University credit card statements and supporting documentation for accounts used by Dr. Wildenthal for travel, entertainment, and other expenses; and UTSW Quarterly Reporting on Travel, Entertainment, and Housing by the Chief Administrator, for fiscal years 2007 and 2008.²

In addition, we requested that Dr. Wildenthal provide what he characterized as personal travel logs for certain dates and events that were not sufficiently supported by documentation obtained from UTSW. Paul Hastings reported that Dr. Wildenthal said he kept “private travel logs and notes [...] much more detailed” than the expense lists given to UTSW to process travel reimbursements. Neither Paul Hastings nor Grant Thornton was provided access to these materials. Dr. Wildenthal was unwilling to provide copies of the documents, but agreed to provide any relevant documentation in his possession for visual inspection only, with the agreement that we would not retain copies or record colleague or donor names and would give him detailed information about the travel and related expenses in question. Characterization of the logs as “private” or public records subject to the Texas Public Information Act would be a matter for consideration by legal counsel. Because Dr. Wildenthal did not relinquish or allow us to copy these logs, they could not be reviewed by others familiar with the activities and individuals cited. To our knowledge, these “private travel logs” were not shared with any other parties because Dr. Wildenthal stated his concern that colleagues and donors would be contacted.

¹ “Travel packages” typically included screen prints from the UTSW financial system showing reimbursement or prepaid expense vouchers, airfare and hotel receipts, rental car receipts or contracts, gasoline receipts, conference/meeting registration receipts where applicable, and expense lists hand-written by Dr. Wildenthal. These expense lists showed out-of-pocket expenses by date, such as taxi fare (including notes on route, for example “hotel to library”), standard allowable meal per diem, vacation or weekend days not worked, and other pertinent notes.

² These quarterly reports were not required until fiscal year 2007, and were no longer required to be submitted for Dr. Wildenthal’s expenses after he left the presidency at the end of fiscal year 2008.

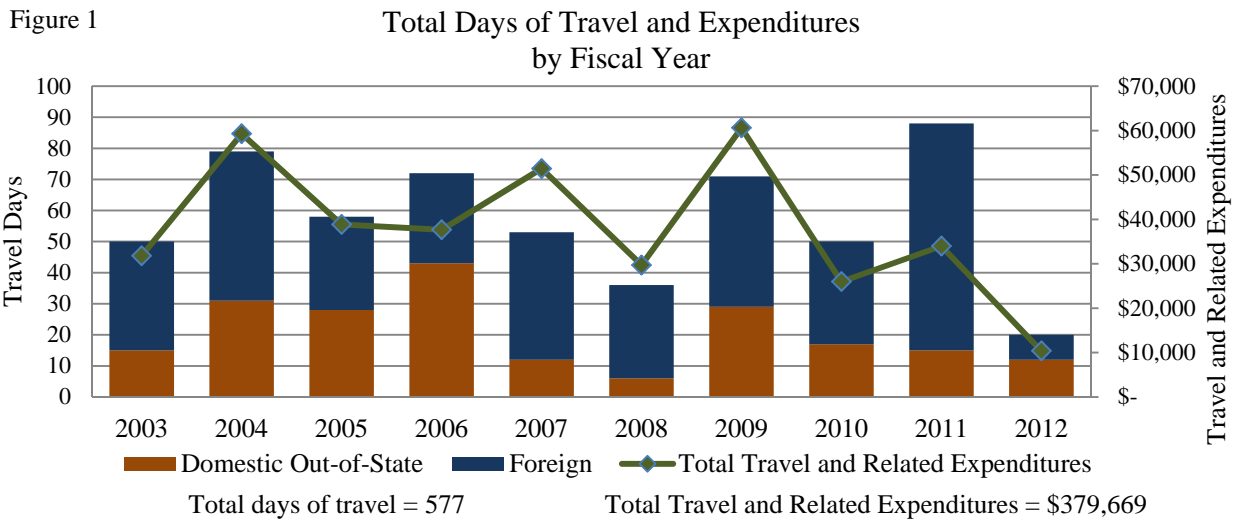


The University of Texas System Audit Office
Special Review at Request of the UT System General Counsel
Regarding C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses

On November 30, 2012, we provided Dr. Wildenthal with a list of remaining dates for which additional information and documentation was needed, and sent copies of relevant documentation via e-mail two weeks later. In total, we requested further details for 146 days of travel during 43 trips and sent copies of 1,725 pages from UTSW’s travel expense packages. Our on-site inspection and interview of Dr. Wildenthal occurred at UTSW on January 8, 2013, and is described in the System Audit Office Findings beginning on page 4.

Because most of Dr. Wildenthal’s trips during the period under review included, as a stated business purpose, visiting colleagues or cultivating donor relations, we reviewed UTSW credit card statements for evidence of business entertainment that would reasonably be expected under those circumstances. We identified through this review of credit card statements 12 additional trips not included in prior work by Paul Hastings or Grant Thornton, and requested travel packages for those trips.

Over the ten-year period reviewed, Dr. Wildenthal spent approximately \$380,000 on travel and related expenses for 60 out-of-state and 34 foreign trips. Related expenses included conference registration fees and colleague or donor entertainment. Purchase of gifts for colleagues or donors during travel was not included in our review. Figure 1, below, illustrates Dr. Wildenthal’s total days of travel and expenditures by fiscal year for the period under review.



The conclusions stated herein are based on five broad assumptions:

- Hand-written logs and notes included in travel packages, Dr. Wildenthal’s “private travel logs” and recollections, and other documents reviewed are true, correct, and authentic.
- All relevant documentation held by UTSW related to the travel packages has been provided to us.
- The stated purpose of each approved trip was recognized as having benefit to UTSW and/or the UT System. Part of Dr. Wildenthal’s mandate as president was to build the image and prominence of UTSW and to cultivate long-term relationships with donors of considerable wealth and influence. Much of the stated reason for Dr. Wildenthal’s travel



**The University of Texas System Audit Office
Special Review at Request of the UT System General Counsel
Regarding C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses**

activity was to serve those business purposes. Our directive was to determine whether activities during travel supported the stated business purposes.

- Dr. Wildenthal’s relationships with participants named for meetings or hosted meals during travel served a legitimate business purpose. We did not investigate the nature of Dr. Wildenthal’s relationship with any named individuals.
- We relied on determinations of policy compliance made by Grant Thornton in their compliance review described below.

It may be possible to perform further work or analyses to go beyond these assumptions; however such investigation would require significant effort, resources, and additional time. In order to expedite this review we have not attempted to go beyond the listed assumptions at this time.

Paul Hastings LLP Findings

Based on review of available documentation, we agree with most findings of the Paul Hastings report relative to expenditures within the scope of this review. The report includes results of their investigation of seven specific foreign trips and six trips to Raleigh-Durham, North Carolina. They found that the business purpose of two of the seven foreign trips could not be substantiated.³ Expenses related to these two trips are included in the reimbursement calculation on page 7, and listed in Appendix A.

They also reported that Dr. Wildenthal “paid for all his trips to Raleigh-Durham personally” and “none of these payments were considered donations.” This statement is incorrect. While Dr. Wildenthal did write personal checks either to the credit card bank or UTSW in amounts equivalent to travel expenses for these trips, we confirmed that all checks written to UTSW were processed as gifts rather than as reimbursements for personal expenses. Any personal expense Dr. Wildenthal claims he repaid by donating an equivalent amount to UTSW is still due, and is included in the reimbursement calculation on page 7 and listed in Appendix A. Note: Dr. Wildenthal usually wrote “donation” on these checks and UTSW processed the checks accordingly.

We also found three additional errors in the sections of the Paul Hastings report pertinent to our review of travel and related expenses. Each is described in Appendix C; none of the errors alter conclusions relative to the business purpose of the trips they reviewed.

Grant Thornton LLP Findings

As a follow up to the Paul Hastings report, UTSW contracted with Grant Thornton to perform an analysis of Dr. Wildenthal’s travel expenses. Although the intent of UT System was to obtain a comprehensive review of the propriety of expenses, Grant Thornton stated to us that the initial assignment from UTSW was only to compare travel expense packages against UTSW and UT System travel and expense policies in effect at the time of travel for the purpose of determining

³ The specific trips cited by Paul Hastings include two days spent in Barcelona during a trip to Europe in October 2005, and an 18-day trip to New Zealand in January 2010. No further review of these trips was performed during the System Audit Office review.



**The University of Texas System Audit Office
Special Review at Request of the UT System General Counsel
Regarding C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses**

compliance with those policies. A second phase of their review was intended to determine whether any personal expenses were reimbursed for days officially claimed as vacation. Their compliance review included, and excluded, the following analysis and results:

- They verified that a stated business purpose and benefit were documented for each trip, but did not validate whether the business purpose was substantiated by actual business activities during travel. No exceptions were noted.
- They verified that prior approval was obtained for foreign travel. No exceptions were noted.
- They verified supporting documentation in compliance with policy existed for reported expenses, but did not validate whether the expenses were appropriate to substantiate the business purpose for each trip. They found two compliance exceptions in which allowable meal per diem was exceeded by \$5 each. This amount is included in Appendix A and the reimbursement calculation on page 7.
- They reviewed 50 trips to determine whether the stated business purpose and benefit were consistent with Dr. Wildenthal's UTSW roles, but did not validate whether the stated business purpose was substantiated by actual activities during travel. No exceptions were noted.
- They reviewed 82 travel packages to determine whether expenses were reimbursed for days claimed as vacation in travel documentation, but did not determine whether additional days should have been claimed as vacation but were not. They identified nine trips in which some portion of car rental expenses were personal in nature because the rental spanned one or more vacation days, but did not calculate an amount to be reimbursed. Of the nine trips they identified, we determined that no reimbursement is due for two. However, we found two additional trips during which car rental expenses were paid by UTSW for days claimed as vacation. We calculated reimbursements due for rental car and associated charges (gasoline, parking, tolls) on days claimed as vacation, and included those amounts in Appendix A and the reimbursement calculation on page 7.

System Audit Office Findings

Grant Thornton confirmed Dr. Wildenthal's compliance with UTSW and UT System policies for travel approval and documentation requirements in place at the time of travel. They did not, however, assess whether actual activities during travel substantiated the stated business purpose. The comprehensive review requested of the System Audit Office was intended to address questions not yet covered by the previous reviews: to determine whether all expenditures were appropriate relative to the stated purpose of travel and to identify if any unnecessary or personal days of travel were reimbursed by UTSW.

Our review included travel packages and credit card statements for expenses incurred during 94 out-of-state and foreign trips, appointment calendars kept by UTSW, reports on travel and business entertainment submitted to UT System, and "private travel logs" and supplemental information provided by Dr. Wildenthal at our request, as described on page 1. The trips we reviewed are listed in Appendix A.



**The University of Texas System Audit Office
Special Review at Request of the UT System General Counsel
Regarding C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses**

Determining whether stated business purpose was supported by available documentation and information required a multi-step approach. We first recorded expenses by date and type for each trip and verified that the amount reimbursed to Dr. Wildenthal agreed with documentation we were provided. Through this review, we found five instances in which Dr. Wildenthal was reimbursed in error for expenses already charged to a UTSW credit card. Each is described in Appendix B. To our knowledge, neither UTSW nor Dr. Wildenthal was aware of these errors.

In addition, we noted four instances in which meal per diem was requested for meals paid using a UTSW credit card as business entertainment expenses, one meal paid using a UTSW credit card that exceeded the per diem meal limit, and a reimbursement error caused by miscalculation of a foreign exchange rate. These are itemized in Appendix B, and include the two \$5 meal overages identified by Grant Thornton.⁴

Next, we analyzed the stated business purpose for each trip and aligned specific travel days with conference and official meeting dates where possible. We did not investigate whether Dr. Wildenthal actually attended any of the stated conferences or meetings, only whether the stated purpose for those travel days, i.e., to attend a named conference or meeting in a specific city, was reasonably supported by documentation. Examples of documentation used in this step of our review included conference registration invoices, hand-written notes on taxi routes, independent verification of conference and meeting dates through internet searches when possible, and Dr. Wildenthal's "private travel logs."

For remaining travel days, we reviewed all sources for evidence that business activities occurred, such as meetings or hosted meals with colleagues and donors. Documentation of business entertainment expense typically included only a notation on the UTSW credit card statement indicating the nature of the expense (for example, "donor dinner") and number of guests. Evidence used in this step of our review included credit card statements and supporting documents, Dr. Wildenthal's official calendar during his presidency, the UTSW Quarterly Reporting on Travel, Entertainment, and Housing by the Chief Administrator for fiscal years 2007 and 2008, and Dr. Wildenthal's "private travel log" and personal recollections.

Dr. Wildenthal provided for our inspection detailed "private travel logs" for 2007-2012, which included names of persons with whom he met, locations, and often topics that were discussed.⁵ He stated that, on the advice of his tax attorney, he does not keep these logs permanently. For those trips prior to 2007 for which we had remaining questions, Dr. Wildenthal provided written recollections of the business conducted during each trip, names of persons with whom he met, and other pertinent descriptions or explanations. In several cases, Dr. Wildenthal provided additional documentation to support his explanations. Examples included photographs, copies of

⁴ Both meal overages identified by Grant Thornton occurred during the same trip.

⁵ Dr. Wildenthal stated that his typical practice was to keep detailed notes on pocket-sized index cards throughout each trip, similar to how physicians traditionally made temporary notes or referenced appointment schedules. After travel, he said he would then contemporaneously transcribe the note cards into a "private travel log" with detailed information for his own records, and a separate expense list to be submitted to UTSW for travel expense documentation. We observed on the date of our on-site inspection and interview that Dr. Wildenthal carried note cards in his pocket and referred to them when placing a call not related to our review.



**The University of Texas System Audit Office
Special Review at Request of the UT System General Counsel
Regarding C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses**

conference or event programs, and background information on some of the people noted in the logs. We did not validate the accuracy of the logs or whether the logs were authentic.

During our on-site inspection of documents shared with us by Dr. Wildenthal, he described to us in detail the history and benefit to UTSW of his relationships with many of the named colleagues and donors. He also provided items such as personal photographs and e-mail communications that he believes corroborates and illustrates the nature and benefit of those relationships. His contemporaneous logs and verbal descriptions of each trip were helpful to understand connections over time between institutions, colleagues, and donors with whom Dr. Wildenthal cultivated long-term relationships. However, as stated in our assumptions, we did not further investigate or confirm the nature of Dr. Wildenthal's relationship with any named individual.

Documentation we reviewed also included copies of 73 personal checks written by Dr. Wildenthal, in amounts equal to various travel and related expenses totaling approximately \$88,750.⁶ Of those, 27 totaling \$20,199.34 were written directly to the credit card issuing bank rather than UTSW. Regardless of whether Dr. Wildenthal intended these as payment for personal expenses, UTSW did not pay these expenses and, therefore, no reimbursement is due to the institution. Whether these payments were deducted as charitable contributions on Dr. Wildenthal's personal income tax returns and whether any deductions were appropriate is beyond our scope and authority.

Forty-six (46) of the 73 checks (\$68,551.30) were written to UTSW. Of those 46 checks, 31 were noted by Dr. Wildenthal with "donation," "contribution," or "gift" in the memo line, and five were noted as "official travel" or "official activities." Only two of the 46 checks were handled by UTSW as repayment of personal expenses (\$4,012.90).⁷ The other 44 (\$64,538.40) were processed by UTSW as donations and gift acknowledgement letters were issued to Dr. Wildenthal. Therefore, any personal expenses requiring repayment to UTSW are still due. UTSW staff advised us that there were no policies or procedures in place at the time that would have allowed "donations" or "contributions" to count toward personal reimbursement of personal travel expenses. They were unable to identify any payments of personal travel expenses of other UTSW staff being handled in this manner.

Of the checks handled by UTSW as donations (\$64,538.40), we identified a total of \$14,980.77 in personal expenses and a \$193.70 repayment for a reimbursement error; these are included in Appendix A. Whether the remaining amount (\$49,363.93) was eligible for a personal tax deduction as a charitable contribution is a matter for Dr. Wildenthal to resolve with his personal tax attorney or accountant. Internal Revenue Service guidelines regarding what constitutes "business travel" (as cited in the Paul Hastings report) are not directly applicable to whether Dr. Wildenthal should have been reimbursed by UTSW for travel expenses, only whether Dr. Wildenthal was able to claim travel expenses he paid personally as deductible business expenses, or donations to UTSW intended to underwrite business travel expenses as charitable

⁶ Dr. Wildenthal often wrote checks that included multiple expenses. Many of the checks we reviewed included expenses not related to travel. The amounts cited throughout this report include only travel and related expenses.

⁷ Neither check was noted as "donation" or "official travel" on the face of the check.



**The University of Texas System Audit Office
Special Review at Request of the UT System General Counsel
Regarding C. Kern Wildenthal, M.D., Ph.D., Travel and Related Expenses**

contributions. Regardless, Dr. Wildenthal’s personal income tax returns are beyond our scope and authority.

Conclusion

Because the scope of our review extended back ten years and UTSW’s documentation requirements much of that time were not sufficient to clearly and thoroughly document how stated business purpose was served, official records were not always conclusive. These limitations impacted our ability to definitively state that official records supported all expenditures in the best interests of UTSW, leaving for some expenditures only our subjective assessment based on unofficial documents and recollections provided by Dr. Wildenthal. Therefore, we recommend for reimbursement only those expenses for which we can state with confidence, and without assumption, were not related to stated business purpose, were reimbursed in error, or were intended to be paid personally by Dr. Wildenthal.

Based on our review of documentation provided by UTSW and Dr. Wildenthal, review of Paul Hastings and Grant Thornton findings, and discussion with Dr. Wildenthal, we identified \$23,924.40 in travel and related expenses initially paid by UTSW or charged to UTSW credit cards that were not related to stated business purpose or were intended to be paid personally by Dr. Wildenthal, and should not have been paid by the institution. These expenses are detailed in Appendix A.

Of the amount we identified, Dr. Wildenthal paid \$7,072.76 directly to the credit card banks shortly after UTSW received each applicable credit card statement. In addition, Dr. Wildenthal paid to UTSW \$14,980.77 of those expenses, with each individual check processed by UTSW as a donation with gift acknowledgement letters issued to Dr. Wildenthal. We identified an additional \$1,870.87 not previously recognized. Details are listed in Appendix A.

In addition, we found six instances in which Dr. Wildenthal was reimbursed in error. These errors total \$4,305.17, and are described in Appendix B. One error (\$193.70) had been previously identified; however, UTSW recognized the payment as a donation rather than reimbursement.

To resolve this matter, UTSW should request repayment from Dr. Wildenthal for travel and related expenses of \$21,156.81, which consists of the following:

\$14,980.77	Unsubstantiated expenses processed as donations
1,870.87	Other expenses
4,305.17	Reimbursement errors
<u>\$21,156.81</u>	

Appendix A

Summary Schedule – All Travel and Related Expenses
September 2002 through May 2012

Appendix A
Summary Schedule - All Travel and Related Expenses
September 2002 through May 2012

Destination	Total Cost (incl travel and business entertainment)	Business Purpose Substantiated			Business Purpose Not Substantiated			Notes	Reimbursement Errors (see Attachment B)
		Paid by UTSW	Check Written to UTSW (received Gift Credit)	Check Written to UTSW (did not receive Gift Credit)	Check Written Directly to Credit Card Bank	Check Written to UTSW (received Gift Credit)	Check Written Directly to Credit Card Bank		
Raleigh/Wash DC/Baltimore, Sep/Oct 2002	\$ 2,275.60	2,275.60							
Dijon, France, Oct 2002	\$ 9,602.65	7,366.16	2,006.33				230.16	1	1,840.60
Boston, Nov 2002	\$ 2,159.57	1,581.52	500.00		78.05	6			
Washington DC, Nov 2002	\$ 63.35	63.35							
New York City, Feb 2003	\$ 3,358.41	2,491.36	867.05						
Rome/Florence/Pisa, Jun 2003	\$ 4,852.72		4,399.73		452.99	1			A
Washington DC, Jul 2003	\$ 1,686.91	1,686.91							
London/Cambridge/Alaska, Jul 2003	\$ 7,799.30	5,428.35	2,370.95						
Madrid, Sep 2003	\$ 3,428.26	1,841.16	934.60	24.44			628.06	1	934.60
New York, Oct 2003	\$ 1,125.00	1,125.00							
Palo Alto/San Francisco, Oct 2003	\$ 3,203.18	2,850.18		353.00					353.00
New York City, Nov 2003	\$ 2,376.17	2,376.17							261.50
Washington DC/Paris, Nov 2003	\$ 8,238.16	7,228.96	1,009.20						
Raleigh-Durham, Dec 2003	\$ 416.50				416.50	2			D
New York City, Dec 2003	\$ 3,125.19	3,125.19							
Raleigh-Durham, Feb 2004	\$ 528.15				528.15	1,2			D
Washington DC, Feb 2004	\$ 2,128.21	2,017.36	110.85						
London, Mar 2004	\$ 13,198.02	9,429.13	3,768.89						C
New York/Washington DC, Mar 2004	\$ 3,054.13	2,674.03			380.10	3			
Austin/Chicago, Apr 2004	\$ 785.80	785.80							
Albuquerque, May 2004	\$ 117.19						117.19	1	
Austin/London/Cambridge, May 2004	\$ 6,479.23	6,479.23							
Raleigh-Durham, May 2004	\$ 479.70				479.70	2			D
Nuits-St. Georges/Paris, Jun 2004	\$ 10,169.12	6,460.97	3,229.86				478.29	1	
Raleigh-Durham, Jul 2004	\$ 426.59						426.59	1,2	D
Palo Alto/San Francisco, Sep 2004	\$ 1,692.23	1,692.23							
Zurich/Rome, Sep/Oct 2004	\$ 3,289.54	1,739.07		960.00			590.47	1	
Washington DC, Oct 2004	\$ 3,575.40	3,575.40							
San Jose, Oct 2004	\$ 454.20				454.20	2			K
New York City, Nov 2004	\$ 4,799.71	4,193.82	605.89						
Raleigh-Durham, Dec 2004	\$ 466.20				466.20	2			D
New York City, Mar 2005	\$ 4,161.75	2,661.75	1,500.00						
New York City, May 2005	\$ 3,182.32	2,714.40	467.92						
Cambridge/London/Paris/Loches, Jun 2005	\$ 8,034.07	5,702.66	1,766.72		564.69	1			
Cambridge/Oxford, Jul 2005	\$ 7,054.47	5,791.78	1,151.42				111.27	1	721.77
Palo Alto, Aug 2005	\$ 2,133.33	1,462.28	382.40		288.65	3			
Raleigh-Durham, Sep 2005	\$ 255.93				218.40	2	37.53	1	D
Washington DC, Sep 2005	\$ 1,972.39	1,972.39							
Nice/Barcelona/Zurich, Sep/Oct 2005	\$ 8,532.78	6,316.58	500.00	243.94			609.85	1	
Philadelphia/Washington DC, Oct 2005	\$ 2,520.76	2,520.76							
New York City, Nov 2005	\$ 3,663.15	3,214.80					448.35	3	

Appendix A
Summary Schedule - All Travel and Related Expenses
September 2002 through May 2012

Destination	Total Cost (incl travel and business entertainment)	Business Purpose Substantiated			Business Purpose Not Substantiated			Notes	Reimbursement Errors (see Attachment B)
		Paid by UTSW	Check Written to UTSW (received Gift Credit)	Check Written to UTSW (did not receive Gift Credit)	Check Written Directly to Credit Card Bank	Check Written to UTSW (received Gift Credit)	Check Written Directly to Credit Card Bank		
Raleigh-Durham, Mar 2006	\$ 408.12				349.60 2	58.52 1		D	
New York City, May 2006	\$ 3,375.64	2,186.20	200.00	989.44					
Hawaii, Jun 2006	\$ 3,219.56				2,475.52 2	744.04 1,4		E	
New York, Jun 2006	\$ 875.20	875.20							
Washington DC, Jun 2006	\$ 1,782.22	1,282.62	499.60						
Cambridge/London, Jul 2006	\$ 11,001.61	7,187.58	3,539.51			259.52 1,5	15.00 7		
Albuquerque, Aug 2006	\$ 47.64					47.64 1			
Roquebrune/Nice/Bordeaux, Sep 2006	\$ 10,414.77	5,411.73	3,955.70		181.42 4	820.80 1	45.12 12		
NYC/Raleigh-Durham, Sep/Oct 2006	\$ 1,663.47		1,601.12			62.35 1		I	
London/Krakow/Vienna, Oct/Nov 2006	\$ 6,688.94	4,193.73	1,992.70			487.87 4	14.64 8	H	193.70
Boston, Nov 2006	\$ 1,764.10	1,764.10							
New York City, Dec 2006	\$ 4,087.26	4,087.26							
Paris, Mar 2007	\$ 2,716.88	2,716.88							
Williamsburg, Apr 2007	\$ 1,094.23	1,094.23							
NYC/England/Padua/Bologna, Jun 2007	\$ 11,890.59	11,360.35	250.00			255.30 1	24.94 1	F	
Washington DC, Jul 2007	\$ 2,190.89	2,190.89							
Basel/Ilhausem/Zurich, Aug 2007	\$ 7,879.66	4,621.96		2,880.30		377.40 1			
Williamsburg, Aug 2007	\$ 1,049.99	1,049.99							
Paris/Nantes, Sep 2007	\$ 7,836.06	3,831.08		2,903.70		1,101.28 1			
New York/Switzerland, Sep/Oct 2007	\$ 8,471.47	8,471.47							
New York City, Nov 2007	\$ 1,836.60	1,406.30		430.30					
New York City, Dec 2007	\$ 1,359.72	1,359.72							
London/Cambridge/Milan/NYC, Jun 2008	\$ 10,200.94	6,929.94		3,271.00				G	
New York City, Sep 2008	\$ 2,792.30	939.84	782.00	1,070.46				J	
NYC/London/Copenhagen, Sep/Oct 2008	\$ 12,009.97	8,779.07	3,230.90						
New York City, Oct/Nov 2008	\$ 2,658.00	2,658.00							
London, Feb 2009	\$ 6,843.36	6,843.36							
New York City, Feb 2009	\$ 1,137.00	1,137.00							
Cologne/London, May 2009	\$ 10,733.14	7,075.04	3,658.10						
San Francisco/Palo Alto, Jun 2009	\$ 1,465.05	1,465.05							
Nuits-St. Georges/Nice/Paris, May/June 2009	\$ 8,740.00	8,740.00							
Cambridge/Oxford/London, Jul 2009	\$ 11,713.82	8,016.03	3,697.79						
Washington DC, Aug 2009	\$ 1,298.27	1,298.27							
Palo Alto/Carmel, Aug 2009	\$ 1,217.54	1,217.54							
New York City, Sep 2009	\$ 1,549.76	1,549.76							
New York City, Sep/Oct 2009	\$ 2,064.40	1,237.70	826.70						
New York City, Dec 2009	\$ 1,842.40	1,370.70	471.70						
New Zealand, Dec 2009/Jan 2010	\$ 7,646.60				7,646.60 11				
London/Cambridge/Madrid, Jun 2010	\$ 10,339.01	10,339.01							
Jackson WY, Aug 2010	\$ 2,533.19	2,523.48					9.71 7		
Paris/Dijon/New York City, Sep/Oct 2010	\$ 1,189.40	1,189.40							

Appendix A
Summary Schedule - All Travel and Related Expenses
September 2002 through May 2012

Destination	Total Cost (incl travel and business entertainment)	Business Purpose Substantiated			Business Purpose Not Substantiated			Notes	Reimbursement Errors (see Attachment B)
		Paid by UTSW	Check Written to UTSW (received Gift Credit)	Check Written to UTSW (did not receive Gift Credit)	Check Written Directly to Credit Card Bank	Check Written to UTSW (received Gift Credit)	Check Written Directly to Credit Card Bank		
Newport Beach, Nov 2010	\$ 1,345.63	1,345.63							
New Delhi/Jaipur, Nov/Dec 2010	\$ 10,632.50	10,632.50							
Nice, Mar 2011	\$ -								
New York City, Apr 2011	\$ 2,518.19	2,518.19							
Bethesda/NYC/Raleigh-Durham, May 2011	\$ 2,516.56	2,447.23					69.33 7.9		
London/Cambridge, May/Jun 2011	\$ 10,829.32	7,720.12	3,099.20				10.00 6		
Nice, Jun/Jul 2011	\$ 3,981.70	3,981.70							
Las Vegas, Aug 2011	\$ 967.88	967.88							
New York City, Sep 2011	\$ 1,296.20	1,296.20							
Raleigh-Durham, Sep/Oct 2011	\$ -								
London/Cambridge, Jan 2012	\$ 8,356.86	8,356.86							
Bethesda, May 2012	\$ 730.10	730.10							
94 Total Trips (34 foreign, 60 out-of-state)	\$ 379,669.05	\$ 289,241.24	\$ 49,363.93	\$ 4,012.90	\$ 13,126.58	\$ 14,980.77	\$ 7,072.76	\$ 1,870.87	\$ 4,305.17
		\$355,744.65 Business Purpose Substantiated			\$23,924.40 Business Purpose Not Substantiated				\$4,305.17 Reimb. Errors

Total to be reimbursed: **\$21,156.81**

Total Checks Written to UTSW	\$ 68,551.30		\$ 49,363.93	\$ 4,012.90		\$ 14,980.77			\$ 193.70
Processed as Repayment	\$ 4,012.90			\$ 4,012.90					
Processed as Charitable Contribution	\$ 64,538.40		\$ 49,363.93			\$ 14,980.77			\$ 193.70

Total Checks Written to Credit Card Banks	\$ 20,199.34				\$ 13,126.58		\$ 7,072.76		
---	--------------	--	--	--	--------------	--	-------------	--	--

Endnotes to Appendix A

Explanatory Notes

- A) Dr. Wildenthal stated that, although more than half of the trip was predominately business, he chose to pay for 100% of this trip personally. He wrote personal checks to UTSW for amounts equivalent to all expenses, including those initially paid using a University credit card. All checks, totaling \$4,852.72, were handled by UTSW as donations.
- B) Dr. Wildenthal stated that, although there was some work-related aspect to each day of this trip, he chose to claim non-working days for more than half of the trip because the nature of his activities could be perceived as primarily personal. He characterized these activities as touring locations throughout Spain for a potential joint-venture similar to one established in Spain by another UT institution.
- C) A significant portion of the cost of this trip was a donor appreciation event. Dr. Wildenthal wrote personal checks to UTSW for amounts exceeding \$115 per person because he believed the final cost to be excessive, exceeding the estimate he received when planning the event. These checks, totaling \$2,804.53, were handled by UTSW as donations.
- D) Dr. Wildenthal stated that he was aware there could be a perception that trips to Raleigh-Durham were primarily personal because his daughter and her family lived there. For this reason, he said his intent was to personally pay for these trips. While there was clearly a personal benefit to these trips, it is important to recognize that Dr. Wildenthal also articulated a clear and convincing business purpose for visiting Duke University and Duke Medical Center, and described to us in detail the history and benefits to UTSW of his relationships with named colleagues.
- E) Dr. Wildenthal stated that the purpose of this trip changed from primarily business to personal because the person with whom he planned to meet became seriously ill. He also stated that, although travel documentation does not reflect this, he reported the entirety of the trip as vacation days (excluding weekends). Dr. Wildenthal wrote a check to UTSW in an amount equivalent to airfare that had been direct-billed by the University's travel agency, and a personal check to credit card banks for prepaid hotel deposits and rental car charges billed to University credit cards. The check written to UTSW for \$2,475.52 was noted with "Official travel costs" and acknowledged as a donation.
- F) Dr. Wildenthal wrote a check directly to the credit card bank for the personal portion of rental car charges, but did not repay a prorated amount of gasoline expense.
- G) Dr. Wildenthal's airline receipt for the foreign portion of this trip indicated that he and his wife travelled from Dallas to London, then returned from Milan to New York City. Dr. Wildenthal stated that the Milan portion of the trip was personal, and we confirmed that no lodging, meals, or other personal expenses for these days were paid by UTSW. However, using the current full fares for the airline used indicated the route taken by Dr. Wildenthal would have been more expensive than returning from London. Because we were unable to determine with certainty whether the route taken was more expensive at the time the tickets were purchased, we did not include the potential

airfare difference as a personal expense. (Dr. Wildenthal paid for Mrs. Wildenthal's airline ticket personally by writing a check directly to the credit card bank.)

- H) Dr. Wildenthal stated that the Krakow portion of this trip was entirely personal. We confirmed that no meals or other personal expenses for these days were paid by UTSW, however a hotel deposit was paid using a UTSW credit card. Dr. Wildenthal wrote a check directly to the credit card bank to pay for this expense, but did not include a 3% foreign transaction fee charged by the bank. Also, Dr. Wildenthal's UTSW-paid airfare for this trip included flights from London to Krakow, and Krakow to Vienna. Using the current full fare for the airline used indicates the route taken by Dr. Wildenthal would have been more expensive than if he flew directly from London to Vienna. Although we did not question Dr. Wildenthal about the airfare, he commented during our interview that he thought it was interesting that the airfare at the time was less expensive than if he had flown directly to Vienna. We found no evidence to invalidate his statement, thus have not included the potential airfare difference as a personal expense.
- I) Dr. Wildenthal serves on a variety of governing boards. The purpose of this trip was to attend a board meeting. Travel documentation indicated that Dr. Wildenthal wrote a check to UTSW for paid expenses with the intent of seeking reimbursement from the organization on whose board he served.
- J) The purpose of this trip was to attend a board meeting for the same organization noted in (I) above. The amount paid directly to the credit card bank was prepaid hotel charges for which Dr. Wildenthal had been reimbursed by the organization on whose board he served.
- K) Although Dr. Wildenthal explained the business purpose for this trip, he stated that he was aware there could be a perception that this trip to San Jose was primarily personal because his wife had family there. For this reason, he said his intent was to personally pay for this trip.

Descriptions of Expenses Deemed Personal or Not Substantiated

- 1) Personal use of rental vehicle (includes rental charges, gasoline, tolls, and parking fees)
- 2) Airfare
- 3) Dr. Wildenthal stated that he elected to personally pay for a business meal charged to a UTSW credit card, intending to personally cover the expense. He was reimbursed standard per diem for this meal.
- 4) Prepaid hotel deposit
- 5) Prorated portion of charge for damage to rental vehicle (\$39.23)
- 6) Amount over meal per diem
- 7) Prorated portion of airport parking for personal day(s)
- 8) Foreign transaction fee on prepaid hotel deposit. The check written directly to the credit card bank for this personal expense did not include the 3% foreign transaction fee charged by the bank.
- 9) Taxi fare to/from non-business destination

- 10) Paul Hastings LLP determined that a portion of this trip (Barcelona) was primarily personal and should not have been paid by UTSW. No further analysis of this portion of the trip was performed during the System Audit Office review.
- 11) Paul Hastings LLP determined that the entirety of this trip was primarily personal and should not have been paid by UTSW. No further analysis of this trip was performed during the System Audit Office review.
- 12) Meal per diem reimbursed in error. A business entertainment expense for this meal is listed in the corresponding UTSW Quarterly Reporting on Travel, Entertainment, and Housing by the Chief Administrator.

Appendix B

Reimbursement Errors

Trip	Amount	Description
France, Oct 2002	\$1,840.60	Airfare paid with UTSW card reimbursed in error (Two tickets at \$920.30 each)
Madrid, Sep 2003	934.60	Airfare paid with UTSW card reimbursed in error
San Francisco, Oct 2003	353.00	Airfare paid with UTSW card reimbursed in error
New York City, Nov 2003	261.50	Airfare paid with UTSW card reimbursed in error
Cambridge/Oxford, Jul 2005	721.77	Prepaid hotel deposits paid with UTSW card reimbursed in error
London/Krakov/Vienna, Oct 2006	193.70 *	Over-reimbursed due to exchange rate error
	\$4,305.17	

* = Check written to UTSW in amount equal to expense, recorded as charitable contribution.

Meal Per Diem Errors and Overage

Trip	Amount	Description
New York/Wash DC, Mar 2004	60.00	Meal per diem claimed
	380.10 *	Business entertainment charged to UTSW credit card
Palo Alto, Aug 2005	50.00	Meal per diem claimed
	288.65 *	Business entertainment charged to UTSW credit card
New York City, Nov 2005	40.00	Meal per diem claimed
	488.35 **	Business entertainment charged to UTSW credit card
France, Sep 2006	45.12	Meal per diem reimbursed in error
Boston, Nov 2002	78.05 *	Amount over meal per diem
London/Cambridge, May/Jun 2011	10.00	Amount over meal per diem (Grant Thornton LLP finding)

* = Check written to UTSW in amount equal to expense, recorded as charitable contribution.

** = Check written directly to credit card bank in amount equal to expense.

Appendix C

Errors in Report by Paul Hastings LLP

Page numbers refer to *Special Investigative Report Regarding Allegations of Impropriety by Dr. C. Kern Wildenthal Relating to Travel and Entertainment Expenses*, by Paul Hastings LLP.

These errors reflect only those sections of the Paul Hastings report pertinent to our review of travel and related expenses. Additional errors may exist.

- Page 8 The Paul Hastings report states that Dr. Wildenthal took 20 trips outside the United States between June 2005 and December 2010, spanning 171 days. We found documentation in support of 21 foreign trips during that time frame, spanning 230 days spent outside the United States. During these trips, Dr. Wildenthal claimed 38 vacation days, not 64 as cited in the Paul Hastings report. We are unable to reconcile the actual number of trip and vacation days with what was reported by Paul Hastings, and can only assume they included some weekend or holidays in their count; however, this correction does not alter their conclusions relative to business purpose of the trips they reviewed.
- Page 18 The report states that, during a trip to Nice in 2009, Dr. Wildenthal “designated nine days as business work days and seven days as vacation days.” That is incorrect. Based on the documentation provided by UTSW, that trip consisted of nine total travel days, seven business work days and two weekend days. Dr. Wildenthal did not claim any vacation days during this trip.
- Page 21 The report states that Dr. Wildenthal personally paid for all trips to Raleigh-Durham between 2004 and 2010, and that none were considered donations. We identified eight trips exclusively to, and two additional trips that included stops in, Raleigh-Durham during that time period. Paul Hastings is correct that Dr. Wildenthal did not seek reimbursement from UTSW for the trips they reviewed. However, we identified \$2,042.05 in airfare and rental car expenses for Raleigh-Durham trips during that time frame that were paid using a UTSW credit card, with equivalent amounts donated to UTSW rather than repaid as personal expenses. An additional \$584.99 in airfare and rental car expenses for Raleigh-Durham trips during that time frame were paid using a UTSW credit card, then repaid by Dr. Wildenthal directly to the credit card bank. These personal expenses are included in the detailed list in Appendix A.
- Page 21 The dates of the trip to Raleigh-Durham referenced in the report are July 24-25, 2004, rather than July 5. The airfare purchase transaction shown on a UTSW credit card statement was dated July 5.