



UNIVERSITY OF ARKANSAS SYSTEM

Internal Audit Report

University of Arkansas at Little Rock

College of Business

Report on Loss

12-03

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Background

The Interim Provost at the University of Arkansas at Little Rock (UALR) was contacted by members of the faculty and staff of the College of Business on Friday, November 4, 2011, related to concerns regarding travel expenditures for the former College of Business Dean, Dr. Anthony Chelte. The Chancellor, Interim Provost, and Vice Chancellor of Finance and Administration met the same day and contacted General Counsel. The Chancellor asked the Vice Chancellor for Finance and Administration to begin an internal investigation on Monday, November 7, 2012, and the Interim Provost informed Dr. Chelte of management's concerns and the commencement of the internal investigation. Subsequently, the Vice Chancellor for Finance and Administration requested an internal audit on November 12, 2011 from the Internal Audit Director related to his investigation of Dr. Chelte's travel and other issues. Dr. Chelte began his employment with UALR on July 1, 2009 and was terminated from the Dean position on January 5, 2012.

During his time as Dean, Dr. Chelte incurred \$75,540.73 in travel expenses for 45 trips funded by UALR. We have issued a corresponding internal audit report on UALR's College of Business Internal Controls (12-02).

Scope

We have audited the travel and travel-related charges at UALR for Dr. Chelte for the period of July 2009 through December 2011. The purpose of this audit was to 1) examine and evaluate the adequacy and effectiveness of the established internal control structure over travel reimbursements for Dr. Chelte, 2) verify Dr. Chelte's travel reimbursement requests were in compliance with existing State regulations and University policies and 3) examine for unauthorized and/or non-University business related travel expenditure reimbursements submitted by and paid to Dr. Chelte.

It is the responsibility of Dr. Chelte to comply with University policies, prescribed procedures, and applicable State regulations. Our responsibility is to express a conclusion on Dr. Chelte's compliance with those policies, procedures and regulations.

Our audit was conducted in accordance with generally accepted auditing standards, Government Auditing Standards issued by the Comptroller General of the United States and International Standards for the Professional Practice of Internal Auditing issued by The Institute of Internal Auditors. Those standards require that we plan and perform our audit to obtain reasonable assurance that the UALR internal control system for travel and travel-related charges for Dr. Chelte is adequate and effective in safeguarding assets, ensuring that UALR records and reports are accurate and reliable, and ensuring compliance with applicable regulations, policies and procedures. We believe our audit provides a reasonable basis for the conclusion stated in this report.

Findings and Recommendations

Reimbursements

Internal Audit examined all 45 travel authorizations submitted by Dr. Chelte since his employment began with UALR. Through review of the travel authorizations, travel expense/reconciliation forms and other University documentation, it was noted that Dr. Chelte acted as a mentor or presenter for the AACSB (Association to Advance Collegiate Schools of Business), for AACSB-accredited schools, and for RYLA (Rotary Youth Leadership Awards) while Dean of the College of Business. In these roles, Dr. Chelte incurred \$19,925.13 in travel costs for 10 trips and was reimbursed by UALR to Dr. Chelte. Internal Audit confirmed Dr. Chelte also received reimbursements from the parties noted above and detailed in the table below totaling \$12,612. Dr. Chelte repaid \$3,850 to UALR on December 1, 2011 (the date he was notified of the audit) for a trip that he took to France in June 2010.

<u>Destination</u>	<u>Travel Dates</u>		<u>Total</u>	<u>Confirmed By:</u>
	<u>To</u>	<u>From</u>		
Clearwater, FL	11/1/2010	11/2/2010	\$569.68	AACSB
Windsor Locks, CT	6/10/2010	6/13/2010	\$853.80	RYLA
Hartford, CT	6/5/2011	6/7/2011	\$416.80	RYLA
Amiens, France	2/21/2010	2/28/2010	\$428.04	* Groupe Sup De Co Amiens Picardie
Amiens, France	11/8/2010	11/10/2010	\$435.64	* Groupe Sup De Co Amiens Picardie
Amiens, France	3/14/2011	3/16/2011	\$468.00	* Groupe Sup De Co Amiens Picardie
Amiens, France	10/30/2011	11/5/2011	\$417.49	* Groupe Sup De Co Amiens Picardie
Paris, France	6/21/2010	6/27/2010	\$3,743.90	Novancia Business School
Amiens, France	3/11/2011	3/20/2011	\$599.45	Novancia Business School
Paris, France	9/10/2011	9/15/2011	<u>\$4,679.20</u>	Novancia Business School
Total Confirmed			\$12,612.00	
Amount Reimbursed			<u>(\$3,850.00)</u>	
Duplicate Travel Expenses			<u><u>\$8,762.00</u></u>	

*Converted from euros to dollars.

Personal Use of University Funds

Travel expenses submitted by Dr. Chelte included six instances totaling \$2,718.80 that were either unauthorized or non-University business related. One of the expenses in the amount of \$1,696.20 was for airfare purchased using UALR's business travel account. The ticket was originally purchased by Dr. Chelte using the UALR travel credit card for a trip to Germany to teach at another University. Dr. Chelte subsequently exchanged and used the ticket for a trip to Hawaii unrelated to University business. Three of the

instances equaling \$822.60 were for ticket change fees. Our examination of the supporting documentation on Dr. Chelte's travel claims and other University documentation noted that the changes were made for non-University business related purposes and should not have been expensed to UALR. The remaining two instances in the amount of \$200 were for charges that appear to be for Preferred Seating which is an unauthorized use of UALR funds.

Recommendation: 1) We recommend that management seek reimbursement from Dr. Chelte for \$8,762 for the duplicate travel reimbursements submitted by and paid to Dr. Chelte that were confirmed as being reimbursed to Dr. Chelte from other entities. 2) We also recommend that management seek reimbursement from Dr. Chelte for \$2,718.80 for travel expenses that were unauthorized and/or non-University business related.

Management's Responses: 1) Management will seek reimbursement from Dr. Chelte for the amount of \$8,762 that was reimbursed to Dr. Chelte by UALR as well as being reimbursed to him by other entities. 2) Management will seek reimbursement from Dr. Chelte for the amount of \$2,718.80 for travel expenses that were unauthorized and/or non-University business related.

Conclusion

Based on Internal Audit's examination of the travel expenses incurred by Dr. Anthony Chelte, we calculated a loss to UALR totaling \$15,330.80 less repayment of \$3,850.00 during the audit for a net loss of \$11,480.80. The net loss includes \$8,762 of duplicate travel expenses and \$2,718.80 of unauthorized and/or non-University business related travel expenses submitted by and paid to Dr. Chelte for reimbursement from UALR.

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05/02/12

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05/02/12

Date