SPECIAL INVESTIGATIVE REPORT
REGARDING ALLEGATIONS OF IMPROPRIETY
BY DR. C. KERN WILDENTHAL
RELATING TO TRAVEL AND ENTERTAINMENT EXPENSES
PAID FOR BY
UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER

by
Paul Hastings LLP

April 23, 2012
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INTRODUCTION

Pursuant to the charge given by the Office of General Counsel, the University of Texas System (“UT System”), Paul Hastings LLP has conducted an internal investigation and submits this special internal inquiry report of factual findings, conclusions and recommendations (the “Report”).

On November 10, 2011, Barry D. Burgdorf, UT System’s General Counsel, contacted Kenneth M. Breen, a Partner and internal investigations specialist at Paul Hastings, and advised that concerns had been raised by members of the media, in ongoing litigation, by the Texas State Auditors’ Office, and by the public with regard to Dr. C. Kern Wildenthal, the former President of University of Texas Southwestern Medical Center (“UTSW”) and current special assistant to the President at UTSW.

Since early 2008, Dallas Morning News (“DMN”) reporters had been investigating whether Dr. Wildenthal had engaged in misconduct relating to travel and entertainment expenses paid for by UTSW, and whether UTSW had failed to document and otherwise oversee such spending. Over the last several years, UTSW had provided numerous documents to the DMN and other media outlets in response to a series of open records requests. The DMN reporters had interviewed Dr. Wildenthal, on three separate occasions, as well as other UT System and UTSW officials. Most recently, the DMN reporters sent a letter to Dr. Wildenthal that contained a series of conclusions that the DMN suggested it was prepared to publish in an article. As of the submission of the Report, the DMN has not published the anticipated article.

Mr. Burgdorf requested a full internal investigation and report with regard to these issues, and he pledged the cooperation of the UT System and UTSW in all respects, including in gathering documents and arranging for interviews of Dr. Wildenthal and various other witnesses.

Our investigation and Report, while focused to some degree by the inquiries from the DMN, is not intended as a response to any article or articles that the DMN may or may not publish. We focused on the underlying issues that relate to UT System, UTSW and Dr. Wildenthal’s role and conduct as President and later as special assistant to the President of UTSW. We did not inquire of Dr. Wildenthal with regard to personal matters, such as the manner in which he handled his personal tax returns, as we considered such issues beyond the scope of our mandate. Accordingly, the Report does not address every issue raised by the DMN; rather, it addresses only those that are material to the desire of UT System and UTSW to understand the issues that have been raised and to take remedial action if appropriate under the circumstances.

1 Phara Guberman, an Associate at Paul Hastings, also contributed to the Report. Mr. Breen’s biography and Ms. Guberman’s biography are attached hereto as Exhibit 1. Paul Hastings enlisted the help of J. Allen Kosowsky, CPA, an external tax consultant. Mr. Kosowsky’s biography is attached hereto as Exhibit 2.

2 Dr. Wildenthal informed officials at UT System of his receipt of this letter from the DMN and provided UT System with a copy of it.
I. EXECUTIVE SUMMARY

We conducted an internal investigation regarding whether Dr. Wildenthal had engaged in misconduct relating to travel and entertainment expenses paid for by UTSW, and whether UT System and UTSW had failed to document and otherwise oversee such spending.

In investigating the full panoply of related issues, among others, we focused on the following specific areas of inquiry:

- The principal purpose for Dr. Wildenthal’s travel and the sufficiency of documentation for such travel;
- The sufficiency of documentation for Dr. Wildenthal’s entertainment expenses;
- The adequacy of the policies and procedures of UT System and UTSW with regard to travel expenses, entertainment expenses and in-kind donations;
- The process and procedures by which UTSW approves, pays and reimburses expenses for travel and entertainment;
- The process and procedures by which audits are conducted of UTSW;
- Donations made by Dr. Wildenthal to UTSW and the process and procedures by which UTSW acknowledges such donations; and
- Dr. Wildenthal’s receipt and handling of donations from an anonymous donor.

In the course of our internal investigation, we were provided with unfettered access to documents and witnesses. We gathered, reviewed and analyzed over 110,000 pages of relevant records and interviewed Dr. Wildenthal and 11 other witnesses, in person and over the phone.

As described in additional detail below, we have reached the following findings and conclusions:

1. **Dr. Wildenthal exercised questionable judgment in making discretionary decisions on spending within UTSW’s broad mandate.**

Dr. Wildenthal had a broad mandate to spend UTSW funds for fundraising, promotion of reputation and recruiting, which largely left Dr. Wildenthal’s travel and entertainment expenses to his discretion and judgment. Dr. Wildenthal’s spending was generally consistent with a well

3 We are aware that the DMN and other media outlets have made other allegations regarding Dr. Wildenthal, questioning, for example, his civic memberships and wine purchases. However, as per our mandate, our investigation was limited to the specific areas of inquiry listed in this Report.
developed and successful fundraising strategy, which focused on a small number of individuals with the financial capacity to make large donations. However, Dr. Wildenthal exercised questionable judgment by mingling his business and personal travel and entertainment expenses. As a leader of and key official at a public institution, Dr. Wildenthal’s conduct is subject to public scrutiny and is inevitably viewed by others at UTSW as an example of how to act. Nevertheless, Dr. Wildenthal’s spending at times tested the boundaries of permissible travel and entertainment expenses under the UT System and UTSW rules.

2. UT System and UTSW had policies, procedures and internal controls in place governing Dr. Wildenthal’s spending that were adequate but not enforced at UTSW. Most significantly, Dr. Wildenthal’s spending was not in all instances sufficiently documented to show the predominant business purpose and benefit to UTSW, and as a result it was not subjected to meaningful review.

UT System and UTSW had adequate policies, procedures and internal controls in place that provided a mechanism for approval, documentation, reporting and auditing of Dr. Wildenthal’s spending, but they were not enforced at UTSW. Dr. Wildenthal’s spending was not in all instances sufficiently documented to show the predominant business purpose and benefit to UTSW, and as a result, it was not subjected to meaningful review. Dr. Wildenthal’s travel and entertainment expense reports frequently contained inadequate information and sometimes did not even include a signed acknowledgement by Dr. Wildenthal. Such expenses were routinely approved by UTSW’s Chief Business Officer without any inquiry. The practices at UTSW disregarded UT System policies in place because Dr. Wildenthal was never questioned about the adequacy of the listed business purpose for his travel or benefit to UTSW.

The investigation revealed too much dependence on the audit process by personnel at UTSW. Individuals responsible for approving presidential expenses admitted to relying on the audit process, rather than themselves inquiring about questionable expenses or inadequate business purposes for expenses. Oversight must occur at every level.

3. UT System and UTSW audits failed to alert officials at UT System or UTSW that there were risks related to Dr. Wildenthal’s spending and expense documentation.

The risk plans outlined by the auditors at the outset of their inquiries, the audits and the audit reports were inadequate because they failed to address significant questions related to Dr. Wildenthal’s travel and entertainment expenses as President of UTSW. Robert Rubel, Director of Internal Audit at UTSW, who conducted the annual audits of Dr. Wildenthal’s travel and entertainment expenses as President of UTSW, never questioned any of Dr. Wildenthal’s travel or entertainment expenses. Charles Chaffin, Chief Audit Executive for UT System, who conducted various UT System audits of UTSW, developed significant concerns regarding Dr. Wildenthal’s travel and entertainment expenses, but made the decision not to document his concerns in various audit reports, including an audit report which described the results of a “change in management audit” conducted in December 2008 when Dr. Wildenthal stepped down as President of UTSW. Mr. Chaffin specifically chose not to document his concerns that Dr. Wildenthal’s travel and entertainment expenses as President of UTSW were not adequately documented or reviewed.
Wildenthal’s travel and entertainment expenses had more of a personal benefit than a specific business purpose and benefit to UTSW and that Dr. Wildenthal frequently failed to include in the documentation of such expenses the names of the donors whom he traveled to see and entertained. Hence, by not asking the right questions or documenting significant findings, the auditors failed to alert UT System and UTSW officials to substantial risks and concerns.

Since Dr. Wildenthal left the presidency, his travel and entertainment expenses are no longer reviewed as part of a formal audit, and his expenses are no longer included in quarterly reports. As such, they are currently not subject to any review beyond the initial approval process. Dr. Wildenthal’s travel and entertainment expenses should be subjected to an appropriate level of scrutiny.

4. **UTSW’s manner of accounting for and acknowledging Dr. Wildenthal’s donations was inadequate, at times resulting in inaccurate gift letters being issued to him.**

Throughout his employment at UTSW, Dr. Wildenthal frequently made payments to UTSW in the amount of his and his wife’s travel and entertainment expenses, for which he had been previously reimbursed by UTSW or for which UTSW had paid directly. These payments were always deposited into a gift account at UTSW and Dr. Wildenthal received a donation acknowledgement letter for each of these payments. The donation acknowledgement letters failed to note that the payment made by Dr. Wildenthal was for Dr. Wildenthal’s travel, his wife’s travel or various entertainment expenses. There was also no inquiry as to whether the payment even related to an expense with a legitimate business purpose.

Dr. Wildenthal also made numerous in-kind donations to UTSW, such as donating wine, event tickets, furniture and underwriting event costs. Despite the fact that many valuations of Dr. Wildenthal’s in-kind donations were in excess of $5,000, and as such required a donee acknowledgement by UTSW, UTSW did not maintain copies of receipts or documentation relating to the valuation of these donations. This practice is inconsistent with UT System policy and relevant IRS rules. Policies, of course, must be appropriately followed and enforced in order to be effective.

5. **UT System’s policies and procedures governing the acceptance of anonymous donations were adequate but not followed at UTSW.**

Dr. Wildenthal did not follow UT System’s specific policies and procedures for the acceptance of anonymous donations. Dr. Wildenthal personally accepted gifts from an individual who wished to make anonymous donations to UTSW. Dr. Wildenthal then donated the amount he received from the anonymous donor to UTSW, and personally received donation acknowledgement letters from UTSW for these donations. UT System should consider amending or expanding its policies and procedures to limit or prohibit the acceptance of donations by employees on behalf of UT System institutions.
By personally accepting anonymous donations, Dr. Wildenthal may have also violated the UT System policy that forbids the receipt of gifts with a value of $50 or more. This issue requires additional investigation.

II.
THE DMN INVESTIGATION

In an investigation that began in early 2008 and that was expanded last year, the DMN, in conjunction with other local media outlets, targeted Dr. Wildenthal’s tenure at UTSW and his spending practices. At the heart of the DMN’s investigation are allegations that Dr. Wildenthal’s documentation for his travel and entertainment expenses was inadequate. With some of Dr. Wildenthal’s travel, allegations involve claims that Dr. Wildenthal’s international business trips were more personal than business in nature, and should not have been paid for by UTSW. Allegations also involve claims that Dr. Wildenthal’s entertainment expenses and wine purchases were inappropriate.

The DMN has interviewed Dr. Wildenthal on three separate occasions, i.e., October 14, 2008, December 23, 2009 and November 29, 2011. The DMN also sent Dr. Wildenthal a series of written questions on September 22, 2011, which focused on Dr. Wildenthal’s job description, compensation, tax issues, wine purchases and travel, to which Dr. Wildenthal provided a written response. In addition, the DMN made a series of open records requests pursuant to the Texas Public Information Act, in response to which UTSW provided to the DMN approximately 100,000 pages of documents.

The DMN sent a letter to Dr. Wildenthal on November 1, 2011, alleging among other things that:

1. UTSW failed to properly oversee Dr. Wildenthal’s spending;
2. Some of Dr. Wildenthal’s travel costs could have and should have been treated as taxable income because the documentation provided by Dr. Wildenthal to UTSW did not substantiate a proper business purpose;
3. Only ten of Dr. Wildenthal’s 171 days of overseas travel between June 2005 and December 2010 were “work days;” and

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4 Attached hereto as Exhibit 3.
5 The DMN raised this issue in a letter on October 21, 2011, attached hereto as Exhibit 4, and referenced the issue again in its letter on November 1, 2011. During our investigation, we verified that Dr. Wildenthal traveled overseas for 171 days between June 2005 and December 2010. In total, this travel involved 20 trips, including 18 trips to Europe, one trip to New Zealand, and one trip to India. Dr. Wildenthal responded to this specific allegation on October 26, 2011 and correctly noted that the Dallas Morning News failed to include travel days in their calculation of “work days.” Dr. Wildenthal’s response letter is attached hereto as Exhibit 5. The
If Dr. Wildenthal claimed as charitable deductions any part of the “donations” he made to UTSW for his travel expenses, and those travel expenses were not tied to a legitimate business purpose, then Dr. Wildenthal acted contrary to the tax code. The DMN has not yet published any articles premised on these allegations. The publication of such articles is most likely imminent.

III.

DR. WILDENTHAL’S SPENDING OF UTSW FUNDS AND DOCUMENTATION AND OVERSIGHT BY UT SYSTEM AND UTSW

We fully investigated and analyzed the issues relating to Dr. Wildenthal’s travel and entertainment expenses paid for by UTSW, and documentation and oversight of such spending by UT System and UTSW.

We interviewed the following witnesses on the following days:

1) Cyndi Bassel, Vice President for External Affairs at UTSW – February 16, 2012
2) Charles Chaffin, Chief Audit Executive for UT System – February 14, 2012
3) Francie Frederick, General Counsel for UT System Board of Regents – February 14, 2012
4) Leah Hurley, Vice President for Legal Affairs at UTSW – February 16, 2012
5) Julie Lynch, Associate Vice Chancellor for Development and Gift Planning Services for UT System – March 22, 2012
6) Dr. Daniel Podolsky, President of UTSW – February 15, 2012
7) John Roan, former Executive Vice President for Business Affairs at UTSW – February 15, 2012
8) Rebecca Rooney, Senior Administrative Associate at UTSW – February 16, 2012
9) Robert Rubel, Internal Audit Director at UTSW – February 16, 2012
10) Randa Safady, Ph.D., Vice Chancellor for External Relations for UT System – March 23, 2012 and April 23, 2012
11) Dr. Kenneth Shine, Executive Vice Chancellor for Health Affairs for UT System – February 14, 2012

Relevant travel documents submitted by Dr. Wildenthal show that he designated 64 days as vacation days on these trips.
Dr. Kern Wildenthal, special assistant to the President at UTSW – February 17, 2012

We gathered, reviewed and analyzed over 110,000 pages of relevant records, including the following documents:

1) All records provided to the DMN pursuant to their open records requests;
2) All audit reports and audit work papers;
3) All donation acknowledgement letters provided to Dr. Wildenthal;
4) All requests for reimbursement and direct payment of travel and entertainment expenses submitted by Dr. Wildenthal, and all underlying documentation for such requests;
5) All transcripts of the DMN reporters’ interviews of Dr. Wildenthal and other UT System and UTSW employees; and
6) All written correspondence involving Dr. Wildenthal and the DMN.

Based on our investigation, we reached the findings and conclusions, and made the recommendations, set forth in this Report.6

Although our Report is intended to be a final report, as in all such investigations, our analysis is based on the facts that we gathered, and different facts could lead to different findings, conclusions and recommendations.

A. DR. WILDENTHAL EXERCISED QUESTIONABLE JUDGMENT IN MAKING DISCRETIONARY DECISIONS ON SPENDING WITHIN UTSW’S BROAD MANDATE.

1. Dr. Wildenthal’s Position at UTSW, Broad Spending Mandate and Conduct

Dr. Wildenthal served as President of UTSW from 1986 through 2008. In 2008, he was succeeded by Dr. Daniel Podolsky. Since 2008, Dr. Wildenthal has been allowed to serve as a special assistant to the President at UTSW. He serves as an advisor for tactical and strategic decisions. Dr. Wildenthal’s responsibilities are now to research the history of cardiology and the history of UTSW, assist Dr. Podolsky in various matters, develop relationships with UTSW

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6 As we were finalizing our Report, we received a copy of a letter dated April 19, 2012, from Dr. Wildenthal to Chancellor Francisco Cigarroa, which restated Dr. Wildenthal’s positions on the various issues addressed in the Report. All of the topics discussed in the letter were addressed in full during our eight hour interview of Dr. Wildenthal. We also reviewed the transcripts of the DMN reporters’ interviews of Dr. Wildenthal, as well as Dr. Wildenthal’s written submissions to the DMN, in which the same issues were addressed. The letter does not change the findings, conclusions and recommendations set forth in the Report.
supporters, and raise funds. Dr. Wildenthal also now serves as the President of the Southwestern Medical Foundation. Dr. Wildenthal has also been involved with numerous civic and cultural organizations in Dallas, including The Dallas Opera, where he served on the Board of Directors and as Chairman of the Board.

Dr. Wildenthal had a broad mandate to spend UTSW funds for fundraising, promotion of reputation and recruiting, which largely left Dr. Wildenthal’s travel and entertainment expenses to his discretion. As such, there was a wide range of business purposes that justified the spending of UTSW funds. Of course, not every business purpose was sufficient. During Dr. Wildenthal’s term as President of UTSW, it was he who in practice decided which business purposes were sufficient and which were not. In this regard, Dr. Wildenthal exercised questionable judgment.

Dr. Wildenthal routinely mingled his personal and business expenses. Between June 2005 and December 2010, Dr. Wildenthal took 20 trips outside the United States spanning 171 days. UTSW reimbursed or directly paid for some or all of Dr. Wildenthal’s expenses on these 20 trips. Dr. Wildenthal officially designated more than one-third of this time during these trips, 64 days, as personal vacation days. However, as explained further below, there was no legitimate business purpose or benefit to UTSW for some of Dr. Wildenthal’s foreign travel.

Dr. Wildenthal’s mingling of business and personal expenses forced him to frequently make decisions as to which expenses were for business and which were personal. Based on our investigation, we have concluded that there is a reasonable basis to question some of those decisions. For example, Dr. Wildenthal traveled to New Zealand for more than two weeks in January 2010. The business purpose for this trip, as listed on Dr. Wildenthal’s travel voucher form, was to “Visit the Medical School at the University of Otago.” While on its own, such a visit may qualify as a legitimate business purpose, the primary purpose of this trip does not appear to have been business. Dr. Wildenthal designated more days on this trip as vacation days than as work days, and he traveled with his family throughout New Zealand. UTSW reimbursed Dr. Wildenthal for $7,646.60, the cost of his airfare and six nights at a hotel. While Dr. Wildenthal later made a donation to UTSW for this exact amount, the fact remains that he should never have submitted nor should UTSW have paid for these travel expenses.

In another instance, Dr. Wildenthal traveled to France and Spain with his wife in September 2005. As part of his business purpose for this trip, Dr. Wildenthal explained that he toured the Barcelona Opera House to view its new construction because UTSW was undergoing its own construction projects at the time. This is not a legitimate business purpose. Dr. Wildenthal split his time on this trip almost equally between work days and vacation days. Dr. Wildenthal was reimbursed by UTSW for both his and his wife’s travel expenses. While Dr. Wildenthal made a donation to UTSW for some of his and his wife’s travel expenses, the fact remains that at least some of these expenses should never have been submitted to or paid for by UTSW.

As the President of UTSW and as special assistant to the President, Dr. Wildenthal played a public role at a revered public institution. Dr. Wildenthal is no doubt viewed by many as a steward of public funds, despite the fact that his travel and entertainment expenses were paid.
for from accounts funded with private unrestricted donations. In the eyes of UTSW’s employees, Dr. Wildenthal was a leader to whom they should have been able to look for exemplary behavior. Dr. Wildenthal had the opportunity to conduct himself in a manner that would fall outside the bounds of reasonable criticism. Rather than doing so, he engaged in spending that tested the boundaries of permissible travel and entertainment expenses under the UT System and UTSW rules. In this respect, Dr. Wildenthal exercised questionable judgment.

2. **Dr. Wildenthal’s Well-Defined Fundraising Strategy and Gifts of Appreciation to Donors**

Over the course of his presidency, Dr. Wildenthal raised UTSW’s endowment from $42 million to $1.2 billion. Fundraising was and continues to be a priority for Dr. Wildenthal. Dr. Wildenthal has conducted most of the fundraising for UTSW himself through the solicitation of major gifts. Dr. Wildenthal’s strategy was to focus on large gifts from a limited number of individuals.

Because of the significant donations that Dr. Wildenthal collects, the gifts provided to donors as an acknowledgment of UTSW’s appreciation often exceed the UTSW donor gift matrix, where donor gifts are limited to $90 without prior approval. Dr. Wildenthal was not subject to these limitations and did not need prior approval to exceed the limit.

Cyndi Bassel, Vice President of External Affairs at UTSW, stated that all donor gifts were approved by Peter Fitzgerald in the Business Affairs Office at UTSW. One such gift was provided to Donor #1 after that individual donated $25 million to UTSW. Ms. Bassel provided this donor with a sterling silver tray from Tiffany’s with an etching of the UTSW building that she funded.

For smaller, but still significant gifts, Ms. Bassel purchased photo albums for donors or Dr. Wildenthal hosted the donor’s family for lunch. There was no limit on how much the President’s Office could spend on donor gifts.

For donations in excess of $500,000, Dr. Wildenthal hosted black tie dinners on the UTSW campus in the donor’s honor. In those instances, the donor had the opportunity to invite 80 percent of the guests. The remaining attendees were UTSW faculty members.

Given the size of the donations from these particular donors, we believe it is appropriate to provide such donors with more generous gifts or gala events to recognize their donations.

Nonetheless, purchases of gifts for donors should still be properly documented. Often, Dr. Wildenthal’s wife purchased gifts for donors without providing adequate documentation, and, instead, only submitted her corporate credit card statement. For example, on the corporate credit card statement for the billing period from September 8, 2005 through October 7, 2005,

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7 Attached hereto as Exhibit 6.
8 Attached hereto as Exhibit 7.
Margaret Wildenthal charged $195.82 at Gunter’s Greenhouse in Richardson, Texas. This expense was recorded as a “major university donor gift.” No other information was provided, such as the nature of the item and for whom it was purchased. In another instance, Mrs. Wildenthal charged $48.71 at Dr. Delphinium Designs and $99.59 at Clothes Circuit, both in Dallas, Texas. Both of these charges were individually described as “university donor gift.” Again, no other information was provided about the items purchased or the identity of donors.

It remains important to include donor names in order to record properly these expenses and to document which gifts were provided to which particular donors.

B. UT SYSTEM AND UTSW HAD POLICIES AND PROCEDURES IN PLACE GOVERNING THE APPROVAL, DOCUMENTATION, REPORTING AND AUDITING OF DR. WILDENTHAL’S TRAVEL AND ENTERTAINMENT EXPENSES.

1. Travel Authorizations

Under appropriate circumstances, UTSW is permitted to pay for the business travel expenses of its employees. Pursuant to Section 3 of the Board of Regents’ Rules and Regulations for Expenditures for Travel and Entertainment by the Chief Administrators and for the Maintenance of University Residences, there must be a business purpose for all travel expenditures. Pursuant to Section 7.2 of the Board of Regents’ Travel Policy, prior written approval from the traveler’s immediate supervisor or appropriate executive officer is required for out-of-state travel. Additionally, the traveler must file the original, signed approval with his or her expense reimbursement or direct payment request and retain a copy for audit purposes. Travelers are required to list everyone who is traveling with them and the business purpose of the trip, at the time prior approval is sought. The Board of Regents’ Rules regarding travel authorizations are consistent with best practices for not-for-profit organizations.

2. Business Purpose for Travel

Pursuant to Board of Regents’ Rules for Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences, travel expenditures are permitted as long as they are “for a business purpose of the UT System or the institution.” “Business purpose” is never officially defined.

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9 Attached hereto as Exhibit 8.
10 Attached hereto as Exhibit 9.
11 We compared this policy to the policies of Princeton University and Ohio State University. The travel authorization policy from the UT System was substantially the same. Ohio State University Travel Policy IV.A also requires a submission of estimated costs prior to approval of the trip, which we recommend including in the UT System policy.
The IRS provides more specific guidelines on what constitutes “business travel.” The primary purpose of the trip must be business.\textsuperscript{12} “Primary purpose” is a purpose of more than 50 percent.

For domestic travel where the primary purpose was business, all travel expenses are considered business expenses.\textsuperscript{13} This means that even if there is a personal aspect to a domestic trip, the travel expenses, such as airfare and lodging, do not need to be allocated under IRS Guidelines. Any incidental personal expenses that occur on the trip, such as hotel and meal costs for vacation days, are, of course, not considered business expenses and need to be segregated.

The IRS is stricter in its evaluation of foreign travel. IRS Guidelines for business travel recognize that often there are personal aspects to business trips outside the United States. Even if an individual did not spend his or her entire time on business activities, the foreign trip can be considered entirely for business.\textsuperscript{14} Once again, though, incidental personal expenses, such as hotel and meal costs, are not business expenses and need to be segregated. For a foreign business trip to qualify as entirely for business, at least one of the following exceptions must be met.

First, a trip is considered entirely for business if the traveler did not have substantial control over arranging the trip. A traveler does not have substantial control over arranging the trip if someone within the organization has the power to veto the traveler’s determination that there is a business need for the trip.

Second, a trip is considered entirely for business if the business traveler was outside the United States for seven consecutive days or less.

Third, a trip is considered entirely for business if the traveler spent less than 25 percent of the time he or she was outside the United States on non-business activities.

Fourth, a trip is considered entirely for business if the traveler can establish that a personal vacation was not a major consideration, even if the traveler had substantial control over arranging the trip.

Because Dr. Wildenthal’s foreign trips required prior authorization, each was arguably entitled to treatment as entirely for business, as long as the primary purpose of the trip was business. Of course, Dr. Wildenthal was still required to segregate expenses from vacation days because these were not business expenses.


If the primary purpose of the trip is personal, meaning that the purpose is more than 50 percent personal, then none of the travel expenses are considered business expenses. The only business expenses in that situation are those specifically related to business entertainment expenses or a business activity performed on a personal trip, such as a registration fee at a conference.

3. Documentation of Travel Expenditures

In order to receive reimbursement or direct payment from UTSW for appropriate business travel, travel voucher forms must be submitted. Consistent with IRS Regulations, travel voucher forms require an explanation of the business purpose and benefit to UT System or institutions for each trip, and actual receipts are required for certain expenses, such as airfare, train fare, hotels, and meals above internal guidelines. Pursuant to Section 8.4 of the Board of Regents’ Travel Policy, original receipts are required for most travel expenses. However, receipts are not required for meals when the actual expense incurred does not exceed the allowable amount. If an original receipt is not available, a written explanation can serve as a substitution. The authorized signer must sign the explanation. Receipts need to be in the name of the traveler and for the dates claimed on the reimbursement or direct payment request. A separate explanation is required if there is any deviation.

Prior to 2006, requests for reimbursements and direct payments of expenses by Presidents at any of the institutions within UT System were not formally reviewed by anyone on a regular basis. In response to a public investigation into inappropriate presidential expenditures at a non-UT System institution, Chancellor Mark Yudof, then-chancellor of UT System, ordered audits of presidential spending at every UT System institution. Consequently, quarterly reports of presidential travel and entertainment expenses are generated every quarter and submitted to UT System. However, quarterly reports of travel and entertainment expenses for other executives at institutions are not reviewed by anyone at UT System. As Dr. Wildenthal is no longer President of UTSW, his expenses are no longer reviewed by UT System, nor are they reviewed by internal audits.

4. Spousal Travel

Under appropriate circumstances, UTSW is permitted to pay for spousal travel in conjunction with a legitimate business purpose. Pursuant to Section 3 of the UT System Spousal Travel Policy, the Chancellor may designate the spouse of a Chief Administrative Officer, i.e., President, as a “Special Assistant” to perform services that further the official business purposes of UT System or any of its institutions. Under Section 5 of the policy, a spouse designated as a Special Assistant is entitled to reimbursement or direct payment for his or her actual travel expenses, including meals and incidental expenses, when performing the duties of a Special Assistant. Under Section 5 of the Spousal Travel Policy and consistent with the Board of

16 Attached hereto as Exhibit 10.
Regents’ Rules and Regulations for Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences, the Chief Business Officer of an institution must determine whether an expense for a Special Assistant has a bona fide business purpose. Expenses not related to the performance of those duties must be paid directly by the individual and not submitted for reimbursement to UT System or one of its institutions.

While many universities and other organizations have spousal travel policies, it is important to note that IRS guidelines contain a presumption that spousal travel is not a legitimate business expense. IRC § 274(m)(3)(i) states that no deduction is allowed for the travel expenses of a spouse who accompanies the business traveler unless: (1) the spouse is an employee of the business traveler; (2) the travel has a bona fide business purpose; and (3) the spouse’s expenses are otherwise deductible as business expenses. All three criteria must be satisfied. These criteria are consistent with the UT System Policy. Even when there is a bona fide business purpose for spousal travel, the primary purpose of the trip for the spouse must be business, meaning the purpose for the travel is more than 50 percent business. Incidental personal expenses incurred by the spouse, such as hotel and meal costs, are not business expenses and need to be segregated.

Pursuant to Section 8 of the UT System Spousal Travel Policy, the payroll office or other business office must evaluate any spousal travel paid for by UT System or the institution to determine whether the payment is taxable for federal income tax purposes. Pursuant to Section 9 of the UT System Spousal Travel Policy, spousal travel expenses are subject to the quarterly reporting requirements under Sections 7 of the Board of Regents’ Rules and Regulations for Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences. Similarly, Section 10 of the UT System Spousal Travel Policy subjects spousal travel expenses to the audit requirements of Section 8 of Board of Regents’ Rules and Regulations for Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences.

5. Entertainment Expenses

UTSW is permitted to pay for the entertainment expenses of its Chief Administrators, such as Dr. Wildenthal, in appropriate circumstances. Pursuant to Section 5 of the Board of Regents’ Rules and Regulations for Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences, Chief Administrators and for the Maintenance of University Residences, Chief Administrators, i.e., Presidents, must provide detailed receipts for entertainment expenses. Presidents are also required to submit information on the purpose of the expense and the individuals or groups attending the event. Reimbursements or direct payments to a President of a UT System institution for entertainment expenses must be reviewed and approved by the institution's Chief Business Officer before payment. The Chief Business Officer must document his or her review of such expenses in writing.

Pursuant to Section 5 of the Board of Regents’ Rules and Regulations for Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences, in order for an expense to be eligible for reimbursement or direct payment by an institution, the expense must satisfy three criteria. First, the expense must “directly benefit” the
institution. Second, the employee submitting the request for reimbursement or direct payment must provide documentation or otherwise substantiate the amount, time, use, and business purpose of the expense. Third, if any excess amount is paid by the institution, beyond that needed to cover the business-related expense, then the excess payment must be returned to the institution in a timely manner.

Section 5 also provides that Chief Administrators of UT System institutions must provide detailed receipts for entertainment expenses. In order to receive reimbursement or direct payment by an institution for entertainment expenses, Chief Administrators are required to submit information and documentation on the purpose of the expense and the attendees.

Section 7 states that, in the case of a President of a UT System institution, entertainment expense reimbursements or requests for direct payment must be reviewed and approved by the institution’s Chief Business Officer before a disbursement is made. The Chief Business Officer is required to document his or her review of requests for reimbursement and direct payment. The Chief Business Officer is also required to file quarterly reports that list all presidential entertainment expenses that both exceed $100 in cost and had fewer than 10 attendees with the Executive Vice Chancellor. Expenses for larger events, such as galas, are not listed in the quarterly reports. The quarterly reports include the date and amount of each expense that meet the criteria, the location, the participants, the business purpose of the expense, and the account charged.

C. UT SYSTEM’S POLICIES AND PROCEDURES GOVERNING DR. WILDENTHAL’S SPENDING WERE ADEQUATE BUT NOT ENFORCED AT UTSW.

1. Travel Authorizations

Since 2006, when the Board of Regents amended its policy to require that all foreign travel be approved in advance by the appropriate Executive Vice Chancellor, Dr. Wildenthal has submitted requests for approval prior to and received approval for his foreign travel.

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17 This is consistent with IRS Rules. Pursuant to Section (a)(1)(A) of IRC § 274, for activities generally considered to constitute entertainment, such as formal dinners, visits to the opera or foreign travel, there is a presumption that such activities do not have a business purpose and benefit. Therefore, when an individual considers such activities to be business expenses, the individual is required to substantiate the fact that the item or activity was “associated with the active conduct of the taxpayer’s trader or business.”

18 This is also consistent with IRC § 274(d), which outlines the substantiation needed for entertainment expenses. Adequate records are required that include (1) the original, itemized receipt with the amount of the actual expense; (2) the time, date, and place of meal or other expense; (3) the business purpose; and (4) a list of attendees.
Pursuant to UT System policy and practice, travelers are required to list the travelers and the benefit of the trip to the university. As evidenced in the examples below, Dr. Wildenthal was very vague in describing the benefits to UTSW of his various trips.

Therefore, while UT System’s policies and procedures governing travel authorizations are adequate, they were not effectively enforced at UTSW.

2. Travel Expenses

At UTSW, John Roan, Chief Business Officer, reviewed and approved Dr. Wildenthal’s requests for payment by UTSW of his travel and entertainment expenses during the period while Dr. Wildenthal was serving as President.\textsuperscript{19} We believe that the preliminary review of presidential travel and entertainment expenses at each UT System institution is correctly conducted by the Chief Business Officer at each institution. The Chief Business Officer is in the best position to understand the reason for each presidential expense. The Chief Business Officer is not responsible for reviewing the travel and entertainment expenses of other executives at each institution.

The quarterly reports of presidential travel and entertainment expenses are also reviewed by the office of the Executive Vice Chancellor, now Dr. Kenneth Shine. In the Executive Vice Chancellor’s Office, Richard St. Onge was responsible for conducting a preliminary review of presidential travel and entertainment expenses each quarter. Mr. St. Onge looked for outlier expenses and requested supporting documentation if he had any questions or suspicions about an expense. After Mr. St. Onge prepared his analysis each quarter, Dr. Shine reviewed the reports with Mr. St. Onge.

According to Dr. Wildenthal, after he returned from a trip, he gave Rebecca Rooney his handwritten travel notes and receipts, which she used to fill out a travel voucher form. Dr. Wildenthal reviewed the completed form, signed it, and submitted it to Mr. Roan.\textsuperscript{20} Dr. Wildenthal stated that his handwritten travel notes were not required to be included in the file, although, at times, Ms. Rooney chose to retain the notes in her file. Dr. Wildenthal’s handwritten notes were not submitted with the travel voucher forms because, according to Dr. Wildenthal, his notes are considered drafts or work papers.

Separate from the handwritten travel notes provided to Ms. Rooney and the travel voucher forms submitted to UTSW for direct payment or reimbursement, Dr. Wildenthal stated that he also keeps detailed private travel logs and notes for all of his trips for personal tax accounting purposes. He explained that his accountant advised him to keep these additional personal records because, according to Dr. Wildenthal, UTSW’s travel substantiation

\textsuperscript{19} Mr. Roan retired from UTSW on March 30, 2012.

\textsuperscript{20} During our investigation, we discovered that numerous travel request forms submitted on behalf of Dr. Wildenthal were, in fact, not signed by Dr. Wildenthal prior to submission to Mr. Roan. Examples of unsigned travel request forms are provided in Exhibit 11. The expenses listed on these travel request forms were nonetheless approved for reimbursement by Mr. Roan.
requirements were not as strict as what an IRS auditor would want to see. Dr. Wildenthal stated that his private travel logs and notes are much more detailed than the notes that he provides to Ms. Rooney to assist her in filling out Dr. Wildenthal’s travel voucher forms. According to Dr. Wildenthal, his tax advisor stated that his detailed travel logs are considered “contemporaneous logs” under IRS standards. For example, Dr. Wildenthal said that his private logs and notes might say “visited laboratory from 2-5pm,” whereas his UTSW travel notes might only say “visited laboratory.”

We did not request or review Dr. Wildenthal’s full set of private logs as part of this investigation. However, we did review some notes handwritten by Dr. Wildenthal about his travel that were retained by Ms. Rooney and the travel logs provided to the DMN reporters by Dr. Wildenthal. We did not find any examples where Dr. Wildenthal’s notes were so specific that they included the time of particular meetings or an expanded business purpose beyond that which was provided on the travel voucher form.

3. Entertainment Expenses

At UTSW, itemized receipts are not required. For meal reimbursements, Dr. Wildenthal typically submitted a receipt with his signature without itemization. The receipt submitted did not indicate the number of attendees at the meal or the items ordered. When we looked at the policies of other universities, itemized receipts were almost always required. Best practices indicate that an itemized receipt should always be submitted.

For entertainment expenses for events with fewer than ten attendees, a list of the names of the attendees is required. For larger galas, a list of the names of the attendees is not required. Dr. Wildenthal did not always list attendees, no matter the size of the event, when seeking reimbursement or direct payment of entertainment expenses. These requests for reimbursement and direct payment were routinely approved nonetheless.

Pursuant to substantiation requirements under IRC § 274, the names of the attendees should be included for events of all sizes. Presumably, there are guest lists and check-ins for larger events. It should not be a significant burden to always list all attendees when requesting reimbursement or direct payment for entertainment expenses.

D. DR. WILDENTHAL’S SPENDING WAS NOT SUFFICIENTLY DOCUMENTED TO SHOW THE BUSINESS PURPOSE AND BENEFIT TO UTSW, AND AS A RESULT IT WAS NOT SUBJECTED TO MEANINGFUL REVIEW.

Dr. Wildenthal’s spending was not sufficiently documented in the travel voucher forms and other requests for reimbursement or direct payment that he submitted to UTSW. His expenses were, nonetheless, always approved. John Roan always signed off on Dr. Wildenthal’s travel request and travel voucher forms, and never questioned Dr. Wildenthal’s vague descriptions of business purpose and benefit to UTSW. In fact, Mr. Roan approved travel

21 See Exhibit 12, attached hereto.
request forms, as described below, that did not even include Dr. Wildenthal’s signature. Mr. Roan’s review was not meaningful.

The DMN made specific allegations in its November 1, 2011 letter to UTSW regarding its belief that there were improper or inadequate business purposes for Dr. Wildenthal’s expenses. Below is a summary of the allegations from the letter and the findings of our investigation.

1. **The DMN alleged that there was insufficient substantiation of business purpose for Dr. Wildenthal’s trip to Copenhagen in September and October 2008.**

The DMN alleged that Dr. Wildenthal visited Copenhagen, Denmark in September and October 2008 to attend the Royal Danish Opera and not to meet with Colleague #1 about a Danish muscle institute.

According to the DMN, Colleague #1’s muscle institute has been unfunded since 2006. Therefore, the DMN alleged there was no legitimate business purpose for Dr. Wildenthal’s trip to Copenhagen. The DMN took note that The Dallas Opera, for which Dr. Wildenthal serves on the Board of Directors, was performing with the Royal Danish Opera at the time of Dr. Wildenthal’s trip, and suggested that the trip was for personal purposes.

We addressed this point when we interviewed Dr. Wildenthal. Dr. Wildenthal said that he did see The Dallas Opera perform with the Royal Danish Opera with UTSW donors, Donor #2 and Donor #3. Dr. Wildenthal stated that he had arranged this trip six months in advance because Donor #2 and Donor #3 had wanted to see the new Copenhagen opera house.

Dr. Wildenthal also explained that although Colleague #1 is no longer submitting research grants, he is still active scientifically through publishing papers and advising the Nobel committee. Dr. Wildenthal believes that his meetings with Colleague #1 were important because Colleague #1 could assist Dr. Wildenthal with his personal research on the “historical overview of how UTSW grew to greatness.”

We believe the business purpose for this trip, as documented at the time, is questionable, although still within Dr. Wildenthal’s broad spending mandate. UTSW’s review and analysis of this expense item would have been aided by contemporaneous records and questioning of Dr. Wildenthal with regard to the specific business context. Although Dr. Wildenthal was able to provide some helpful information during his interview, the passage of time limited his ability to provide specific business context. In particular, further inquiry should have been undertaken to determine if any of the expenses were personal before he was reimbursed in full by UTSW.
2. The DMN alleged that there was insufficient substantiation of business purpose for Dr. Wildenthal’s trip to a conference in Nice in June 2009.

For Dr. Wildenthal’s trip to Nice in June 2009, he described the business purpose on the travel voucher summary22 as, “Attend meetings of the international society for heart research and the European Congress of Cardiology ([Congress] on Heart Failures). Visit with scientific colleagues. Visit with university donors.” The benefit to UTSW was described as, “Represent UT Southwestern at the meetings; discuss/share information with colleagues; development.” On this trip, Dr. Wildenthal designated nine days as business work days and seven days as vacation days.

Dr. Wildenthal failed to list the names of the scientific colleagues or the university donors with whom he met. As discussed below, the names of the individuals with whom he met are required by IRC § 274(d) and should be required by UTSW and other UT System institutions.23

The DMN’s primary concern was that Dr. Wildenthal did not sign in at the European Congress of Cardiology and stayed in a town different from the location where the conference was held, which led the reporters to question whether Dr. Wildenthal actually attended the conference. We discussed this issue with Dr. Wildenthal.

First, Dr. Wildenthal explained that he and his wife flew to France and spent time in St. George with donors and Louis-Marc Chevignard, who is associated with La Confrerie des Chevaliers du Tastevin, a wine association for Burgundy. Dr. Wildenthal met with Donor #4, a substantial UTSW donor, Donor #5, a potential donor, and Mr. Chevignard. Dr. Wildenthal explained that he has taken vineyard tours with other Dallas residents, who eventually became multi-million dollar donors to UTSW. This meeting is consistent with Dr. Wildenthal’s fundraising strategy. The major gifts Dr. Wildenthal collects for UTSW involve cultivating relationships over the long-term, which may include personal interactions such as vineyard tours and visits to donors’ second homes.

Second, Dr. Wildenthal admitted that he only attended two days of the conference. He opined that the networking outside the conference events and the time spent at the vineyards were more productive for UTSW than the scientific programs at the conference. We agree. There is a legitimate business purpose for networking and meeting with prospective donors. Dr. Wildenthal was not required to attend every event at the conference in order for there to be a legitimate business purpose for this trip.

22 Attached hereto as Exhibit 13.

23 Dr. Wildenthal stated that he was concerned that the names of donors and professional colleagues on his travel voucher forms could result in their identities being released or otherwise disclosed to the public. Dr. Wildenthal acknowledged his awareness of Section 3.6 of UT System policy and Section 552.1235 of Texas Government Code, which protect donor names from disclosures pursuant open records requests, but do not protect the names of colleagues from disclosure.
While Dr. Wildenthal was able, during our interview of him, to articulate a business purpose for this trip that was within his broad spending mandate, it was not adequately documented at the time. UTSW’s review and analysis of this expense item would have been aided by contemporaneous records and questioning of Dr. Wildenthal with regard to the specific business context. In particular, further inquiry should have been undertaken to determine if any of the expenses were personal before he was reimbursed in full by UTSW.

3. **The DMN alleged that there was insufficient substantiation of business purpose for Dr. Wildenthal’s trip to New Zealand in January 2010.**

From January 1, 2010 through January 17, 2010, Dr. Wildenthal traveled to New Zealand. In the travel voucher form for this trip, Dr. Wildenthal described the business purpose as “Visit the Medical School at the University of Otago.” He listed the benefits to UTSW as “Interact with academic colleagues; develop collaborations and promote UT Southwestern’s reputation.” The travel voucher form was signed by Dr. Wildenthal, reviewed and approved by Mr. Roan, and approved by Dr. Podolsky. Dr. Wildenthal described the trip as five work days, six vacation days, and other days designated for travel. On April 15, 2010, Dr. Wildenthal was reimbursed by UTSW for $7,646.60, the cost of his airfare and six nights at a hotel. He was not reimbursed for the cost of his wife’s travel.

The DMN alleged that Dr. Wildenthal did not actually visit the University of Otago, the only stated business purpose for his trip. Dr. Wildenthal contends that he did visit the University of Otago, where he toured the campus, visited teaching labs, and met with university officials and faculty.

Regardless, this trip did not have a proper business purpose or benefit to UTSW, even considering Dr. Wildenthal’s broad spending mandate. The trip had a weak business justification and a strong personal aspect to it. From UTSW’s perspective, the University of Otago seems an unlikely candidate for collaboration and it is not a peer school of UTSW. On his trip to New Zealand, Dr. Wildenthal traveled with his family. He spent more days as vacation days than as work days. In his interview, Dr. Wildenthal described the purpose of this trip as “borderline” between business and personal. Neither Dr. Podolsky nor Mr. Roan was advised or otherwise aware that Dr. Wildenthal was submitting travel expenses for reimbursement by UTSW that were “borderline,” lacking a clear, predominant business purpose.

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24 Attached hereto as Exhibit 14.
25 Dr. Wildenthal said that he also planned to spend time at the University of Auckland on this trip, but, his plans to visit that university fell through a few weeks before Dr. Wildenthal traveled to New Zealand.
26 Attached hereto as Exhibit 15.
27 Dr. Wildenthal contends that traveling with his family was important to the business purpose of this trip because his son-in-law had the necessary contacts at the University of Otago to introduce him to university officials.
Dr. Wildenthal should not have submitted the expenses of this trip as business expenses to UTSW for payment because the primary purpose of this trip was personal, not business. UTSW should not have reimbursed and paid directly for the cost of this trip.

In addition, as discussed below, Dr. Wildenthal’s subsequent donation to UTSW in the same amount of the cost of the trip was, of course, not a proper donation and should not have been documented as such. A donation to UTSW does not cure the initial problem of a UTSW employee receiving reimbursement and direct payment from UTSW for personal expenses that are not properly related to university business.

4. The DMN alleged that there was insufficient substantiation of business purpose for Dr. Wildenthal’s trips to England in February 2009 and May 2009.

The DMN alleged that Dr. Wildenthal made phone calls from his hotel phone for personal purposes on two trips to England, and that these expenses were paid for by UTSW. Dr. Wildenthal stated that the DMN investigated the local phone calls Dr. Wildenthal made while in London and claimed that one call was to a tailor on Savile Row. Dr. Wildenthal noted that he called his tailor from his graduate school days. Dr. Wildenthal stated that the other calls were probably to restaurants and friends. The cost of these telephone calls was de minimus. We do not believe that this is a significant issue.

a. Dr. Wildenthal’s Trip to England: February 2009

Consistent with Dr. Wildenthal’s travel voucher form for his February 2009 trip to England, Dr. Wildenthal told us that on his February 2009 trip to England, he toured Cambridge University, visited Colleague #2 at St. Mark’s Hospital, toured the Strangeways Research Laboratory, and conducted research at the Wellcome Library. Dr. Wildenthal also stated that he attended a seminar at the Royal Society of Medicine, but he did not receive a certificate of attendance.

On this trip, Dr. Wildenthal and his wife had dinner with Colleague #3 and Colleague #4, two potential visiting faculty members, who previously gave a seminar at UTSW.

We believe that Dr. Wildenthal provided a business purpose for this trip that was within his broad spending mandate, although UTSW’s review and analysis of this expense item would have been aided by more detailed contemporaneous records and questioning of Dr. Wildenthal with regard to the specific business context. In particular, further inquiry would have been appropriate to determine if any of the travel expenses were personal before he was reimbursed in full by UTSW.

b. Dr. Wildenthal’s Trip to England: May 2009

In May 2009, Dr. Wildenthal stated that he traveled to England to attend a Cambridge in America meeting, which was held in London rather than Cambridge to coincide with
Cambridge’s 800th Anniversary alumni reunion. Dr. Wildenthal stated that he also visited with donors on this trip.

There is a legitimate business purpose to Dr. Wildenthal’s work with Cambridge in America, which has led to donations to UTSW and professional collaborations.

5. **The DMN alleged that there was insufficient substantiation of business purpose for Dr. Wildenthal’s trips to Raleigh-Durham between 2004 and 2010.**

   The DMN alleged that UTSW staff members told them that Dr. Wildenthal’s trips to Raleigh-Durham, North Carolina were paid for by UTSW. We have not found any evidence of UTSW paying for or otherwise reimbursing Dr. Wildenthal for his trips to Raleigh-Durham.

   Dr. Wildenthal frequently travels to Raleigh-Durham, where his daughter lives. For example, on July 5, 2004, he visited Raleigh-Durham for two days. Dr. Wildenthal used his UTSW corporate credit card to purchase his flight to Raleigh-Durham.\(^{28}\) The cost of this flight was $382.70. Dr. Wildenthal paid Citi directly for this corporate credit card charge.\(^{29}\) Dr. Wildenthal did not seek reimbursement from UTSW. This payment was not recorded as a donation to UTSW.

   In our interview of Dr. Wildenthal, he explained that there is a legitimate business purpose to his trips to Raleigh-Durham. Duke is a major competitor to and collaborator with UTSW. Dr. Wildenthal also met with cardiac surgeons and cardiologists at Duke, such as Colleague #5 and Colleague #6.

   Regardless, Dr. Wildenthal paid for all his trips to Raleigh-Durham personally. None of these payments were considered donations.

6. **The DMN alleged that there was insufficient substantiation of business purpose for Dr. Wildenthal’s travel to England in 2006 and 2007 for partnership discussions with St. Mark’s Hospital.**

   The DMN alleged that Dr. Wildenthal continued to list discussions of a partnership with St. Mark’s Hospital as a business purpose, even though the St. Mark’s physician in question, who described Dr. Wildenthal as a personal friend, believed that possibilities for a collaborative effort had ended years earlier.

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\(^{28}\) It is inappropriate for Dr. Wildenthal to use his UTSW corporate credit card for personal expenses. Dr. Wildenthal should not use his corporate credit card as a “loan” from UTSW, even if he pays the corporate credit card bill directly.

\(^{29}\) Attached hereto as Exhibit 16.
Dr. Wildenthal stated that he met with St. Mark’s Hospital staff in 2006 and 2007, including Colleague #2, to advance a computerized teaching module. Dr. Wildenthal stated that UTSW and St. Mark’s Hospital agreed that UTSW would be the test site for the training module.

Although a partnership did not develop between UTSW and St. Mark’s Hospital, Dr. Wildenthal stated a sufficient business purpose. Partnership discussions with St. Mark’s Hospital, in any event, were never Dr. Wildenthal’s sole business purpose for trips to England, so there is no need to consider this business purpose in isolation. Dr. Wildenthal also conducted research and met with other colleagues and UTSW donors on his trips to England.

Again, an evaluation should have been conducted of Dr. Wildenthal’s business expenses in order to determine if any of the travel expenses were personal before UTSW reimbursed Dr. Wildenthal in full.

7. The DMN alleged that Dr. Wildenthal’s relationship with and expenditures relating to Robert Lloyd did not have a legitimate business purpose.

The DMN alleged that Dr. Wildenthal’s relationship with Robert Lloyd does not have a sufficient nexus to a benefit to UTSW and its programs. Dr. Wildenthal’s relationship with Mr. Lloyd, however, has been very helpful to his donor cultivation strategy. Many of the donors Dr. Wildenthal cultivates are extremely interested in opera. In his interview, Dr. Wildenthal explained that the opportunity to introduce donors to Mr. Lloyd and other opera singers backstage or at dinners was invaluable because it was an experience that Dr. Wildenthal could provide but which could not be purchased.

The DMN alleged that Dr. Wildenthal used UTSW funds and its programs to support a documentary featuring Mr. Lloyd. In fact, it is unclear how Dr. Wildenthal was involved in a documentary about Mr. Lloyd. Dr. Wildenthal’s close relationship with Mr. Lloyd has been beneficial to UTSW’s fundraising. Beyond that, we did not find any evidence during our review of Dr. Wildenthal’s expense reports that Dr. Wildenthal used UTSW funds to support such a documentary.

8. The DMN alleged that there was insufficient substantiation of business purpose for Dr. Wildenthal’s travel to Barcelona in September 2005.

The DMN correctly alleged that there was insufficient substantiation of Dr. Wildenthal’s business purpose for his travel to Barcelona, Spain in September 2005. The business purpose for Dr. Wildenthal’s trip to Barcelona, which also included business and vacation days in France with his wife, is questionable at best.\(^{30}\)

Dr. Wildenthal stated that he visited Barcelona to explore the possibility of developing a scientifically-oriented health spa in Spain. Dr. Wildenthal stated that the venture was conceived

\(^{30}\) Dr. Wildenthal listed the business purpose on his travel voucher form for this trip to Barcelona as “Spain – Visit Barcelona Lyceum Staff.” On the same form, he described the benefit to UTSW as “Represent UT Southwestern and its interests as President and donor relations.”
of by a business man who helped establish a large medical facility in Madrid. Dr. Wildenthal said that he also explored the potential for collaboration on this project with the University of Barcelona.

Dr. Wildenthal also acknowledged that he toured the Barcelona Opera House during this trip. He believes that there was a business purpose for touring the Barcelona Opera House because it won architectural awards after it was rebuilt following a fire. At the time, UTSW was planning the construction of its North Campus and the remodeling of Parkland Hospital. Dr. Wildenthal said that he wanted to see how the Barcelona Opera House handled the construction of its reception area and public space.

This trip’s business purpose is not well documented, and Dr. Wildenthal’s explanation does not provide unquestionable support that the trip falls within Dr. Wildenthal’s broad spending mandate. UTSW’s review and analysis of this expense item would have been aided by contemporaneous records and questioning of Dr. Wildenthal with regard to the specific business context. In particular, further inquiry should have been undertaken to determine if any of the travel expenses should have been apportioned as personal and whether other expenses were personal, before he was reimbursed in full by UTSW.

Based on the available information at the time, Dr. Wildenthal should not have been reimbursed by UTSW for this trip. Mr. Roan incorrectly approved this travel expense. The documentation of this trip as a business trip is inappropriate, incomplete and inaccurate.

In addition, as described below, Dr. Wildenthal’s donation to UTSW in the same amount of his travel expenses does not cure the problem, and the donation should not have been documented as a proper one.

E. UT SYSTEM AND UTSW AUDITS FAILED TO ALERT OFFICIALS AT UT SYSTEM OR UTSW THAT THERE WERE RISKS RELATED TO DR. WILDENTHAL’S SPENDING AND EXPENSE DOCUMENTATION.

1. Audit System

a. UT System

Charles Chaffin, who serves as the Chief Audit Executive for UT System, is responsible for auditing all of the UT System institutions and UT System administration. Mr. Chaffin has served as the Director of Audits at UT System since 1991. Until 2008, he also operated UT System’s compliance program, which was until then separate from its audit system. Mr. Chaffin is a certified public accountant and a certified internal auditor.

Mr. Chaffin reports to and is responsible for sharing his findings with both the UT System Board of Regents and the Chancellor. The internal audit directors from every UT System institution report to the Presidents of their respective institutions and frequently communicate with Mr. Chaffin.
Mr. Chaffin provides guidance and direction to the campus audit directors. Mr. Chaffin is responsible for working with campus audit directors to develop an audit plan appropriate for their respective institutions that covers all perceived risks. The audit plans are a roadmap for the internal auditors’ activities throughout the year. Mr. Chaffin reviews and approves each audit plan, with the goal of confirming that all perceived risks will be addressed at each institution. Mr. Chaffin also coordinates the common methodology for internal audits throughout all UT System institutions.

Mr. Chaffin does not have a role in conducting annual internal audits of institutions. He is responsible for leading special audits of institutions.

Mr. Chaffin receives copies of every audit issued by every audit committee. The audit committees at each institution conduct the same basic audit, but, on occasion, individual institutions conduct risk-based audits tailored to their own unique risks. Presidential travel and expenses are audited annually by the audit committee at each institution. However, Mr. Chaffin does not review the underlying documentation for presidential travel and expense reports.

b. UTSW

At UTSW, Robert Rubel, Internal Audit Director for UTSW, reports to both Dr. Podolsky, as the current President of UTSW, and to Mr. Chaffin. Mr. Rubel is a certified public accountant who specializes in internal auditing and IT auditing. He has served as the Internal Audit Director at UTSW since 1998. Mr. Rubel reported to Dr. Wildenthal and received guidance from Mr. Chaffin during Dr. Wildenthal’s tenure as President of UTSW.

Mr. Rubel is responsible for creating an annual risk assessment, which is reviewed by Mr. Chaffin, and for driving audits based on that assessment. Mr. Rubel works with the rest of the UTSW audit committee to discuss the results of, and follow up on, past audits, external audits, high risk issues, and special audits. While Mr. Chaffin or a designee is expected to attend all meetings of UTSW’s Audit Committee, Mr. Rubel said that he does not routinely meet with Mr. Chaffin.

The Internal Audit Department at UTSW, led by Mr. Rubel, is required to conduct annual audits of presidential travel and entertainment expenses. The UTSW Audit Committee also conducts quality assurance reviews every three years in accordance with the Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing assurance standards.

2. Quarterly Reports

Quarterly reports of presidential travel and entertainment expenses for UTSW are submitted to Dr. Kenneth Shine, Executive Vice Chancellor for Health Affairs, for his review. Dr. Shine stated that he does not routinely review backup documentation for presidential expenses. He relies on the institution’s Chief Business Officer, John Roan, to review underlying documentation. Dr. Shine explained during his interview that, because Dr. Wildenthal is no longer President of UTSW, his expenses are no longer reviewed.
The quarterly reports are also examined during the annual audit of UTSW, which is conducted by Robert Rubel.

Mr. Roan stated that Dr. Wildenthal generally does not include donor names on his requests for reimbursement or direct payment of entertainment expenses. Mr. Roan said that he raised this issue with Dr. Wildenthal, who explained that he was trying to protect donor privacy. Mr. Roan said that he was told by Dr. Wildenthal that he had records with all donor names that he could provide if the IRS ever audited UTSW.

Mr. Roan said that in approximately late 2006 or early 2007, Rebecca Rooney, Senior Administrative Associate, was directed by Dr. Wildenthal to prepare two separate quarterly reports, which she submitted to Mr. Roan. One version of the quarterly report included donor names and one did not. The quarterly reports that did not include donor names were submitted to UT System. Mr. Roan maintained the version of the quarterly reports with donor names.

Mr. Rubel stated that there was an agreement between Dr. Wildenthal and Dr. Shine to withhold donor names from the expense reports. Mr. Rubel stated that he learned of the agreement through a conversation with Mr. Roan, who told him that the decision to withhold donor names had been cleared with Dr. Shine.

It is improper to withhold donor identities from the quarterly reports submitted to UT System. In addition to the requirement to include donor names under IRC § 274, the donor names are UT System’s data, and that information should not be kept from UT System. It is the responsibility of UT System to redact donor names when responding to open records requests. It is inappropriate to have two versions of the quarterly reports.

3. Annual Audit of Presidential Expenses

In 2006, after issues were raised in the media about presidential expenditures at other institutions, UT System began to require annual audits of presidential expenditures by the Internal Audit Departments at each institution. Presidential expenses are audited as of the end of the fiscal year, which ends August 31st, and the audits are to be completed by December 1st. At UTSW, Robert Rubel leads the internal audit team. In conducting the audit during the relevant time period, Mr. Rubel’s audit plan involved scheduling meetings with the President’s Office, reviewing quarterly reports, analyzing documentation of expenses kept by the Accounting Department, and collecting information from the administrative staff from the President’s Office.

31 Pursuant to IRC § 274, donor names must be part of documentation for entertainment expenses.

32 Dr. Shine denies the existence of such an agreement. Mr. Roan said that no one else was involved in the decision to withhold donor names from Dr. Wildenthal’s expense forms at the UT System level. Dr. Wildenthal also stated that he did not have a formal agreement that permitted him to withhold donor names from expense reports. However, Dr. Wildenthal recognized that he likely told his staff members not to submit donor names with his expense forms unless they were specifically asked to do so, and no such request was ever made.
including Rita Koger, Kay Hardgrave, and Rebecca Rooney. When conducting the UTSW internal audit, Mr. Rubel reviewed the quarterly reports submitted by UTSW to UT System.

UTSW’s internal audit staff reviewed transactions from the sub-ledger, but did not reconcile every transaction. Instead, the internal audit staff reviewed a sample set of the expense transactions. The internal audit staff pulled and reviewed the underlying documentation for the selected travel and entertainment expenses, including the receipts from files in the President’s Office and the accounting department. Travel documentation normally included receipts for airfare and hotels, and credit card receipts were normally included for entertainment expenses.

a. May 2006 Audit of UTSW

In May 2006, the internal audit staff at UTSW conducted their first annual audit of presidential travel and entertainment expenses. The stated audit objectives were to (1) “[d]etermine the reliability and integrity of travel and entertainment expenses of the President;” and (2) “[d]etermine compliance with applicable policies, procedures, laws, and regulations.”

While the stated audit objectives were broad, there was a much narrower scope to this review. The internal audit staff reviewed a sample set of 63 travel transactions, out of an unspecified data set, which totaled $29,354.43. Mr. Rubel stated that, although the differentiation between trips and transactions was unclear in the audit report, the auditors could determine the number of trips from the audit work papers. In the audit report, the internal audit staff noted that there were extensive trips to Austin, Texas, because it was a legislative year, but there was no other comment on or apparent review of Dr. Wildenthal’s travel expenses.

The internal audit staff reviewed a 708 transaction sample set, out of an unspecified data set, which totaled $405,845.08 for meals, entertainment, and official functions. The internal audit staff traced these transactions back to event dates in the President’s appointment book to attest to the validity of each event. Beyond confirming that the events actually occurred on each date for which there was a submitted expense, there was no other review of Dr. Wildenthal’s entertainment expenses.

Despite the fact that the stated audit objective was to determine the reliability and integrity of Dr. Wildenthal’s travel and entertainment expenses, Mr. Rubel stated that he never asked Dr. Wildenthal any questions regarding the business purpose and benefit of Dr. Wildenthal’s expenses. Mr. Rubel stated that the box for business purpose and benefit on Dr. Wildenthal’s expense forms was always filled in. While Mr. Rubel’s statement is accurate in this regard, it demonstrates that his approach was extremely narrow and superficial. There was no meaningful inquiry during the audit regarding the sufficiency or adequacy of the business purpose and benefit for Dr. Wildenthal’s expenses. The audit report nonetheless concluded broadly that the “[p]olicies and procedures for travel and entertainment reimbursements were followed and expenses appeared reasonable and appropriate.”

33 May 25, 2006 Audit Report, attached hereto as Exhibit 17.
b. **November 2006 Audit of UTSW**

In November 2006, the internal audit staff reviewed presidential travel and entertainment expenses in their annual audit. The stated audit objectives were again to (1) “[d]etermine the reliability and integrity of travel and entertainment expenses of the President;” and (2) “[d]etermine compliance with applicable policies, procedures, laws, and regulations.”

The internal audit staff reviewed a sample set of 34 airfare expenses and 18 other presidential travel expense reimbursements for the year, out of an unspecified data set. In Mr. Rubel’s opinion, Dr. Wildenthal did not travel very much. The internal audit staff reviewed a sample set of the 457 transactions that involved presidential entertainment expenses, out of an unspecified data set. The conclusion of the audit was again that the “[p]olicies and procedures for travel and entertainment reimbursements were followed and expenses appeared reasonable and appropriate.” Mr. Rubel and the other internal audit staff members, however, did not actually question Dr. Wildenthal about any of his travel or entertainment expenses.

c. **December 2007 Audit of UTSW**

In December 2007, the annual audit of presidential travel and entertainment expenses was conducted. The stated audit objectives were to once again (1) “[d]etermine the reliability and integrity of travel and entertainment expenses of the President;” and (2) “[d]etermine compliance with applicable policies, procedures, laws, and regulations.”

In their report, for travel expenses, the internal audit staff found there were 47 total presidential trips in the year. There were 78 total transactions related to presidential entertainment expenses. Despite the relatively small number of transactions, the internal audit staff still conducted a sampling of both travel and entertainment expenses, rather than reviewing them all, and sampled 32 transactions. Once again, Mr. Rubel and the other internal audit staff members did not question Dr. Wildenthal about any of his expenses. Mr. Rubel stated that he never talked to Dr. Wildenthal or anyone else about what he believed at the time might be problematic expenses for Dr. Wildenthal. Nevertheless, he again concluded that the “[p]olicies and procedures for travel and entertainment reimbursements were followed and expenses appeared reasonable and appropriate.”

4. **Special Audits Conducted of UTSW by UT System**

As a result of the inquiries by the DMN and Dallas CBS 11 News, and issues raised in litigation matters involving UTSW, UT System audit staff conducted several special audits in 2008.

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34 November 15, 2006 Audit Report, attached hereto as Exhibit 18.

35 December 27, 2007 Audit Report, attached hereto as Exhibit 19.
a. January 2008 Audit of UTSW

In January 2008, UTSW was facing two different lawsuits. As a likely result of issues raised in litigation and the DMN’s investigation, an anonymous complaint was filed with the Texas State Auditors’ Office, led by John Keel, the State Auditor. Mr. Keel in turn asked Mr. Chaffin to conduct a special audit of UTSW, which he did.

The anonymous letter alleged improprieties regarding housekeeping services at Dr. Wildenthal’s home, quarterly reports and wine purchases, Mrs. Wildenthal’s use of a UTSW credit card, Dr. Wildenthal’s position as chairman of UTSW’s Audit Committee, and improper personal benefits provided to an outside member of UTSW’s Audit Committee.

Despite the questions raised by the media regarding presidential expenses, Mr. Chaffin took a narrow approach to the audit. Mr. Chaffin only focused on the specific allegations, such as wine purchases and donor recognition activities, and did not take the opportunity to conduct a thorough review of Dr. Wildenthal’s spending at this time. Mr. Chaffin specifically said that he did not focus on presidential travel and entertainment expenses. Mr. Chaffin also said that he performed only a cursory review of the quarterly reports of presidential expenditures, and did not review any of the underlying documentation for these reports. As a result, Dr. Wildenthal’s spending was not subjected to meaningful review during this special audit.

In Mr. Chaffin’s special audit report, the UT System audit staff concluded that Dr. Wildenthal’s behavior was appropriate and compliant. The audit staff also did not raise any concerns with Mrs. Wildenthal’s use of a corporate credit card. In addition, the audit staff found that Dr. Wildenthal may appropriately serve as the chairperson of UTSW’s audit committee.

As explained further below, the audit finding that Dr. Wildenthal was permitted to serve as chairperson of UTSW’s Audit Committee is contrary to The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing, which are widely viewed as the applicable auditing standards and referenced by both Mr. Chaffin and Mr. Rubel in all of the audit reports that we reviewed.

Mr. Chaffin said that he reported his findings to the Chancellor, who then issued a special audit report on behalf of UT System to the State Auditor’s Office.

b. March 2008 Audit of UTSW

In March 2008, Mr. Chaffin conducted another special audit on behalf of the UT System, this time in order to examine allegations regarding certain expenses raised by a February 21, 2008 story by the Dallas CBS 11 News. Mr. Chaffin’s audit report did not specifically list the

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36 January 2008 Audit Report, attached hereto as Exhibit 20.
37 Attached hereto as Exhibit 21.
38 March 2008 Audit Report, attached hereto as Exhibit 22.
allegations raised by the Dallas CBS 11 News, even though the audit was conducted in direct response to these allegations.

Section 2010 of the *International Standards for the Professional Practice of Internal Auditing* states that, “[t]he chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization’s goals.” Mr. Chaffin did not do so in this case.

The internal audit findings included the finding that Dr. Wildenthal’s memberships in various civic organizations were appropriate, certain gala events and donor gifts were proper, and that certain event expenses and donor gifts were appropriate given the size of the donations made by the particular donors.

Mr. Chaffin’s audit findings also included the superficial observation that, during fiscal year 2007, UTSW spent one percent of the money provided by donors on fundraising and development expenses for the Southwestern Medical Foundation’s grant.

Mr. Chaffin again neglected to focus on travel and entertainment expenses for this audit, despite the ongoing open records requests from the DMN that highlighted this issue. Mr. Chaffin chose to take a narrow approach and to only address specific allegations, rather than to take the opportunity to review all of Dr. Wildenthal’s spending at this time. As a result, the documentation supporting Dr. Wildenthal’s travel and entertainment expenses was not reviewed, and Dr. Wildenthal’s spending was not subjected to meaningful review.

c. December 2008 Audit of UTSW

Upon Dr. Wildenthal stepping down as President of UTSW in December 2008, Mr. Chaffin conducted a standard “change in management” audit on behalf of UT System, to provide Dr. Podolsky with the status of existing internal controls at UTSW.39 In this audit, Mr. Chaffin set out to review the adequacy of the documentation for travel and entertainment expenses.

The UT System audit staff reviewed specific expenses that Dr. Wildenthal paid using his UTSW corporate credit card. According to Mr. Chaffin, when Dr. Wildenthal requested payment from UTSW for such charges, Dr. Wildenthal did not include the names of donors relevant to each expense. Mr. Chaffin told us during his interview that Dr. Wildenthal had an arrangement whereby he was not required to include donor names in his direct payment or reimbursement requests.40 He said that, instead, Dr. Wildenthal personally maintained information regarding donor names relevant to each travel or entertainment expense. In his interview, Mr. Chaffin acknowledged his regret that he did not question this arrangement, because it concerned him at the time. Mr. Chaffin also did not include this concern in his audit findings. As a result, the concern was not documented nor shared in any other manner with UT System officials.

39 December 2008 Audit Report, attached hereto as Exhibit 23.

40 As previously noted, Dr. Wildenthal denied that he had any such arrangement.
The audit findings did include specific recommended changes to improve UTSW’s account reconciliations procedures, supporting documentation standards for business expenses, institutional policies and procedures, budget and travel approvals, and risk assessment and job description. Mr. Chaffin, however, did not describe any of these recommendations as “significant” and did not highlight in any meaningful way the concerns that led to these audit recommendations.

In addition, the December 2008 audit report noted that “not all expenses had comprehensive supporting documentation,” and referenced expenses related to Dr. Wildenthal’s service on several outside boards and Dr. Wildenthal’s attendance at charity events. This finding, however, incorrectly limited the scope of the documentation problem to the specific expenses that were noted, which suggested that no other significant concerns existed. The audit report thus failed to provide notice of the more widespread problem involving many of Dr. Wildenthal’s requests for direct payment or reimbursement of his expenses.

At the time of the audit, the DMN had already made allegations questioning Dr. Wildenthal’s foreign travel expenses. Although the December 2008 audit report states, “As [a] part of our audit, we tested a sample of various expenses including salaries, maintenance and operations, and travel,” there were no findings related to travel expenses. Mr. Chaffin acknowledged that, because he was never specifically asked to investigate foreign travel issues for Dr. Wildenthal, he did not do so.

Mr. Chaffin said that the audit report also did not contain a recommendation that Mr. Chaffin considered making, which would have required the submission of an itinerary in advance of foreign travel and a list of attendees for meetings or dinner events. Mr. Chaffin said that, while he believed that these recommendations were important, he was concerned that such recommendations would become immediate headlines for the DMN. Mr. Chaffin stated during his interview that he was generally concerned with the potential for DMN headlines, and, as a result, he withheld numerous recommendations from the audit report. Mr. Chaffin explained that he made a judgment call to leave these recommendations out of the audit report.

Mr. Chaffin also said that he believed that Mr. Roan feared a confrontation with Dr. Wildenthal concerning travel and entertainment expenses because of Dr. Wildenthal’s fundraising successes and the length of Dr. Wildenthal’s tenure at UTSW. Mr. Chaffin did not include this concern in his audit findings.

Mr. Chaffin said that, after the audit, he came to the conclusion that UT System policy should require more specific itineraries and underlying documentation for all travel and entertainment expenses. He said that he believes that reimbursements or direct payments by UTSW of expenses should be limited to those business expenses that convey a “directly related” benefit to UTSW. Mr. Chaffin also said that, after this audit, he came to the conclusion that record keeping at UTSW needed to be improved to more clearly distinguish donor cultivation activities from personal activities. Mr. Chaffin, however, had taken no action to raise any of these concerns, conclusions or recommendations with UT System officials.
Mr. Chaffin explained that, while preparing the audit report, he was influenced by his belief that Dr. Wildenthal would no longer be employed by UTSW after stepping down as President. Mr. Chaffin stated that, if he had known that Dr. Wildenthal was planning to continue to work for UTSW, he would have made additional recommendations in his audit report specific to Dr. Wildenthal, such as requiring a complete itinerary of travel in advance of Dr. Wildenthal’s trips, a specific accounting of Dr. Wildenthal’s time during travel, the names of attendees present at every meeting and event, and a listing of the specific benefit to UTSW for each travel and entertainment expense. In addition, Mr. Chaffin acknowledged during his interview that his recommendations specific to Dr. Wildenthal should have been considered for the entire UT System. However, none of these recommendations were included in Mr. Chaffin’s audit findings, nor was there any mention that there were additional concerns specific to Dr. Wildenthal that were omitted from the audit findings.

Mr. Chaffin said that he orally communicated some of the above stated concerns, which he believed were serious concerns, about inadequate documentation for travel and entertainment expenses to John Roan and Robert Rubel in December 2008.

The requirements of the *International Standards for the Professional Practice of Internal Auditing* are to “communicat[e] risk and control information to appropriate areas of the organization.” Mr. Chaffin told us that he had concerns about Dr. Wildenthal’s spending activities and whether there was a legitimate business purpose for all of Dr. Wildenthal’s travel and entertainment expenses. Mr. Chaffin chose not to document these concerns in the audit report and chose only to discuss these concerns informally with two individuals. Mr. Chaffin’s audit represents a failure in the governance process, as risk information was not properly and formally communicated in writing. Mr. Chaffin failed in his duties and responsibilities as Chief Audit Executive at UT System.

5. **Audit Committees at UT System Institutions**

Each UT System institution has its own audit committee of which Mr. Chaffin is a member. The Presidents of the respective institutions often serve as members of their own audit committee. Each audit committee is also required to include independent external members. The Presidents of each institution have the option of chairing their institution’s audit committee. Dr. Wildenthal served as the Chairperson of the UTSW Audit Committee during his term as President. At UTSW, Dr. Podolsky is currently the Chairperson of the audit committee.

Pursuant to Section 1130 of the *International Standards for the Professional Practice of Internal Auditing*, the governing standard for audits, “[i]nternal auditors must refrain from assessing specific operations for which they were previously responsible…[and] [a]ssurance engagements for functions over which the chief executive has responsibility must be overseen by a party outside the internal audit activity.” Governance standards apply to the internal auditors and audit committees. The audit committees at UT System institutions oversee and approve all of the work conducted by the internal audit staff. Therefore, permitting the Presidents of UT
System institutions to chair their institution’s audit committee impairs the independence and objectivity of the audit process and is against best practices for internal auditing.\textsuperscript{41}

Hence, the current audit committee structure at UTSW and other UT System institutions creates the potential for a conflict of interest and, as a result, is an ineffective form of internal governance.

F. UTSW’S MANNER OF ACCOUNTING FOR AND ACKNOWLEDGING DR. WILDENTHAL’S DONATIONS WAS INADEQUATE, AT TIMES RESULTING IN INACCURATE GIFT LETTERS BEING ISSUED TO HIM.

1. UT System Policies on Gifts Acceptance
   a. Donation Acknowledgements

   UTSW follows the UT System Gift Acceptance Procedures and acknowledges every donation into a charitable account with a donation acknowledgement letter. UT System policies do not specifically set forth what information must be included in donation acknowledgement letters. It is also unclear what documentation UTSW actually relies on when it includes donation values for in-kind donations in its donation acknowledgement letters.

   IRC § 6115 provides that donees, UT System or UTSW in this instance, must provide timely written disclosure statements to donors who make \textit{quid pro quo} contributions in excess of $75. A \textit{quid pro quo} contribution is a payment made to a not-for-profit organization by a donor, partly as a contribution and partly for goods or services provided to the donor by the charity. For example, if a donor gives a not-for-profit organization $100 and receives a concert ticket valued at $40, the donor has made a \textit{quid pro quo} donation. In this example, the charitable contribution portion of the payment is $60. Even though the part of the payment available for deduction does not exceed $75, the donee must provide a written disclosure statement to the donor because the donor’s total payment (the \textit{quid pro quo} contribution) exceeds $75.

   The written disclosure statement must inform the donor that the amount of the contribution that is deductible for federal income tax purposes is limited to the excess of any money (and the value of any in-kind or property donations) contributed by the donor over the value of goods and services provided by the not-for-profit organization.

   The donation acknowledgement letters used by UTSW are consistent with the requirements of IRC § 6115.

\textsuperscript{41} When we reviewed the audit committee composition at Princeton University and Ohio State University, we confirmed that neither institution had Presidents or other chief executives on their audit committees.
b. Protection of Donor Identities

There is an explicit confidentiality provision in UT System Policy for Gift Acceptance Procedures. Section 3.6 states that donor names will not be released pursuant to Section 552.1235 of the Texas Government Code.

c. Donations for Unreimbursed Expenses

The standard for deductions for unreimbursed expenses is unique at not-for-profit organizations. Treasury Regulation Section 1.170A-1(g) provides that “unreimbursed expenditures made incident to the rendition of services to an organization, contributions to which are deductible, may constitute a deductible donation.” An employee of a not-for-profit organization to which contributions are deductible under IRC § 170, such as UT System or UTSW, may deduct unreimbursed expenses as charitable contributions, subject to certain limitations. Unreimbursed expenditures are deductible only to the extent that the expenditure directly relates to a legitimate business purpose.

UT System does not have a specific rule or policy regarding donations for unreimbursed expenses. As explained further below, donation acknowledgement letters were issued at UTSW without any inquiry as to whether the payments made to UTSW were for expenditures that related to a legitimate business purpose.

d. Non-Cash Donations

Pursuant to Section 3.4 of the UT System Policy for Gift Acceptance Procedures, UT System and UT System institutions do not furnish valuations to donors for tax purposes or any other reason. The policy also specifically states, “UT will not knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor.”

Although there is no prescribed format from the IRS for the written acknowledgement, UT System or its institutions must provide enough information to substantiate the amount of the contribution. UT System policies do not specifically set forth requirements for acknowledgement of non-cash donations. Generally, pursuant to IRS Guidelines, to acknowledge the receipt of a gift with an estimated value of $250 or more, UT System or its institutions are required to provide (1) a description of the non-cash property transferred, and (2) a statement of whether any goods or services were provided in consideration for the gift. It is the donor’s responsibility to value the property.

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42 Attached hereto as Exhibit 24.
43 Dr. Wildenthal’s repayments of business expenses to UTSW fit into the category of “unreimbursed business expenses” under I.R.C. § 170.
Section 3.5 of the UT System Policy for Gift Acceptance Procedures and Section 8 of the Board of Regents’ Rules and Regulations for Acceptance and Administration of Gifts provide that the President of the beneficiary institution is required to execute IRS Forms 8283 and Form 8282 for non-cash donations. Section B of Form 8283 contains an appraisal summary that must be completed for non-cash items for which the donor claimed a deduction of more than $5,000 per item or group. The donee needs to complete Part IV of Form 8283, a donee acknowledgement, to indicate its receipt of the donated property as described by the donor. The donee also affirms that if it sells, exchanges, or otherwise disposes of the property received in this category within three years after the date of the receipt, the donee will file Form 8282 (Donee Information Return) with the IRS and give the donor a copy of that form. As such, UT System and Board of Regents’ policies recognize the need for appropriate record keeping methods, in case a filing of Form 8282 is triggered.

Despite UT System and Board of Regents’ policies, UTSW did not maintain copies of Forms 8283 or Forms 8282 for any of Dr. Wildenthal’s donations. When a UT System institution signs Forms 8282 and 8283, it should maintain a copy of this document for three years.

2. Dr. Wildenthal’s Donations for Official Travel Expenses

Between 2003 and 2006, Dr. Wildenthal made significant personal donations to UTSW. Dr. Wildenthal frequently made donations by his own volition to underwrite his travel expenses. In these instances, Dr. Wildenthal’s donation checks to UTSW listed “official travel” in the check memo section. These donation checks were then deposited into the Various Donors Account at UTSW, an unrestricted account that was controlled by Dr. Wildenthal during his term as President.

Ms. Bassel said that a donation acknowledgement letter is issued for every donation that is made and deposited into the Various Donors Account at UTSW. She said that she was not and is not involved with the reimbursement of expenses. Ms. Bassel never questioned whether Dr. Wildenthal’s donations to UTSW were to reimburse UTSW for payments he received for his travel expenses related to business-related activities.


Contributions of certain publicly traded securities do not require a Section B appraisal.

Cyndi Bassel, the Vice President for External Affairs at UTSW, has worked with Dr. Wildenthal at UTSW since June 1980, when Dr. Wildenthal recruited her to work with him. Ms. Bassel became Dr. Wildenthal’s executive assistant in 1986. She has worked for Dr. Wildenthal since that time.
It is difficult to determine which expenses Dr. Wildenthal chose to underwrite when he traveled. Dr. Wildenthal did not provide information beyond the fact that the donations were for “official travel.” It is unclear whether these expenses were appropriately reimbursed by UTSW as business travel expenses. If Dr. Wildenthal in fact considered expenses to be “borderline” or questionable as business travel expenses, these expenses should not have been submitted for reimbursement or direct payment by UTSW.

Dr. Wildenthal seems at times to have been guided by his conscience to make donations in amounts equal to travel reimbursements and direct payments by UTSW. Such payments are sometimes referred to as “conscience payments.” Dr. Wildenthal acknowledged that he often made donations when he was reimbursed by UTSW for his “borderline” business travel expenses, such as his trip to New Zealand where he donated $7,646.60 to UTSW on April 21, 2010, the exact amount of the travel reimbursement he received from UTSW.47 However, Dr. Wildenthal’s donations to UTSW do not cure the initial problem of a UTSW employee receiving reimbursement from UTSW for personal expenses that are not properly related to university business.

In a few instances, Dr. Wildenthal described the purpose of his donation to UTSW as for “official meals.” For example, on June 28, 2005, Dr. Wildenthal submitted a travel voucher form48 for a 10-day trip to Cambridge and London, England and Paris, France, on which he brought his wife. He did not specifically designate any days on this trip as vacation days. Dr. Wildenthal described the business purpose of this trip as, “England – Attend meeting of the University of Cambridge Advisory Board; France – Meet with mjr univ [sic] donors.” The names of the donors with whom Dr. Wildenthal met were not included in the travel voucher form. The purpose of Dr. Wildenthal’s wife’s travel was described in the travel form memo as “Attend official spouse functions at the University of Cambridge Advisory Board Meeting.”49 Dr. Wildenthal was reimbursed for his rental cars in England and France, totaling $1,512.92, and for all his meals while traveling. On July 19, 2005, Dr. Wildenthal wrote a check to UTSW for $2,157.91. On the check, Dr. Wildenthal wrote “donation for official travel and meals.” It is not clear what portion of his travel and meals Dr. Wildenthal chose to underwrite. This payment was recorded as a donation and Dr. Wildenthal received a gift letter50 for the full amount of his

47 The donation acknowledgement letter for this payment, attached hereto as Exhibit 25, was signed by Dr. Podolsky. The letter states, “I am writing on behalf of UT Southwestern Medical Center to express our deep gratitude for your gift in the amount of $7,646.60. This donation will be used to support research and clinical care programs at the Medical Center.” There is no mention of the trip to New Zealand in this letter.

48 Attached hereto as Exhibit 26. This form is not signed by Dr. Wildenthal.

49 From London, Dr. and Mrs. Wildenthal traveled to Paris by train. On August 8, 2005, Dr. Wildenthal wrote a check to UTSW to underwrite the cost of his wife’s train ticket. This check was recorded as a donation to UTSW and Dr. Wildenthal received a gift letter, attached hereto as Exhibit 27.

50 Attached hereto as Exhibit 28.
repayment. There was no inquiry as to whether Dr. Wildenthal’s repayment related to a legitimate business expense.

Although Dr. Wildenthal suggested that he was motivated to make such donations in order to avoid future criticism, the manner in which he made the donations was not straightforward and raises additional issues that are subject to criticism.

Dr. Wildenthal also recognized that he received the same donation acknowledgement letter from UTSW irrespective of whether he was donating in order to underwrite questionable or “borderline” business expenses. The donation acknowledgement letters provided list only the amount of the gift, and not that the donation was for Dr. Wildenthal’s travel or entertainment expenses.

We did not review Dr. Wildenthal’s personal tax returns. However, with the donation acknowledgement letters he received, Dr. Wildenthal was given sufficient documentation to claim the full amount of his donation to UTSW as a charitable contribution, without the determination under IRS Rules that there was a legitimate business purpose for the expenses.

Dr. Wildenthal said that, upon the advice of his tax advisors, he did not claim deductions on his personal tax returns for his donations relating to “borderline” or questionable business expenses.51

3. Dr. Wildenthal’s Donations for Spousal Travel

Dr. Wildenthal generally wrote checks to underwrite a portion of the travel expenses when he traveled with his wife. For example, on October 26, 2006, Dr. Wildenthal traveled with his wife to England. On the travel voucher form,52 Dr. Wildenthal described the business purpose of his wife’s travel as, “Represent [UTSW] as the spouse of [UTSW’s] President and as associate to the Chief Administrative Officer of [UTSW].” The travel voucher form also stated that Dr. Wildenthal wrote a personal check to UTSW to underwrite this expense. Then, on March 29, 2006, Dr. Wildenthal received a gift letter53 acknowledging his gift of $1,992.70, the cost of his wife’s travel. Dr. Wildenthal wrote “travel expenses” in the check memo section of the check he wrote for this donation.

On June 19, 2006, Dr. Wildenthal submitted a request for approval of three foreign trips.54 He described the foreign trips as:

- July 20-27, 2006: to Cambridge, England (where I will be meeting with the Vice Chancellor and faculty of Cambridge University, on whose overseas advisory board I sit,

51 We did not review Dr. Wildenthal’s personal tax returns as part of this investigation and cannot verify the accuracy of this statement.
52 Attached hereto as Exhibit 29.
53 Attached hereto as Exhibit 30.
54 Attached hereto as Exhibit 31.
and with the President and faculty of Hugh Hall, where I serve as an Honorary Fellow) and to London, England (to visit with the staff of the St. Mark’s Hospital).

- September 4-14, 2006 (including 4 vacation days): to Nice, France (where I will meet with [Donor #6], a major university donor, on whose foundation board I serve, to discuss foundation business and a major planned gift to UTSW), and to Montpellier, France (where I will visit the University of Montpellier).

- October 26-November 4, 2006 (including 4 vacation days): to London, England (to meet with members of the British North America Committee, on whose board I serve, and to visit the Wellcome Library Trust) and to Vienna, Austria (to visit the University of Vienna).

Dr. Wildenthal further wrote that his wife was planning to accompany him on these trips. As he described:

[My wife] will engage in official spouse functions involved with the overseas advisory board of the University of Cambridge (July); with interactions with [Donor #6] in connection with potential donations (September); and with spouse functions with the British North American Committee (October). However, I will be paying for all her expenses personally, and will not be seeking reimbursement from the University for any of her expenses.

In actuality, UTSW paid directly for Mrs. Wildenthal’s travel expenses. After UTSW paid for both Dr. Wildenthal’s and his wife’s expenses for these trips, Dr. Wildenthal then wrote a donation check to UTSW for the amount of his wife’s travel. Dr. Wildenthal received a gift letter for each of this donation, acknowledging the amount of the gift, and also acknowledging that Dr. Wildenthal received no personal benefit in exchange for the donation.

Dr. Wildenthal continued this practice, making donations to UTSW for his wife’s foreign travel expenses after those travel expenses were reimbursed or paid for directly by UTSW, throughout the period we investigated.

For example, on October 25, 2005, Dr. Wildenthal submitted a travel voucher form for an 11-day trip to Nice, France, Barcelona, Spain and Zurich, Switzerland, on which he brought his wife. Dr. Wildenthal listed four days of this trip as vacation days. He described the business purpose of this trip as, “France – Visit w/ Univ [sic] Donor; Spain – Visit Barcelona Lyceum Staff.” The name of the donor with whom Dr. Wildenthal met was not included on the travel voucher form. The purpose of Dr. Wildenthal’s wife’s travel was described in the travel form memo as “Represent UTSW in her position as associate to the Chief Administrative Officer of

55 See Exhibit 32, attached hereto.
56 See Exhibit 33, attached hereto.
57 Attached hereto as Exhibit 34.
58 Attached hereto as Exhibit 35.
UTSMC.” In addition, there was no explanation for the business purpose of his Zurich trip. Dr. Wildenthal wrote, “Zurich not really a travel destination, but an overnight stay on the return trip.” On this trip, Dr. Wildenthal exceeded his per diem for hotel and food costs. On the travel voucher form, Dr. Wildenthal’s explanation for exceeding the per diem in each instance was, “Overage approved by the President of UTSW.” At this time, Dr. Wildenthal was the President of UTSW.

In advance of this trip, Dr. Wildenthal wrote a check to UTSW, recorded as a donation, for $1,150.37, the cost of his wife’s air travel. The travel form memo included that “Dr. Wildenthal has written a check to UTSW to underwrite [the cost of his wife’s travel].” On the check, Dr. Wildenthal wrote, “official activities / donation.” This payment was recorded as a donation and Dr. Wildenthal received a donation acknowledgement letter.59

In this case, more than 40 percent of this trip consisted of personal days. Dr. Wildenthal should not have been reimbursed for all of his expenses of this trip; his expenses should have been apportioned. Therefore, it was inappropriate for Dr. Wildenthal to receive a donation acknowledgment letter in recognition of this payment.

Similarly, it is unlikely that Dr. Wildenthal’s wife’s expenses related to a necessary business purpose. Dr. Wildenthal nonetheless received a gift letter from UTSW for his repayment of his wife’s travel expenses.

Gift letters are issued for these “donations” to underwrite business travel expenses, some of which are likely not tax deductible as unreimbursed business expenses because there does not seem to be a legitimate business purpose for the expense. The gift letters list only the amount of the gift and that the “donation will be used to underwrite various official University activities at the Medical Center.”60 Again, Dr. Wildenthal’s donations to UTSW do not cure the initial problem of a UTSW employee receiving reimbursement from UTSW for his wife’s personal expenses that were not properly related to university business.

While we did not review Dr. Wildenthal’s personal tax returns, the donation acknowledgement letters he received from UTSW would allow him to record his repayment of his and his wife’s travel expenses as a donation, and hence, include it as a charitable contribution.

59 Attached hereto as Exhibit 36.

60 For example, after a trip to England and France with his wife in late June 2005, Dr. Wildenthal made a donation to UTSW for $2,157.91, attached hereto as Exhibit 37. In the check memo line, he wrote, “donation for official travel and meals.” On July 25, 2005, Dr. Wildenthal was sent a donation acknowledgement letter. The letter read, “On behalf of The University of Texas Southwestern Medical Center, I gratefully acknowledge receipt of your gift in the amount of $2,157.91. This donation will be used to support various official University activities at the Medical Center.” The donation acknowledgement letter did not recognize that Dr. Wildenthal’s donation was, in fact, made to underwrite business expenses for his trip.
(that can be deducted without limitation) on his personal tax return, without further question of whether these travel expenses related to a legitimate business purpose.

4. Dr. Wildenthal’s Non-Cash Donations

Dr. Wildenthal frequently made in-kind donations to UTSW. In many instances, there is inadequate documentation for the valuation of the donation. For example, on August 31, 2006, Dr. Wildenthal received a donation acknowledgement letter, signed by Cyndi Bassel, acknowledging a gift of $17,635.24 for “payments made directly to vendors for the purpose of underwriting the costs of various official University activities from January 1, 2006 through August 31, 2006.” There is no back-up documentation, such as receipts, the names of the vendors who were paid, or the dates of the official University activities. There is no mention in the letter of how this valuation was determined. In addition, it is unclear whether Cyndi Bassel signed a Form 8283 for Dr. Wildenthal acknowledging this donation. There is no copy of a Form 8283 in the UTSW donation records.

Similarly, on December 29, 2006 and December 31, 2007, Dr. Wildenthal received donation acknowledgement letters, signed by Cyndi Bassel, acknowledging gifts of $16,661.40 and $19,710.74, respectively, for payments made directly to vendors. Again, there is no supporting documentation for these donations. It is unclear what vendors were paid, on what dates, and for what events. There are no receipts or other documents showing Dr. Wildenthal’s payment to vendors for UTSW expenses. In both cases, there is no mention in the letters of how the valuation was determined, and there is no record of whether Form 8283s were signed for Dr. Wildenthal by UTSW.

On December 31, 2008, Dr. Wildenthal received a donation acknowledgement letter from Cyndi Bassel, acknowledging a gift of $19,644.30 worth of wine to be used for donor relations and appreciation at UTSW. There is no supporting documentation for this donation and no evidence that Ms. Bassel viewed a receipt for the cost of the wine or took any other action to verify the value of the donation. The donation acknowledgement letter also failed to explain the circumstances. There is no record of whether a Form 8283 was signed for Dr. Wildenthal by UTSW.

When interviewed, Ms. Bassel said that she saw receipts every time she acknowledged the value of an in-kind donation. However, these receipts were not part of the donation records for the significant donations listed above. It is important for UTSW to retain any supporting

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61 Donation acknowledgement letters and relevant tax forms, such as Form 8283s, are handled by the Gift Administration Office of the Office of Development at every other UT System institution. At UTSW, Ms. Bassel played a unique role beyond her official title as Vice President for External Affairs and frequently took on tasks that would otherwise be handled by the Office of Development.

62 Attached hereto as Exhibit 38.

63 Attached hereto as Exhibit 39.
documentation regarding the valuation of large in-kind donations. In addition, records must be kept concerning whether a Form 8283 was signed by UTSW.

G. UT SYSTEM'S POLICIES AND PROCEDURES GOVERNING ACCEPTANCE OF ANONYMOUS DONATIONS WERE ADEQUATE BUT NOT FOLLOWED AT UTSW.

1. UT System and its institutions have policies and procedures in place for accepting anonymous donations.

   Section 3 of the UT System Gift Acceptance Procedures explains that UT staff will make reasonable efforts to be aware of and sensitive to donors’ expectations, which, of course, includes anonymity. Section 3.6 of the Gift Acceptance Procedures includes a strict confidentiality provision, confirming that “UT staff will adhere to strict confidentiality with regard to any information, records, and personal documents pertaining to donors and gifts.”

   Anonymous donations are very common. Anonymous donations are reviewed pursuant to explicit procedures set forth in Section 4.1 of the policy. In practice, the Gift Administration Office of the Office of Development for UT System or a UT System institution, as applicable, receives donations from anonymous donors. These donations are accompanied by a statement in writing that the donor wishes to remain anonymous. UT System and its institutions have a database for the processing of donation, where the donation is specifically coded as an anonymous donation. Access to this database requires authorization and there is very limited access. With an anonymous donation, the donor’s name is never revealed publicly, unless a specific request to do so is made by that donor.

2. Dr. Wildenthal personally accepted donations from an anonymous donor.

   Rather than follow the UT System Gift Acceptance Procedures, requiring that donor gifts be submitted through the Development Office at UTSW, Dr. Wildenthal personally accepted gifts from a UTSW donor who wished to make anonymous donations. Dr. Wildenthal said that the anonymous donor did not want to go through official UTSW channels.

   Dr. Wildenthal told us that an individual, who was a close friend of his, wanted to pay money to him personally to show her appreciation for his efforts on behalf of UTSW. Dr. Wildenthal said that he rejected the idea and instead suggested that the individual make checks payable to Dr. Wildenthal, which Dr. Wildenthal would endorse over to UTSW as a donation. According to Dr. Wildenthal, he suggested this procedure because the individual wanted her donations to be anonymous, and Dr. Wildenthal was distrustful of UT System’s ability to keep donor names private. Dr. Wildenthal stated that Cyndi Bassel and Trisha McDonald from the Gift Administration Office were aware of the arrangement. Ms. Bassel acknowledged her awareness in this regard, and advised that the individual anonymous donor was a faculty member.
On March 20, 2007, Dr. Wildenthal collected a cashier’s check of $10,000 from this individual and then, on his own behalf, donated that amount to UTSW. Similarly, on January 14, 2008, Dr. Wildenthal collected another cashier’s check of $10,000 from the same individual and then, on his own behalf, donated that amount to UTSW.

3. Dr. Wildenthal personally received donation acknowledgement letters when he accepted and submitted anonymous donations to UTSW.

In both instances, Dr. Wildenthal received a donation acknowledgement letter from UTSW reflecting the donation in an unqualified manner. When we asked Dr. Wildenthal why he personally received donation acknowledgement letters for the anonymous donations, he said that it was because his name was on the check and the check needed to be recorded somehow. He also offered that he could have deposited the check into his personal account and then written a check to UTSW, but he chose not to handle it this way.

4. Dr. Wildenthal’s and UTSW’s handling of the anonymous donations was problematic.

Dr. Wildenthal’s receiving of the donation checks appears to be in violation of UT System’s personal gift policy. Section 4 of the UT System Administration Internal Policy states that employees are only permitted to receive gifts valued at less than $50, and only as long as such a gift is not given in exchange for an official action.

In this case, by accepting gifts in excess of $50, Dr. Wildenthal appears to be in direct violation of this policy. If, on one hand, the two $10,000 checks became Dr. Wildenthal’s money upon his receipt, he could be deemed to have accepted two gifts of $10,000. This treatment is consistent with what would be required to justify donation acknowledgement letters. If, on the other hand, Dr. Wildenthal was only a conduit, he may still have violated the personal gift policy, because he may have received a tax benefit as a result of how the donations were structured. As noted above, Dr. Wildenthal received donation acknowledgement letters, in two separate tax years, which would have provided support for deductions on his personal tax returns. Such benefits would each be in an amount in excess of $50.

Consistent with the approach that we took regarding Dr. Wildenthal’s other personal tax issues, we did not ask Dr. Wildenthal whether he took such deductions. As such an inquiry is necessary for a complete analysis of whether Dr. Wildenthal violated the personal gift policy, we believe that the issue is beyond the scope of our mandate. We do recommend, however, further inquiry into the issue.

Whether or not Dr. Wildenthal directly violated the rule, receiving a valuable gift, or potentially valuable gift for tax purposes, from a faculty member, is a conflict of interest and another example of questionable judgment by Dr. Wildenthal.

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64 Attached hereto as Exhibit 40.
65 Attached hereto as Exhibit 41.
We suggest that UT System evaluate its policy and consider adding a specific restriction on the acceptance of gifts by employees on behalf of UT System or its institutions.
IV.
CONCLUSIONS AND RECOMMENDATIONS

We have reached the following conclusions and make the following recommendations:

1. **Dr. Wildenthal exercised questionable judgment in making discretionary decisions on spending within UTSW’s broad mandate.**
   - Because of Dr. Wildenthal’s broad mandate as President and special assistant to the President of UTSW, many of his travel expenses were left to his discretion and judgment, which was questionable at times. As Dr. Wildenthal himself acknowledged, some of his travel expenses have a strong personal element. Such expenses must be subjected to a comprehensive process for approval, documentation, reporting and auditing.
   - Dr. Wildenthal had the responsibility to set a compliant example for the general public and employees at UTSW. Dr. Wildenthal’s questionable decisions failed to put his conduct beyond the bounds of reasonable criticism.
   - Consistent with Dr. Wildenthal’s strong fundraising, more generous gifts were provided to significant donors to UTSW. While gifts to significant donors to acknowledge UTSW’s appreciation were generally appropriate, it is still important to require documentation for purchases of donor gifts. Receipts should be provided for all donor gifts. In addition, documentation should be required that includes the name of the donor and the amount of the donor’s donation to the UT System institution.

2. **UT System and UTSW had policies and procedures in place governing the approval, documentation, reporting and auditing of Dr. Wildenthal’s travel and entertainment expenses.**
   a. **Travel Expenses**
      - “Business purpose” for travel should be specifically defined in UT System Rules. We suggest that the definition of business travel in UT System Rules should be amended to provide more specific guidance that is consistent with the various IRS publications cited in this Report. This additional guidance will provide a framework for the approval, documentation, reporting and auditing of such expenses.
      - Approval requests for foreign travel can require more specific information. For example, requests submitted in advance of foreign travel should always include a request for an estimate of expenses. If expenses exceed 20 percent of the estimate, a more thorough investigation should be
conducted.

- UT System should reassess its Spousal Travel Policy. Because of the likelihood of a strong personal element to trips that include spousal travel, especially on foreign trips, UT System may want to discontinue its nearly automatic reimbursement of spousal travel expenses.

**b. Entertainment Expenses**

- Expenses for all events, large or small, held by the Office of the President should be included in the quarterly reports. It is just as important to conduct a review of expenses related to a gala as it is a dinner for a few individuals.

- In order to comply with IRC § 274(d), itemized receipts for entertainment expenses, and not merely the signature page of a receipt, should be submitted prior to the approval and processing of direct payment or reimbursement requests.

**3. UT System’s policies and procedures governing Dr. Wildenthal’s spending were adequate but not enforced at UTSW.** Most significantly, Dr. Wildenthal’s spending was not in all instances sufficiently documented to show the predominant business purpose and benefit to UTSW, and as a result it was not subjected to meaningful review.

- Travel voucher forms submitted for direct payment or reimbursement should be signed, pursuant to UT System policy, before they can be evaluated.

- Consistent with the spirit of the UT System policies and IRC § 274, requests for reimbursement of entertainment expenses should always list all of the attendees of the event.

- It is important that there be adequate oversight of Dr. Wildenthal’s travel and entertainment expenses. There was minimal oversight of Dr. Wildenthal’s spending while he was President of UTSW, and there is even less now. As long as Dr. Wildenthal is allowed to serve in his current role, his travel and entertainment should be monitored closely and included in the quarterly reports of presidential expenses at UTSW.

- Dr. Podolsky, Dr. Shine and the new Chief Business Officer at UTSW are all currently responsible for evaluating Dr. Wildenthal’s travel expenses. Those responsible for reviewing and approving the travel expenses of others can and should be able and willing to freely ask questions about the business purpose and need for travel.
4. **UT System and UTSW audits during Dr. Wildenthal’s presidency failed to alert officials at UT System or UTSW that there were risks related to Dr. Wildenthal’s spending and expense documentation.**

- Auditors should outline a risk plan at the outset of an audit that includes all areas of concern. To the extent that there are broad areas of concern and broadly stated objectives to an audit, the auditors should not take a narrow approach during their inquiry.

- Auditors should document all risks and concerns that arise during an audit.

- The Chief Business Officer should review the travel and entertainment expenses of all the executives in the Office of the President.

- Internal audits should all be expanded to review the travel and entertainment expenses of all the executives in the Office of the President as well.

- Consistent with the *International Standards for the Professional Practice of Internal Auditing*, an audit committee should not be composed of members whose individual expenses are being audited. Best practices dictate that Presidents and other individuals with executive authority at UT System institutions should not be permitted to serve on their own institution’s Audit Committee. To set a high ethical standard, the Audit Committee should be completely separate from the Office of the President at UT System institutions.

5. **UTSW’s manner of accounting for and acknowledging Dr. Wildenthal’s donations was inadequate, at times resulting in inaccurate gift letters being issued to him.**

- UT System should standardize the guidelines for gift acceptance and should make the guidelines mandatory for all UT System institutions.

- When Dr. Wildenthal made donations to UTSW in amounts relating to his travel and entertainment expenses, there was no investigation of whether the underlying expenses related to a legitimate business purpose. As a result, Dr. Wildenthal received donation acknowledgement letters for payments to UTSW that may have related to “borderline” business expenses.

- UT System should formally rescind the inaccurate donation acknowledgement letters issued to Dr. Wildenthal and advise Dr. Wildenthal to consult with his personal tax advisors to determine what effect, if any, this action has on deductions taken on his personal tax returns.
- UTSW should inquire with regard to donations and require more documentation before issuing donation acknowledgement letters. The simple fact that a donation was made and deposited into a gift account is not, on its own, a sufficient basis for issuing a donation acknowledgement letter.

- UTSW and other UT System institutions should maintain all documentation supporting the valuation of in-kind donations. Copies of any Form 8283 signed on behalf of UT System institutions for donors’ personal tax deduction purposes should be maintained for a minimum of three years.

6. **UT System’s policies and procedures governing acceptance of anonymous donations were adequate but not followed at UTSW.**

- Dr. Wildenthal did not follow UT System’s policies and procedures for the acceptance of anonymous donations. UT System should amend and expand its policies and procedures to limit the circumstances in which donations to a UT System institution can be accepted by employees on that institution’s behalf, or require that donations be accepted only through the Development Offices of the UT System or UT System institutions.

- UT System should investigate whether Dr. Wildenthal violated the UT System policy that forbids the receipt of gifts with a value of $50 or more.
Exhibit 1
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Ken Breen is a partner in the Litigation Department of Paul Hastings and co-coordinator of the firm’s Securities Regulatory Enforcement and White Collar Criminal Defense practice. Mr. Breen represents corporations and individuals in high-stakes regulatory enforcement and white collar criminal investigations and related proceedings. Mr. Breen also conducts internal investigations for companies and their boards and committees, and he handles civil litigation matters related to government and internal investigations.

Mr. Breen was cited in 2010 and 2011 as a leading white collar and government investigations lawyer in New York by Chambers USA, a guide to the leading lawyers in the United States. Chambers notes that Mr. Breen impresses clients as "a dedicated, tireless and efficient counselor who can quickly and effectively understand legal issues and the business needs of his clients."

He has handled a wide array of regulatory enforcement and white collar criminal matters, including those involving allegations of insider trading, corporate and accounting fraud, securities fraud, health care fraud, antitrust violations, tax fraud, Foreign Corrupt Practices Act violations and public corruption.

He regularly represents clients in court and before the United States Department of Justice ("DOJ"), the Securities and Exchange Commission ("SEC"), the Commodity Futures Trading Commission ("CFTC"), the New York State Attorney General’s Office ("NYAG"), FINRA and other self-regulatory organizations and federal and state agencies.

Prior to private practice, Mr. Breen served as a federal prosecutor in the U.S. Attorney’s Office for the Eastern District of New York, where he was Deputy Chief of the Business and Securities Fraud Section, and prior to that, in the U.S. Department of Justice Tax Division.

As a defense attorney and federal prosecutor, Mr. Breen has tried more than 40 cases to verdict, and he has argued on multiple occasions in the U.S. Court of Appeals for the Second Circuit.

His recent engagements include the following:

- Represents several public companies and hedge fund and mutual fund advisors in investigations by the SEC, the DOJ and the NYAG involving securities-related issues.
- Represents several hedge fund advisors, private equity fund advisors and other investment firms in investigations by the SEC, the NYAG and other state Attorneys General involving "pay-to-play" practices in connection with public pension fund investments.
- Represents a futures, options and equity trading firm and its principal in a Reg SHO investigation by the SEC.
• Represents a group of senior managers and supervisors of a hedge fund advisor in a market manipulation investigation by the CFTC.

• Represented a Futures Commission Merchant in an investigation by the CFTC involving the segregation of customer funds and related reporting issues.

• Mr. Breen represented a hedge fund advisor in an investigation by the SEC involving the short selling of an issuer's stock after learning about the timing of an upcoming PIPE offering and prior to the public announcement of that information. The investigation was resolved without charges being brought against our client.

• Represented the former CFO of a hedge fund advisor in an investigation by the SEC regarding accounting and disclosure issues. The investigation was resolved without charges being brought against our client.

• Represented the former senior executive of a large international insurance company in an investigation by the SEC and NYAG involving accounting and disclosure issues. Criminal and civil charges were brought against a group of individuals but our client was not charged.

• Represented a healthcare company in a FINRA investigation involving the timing and sufficiency of clinical trial disclosures.

• Represented senior pharmaceutical company sales executives in investigations by the U.S. Attorney’s Offices for the Districts of Massachusetts and Eastern District of New York involving off-label marketing and kickbacks in connection with pharmaceutical drug sales.

• Represented corporations and individuals in IRS and DOJ investigations involving tax shelter and foreign account issues.

• Represented a former in-house attorney at a large investment bank who was charged in a criminal insider trading case in the Southern District of New York.

• Represented a former Police Commissioner of New York City in criminal cases in the Bronx and the Southern District of New York.

• Conducted an internal investigation for and represented an American Stock Exchange-listed software company in an investigation by the SEC involving Reg FD and insider trading issues. The investigation was concluded without charges being brought against our client.

• Conducted an internal investigation for a NYSE-listed media company regarding accounting and whistleblower issues.

• Conducted an internal investigation for the independent directors of a bank holding company regarding accounting and disclosure issues.

Mr. Breen is a frequent lecturer and author on white collar crime and securities law topics. Recent publications and speaking engagements include the following:

Publications:


• "Honest Services," The Champion, co-author with Sean Haran, December 2009

• "Insider Trading Charges Under Section 1348 - Without the Technical Elements," The Champion, co-author with Keith W. Miller, October 2008

"Increased Scrutiny of 10b-5-1 Plans on Horizon?" New York Law Journal, co-author with Barry Sher, December 2007

"Securities Fraud," The Champion, the magazine of the National Association of Criminal Defense Lawyers, co-columnist, April 2007 - Present

"Issues in the Advancement of Legal Fees," The Champion, co-author, March 2007


"Defining and Defending Obstruction Charges in the Wake of Arthur Anderson and Quattrone," The Champion, co-author, June 2006


"New Life For Selective Waiver," The Champion, co-author, January/February 2006


Speeches:


"The Expanded Role of Government - Civil and Criminal - in Securities and Corporate Law," The University of Texas School of Law, 29th Annual Conference on Securities Regulation and Business Law, February 2007


"Government Investigations -- What the Government Expects, Privilege Issues and How Best to Protect Your Company," The University of Texas School of Law, 28th Annual Conference on Securities Regulation and Business Law, February 2006

Mr. Breen received his B.A. in English (cum laude) from Boston College in 1989, and his J.D. from the Boston College School of Law in 1992, where he was annotation editor and staff writer for the Uniform Commercial Code Reporter Digest.

Mr. Breen is a member of the New York bar and is admitted to practice in the United States District Court for the Southern and Eastern Districts of New York and the U.S. Court of Appeals for the Second Circuit.
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Phara Guberman is an associate in the Litigation practice of Paul Hastings and is based in the firm's New York office. Her practice focuses on civil litigation, corporate internal investigations and on representing corporate and individual clients in white-collar criminal, regulatory enforcement and litigation matters.

She has experience representing clients in a wide array of regulatory enforcement and white collar criminal matters, including those involving allegations of insider trading, corporate and accounting fraud, securities fraud, and misappropriation of trade secrets.

Ms. Guberman has also represented clients in civil matters involving securities and other complex financial instruments. She has handled cases involving a broad spectrum of substantive legal issues, including antitrust, breach of fiduciary duty, fraud, breach of contract, and federal securities laws.

Recent Representations

- Represents several individuals in investigations by the United States Department of Justice, the Securities and Exchange Commission and international regulatory organizations involving securities-related issues.
- Represents a futures, options and equity trading firm and its principal in a Regulation SHO investigation by the SEC.
- Represented a major financial institution in a series of investigations by multiple state agencies into the underwriting, marketing and sale of auction rate securities.
- Represented a major financial institution in a series of investigations by multiple federal and state agencies regarding CDO's, collateralizations, subprime markets and securitization.
- Represented a real estate investment firm in an investigation by the New York State Attorney General's Office involving "pay-to-play" practices in connection with public pension fund investments.
- Represented a former in-house attorney at a large investment bank who was charged in a criminal insider trading case in the Southern District of New York.
- Conducted an internal investigation for a major financial institution involving allegations of fraud relating to the institution's credit lending and audit practices.
- Conducted an internal investigation for a not-for-profit corporation involving allegations of accounting fraud.
Professional and Community Involvement

- Actively involved with the Bet Tzedek organization and regularly represents Holocaust survivors pro bono in their applications for pension payments from the German government through the ZRBG and GGWP programs
- Fundraiser and volunteer for the Leukemia and Lymphoma Society
- Involved with numerous alumni organizations at The George Washington University
- Member of the Paul Hastings Recruiting Committee
- Member of the New York bar and is admitted to practice in the United States District Court for the Southern and Eastern Districts of New York

Education

- George Washington University Law School, J.D., 2006
- George Washington University, B.A., 2003 (*summa cum laude*, Phi Beta Kappa Society)
Exhibit 2
With more than four decades of experience, Allen Kosowsky provides expert counsel in the fields of forensic accounting and business advisory services. He focuses his practice on providing investigative and litigation support to law firms as well as advising public and privately-held companies in a full range of tax, accounting and financial matters. Allen's core areas of expertise include:

**Forensic Accounting and Financial Analysis:** Conduct financial investigations, reconstruct assets and income streams, reconstruct records using inferential methods, analyze transactions, testify at trial, develop sound business plans, provide strategic positioning counsel through analysis of company performance against industry benchmarks and studies.

**Criminal Advisory Matters:** Extensive experience as Kovels accountant and as advisor to defense team on criminal white collar fraud matters. Conduct financial investigations, interview witnesses, analyze records for tax implications, develop errors against interest and other defense strategies, participate in plea negotiations, support and participate in presentations to U.S. Attorney's Office, FBI and before IRS Criminal Investigative Division. Prepare financial statements for sentencing purposes, address civil aspects of cases when criminal proceedings conclude.

**Economic Damages:** Engaged to calculate damage claims for commercial disputes including complex intellectual property matters involving Trade Secrets, Covenants not to Compete, Patents and Infringement Claims.

### Professional Accreditations
- Certified Valuation Analyst
- Certified Fraud Examiner
- Accredited Business Valuator
- Certified in Financial Forensics
- Arbitrator, American Arbitration Association, Commercial Panel
- Personal Financial Specialist, AICPA
- Tax Specialist

### Professional Memberships
- American Institute of Certified Public Accountants
- Connecticut Society of Certified Public Accountants
- National Association of Certified Valuation Analysts
- Association of Certified Fraud Examiners
- American Arbitration Association

Business and Intellectual Property Valuations: General Business Valuations, Dissenting Shareholder and partnership matters, Marital Dissolution, Merger and Acquisition fairness opinions, Bankruptcy valuations, IRS estate and gift including family limited partnership interests, Goodwill Impairment for FASB purposes, Intellectual Property Valuation and purchase price valuations.

Alternative Dispute Resolution: Arbiterator and Mediator experienced with resolving disputes with financial, accounting and tax implications.

Judicial Appointments: Federal District Court Appointed Receiver and fact finder, State Court appointed Receiver, State Court appointed for accounting, Probate Court appointed Administrator and examiner.

Allen is also called upon to serve as interim Chief Financial Officer of public and private companies. In this capacity, he has a wealth of experience raising capital, refinancing/ initiating debt financings, performing due diligence in connection with acquisitions, divestitures, joint ventures and other corporate strategic events. IPO, LBO, SEC experience. He has acted on behalf of debtors in bankruptcy proceedings as Accountant and financial advisor; restructured businesses and debt to accommodate changed business circumstances; negotiated purchase and sale of businesses, divisions, product lines, royalty arrangements, joint ventures, strategic alliances; and overhauled business processes and financial planning and modeling to favorably impact clients' bottom line.

Prior to establishing his own firm in 1981, Allen was a principal at Ernst & Young and also served as the Chief Operating Officer and Chief Financial Officer to two large privately-held companies. His leadership experience includes serving on the board of Webster Bank, three biotech venture capital funds, and as a member of the Board of Directors and Audit Committee of Thor Industries. He also served as Chairman of the Board and Chairman of the Audit Committee of ON2 Technologies, Inc., which was purchased by Google in 2010. He is a trustee of the American International College. In 2009, the State of Connecticut invited Allen to serve on the Small Business Incubator Advisory Board.

Allen was a Fellow of the Wharton Fellows Program at the University of Pennsylvania, Wharton School of Business, and earned his BSBA from the American International College.

A frequent author and lecturer on cutting-edge legal and accounting issues, Allen is a regular presenter at high-profile ABA seminars on criminal tax matters, white collar fraud, business valuations and compliance.

WWW.FORENSIC-CPASERVICES.COM
Exhibit 3
November 1, 2011

Dr. Kern Wildenthal, M.D., Ph.D.
Professor of Internal Medicine and Physiology
U.T. Southwestern Medical Center
5323 Harry Hines Blvd.
Dallas, TX 75390

Dear Dr. Wildenthal:

Thank you for your letter of Oct. 26. I don’t believe that it would be worthwhile to review every point you made in that note, and I appreciate your understanding that my silence on the points I do not address does not imply agreement. Having said that, I can address some of the matters you raised:

- You are correct about counting international travel days as work, and the travel figures cited in my earlier note did not include days spent on intercontinental travel. They included only days on the ground overseas.
- The experts we contacted are aware of the distinct requirements of nonprofit governance and of tax law. They see problems in both regards. They base their opinions, as we are forced to do, on the files available to us.
- We provided you with the names of experts during interviews with you in 2008 and 2009. Since then, we have consulted with one additional expert. We do not anticipate quoting any anonymous persons in whatever story we may write about your spending. Here are the names of the experts who are cited in our most recent draft. As always, details are subject to change until the moment we publish.
  - Dean Zerbe, a tax lawyer and former investigator for the U.S. Senate Finance Committee.
  - Diana Aviv, who leads a coalition of nonprofits called Independent Sector, and who spoke to us about nonprofit best practices in general.
  - James Joseph, a Washington, D.C. attorney who reviews executive spending for universities and nonprofits, and was appointed to the IRS’ advisory committee on tax-exempt and government entities. We spoke to him after our 2009 interview with you.
  - James A. Smith, former head of the Texas Society of CPAs.
Dr. Kern Wildenthal, M.D., Ph.D.
November 1, 2011

- Roger Colinvaux, a former attorney for Congress' Joint Committee on Taxation and member of the Urban Institute's tax policy and charities board.
The concerns raised by these experts mirror the questions we've posed to you for the past several years. Those questions focus on whether you and UTSW have sufficiently documented the fact that you fulfilled a legitimate business purpose for all of your travel and entertainment expenses, and whether there is sufficient proof, outside the documents we have received, of such a business purpose. As you are aware, the question has been an important one nationally in recent years, with some institutional leaders losing their positions, or worse, because of spending issues.
- We have already attempted to share with you the documentation we have of each of your trips; we brought the relevant portions of those files to a previous interview for your inspection and comment. We'd be happy to do so again, if you'd like to help us synchronize our files with whatever records may be in your personal possession that would argue or confirm that business was conducted on the trip. As of now, we are forced to rely only upon the documentation provided to us by UTSW. You already have access to that data, so we see no point in meeting purely to share our files with you again.

Beyond that, you ask a more general question about our reporting standards. I'll try to answer that by sharing my perception of the current situation.

First, I should stress that in this story, as in everything else we write, we are honor-bound to follow the best available evidence. In our experience, business records are often the most reliable form of documentation. You have said your travel was entirely justified by business needs. Experts say that statement often is not supported by the documents that UTSW has released to us. Furthermore, they say it is necessary for such support to be present in the files to meet both nonprofit best practices and IRS rules. You say your documentation met UTSW standards; experts in nonprofit governance say UTSW failed to properly oversee your spending. Tax and accounting experts say that based on the files provided to us by UTSW, some of your travel costs could have been treated as taxable income, because UTSW's files lacked evidence that business had been conducted. Others say that if you claimed as charitable deductions any part of the "donations" that you made to UTSW corresponding to things such as travel expenses, and if those donations were not originally tied to a legitimate business expense, then you would have acted contrary to the tax code. You are correct to say that the experts we have consulted cannot read your mind, or your tax returns. They do not claim to have done so. They say that it seems apparent from the records that UTSW put you in a position to claim tax benefits to which you were not entitled, because it failed to verify that your "donation" was, in the first instance, based on a legitimate business expense. They also say that taxpayers generally get the sorts of documentation that you obtained from UTSW in order to claim a charitable deduction on their tax returns. Again, their comments and perceptions are, of necessity, based on the records provided to us by UTSW.
In addition to the absence of necessary documentation in your travel and entertainment files at UTSW, there is a second problem: The presence of information that seems, from what we understand, to contradict at least some of your assertions. For instance:

- You said you went to Copenhagen partly to discuss a collaborative project with the muscle institute there. We understand that the muscle institute has been unfunded since 2006, though some research continues. We were told by a spokesperson in Copenhagen that you discussed, with the former head of the muscle institute, a symposium to celebrate the retirement of a mutual colleague at UTSW. We also understand that your visit to Copenhagen coincided with a guest performance at the Royal Danish Opera by Graeme Jenkins, the Dallas Opera's conductor.

- You said that you attended a cardiology conference in Nice. Your travel receipts indicate that three hours before the session opened you were 400 miles away, in the region of Nuits St. George. When the first day of the conference ended, you were still in Burgundy. Half an hour before the conference's second day ended, according to a time-stamped receipt in your travel records at UTSW, you were still 50 miles west of Nice. For the third and fourth days of the conference, your travel records showed that you stayed about 20 miles outside Nice, at a hotel you used on previous trips to France, and visited Monaco. We could find no evidence that you ever went into Nice or attended the conference. We noticed that the conference offered attendees a certificate for continuing education credit. That might be an example of the sort of documentation that would help resolve the question of business purpose for trips like this.

- You said you spent several days visiting the University of Otago. At our request, a spokesperson there checked with the schools of medicine and of medical sciences and could find no record of your visit and no one who recalled meeting you. She offered to check again if you provided our reporters the name of a contact at the school. You have declined to do so.

- Hotel phone records for your May 2009 visit to London showed no calls that were, on the face of things, business related, but one to a prominent tailor on Savile Row. Phone records for your February 2009 trip to London showed one call to the same tailor (Edo and Ravescroft); two to local theaters; and two to London restaurants. Based on what we know, we can't verify that any of the numbers that were called were related to UTSW's business needs. The fact that there are other phone numbers whose meaning we can't determine may make these trips good examples of situations in which you could expand our fact base and enhance our understanding of events.

- Your own staff has told us that some of your holiday/weekend trips to Raleigh-Durham were among the expenses paid by UTSW that were deemed to be personal, not business.

- You claimed that Reese Dunklin told his contacts at St. Mark's Hospital that he was investigating possible misdeeds by you. The record of that e-mail exchange shows
otherwise. The record also indicates that although you told us you visited England partly to discuss collaboration with St. Mark's, the St. Mark's physician in question believed that the collaboration effort had died years earlier. The physician in question also described you as a personal friend.

- You have told us that you spent UTSW funds for the documentary on Robert Lloyd because it provided valuable public relations for UTSW. We have seen the video. We found no references to UTSW's academic, research, or medical programs, and only brief footage of a few UTSW building facades and interiors. We saw you and Mr. Lloyd talking on camera, but the remarks each of you made concerned plans for Dallas' new opera house.

- For several trips there is ample evidence of a connection between your travel and the opera, and scant evidence that the trip was necessary to conduct business for the benefit of UTSW. Your trips to Copenhagen and to Barcelona seem to fit that pattern, based on the information available to us.

I believe that we have met the standard Paul Walder mentioned: We have no serious doubts about the facts that we have gathered. If you disagree with the fact picture drawn from your records at UTSW, or with the opinions of experts based upon those records, then we respectfully ask that you offer verifiable facts in rebuttal. We will consider any such information. I can't say exactly what that consideration involves without knowing how strong and comprehensive the new facts might be, but potential impacts could include clarification of some details; elimination of certain case studies or anecdotes; or recasting of a story.

However, as with any story of this nature, we can't simply accept your version of the facts, particularly in the presence of conflicting or contradictory evidence. That's why we have invited you to provide us with records and other "verifiable" information. You seem to be saying that you could easily do so, by sharing additional documents with us or by directing us to the people you met overseas. We hope you will do both of those things. We have already provided a list of the relevant trips, and examples of the sorts of documents that would be of interest. All I can add here is that we remain open-minded about the situation, and that primary goals are accuracy and fairness - to you, and to the taxpayers and donors who support UTSW.

Finally, there is the question of timing. We have been working on this story for parts of four years now. You have steadfastly declined to share the names of your business associates. Various UTSW officials have more than once said that we are already in possession of all relevant documents. We have spent perhaps 12 hours with you in interviews, and have received many lengthy letters from you. Absent your decision to provide new information, we believe that we already have a full appreciation of your point of view. Moreover, you have in the past cancelled a long-scheduled interview on the eve of its occurrence, and you have waited for months to follow through on
Dr. Kath Wildenthal, M.D., Ph.D.
November 1, 2013

another interview commitment. Taking all that into account, we believe it would be completely
proper to proceed with publication, as soon as prudence permits, based upon the information
currently available. Estimate that final preparation of a story will take us at least another two
weeks, but that is only an estimate.

If you wish to share more records or other verifiable information, and if your schedule permits you
to do so prior to publication, then our reporters will gladly take the time to meet with you. If you
provide new information prior to publication, we'll happily take additional time to evaluate that
information before going to press. If circumstances warrant, we would gladly choose to change the
draft or to cancel publication. As of this writing, based on the facts available to us, we think a story
is needed.

Sincerely,

[Signature]

George Rodriguez
Exhibit 4
Kern –

Please see the note below from George Rodrigue outlining their rationale for wanting to see additional documentation of your international travel, as well as two attachments.

Tim

From: Rodrigue, George [mailto:grodrigue@dallasnews.com]
Sent: Friday, October 21, 2011 4:28 PM
To: Tim Doke
Cc: Mong, Bob; Beelman, Maud
Subject: A note to forward to Dr. Wildenthal

Tim, would you be so kind as to forward this to Dr. Wildenthal?
Thanks.
g

Dear Dr. Wildenthal:

I am very sorry to hear about your loss. Please accept my condolences, and our assurance that we will not publish a story on your tenure this Sunday.

We received an email from Tim Doke responding on your behalf to our invitation to share additional documentation of your out-of-town travel. I’m writing to address your questions and concerns.

From our perspective, the logs and other documents you keep for tax purposes are also records that would show the business purpose of your travel. That makes them, or at least some of them, records “connected with the transaction of official business,” which must be disclosed under the Texas Public Information Act. From our perspective, also, these records should have been released in response to The News’ previous requests to UTSW. However, this is not a public information request, and I’m not writing to litigate the question. We’re simply asking that you share any additional information that would help us accurately portray your work, before we publish.

Much of the current draft of the story explores the question of whether documentation of your travels, per the records that UT SW has already provided to us, proves that your trips had a legitimate business purpose. Our experts say that generally the paperwork fails that test. Indeed, some of them say the documentation is so scanty that it calls into question the oversight provided by the UT system, and the performance of system auditors. (In fairness, we should note that system auditors did mention the need for better documentation at UT SW, after you left the presidency.) By the standards of our consultants, on the trips that we reviewed, the documentation we have received so far would justify categorizing as “work” only 10 of your 171 days overseas. Attached, for your convenience, you will find a chart illustrating the results of our analysis and a list of the applicable trips.

We are open to any documentation you wish to share with us that would show you performed work activities during your travels. We cannot say exactly how we’d handle the information you share until we know what the
information is. Please rest assured, however, that we would never publish a story alleging misbehavior, by you or by anyone else, when we have conclusive proof to the contrary. Our problem, put simply, is that right now the available records do not support your descriptions of your work overseas, and our experts tell us that under various tax and nonprofit standards, such support must be present in the records.

You have previously mentioned concerns about embarrassment. I hope to reassure you, on two fronts.

First, the documents we have in mind are not "personal," in the normal sense of the word. They are business documents that would prove your personal involvement in work-related activities. That would include items such as calendars, itineraries, conference agendas, receipts, official correspondence, or information regarding collaborations or partnerships that resulted from your travel.

Second, while we would appreciate receiving names of the people with whom you met overseas -- and must reserve the right to verify any information we receive, from any source -- we have not, and would not, use the reporting process to cause you needless embarrassment. For instance, Mr. Doke's e-mail cited your concerns about an inquiry we made to St. Mark's hospital in England. Mr. Doke said you believed our reporters had said things "indicating that they were doing an investigation into possible improprieties by Dr. Wildenthal and causing concern and embarrassment to him, to his colleagues..." In fact, that conversation was conducted by e-mail, and I believe that the correspondence shows that Reese Dunklin handled the inquiry with great tact and diplomacy. He avoided making any allegations of any sort, and never mentioned you either by name or by position. I believe the stakes are sufficiently high, in terms of your own reputation, that you should have a full appreciation of our reporting procedures before you decide what to share with us. Therefore, we are breaking with precedent and sharing this private e-mail exchange.

Again, thank you for your time and consideration. I hope to hear from you next week.

Sincerely,

George Rodrigue

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George Rodrigue
Managing Editor
The Dallas Morning News
508 Young Street
Dallas, TX 75202

214.977.8341
grodrigue@dallasnews.com

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UT Southwestern Medical Center
The future of medicine, today.
**Category 1:** Documentation for day of work

These are days in which you had a record of at least four hours of work activities. You typically met this standard by including meeting times and locations in one, or both, of your scheduling calendars.

We also credited as a work day one in which your only activity was a donor meal, if you had supporting documentation and wrote down the donor(s) name(s) in records that you provided UTSW and UTSW released to us. (In the records we received, these names would usually be blacked out, because those are exempt from public disclosure under the state public-information act.)

**Category 2:** Days you listed in records as vacation or weekends

However, on weekend days in which you had supporting documentation for work, like category 1, we classified that as a work day instead.

**Category 3:** All other remaining days.

In general, these are days where you had written attestation that you had some type of activity spanning some unspecified length of time, but you did not provide complete documentation to show it was clearly work. This category also includes days in which you had no record showing what you did — no scheduling calendar information, no events itineraries, no credit-card charges for work-related expenses like “donor” meals and so on.
**LIST OF FOREIGN TRIPS BETWEEN 2005 AND 2010**

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<th>Date</th>
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<tr>
<td>Jul-05</td>
<td>England</td>
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<tr>
<td>Sep-05</td>
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<tr>
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<tr>
<td>Mar-07</td>
<td>France</td>
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<td>Nov-Dec 2010</td>
<td>India</td>
</tr>
</tbody>
</table>
Exhibit 5
October 26, 2011

Mr. George Rodrigue  
Vice President, Managing Editor  
The Dallas Morning News  
P.O. Box 655237  
Dallas, TX  75265  

Dear Mr. Rodrigue:  

Tim Doke has forwarded to me your email dated October 21, 2011. In responding, I will try to address the issues you have raised in the order in which you presented them.  

Your belief that personal documents I personally prepare and maintain for my personal tax purposes are subject to TPIA disclosure if they pertain to business travel is a belief not shared by University of Texas lawyers or any other lawyer I have spoken to. The UT System and UT Southwestern have stipulated the types of information and documents required for approval and reimbursement for travel. These are the documents that are kept in university files and that are subject to TPIA, and the News has received these documents for my travel (which include receipts for airfare, car rental, and hotel expenses, as required).  

All of my travel has conformed totally to these documentation requirements—which are similar to the requirements of other peer institutions, other state agencies, and state office holders. Both prospectively and retrospectively, the overseas travel you have questioned has been approved by the Executive Vice-Chancellor for Health Affairs of the UT System (2005-2008) or the President of UT Southwestern (2008-2010).  

You seem to imply that in order to establish that legitimate business purposes and activities existed for my trips, I must submit information that provides “proof,” to use your word, that can be used by you to “verify” what I have submitted, by your interviewing third parties with whom I met. I am aware of no requirement for third-party verification of business meetings anywhere in State of Texas laws or rules, UT System Board of Regents rules, UT System administrative rules, or UT Southwestern’s own rules. I am aware of no other public institution that has any such requirement. The statements of the business purposes of my trips along with the back-up documentation of the expenses required by UT System policy (which you have already received) constitute sufficient verification pursuant to normal business practices, as well as state and
institutional rules. If the News is suggesting that third-party corroboration is required for “proof” of my activities, or that an absence of third-party corroboration constitutes evidence that the stated business did not actually occur, that would be a very serious, extreme, and absolutely false charge. The News’ unidentified experts clearly are not relying on normal business practices, nor on the rules that govern Texas state agencies in general or the University of Texas System specifically, in reaching such an unreasonable conclusion.

As president, my travel was reported to and reviewed quarterly by the UT System, and it has been audited annually by the UT Southwestern internal auditor. At no time has it ever been suggested that the purposes, benefits, reimbursements, or documentation for my travel were questionable in any way; rather, they were always found to be reasonable and appropriate in all regards. If your consultants hold the view that the travel documents required by the UT System and UT Southwestern are inadequate, that is a view that is obviously not shared by the University of Texas System (nor, to the best of my knowledge, by the majority of state agencies and state office-holders, as well as peer institutions).

You allude in your letter to the UT System auditor’s new recommendations at UT Southwestern in FY 2009 for “better documentation.” However, these recommendations pertained not to travel (which already required invoices for airfare, car rental, and hotel expenses, as mentioned above), but to invoices to back up credit card charges and personal checks.

It is beyond my comprehension how you could calculate that, according to your consultants’ standards, "only 10 of (my) 171 days overseas" during 20 trips over a 6-year period "would justify categorizing as 'work.'" If you will show me the data on which this calculation is based, I am certain I can point out the flaws in the calculation. Just as an initial observation, it can be noted that under the policies of UT Southwestern, the UT System, and every other peer institution, state agency, or indeed any employer of any kind that I am aware of, "travel days" or "in transit days" to and from a business destination are properly counted as work days; thus, with overnight east-bound flights necessary from Dallas for overseas trips, there are at least 3 official work days involved in getting to and from overseas business destinations, and more than three if there is more than one destination on a trip -- yielding over 70 "work days" involved just in getting to and from the destinations for the 20 overseas trips you have listed and analyzed.

With this sort of fundamental mis-match between your data and reality, it is impossible to respond without knowing the nature of your analysis for each day. What I can say is this: I have always been meticulous during my travel to identify vacation days (defined as days that were predominantly personal rather than predominantly business); I received no hotel or meal reimbursements for those days, and car rentals were prorated to exclude them. I urgently request that you provide me with the data and calculations that led to the News’ obviously unrealistic and erroneous conclusions, so the record can be corrected.
Mr. George Rodrigue  
October 26, 2011  
Page 3

The News' use of the local "scheduling calendars" maintained by my secretary until September, 2008, as your source for determining if I worked at least four hours during a foreign travel day is fundamentally flawed, as I have explained in previous interviews. My secretary's scheduling calendars were intended to list pre-scheduled local meetings, in order to avoid double bookings, but they did not include a myriad of work activities that arose each day. Thus, even for "Dallas" days, the secretary's calendars provided only a partial reflection of my work. For travel days, as I have explained repeatedly, my secretary only entered meetings that she had personally booked; agendas of conferences and board meetings, and one-on-one or group visits arranged by myself, before leaving or after arriving, were not entered on the calendar by the secretary, and were not required under UT System policies to be appended to travel forms.

Similarly, reliance solely on documents listing donors (or colleagues) whose entertainment or meals were paid or reimbursed by UT Southwestern obviously omits the many occasions when I discussed UT Southwestern business as the guest of a donor or colleague rather than as the host (or participated in "dutch-treat" business meals with colleagues)—which again is not something that needs to be documented under UT System policies. To display a chart that is constructed in a way to insinuate that "all other remaining days" may not have been "work days" is misleading; if you will identify the 97 days you have labeled as "all other remaining days," I can describe for you what work-related activities occurred on them.

You state that, in the News' opinion, "the available records do not support your descriptions of your work overseas, and our experts tell us that under various tax and nonprofit standards such support must be present in the records." It is important to note that this statement inappropriately merges "tax standards" and "nonprofit standards." The two are unquestionably different and therefore must be addressed separately. (I would question the expertise of a consultant who fails to draw this distinction, and I again request the identities of your consultants so that their credentials regarding their knowledge of Texas state agency requirements for documentation can be evaluated.)

The University of Texas System determines what the "nonprofit standards" are for UT Southwestern; they are very similar to most other state agencies and peer institutions. The UT System documentation rules are written to be in full compliance with the documentation standards imposed on non-profit agencies by the IRS. As described earlier, the institutional documentation for my travel meets those standards in all regards, as validated repeatedly by auditors.

In contrast, "tax standards" for individuals are determined by the IRS. As I have said many times before, my tax advisors have assured me that the approaches and documentation standards used for my personal income taxes are entirely appropriate. My conformance with IRS standards in my personal papers has nothing whatsoever to do with my official activities as president of UT Southwestern, with my status as a state employee, or with UT documentation policies. The Dallas Morning News and its consultants have no knowledge of my income tax returns or my personal records and documents, and speculations about them based on UT System and UT Southwestern
Mr. George Rodrigue  
October 26, 2011  
Page 4

records would be highly inappropriate and misleading. The News' previous suggestion that I should be expected to turn over my personal papers used as personal documentation for my personal income tax, and/or my tax returns themselves, is improper in my view. In my opinion, my income tax returns and my personal papers, in contrast to UT Southwestern and UT System records, are not legitimate subjects of media intrusion and invasions of personal privacy, and I feel certain that the great majority of Americans agree with this principle.

You state that you are open to any documentation I wish to share. I am not intrinsically unwilling, within defined limits, to share documents that display more detailed descriptions of what I did on days I was engaged in business activities while travelling overseas, based on my personal records. To do so would require a great deal of work locating records that date back to 2005, some of which may have even been discarded by now.

However, it is not clear to me from your letter what you or your consultants would regard as "sufficient" to make a difference. I certainly do not want to become mired in an exercise of "dueling consultants" in which your tax experts disagree with my tax experts, and I doubt if you desire that either. (We already did that once, at considerable personal expense to me, before the News acknowledged a year later that its position was erroneous.)

I am afraid that I am not reassured by your statement that "we would never publish a story alleging misbehavior...when we have conclusive proof to the contrary" (my emphasis). This seems to imply that if you did not receive what you regard as "conclusive proof," you may feel free to publish a story alleging misbehavior. I know that I did not "misbehave," but I do not know what you would regard as "conclusive proof to the contrary."

I also do not understand how requiring "conclusive proof to the contrary" can be reconciled to your chief legal counsel's definition of your paper's "obligation." On March 9, 2010, Mr. Watler stated with admirable clarity that the News has the "obligation to make a decision about whether our due diligence has been sufficient to publish truthful, newsworthy information not subject to serious doubt related to matters of legitimate public concern" (my emphasis).

Even if you and your consultants believe that "the available records" (i.e., the university's records) do not support my descriptions of my work, it is impossible for me to imagine that the News could in good conscience leap from there to a belief that my personal papers can legitimately be suggested or insinuated to be inadequate—or that any such suggestion or insinuation would not inherently be "subject to serious doubt."

Has the News abandoned its obligation to publish only information that is "not subject to serious doubt" and replaced that principle with a willingness to publish guesses and speculations, except when you "have conclusive proof to the contrary"?
Mr. George Rodrigue  
October 26, 2011  
Page 5

You have stated to me that you believe that: "the stakes are sufficiently high, in terms of (my) own reputation, that (I) should have a full appreciation of (the News') reporting procedures." I appreciate the warning, and that is exactly the basis for my confusion and my questions: What are your reporting procedures and standards when you lack factual information, which consequently leaves an allegation or insinuation clearly "subject to serious doubt"? What specific kind of data would satisfy a requirement for "conclusive proof to the contrary," if that is in fact your journalistic standard, so that you would not publish an article alleging misbehavior? What kinds of documents would suffice? Would disclosure of personal papers fully documenting activities on one trip satisfy lingering suspicion, or would it then move to the next and the next and the next...?

As I said, I am not unwilling to consider sharing additional documentation, even personal papers, if the boundaries and benefits are clear and reasonable. I would welcome the chance to sit down to discuss these and other issues with you, Bob Mong, and Jim Moroney, as we did, constructively I thought at the time, in late 2007 and early 2008.

Sincerely,

[Signature]

Kern Wildenthal, M.D., Ph.D.

KW:cr

Enclosure

P.S. I do not think it would be productive to engage in a debate about exactly what was said or written by your reporters when they contacted St. Mark's Hospital, UC-San Francisco, and the Komen Foundation, or what the reactions were at those institutions. The reporters know what they said. What I know is what was reported to us (to my UT Southwestern colleagues in the case of UCSF and Komen, and to me personally in the case of St. Mark's and Komen); what individuals at those institutions reported—not surprisingly in my view—was great concern, consternation, and bewilderment at why the News contacted them with regard to what they deduced, correctly, dealt with research for a story aimed at finding possible improprieties. If you wish to delve into a more complete description, I refer you to pages 20-24 in the transcript sent to the News of my October 14, 2008, interview and—for an independent reaction—to pages 66-74 (especially page 74, which is attached below) in the transcript of the News' interview with Dr. Kenneth Shine on November 14, 2008.

xc: Mr. James M. Moroney, III  
Mr. Robert W. Mong, Jr.  
Ms. Maud Beelman  

Dr. Daniel K. Podolsky  
Ms. Leah Hurley  
Mr. John Roan  
Mr. Tim Doke
going through records, we're trying to figure out what they mean. We ask him who he meets with, he won't tell us.

SHINE: I understand why he doesn't tell you. Your inquiry at St. Mark's set off sparks I happen to know that independently. And the fact that an investigative reporter from your paper was the one who made the inquiry and that he was known for criminal investigation on the website has blown that relationship sky high. And I think you're responsible for that. So I understand why he was so-

DMN: ...were just asking questions.

SHINE: Come on guys. A reporter from an American paper in Dallas sends an inquiry to Britain about a relationship involving a distinguished person. And when they try to find out who that was asking the question, they look up the person and he's somebody who specializes in criminal investigation. Now if you're getting stuff that gotten that kind of inquiry from somebody that I was working with who came from England, I wouldn't be rather shaken up by that. Come on. You know that that's not true.

DMN: Well, okay, we're done now.
Exhibit 6
<table>
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<tr>
<th>Allowance, Resident</th>
<th>Page 6, #21</th>
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<td>Award, Plaque</td>
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<td>Award Dinners</td>
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<td>Awards, Scholarship</td>
<td>Page 8, #31</td>
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<tr>
<td>Benefit Payments, Tickets</td>
<td>Page 7, #29</td>
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<td>Board Review, Courses</td>
<td>Page 1, #2</td>
</tr>
<tr>
<td>Business Meals</td>
<td>Page 4, #17</td>
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<td>Cellular, Personal Wireless Communication Device</td>
<td>Page 8, #35</td>
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<tr>
<td>Certification, Medical Board</td>
<td>Page 1, #1</td>
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<tr>
<td>Certifications, Technical</td>
<td>Page 7, #7</td>
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<td>Consultant/Lecture Fees</td>
<td>Page 6, #22 &amp; 23</td>
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<td>Continuing Medical Education Lecture Fees</td>
<td>Page 6, #24</td>
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<tr>
<td>Contributions, Charitable</td>
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<tr>
<td>Contributions, Memorial</td>
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<tr>
<td>Dues &amp; Memberships in Professional Organizations</td>
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<tr>
<td>Dues, Alumni Organizations</td>
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<td>Dues, Facility Club</td>
<td>Page 3, #10</td>
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<tr>
<td>Employee Functions, Meals</td>
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<td>Entertainment, Meals</td>
<td>Page 5, #18</td>
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<td>Fees, Consultant/Lecture</td>
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<td>Fees, Continuing Medical Education</td>
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<td>Fees, Professional License</td>
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<tr>
<td>Fees, Subject Screening &amp; Eligibility</td>
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<td>Flowers &amp; Token Gifts</td>
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<td>Honorariums</td>
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<td>Housing, Visiting Students</td>
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<tr>
<td>License Fees, Professional</td>
<td>Page 1, #4</td>
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<tr>
<td>License, Out-of-State Medical</td>
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<tr>
<td>Meals, Business</td>
<td>Page 4, #17</td>
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<tr>
<td>Meals &amp; Entertainment - Official Functions</td>
<td>Page 5, #18</td>
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<tr>
<td>Meals, Employee Function</td>
<td>Page 4, #17</td>
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<td>Medical Board, Certifications</td>
<td>Page 4, #1</td>
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<tr>
<td>Medical Staff, Privileges</td>
<td>Page 1, #3</td>
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<tr>
<td>Memberships in Professional Organizations</td>
<td>Page 2, #9</td>
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<tr>
<td>Memorial, Contributions</td>
<td>Page 7, #27</td>
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<td>Mileage, Personal Auto</td>
<td>Page 4, #15</td>
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<td>Moving, Expenses</td>
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<td>Parking Fees</td>
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<td>Payments for Benefits, Tables, Tickets</td>
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<td>Page 7, #26</td>
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<td>Recruitment Expense</td>
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<tr>
<td>Resident Award Dinner</td>
<td>Page 5, #19</td>
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<td>Resident Education Allowance</td>
<td>Page 6, #21</td>
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<td>Scholarship Awards</td>
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<td>Subject Screening &amp; Eligibility, Fees</td>
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<td>Page 8, #36</td>
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<td>Page 2, #7</td>
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<td>Telephone Service, Personal Wireless Communication Device</td>
<td>Page 8, #35</td>
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<tr>
<td>Tickets, Benefit Payments</td>
<td>Page 7, #29</td>
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<tr>
<td>Token Gifts &amp; Flowers</td>
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<td>Toll Free Telephone Numbers (800#’s)</td>
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<td>Vehicles</td>
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<tr>
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# Summary of Prior Approval of Departmental Expenditures Policy

<table>
<thead>
<tr>
<th>Type of Expense</th>
<th>Allowed Expenses</th>
<th>Eligible Employees</th>
<th>Required Approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Medical Board Certification</td>
<td>Yes</td>
<td>Clinical faculty (instructor or above) who are members of the practice plan or employed full-time at an affiliated institution (e.g., Parkland Memorial Hospital, Children’s Medical Center, etc.)</td>
<td>Department chair recommendation &amp; EVP Health System Affairs prior approval via paper intent to travel form</td>
</tr>
<tr>
<td>2 Board Review Courses</td>
<td>Yes</td>
<td>Clinical faculty (instructor or above) who are members of the practice plan or employed full-time at an affiliated institution, residents, clinical fellows</td>
<td>Department chair recommendation &amp; EVP Health System Affairs prior approval via paper intent to travel form</td>
</tr>
<tr>
<td>3 Medical Staff Privileges at Non-Affiliated Institutions</td>
<td>Yes</td>
<td>Clinical faculty (instructor or above) who are members of the practice plan</td>
<td>Department chair recommendation &amp; prior approval of EVP Health System Affairs</td>
</tr>
<tr>
<td>4 Professional License Fee (Initial, Temporary, Annual Renewal)</td>
<td>Yes, Texas Only</td>
<td>Income generating ISPDP &amp; full-time clinical faculty at an affiliated institution</td>
<td>Department Financial or Administrative Manager &amp; Director of Accounting Review for ISPDP contract facility, other clinical employees &amp; trainees requiring prior approval by chair &amp; EVP Health System Affairs</td>
</tr>
<tr>
<td>5 Out-of-State Medical Licenses</td>
<td>No</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6 Professional Liability Insurance</td>
<td>Yes</td>
<td>Clinical faculty (e.g., M.D., D.O., D.D.S.)</td>
<td>ISPDP Administration</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Other Faculty</td>
<td>Department chair recommendation &amp; EVP Health System Affairs</td>
</tr>
<tr>
<td></td>
<td>Yes</td>
<td>Non-faculty health-care professionals</td>
<td>Department chair recommendation &amp; EVP Health System Affairs in lieu of EVP Health System Affairs for ISPDP</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Dollar Limits</th>
<th>Allowable Sources</th>
<th>Payment Method</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ISPDP</td>
<td>Reimbursement</td>
<td>For initial certification or re-certification, includes incidental expenses to obtain supporting documents &amp; travel to a pre-exam does not require use of vacation time for exam</td>
</tr>
<tr>
<td></td>
<td>ISPDP</td>
<td>Reimbursement</td>
<td>Attain approved intent to travel to the travel authorization. In preparation for initial certification or required re-certification, may include travel if no course is available locally.</td>
</tr>
<tr>
<td></td>
<td>ISPDP</td>
<td>Direct</td>
<td>Chairman should provide written justification as to why this is appropriate to the University Mission. EVP Health System Affairs reviews form, department will attach signed approval form to GXR vouchers.</td>
</tr>
<tr>
<td></td>
<td>ISPDP, FSP</td>
<td>Reimbursement</td>
<td>For initial licensing includes travel to a pre-exam; does not require use of vacation time. Does not include incidental expenses to obtain supporting documents. Attain approved professional license fee plan and other clinical employees &amp; trainees to expense report.</td>
</tr>
<tr>
<td></td>
<td>ISPDP, FSP</td>
<td>Direct</td>
<td>For initial licensing includes travel to &amp; from exam; does not require use of vacation time; does not include incidental expenses to obtain supporting documents.</td>
</tr>
<tr>
<td></td>
<td>ISPDP, FSP</td>
<td>Direct</td>
<td>Clinical faculty paid through ISPDP &amp; billed by FSP to clinical department.</td>
</tr>
<tr>
<td></td>
<td>ISPDP, FSP</td>
<td>Direct</td>
<td>Paid via check request voucher to general accounting. Attach signed approval form to FSP voucher.</td>
</tr>
<tr>
<td></td>
<td>ISPDP, FSP</td>
<td>Direct</td>
<td>Paid via check request voucher to general accounting for non-faculty, most be included as part of departmental plan for professional liability insurance. Attach signed approval form to FSP voucher.</td>
</tr>
</tbody>
</table>

Incidental travel is not reimbursable.
<table>
<thead>
<tr>
<th>TYPE OF EXPENSE</th>
<th>ALLOWED EXPENSES</th>
<th>ELIGIBLE EMPLOYEES</th>
<th>REQUIRED APPROVAL</th>
<th>DOLLAR LIMITS</th>
<th>ALLOWABLE SOURCES</th>
<th>PAY METHOD</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 TECHNICAL CERTIFICATIONS</td>
<td>BY EXCEPTION</td>
<td>ADMINISTRATIVE PERSONNEL</td>
<td>EXCEPTIONS - EVP BUSINESS AFFAIRS</td>
<td>ALL EXCEPT STATE</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
</tr>
<tr>
<td>BY EXCEPTION</td>
<td>CLINICAL PERSONNEL</td>
<td>EXCEPTIONS - EXEC DIRECTOR OF MSROP</td>
<td>MSROP</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BY EXCEPTION</td>
<td>OTHER MEDICAL SCHOOL PERSONNEL + NON-CLINICAL</td>
<td>EXCEPTIONS - DEAN OF MEDICAL SCHOOL</td>
<td>ALL EXCEPT STATE</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BY EXCEPTION</td>
<td>HEALTH PROFESSIONS PERSONNEL</td>
<td>EXCEPTIONS - DEAN HEALTH PROFESSIONS SCHOOL</td>
<td>ALL EXCEPT STATE</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BY EXCEPTION</td>
<td>BILING &amp; CODEP PERSONNEL</td>
<td>EXCEPTIONS - EXEC DIRECTOR OF MSROP</td>
<td>MSROP</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE ONLY IF NOT AVAILABLE LOCALLY &amp; IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8 CONTINUING EDUCATION COURSES</td>
<td>YES</td>
<td>FACULTY</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>REIMBURSEMENT OF COURSES FOR CREDIT TOWARD DEGREE NOT ALLOWED WITHOUT SPECIFIC PRIOR APPROVAL OF PRESIDENT.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>FACULTY</td>
<td>NON-CREDIT COURSE REQUIRE APPROVAL OF PRESIDENT</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>PAPER FORM APPROVED BY PRESIDENT TO BE ATTACHED TO CAR VOUCHER OR EXPENSE REPORT, REIMBURSEMENT OF COURSES FOR CREDIT TOWARD DEGREE NOT ALLOWED WITHOUT SPECIFIC PRIOR APPROVAL OF PRESIDENT.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>CERTIFIED REGISTERED NURSE ANESTHETISTS (CRNA)</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>$1,500 PER YEAR</td>
<td>DESIGNATED</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>ONE RELATED FEES, TRAVEL, OR EDUCATIONAL MATERIALS</td>
<td></td>
</tr>
<tr>
<td>9 DOES MEMBERSHIPS IN PROFESSIONAL ORGANIZATIONS</td>
<td>YES</td>
<td>FACULTY (INSTRUCTOR OF ABOVE), ADMINISTRATORS, DIRECTORS &amp; ABOVE</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>ALL EXCEPT STATE &amp; FEDERAL SOURCES, IF USING SERVICE OR AGENCY, REQUIRES EVP BUSINESS AFFAIRS APPROVAL</td>
<td>REIMBURSEMENT</td>
<td>SEE MEMBERSHIP POLICY</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>FACULTY ASSOCIATES, TECHNICAL, SCIENTIFIC, NURSING, RESIDENTS, CLINICAL, FELLOWS, POST DOCTORAL FELLOWS, ASSISTANT INSTRUCTORS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>ALL EXCEPT STATE &amp; FEDERAL SOURCES, IF USING SERVICE OR AGENCY, REQUIRES EVP BUSINESS AFFAIRS APPROVAL</td>
<td>REIMBURSEMENT</td>
<td>SEE MEMBERSHIP POLICY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>ADMINISTRATIVE EMPLOYEES; CLASSIFIED EMPLOYEES WITH THE FOLLOWING FOR IDENTITIES: MINISTER FOR ARTS, MUSI ADMINISTRATIVE MSOP, ENR/FINANCIAL AFFAIRS MSOP, EXON INFORMATION RESOURCES MSOP, BVIS HUMAN RESOURCES MSOP, BST-SENOR INFORMATION RESOURCES</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>ALL EXCEPT STATE &amp; FEDERAL SOURCES, IF USING SERVICE OR AGENCY, REQUIRES EVP BUSINESS AFFAIRS APPROVAL</td>
<td>REIMBURSEMENT</td>
<td>SEE MEMBERSHIP POLICY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>STUDENTS</td>
<td>APPROPRIATE DEAN</td>
<td></td>
<td></td>
<td></td>
<td>ATTACH SIGNED APPROVAL FORM TO EXPENSE REQUEST, EXCEPTIONS WILL BE CONSIDERED UPON SUBMISSION OF APPROPRIATE DOCUMENTATION</td>
<td></td>
</tr>
<tr>
<td>NO</td>
<td>NON-TECHNICAL, CLASSIFIED EMPLOYEES</td>
<td>NOT ALLOWABLE</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS

**SUMMARY OF PRIOR APPROVAL OF DEPARTMENTAL EXPENDITURES POLICY**

**Revised 5/18/11**

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<tr>
<th>TYPE OF EXPENSE</th>
<th>ALLOWED EXPENSES</th>
<th>ELIGIBLE EMPLOYEES</th>
<th>REQUIRED APPROVAL</th>
<th>DOLLAR LIMITS</th>
<th>ALLOWABLE SOURCES</th>
<th>PAY METHOD</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>10 FACULTY CLUB DUES</td>
<td>YES</td>
<td>QUALIFIED FACULTY AT RANK OF ASSOCIATE PROFESSOR &amp; ABOVE (INCLUDING EMERITUS)</td>
<td>AUTOMATICALLY APPROVED BY PRESIDENT'S OFFICE FOR DUES</td>
<td>ADMINISTRATION</td>
<td>BUSINESS MEALS &amp; PERSONAL EXPENSES ARE THE RESPONSIBILITY OF THE DEPARTMENTS &amp; THE INDIVIDUAL, RESPECTIVELY</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>FACULTY AT RANKS BELOW ASSOCIATE PROFESSOR, PART-TIME (LESS THAN 50% TIME), VOLUNTEER &amp; RETIRED FACULTY</td>
<td>DEPARTMENT CHAIR</td>
<td>DIRECT</td>
<td>ATTACH PRE-APPROVED LIFT TO VOUCHER, INCLUDES SCHOOL OF MEDICINE, GRADUATE SCHOOL &amp; SCHOOL OF HEALTH PROFESSIONS</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>RESIDENTS, POST DOCTORAL &amp; RESEARCH FELLOWS</td>
<td>DEPARTMENT CHAIR &amp; PRESIDENT VIA DEPARTMENT PLAN</td>
<td>DIRECT</td>
<td>ATTACH PRE-APPROVED LIFT TO VOUCHER</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>DEPT MANAGERS, ADMIN MANAGER, FINANCIAL AFFAIRS MANAGER OR DIRECTOR</td>
<td>DEPARTMENT CHAIR</td>
<td>DIRECT</td>
<td>ATTACH PRE-APPROVED LIFT TO VOUCHER</td>
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<tr>
<td></td>
<td>YES</td>
<td>ALUMNI</td>
<td>NA</td>
<td>NA</td>
<td>PERSONAL</td>
<td>MUST BE PAID PERSONALLY</td>
<td></td>
</tr>
<tr>
<td>11 DUES &amp; MEMBERSHIPS IN ALUMNI ORGANIZATIONS OF EDUCATIONAL INSTITUTIONS</td>
<td>NO</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>12 PARKING FEES</td>
<td>YES</td>
<td>MEMBERSHIP OR FULL-TIME CLINICAL FACULTY AT AN AFFILIATED INSTITUTION ON AN APPROVED BENEFIT LIST AS PART OF INCENTIVE PLAN. (EXCEPTIONS MUST HAVE PRIOR PRESIDENTIAL APPROVAL)</td>
<td>DEPARTMENT CHAIR</td>
<td>DIRECT</td>
<td>PARKING FEES MUST BE APPROVED VIA A) DEPARTMENTAL ANNUAL BUDGET SUBMISSION OR B) APPROVED FRINGE BENEFIT WORKSHEET FOR NEW APPOINTMENTS.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>YES</td>
<td>EXECUTIVES AT RANK OF ASSISTANT VP PRESIDENT &amp; ABOVE; DEAN, ASSOC DEAN, ASST. DEAN</td>
<td>PRESIDENT</td>
<td>DIRECT</td>
<td>NAMED RESERVED</td>
<td></td>
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<tr>
<td></td>
<td>NO</td>
<td>RESIDENTS &amp; FELLOWS</td>
<td>NONE</td>
<td>NA</td>
<td>NA</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>NO</td>
<td>ADMINISTRATIVE &amp; PROFESSIONAL</td>
<td>NOT PERMITTED FROM ANY SOURCE</td>
<td>NONE</td>
<td>NA</td>
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</table>
### THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
#### SUMMARY OF PRIOR APPROVAL OF DEPARTMENTAL EXPENDITURES POLICY

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<thead>
<tr>
<th>TYPE OF EXPENSE</th>
<th>ALLOWED EXPENSES</th>
<th>ELIGIBLE EMPLOYEES</th>
<th>REQUIRED APPROVAL</th>
<th>DOLLAR LIMITS</th>
<th>ALLOWABLE SOURCES</th>
<th>PAY METHOD</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>13 TRAVEL REIMBURSEMENT</td>
<td>YES</td>
<td>FACULTY &amp; TRAINEES</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>CIRCUMSTANCES WHERE MEALS NOT TO EXCEED $25 BREAKFAST, $35 LUNCH, $65 DINNER, OR $15 PER DAY TOTAL, HOTEL NOT TO EXCEED $250/NIght EXCLUDING TAXES ($50 IN MAJOR METROPOLITAN AREAS, MAJOR FOREIGN CITIES, OR CONFERENCE SITE HOTELS, BAR IN NEW YORK, LONDON, TOKYO &amp; HONG KONG).</td>
<td>MISDE, SEANTS, APPROPRIATE ENDOWMENT, CURRENT PURPOSE ACCOUNTS</td>
<td>DIRECT FOR AIRFARE, REIMBURSEMENT FOR OTHER</td>
<td>APPROVED INTENT TO TRAVEL FORM MUST BE ATTACHED TO EXPENSE REPORT. STATE FUNDS CAN NOT BE USED. FEDERAL &amp; OTHER GRANT LIMITS MUST BE STRICTLY OBSERVED. ANY APPROVAL OVERAGES MUST BE PAID FROM OTHER SOURCES. EXCEPTION TO HOTEL MAXIMUM REQUIRES PRIOR APPROVAL OF DEPARTMENT CHAIR &amp; PROVOST OR PRESIDENT.</td>
</tr>
<tr>
<td>14 SPOUSE TRAVEL</td>
<td>YES</td>
<td>ALLOWABLE ONLY IF SPOUSE ATTENDANCE IS EXPECTED &amp; IS OF DEMONSTRABLE BENEFIT TO UT SOUTHWESTERN</td>
<td>PRIOR APPROVAL BY PRESIDENT</td>
<td>PRIOR APPROVAL</td>
<td>UNRESTRICTED FUNDS &amp; MERIP, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>APPLIES TO SPOUSE OF CURRENT EMPLOYEE/PAY FACULTY ONLY, FOR RECRUITMENT RELATED SPONSOR TRAVEL SEE SECTION 9.A.</td>
</tr>
<tr>
<td>15 LOCAL MILEAGE FOR BUSINESS USE OF PERSONAL AUTO OTHER THAN COMMUTING TO WORK FROM HOME (DALLAS &amp; ALL COUNTIES CONTIGUOUS TO IT)</td>
<td>YES</td>
<td>CLASSIFIED EMPLOYEES, EXCLUDING 9511, 9515, 9530-ADMINISTRATIVE NR., 9225-FINANCIAL AFFAIRS NR., 9300-GENERAL AFFAIRS NR., 9510-HUMAN RESOURCES NR., 9719-HUMAN AFFAIRS NR., 9377-PERSONNEL RESOURCES NR., WHO ARE REQUIRED TO TRAVEL FROM PRIMARY DUTY</td>
<td>PRIOR APPROVAL BY DEPARTMENT CHAIR</td>
<td>$0.51 PER MILE EFFECTIVE 1/1/11</td>
<td>ALL, EXCEPT STATE</td>
<td>REIMBURSEMENT</td>
<td>EMPLOYEES MUST PROVIDE MILEAGE DOCUMENTATION WHICH INDICATES DATE, STARTING POINT, DESTINATION, MILES &amp; PURPOSE. NO LOCAL MILEAGE TO FACULTY, APP &amp; LISTED CLASSIFIED, EXCEPTIONS TO BE APPROVED BY EVP FOR BUSINESS AFFAIRS. ATTACH HABITUAL APPROVAL TO VOUCHER.</td>
</tr>
<tr>
<td>16 MOVING EXPENSES</td>
<td>YES</td>
<td>FACULTY AT LEVEL OF ASSISTANT PROFESSOR &amp; ABOVE &amp; SENIOR ADMINISTRATORS</td>
<td>PRIOR APPROVAL OF APPROPRIATE DEAN OR EVP BUSINESS AFFAIRS</td>
<td>PRIOR APPROVAL</td>
<td>MISDEP, FIP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>SEE DEPARTMENT OF PURCHASING MOVING POLICY</td>
</tr>
<tr>
<td>17 BUSINESS MEALS OR SOUTHWESTERN-SPOONSIFIED OFFICE EMPL. FUNCTIONS</td>
<td>YES</td>
<td>IN-HOUSE PARTICIPANTS (INCLUDING PARKLA, VA, CHILDREN'S &amp; OTHER AFFILIATED HOSPITALS)</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>BUSINESS FUNCTIONS MAXIMUM: $150 PERSON/MEAL/FOOD, $150 PERSON/MEAL/FOOD, $200 PERSON/DINNER.</td>
<td>MISDEP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO DEPARTMENT TO REVISE OR OBTAIN PRIOR APPROVAL. SPOUSES MAY ATTEND WITH PRIOR APPROVAL OF PROVOST. SUBMIT LETTER OF JUSTIFICATION FOR NEXITY FOR SPOUSE PRESENCE.</td>
</tr>
</tbody>
</table>
### THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS

**SUMMARY OF PRIOR APPROVAL OF DEPARTMENTAL EXPENDITURES POLICY**

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<tr>
<th>TYPE OF EXPENSE</th>
<th>ALLOWED EXPENSES</th>
<th>BASED ON EMPLOYEES</th>
<th>REQUIRED APPROVAL</th>
<th>DOLLAR LIMITS</th>
<th>ALLOWABLE SOURCES</th>
<th>PAY METHOD</th>
<th>COMMENTS</th>
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<tbody>
<tr>
<td>18 MEALS &amp; ENTERTAINMENT OFFICIAL FUNCTIONS</td>
<td>YES</td>
<td>UT SOUTHWESTERN EMPLOYEES WITH OFFICIAL MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>OFFICIAL FUNCTIONS: - $35/person-breakfast, - $45/person-lunch, - $65/person-dinner, - $250/event</td>
<td>MSOP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT: DIRECT IF FUNCTION IS ON CAMPUS.</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO THE DEPARTMENT TO REVISE OR OBTAIN PRESIDENT APPROVAL. APPROVAL FOR SPOUSE ATTENDANCE REQUIRED: OFFICIAL FUNCTION SUBJECT TO PRESIDENT'S OFFICE VIA OFFICE FUNCTION FORM. ALL OTHERS: APPLICABLE DEAN'S OFFICE APPROVAL REQUIRED. LIMIT INCREASED UP TO $150 FOR DINNER FOR SPECIAL CIRCUMSTANCES WITH PRIOR APPROVAL OF PRESIDENT. SEE GUIDELINES FOR OFFICIAL ENTERTAINMENT.</td>
</tr>
<tr>
<td>YES</td>
<td>INDIVIDUALS INVOLVED IN RECRUITMENT (VIA BRANCH COMMITTEE) OF MAJOR SENIOR POSITION</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>$25/person-breakfast, $50/person-lunch, $75/person-dinner, $250/event</td>
<td>MSOP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT: DIRECT IF FUNCTION IS ON CAMPUS.</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO THE DEPARTMENT TO REVISE OR OBTAIN PRESIDENT APPROVAL. SPOUSES MAY ATTEND WITH PRIOR APPROVAL OF APPLICABLE DEAN'S OFFICE. SUBMIT LETTER OF JUSTIFICATION FOR SPOUSE PRESENCE.</td>
</tr>
<tr>
<td>YES</td>
<td>INDIVIDUALS INVOLVED IN RECOGNITION OF HONORED VISTING PROFESSOR/LECTURER</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>$25/person-breakfast, $50/person-lunch, $75/person-dinner, $250/event</td>
<td>MSOP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT: DIRECT IF FUNCTION IS ON CAMPUS.</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO THE DEPARTMENT TO REVISE OR OBTAIN PRESIDENT APPROVAL. SPOUSES MAY ATTEND WITH PRIOR APPROVAL OF PROVOST. SUBMIT LETTER OF JUSTIFICATION FOR SPOUSE PRESENCE.</td>
</tr>
<tr>
<td>19 RESIDENT APPRECIATION AWARDS</td>
<td>YES</td>
<td>UT SOUTHWESTERN &amp; AFFILIATED INSTITUTION EMPLOYEES, RESIDENTS, CLINICAL FELLOWS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS.</td>
<td>$25/person-breakfast, $50/person-lunch, $75/person-dinner, $250/event</td>
<td>MSOP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT: DIRECT IF FUNCTION IS ON CAMPUS.</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO THE DEPARTMENT TO REVISE OR OBTAIN PRESIDENT APPROVAL. SPOUSES &amp; ESCORTS MAY ATTEND IF JUSTIFIED.</td>
</tr>
<tr>
<td>20 RECRUITMENT EXPENSE</td>
<td>YES</td>
<td>PROSPECTIVE EMPLOYEES LIMITED TO FACULTY &amp; ADMINISTRATORS AT THE LEVEL OF DIRECTOR &amp; ABOVE</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER.</td>
<td>MSOP, FSP, UNRESTRICTED, ENDOWMENT, VARIOUS DONOR</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>MEALS ALLOWED UNDER GUIDELINES FOR OFFICIAL UNIVERSITY FUNCTIONS. TRAVEL &amp; LOGS ALLOWABLE FOR RECRUIT, SPOUSE &amp; CHILDREN ACCORDING TO PER DiEM RATES FOR SOURCE OF FUNDS. ECONOMY AIRFARE ONLY.</td>
<td>SEE GENERAL APPROPRIATIONS ACT, ARTICLE III, SECTION 7</td>
</tr>
<tr>
<td>YES</td>
<td>STUDENT RECRUITS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER.</td>
<td>MSOP, FSP, UNRESTRICTED, ENDOWMENT, VARIOUS DONOR</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>RESIDENTS &amp; FELLOWS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER.</td>
<td>MSOP, FSP, UNRESTRICTED, ENDOWMENT, VARIOUS DONOR</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td></td>
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</tbody>
</table>

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<thead>
<tr>
<th>TYPE OF EXPENSE</th>
<th>ALLOWED EXPENSES</th>
<th>ELIGIBLE EMPLOYEES</th>
<th>REQUIRED APPROVAL</th>
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<th>ALLOWABLE SOURCES</th>
<th>PAY METHOD</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>21 RESIDENT EDUCATION ALLOWANCE</td>
<td>YES</td>
<td>RESIDENTS &amp; CLINICAL FELLOWS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>DURING THE ENTIRE PERIOD OF TRAINING IN EACH ACADEMIC PROGRAM OF 3 YEARS OR LESS, CUMULATIVE MAXIMUM OF $4,000 PER INDIVIDUAL, INCLUDING ITEMS GIVEN IN RECOGNITION OF COMPLETION OF TRAINING. FOR PROGRAMS EXCEEDING 3 YEARS, THE CUMULATIVE MAXIMUM IS INCREASED $1,000 FOR EACH ADDITIONAL YEAR OF REQUIRED TRAINING.</td>
<td>MIDP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>EXCEPTIONS TO APPROPRIATE DEAN</td>
</tr>
<tr>
<td>22 CONSULTANT/LECTURE FEES (OTHER THAN HEALTH INSTITUTIONS)</td>
<td>YES</td>
<td>VISITING CONSULTANTS &amp; LECTURERS OTHER THAN HEALTH INSTITUTIONS</td>
<td>PRIOR APPROVAL OF APPROPRIATE DEAN, EVP BUSINESS AFFAIRS OR PRESIDENT</td>
<td>(A) MAX $1,500 PER DAY</td>
<td>ALL EXCEPT STATE; LECTURE FEES NOT ALLOWED ON RESEARCH GRANTS</td>
<td>DIRECT</td>
<td>ATTACH SIGNED PAPER CONSULTANT &amp; LECTURE FORM TO ORI VOUCHER, FOR DAYS ON WHICH LECTURES ARE GIVEN OR CLINICAL SERVICES ARE PERFORMED</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(B) MAX $500 PER DAY</td>
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<tr>
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<td></td>
<td></td>
<td></td>
<td>(C) MAX $2,000 PER DAY</td>
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<tr>
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<td></td>
<td></td>
<td>(D) MAX $3,000 PER DAY</td>
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<tr>
<td></td>
<td>YES</td>
<td>RESIDENTS &amp; FELLOWS FOR PRESENTATIONS TO DEPARTMENTS OUTSIDE RESIDENCY FELLOWSHIP</td>
<td></td>
<td>$200 PER LECTURE</td>
<td>ALL EXCEPT STATE</td>
<td>DIRECT</td>
<td>NO EXPENSES ALLOWED</td>
</tr>
<tr>
<td>23 CONSULTANT/LECTURE FEES (UT HEALTH INSTITUTIONS)</td>
<td>YES</td>
<td>FACULTY &amp; STAFF OF OTHER UT HEALTH INSTITUTIONS</td>
<td>DEPARTMENT CHAIR &amp; DEAN IF LESS THAN $500 PER DAY OR WRITTEN APPROVAL OF PRESIDENT OF BOTH INSTITUTIONS IF GREATER THAN $500 PER DAY</td>
<td>$500 OR LESS PER DAY OR GREATER THAN $500 PER DAY ONLY WITH WRITTEN APPROVAL OF BOTH PRESIDENTS</td>
<td>MIDP, FSP, UNRESTRICTED ENDOWMENTS, UNRESTRICTED CURRENT REVENUE FUNDS</td>
<td>DIRECT</td>
<td>ATTACH SIGNED PAPER CONSULTANT &amp; LECTURE FORM TO ORI VOUCHER, ACTUAL EXPENSES MAY BE PAID IN ADDITION TO CONSULTANT FEE, NOT TO EXCEED GUIDELINES. REFER TO UT SYSTEM GUIDELINES ON PAYMENTS TO FACULTY. ECONOMY AIRFARE ONLY WITHOUT PRIOR APPROVAL OF PRESIDENT FOR SPECIAL REASONS.</td>
</tr>
<tr>
<td>24 CONTINUING MEDICAL EDUCATION LECTURE FEES</td>
<td>YES</td>
<td>GUEST LECTURERS, UT SOUTHWESTERN FACULTY</td>
<td>EVP HEALTH SYSTEM AFFAIRS WITH RECOMMENDATION OF CONTINUING MEDICAL EDUCATION</td>
<td>PER ONE POLICY</td>
<td>ALL ONE ALLOWABLE SOURCES</td>
<td>DIRECT</td>
<td>PAID IN ACCORDANCE WITH ONE LECTURE FEE POLICY, ECONOMY AIRFARE ONLY WITHOUT PRIOR APPROVAL OF PRESIDENT FOR SPECIAL REASONS.</td>
</tr>
<tr>
<td>25 HONORARIA</td>
<td>NO</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>NOT ALLOWED FROM ANY SOURCE OF FUNDS</td>
</tr>
<tr>
<td>TYPE OF EXPENSE</td>
<td>ALLOWED EXPENSES</td>
<td>ELIGIBLE EMPLOYEES</td>
<td>REQUIRED APPROVAL</td>
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</tr>
<tr>
<td>20 PLACER AWARD POLICY</td>
<td>YES</td>
<td>FACULTY</td>
<td>DEPARTMENT CHAIR &amp; APPROPRIATE DEAN</td>
<td>$500 MAXIMUM</td>
<td>MSOR, FSP, UNRESTRICTED PRIVATE FUNDS</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>PLACER AWARDS DENOTE EXCELLENCE IN AN AREA THAT REPRESENTS AN IMPORTANT MISSION OF THE UNIVERSITY. APPROVED LIST MAINTAINED IN EACH OFFICE. MEDICAL SCHOOL GRADUATE SCHOOL &amp; SCHOOL OF HEALTH PROFESSIONS WILL SUBMIT APPROVED SPREADSHEET TO ACCOUNTS PAYABLE. DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER WILL APPROVE BASED ON PRE-APPROVED SPREADSHEET.</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>GUEST SPEAKER</td>
<td>DEPARTMENT CHAIR &amp; APPROPRIATE DEAN</td>
<td>$500 MAXIMUM</td>
<td>MSOR, FSP, UNRESTRICTED PRIVATE FUNDS</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>MEDICAL SCHOOL GRADUATE SCHOOL &amp; SCHOOL OF HEALTH PROFESSIONS WILL SUBMIT APPROVED SPREADSHEET TO ACCOUNTS PAYABLE. DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER WILL APPROVE BASED ON PRE-APPROVED SPREADSHEET.</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>RESIDENTS/FELLOWS</td>
<td>DEPARTMENT CHAIR &amp; APPROPRIATE DEAN</td>
<td>$500 MAXIMUM INCLUDES THE MAXIMUM IN TOTAL EDUCATION ALLOWANCE (SEE #21)</td>
<td>MSOR, FSP, UNRESTRICTED PRIVATE FUNDS</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td></td>
</tr>
<tr>
<td>27 MEMORIAL CONTRIBUTIONS</td>
<td>NO</td>
<td></td>
<td>NOT ALLOWED</td>
<td></td>
<td>NA</td>
<td>NO</td>
<td>NOT ALLOWED FROM ANY SOURCE OF FUNDS</td>
</tr>
<tr>
<td>28 CHARITABLE CONTRIBUTIONS</td>
<td>NO</td>
<td></td>
<td>NOT ALLOWED</td>
<td></td>
<td>NA</td>
<td>NO</td>
<td>NOT ALLOWED FROM ANY SOURCE OF FUNDS</td>
</tr>
<tr>
<td>29 PAYMENTS FOR BENEFITS, TRAVEL, TOOKS, ETC.</td>
<td>NO</td>
<td></td>
<td>GENERALY NOT ALLOWED, EXCEPTIONS REQUIRE PREWRITTEN APPROVAL OF VP EXTERNAL RELATIONS OR PRESIDENT</td>
<td></td>
<td>NA</td>
<td>NA</td>
<td>GENERALY NOT PERMITTED FROM ANY SOURCE</td>
</tr>
<tr>
<td>30 PLACEMENT &amp; TOKEN GIFTS (INCLUDING BOOKS &amp; MEMENTOS)</td>
<td>YES</td>
<td>HOSPITALIZED, SERIOUSLY SICK OR DECEASED EMPLOYEES OR THEIR IMMEDIATE FAMILY, RESIDENTS, STUDENT &amp; RETIREES</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>$500 MAXIMUM (INCLUDING FEES)</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; MSOR, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>GIFTS FROM DEPARTMENT OTHER THAN EMPLOYEE'S PRIMARY ARE GENERALLY NOT ALLOWED. MULTIPLE GIFTS ARE NOT ALLOWED.</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>VISITING FACULTY</td>
<td>PRIOR APPROVAL OF DEPARTMENT CHAIR &amp; DEAN</td>
<td>$500 MAXIMUM (INCLUDING FEES)</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; MSOR, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>ATTACH SIGNED APPROVAL TO GIFT VOUCHER OR EXPENSE REPORT. MULTIPLE GIFTS ARE NOT ALLOWED.</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>UNIVERSITY DONORS</td>
<td>PRIOR APPROVAL OF DEPARTMENT CHAIR &amp; VP EXTERNAL RELATIONS</td>
<td>$500 MAXIMUM (INCLUDING FEES)</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; MSOR, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>ATTACH SIGNED APPROVAL TO GIFT VOUCHER OR EXPENSE REPORT. MULTIPLE GIFTS ARE NOT ALLOWED.</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>DEPARTING FACULTY, DEPARTING EMPLOYEES, DEPARTING RESIDENTS &amp; FELLOWS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>$500 MAXIMUM OR $1250 (ONE TIME) OR $250 MAX, WHICHEVER IS GREATER</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; MSOR, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMIT WILL BE SENT BACK TO DEPARTMENT TO REVISE OR DEFER PRESIDENT'S APPROVAL. GIFTS FROM DEPARTMENT OTHER THAN EMPLOYEE'S PRIMARY DEPARTMENT ARE GENERALLY NOT ALLOWED. MULTIPLE GIFTS ARE NOT ALLOWED.</td>
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# Summary of Prior Approval of Departmental Expenditures Policy

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<tr>
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<th>Required Approval</th>
<th>Dollar Limits</th>
<th>Allowable Sources</th>
<th>Pay Method</th>
<th>Comments</th>
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<tbody>
<tr>
<td>30. PLANNING &amp; TOKEN GIFTS (INCLUDING BOOKS &amp; MEMORABILIA) CONTINUED</td>
<td>YES</td>
<td>VOLUNTEER FACULTY &amp; STAFF EMPLOYEES AT THE DIRECTION OF AFFILIATED PROGRAM</td>
<td>PRIOR APPROVAL OF PRESIDENT</td>
<td>$500 maximum</td>
<td>VENDOR</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>ATTACH SIGNED APPROVAL TO EMD VOUCHER OR EXPENSE REPORT.</td>
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<td>NO</td>
<td>GIFTS FOR NEW EMPLOYEES, PROMOTIONS, TRANSFERS, RECRUITMENT, BIRTHDAYS, CHRISTMAS, SECRETARY'S WEEK, &amp; OTHER SUCH OCCASIONS ARE NOT ALLOWED</td>
<td>NOT ALLOWED</td>
<td>N/A</td>
<td>NONE</td>
<td>N/A</td>
<td>FLOWERS, FRUIT BASKETS, FOOD TRAYS &amp; OTHER GIFTS NOT ALLOWED</td>
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<td>31. SCHOLARSHIP AWARDS</td>
<td>YES</td>
<td>STUDENTS ENROLLED AT UT SOUTHWESTERN</td>
<td>APPROPRIATE DEAN</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; HHSDP, FSP</td>
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<td>TRAINING GRANTS</td>
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<td>RESIDENTS &amp; FELLOWS</td>
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<td>PRIVATE &amp; FEDERAL GRANTS</td>
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<td>YES</td>
<td>CLINICAL FACULTY</td>
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<td>MAXIMUM OF $10 PER MONTH</td>
<td>HHSDP &amp; FSP FUNDS</td>
<td>SALARY SUPPLEMENT</td>
<td>PAID IN ACCORDANCE WITH WIRELESS COMMUNICATION POLICY</td>
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<td>YES</td>
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<td>PROFESSIONAL SUBSCRIPTIONS: DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER NON-PROFESSIONAL SUBSCRIPTIONS REQUIRE PRIOR APPROVAL; DEPARTMENT CHAIR &amp; PRESIDENT OR EVP BUSINESS AFFAIRS</td>
<td>ALL EXCEPT STATE</td>
<td>HHSDP</td>
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<td>NON-PROFESSIONAL SIGNED APPROVAL TO BE ATTACHED TO VOUCHER REQUEST. IT IS THE POLICY OF THE UNIVERSITY TO PAY GENERAL INTRANET SUBSCRIPTIONS EXCEPT FOR THE EXTENT USED FOR WAITING ROOM AREAS &amp; PUBLIC ACCESS AREAS.</td>
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<td>YES</td>
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<td>$200 PER WEEK</td>
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<td>DOLLAR LIMIT IS $200 PER WEEK IF SHARING A TWO BEDROOM SUITE IS NOT POSSIBLE</td>
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# THE UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS

## SUMMARY OF PRIOR APPROVAL OF DEPARTMENTAL EXPENDITURES POLICY

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<th>TYPE OF EXPENSE</th>
<th>ALLOWED EXPENSES</th>
<th>ELIGIBLE EMPLOYEES</th>
<th>REQUIRED APPROVAL</th>
<th>DOLLAR LIMITS</th>
<th>ALLOWABLE SOURCES</th>
<th>PAY METHOD</th>
<th>COMMENTS</th>
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<td>1 Medical Board Certification</td>
<td>YES</td>
<td>Clinical Faculty (Instructor or above) who are members of the practice plan or employed full-time at an affiliated institution (e.g., Parkland Memorial Hospital, Children's Medical Center, Seton, Veterans Administration, etc.)</td>
<td>Department Chair Recommendation &amp; EVP Health System Affairs Prior Approval Via Paper Intent to Travel Form</td>
<td>PRIOR APPROVAL</td>
<td>MSROP</td>
<td>REIMBURSEMENT</td>
<td>For initial certification or re-certification, includes incidental expenses to obtain supporting documents &amp; travel to &amp; from exam. Does not require use of vacation time for exam.</td>
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<td>2 Board Review Courses</td>
<td>YES</td>
<td>Clinical Faculty (Instructor or above) who are members of the practice plan or employed full-time at an affiliated institution</td>
<td>Department Chair Recommendation &amp; EVP Health System Affairs Prior Approval Via Paper Intent to Travel Form</td>
<td>PRIOR APPROVAL</td>
<td>MSROP</td>
<td>REIMBURSEMENT</td>
<td>Attach approved intent to travel to the travel authorization. In preparation for initial certification or required re-certification, may include travel if no course is available locally.</td>
</tr>
<tr>
<td>3 Medical Staff Privileges at Non-</td>
<td>YES</td>
<td>Clinical Faculty (Instructor or above) who are members of the practice plan</td>
<td>Department Chair Recommendation &amp; Prior Approval of EVP Health System Affairs</td>
<td></td>
<td>MSROP</td>
<td>DIRECT</td>
<td>Chairman should provide written justification as to why this is appropriate to the University mission. EVP Health System Affairs should be form. Department will attach signed approval form to Gkn Voucher.</td>
</tr>
<tr>
<td>Affiliated Institutions</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>4 Professional License Fee (Initial,</td>
<td>YES, Texas Only</td>
<td>Incomegenerating MSROP &amp; Full-time Clinical faculty at an affiliated institution</td>
<td>Department Financial or Administrative Manager &amp; Director of Accounting Review for MSROP Contract Faculty. Other Clinical Employees &amp; Trainees require prior approval by Chair &amp; EVP Health System Affairs</td>
<td></td>
<td>MSROP</td>
<td>REIMBURSEMENT</td>
<td>For initial license includes travel to &amp; from exam. Does not require use of vacation time. Does not include incidental expenses to obtain supporting documents. Attach approved professional license fee plan for other clinical employees &amp; trainees to expense report.</td>
</tr>
<tr>
<td>Temporary, Annual, Renewal)</td>
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<tr>
<td>5 Out-of-State Medical License</td>
<td>NO</td>
<td></td>
<td></td>
<td></td>
<td>NA</td>
<td>NA</td>
<td>Incidental travel is not reimbursable.</td>
</tr>
<tr>
<td>6 Professional Liability Insurance</td>
<td>YES</td>
<td>Clinical Faculty (e.g., R.D., D.O., D.D.S.)</td>
<td>MSROP Administration</td>
<td></td>
<td>MSROP</td>
<td>DIRECT TO UT SYSTEM</td>
<td>Clinical Faculty paid through MSROP Admin &amp; billed by OR to Clinical Department.</td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>Other Faculty</td>
<td>Department Chair Recommendation &amp; EVP Health System Affairs</td>
<td></td>
<td>MSROP, PFP</td>
<td>DIRECT</td>
<td>Paid via check request voucher to general accounting. Attach signed approval form to OR Voucher.</td>
</tr>
<tr>
<td></td>
<td>YES, Texas Only</td>
<td>Income generating FSP members</td>
<td>Dean of Health Professions School &amp; Director of Accounting Review for FSP Contract Faculty</td>
<td></td>
<td>FSP</td>
<td>REIMBURSEMENT</td>
<td>For initial licensure includes travel to &amp; from exam. Does not require use of vacation time. Does not include incidental expenses to obtain supporting documents. Attach approved professional license fee plan for other clinical employees &amp; trainees to expense report.</td>
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<thead>
<tr>
<th>TYPE OF EXPENSE</th>
<th>ALLOWED EXPENSES</th>
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<th>DOLLAR LIMITS</th>
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<th>COMMENTS</th>
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<tbody>
<tr>
<td>7 TECHNICAL CERTIFICATIONS</td>
<td>BY EXCEPTION</td>
<td>ADMINISTRATIVE PERSONNEL</td>
<td>EXCEPTIONS - EVP BUSINESS AFFAIRS</td>
<td>ALL EXCEPT STATE</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BY EXCEPTION</td>
<td>CLINICAL PERSONNEL</td>
<td>EXCEPTIONS - EXEC DIRECTOR OF MSBOP</td>
<td>MSBOP</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BY EXCEPTION</td>
<td>OTHER MEDICAL SCHOOL PERSONNEL, NON-CLINICAL</td>
<td>EXCEPTIONS - DEAN OF MEDICAL SCHOOL</td>
<td>ALL EXCEPT STATE</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BY EXCEPTION</td>
<td>HEALTH PROFESSIONS PERSONNEL</td>
<td>EXCEPTIONS - GSANS HEALTH PROFESSIONS SCHOOL</td>
<td>ALL EXCEPT STATE</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE IF APPROVED AS EXCEPTION; DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>BY EXCEPTION</td>
<td>BILLING &amp; CODING PERSONNEL</td>
<td>EXCEPTIONS - EXEC DIRECTOR OF MSBOP</td>
<td>MSBOP</td>
<td>REIMBURSEMENT</td>
<td>TRAVEL IS ALLOWABLE ONLY IF NOT AVAILABLE LOCALLY &amp; IF APPROVED AS EXCEPTION DOES NOT REQUIRE USE OF VACATION TIME.</td>
<td></td>
</tr>
<tr>
<td>8 CONTINUING EDUCATION COURSES</td>
<td>YES</td>
<td>FACULTY</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>REIMBURSEMENT OF COURSES FOR CREDIT TOWARD DEGREE NOT ALLOWED WITHOUT SPECIFIC PRIOR APPROVAL OF PRESIDENT.</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>FACULTY</td>
<td>NON-SCIENCE COURSES REQUIRE APPROVAL OF PRESIDENT</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>PAPER FORM APPROVED BY PRESIDENT TO BE ATTACHED TO YOUR VOUCHER OR EXPENSE REPORT.</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>YES</td>
<td>CERTIFIED REGISTERED NURSE ANESTHETISTS (CRNA)</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>$250 PER YEAR</td>
<td>DESIGNATED</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>CME RELATED FEES, TRAVEL OR EDUCATIONAL MATERIALS</td>
</tr>
<tr>
<td>9 DUES &amp; MEMBERSHIPS IN PROFESSIONAL ORGANIZATIONS</td>
<td>YES</td>
<td>FACULTY (INSTRUCTORS OR ABOVE), ADMINISTRATORS, DIRECTORS &amp; ABOVE</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>ALL EXCEPT STATE &amp; FEDERAL SOURCES, IF USING SERVICE OR AUXILIARY, REQUIRE EVP BUSINESS AFFAIRS APPROVAL.</td>
<td>REIMBURSEMENT</td>
<td>SEE MEMBERSHIP POLICY</td>
<td></td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>FACULTY ASSOCIATES, TECHNICAL, ECIENTIFIC, NURSING, RESIDENTS, CLINICAL FELLOWS, POST DOCTORAL FELLOWS, ASSISTANT INSTRUCTORS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>ALL EXCEPT STATE &amp; FEDERAL SOURCES, IF USING SERVICE OR AUXILIARY, REQUIRE EVP BUSINESS AFFAIRS APPROVAL.</td>
<td>REIMBURSEMENT</td>
<td>SEE MEMBERSHIP POLICY</td>
<td></td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>ADMINISTRATIVE EMPLOYEES WITH THE FOLLOWING JOB CODE(S)/TITLE(S): 2510-EXECUTIVE ASST., 2510-ADMINISTRATIVE MGR., 2529-FINANCIAL AFFAIRS MGR., 2933- INFORMATION RESOURCES MGR., 5410-HUMAN RESOURCES MGR., 2377-SENIOR INFORMATION RESOURCES</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>ALL EXCEPT STATE &amp; FEDERAL SOURCES, IF USING SERVICE OR AUXILIARY, REQUIRE EVP BUSINESS AFFAIRS APPROVAL.</td>
<td>REIMBURSEMENT</td>
<td>SEE MEMBERSHIP POLICY</td>
<td></td>
</tr>
<tr>
<td></td>
<td>YES</td>
<td>STUDENTS</td>
<td>APPROPRIATE DEAN</td>
<td></td>
<td></td>
<td></td>
<td>ATTACH SIGNED APPROVAL FORM TO EXPENSE REQUEST.</td>
</tr>
<tr>
<td>NO</td>
<td>NON-TECHNICAL CLASSIFIED EMPLOYEES</td>
<td>NOT ALLOWABLE</td>
<td></td>
<td></td>
<td>N/A</td>
<td>EXCEPTIONS WILL BE CONSIDERED UPON SUBMISSION OF APPROPRIATE DOCUMENTATION</td>
<td></td>
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</tbody>
</table>

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<tr>
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<tbody>
<tr>
<td>10 Faculty Club Dues</td>
<td>YES</td>
<td>Qualified faculty at rank of assistant professor &amp; above (including emeritus), executives at rank of assistant vice-president &amp; above * Paid by UT Southwestern or paid direct at least 30% time without other regular outside employment</td>
<td>Automatically approved by President's Office for dues</td>
<td>Department Chair</td>
<td>Department NSODP, FSP, unrestricted endowment, unrestricted current purpose funds, or personal funds</td>
<td>Direct</td>
<td>Attachment pre-approved list to voucher. Includes School of Medicine, Graduate School, &amp; School of Health Professions</td>
</tr>
<tr>
<td>10 Faculty Club Dues</td>
<td>YES</td>
<td>Faculty at ranks below assistant professor, part-time less than 50% time, volunteers &amp; retired faculty</td>
<td></td>
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</tr>
<tr>
<td>10 Faculty Club Dues</td>
<td>YES</td>
<td>Residents, post doc clinical &amp; research fellows</td>
<td>Department Chair &amp; President via department plan</td>
<td>Department NSODP, FSP, unrestricted endowment, unrestricted current purpose funds, or personal funds</td>
<td>Direct</td>
<td>Attachment pre-approved list to voucher.</td>
<td></td>
</tr>
<tr>
<td>10 Faculty Club Dues</td>
<td>YES</td>
<td>Dept manager, assoc manager, financial affairs manager or equivalent, directors</td>
<td>Department Chair</td>
<td></td>
<td></td>
<td></td>
<td>Attachment pre-approved list to voucher.</td>
</tr>
<tr>
<td>10 Faculty Club Dues</td>
<td>YES</td>
<td>Alumni</td>
<td></td>
<td>NA</td>
<td>Personal</td>
<td></td>
<td>Must be paid personally</td>
</tr>
<tr>
<td>11 Dues &amp; Memberships in Alumni Organizations of Educational Institutions</td>
<td>NO</td>
<td></td>
<td></td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>12 Parking Fees</td>
<td>YES</td>
<td>NSODP, FSP members or full-time clinical faculty at an affiliated institution on an approved benefit list as part of incentive plan. Exemptions must have prior presidential approval</td>
<td>Department Chair</td>
<td>Allow one (1) decal only</td>
<td>Allow NSODP, FSP exceptions to source must have prior presidential approval</td>
<td>Direct</td>
<td>Parking fees must be approved via: 1) departmental annual budget submission or 2) approved exemptions benefit worksheet for new appointments.</td>
</tr>
<tr>
<td>12 Parking Fees</td>
<td>YES</td>
<td>Basic Science Chairs</td>
<td></td>
<td>Allow one (1) decal only</td>
<td>Chair account</td>
<td>Direct</td>
<td>Named reserved</td>
</tr>
<tr>
<td>12 Parking Fees</td>
<td>YES</td>
<td>Residents &amp; fellows</td>
<td>President</td>
<td>Allow one (1) decal only</td>
<td>NSODP, FSP</td>
<td>Direct</td>
<td>Must be approved as part of annual benefit benefit; ask VP + General Assoc Dean + Reserved. VP above = named reserved</td>
</tr>
<tr>
<td>12 Parking Fees</td>
<td>NO</td>
<td>Residents &amp; fellows</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12 Parking Fees</td>
<td>NO</td>
<td>Administrative &amp; Professional</td>
<td></td>
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</tr>
</tbody>
</table>

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*Business meals & personal expenses are the responsibility of the departments & the individual, respectively.*
<table>
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<tr>
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<tbody>
<tr>
<td>13 TRAVEL REIMBURSEMENT</td>
<td>YES</td>
<td>FACULTY &amp; TRAINEE</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>COACH CLASS AIRFARE, MEALS NOT TO EXCEED $35 BREAKFAST, $50 LUNCH, $65 DINNER, OR $125 PER DAY TOTAL, HOTEL NOT TO EXCEED $200/NIGHT EXCLUDING TAXES ($100 IN MAJOR METROPOLITAN AREA, MAJOR FOREIGN CITIES, OR CONFERENCE SITE HOTELS, $400 IN NEW YORK, LONDON, TOKYO &amp; HONG KONG).</td>
<td>MISOP, GRANTS, APPROPRIATE ENDOWMENT, CURRENT PURPOSE ACCOUNTS</td>
<td>DIRECT FOR AIRFARE, REIMBURSEMENT FOR OTHER</td>
<td>APPROVED INTENT TO TRAVEL FORM MUST BE ATTACHED TO EXPENSE REPORT. STATE FUNDS CANNOT BE USED FOR FEDERAL &amp; OTHER GRANT LIMITS MUST BE STRICTLY OBSERVED. ANY APPROVAL, OVERAGES MUST BE PAID FROM OTHER SOURCES. EXCEPTION TO HOTEL MAXIMUM REQUIRES PRIOR APPROVAL OF DEPARTMENT CHAIR &amp; PROVOST OR PRESIDENT.</td>
</tr>
<tr>
<td>14 SPOUSE TRAVEL</td>
<td>YES</td>
<td>ALLOWABLE ONLY IF SPOUSE ATTENDANCE IS EXPLICITLY A &amp; OF DEMONSTRABLE BENEFIT TO UT SOUTHWESTERN</td>
<td>PRIOR APPROVAL BY PRESIDENT</td>
<td>PRIOR APPROVAL</td>
<td>UNRESTRICTED FUNDS &amp; MISOP, FAP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>APPLIES TO SPOUSE OF CURRENT EMPLOYEE/FRAGMENT ONLY, FOR RECRUITMENT RELATED SPOUSE TRAVEL SEE SECTION #6.</td>
</tr>
<tr>
<td>15 LOCAL MILEAGE FOR BUSINESS USE OF PERSONAL AUTO OTHER THAN COMMUTING TO WORK FROM HOME (DALLAS &amp; ALL COUNTIES CONTIGUOUS TO IT)</td>
<td>YES</td>
<td>CLASSIFIED EMPLOYEES, EXCLUDING 2016 EXECUTIVE ASSIST, 2016 ADMINISTRATIVE MGR, 2019 FINANCIAL AFFAIRS MGR, 2019 INFORMATION RESOURCES MGR, 2019 HUMAN RESOURCES MGR, 2019 INFORMATION RESOURCES MGR, WHO ARE REQUIRED TO TRAVEL FROM PRIMARY DUTY</td>
<td>PRIOR APPROVAL BY DEPARTMENT CHAIR</td>
<td>$0.55 PER MILE EFFECTIVE 1/1/11</td>
<td>ALL EXCEPT STATE</td>
<td>REIMBURSEMENT</td>
<td>EMPLOYEE MUST PROVIDE MILEAGE DOCUMENTATION WHICH INDICATES DATE, STARTING POINT, DESTINATION, MILES &amp; PURPOSE. NO LOCAL MILEAGE TO FACULTY, APP &amp; LISTED CLASSIFIED. EXCEPTIONS TO BE APPROVED BY EVP FOR BUSINESS AFFAIRS. ATTACH PROOF OF APPROVAL TO VOUCHER.</td>
</tr>
<tr>
<td>16 MOVING EXPENSES</td>
<td>YES</td>
<td>FACULTY AT LEVEL OF ASSISTANT PROFESSOR &amp; ABOVE &amp; SENIOR ADMINISTRATORS</td>
<td>PRIOR APPROVAL OF APPROPRIATE DEAN OR EVP OF BUSINESS AFFAIRS</td>
<td>PRIOR APPROVAL</td>
<td>MISOP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>SEE DEPARTMENT OF PURCHASING MOVING POLICY</td>
</tr>
<tr>
<td>17 BUSINESS MEALS OR SOUTH WESTERN-SPONSORED OFFICIAL EMPLOYEE FUNCTIONS</td>
<td>YES</td>
<td>24-HOUR PARTICIPANTS (INCLUDING PARENTS, VA, CHILDREN'S &amp; OTHER AFFILIATED HOSPITALS)</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER, PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>BUSINESS FUNCTIONS MAXIMUM $50 PERSON/PER MEAL, BREAKFAST, LUNCH, DINNER, MAXIMUM $500/RENT, MAXIMUM TOTAL OF $1000/SH FOR ALL-DAY RETREATS</td>
<td>MISOP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO DEPARTMENT TO REVISE ON ORGAN PRESIDENT APPROVAL. SPOUSES MAY ATTEND WITH PRIOR APPROVAL OF PROVOST. SUBMIT LETTER OF JUSTIFICATION FOR Necessity FOR SPOUSE PRESENCE.</td>
</tr>
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<td>TYPE OF EXPENSE</td>
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<tr>
<td>18 NEALS &amp; ENTERTAINMENT OFFICIAL FUNCTIONS</td>
<td>YES</td>
<td>UT SOUTHWESTERN EMPLOYEES WITH OFFICIAL UNIVERSITY GUESTS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER. PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>OFFICIAL FUNCTIONS: $25/PERSON-BREAKFAST, $35/PERSON-LUNCH, $115/PERSON-DINNER, $200/ENVENT</td>
<td>MISRP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT, DIRECT IF FUNCTION IS ON CAMPUS.</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO THE DEPARTMENT TO REVISE OFFICE OF PRESIDENT APPROVAL. APPROVAL FOR SPOUSE ATTENDANCE REQUIRED. OFFICIAL FUNCTION: SUBMIT TO PRESIDENT'S OFFICE VIA OFFICIAL FUNCTION FORM. ALL OTHERS: APPLICABLE DEAN'S OFFICE APPROVAL REQUIRED. LIMIT INCREASED UP TO $135 FOR DINNER FOR SPECIAL CIRCUMSTANCES WITH PRIOR APPROVAL OF PRESIDENT. SEE GUIDELINES FOR OFFICIAL ENTERTAINMENT.</td>
</tr>
<tr>
<td>YES</td>
<td>INDIVIDUALS INVOLVED IN RECRUITMENT (VIA SEARCH COMMITTEE) OF MAJOR SENIOR POSITION</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER. PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>$25/PERSON-BREAKFAST, $35/PERSON-LUNCH, $115/PERSON-DINNER, $200/ENVENT</td>
<td>MISRP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT, DIRECT IF FUNCTION IS ON CAMPUS.</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO THE DEPARTMENT TO REVISE OFFICE OF PRESIDENT APPROVAL. SPOUSES MAY ATTEND WITH PRIOR APPROVAL OF APPLICABLE DEAN'S OFFICE. SUBMIT LETTER OF JUSTIFICATION FOR SPOUSE PRESENCE.</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>INDIVIDUALS INVOLVED IN RECOGNITION OF NAMED VISITING PROFESSORS/LECTURERS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER. PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS. SEE COMMENTS FOR SPOUSE APPROVAL.</td>
<td>$25/PERSON-BREAKFAST, $35/PERSON-LUNCH, $115/PERSON-DINNER, $200/ENVENT</td>
<td>MISRP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT, DIRECT IF FUNCTION IS ON CAMPUS.</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO THE DEPARTMENT TO REVISE OFFICE OF PRESIDENT APPROVAL. SPOUSES MAY ATTEND WITH PRIOR APPROVAL OF APPLICABLE DEAN'S OFFICE. SUBMIT LETTER OF JUSTIFICATION FOR SPOUSE PRESENCE.</td>
<td></td>
</tr>
<tr>
<td>10 RESIDENT APPRECIATION/REWARD DINNERS</td>
<td>YES</td>
<td>UT SOUTHWESTERN &amp; AFFILIATED INSTITUTION EMPLOYEES, RESIDENTS, CLINICAL FELLOWS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER. PRIOR APPROVAL OF CHAIR &amp; PRESIDENT IF AMOUNT TO EXCEED LIMITS.</td>
<td>$25/PERSON-BREAKFAST, $35/PERSON-LUNCH, $115/PERSON-DINNER, $200/ENVENT</td>
<td>MISRP, FSP, DESIGNATED, UNRESTRICTED PRIVATE</td>
<td>GENERALLY ALLOWED AS REIMBURSEMENT, DIRECT IF FUNCTION IS ON CAMPUS.</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO THE DEPARTMENT TO REVISE OFFICE OF PRESIDENT APPROVAL. SPOUSES MAY ATTEND IF JUSTIFIED.</td>
</tr>
<tr>
<td>20 RECRUITMENT EXPENSE</td>
<td>YES</td>
<td>PROSPECTIVE EMPLOYEE LIMITED TO FACULTY &amp; ADMINISTRATORS AT THE LEVEL OF DIRECTOR &amp; ABOVE</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER.</td>
<td>MISRP, FSP, UNRESTRICTED, ENDOVEMENT, VARIOUS DOROR</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>MEALS ALLOWED UNDER GUIDELINES FOR OFFICIAL UNIVERSITY FUNCTIONS. TRAVEL &amp; LODGING ALLOWABLE FOR RECRUIT. SPOUSE &amp; CHILDREN ACCORDING TO PER DIEM RATES FOR SOURCE OF FUNDS. ECONOMY AIRFARE ONLY.</td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>STUDENTS RECRUITS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER.</td>
<td>MISRP, FSP, UNRESTRICTED, ENDOVEMENT, VARIOUS DOROR</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>SEE GENERAL APPROPRIATIONS ACT, ARTICLE 9, SECTION 7.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>YES</td>
<td>RESIDENTS &amp; FELLOWS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER.</td>
<td>MISRP, FSP, UNRESTRICTED, ENDOVEMENT, VARIOUS DOROR</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>MEALS &amp; ENTERTAINMENT ALLOWED UNDER GUIDELINES FOR OFFICIAL UNIVERSITY FUNCTIONS. TRAVEL &amp; LODGING ALLOWABLE ACCORDING TO PER DIEM RATES FOR SOURCE OF FUNDS. ECONOMY AIRFARE ONLY.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TYPE OF EXPENSE</td>
<td>ALLOWED EXPENSES</td>
<td>ELIGIBLE EMPLOYEES</td>
<td>REQUIRED APPROVAL</td>
<td>DOLLAR LIMITS</td>
<td>ALLOWABLE SOURCES</td>
<td>PAY METHOD</td>
<td>COMMENTS</td>
</tr>
<tr>
<td>-----------------</td>
<td>------------------</td>
<td>-------------------</td>
<td>------------------</td>
<td>---------------</td>
<td>------------------</td>
<td>------------</td>
<td>----------</td>
</tr>
<tr>
<td>21 RESIDENT EDUCATION ALLOWANCE</td>
<td>YES</td>
<td>RESIDENTS &amp; CLINICAL FELLOWS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>DURING THE ENTIRE PERIOD OF TRAINING IN EACH ACUTE PROGRAM OF 3 YEARS OR LESS, CUMULATIVE MAXIMUM OF $2,000 PER INDIVIDUAL INCLUDING ITEMS SUCH AS REHABILITATION OF TRAINING, FOR PROGRAMS EXCEEDING 3 YEARS, THE CUMULATIVE MAXIMUM IS INCREASED $1,000 FOR EACH ADDITIONAL YEAR OF REQUIRED TRAINING</td>
<td>NSRSP, FSP, UNRESTRICTED, ENDOWMENTS, UNRESTRICTED CURRENT PURPOSE ACCOUNTS, NOT ALLOWED ON GENERAL REVENUE FUNDS</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>EXCEPTIONS TO APPROPRIATE DEAN</td>
</tr>
<tr>
<td>22 CONSULTANT/LECTURE FEES (NON-UT HEALTH INSTITUTIONS)</td>
<td>YES</td>
<td>VISITING CONSULTANTS &amp; LECTURERS OTHER THAN UT HEALTH INSTITUTIONS</td>
<td>PRIOR APPROVAL OF APPROPRIATE DEAN, EVP BUSINESS AFFAIRS OR PRESIDENT</td>
<td>(A) MAX $1,000 PER DAY</td>
<td>ALL EXCEPT STATE, LECTURE FEES NOT ALLOWED ON RESEARCH GRANTS</td>
<td>DIRECT</td>
<td>ATTACH SIGNED PAPER CONSULTANT &amp; LECTURE FORM TO OR VOUCHER. FOR DAYS ON WHICH LECTURES ARE GIVEN OR CLINICAL SERVICES ARE PERFORMED, EXPENSES MAY BE PAID IN ADDITION TO CONSULTANT FEE IF APPROVED. ECONOMY AIRFARE ONLY WITHOUT PRIOR APPROVAL OF PRESIDENT FOR SPECIAL REASONS.</td>
</tr>
</tbody>
</table>
| 23 CONSULTANT/LECTURE FEES (UT HEALTH INSTITUTIONS) | YES | FACULTY & STAFF OF OTHER UT HEALTH INSTITUTIONS | DEPARTMENT CHAIR & DEAN IF LESS THAN $500 PER DAY OR PRIOR WRITTEN APPROVAL OF PRESIDENTS AT BOTH INSTITUTIONS IF GREATER THAN $500 PER DAY | $500 OR LESS PER DAY | NSRSP, FSP, UNRESTRICTED, ENDOWMENTS, UNRESTRICTED CURRENT PURPOSE ACCOUNTS, NOT ALLOWED ON GENERAL REVENUE FUNDS | DIRECT | ATTACH SIGNED PAPER CONSULTANT & LECTURE FORM TO OR VOUCHER. ACTUAL EXPENSES MAY BE PAID IN ADDITION TO CONSULTANT FEE, NOT IN NON-UNIVERSITY. REFER TO UT SYSTEM GUIDELINES ON PAYMENTS TO FACULTY.
<p>| 24 CONTINUING MEDICAL EDUCATION LECTURE FEES | YES | GUEST LECTURERS, UT SOUTHWESTERN FACULTY | EVP HEALTH SYSTEM AFFAIRS WITH RECOMMENDATION OF CONTINUING MEDICAL EDUCATION | PER CME POLICY | ALL CME ALLOWABLE SOURCES | DIRECT | PAID IN ACCORDANCE WITH CME LECTURE FEE POLICY. ECONOMY AIRFARE ONLY WITHOUT PRIOR APPROVAL OF PRESIDENT FOR SPECIAL REASONS. |
| 25 HONORARums | NO | | | NOT ALLOWED | | | NOT ALLOWED FROM ANY SOURCE OF FUNDS |</p>
<table>
<thead>
<tr>
<th>TYPE OF EXPENSE</th>
<th>ALLOWED EXPENSES</th>
<th>ELIGIBLE EMPLOYEES</th>
<th>REQUIRED APPROVAL</th>
<th>DOLLAR LIMITS</th>
<th>ALLOWABLE SOURCES</th>
<th>PAY METHOD</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>28 PLASMA DONOR POLICY</td>
<td>YES</td>
<td>FACULTY</td>
<td>DEPARTMENT CHAIR &amp; APPROPRIATE DEAN</td>
<td>$200 MAXIMUM</td>
<td>MADRF, FSP, UNRESTRICTED PRIVATE FUNDS</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>PLASMA DONORS DENOTE EXCELLENCE IN AN AREA THAT REPRESENTS AN IMPORTANT MISSION OF THE UNIVERSITY. APPROVED LIST MAINTAINED IN DEAN'S OFFICE. MEDICAL SCHOOL, GRADUATE SCHOOL &amp; SCHOOL OF HEALTH PROFESSIONS WILL SUBMIT APPROVED SPREADSHEET TO ACCOUNTS PAYABLE. DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER WILL APPROVE BASED ON PRE-APPROVED SPREADSHEET.</td>
</tr>
<tr>
<td>28 PLASMA DONOR POLICY</td>
<td>YES</td>
<td>GUEST SPEAKERS</td>
<td>DEPARTMENT CHAIR &amp; APPROPRIATE DEAN</td>
<td>$200 MAXIMUM</td>
<td>MADRF, FSP, UNRESTRICTED PRIVATE FUNDS</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>MEDICAL SCHOOL, GRADUATE SCHOOL &amp; SCHOOL OF HEALTH PROFESSIONS WILL SUBMIT APPROVED SPREADSHEET TO ACCOUNTS PAYABLE. DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER WILL APPROVE BASED ON PRE-APPROVED SPREADSHEET.</td>
</tr>
<tr>
<td>28 PLASMA DONOR POLICY</td>
<td>YES</td>
<td>RESIDENT/FELLOWS</td>
<td>DEPARTMENT CHAIR &amp; APPROPRIATE DEAN</td>
<td>$600 MAXIMUM, INCLUSIVE OF TOTAL EDUCATION ALLOWANCE (SEE #15)</td>
<td>MADRF, FSP, UNRESTRICTED PRIVATE FUNDS</td>
<td>DIRECT OR REIMBURSEMENT</td>
<td>MEDICAL SCHOOL, GRADUATE SCHOOL &amp; SCHOOL OF HEALTH PROFESSIONS WILL SUBMIT APPROVED SPREADSHEET TO ACCOUNTS PAYABLE. DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER WILL APPROVE BASED ON PRE-APPROVED SPREADSHEET.</td>
</tr>
<tr>
<td>27 MEMORIAL CONTRIBUTIONS</td>
<td>NO</td>
<td>NOT ALLOWED</td>
<td>NA</td>
<td>NA</td>
<td>NOT ALLOWED FROM ANY SOURCE OF FUNDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28 CHARITABLE CONTRIBUTIONS</td>
<td>NO</td>
<td>NOT ALLOWED</td>
<td>NA</td>
<td>NA</td>
<td>NOT ALLOWED FROM ANY SOURCE OF FUNDS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>29 PAYMENTS FOR BENEFITS, TICKETS, ETC.</td>
<td>NO</td>
<td>GENERALLY NOT ALLOWED: EXCEPTIONS REQUIRE WRITTEN APPROVAL OF VP EXTERNAL RELATIONS OR PRESIDENT</td>
<td>GENERALLY NOT PERMITTED FROM ANY SOURCE</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>EXCEPTIONS REQUIRE PROOF OF DIRECT BENEFIT TO UT SOUTHWESTERN GRADUATE LETTER MUST CONTAIN APPROVAL OF VP EXTERNAL RELATIONS (PROOF TO SUBMISSION TO ACCOUNTING)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 FLOWERS &amp; TOKEN GIFTS (INCLUDING BOOCS &amp; MEMENTOS)</td>
<td>YES</td>
<td>HOSPITALIZED, SERIOUSLY ILL OR DECEASED EMPLOYEES OR THEIR IMMEDIATE FAMILY, RESIDENTS, STUDENTS &amp; RETIRED</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>$350 MAXIMUM (INCLUDING FEES)</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; MADRF, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>GIFTS FROM DEPARTMENT OTHER THAN EMPLOYEE'S PRIMARY ARE GENERALLY NOT ALLOWED; MULTIPLE GIFTS ARE NOT ALLOWED.</td>
</tr>
<tr>
<td>30 FLOWERS &amp; TOKEN GIFTS (INCLUDING BOOCS &amp; MEMENTOS)</td>
<td>YES</td>
<td>VISITING FACULTY</td>
<td>PRIOR APPROVAL OF DEPARTMENT CHAIR &amp; DEAN</td>
<td>$350 MAXIMUM (INCLUDING FEES)</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; MADRF, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>ATTACH SIGNED APPROVAL TO CAR VOUCHER OR EXPENSE REPORT. MULTIPLE GIFTS ARE NOT ALLOWED.</td>
</tr>
<tr>
<td>30 FLOWERS &amp; TOKEN GIFTS (INCLUDING BOOCS &amp; MEMENTOS)</td>
<td>YES</td>
<td>UNIVERSITY DONORS</td>
<td>PRIOR APPROVAL OF DEPARTMENT CHAIR &amp; VP EXTERNAL RELATIONS</td>
<td>$350 MAXIMUM (INCLUDING FEES)</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; MADRF, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>ATTACH SIGNED APPROVAL TO CAR VOUCHER OR EXPENSE REPORT. MULTIPLE GIFTS ARE NOT ALLOWED.</td>
</tr>
<tr>
<td>30 FLOWERS &amp; TOKEN GIFTS (INCLUDING BOOCS &amp; MEMENTOS)</td>
<td>YES</td>
<td>DEPARTING FACULTY, DEPARTING EMPLOYEES, DEPARTING RESIDENTS &amp; FELLOWS</td>
<td>DEPARTMENT FINANCIAL OR ADMINISTRATIVE MANAGER</td>
<td>$200 MAXIMUM OR $1000 MAXIMUM (INCLUDING FEES)</td>
<td>UNRESTRICTED PRIVATE FUNDS &amp; MADRF, FSP</td>
<td>REIMBURSEMENT OR DIRECT</td>
<td>ANY EXPENSES EXCEEDING DOLLAR LIMITS WILL BE SENT BACK TO DEPARTMENT TO REVISE OR OBTAIN PRESIDENT'S APPROVAL. GIFTS FROM DEPARTMENT OTHER THAN EMPLOYEE'S PRIMARY DEPARTMENT ARE GENERALLY NOT ALLOWED; MULTIPLE GIFTS ARE NOT ALLOWED.</td>
</tr>
</tbody>
</table>
## SUMMARY OF PRIOR APPROVAL OF DEPARTMENTAL EXPENDITURES POLICY

<table>
<thead>
<tr>
<th>Type of Expense</th>
<th>Allowed Expenses</th>
<th>Eligible Employees</th>
<th>Required Approval</th>
<th>Dollar Limits</th>
<th>Allowable Sources</th>
<th>Pay Method</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>20 Flowers &amp; Token Gifts (including Books &amp; Mementos) Continued</td>
<td>No</td>
<td>Gifts for New Employees, Promotions, Transfers, Recruitment, Birthdays, Christmas, Secretary's Week, &amp; Other Such Occasions Are Not Allowed</td>
<td>Prior Approval of President</td>
<td>$0 Maximum</td>
<td>Unrestricted Private Funds &amp; Restricted Funds</td>
<td>Direct</td>
<td>Attach Signed Approval To Our Voucher Or Expense Report. Flowers, Fruit Baskets, Food Trays &amp; Other Gifts Not Allowed.</td>
</tr>
<tr>
<td>21 Scholarship Awards</td>
<td>Yes</td>
<td>Student's Enrolled At UT Southwestern</td>
<td>Appropriate Dean</td>
<td></td>
<td>Unrestricted Private Funds &amp; Restricted Funds</td>
<td>Direct</td>
<td>Routed Through Office Of Post Award Administration &amp; Office Of Accounting</td>
</tr>
<tr>
<td>22 Tuition Payments</td>
<td>Yes</td>
<td>Student's Enrolled At UT Southwestern</td>
<td>Principal Investigator &amp; Office Of Post Award Administration</td>
<td></td>
<td>Training Grants</td>
<td>Direct</td>
<td>Generally Added To Stipend Unless Awarded Separately.</td>
</tr>
<tr>
<td>23 Subiect Screenings &amp; Elderly Fee</td>
<td>Yes</td>
<td>Residents &amp; Fellows</td>
<td>Associate Dean Of Research; Reviewed By Office Of Post Award Administration</td>
<td></td>
<td>Private &amp; Federal Grants</td>
<td>Direct</td>
<td>Allowable Only When Included In Grant Budget.</td>
</tr>
<tr>
<td>24 Professional Services</td>
<td>Yes</td>
<td>EVP Business Affairs Or President</td>
<td></td>
<td></td>
<td>Approved Contract Account</td>
<td>Direct</td>
<td>Allowable Only With Valid Contract Signed By EVP Business Affairs Or President.</td>
</tr>
<tr>
<td>25 Personal, Wireless Communication Device Expense</td>
<td>Yes</td>
<td>Clinical Faculty</td>
<td>Department Chair &amp; Director Of Accounting</td>
<td>Maximum Of $80 Per Month</td>
<td>MSRP &amp; FSP Funds</td>
<td>Salary Supplement</td>
<td>Paid In Accordance With Wireless Communication Policy. Note: Purchase Of Personal Wireless Equipment Not Allowable.</td>
</tr>
<tr>
<td>26 Subscriptions To Professional Publications</td>
<td>Yes</td>
<td>U.T. Southwestern Affiliated Institution Employees, Residents, Clinical Fellows</td>
<td>Professional Subscriptions: Department Financial Or Administrative Manager Non-Professional Subscriptions Require Prior Approval Of Department Chair &amp; President Or EVP Business Affairs Prior Approval Of Director Of Accounting If More Than One Year.</td>
<td>All Except State</td>
<td>Direct Subscriptions Waived With Membership Fees Will Be Paid As A Reimbursement</td>
<td>Non-Professional Signed Approval To Be Attached To Voucher Request. It Is Not The Policy Of The University To Pay General Interest Subscriptions Except To The Extent Used For Visitors' Room Areas &amp; Public Access Areas.</td>
<td></td>
</tr>
<tr>
<td>27 Visiting Medical Student Housing</td>
<td>Yes</td>
<td>Visiting Medical Students</td>
<td>Department Chair &amp; Dean Medical School</td>
<td>$250 Per Week</td>
<td>MSRP</td>
<td>Direct Or Reimbursement</td>
<td>Dollar Limit Is $300 Per Week If Shared A Two Bedroom Suite Is Not Possible.</td>
</tr>
<tr>
<td>28 Toll Free Telephone Numbers (1-800 #s)</td>
<td>Yes</td>
<td></td>
<td>EVP Business Affairs</td>
<td></td>
<td></td>
<td>Direct</td>
<td>Written Request Must Include Source Of Funds, Cost, Purpose &amp; Benefit.</td>
</tr>
<tr>
<td>29 Purchase Or Lease Of Vehicles</td>
<td>Yes</td>
<td></td>
<td>EVP Business Affairs</td>
<td></td>
<td></td>
<td>Direct</td>
<td>Purchase Order Required.</td>
</tr>
</tbody>
</table>

---

**PAGE 8**
Exhibit 7
Account Summary Statement
Billing Period 09/08/05 - 10/07/05

KERN WILDENTHAL
U T SOUTHWESTERN MEDICAL

Quick Reference:
Minimum Payment 319.00
New Balance 15,169.79
Due Date* 11/01/05
*Payment must be received by 10:00 a.m. local time on the payment due date.

Business Credit Line 60,000.00
Available Credit 44,830.00
Cash Advance Line 30,000.00

Account Summary:
Previous Balance 26,062.67
Payments 26,062.67
Credits 0.00
Adjustments/Taxes 39.00
Purchases 45,082.82
Cash 0.00
Finance Charge 0.00

New Balance 15,169.79

American Express
Payment Record
09/01/05 26,062.67
10/07/05 15,169.79

Account Number 5319.00

Make checks payable to:
CITI AAdvantage Business Card
PO BOX 6309
THE LAKES NV 89901-6309
<table>
<thead>
<tr>
<th>Trans Date</th>
<th>Post Date</th>
<th>Description</th>
<th>Payment Amount</th>
<th>Adjustment/Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>10/03</td>
<td>10/03</td>
<td>Late Payment Charge</td>
<td></td>
<td>39.00</td>
</tr>
<tr>
<td>10/04</td>
<td></td>
<td>Citicard payment - thank you</td>
<td>1,234.40 CR</td>
<td></td>
</tr>
<tr>
<td>10/04</td>
<td></td>
<td>Citicard payment - thank you</td>
<td>24,628.27 CR</td>
<td></td>
</tr>
</tbody>
</table>

2 Payments
1 Adjustment/Fee

$26,062.67
$39.00

### Finance Charge Summary

<table>
<thead>
<tr>
<th>Category</th>
<th>Nominal APR</th>
<th>Periodic Finance Charge</th>
<th>Transaction Fee/Finance Charge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases</td>
<td>16.26%</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Cash Advances</td>
<td>21.79%</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>FX Purch</td>
<td>0.00%</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>Foreign Purch</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total Finance Charge: $14,720.57

### Account Transaction Activity

<table>
<thead>
<tr>
<th>Transaction Date</th>
<th>Description</th>
<th>Amount</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/09/05</td>
<td>Hospital restaurant - Dallas, TX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/09/05</td>
<td>Performing Arts - Dallas, TX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/14/05</td>
<td>Medical Records - Dallas, TX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/20/05</td>
<td>Performing Arts - Dallas, TX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/23/05</td>
<td>Symphony - Dallas, TX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/29/05</td>
<td>Central Market - Dallas, TX</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10/04/05</td>
<td>Washington - DC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10/04/05</td>
<td>Registration Fee</td>
<td>50.00</td>
<td>Meeting/Registration Fee (10M)</td>
</tr>
<tr>
<td>10/05/05</td>
<td>Research - Barcelona, ES</td>
<td>1,000.00</td>
<td>DonorHonoring UNIV Donors (4)</td>
</tr>
<tr>
<td>10/07/05</td>
<td>Down Syndrome Research - CA</td>
<td>47.97</td>
<td>Foreign Transaction Fee**</td>
</tr>
</tbody>
</table>

22 Transactions
1 Finance Charge Transaction

Subtotal Balance for Account Number: $14,768.54

* Dr. Wildenthal has written a personal check to Citi VISA to pay for this expense. A copy of the check is attached to back up for file.

** Dr. Wildenthal has written a personal check to Citi VISA to pay a portion of the foreign transaction fee. A copy of the check is attached to backup for file.
<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
<th>Charges</th>
<th>Vendor</th>
</tr>
</thead>
<tbody>
<tr>
<td>09/24</td>
<td>PARTY BAZAAR INC DALLAS TX</td>
<td>$16.13</td>
<td>CANDLES FOR GEFCL UNIV EVNTS</td>
</tr>
<tr>
<td>09/10</td>
<td>GUNTER'S GREENHOUSE &amp; RICHARDSON TX</td>
<td>$185.82</td>
<td>JR UNIV DONOR GIFT</td>
</tr>
<tr>
<td>09/19</td>
<td>DR. DELPHINIUM DESIGNS DALLAS TX</td>
<td>$48.71</td>
<td>UNIV DONOR GIFT</td>
</tr>
<tr>
<td>09/26</td>
<td>CLOTHES CIRCUIT DALLAS TX</td>
<td>$99.59</td>
<td>UNIV DONOR GIFT</td>
</tr>
</tbody>
</table>

**Subtotal Balance for Account Number:**

- **CYNTHIA BASSEL:** $0.00
- **MARGARET WILDENTHAL:** $344.12
Exhibit 8
1. Title

Expenditures for Travel and Entertainment by Chief Administrators and for the Maintenance of University Residences

2. Rule and Regulation

Sec. 1 Purpose. The University of Texas System Administration and U. T. System institutions are governed by State law and rules and regulations promulgated under those laws, as well as Systemwide and institutional policies and procedures concerning expenses incurred by officials for travel, entertainment, and housing. While recognizing the unique role of the Chancellor and presidents in representing the U. T. System and the institutions, the Board of Regents also recognizes the importance of oversight and accountability, transparency, and fiscal responsibility. The purpose of this Rule is to prescribe, clarify, and provide uniformity in the approval, review, and audit process for travel and entertainment expenses incurred by the Chancellor and presidents and for expenses for the maintenance of University residences.

Sec. 2 Prudent Use of Funds. In the performance of their unique roles, the chief administrators are frequently called upon to travel on behalf of the U. T. System and the institutions, to extend official hospitality to important visitors, and to entertain guests in conjunction with alumni and development activities, campus events, and other official functions. As a public institution, the U. T. System must make the most efficient and effective use of funds entrusted to it by various constituencies when making expenditures for those purposes and must be able to demonstrate compliance with applicable laws and rules. Additionally, the U. T. System must ensure that expenditures support the mission and purpose of the U. T. System and that the expenditures are not made for a private purpose.

Sec. 3 Travel Expenditures. All expenditures for travel by a chief administrator or his or her spouse must be for a business purpose of the U. T. System or the institution and must comply with all laws and policies of the institution and the U. T. System. All foreign travel, excluding travel to Canada or Mexico, must be approved in advance by the Chairman of the Board of Regents for the Chancellor and by the appropriate Executive Vice Chancellor for the presidents.
Sec. 4  Maintenance of University Residences. All expenditures that exceed $10,000 for the furnishing, maintenance, or repair of a residence or its grounds owned by the U. T. System must be approved in advance by a committee composed of the Executive Vice Chancellor for Business Affairs, the Vice Chancellor and General Counsel, and the General Counsel to the Board of Regents. Prior approval by the committee is not required for expenditures made on an emergency basis to prevent damage to property.

Sec. 5  Documentation and Review. Each chief administrator shall comply with all documentation requirements imposed by law and U. T. System Administration and institutional policies for travel and entertainment expenses and for expenses for the maintenance of University residences, including providing detailed receipts and information on the purpose of the expense and the individuals or groups attending the event.

5.1  Each chief administrator shall take all necessary and reasonable steps to ensure that all employees follow applicable procedures for expense reimbursement.

5.2  Reimbursements to the Chancellor and travel and entertainment expenses and expenses for the maintenance of University residences directly paid to a vendor on the Chancellor's behalf must be reviewed and approved by the General Counsel to the Board of Regents before payment. Reimbursements to a president of a U. T. System institution and travel and entertainment expenses and expenses for the maintenance of University residences directly paid to a vendor on the president's behalf must be reviewed and approved by the institution's chief business officer before payment. Evidence of review must be documented in writing.

Sec. 6  Timeliness of Requests for Reimbursements. A chief administrator must request any reimbursement for travel and entertainment expenses or expenses for the maintenance of University residences within 90 days of the date on which the expense was incurred.

Sec. 7  Reporting. Each chief administrator shall file quarterly reports of travel and entertainment expenses and expenses for the maintenance of University residences in a format to be developed by the Executive Vice Chancellor for Business Affairs. The Chancellor shall file the report with the General Counsel to the Board of Regents for review by the Chairman of the Board of Regents. Each president shall file the
report with the appropriate Executive Vice Chancellor. The reports are
due not later than the 30th day of January, April, July, and October.

7.1 Quarterly Reporting on Travel and Entertainment Expenses and
the Maintenance of University Residences. The quarterly
reports must include each expense that exceeds $100 and that
is reimbursed to the chief administrator during the quarter or
directly paid to a vendor on the chief administrator's behalf.
(This does not apply to events hosted by a chief administrator
for development activities or to honor faculty, staff, or other
guests, at which more than 10 individuals are present.) The
report must include the payee, the date and amount of the
expense, the type, and if applicable, the location of the
event/expense, the participants if any, the business purpose of
the expense, and the account to be charged for the expense.

7.2 Reporting on Reimbursable Spousal Expenses. The quarterly
reports must include each travel, meal, or incidental expense
that exceeds $100 and that is reimbursed to a chief
administrator's spouse during the quarter or directly paid to a
vendor on the spouse's behalf. The report must include the
information specified by Section 7.1 above.

7.3 Annual Summary. A summary of the expense reports will be
provided to the Board of Regents annually in a format to be
developed by the Executive Vice Chancellor for Business
Affairs.

Sec. 8 Audits. Within 90 days after the end of each fiscal year, the System
Audit Office shall audit the travel and entertainment expenses and
expenses for the maintenance of University residences for which the
Chancellor or spouse has been reimbursed or that have been directly
paid on the Chancellor's or spouse's behalf. Within 90 days after the
close of each fiscal year, the office that performs internal audits at each
institution shall audit the travel and entertainment expenses and
expenses for the maintenance of University residences for which the
president or spouse has been reimbursed or that have been paid
directly to a vendor on the president's or spouse's behalf. The U. T.
System Chief Audit Executive shall provide guidance and direction to
the institutional auditors as appropriate.

8.1 The System Audit Office shall submit the results of the audit to
the Chairman of the Board with a copy to the General Counsel
to the Board of Regents. The institutional audit offices shall
submit the results of the audit to the System Audit Office with copies to the appropriate Executive Vice Chancellor.

8.2 All audits shall be submitted to the Audit, Compliance, and Management Review Committee for review during a quarterly meeting of the Committee.

3. Definitions

Chief Administrator – means the Chancellor and the president of each U. T. System institution.

Entertainment Expenses – includes expenses for meals and events involving others.

Expenses for the Maintenance of University Residences – includes expenses related to any State-owned residence, but does not include the salary supplement described by the Regents’ Rules and Regulations, Rule 20202.

Travel Expenses – includes transportation, lodging, meals, and other expenses incurred in connection with travel, but does not include entertainment expenses or meals for others.

4. Relevant Federal and State Statutes

Texas Education Code Section 65.31 – General Powers and Duties

Texas Government Code Chapter 660 – Travel Expenses

Texas Government Code Section 2203.004 – Requirement to Use State Property for State Purposes

5. Relevant System Policies, Procedures, and Forms

Regents’ Rules and Regulations, Rule 20202 – Cash Compensation for Chief Administrative Officers

Regents’ Rules and Regulations, Rule 20203 – Compensation for Key Executives

The University of Texas System Administration Policy UTS120, Spousal Travel Policy

The University of Texas System Administration Policy INT114, Travel Policy
The University of Texas System Administration Policy INT115, *Administrative Policy on Entertainment Expenses and Guidelines on Other Uses of Institutional/Gift Funds*

Request for Payment of Business Expense Form

Travel Reimbursement Forms

International Travel Approval Form for Presidents

6. **Who Should Know**

Chancellor  
General Counsel to the Board of Regents  
Chief Audit Executive  
Executive Vice Chancellors  
Presidents  
Chief Business Officers  
Internal Audit Directors

7. **System Administration Office(s) Responsible for Rule**

Office of the Board of Regents

8. **Dates Approved or Amended**

Editorial amendments to Number 1, Sections 1, 4, 5, 6, 7, 8, and Number 3 made on December 8, 2010  
Editorial amendment to Section 5.2 made September 9, 2010  
Editorial amendment to Number 5 made January 8, 2010  
Editorial amendment to Section 8 made March 17, 2008  
May 11, 2006

9. **Contact Information**

Questions or comments regarding this Rule should be directed to:

- bor@utsystem.edu
Exhibit 9
1. Title

Travel

2. Rule and Regulation

Sec. 1 Development of Travel Regulations. Institutions of the U. T. System shall issue travel regulations covering authorization for travel and reimbursement for approved travel to implement applicable provisions of State law and regulations for the guidance of all personnel concerned. Following administrative approval by the appropriate Executive Vice Chancellor, travel regulations will be included in the institutional Handbook of Operating Procedures.

Sec. 2 Authorization for Foreign Travel. Authorization for foreign travel shall be transmitted through proper administrative channels to the Chancellor or the president of the institution, as applicable, or the respective officer's designee, for advance written approval.

3. Definitions

Foreign Travel – travel to, in, or from a destination that is neither in the United States, nor a possession of the United States, Mexico or Canada.

4. Relevant Federal and State Statutes

General Appropriations Act

Texas Education Code Section 65.31 – General Powers and Duties

Texas Government Code Section 660.003 – Travel Expenses

Texas Government Code Section 660.024 – Advance Approval for Certain International Travel

5. Relevant System Policies, Procedures, and Forms

Regents’ Rules and Regulations, Rule 31005 – Faculty or Staff Absence

The University of Texas System Administration Policy UTS120, Spousal Travel Policy
6. Who Should Know
   Administrators

7. System Administration Office(s) Responsible for Rule
   Office of the Board of Regents

8. Dates Approved or Amended
   December 10, 2004

9. Contact Information
   Questions or comments regarding this Rule should be directed to:
   
   • bor@utsystem.edu
1. Title

Spousal Travel Policy

2. Policy

Sec. 1 Purpose. This policy sets forth the policy for payment or reimbursement of travel, meals, and expenses of spouses of chief administrative officers of The University of Texas System and its institutions, and travel, meals, and expenses of spouses of other employees of the U. T. System and its institutions.

Sec. 2 Services Performed by Spouse. Historically, when a chief administrative officer of the U. T. System or one of its institutions has had a spouse, subject to the spouse's concurrence and availability, the spouse has functioned as a special representative of the U. T. System or the institution to perform services that further the official State business purpose of the U. T. System or the institution. Those services have been performed without compensation, but travel, meals, and expenses incidental to the performance of those services have been reimbursed at actual cost or paid directly by the U. T. System or institution.

Sec. 3 Designation Authority. The Chancellor may designate the spouse of a chief administrative officer as a "Special Assistant" or "Associate to the Chief Administrative Officer" for the purpose of performing services that further the official State business purposes of the U. T. System or an institution, if the spouse is available and chooses to accept the designation. The designation is not automatic.

Sec. 4 Duties Performed. A spouse who is designated as a "Special Assistant" or "Associate to the Chief Administrative Officer" may act in a representative capacity for the U. T. System or an institution only when performing duties that are consistent with those described in this policy. The following duties are illustrative of services performed by the spouse of a chief administrative officer while functioning as an official representative of the U. T. System, an institution, or the chief administrative officer:

4.1 Oversight of Events. Serves as a special assistant and adviser to the chief administrative officer and, when requested, has direct responsibility for planning, production, and oversight of official locations, events, or activities.

4.2 Community Representative. Serves with or independent of the chief administrative officer as an official representative of the
U. T. System or an institution within the institutional and broader community at meetings, workshops, conferences, community and institutional activities, alumni events, faculty/student/staff activities, and other events that are related to or support the purposes of the U. T. System or an institution.

4.3 Public Relations. When appropriate, assists the chief administrative officer or other institutional representative with public relations, development, and fundraising activities.

4.4 Official Residence. Is responsible for the official chief administrative officer residence, including supervising the hiring and performance of duties of residence staff and other personnel engaged in residence maintenance, decoration, and repair.

4.5 Other Duties as Needed. Performs other duties as assigned or deemed appropriate to the U. T. System or institutional needs.

Sec. 5 Reimbursement for Travel, Meals, and Expenses.

5.1 When Reimbursement Occurs. A spouse of a chief administrative officer designated as a "Special Assistant" or "Associate to the Chief Administrative Officer" is entitled to reimbursement or direct payment for the actual cost of travel, meals, and incidental expenses when functioning in that capacity in performing the duties described in this policy. Travel, meals, and incidental expenses not related to the performance of those duties must be paid directly by the individual and not submitted for reimbursement or billed to the U. T. System or the institution. If any billing, payment, or reimbursement is later determined to be inconsistent with this policy, the spouse or chief administrative officer must reimburse that amount to the U. T. System or the institution.

5.2 Additional Conditions and Limitations. Reimbursement or direct payment is subject to the following additional conditions and limitations:

(a) Steps to Reduce Cost. When the chief administrative officer and spouse travel together, available steps to reduce institutional cost should be followed (e.g., hotel rates where single/double occupancy can be negotiated at same rate, advance ticket rates, two-for-price-of-one ticket options, use of earned points for second ticket, shared use of rental cars, etc.).
(b) No Conflict with Other Responsibilities. Designation of a spouse as "Special Assistant" or "Associate to the Chief Administrative Officer" must not conflict with other employment and must be approved by the Chancellor. (See Sample Designation Request Form.)

(c) Compliance with Employment Policies. Supervision, review, evaluation, and judgment regarding employment issues must be consistent with rules relating to the appointment of relatives.

(d) Review of Reimbursements. Consistent with Board of Regents' Rules and Regulations, Rule 20205, the chief business officer must determine whether an expense included in a request for payment or reimbursement of the "Special Assistant" or "Associate to the Chief Administrative Officer" is for a bona fide business purpose, except that the General Counsel to the Board of Regents must make that determination regarding expenses incurred by the spouse of the Chancellor.

(e) Responsibility for Taxes. Taxes, if any, resulting from the reimbursement or payment of expenses of the spouse designated as "Special Assistant" or "Associate to the Chief Administrative Officer" are the obligation of the spouse or, if appropriate, the chief administrative officer.

Sec. 6 Other Benefits Available. Other benefits provided to the spouse of a chief administrative officer designated as a "Special Assistant" or "Associate to the Chief Administrative Officer" include

6.1 an appropriate identification card to provide access to institutional libraries and other facilities,

6.2 official business cards,

6.3 special parking permits where needed for use at facilities owned or controlled by the U. T. System or the institution, and

6.4 adequate workspace and administrative support necessary to perform assigned duties.

Sec. 7 Spouses of Other U. T. System Employees.
7.1 Eligible Reimbursements. Occasionally, travel, meals, and expenses of the spouse of other employees of the U. T. System or an institution will be deemed to be for a bona fide business purpose and a benefit to the U. T. System or the institution. Under those circumstances and with the prior written approval of the chief administrative officer, that spouse is entitled to reimbursement or direct payment for the actual cost of travel, meals, and incidental expenses in accordance with Section 5 of this policy.

7.2 Conditions for Reimbursement. The propriety of reimbursement is dependent in part on the nature of the employee’s office, the spouse’s traditional role, the purpose of the particular trip, and the spouse’s connection with that purpose. For example, the presence of the spouse of a vice president or a dean may be necessary at a major event for supporters or potential donors where attendance by spouses is customary and expected. See Texas Attorney General Opinions No. H-1089 (1977), No. MW-93 (1979), and No. LO-90-31 (1990).

Sec. 8 Reporting for Federal Income Tax Purposes. Travel by a spouse of an employee of the U. T. System or an institution that does not serve a bona fide business purpose must be paid for by the employee or spouse individually. The appropriate payroll office or other business office must evaluate any spousal travel that is paid for by the U. T. System or the institution to determine whether the payment is taxable for federal income tax purposes. The payroll office or other business office must include the amounts that it determines are appropriate in the employee’s W-2 or report those amounts under other Internal Revenue Service procedures. Departments or other divisions of the U. T. System or the institution must provide all relevant information regarding spousal travel to the appropriate payroll or business office.

Sec. 9 Reporting. With respect to the reimbursement of travel, meals, and expenses of spouses of the chief administrative officer, the chief administrative officer shall comply with the reporting requirements of Board of Regents’ Rules and Regulations, Rule 20205.

Sec. 10 Audits. The reimbursement of travel, meals, and expenses of spouses of chief administrative officers resulting from this policy shall be subject to the audit requirements of Board of Regents’ Rules and Regulations, Rule 20205.

Sec. 11 Interpretation. The Associate Vice Chancellor - Controller and Chief Budget Officer officially interprets this policy and is responsible for
revising it as necessary to meet the changing needs of the U. T. System and statutory requirements.

3. Definitions

Chief Administrative Officer – means the Chancellor or the president of each U. T. System institution.

4. Relevant Federal and State Statutes

Texas Attorney General Opinion No. MW-93 (1979)

5. Relevant System Policies, Procedures, and Forms

Board of Regents' Rules and Regulations, Rule 30106
Board of Regents' Rules and Regulations, Rule 20205

Sample Designation Request Form

6. Who Should Know

Chancellor
General Counsel to the Board of Regents
Executive Vice Chancellors
Presidents
Chief Business Officers

7. System Administration Office(s) Responsible for Policy

Office of the Controller

8. Dates Approved or Amended

July 11, 2002
August 20, 2008
May 26, 2011

9. Contact Information

Questions or comments about this policy should be directed to:

• bor@utsystem.edu
Exhibit 11
FORM NUMBER: 415356  TRIP#: 0  REQ: JW 8308
TRAVELER NAME: C KERN  WILDENTHAL
PAYEE TYPE: V  PAYEE NUMBER: 08950105
PAYEE NAME: BANK ONE
ADDRESS: PO BOX 73661
ADDRESS:
CITY: CHICAGO  ST: IL ZIP: 606737761
TOTAL AMOUNT: $ 3230.90
PAYMENT DUE DATE? 04/21/08  START DATE: 20080924
I do hereby certify that the expense account as rendered on this Prepayment Voucher is true, correct and unpaid.
PAYEE SIGNATURE
SENT BY: REBECCA S. ROONEY
EXTENSION: 214642261
DATE: 04/11/08

Reviewed/Approved: John Roan,
Executive Vice President for Business Affairs
FUNCTION: FORM # 415356 TRIP #: 000000 PERS/SSN#: 0017954
TRAVELERS NAME: (FIRST, MI, LAST) C KERN WILDENTHAL
REQ #: JW_8308 DEPT/DIV: PR A NON-EMP/NO TRQ TYPE: 99 FGN:
PHONE: 6482261 HANDLING: - PRINT DATE: - PAY VCHER:
BKO: 006950 CBA: - PROJECT: - TOTAL: $3230.90
DESCRIPTION: WILDENTHAL/KERN DR
PAYEE TYPE: V PAYEE ID: 68950105 ALT:
NAME: BANK ONE ADDR: PO BOX 73661 CITY: CHICAGO STATE: IL ZIP: 60673 - 7761
ITEM I DATE INVOICE # ACCOUNT CODE SUB AMOUNT PROJ
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NEW YORK, ENGLAND & DENMARK 9/24-10/4/06 ADDL ENCUMBR:
ACCT: DIST PPRS CHAIR CODE: TRAVEL - FOREIGN FORWARD TO:
ENTERED BY: PRARSR 080411 LAST ACTIVITY: APP BY: PRARSR 080411
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**STATUS**: SUBMITTED
**Person #**: 0017954
**DEPT/DIV**: PA
**NON-EMPLOYEE TYPE**: 99
**ITEMS**: 2
**TOTAL**: $3230.90
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TRPNDM - PROD  NON-EMPLOYEE PREPAYMENT SCREEN (TRP)  17:30:49
FUNCTION: REV  STATUS: SUBMITTED
FORM #: 415356  SSN:
Person #: 0017954____  FGN:
FIRST NAME  M.I.  LAST NAME  WILDENTHAL, __________
C KERN __________
START DATE 080924  END DATE 081004  FOREIGN TRIP (Y/N) Y

Place the cursor on 'CITY' and hit PF8 for Per Diem Destinations
and hit PF9 for USA Destinations.

DESTINATION DATA ( 1 OF 1 )
DATE  CITY  ST  COUNTY/COUNTRY  MORE
080924  NEW YORK  -  NEW YORK
PURPOSE: NEW YORK, NY - ATTEND LASKER FOUNDATION BOARD MEETING;

BENEFIT: REPRESENT UT SOUTHWESTERN & ITS INTERESTS AS ITS PRESIDENT.

PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO: __________________________
TRPNE6 - FORM
TRPNE6M - PROD
NON-EMPLOYEE PREPAYMENT SCREEN (TRP)  08-04-11
FUNCTION: CHG
FORM #: 415356
SSN: _______________________
Person #: 0017954__
FIRST NAME  C KERN
M.I.  _______________________
LAST NAME  WILDENTHAL
START DATE  080924
END DATE  081004
FOREIGN TRIP (Y/N): Y

-----------------------------
PLEASE ENTER ADDITIONAL PURPOSE INFO:

DE  NEW YORK, NY - ATTEND LASHER FOUNDATION BOARD MEETING;
    LONDON, ENGLAND - CONDUCT RESEARCH AT THE WELLCOME MEDICAL
    RESEARCH LIBRARY; COPENHAGEN, DENMARK - VISIT THE UNIV OF
    COPENHAGEN MUSCLE RESEARCH CTR; CAMBRIDGE, ENGLAND - ATTEND
    MTG OF THE AMERICAN ADVISORY BOARD OF CAMBRIDGE UNIVERSITY.  

BE  _______________________
PO  +-----------------------------
FORM NUMBER: 385166    TRIP#: 0    REQ: JW 7029
TRAVELER NAME: C KERN    WILDENTHAL
PAYEE TYPE: V    PAYEE NUMBER: 08950105
PAYEE NAME: BANK ONE
ADDRESS: PO BOX 73661
ADDRESS:
CITY: CHICAGO    ST: IL ZIP: 606737761
TOTAL AMOUNT: $709.37
PAYMENT DUE DATE: 07/31/07    START DATE: 20070613
I do hereby certify that the expense account as rendered on this Prepayment Voucher is true, correct and unpaid.
PAYEE SIGNATURE
SENT BY: REBECCA S. ROONEY
EXTENSION: 2146402261
DATE: 07/18/07
PRINTER(TID):

Accounting Use Only
ACCOUNT CODE AMOUNT

Reviewed/Approved: John Roan,
Executive Vice President for Business Affairs
FUNCTION: __ FORM #: 365166__ TRIP #: 000000 PERS/SSN #: 0679594__
TRAVELERS NAME: (FIRST, MI, LAST) C KERN WILDENTHAL
REQ #: JW 7029 DEPT/DIV: PR A NON-EMP/NO TRQ TYPE: 99 FGN: __
REQ BY: ROONEY, R ITEMS: 2 E-VOUCHER: __
PHONE: 6482261 HANDLING: __ PRINT DATE: __ PAY VCHER: __
BKO: 006950 CBA: __ PROJECT: __ TOTAL: $ 709.37
DESCRIPTION: *006950 WILDENTHAL/KERN DR __
FARE + SERVICE FEE __
PAYER TYPE: V PAYEE ID: 08950105 ALT: __
NAME: BANK ONE __
ADDR: PO BOX 73661 __ STATE: IL ZIP: 60673 - 7761
CITY: CHICAGO __
ITEM I DATE INVOICE # ACCOUNT CODE SUB AMOUNT PROJ
_ 070514 0108151 594526 175 688.37 __
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ACCT: MONTGOMERY DIST PRES CHAIR CODE: TRAVEL - FOREIGN
FORWARD TO: __
ENTERED BY: PRARS 070718 LAST ACTIVITY: SUB BY: PRARS 070718
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CODE: TRAVEL IN-STATE - PUBLIC

ACCT: MONTGOMERY DIST PRES CHAIR
CODE: TRAVEL - FOREIGN

ACCT: MONTGOMERY DIST PRES CHAIR
CODE: TRAVEL - FOREIGN
TRPNDM - FORM
TRPNDMDM - PROD
TRPNDRD - STE
TRPNDRDG - TL
TRPNDRDG - TL

TRAVEL FORM
NON-EMPLOYEE
PREPAYMENT SCREEN (TRP)
STATUS: SUBMITTED
SSN: 
PERSON #: 0017954

FUNCTION: REV
FORM #: 385166

FIRST NAME: C KERN
M.I.
LAST NAME: WILDENTHAL

START DATE: 070613
END DATE: 070628
FOREIGN TRIP (Y/N): Y

Place the cursor on 'CITY' and hit PF8 for Per Diem Destinations.
and hit PF9 for USA Destinations.

DESTINATION DATA (1 OF 1)

DATE CITY ST COUNTY/COUNTRY MORE
070613 NEW YORK - MANHATTAN

PURPOSE: NEW YORK - ATTND MTG OF LASKER FUTN BRD; CAMBRIDGE,

BENEFIT: TO MEET WITH COLLEAGUES; ATTEND & PARTICIPATE IN DISCUSSIONS

PF1=HELP PF2=DOC PF3=MENU PF4=STOP PF5=GOTO:
PLEASE ENTER ADDITIONAL PURPOSE INFO:

DE  NEW YORK - ATTND MTG OF LASKER FDN BRD; CAMBRIDGE,_____
    ENGLAND - ATTND MTG OF UNIV OF CAMBRIDGE ADVISORY BOARD;_____
    LONDON, ENGLAND - ATTND MTGS W/ ST. MARK'S HOSPITAL RESEARCH;
    COLLABORATORS & HYBRIDS AND CHIMERAS IN MEDICAL RESEARCH;
    ITALY - ATTND MTG OF INTERN'L SOCIETY OF HEART RESRCH (ISHER).
    (PLEASE PRESS 'ENTER' TO RETURN)
FUNCTION: CHG
FORM #: 385166
SSN: Person #: 0017954

FIRST NAME: C KERN
LAST NAME: WILDENTHAL

START DATE: 07/06/13 END DATE: 07/06/28 FOREIGN TRIP (Y/N): Y

PLEASE ENTER ADDITIONAL BENEFIT INFO:

DE: TO MEET WITH COLLEAGUES; ATTEND & PARTICIPATE IN DISCUSSIONS
D: RELATED TO THE LASKER FDTN, THE UNIV OF CAMBRIDGE ADVISORY
  BD, RESEARCH COLLABORATORS, AND THE ISHT (INTERN'L SOCIETY
  FOR HEART RESEARCH); AND UNIV DONOR RELATIONS/DEVELOPMENT.

PU:

BE:

(PLEASE PRESS <ENTER> TO RETURN)
Grant account number(s) used on this form: 59452.
REASON: EXPENDITURES ARE APPROPRIATE FOR THIS ACCOUNT.

** Entered by: PRARS 07/18/07 11:49:00.6
IT WAS SIGNIFICANTLY CHEAPER TO PURCHASE THE AIRFARE FOR EACH LEG OF THIS TRIP SEPARATELY. THE ORIGINAL AIRFARE TO NEW YORK (ONE-WAY FROM DALLAS) WAS PAID FOR IN SEPTEMBER (SEE TRP 350930). THE AIRFARE FOR THAT LEG OF THE TRIP WAS CREDITED BY CARLSON WAGONLIT IN MAY 2007, WHEN THIS NEW AIRFARE WAS ARRANGED.

*** ENTERED BY: PRARS 07/18/07 11:53:45.7

PF1=HELP PF3=MENU PF4=STOP
PF5=GOTO:
Exhibit 12
Recruitment Dinner - Dean

Attendees:

A. Gilman
W. Maddrey
J. Mazziotta
J. McConnell
K. Wiletherthal
Attendees:

A. Gilman
W. Maddrey
J. McConnell
D. Vaughn
K. Wildenthal

Nana
2201 Stemmons Freeway, Dallas
(214) 761-7470

CHECK: 1643
TABLE: 37/1
SERVER: 101
DATE: DEC10'D07 8:06PM
CARD TYPE: MasterCard
ACCT #: [redacted]
EXP DATE: XX/XX
AUTH CODE: 328719

SUBTOTAL: 587.05
Gratuity: 125.00
Total: 712.05
Signature: [redacted]

I agree to pay above total amount according to cardholder agreement

* 2nd Copy Is Customer Copy *
CARTE BANCAIRE

Le 11/03/2007 à 22:47:36
LUCAS CARTON

75 PARIS 08
1542067

000007
S 0
MONTANT :
260,00 EUR
DEBIT
SIGNATURE DU PORTEUR

$342.96

TICKET CLIENT
A CONSERVER
MERCI ET À BIENTÔT

exchange rate : 1.319

W. Rees - Foltz
business

Andrew
Hannie
Kern
Exhibit 13
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I certify the expense account as rendered on this Travel Voucher is correct and unpaid. Payment has not been nor will be received from any other source.

PAYEE SIGNATURE: Pick Up By Dept(Y/N) Y

---

Please review the following requirements prior to submitting to Accounting:

- Payee signature provided. Non-employees may provide separately signed reimbursement document.
- Original receipt for hotel bill or car rental provided. If submitting a duplicate, add a brief explanation using MEM function.
- Registration - proof-of-payment AND registration form provided.
- Abstracts, books, etc. purchased at a conference should not be included on the travel voucher. Submit via CKR form with proof-of-payment.
- Convert foreign receipts to U.S. currency using rate within trip period.
- Mail required documents and signed SLT to: Travel Accounting MC 9028

SENT BY: REBECCA S. ROONEY EXTENSION: 216482033

---

Reviewed/Approved: John Roff, Executive Vice President for Business Affairs

Approved: Daniel K. Podolsky, President
MSG - Enter MEM, JUS to read attached data

TRVTRN - FORM TRAVEL VOUCHER SUMMARY (TRS) 09-07-06 16:45:25

TRVTRN - PROD STATUS: SUBMITTED

FUNCTION GET FORM # 465056 TRIP# 908884 PERS/SSN# 0017954 NonEmpType:

Traveler Name C KERN WILDENFELT  Delivery: P Attach: M J

Destination Nuits-St.-France

Purpose ATTEND MEETINGS OF THE INTERNATIONAL SOCIETY  Pay Vou

Req# JW 9360 Dept/Div PE A Proj _____ Fnl Vou N Route Y Total $ 8202.28

Phone 6482033 Req by ROONEY, R _______ Budget Cat _______ Print Date:

Start Date 09/05/28 End 09/06/28 Travel Days 9 Work Days 7 Vac. Days

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ENTERED BY: PRARSR 09/07/06 LAST ACTIVITY: SUB SUB BY: PRARSR 09/07/06

FORWARD TO: __________

PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO: __________
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Purpose: ATTEND MEETINGS OF THE INTERNATIONAL SOCIETY FOR HEART.
Benefit: REPRESENT UT-SOUTHWESTERN AT THE MEETINGS: DISCUSS/SHARE.

REQ ___ ('RET' or PF10 TO RETURN)
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Purpose: ATTEND

Benefit: REPRESE

Hit ENTER to return to full screen

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Purpose: ATTEND
Benefit: REPRESENT UT SOUTHWESTERN AT THE MEETINGS; DISCUSS/SH INFORMATION WITH COLLEAGUES; DEVELOPMENT

Hit ENTER to return to full screen

REQ ___ ('RET' or PF10 TO RETURN)
TRAVEL VOUCHER FORM (DTL) 02-07-06 16:45:32

TRAVELER (First, Ml, Last): C KERN

PILOT: J W 9360 Phone 6482033

Req By ROONEY, R

Start Date 090528 End 090605

Number of Days 9 Work Days 7 Vac. Days

Auto Mileage Miles

Other Mileage Miles

Honoraarium/Consultant/Lecture Rate $0.110 N/A

Date Destination Break Lunch Dinner Lodging Acct Amount
1 090528 NUIST-STR., FRANC 14.60 24.50 85.00 219.00 59752 343.10
2 090529 NUIST-STR., FRANC 14.60 50.00 60.40 59752 125.00
3 090530 NUIST-STR., FRANC 14.60 50.00 60.40 197.10 59752 322.10
4 090531 NUIST-STR., FRANC 14.60 25.40 85.00 175.20 59752 300.20

ENTERED BY: FRARS 03/07/06 LAST ACTIVITY: SUB

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### TAXI DETAIL INFORMATION

**Trip Start Date:** 090523  **End Date:** 090605  **Total Amount:** 178.40

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**Comments:**

REQ: ___ (TYPE 'RET' TO EXIT)

PF7 = Prev Page  PF8 = Next Page  PF10 = Exit
TRUJUSM - PROD

FUNCTION: GET
FORM #: 465056
MEMO CONTENTS:

PLANATION for exceeding per diem:
City, traveler is staying at, is a foreign capital.

**ENTER BY: PRASER 07/06/09 16:32:25.6

Explanation for exceeding per diem:
City, traveler is staying at, is a foreign capital.

**ENTER BY: PRASER 07/06/09 16:32:33.5

**NOTE: Nuits-St. Georges, France is NOT a FOREIGN CAPITAL, BUT THE MEALS WERE NOT INCLUDED.
THE LODGING EXCEEDED THE PER DIEM OF $125/DAY (MEALS) OR $220/NIGHT (Lodging).
NOT SURE WHY THE SYSTEM WARNS OF EXCEEDING AT THAT LOCATION.
NICE, France is on the list of foreign cities which allows hotel rates of up to $350/NIGHT.

PARIS, France is a FOREIGN CAPITAL which also allows hotel rates of up to $350/NIGHT.

**ENTER BY: PRASER 07/06/09 16:48:12.6

PF1=HELP PF3=MENU PF4=STOP
PF5=GOTO:
Exhibit 14
ON-LINE TRAVEL VOUCHER

TRAVELER NAME: C KERN
TRIP#: 4426
WILDENTHAL
AYEE TYPE: E
VERIFIED BY:
TOTAL AMOUNT: $7646.60

Please review the following requirements prior to submitting to Accounting:

Payee signature provided. Non-employee may provide separately signed reimbursement document.

Original receipt for hotel bill or car rental provided. If submitting a duplicate, add a brief explanation using MEM function.

Registration - proof-of-payment AND registration form provided.

Abstracts, books, etc. purchased at a conference should not be included on the travel voucher. Submit via CKR form with proof-of-payment.

Convert foreign receipts to U.S. currency using rate within trip period.

Mail required documents and signed SLP to: Travel Accounting MC 9028

PAYEE SIGNATURE

__________________________________________

Payment Due Date: 04/12/10
Pick Up By Dept (Y/N) Y

Reviewed/Approved:

John Roan,
Executive Vice President for Business Affairs

Approved:

Daniel K. Podolsky,
President
<table>
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**ENTERED BY:** PRARS 10/03/30  **LAST ACTIVITY:** PEN  **BY:** PRARS 10/03/30
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<td>Lodging</td>
<td>Acct</td>
<td>Amount</td>
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Date | City | ST | County
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1. | 091231 | DUNEDIN | NEW ZEALAND
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9. |

Purpose: VISIT THE MEDICAL SCHOOL AT THE UNIVERSITY OF Otago.
Benefit: INTERACT WITH ACADEMIC COLLEAGUES; DEVELOP COLLABORATIONS

REQ ___ ('RET' or PF10 TO RETURN)
<table>
<thead>
<tr>
<th>Date</th>
<th>City</th>
<th>ST</th>
<th>County</th>
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</thead>
<tbody>
<tr>
<td>091231</td>
<td>DUNEDIN</td>
<td></td>
<td>NEW ZEALAND</td>
</tr>
</tbody>
</table>

Benefits:
- INTERACT WITH ACADEMIC COLLEAGUES;
- DEVELOP COLLABORATIVE RELATIONSHIPS;
- PROMOTE UT SOUTHWESTERN'S REPUTATION

Purpose: VISIT T
Benefit: INTERAC

Hit ENTER to return to full screen

REQ ("RET" or PF10 TO RETURN)
<table>
<thead>
<tr>
<th>Days</th>
<th>Destination</th>
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<th>Sbc1</th>
<th>Acct2</th>
<th>Sbc2</th>
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|       | Reimburs Max Meal    |       |      |       |      |       |      |                |
|       | Reimburs Max Lodging |       |      |       |      |       |      |                |

<p>|       | Reimburs Max Meal    |       |      |       |      |       |      |                |
|       | Reimburs Max Lodging |       |      |       |      |       |      |                |</p>
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<th>Sbc1</th>
<th>Account2</th>
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<th>Account3</th>
<th>Sbc3</th>
<th>Actual Expenses</th>
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<td>Air Fare</td>
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<td>Rental car</td>
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<td>Taxi/Shuttle</td>
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<td>Parking</td>
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<td>Other</td>
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<tr>
<td>091231</td>
<td>RESIDENCE/HOME</td>
<td>DFW AIRPORT</td>
<td>60.00</td>
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</tr>
</tbody>
</table>

Comments:

REQ: ___ (TYPE 'RET' TO EXIT)

PF7 = Prev Page  PF8 = Next Page  PF10 = Exit
TRVMEM - TRAVEL VOUCHER FORM
TRVJUSM - PROD
FUNCTION: GET
MEMO CONTENTS:
EXCHANGE RATE: $1.00 NZ = $0.75 US
***ENTER BY: PRARS 03/30/10 13:40:17.4

PF1=HELP PF3=MENU PF4=STOP

PF5=GOTO:
Exhibit 15
THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER AT DALLAS
3323 HARRY HINES BLVD DALLAS, TEXAS 75390 (214)648-0803

PAY: $7,546.50 DOLLAR(S) AND 00/100 CENTS

TO THE ORDER OF

C KERN WILDENTHAL

AMOUNT $7,546.50

DATE 04/15/2010

VOID AFTER 6 MONTHS

BANK OF AMERICA TEXAS
WICHITA FALLS, TEXAS

CHECK NUMBER 659535

Electronic Endorsements

<table>
<thead>
<tr>
<th>Date</th>
<th>Bank</th>
<th>R/S #</th>
<th>Seq #</th>
</tr>
</thead>
<tbody>
<tr>
<td>04/19/2010</td>
<td>BANK OF AMERICA, NA</td>
<td>113000019</td>
<td>009792534173</td>
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<tr>
<td>04/16/2010</td>
<td>COMPASS BANK (BOFD)</td>
<td>62001136</td>
<td>00583385566</td>
</tr>
</tbody>
</table>

Check Info

Account: [Redacted]
Amount: 7,546.50
Check #: 659535
Posted Date: 04/19/2010
Exhibit 16
## KERN WILDENTHAL

**UT SOUTHWESTERN MEDICAL**

### Business Payments: Credit Card Summary

<table>
<thead>
<tr>
<th>Trans</th>
<th>Description</th>
<th>Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>07/01</td>
<td>CITI PAYMENT - THANK YOU</td>
<td>2,903.17</td>
</tr>
<tr>
<td>07/01</td>
<td>CITI PAYMENT - THANK YOU</td>
<td>8,053.33</td>
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</table>

Total Payments: **$10,957.10**

<table>
<thead>
<tr>
<th>Purchases</th>
<th>Nominal APR</th>
<th>Periodic FINANCE CHARGE</th>
<th>Cash Advance Fee/CHARGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>0.70%</td>
<td>0.70%</td>
<td>$0.00</td>
<td>$0.00</td>
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</tbody>
</table>

Total FINANCE CHARGE: **$0.00**

### Account Transactions (Activity)

<table>
<thead>
<tr>
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<th>Post</th>
<th>Description</th>
<th>Charges</th>
</tr>
</thead>
<tbody>
<tr>
<td>06/10</td>
<td>06/14</td>
<td>FRAME MASTERS DALLAS TX</td>
<td>126.05 - FRANK DONOR RECOGNITION CERTIFICATE</td>
</tr>
<tr>
<td>06/14</td>
<td>06/15</td>
<td>CITY OF DALLAS TX</td>
<td>235.90 - RECRUITMENT DINNER (6)</td>
</tr>
<tr>
<td>06/15</td>
<td>06/17</td>
<td>A R O P 06/20, 22, 25 PARIS 9 VP FR</td>
<td>1,788.93 - DINNER WITH UNIV OF PARIS HOSPITAL STAFF (5)</td>
</tr>
<tr>
<td>06/16</td>
<td>06/21</td>
<td>POUSSE DOR 06/20, 22, 25 PARIS 9 VP FR</td>
<td>40.04 - UNIV DONOR GIFT</td>
</tr>
<tr>
<td>06/16</td>
<td>06/21</td>
<td>POUSSE DOR 06/20, 22, 25 PARIS 9 VP FR</td>
<td>40.04 - UNIV DONOR GIFT</td>
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<tr>
<td>06/17</td>
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<td>RESTAURANT 06/20, 22, 25 PARIS 9 VP FR</td>
<td>381.93 - UNIV DONOR DINNER (5)</td>
</tr>
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<td>06/20</td>
<td>06/22</td>
<td>PYRAMIDE EPUISSANT 06/20, 22, 25 PARIS 9 VP FR</td>
<td>13.55 - UNIV DONOR DINNER (3)</td>
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<td>06/21</td>
<td>06/23</td>
<td>RESTAURANT 06/20, 22, 25 PARIS 9 VP FR</td>
<td>28.00 - GALA HOSPITALITY (2)</td>
</tr>
<tr>
<td>06/23</td>
<td>06/24</td>
<td>MAIRIAD DONOR DEPARTMENTS</td>
<td>587.06 - UNIV DONOR LUNCH (5)</td>
</tr>
<tr>
<td>06/23</td>
<td>06/24</td>
<td>SPICE MAKER D47132 PARIS 9 VP FR</td>
<td>279.71 - UNIV DONOR LUNCH (3)</td>
</tr>
<tr>
<td>06/23</td>
<td>06/24</td>
<td>SPICE MAKER D47132 PARIS 9 VP FR</td>
<td>279.71 - UNIV DONOR LUNCH (3)</td>
</tr>
<tr>
<td>06/23</td>
<td>06/24</td>
<td>SPICE MAKER D47132 PARIS 9 VP FR</td>
<td>279.71 - UNIV DONOR LUNCH (3)</td>
</tr>
<tr>
<td>06/23</td>
<td>06/24</td>
<td>SPICE MAKER D47132 PARIS 9 VP FR</td>
<td>279.71 - UNIV DONOR LUNCH (3)</td>
</tr>
<tr>
<td>06/24</td>
<td>06/24</td>
<td>SPICE MAKER D47132 PARIS 9 VP FR</td>
<td>279.71 - UNIV DONOR LUNCH (3)</td>
</tr>
</tbody>
</table>

### Subtotal Balance for Account Number

**$5,428.65**

---

**DR. WILDENTHAL HAS WRITTEN A PERSONAL CHECK TO UT SOUTHWESTERN TO UNDERWRITE THE COST OF THESE EXPENSES. COPY ATTACHED.**

**DR. WILDENTHAL HAS WRITTEN A PERSONAL CHECK TO CITI TO COVER THIS EXPENSE. COPY OF CHECK ATTACHED FOR FILE.**

---

**CYNTHIA BASSEL**

Account Number: [redacted]
KERN WILDENTHAL, M.D.
MARGARET D. WILDENTHAL

Pay to the Order of:  

$3123.00
Thirty-one thousand two hundred thirty-three dollars

Compass Bank
Dallas, Texas (923)

Date: 7-20-04

K. W. S. WILDENTHAL

KERN WILDENTHAL, M.D.
MARGARET D. WILDENTHAL

Pay to the Order of:  

$3827.00
Three thousand eight hundred twenty-seven dollars

Compass Bank
Dallas, Texas (923)

Date: 7-20-04

K. W. S. WILDENTHAL

6685
6684
Exhibit 17
The University of Texas Southwestern Medical Center at Dallas

PRESIDENT'S TRAVEL AND ENTERTAINMENT AUDIT REPORT
P6:18

May 25, 2006

Office of Internal Audit
5323 Harry Hines Boulevard
Dallas, Texas  75390-9017
(214) 648-8106
EXECUTIVE SUMMARY
The University of Texas Southwestern Medical Center at Dallas follows policies and procedures for travel and entertainment reimbursements to the President and these expenditures appear reasonable and appropriate. Our audit found that there are adequate controls in place to ensure expenditures are properly documented and authorized. A recommendation has been made to review UT Southwestern's current procedures for presidential travel and entertainment against the new Regents' rule, Series 20205 to assure our procedures meet full compliance.

BACKGROUND
The President is reimbursed for travel and entertainment expenses that he incurs as part of his official duties. Policies for travel, entertainment, and official functions expenses are provided by Regents' Rules and Regulations, Business Procedures Memorandums, and the University's travel rules. This audit was conducted as requested by UT System in March 2006.

AUDIT OBJECTIVES
The objectives of this audit were to:

- Determine the reliability and integrity of travel and entertainment expenses of the President; and,
- Determine compliance with applicable policies, procedures, laws, and regulations.

SCOPE AND METHODOLOGY
The audit covered the period from January 1, 2005 through December 31, 2005. We reviewed policies and procedures for processing travel, meals, entertainment, official functions, spousal travel, housekeeping service, and membership reimbursements. Our examination covered supporting documentation such as travel receipts, credit card statements, the President's calendar, and entries in the University's electronic system, Online Administrative System (OAS).

We conducted our audit according to guidelines set forth by The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

EXTENT OF AUDIT TESTS
Details of our audit coverage included the following test work, review, and analysis.

1. Travel
   We interviewed personnel in the Office of the President to gain an understanding of how the President's travel is scheduled, arranged, and subsequently reimbursed. We reviewed travel receipts, travel reimbursement forms, and credit card statements to determine compliance with travel policies and procedures. The population of 63 travel transactions totaled $29,364.43. The approval cycle has efficient controls in place, both before travel takes place, and when Dr. Wilkenthal returns. No exceptions or discrepancies were found during our testing.

2. Meals/Entertainment/Official Functions
   We reviewed the University's Handbook of Operating Procedures and interviewed Accounting personnel regarding University meals and entertainment policies. Based on prior agreed UT System procedure, the process for documenting entertainment of donors is to record the number of attendees and list the purpose and benefit for each event.
We reviewed 708 transactions that totaled $405,845.08. These transactions included credit card expenses, University dining expenses, and donor functions. We traced a sample of event dates to the President's appointment book to attest the validity of each event. We examined credit card statements, receipts, invoices, and entries in OAS. All transactions were reviewed to determine business justification and appeared reasonable and appropriate; no discrepancies were found.

3. Spousal Travel
   The President's spouse travels with the President on necessary trips as part of her University role. She attends official spouse functions and represents the University in her position as Associate to the Chief Administrative Officer of UT Southwestern Medical Center.

   We reviewed University and UT System policies and examined travel receipts and entries in OAS to determine the appropriateness of Mrs. Wildenthal's travel. We found no exceptions.

4. Housekeeping Service
   The President utilizes a University employee for housekeeping service. The housekeeper works 40 hours per week; 12 hours a week are spent at Human Resources and 28 hours a week are spent at the President's residence. Eight hours of the President's housekeeping service are for business related functions and the remaining 20 hours are personal and are reimbursed by the President from personal funds.

   We interviewed HR personnel to verify how funds were acquired for payment of funding for the housekeeper's salary. Funds for the housekeeper's salary are sourced 50/50 and a reimbursement account is set up to receive the President's deposits. We reviewed documentation in OAS and traced deposits from the President to the University's accounting system. No exceptions were found.

5. Memberships
   We reviewed documentation for membership reimbursement for both the President and his spouse. We noted that the University policy was followed and found no exceptions.

AUDIT RESULTS/RECOMMENDATION

We reviewed summary documentation supporting expenditures tested. We found prior UT System procedures were followed for documenting entertainment of donors. The Executive Vice President for Business Affairs reviews and gives signature approval of expenses. Based on the addition of the new Regents' rule, Series 20205, a recommendation follows to ensure that UT Southwestern procedures comply with the new rule for processing of travel, entertainment, and housing.

Recommendation:
Review current UT Southwestern procedures for presidential travel and entertainment for compliance with the new Regents' Rule, Series 20205 relating to expenditures for travel, entertainment, and housing. Any necessary changes should be communicated to executive management. Also, the Executive Vice President for Business Affairs should continue to review sufficient documentation before approval of expenses and will review new policies and procedures with Internal Audit, Legal Affairs, and the President's office to ensure full compliance.
CONCLUSION
Overall, we found that there are adequate controls in place within the Office of the President to ensure processing of travel, entertainment, housekeeping, and memberships are in compliance with State and University rules. Policies and procedures for travel and entertainment reimbursements were followed and expenses appeared reasonable and appropriate. A recommendation has been made with regard to the new Regents' rule that will enhance the review and approval process.

We greatly appreciate the courtesy and cooperation of all staff in the Office of the President.

Robert Rubel - Director of Internal Audit
Reeba Commen - Internal Auditor

201 Audit Hours Expended
APPENDIX

Criteria used to evaluate the President’s travel and entertainment included:

STATE LEGISLATION
State Travel Management Program
http://www.tbpc.state.tx.us/travel/index.html

State of Texas Travel Allowance Guide
https://fmx.cpa.state.tx.us/fm/pubs/travallow/04-05/index.php

UNIVERSITY OF TEXAS SYSTEM
Rules and Regulations of the University of Texas System Board of Regents
http://www.utsystem.edu/bor/rules/homepage.htm

University of Texas System, Business Procedures Memorandum 18-02-04, “Internal Audit Activities”
http://www.utsystem.edu/bpm/18.htm

University of Texas System, Travel Website
http://www.utsystem.edu/travel

University of Texas System, Business Procedures Memorandum 65-07-02, “Spousal Travel Policy”
http://www.utsystem.edu/BPM/65.htm

UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
UT Southwestern Handbook of Operating Procedures dated January 1998
http://www.utsouthwestern.edu/utsw/home/admin/hop/index.html

UT Southwestern Travel Website
http://www.utsouthwestern.edu/utsw/home/admin/matmgmt/travel/index.html

Travel Administrative Training Guide

UT Southwestern Summary of Prior Approval of Expenditures Policy
http://www8.utsouthwestern.edu/vgn/images/portal/cit_50417/6/11/127036matrix%202011-03.pdf
Exhibit 18
The University of Texas Southwestern Medical Center at Dallas

PRESIDENT'S TRAVEL AND ENTERTAINMENT AUDIT REPORT
07:14

November 15, 2006

Office of Internal Audit
5323 Harry Hines Boulevard
Dallas, Texas  75390-9017
(214) 648-8108
The University of Texas Southwestern Medical Center at Dallas
President’s Travel and Entertainment Audit – 07:14
FY 2007

AUDIT REPORT
November 15, 2008

EXECUTIVE SUMMARY
The University of Texas Southwestern Medical Center at Dallas follows policies and procedures for travel and entertainment reimbursements to the President and these expenditures appear reasonable and appropriate. Our audit found that there are adequate controls in place to ensure expenditures are properly documented and authorized.

BACKGROUND
The President is reimbursed for travel and entertainment expenses that he incurs as part of his official duties. Policies for travel and entertainment expenses are provided by Regents’ Rules and Regulations, Business Procedures Memorandums, and the University’s travel rules.

AUDIT OBJECTIVES
The objectives of this audit were to:

- Determine the reliability and integrity of travel and entertainment expenses of the President; and,
- Determine compliance with applicable policies, procedures, laws, and regulations.

SCOPE AND METHODOLOGY
The audit covered the period from January 1, 2006 through August 31, 2006. Although this audit requires all fiscal year 2006 expenses to be reviewed, the prior audit covered September 1, 2005 through December 31, 2005. We reviewed policies and procedures for processing travel, entertainment, and housekeeping service expenses. Our examination covered supporting documentation such as travel receipts, credit card statements, the President’s calendar, and entries in the University’s electronic system, Online Administrative System (OAS).

We conducted our audit according to guidelines set forth by The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.

EXTENT OF AUDIT TESTS
Details of our audit coverage included the following test work, review, and analysis.

Travel
We reviewed travel invoices and receipts, travel reimbursement forms, credit card statements, and OAS documentation to determine compliance with travel policies and procedures. The population of 34 airfare transactions totaled $20,444.72. Eighteen travel reimbursements were issued that totaled $5,559.93. The approval cycle has efficient controls in place, both before travel takes place, and when Dr. Wildenthal returns.

The President’s spouse travels with the President on necessary trips as part of her University role. She attends official spouse functions and represents the University in her position as Associate to the Chief Administrative Officer of UT Southwestern Medical Center. We examined travel invoices and OAS documentation to determine the appropriateness of Mrs. Wildenthal’s travel. No discrepancies were found during our testing.

Entertainment/Official Functions
We reviewed 457 transactions that totaled $272,875.40. These transactions included credit card expenses, cell phone charges, membership dues with subsequent reimbursements, University dining expenses, and donor functions. We traced a sample of event dates to the President’s appointment book to attest the validity of each event. We examined credit card statements, cell phone bills, invoices, receipts, and entries in OAS. All transactions were reviewed to determine business justification and appeared reasonable and appropriate. No discrepancies were found.
Housekeeping Service
The President utilizes a University employee for housekeeping service and reimburses the University for his share of the housekeeping services performed. The President received an extension for the use of the University's housekeeping services through December 31, 2006. Beginning January 2007, the President will no longer utilize the housekeeping services of the University.

We reviewed documentation in OAS and traced deposits from the President to the University's accounting system. No discrepancies were found.

Audit Results
We reviewed documentation supporting expenditures tested. Based on the new Regents' rule, Series 2020, we found that names of attendees for entertainment functions were included in documentation as of May 2006. The Executive Vice President for Business Affairs reviews and gives signature approval of all expenses.

A significant recommendation results when internal controls do not reduce the risk of irregularities, illegal acts, errors, inefficiencies, waste, ineffectiveness, or conflicts of interest to a reasonably low level. This audit resulted in no recommendations significant to the University's operations, financial reporting, or legal compliance.

Conclusion
Overall, we found that there are adequate controls in place within the Office of the President to ensure processing of travel, entertainment, and housekeeping service are in compliance with State and University rules. Policies and procedures for travel and entertainment reimbursements were followed and expenses appeared reasonable and appropriate.

We greatly appreciate the courtesy and cooperation of all staff in the Office of the President.

Robert Rubel       - Director of Internal Audit
Reeba King         - Internal Auditor

104 Audit Hours Expended
APPENDIX

Criteria used to evaluate the President's travel and entertainment included:

STATE LEGISLATION
State Travel Management Program
http://www.tbpc.state.tx.us/travel/index.html

State of Texas Travel Allowance Guide
https://fmx.cpa.state.tx.us/fm/pubs/travallow/04-05/index.php

UNIVERSITY OF TEXAS SYSTEM
Rules and Regulations of the University of Texas System Board of Regents
http://www.utsystem.edu/bor/rules/homepage.htm

University of Texas System, Business Procedures Memorandum 18-02-04, "Internal Audit Activities"
http://www.utsystem.edu/bpm/18.htm

University of Texas System, Travel Website
http://www.utsystem.edu/travel

University of Texas System, Business Procedures Memorandum 85-07-02, "Spousal Travel Policy"
http://www.utsystem.edu/BPM/85.htm

UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
UT Southwestern Handbook of Operating Procedures dated January 1998
http://www.utsouthwestern.edu/utsw/home/admin/hop/index.html

UT Southwestern Travel Website
http://www.utsouthwestern.edu/utsw/home/admin/mtmgmt/travel/index.html

Travel Administrative Training Guide

UT Southwestern Summary of Prior Approval of Expenditures Policy
Exhibit 19
EXECUTIVE SUMMARY
The University of Texas Southwestern Medical Center at Dallas follows policies and procedures for travel and entertainment reimbursements to the President and these expenditures appear reasonable and appropriate. Our audit found that there are adequate controls in place to ensure expenditures are properly documented and authorized.

BACKGROUND
The President is reimbursed for travel and entertainment expenses that he incurs as part of his official duties. Policies for travel and entertainment expenses are provided by Regents’ Rules and Regulations, The University of Texas System Administration Policies, and the Medical Center’s travel rules.

Beginning with fiscal year 2007, the University is required by the Board of Regents’ Rules and Regulations, Series 20205 (Expenditures for Travel, Entertainment, and Housing by Chief Administrators) to submit quarterly reports to the Executive Vice Chancellor for Business Affairs detailing travel, entertainment, and housing expenditures that exceed $100 that are reimbursed to the President or his spouse or directly to a vendor on the President’s or spouse’s behalf.

AUDIT OBJECTIVES
The objectives of this audit were to:
  • Determine the reliability and integrity of travel and entertainment expenses of the President; and,
  • Determine compliance with applicable policies, procedures, laws, and regulations.

SCOPE AND METHODOLOGY
The audit covered September 1, 2006 through August 31, 2007. We reviewed policies and procedures for processing travel, entertainment, and housekeeping service expenses. Our examination covered supporting documentation such as travel receipts, credit card statements, the President’s calendar, entries in the Medical Center’s electronic system, Online Administrative System (OAS), and the required quarterly reports described above.

We conducted our audit according to guidelines set forth by The Institute of Internal Auditors’ International Standards for the Professional Practice of Internal Auditing.

EXTENT OF AUDIT TESTS
Details of our audit coverage included the following test work, review, and analysis.

  Travel
  We reviewed travel invoices and receipts, travel reimbursement forms, credit card statements, and OAS documentation to determine compliance with travel policies and procedures. A population of 47 travel expenses was identified from the quarterly reports totaling $42,215.91. We chose a judgmental sample of 10 expenses related to travel by the President and 2 expenses related to travel by the President’s spouse for testing. Our sample totaled $14,702.16, or 34.83%, of total travel expenses. All expenses appeared
reasonable and appropriate. The approval cycle has effective controls in place, before travel takes place, and when he returns.

The President's spouse travels with the President on necessary trips as part of her University role. She attends official spouse functions and represents the Medical Center in her position as Associate to the Chief Administrative Officer of UT Southwestern Medical Center. We examined travel invoices and OAS documentation to determine the appropriateness of Mrs. Wildenthal's travel. All travel expenses related to her travel appeared reasonable and appropriate.

**Entertainment/Official Functions**

We reviewed OAS transactions and supporting documentation for entertainment/official function expenses that consisted of credit card expenses, cell phone charges, Medical Center dining expenses, and donor functions. A population of 78 entertainment/official function expenses, not including cell phone charges and University dining expenses, were identified from the quarterly reports totaling $83,425.89. We chose a judgmental sample of 20 entertainment/official function expenses for testing. Our sample totaled $39,256.48, or 47.06%, of total entertainment/official function expenses. We traced a sample of four event dates to the President's appointment book to attest the validity of each event. In addition, we chose a judgmental sample of the President's Medical Center dining expenses for testing. These charges are not required to be reported on the quarterly reports. Total Medical Center dining charges were $70,546.28. Our sample totaled $55,229.90, or 76.85%, of the total charges. Also, cell phone charges, which amounted to $2,306.99, were examined. Cell phone charges are not required to be reported on the quarterly reports. We examined credit card statements, cell phone bills, invoices, receipts, and entries in OAS. All entertainment/official function transactions were reviewed to determine business justification and appeared reasonable and appropriate. No discrepancies were found.

The President also maintains a supply of wine purchased for Medical Center donor functions. There are two separate locations on campus where the wine is kept. Both are in secured areas and only accessible to three people. We toured both locations and felt the locations were secure. All purchases of wine were examined in testing the entertainment/official function expenses. These purchases appear to be reasonable.

**Housekeeping Service**

Until December 31, 2006, the President utilized a Medical Center employee for housekeeping service and reimbursed the Medical Center for his share of the housekeeping services performed. As of January 2007, the President no longer utilizes the housekeeping services of the Medical Center.

We reviewed documentation in OAS and traced reimbursed deposits from the President to the Medical Center's accounting system for the months of September through December 2006. No discrepancies were found and reimbursements appeared appropriate.

**Audit Results**

We reviewed documentation supporting expenditures tested. Based on the Regents' rule, Series 20205, we found that names of attendees for entertainment functions were included in documentation. The Executive Vice President for Business Affairs reviews and gives signature approval of all expenses.

A significant recommendation results when internal controls do not reduce the risk of irregularities, illegal acts, errors, inefficiencies, waste, ineffectiveness, or conflicts of interest to a reasonably low level. This audit resulted in no recommendations significant to the Medical Center's operations, financial reporting, or legal compliance.
CONCLUSION
Overall, we found that there are adequate controls in place within the Office of the President to ensure processing of travel, entertainment, and housekeeping service are in compliance with State and University rules. Policies and procedures for travel and entertainment reimbursements were followed and expenses appeared reasonable and appropriate.

We greatly appreciate the courtesy and cooperation of all staff in the Office of the President.

Robert Rubel - Director of Internal Audit
Jana Morris - Internal Auditor

100 Audit Hours Expended
APPENDIX

Criteria used to evaluate the President's travel and entertainment included:

STATE LEGISLATION
State Travel Management Program
http://www.tbpc.state.tx.us/travel/index.html
State of Texas Travel Allowance Guide
https://fmx.cpa.state.tx.us/fm/vpubs/travallow/04-05/index.php

UNIVERSITY OF TEXAS SYSTEM
Rules and Regulations of the University of Texas System Board of Regents
http://www.utsystem.edu/bor/rules/homepage.htm
University of Texas System, UTS 129, "Internal Audit Activities"
http://www.utsystem.edu/policy/ovl/uts129.html
University of Texas System, UTS 120, "Spousal Travel Policy"
http://www.utsystem.edu/policy/ovl/uts120.html
University of Texas System, Travel Website
http://www.utsystem.edu/travel

UNIVERSITY OF TEXAS SOUTHWESTERN MEDICAL CENTER AT DALLAS
UT Southwestern Handbook of Operating Procedures dated January 1998
http://www.utsouthwestern.edu/utsaw/home/adminshop/index.html
UT Southwestern Travel Website
http://www.utsouthwestern.edu/utsw/home/admin/itmgmt/travel/index.html
Travel Administrative Training Guide
UT Southwestern Summary of Prior Approval of Expenditures Policy

PRIOR AUDITS AND CONSULTING PROJECTS
UT Southwestern Internal Audit Report 07:14 - "President's Travel and Entertainment" issued November 15, 2006.
Exhibit 20
January 17, 2008

Mr. John Keel  
Texas State Auditor  
Post Office Box 12067  
Austin, Texas 78711-2067

Dear Mr. Keel:

In response to your letter of November 27, 2007, The University of Texas System has investigated the anonymous allegations of impropriety at the U. T. Southwestern Medical Center at Dallas, which were submitted to your Special Investigation Unit. As is the U. T. System's standard practice, the U. T. System Audit Office was asked to investigate these allegations related to executive management at this U. T. System institution.

The System Audit Office has now completed its audit. Each of the allegations has been appropriately addressed. Enclosed, as the official U. T. System response to your inquiry, is a copy of the report prepared by our Audit Office.

Please let me know if you have any questions or if we can provide additional information.

Sincerely yours,

Mark G. Yudof
Chancellor

MGY:mk  
Enclosure
Executive Summary

At the request of the State Auditor, the University of Texas ("U. T.") System Audit Office investigated allegations reported in an anonymous letter, dated October 27, 2007, concerning the University of Texas Southwestern Medical Center ("UTSWMC"). To address the allegations in the letter, the objectives of our investigation were to determine whether Dr. Kern Wildenthal, UTSWMC president, appropriately reimbursed the university for any personal use of institutionally-provided housekeeping services; whether wine purchases for official university occasions, including donor recognition activities, appeared appropriate; whether the UTSWMC quarterly reports of travel, entertainment and housing expenses by the president complied with the criteria established by the Board of Regents' Rules and Regulations ("Regents' Rule"); whether issuance of a university credit card to the president's spouse and associated charges were appropriate; whether the president may serve as chair of the institutional audit committee; and whether the outside audit committee member received any free medical services.

As part of our investigation we interviewed UTSWMC staff, reviewed the work performed by UTSWMC Internal Audit, conducted a physical inspection, and performed other work as deemed appropriate. Based on procedures performed, we have determined the following:

- Dr. Wildenthal paid UTSWMC for personal use of institutionally-provided housekeeping services. This included the applicable wages and fringe benefits. As of January 1, 2007, Dr. Wildenthal has hired his own outside maid service.
- The quarterly reports of travel, entertainment, and housing expenses by the president submitted to U. T. System comply with the applicable Regents' Rule. Consequently, we do not believe that UTSWMC filed a false government document. Additionally, we do not believe that the UTSWMC Internal Auditor attempted to "cover up" or otherwise conceal information from U. T. System.
- Wine was purchased from unrestricted gift funds. None of the wine purchased involved state funds. Overall, it appears that wine purchases for official university occasions, including donor recognition activities, were appropriate.
- Given her official appointment as a non-compensated staff member and her official duties as the spouse of the university’s president, it is appropriate for Mrs. Wildenthal to have a university-issued credit card. UTSWMC Internal Audit examined invoices and associated credit card transactions and determined that Mrs. Wildenthal's travel and entertainment expenses were reasonable, appropriate, and related to official university business. We concur with Internal Audit's observation.
- U. T. System policy requires that each U. T. institution organize and maintain an institutional audit committee. The president is ultimately responsible for official actions taken by the university including those taken by the audit committee. An institutional president or his/her designee may serve as chair.
- The UTSWMC billing system has been examined for last three years for appointments, billings, and payments for Mr. John Creecy, who served as the outside member of the institutional audit committee. There is no record of Mr. Creecy receiving free medical services at the university over the last three years. In addition, we are not aware of any special services provided to Mr. Creecy.
Results

In this report section, we have listed the allegations, as written in the anonymous letter, followed by the results of our work.

Allegation Regarding Housekeeping Service:

"Dr. Wildenthal was using a state employee as his maid and reimbursing the university for her time. However, he should have paid her from his own funds and not advance the credit of the state by reimbursement. Further, this employee would not have been considered full time and not eligible for benefits except for the reimbursement methodology employed, essentially making the state responsible for the fringe costs plus longevity, sick pay and vacation accrual. These expenses should have been paid by Dr. Wildenthal."

In August 2006, the Board of Regents approved an update of the Regents' Rule concerning cash compensation for institutional presidents. A president's base salary was defined as including compensation to cover all personal expenses associated with a president's residence. Additionally, this update states that "each institution, at the institution's expense, shall provide appropriate housekeeping and other support services for business-related functions held at the chief administrative officer's residence, but no housekeeping or other support services will be provided for personal use at a residence that is not owned by the university."

For fiscal years 2005 through 2007, the Office of Internal Audit ("Internal Audit") at UTSWMC audited the business and personal use of housekeeping services provided by the university. Internal Audit verified that Dr. Wildenthal had paid the university for his share (one-half of the employee's salary and fringe benefits) of the housekeeping services provided by the university. The percentage paid was based on the frequency of official occasions held at the president's residence. We concur with Internal Audit's observation that the reimbursements were appropriate. In July 2006, prior to the update to the Regents' Rule, Dr. Wildenthal pre-paid the personal use of maid services provided by the university. The Executive Vice Chancellor for Health Affairs approved Dr. Wildenthal's request to allow the institutional employee to provide personal housekeeping services until the end of the pre-paid period—December 31, 2006. We verified that the amount he paid included 50% of the employee's wages and fringe benefits. As of January 1, 2007, Dr. Wildenthal has hired his own outside maid service.

Allegation Related to Quarterly Reports and Wine Purchases:

"Dr. Wildenthal's Travel and Entertainment Report is lacking in sufficient information in wine purchases to determine the efficiency of events. There is no wine inventory and no detailed use of the wine, although via open records request Wildenthal claims there is enough wine for events through 2009, although he is resigning in 2008. How can you plan for events 2 years in advance, but I understand he has to validate the last two year's purchase of over $141,000, including purchases to Dehlinger Winery, a winery in his wife's family which would tend to indicate a
conflict of interest. This report does not balance with the corporate card totals of 4 separate university paid credit cards that is also used Cynthia Bassel- who uses these cards as an agent of Kern Windenthal."

"The reports submitted to U. T. System also do not indicate flower or gift purchases. You need to request the wine invoices, which the university maintains they do not have, per open records requests. I feel the university does not want the public to ascertain the value of the average bottle of wine purchased from New York’s “oldest Wine House. The Travel and Entertainment Expense Report would seem like they filed a false government document while the audits conducted by Rubez appear to be a cover up and one might conclude he is guilty of malfeasance as it will be reported to the Texas CPA Licensing Board as a complaint for review"

According to Regents’ Rule Series 20025: Expenditures for Travel, Entertainment, and Housing by Chief Administrators, “U. T. System must ensure that expenditures support the mission and purpose of the System and that the expenditures are not made for a private purpose.” To this end, this Regents’ Rule and Regulation requires that each institutional president file quarterly reports of travel, entertainment, and housing expenses with the appropriate Executive Vice Chancellor. The quarterly reports must include each expense that exceeds $100 and is reimbursed to the president or directly paid to a vendor on the president’s behalf. This would also include expenses directly made by the president.

The purpose of the quarterly reports is to ensure that an institutional president is not personally benefiting from expenses made by the president or on the president’s behalf. It is not to determine the “efficiency” of larger, official university events. Consequently, this Regents’ Rule does not require that events hosted by a president for development activities or to honor faculty, staff, or other guests, at which more than 10 individuals are present be included in the quarterly report. The rationale for this exception is that it is extremely unlikely that a president would personally benefit from larger official events. For events with less than 10 individuals, the location of the event/expanse, the participants (if any), the business purpose of the expense and the account to be charged for the expense must be documented. We reviewed the UTSWMC fiscal year 2007 quarterly reports filed with U. T. System. All wine purchased by the president ($14,726) and his wife ($108) were properly included in the quarterly reports. Wine purchased by Ms. Cynthia Bassel—Vice President for External Relations—were not included in the report since those purchases were for donor recognition and fundraising events and not reimbursed to, or on behalf of, Dr. Windenthal.

The quarterly reports do not include purchases for flowers or token gifts. According to UTSWMC policy, there are five groups of individuals that may receive flowers or token gifts (including books and mementos) at the university’s expense. Eligible individuals, with dollar limits, include the following:

1. Hospitalized, seriously ill or deceased employees or their immediate family, residents, students, and retirees ($85);
2. Visiting faculty ($75);
3. University donors ($75);
4. Departing faculty, employees, residents and fellows ($75 or $125 per decade of service); 
and
5. Volunteer faculty and staff, employees at the direction of affiliated programs ($75).

Any purchases for flowers or token gifts reimbursed to the president or directly paid to a vendor on the president's behalf were less than the $100. Consequently, such expenses were not included in the quarterly report. As part of our work, we read the quarterly reports submitted by UT SWMC. These reports comply with the stated requirements in the applicable Regents' Rule. Consequently, we do not believe that UT SWMC filed a false government document. We also reviewed the UT SWMC Internal Audit reports and the associated working papers for the last three presidential travel, entertainment, and housing expenses audits. Based on our work, we do not believe that the Internal Auditor attempted to "cover up" or otherwise conceal information.

We also discussed the wine purchases with Ms. Bassel and other UT SWMC staff. UT SWMC has been purchasing wine annually for official university occasions and donor recognition events since 1988. This approach has been taken for events hosted on campus as opposed to having the wine provided as part of catering services. By purchasing wine in bulk and realizing typical discounts associated with bulk purchases, it is reasonable to assume that UT SWMC has spent much less on alcohol than if it had been purchased through a catering service.

In April of 2002, UT SWMC announced a $450 million capital campaign—Innovations in Medicine—to recruit and retain top talent, to build facilities to house their research and clinical programs, and to provide the state-of-the-art technology their work requires. As part of this capital campaign, UT SWMC has hosted several related fundraising and donor recognition events. Wine was purchased in anticipation of these events. During fiscal year 2007, UT SWMC made wine purchases (including much smaller purchases of liquor) totaling $90,242 from several vendors. Approximately 98% of the purchases were made by credit card. Included within this amount is $69,615 in purchases from Acker, Merrall, and Condit. Also, during this period, Dr. Wildenthal made $6,327 in purchases from the Dehlinger Winery. Although family members of Mrs. Wildenthal own the winery, neither Mrs. Wildenthal nor Dr. Wildenthal has a direct financial interest in the winery. We asked our U. T. System Office of General Counsel ("OGC") whether such purchases would constitute a conflict of interest according to Texas statute. According to OGC, neither state conflict-of-interest laws nor U. T. System rules or policies would prohibit such a purchase.

Although credit card records of wine purchases were maintained, we were unable to determine the number of bottles purchased through each transaction. In order to determine a reasonable estimate of the value per bottle, an inventory of wine stored on campus for official occasion was taken on December 5, 2007. 2,397 bottles were on hand. The inventory represents several years' worth of purchases. Consequently, the value of the inventory in today's dollars is greater than original purchase price of the older vintages. Based on an estimate of current prices obtained from on-line sources, the value of the inventory on hand would likely be between $72,550 and $140,737, resulting in an average value of between $30 and $59 per bottle.
To obtain an estimate of wine consumed as part of official university events conducted during fiscal year 2007, we obtained a listing of official university events during which wine was served. There were 28 total events with over 3,400 attendees. Using industry benchmarks (which take into account those who do not consume alcohol), we estimated that approximately 959 bottles were consumed during official events. Using the estimated value per bottle described earlier, we estimated that the value of the wine consumed would be between $29,041 and $56,336.

Based on discussions with UTSMC staff, it is anticipated that much of the inventory on hand will be consumed during the remainder of fiscal year 2008. Although this does not preclude UTSWMC from making additional purchases as it deems necessary for official university occasions, it appears that UTSWMC has significantly reduced its purchases in first quarter of fiscal year 2008 ($4,217) when compared to the first quarter of fiscal year 2007 ($40,107).

The wine was purchased using unrestricted gift funds. None of the wine purchased involved state funds. Overall, wine purchases for official university occasions, including donor recognition activities, appeared appropriate.

Allegation related to Dr. Wildenthal’s Spouses Use of a University Credit Card:

"Margaret Wildenthal has a university credit card in her name. This seems particularly egregious that [a] non-employee could incur debt on behalf of the state"

Historically, the spouse of a president at a U. T. System institution has functioned as a special representative to perform services that further the official business purposes of the institution. Those services have been performed without compensation; however, expenses incidental to the performance of those services have been reimbursed at actual cost or paid directly by the institution. In August 2005, the Board of Regents approved Margaret Wildenthal’s non-compensated appointment as “Special Assistant to the President.” The action taken by the Board of Regents was determined to be consistent with provisions of Chapter 573 of the Texas Government Code and the Regents’ Rules and Regulations, Series 30106. Texas Government Code Chapter 573 prohibits public officials from appointing any individual to a position that is to be directly or indirectly compensated from public funds or fees of office if the individual is related to the public official within the second degree by affinity or within the third degree by consanguinity.

A spouse who is designated as a Special Assistant may act in a representative capacity for an institution only when performing duties that include, but not limited to, the following activities:

- When requested, has direct responsibility for planning, production, and oversight of official locations, events, or activities.
- Serves with or independent of the chief administrative officer as an official representative of the institution within the institutional and broader community at meetings, workshops, conferences, community and institutional activities, alumni events,
faculty/student/staff activities, and other events that are related to or support the purposes of the institution.

- When appropriate, assists the chief administrative officer or other institutional representative with public relations, development, and fund-raising activities.

Given her official appointment as a non-compensated staff member and her official duties as the spouse of the university's president, it is appropriate for Mrs. Wildenthal to have an official university-issued credit card provided that its use is restricted to official university business. As part of three presidential travel, entertainment, and housing expenses audits covering the period from September 1, 2005, through August 31, 2007, Internal Audit determined that travel and entertainment expenses for Mrs. Wildenthal, including charges to the credit card issued to Mrs. Wildenthal, were appropriate and related to official university business. We concur with Internal Audit's observation.

Allegation Related to Audit Committee Membership and the Outside Member

"Wildenthal is the chairman of his own audit committee and the outside member is John Creecy who is on the Zale Hospital Board and receives both special services and medical services at no cost, both violations."

U. T. System-wide Policy No. 129 (UTS 129) requires that each U. T. institution organize and maintain an institutional audit committee. UTS 129 also states that membership should include key members of senior management and requires that membership be determined by the institutional president. For most U. T. institutions, the president is the chairman of the audit committee. An institutional president or his/her designee may serve as chair. Ultimately, the institutional president is responsible for all aspects of the institution including actions taken by its audit committee.

In October 2004, the Board of Regents approved the acquisition of Zale Lipshy University Hospital. The acquisition became effective January 1, 2005. In September 2005, Mr. John Creecy began to serve on the UTSWMC Audit Committee as its outside member. Because of their familiarity with their medical billing system, we asked the UT SWMC Internal Audit to query the UT SWMC medical billing system for Mr. John Creecy. The query covered the most recent three year period. Internal Audit determined that Mr. Creecy's account was paid in full and not written-off by the university. Consequently, there is no record of Mr. Creecy receiving free medical services at UT SWMC. Additionally, we are not aware of any special services provided to Mr. Creecy.
Conclusion

We have addressed the allegations in the anonymous letter dated October 27, 2007, concerning UTSWMC. Based on our work, we have determined that Dr. Wildenthal appropriately reimbursed the university for personal use of institutionally-provided housekeeping services; that wine purchases for official university occasions, including donor recognition activities, appeared appropriate; that the UTSWMC quarterly reports of travel, entertainment and housing expenses by the president complied with the criteria established by Regents’ Rules and Regulations; that issuance of a university credit card to the president’s spouse and associated charges were appropriate; that Dr. Wildenthal may serve as chair of the institutional audit committee; and that the outside audit committee member has not received any free medical services during the last three years.

Charles G. Chaffin
Director of Audits

Eric J. Polonski
Manager of Audits
Exhibit 21
Introduction to the International Standards

Internal auditing is conducted in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, conformance with The IIA's *International Standards for the Professional Practice of Internal Auditing (Standards)* is essential in meeting the responsibilities of internal auditors and the internal audit activity.

If internal auditors or the internal audit activity is prohibited by law or regulation from conformance with certain parts of the *Standards*, conformance with all other parts of the *Standards* and appropriate disclosures are needed.

If the *Standards* are used in conjunction with standards issued by other authoritative bodies, internal audit communications may also cite the use of other standards, as appropriate. In such a case, if inconsistencies exist between the *Standards* and other standards, internal auditors and the internal audit activity must conform with the *Standards*, and may conform with the other standards if they are more restrictive.

The purpose of the *Standards* is to:

1. Delineate basic principles that represent the practice of internal auditing.
2. Provide a framework for performing and promoting a broad range of value-added internal auditing.
3. Establish the basis for the evaluation of internal audit performance.
4. Foster improved organizational processes and operations.

The *Standards* are principles-focused, mandatory requirements consisting of:

- Statements of basic requirements for the professional practice of internal auditing and for evaluating the effectiveness of performance, which are internationally applicable at organizational and individual levels.
- Interpretations, which clarify terms or concepts within the Statements.

The *Standards* employ terms that have been given specific meanings that are included in the Glossary. Specifically, the *Standards* use the word “must” to specify an unconditional requirement and the word “should” where conformance is expected unless, when applying professional judgment, circumstances justify deviation.

It is necessary to consider the Statements and their Interpretations as well as the specific meanings from the Glossary to understand and apply the *Standards* correctly.
International Standards for the Professional Practice of Internal Auditing (Standards)

The structure of the Standards is divided between Attribute and Performance Standards. Attribute Standards address the attributes of organizations and individuals performing internal auditing. The Performance Standards describe the nature of internal auditing and provide quality criteria against which the performance of these services can be measured. The Attribute and Performance Standards are also provided to apply to all internal audit services.

Implementation Standards are also provided to expand upon the Attribute and Performance standards, by providing the requirements applicable to assurance (A) or consulting (C) activities.

Assurance services involve the internal auditor's objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system, or other subject matter. The nature and scope of the assurance engagement are determined by the internal auditor. There are generally three parties involved in assurance services: (1) the person or group directly involved with the entity, operation, function, process, system, or other subject matter — the process owner, (2) the person or group making the assessment — the internal auditor, and (3) the person or group using the assessment — the user.

Consulting services are advisory in nature, and are generally performed at the specific request of an engagement client. The nature and scope of the consulting engagement are subject to agreement with the engagement client. Consulting services generally involve two parties: (1) the person or group offering the advice — the internal auditor, and (2) the person or group seeking and receiving the advice — the engagement client. When performing consulting services the internal auditor should maintain objectivity and not assume management responsibility.

The review and development of the Standards is an ongoing process. The Internal Audit Standards Board engages in extensive consultation and discussion prior to issuing the Standards. This includes worldwide solicitation for public comment through the exposure draft process. All exposure drafts are posted on The IIA's Web site as well as being distributed to all IIA institutes.

Suggestions and comments regarding the Standards can be sent to:

The Institute of Internal Auditors
Standards and Guidance
247 Maitland Avenue
Altamonte Springs, FL 32701-4201, USA

E-mail: guidance@iiainfo.org  Web: www.theiia.org

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INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING (STANDARDS)

Attribute Standards

1000 – Purpose, Authority, and Responsibility
The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.

Interpretation:
The internal audit charter is a formal document that defines the internal audit activity’s purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity’s position within the organization, including the nature of the chief audit executive’s functional reporting relationship with the board; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities. Final approval of the internal audit charter resides with the board.

1000.A1 – The nature of assurance services provided to the organization must be defined in the internal audit charter. If assurances are to be provided to parties outside the organization, the nature of these assurances must also be defined in the internal audit charter.

1000.C1 – The nature of consulting services must be defined in the internal audit charter.

1010 – Recognition of the Definition of Internal Auditing, the Code of Ethics, and the Standards in the Internal Audit Charter
The mandatory nature of the Definition of Internal Auditing, the Code of Ethics, and the Standards must be recognized in the internal audit charter. The chief audit executive should discuss the Definition of Internal Auditing, the Code of Ethics, and the Standards with senior management and the board.

1100 – Independence and Objectivity
The internal audit activity must be independent, and internal auditors must be objective in performing their work.

Interpretation:
Independence is the freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner. To achieve the degree of independence necessary to effectively carry out the responsibilities of the internal audit activity, the chief audit executive has direct and unrestricted access to senior management and the board. This can be achieved through a dual-reporting relationship. Threats to independence must be managed at the individual auditor, engagement, functional, and organizational levels.

Objectivity is an unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are
made. **Objectivity** requires that internal auditors do not subordinate their judgment on audit matters to others. Threats to objectivity must be managed at the individual auditor, engagement, functional, and organizational levels.

**1110 – Organizational Independence**
The chief audit executive must report to a level within the organization that allows the internal audit activity to fulfill its responsibilities. The chief audit executive must confirm to the board, at least annually, the organizational independence of the internal audit activity.

**Interpretation:**
Organizational independence is effectively achieved when the chief audit executive reports functionally to the board. Examples of functional reporting to the board involve the board:

- Approving the internal audit charter;
- Approving the risk based internal audit plan;
- Receiving communications from the chief audit executive on the internal audit activity's performance relative to its plan and other matters;
- Approving decisions regarding the appointment and removal of the chief audit executive; and
- Making appropriate inquiries of management and the chief audit executive to determine whether there are inappropriate scope or resource limitations.

**1110.A1** – The internal audit activity must be free from interference in determining the scope of internal auditing, performing work, and communicating results.

**1111 – Direct Interaction with the Board**
The chief audit executive must communicate and interact directly with the board.

**1120 – Individual Objectivity**
Internal auditors must have an impartial, unbiased attitude and avoid any conflict of interest.

**Interpretation:**
Conflict of interest is a situation in which an internal auditor, who is in a position of trust, has a competing professional or personal interest. Such competing interests can make it difficult to fulfill his or her duties impartially. A conflict of interest exists even if no unethical or improper act results. A conflict of interest can create an appearance of impropriety that can undermine confidence in the internal auditor, the internal audit activity, and the profession. A conflict of interest could impair an individual's ability to perform his or her duties and responsibilities objectively.

**1130 – Impairment to Independence or Objectivity**
If independence or objectivity is impaired in fact or appearance, the details of the impairment must be disclosed to appropriate parties. The nature of the disclosure will depend upon the impairment.

**Interpretation:**
Impairment to organizational independence and individual objectivity may include, but is not limited to, personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations, such as funding. The determination of appropriate parties to which the details of an impairment to independence or objectivity must be disclosed is dependent upon the expectations of the internal audit
International Standards for the Professional Practice of Internal Auditing (Standards)

activity's and the chief audit executive's responsibilities to senior management and the board as described in the internal audit charter, as well as the nature of the impairment.

1130.A1 – Internal auditors must refrain from assessing specific operations for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous year.

1130.A2 – Assurance engagements for functions over which the chief audit executive has responsibility must be overseen by a party outside the internal audit activity.

1130.C1 – Internal auditors may provide consulting services relating to operations for which they had previous responsibilities.

1130.C2 – If internal auditors have potential impairments to independence or objectivity relating to proposed consulting services, disclosure must be made to the engagement client prior to accepting the engagement.

1200 – Proficiency and Due Professional Care
Engagements must be performed with proficiency and due professional care.

1210 – Proficiency
Internal auditors must possess the knowledge, skills, and other competencies needed to perform their individual responsibilities. The internal audit activity collectively must possess or obtain the knowledge, skills, and other competencies needed to perform its responsibilities.

Interpretation:
Knowledge, skills, and other competencies is a collective term that refers to the professional proficiency required of internal auditors to effectively carry out their professional responsibilities. Internal auditors are encouraged to demonstrate their proficiency by obtaining appropriate professional certifications and qualifications, such as the Certified Internal Auditor designation and other designations offered by The Institute of Internal Auditors and other appropriate professional organizations.

1210.A1 – The chief audit executive must obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1210.A2 – Internal auditors must have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organization, but are not expected to have the expertise of a person whose primary responsibility is detecting and investigating fraud.

1210.A3 – Internal auditors must have sufficient knowledge of key information technology risks and controls and available technology-based audit techniques to perform their assigned work. However, not all internal auditors are expected to have the expertise of an internal auditor whose primary responsibility is information technology auditing.
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1210.C1 – The chief audit executive must decline the consulting engagement or obtain competent advice and assistance if the internal auditors lack the knowledge, skills, or other competencies needed to perform all or part of the engagement.

1220 – Due Professional Care
Internal auditors must apply the care and skill expected of a reasonably prudent and competent internal auditor. Due professional care does not imply infallibility.

1220.A1 – Internal auditors must exercise due professional care by considering the:

- Extent of work needed to achieve the engagement's objectives;
- Relative complexity, materiality, or significance of matters to which assurance procedures are applied;
- Adequacy and effectiveness of governance, risk management, and control processes;
- Probability of significant errors, fraud, or noncompliance; and
- Cost of assurance in relation to potential benefits.

1220.A2 – In exercising due professional care internal auditors must consider the use of technology-based audit and other data analysis techniques.

1220.A3 – Internal auditors must be alert to the significant risks that might affect objectives, operations, or resources. However, assurance procedures alone, even when performed with due professional care, do not guarantee that all significant risks will be identified.

1220.C1 – Internal auditors must exercise due professional care during a consulting engagement by considering the:

- Needs and expectations of clients, including the nature, timing, and communication of engagement results;
- Relative complexity and extent of work needed to achieve the engagement's objectives; and
- Cost of the consulting engagement in relation to potential benefits.

1230 – Continuing Professional Development
Internal auditors must enhance their knowledge, skills, and other competencies through continuing professional development.

1300 – Quality Assurance and Improvement Program
The chief audit executive must develop and maintain a quality assurance and improvement program that covers all aspects of the internal audit activity.

Interpretation:
A quality assurance and improvement program is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The program also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.
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1310 – Requirements of the Quality Assurance and Improvement Program
The quality assurance and improvement program must include both internal and external assessments.

1311 – Internal Assessments
Internal assessments must include:

- Ongoing monitoring of the performance of the internal audit activity; and
- Periodic reviews performed through self-assessment or by other persons within the organization with sufficient knowledge of internal audit practices.

Interpretation:
Ongoing monitoring is an integral part of the day-to-day supervision, review, and measurement of the internal audit activity. Ongoing monitoring is incorporated into the routine policies and practices used to manage the internal audit activity and uses processes, tools, and information considered necessary to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.

Periodic reviews are assessments conducted to evaluate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.

Sufficient knowledge of internal audit practices requires at least an understanding of all elements of the International Professional Practices Framework.

1312 – External Assessments
External assessments must be conducted at least once every five years by a qualified, independent reviewer or review team from outside the organization. The chief audit executive must discuss with the board:

- The need for more frequent external assessments; and
- The qualifications and independence of the external reviewer or review team, including any potential conflict of interest.

Interpretation:
A qualified reviewer or review team demonstrates competence in two areas: the professional practice of internal auditing and the external assessment process. Competence can be demonstrated through a mixture of experience and theoretical learning. Experience gained in organizations of similar size, complexity, sector or industry, and technical issues is more valuable than less relevant experience. In the case of a review team, not all members of the team need to have all the competencies; it is the team as a whole that is qualified. The chief audit executive uses professional judgment when assessing whether a reviewer or review team demonstrates sufficient competence to be qualified.

An independent reviewer or review team means not having either a real or an apparent conflict of interest and not being a part of, or under the control of, the organization to which the internal audit activity belongs.

1320 – Reporting on the Quality Assurance and Improvement Program
International Standards for the Professional Practice of Internal Auditing (Standards)

The chief audit executive must communicate the results of the quality assurance and improvement program to senior management and the board.

Interpretation:
The form, content, and frequency of communicating the results of the quality assurance and improvement program is established through discussions with senior management and the board and considers the responsibilities of the internal audit activity and chief audit executive as contained in the internal audit charter. To demonstrate conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards, the results of external and periodic internal assessments are communicated upon completion of such assessments and the results of ongoing monitoring are communicated at least annually. The results include the reviewer's or review team's assessment with respect to the degree of conformance.

1321 – Use of “Conforms with the International Standards for the Professional Practice of Internal Auditing”
The chief audit executive may state that the internal audit activity conforms with the International Standards for the Professional Practice of Internal Auditing only if the results of the quality assurance and improvement program support this statement.

Interpretation:
The internal audit activity conforms with the Standards when it achieves the outcomes described in the Definition of Internal Auditing, Code of Ethics, and Standards. The results of the quality assurance and improvement program include the results of both internal and external assessments. All internal audit activities will have the results of internal assessments. Internal audit activities in existence for at least five years will also have the results of external assessments.

1322 – Disclosure of Nonconformance
When nonconformance with the Definition of Internal Auditing, the Code of Ethics, or the Standards impacts the overall scope or operation of the internal audit activity, the chief audit executive must disclose the nonconformance and the impact to senior management and the board.
International Standards for the Professional Practice of Internal Auditing (Standards)

Performance Standards

2000 – Managing the Internal Audit Activity
The chief audit executive must effectively manage the internal audit activity to ensure it adds value to the organization.

Interpretation:
The internal audit activity is effectively managed when:

- The results of the internal audit activity's work achieve the purpose and responsibility included in the internal audit charter;
- The internal audit activity conforms with the Definition of Internal Auditing and the Standards; and
- The individuals who are part of the internal audit activity demonstrate conformance with the Code of Ethics and the Standards.

The internal audit activity adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

2010 – Planning
The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organization’s goals.

Interpretation:
The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organization’s risk management framework, including using risk appetite levels set by management for the different activities or parts of the organization. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consultation with senior management and the board.

2010.A1 – The internal audit activity’s plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

2010.A2 – The chief audit executive must identify and consider the expectations of senior management, the board, and other stakeholders for internal audit opinions and other conclusions.

2010.C1 – The chief audit executive should consider accepting proposed consulting engagements based on the engagement’s potential to improve management of risks, add value, and improve the organization’s operations. Accepted engagements must be included in the plan.

2020 – Communication and Approval
The chief audit executive must communicate the internal audit activity’s plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

Issued: October 2008
Revised: October 2010
2030 – Resource Management
The chief audit executive must ensure that internal audit resources are appropriate, sufficient, and effectively deployed to achieve the approved plan.

Interpretation:
Appropriate refers to the mix of knowledge, skills, and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimizes the achievement of the approved plan.

2040 – Policies and Procedures
The chief audit executive must establish policies and procedures to guide the internal audit activity.

Interpretation:
The form and content of policies and procedures are dependent upon the size and structure of the internal audit activity and the complexity of its work.

2050 – Coordination
The chief audit executive should share information and coordinate activities with other internal and external providers of assurance and consulting services to ensure proper coverage and minimize duplication of efforts.

2060 – Reporting to Senior Management and the Board
The chief audit executive must report periodically to senior management and the board on the internal audit activity’s purpose, authority, responsibility, and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues, and other matters needed or requested by senior management and the board.

Interpretation:
The frequency and content of reporting are determined in discussion with senior management and the board and depend on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management or the board.

2070 – External Service Provider and Organizational Responsibility for Internal Auditing
When an external service provider serves as the internal audit activity, the provider must make the organization aware that the organization has the responsibility for maintaining an effective internal audit activity.

Interpretation
This responsibility is demonstrated through the quality assurance and improvement program which assesses conformance with the Definition of Internal Auditing, the Code of Ethics, and the Standards.

2100 – Nature of Work
The internal audit activity must evaluate and contribute to the improvement of governance, risk management, and control processes using a systematic and disciplined approach.
2110 – Governance

The internal audit activity must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- Promoting appropriate ethics and values within the organization;
- Ensuring effective organizational performance management and accountability;
- Communicating risk and control information to appropriate areas of the organization; and
- Coordinating the activities of and communicating information among the board, external and internal auditors, and management.

2110.A1 – The internal audit activity must evaluate the design, implementation, and effectiveness of the organization's ethics-related objectives, programs, and activities.

2110.A2 – The internal audit activity must assess whether the information technology governance of the organization supports the organization's strategies and objectives.

2120 – Risk Management

The internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes.

Interpretation:

*Determining whether risk management processes are effective is a judgment resulting from the internal auditor’s assessment that:*

- Organizational objectives support and align with the organization's mission;
- Significant risks are identified and assessed;
- Appropriate risk responses are selected that align risks with the organization’s risk appetite; and
- Relevant risk information is captured and communicated in a timely manner across the organization, enabling staff, management, and the board to carry out their responsibilities.

The internal audit activity may gather the information to support this assessment during multiple engagements. The results of these engagements, when viewed together, provide an understanding of the organization’s risk management processes and their effectiveness.

Risk management processes are monitored through ongoing management activities, separate evaluations, or both.

2120.A1 – The internal audit activity must evaluate risk exposures relating to the organization’s governance, operations, and information systems regarding the:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programs;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts.

2120.A2 – The internal audit activity must evaluate the potential for the occurrence of fraud and how the organization manages fraud risk.
2120.C1 – During consulting engagements, internal auditors must address risk consistent with the engagement’s objectives and be alert to the existence of other significant risks.

2120.C2 – Internal auditors must incorporate knowledge of risks gained from consulting engagements into their evaluation of the organization’s risk management processes.

2120.C3 – When assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks.

2130 – Control
The internal audit activity must assist the organization in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement.

2130.A1 – The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organization’s governance, operations, and information systems regarding the:

- Reliability and integrity of financial and operational information;
- Effectiveness and efficiency of operations and programs;
- Safeguarding of assets; and
- Compliance with laws, regulations, policies, procedures, and contracts.

2130.C1 – Internal auditors must incorporate knowledge of controls gained from consulting engagements into evaluation of the organization’s control processes.

2200 – Engagement Planning
Internal auditors must develop and document a plan for each engagement, including the engagement’s objectives, scope, timing, and resource allocations.

2201 – Planning Considerations
In planning the engagement, internal auditors must consider:

- The objectives of the activity being reviewed and the means by which the activity controls its performance;
- The significant risks to the activity, its objectives, resources, and operations and the means by which the potential impact of risk is kept to an acceptable level;
- The adequacy and effectiveness of the activity’s risk management and control processes compared to a relevant control framework or model; and
- The opportunities for making significant improvements to the activity’s risk management and control processes.

2201.A1 – When planning an engagement for parties outside the organization, internal auditors must establish a written understanding with them about objectives, scope, respective responsibilities, and other expectations, including restrictions on distribution of the results of the engagement and access to engagement records.
2201.C1 – Internal auditors must establish an understanding with consulting engagement clients about objectives, scope, respective responsibilities, and other client expectations. For significant engagements, this understanding must be documented.

2210 – Engagement Objectives
Objectives must be established for each engagement.

2210.A1 – Internal auditors must conduct a preliminary assessment of the risks relevant to the activity under review. Engagement objectives must reflect the results of this assessment.

2210.A2 – Internal auditors must consider the probability of significant errors, fraud, noncompliance, and other exposures when developing the engagement objectives.

2210.A3 – Adequate criteria are needed to evaluate controls. Internal auditors must ascertain the extent to which management has established adequate criteria to determine whether objectives and goals have been accomplished. If adequate, internal auditors must use such criteria in their evaluation. If inadequate, internal auditors must work with management to develop appropriate evaluation criteria.

2210.C1 – Consulting engagement objectives must address governance, risk management, and control processes to the extent agreed upon with the client.

2210.C2 – Consulting engagement objectives must be consistent with the organization’s values, strategies, and objectives.

2220 – Engagement Scope
The established scope must be sufficient to satisfy the objectives of the engagement.

2220.A1 – The scope of the engagement must include consideration of relevant systems, records, personnel, and physical properties, including those under the control of third parties.

2220.A2 – If significant consulting opportunities arise during an assurance engagement, a specific written understanding as to the objectives, scope, respective responsibilities, and other expectations should be reached and the results of the consulting engagement communicated in accordance with consulting standards.

2220.C1 – In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement.

2220.C2 – During consulting engagements, internal auditors must address controls consistent with the engagement’s objectives and be alert to significant control issues.

2230 – Engagement Resource Allocation
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Internal auditors must determine appropriate and sufficient resources to achieve engagement objectives based on an evaluation of the nature and complexity of each engagement, time constraints, and available resources.

2240 – Engagement Work Program
Internal auditors must develop and document work programs that achieve the engagement objectives.

2240.A1 – Work programs must include the procedures for identifying, analyzing, evaluating, and documenting information during the engagement. The work program must be approved prior to its implementation, and any adjustments approved promptly.

2240.C1 – Work programs for consulting engagements may vary in form and content depending upon the nature of the engagement.

2300 – Performing the Engagement
Internal auditors must identify, analyze, evaluate, and document sufficient information to achieve the engagement’s objectives.

2310 – Identifying Information
Internal auditors must identify sufficient, reliable, relevant, and useful information to achieve the engagement’s objectives.

Interpretation:
Sufficient information is factual, adequate, and convincing so that a prudent, informed person would reach the same conclusions as the auditor. Reliable information is the best attainable information through the use of appropriate engagement techniques. Relevant information supports engagement observations and recommendations and is consistent with the objectives for the engagement. Useful information helps the organization meet its goals.

2320 – Analysis and Evaluation
Internal auditors must base conclusions and engagement results on appropriate analyses and evaluations.

2330 – Documenting Information
Internal auditors must document relevant information to support the conclusions and engagement results.

2330.A1 – The chief audit executive must control access to engagement records. The chief audit executive must obtain the approval of senior management and/or legal counsel prior to releasing such records to external parties, as appropriate.

2330.A2 – The chief audit executive must develop retention requirements for engagement records, regardless of the medium in which each record is stored. These retention requirements must be consistent with the organization’s guidelines and any pertinent regulatory or other requirements.

2330.C1 – The chief audit executive must develop policies governing the custody and retention of consulting engagement records, as well as their release to internal and
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external parties. These policies must be consistent with the organization's guidelines and any pertinent regulatory or other requirements.

2340 – Engagement Supervision
Engagements must be properly supervised to ensure objectives are achieved, quality is assured, and staff is developed.

Interpretation:
The extent of supervision required will depend on the proficiency and experience of internal auditors and the complexity of the engagement. The chief audit executive has overall responsibility for supervising the engagement, whether performed by or for the internal audit activity, but may designate appropriately experienced members of the internal audit activity to perform the review. Appropriate evidence of supervision is documented and retained.

2400 – Communicating Results
Internal auditors must communicate the results of engagements.

2410 – Criteria for Communicating
Communications must include the engagement’s objectives and scope as well as applicable conclusions, recommendations, and action plans.

2410.A1 – Final communication of engagement results must, where appropriate, contain the internal auditors’ opinion and/or conclusions. When issued, an opinion or conclusion must take account of the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

Interpretation:
Opinions at the engagement level may be ratings, conclusions, or other descriptions of the results. Such an engagement may be in relation to controls around a specific process, risk, or business unit. The formulation of such opinions requires consideration of the engagement results and their significance.

2410.A2 – Internal auditors are encouraged to acknowledge satisfactory performance in engagement communications.

2410.A3 – When releasing engagement results to parties outside the organization, the communication must include limitations on distribution and use of the results.

2410.C1 – Communication of the progress and results of consulting engagements will vary in form and content depending upon the nature of the engagement and the needs of the client.

2420 – Quality of Communications
Communications must be accurate, objective, clear, concise, constructive, complete, and timely.

Interpretation:
Accurate communications are free from errors and distortions and are faithful to the underlying facts. Objective communications are fair, impartial, and unbiased and are the result of a fair-minded and balanced assessment of all relevant facts and circumstances.
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communications are easily understood and logical, avoiding unnecessary technical language and providing all significant and relevant information. Concise communications are to the point and avoid unnecessary elaboration, superfluous detail, redundancy, and wordiness. Constructive communications are helpful to the engagement client and the organization and lead to improvements where needed. Complete communications lack nothing that is essential to the target audience and include all significant and relevant information and observations to support recommendations and conclusions. Timely communications are opportune and expedient, depending on the significance of the issue, allowing management to take appropriate corrective action.

2421 – Errors and Omissions
If a final communication contains a significant error or omission, the chief audit executive must communicate corrected information to all parties who received the original communication.

2430 – Use of “Conducted in Conformance with the International Standards for the Professional Practice of Internal Auditing”
Internal auditors may report that their engagements are “conducted in conformance with the International Standards for the Professional Practice of Internal Auditing”, only if the results of the quality assurance and improvement program support the statement.

2431 – Engagement Disclosure of Nonconformance
When nonconformance with the Definition of Internal Auditing, the Code of Ethics or the Standards impacts a specific engagement, communication of the results must disclose the:

- Principle or rule of conduct of the Code of Ethics or Standard(s) with which full conformance was not achieved;
- Reason(s) for nonconformance; and
- Impact of nonconformance on the engagement and the communicated engagement results.

2440 – Disseminating Results
The chief audit executive must communicate results to the appropriate parties.

Interpretation:
The chief audit executive or designee reviews and approves the final engagement communication before issuance and decides to whom and how it will be disseminated.

2440.A1 – The chief audit executive is responsible for communicating the final results to parties who can ensure that the results are given due consideration.

2440.A2 – If not otherwise mandated by legal, statutory, or regulatory requirements, prior to releasing results to parties outside the organization the chief audit executive must:

- Assess the potential risk to the organization;
- Consult with senior management and/or legal counsel as appropriate; and
- Control dissemination by restricting the use of the results.
2440.C1 – The chief audit executive is responsible for communicating the final results of consulting engagements to clients.

2440.C2 – During consulting engagements, governance, risk management, and control issues may be identified. Whenever these issues are significant to the organization, they must be communicated to senior management and the board.

2450 – Overall Opinions
When an overall opinion is issued, it must take into account the expectations of senior management, the board, and other stakeholders and must be supported by sufficient, reliable, relevant, and useful information.

Interpretation:
The communication will identify:
- The scope, including the time period to which the opinion pertains;
- Scope limitations;
- Consideration of all related projects including the reliance on other assurance providers;
- The risk or control framework or other criteria used as a basis for the overall opinion; and
- The overall opinion, judgment, or conclusion reached.

The reasons for an unfavorable overall opinion must be stated.

2500 – Monitoring Progress
The chief audit executive must establish and maintain a system to monitor the disposition of results communicated to management.

2500.A1 – The chief audit executive must establish a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action.

2500.C1 – The internal audit activity must monitor the disposition of results of consulting engagements to the extent agreed upon with the client.

2600 – Resolution of Senior Management’s Acceptance of Risks
When the chief audit executive believes that senior management has accepted a level of residual risk that may be unacceptable to the organization, the chief audit executive must discuss the matter with senior management. If the decision regarding residual risk is not resolved, the chief audit executive must report the matter to the board for resolution.
Glossary

Add Value
The internal audit activity adds value to the organization (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management, and control processes.

Adequate Control
Present if management has planned and organized (designed) in a manner that provides reasonable assurance that the organization's risks have been managed effectively and that the organization's goals and objectives will be achieved efficiently and economically.

Assurance Services
An objective examination of evidence for the purpose of providing an independent assessment on governance, risk management, and control processes for the organization. Examples may include financial, performance, compliance, system security, and due diligence engagements.

Board
A board is an organization's governing body, such as a board of directors, supervisory board, head of an agency or legislative body, board of governors or trustees of a nonprofit organization, or any other designated body of the organization, including the audit committee to whom the chief audit executive may functionally report.

Charter
The internal audit charter is a formal document that defines the internal audit activity's purpose, authority, and responsibility. The internal audit charter establishes the internal audit activity's position within the organization; authorizes access to records, personnel, and physical properties relevant to the performance of engagements; and defines the scope of internal audit activities.

Chief Audit Executive
Chief audit executive describes a person in a senior position responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the Definitions of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive or others reporting to the chief audit executive will have appropriate professional certifications and qualifications. The specific job title of the chief audit executive may vary across organizations.

Code of Ethics
The Code of Ethics of The Institute of Internal Auditors (IIA) are Principles relevant to the profession and practice of internal auditing, and Rules of Conduct that describe behavior expected of internal auditors. The Code of Ethics applies to both parties and entities that provide internal audit services. The purpose of the Code of Ethics is to promote an ethical culture in the global profession of internal auditing.

Compliance
Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.

Conflict of Interest
International Standards for the Professional Practice of Internal Auditing *(Standards)*

Any relationship that is, or appears to be, not in the best interest of the organization. A conflict of interest would prejudice an individual's ability to perform his or her duties and responsibilities objectively.

**Consulting Services**
Advisory and related client service activities, the nature and scope of which are agreed with the client, are intended to add value and improve an organization’s governance, risk management, and control processes without the internal auditor assuming management responsibility. Examples include counsel, advice, facilitation, and training.

**Control**
Any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.

**Control Environment**
The attitude and actions of the board and management regarding the importance of control within the organization. The control environment provides the discipline and structure for the achievement of the primary objectives of the system of internal control. The control environment includes the following elements:

- Integrity and ethical values.
- Management's philosophy and operating style.
- Organizational structure.
- Assignment of authority and responsibility.
- Human resource policies and practices.
- Competence of personnel.

**Control Processes**
The policies, procedures, and activities that are part of a control framework, designed to ensure that risks are contained within the risk tolerances established by the risk management process.

**Engagement**
A specific internal audit assignment, task, or review activity, such as an internal audit, control self-assessment review, fraud examination, or consultancy. An engagement may include multiple tasks or activities designed to accomplish a specific set of related objectives.

**Engagement Objectives**
Broad statements developed by internal auditors that define intended engagement accomplishments.

**Engagement Work Program**
A document that lists the procedures to be followed during an engagement, designed to achieve the engagement plan.

**External Service Provider**
A person or firm outside of the organization that has special knowledge, skill, and experience in a particular discipline.
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Fraud
Any illegal act characterized by deceit, concealment, or violation of trust. These acts are not dependent upon the threat of violence or physical force. Frauds are perpetrated by parties and organizations to obtain money, property, or services; to avoid payment or loss of services; or to secure personal or business advantage.

Governance
The combination of processes and structures implemented by the board to inform, direct, manage, and monitor the activities of the organization toward the achievement of its objectives.

Impairment
Impairment to organizational independence and individual objectivity may include personal conflict of interest, scope limitations, restrictions on access to records, personnel, and properties, and resource limitations (funding).

Independence
The freedom from conditions that threaten the ability of the internal audit activity to carry out internal audit responsibilities in an unbiased manner.

Information Technology Controls
Controls that support business management and governance as well as provide general and technical controls over information technology infrastructures such as applications, information, infrastructure, and people.

Information Technology Governance
Consists of the leadership, organizational structures, and processes that ensure that the enterprise’s information technology supports the organization’s strategies and objectives.

Internal Audit Activity
A department, division, team of consultants, or other practitioner(s) that provides independent, objective assurance and consulting services designed to add value and improve an organization’s operations. The internal audit activity helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of governance, risk management and control processes.

International Professional Practices Framework
The conceptual framework that organizes the authoritative guidance promulgated by The IIA. Authoritative Guidance is comprised of two categories – (1) mandatory and (2) strongly recommended.

Must
The Standards use the word “must” to specify an unconditional requirement.

Objectivity
An unbiased mental attitude that allows internal auditors to perform engagements in such a manner that they believe in their work product and that no quality compromises are made. Objectivity requires that internal auditors do not subordinate their judgment on audit matters to others.
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Residual Risk
The risk remaining after management takes action to reduce the impact and likelihood of an adverse event, including control activities in responding to a risk.

Risk
The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and likelihood.

Risk Appetite
The level of risk that an organization is willing to accept.

Risk Management
A process to identify, assess, manage, and control potential events or situations to provide reasonable assurance regarding the achievement of the organization’s objectives.

Should
The Standards use the word “should” where conformance is expected unless, when applying professional judgment, circumstances justify deviation.

Significance
The relative importance of a matter within the context in which it is being considered, including quantitative and qualitative factors, such as magnitude, nature, effect, relevance; and impact. Professional judgment assists internal auditors when evaluating the significance of matters within the context of the relevant objectives.

Standard
A professional pronouncement promulgated by the Internal Audit Standards Board that delineates the requirements for performing a broad range of internal audit activities, and for evaluating internal audit performance.

Technology-based Audit Techniques
Any automated audit tool, such as generalized audit software, test data generators, computerized audit programs, specialized audit utilities, and computer-assisted audit techniques (CAATs).

***
Exhibit 22
March 21, 2008

Dr. Kenneth Shine
Executive Vice Chancellor for Health Affairs
O. Henry Hall, 2nd Floor
601 Colorado Street
Austin, Texas 78701-2982

Dear Dr. Shine:

We have audited UT Southwestern Medical Center expenses as reported on February 21, 2008, by Dallas CBS 11 News.

We conducted our engagement in accordance with The Institute of Internal Auditors' International Standards for the Professional Practice of Internal Auditing.

We appreciate the assistance provided by your office and other personnel. We hope our report is helpful.

Sincerely,

[Signature]

Charles G. Chaffin
Director of Audits

cc:  Mr. Mark G. Yudof, Chancellor
     Dr. Kern Wildenthal, President, UT Southwestern Medical Center
     Ms. Francie A. Frederick, General Counsel to the Board of Regents
     Dr. Randa Safady, Vice Chancellor for External Relations
     Mr. Barry Burgdorf, Vice Chancellor & General Counsel
     Mr. Anthony P. de Bruyn, Director of Public Affairs
Executive Summary

In 1939, a group of business leaders in Dallas formed the Southwestern Medical Foundation ("Foundation"), which created Southwestern Medical College. In 1949, the Foundation gave Southwestern Medical College to the University of Texas ("UT") System. Although ownership and management responsibilities of the medical school were transferred over a half a century ago, UT Southwestern Medical Center ("UT Southwestern") remains the primary beneficiary of the Foundation's philanthropy. The Foundation plays an important role in UT Southwestern's success by providing funds annually for salary supplements, endowed research centers, chairs and professorships, recruiting events, research grants, student scholarships, and other activities. In 2006, the Foundation provided the UT Southwestern $19.5 million for these purposes. Within the annual support, the Foundation provides UT Southwestern a separate grant to support faculty recruitment, salary supplements for deans and vice presidents, general administration, travel, and community affairs and development. In fiscal year 2007, the Foundation granted UT Southwestern $1.78 million for these purposes and in fiscal year 2008, the Foundation will provide $1.85 million. Ultimately, it is the Foundation's decision as to how much funding it will provide UT Southwestern.

On February 21, 2008, Dallas CBS 11 News ("CBS 11") broadcast a report and published on its website a list of expenses obtained from UT Southwestern records. In response to the CBS 11 report, we have investigated the expenses and the circumstances surrounding them. The objective of our investigation was to determine whether expenses made from funds provided by the Foundation for fundraising, development, and administration, including memberships, official occasions, donor dinners, donor gifts, and business lunch meetings, were reasonable and appropriate. As part of our work, we examined documentation, interviewed UT Southwestern staff, and performed other work as deemed appropriate. For fiscal year 2007, UT Southwestern incurred $1.7 million in fundraising and development expenses. Of this amount, approximately $242,000 was spent from the Foundation's grant. Total fundraising and development expenses represent 1% of $166.3 million provided by donors. Based on procedures performed, we have determined that expenses made from funds provided by the Foundation for fundraising, development, and administration, including memberships, official occasions, donor dinners, donor gifts, and business lunch meetings, were appropriate and reasonable.
Results

Objective:
On February 21, 2008, Dallas CBS 11 News ("CBS 11") broadcast a report and published on its website a list of expenses obtained from UT Southwestern records. In response to the CBS 11 report, we have investigated the expenses and the circumstances surrounding them. The objective of our investigation was to determine whether expenses made from funds provided by the Foundation for fundraising, development, and administration, including memberships, official occasions, donor dinners, donor gifts, and business lunch meetings, were reasonable and appropriate. As part of our work, we examined documentation, interviewed UT Southwestern staff, and performed other work as deemed appropriate.

Funding Provided by the Southwestern Medical Foundation:
In 1939, a group of business leaders in Dallas created the Southwestern Medical Foundation ("Foundation"), which created Southwestern Medical College. In 1949, the Foundation gave Southwestern Medical College to the University of Texas ("UT") System. Although ownership and management responsibilities of the medical school were transferred over a half a century ago, UT Southwestern Medical Center ("UT Southwestern") remains the primary beneficiary of the Foundation's philanthropy. The Foundation plays an important role in UT Southwestern's success by providing funds annually for salary supplements, endowed research centers, chairs and professorships, recruiting events, research grants, student scholarships, and other activities. In 2006, the Foundation provided the UT Southwestern $19.5 million for these purposes. Within the annual support, the Foundation provides UT Southwestern a separate grant to support faculty recruitment, salary supplements for deans and vice presidents, general administration, travel, and community affairs and development. In fiscal year 2007, the Foundation granted UT Southwestern $1.78 million for these purposes and in fiscal year 2008, the Foundation will provide $1.85 million. Ultimately, it is the Foundation's decision as to how much funding it will provide UT Southwestern.

Fundraising and development would be more challenging without the financial support of the Foundation. For fiscal year 2007, UT Southwestern incurred $1.7 million in fundraising and development expenses. Of this amount, approximately $242,000 was spent from the Foundation’s grant. Total fundraising and development expenses represent 1% of $166.3 million provided by donors.

Memberships:
According to a New York Times\textsuperscript{1} article published in 1999, Dr. Kern Wildenthal made fundraising a priority since becoming president in 1986. His strategy has been to raise money by cultivating relationships with the Dallas wealthy. Instead of becoming a member of a private country club to meet with and entertain potential donors, Dr. Wildenthal chose, instead, to become a member of numerous civic, arts, and philanthropic boards, including, but not limited

\textsuperscript{1} \textit{PERSONAL BUSINESS; Reaching The Hearts Of Texans}, Jane Wolfe, June 27, 1999
to the Dallas Center for the Performing Arts, Dallas Museum of Art, Dallas Symphony Association, Dallas Opera, Greater Dallas Chamber of Commerce, Dallas Citizens Council, and the Southwestern Medical Foundation. In our opinion, dues for these memberships are appropriate expenses for UT Southwestern.

In addition to these organizations, Dr. Wildenthal serves on the board of the Wendy and Emery Reves Foundation. Beneficiaries of this foundation have included the Dallas Museum of Art, Susan G. Komen Foundation, and UT Southwestern. In 1990, Ms. Reves provided $2 million to endow the Wendy and Emery Reves International Breast Cancer Symposium and the Reves Breast Cancer Diagnostic and Treatment Center at UT Southwestern. In addition, the late Ms. Reves selected Dr. Wildenthal to be the executor of her estate, of which the Southwestern Medical Foundation will be a beneficiary for the benefit of UT Southwestern. In our opinion, Dr. Wildenthal’s service on the board of the Wendy and Emery Reves Foundation, including the cost to conduct business on behalf of this foundation, is reasonable, appropriate, and aligns with UT Southwestern’s mission.

Memberships on philanthropic boards are not exclusive to Dr. Wildenthal. The Vice President of External Relations, Ms. Cynthia Bassel, and a small development staff are an integral part of the president’s development and community efforts. As part of her duties, Ms. Bassel is responsible for assisting Dr. Wildenthal with donor relationships and is expected to be intimately involved with the Dallas community. To facilitate this, Dr. Wildenthal has approved Ms. Bassel’s memberships in several charitable organizations including the Junior League of Dallas, the Ronald McDonald House, the Highland Park Independent School District (“HPISD”) Foundation, and the Texas Ballet Theatre. As a member of the Board of Directors for both the HPISD Foundation and the Texas Ballet Theatre, Ms. Bassel requested and Dr. Wildenthal approved payment of the suggested membership fees for these organizations. In our opinion, these membership fees are reasonable and appropriate expenses of UT Southwestern.

Building Dedication:
In February 2006, former Governor Bill Clements Jr. and his wife Rita Clements (former First Lady of Texas and then UT Regent) donated $10 million to the Foundation to complete construction of the Biomedical Research and Advanced Imaging Building—a state-of-the-art research and clinical facility. The UT System Board of Regents re-named the facility as the Bill and Rita Clements Advanced Medical Imaging Building in recognition of the significant contributions the Governor and his wife have made to higher education and academic medicine. In October 2006, the building was officially dedicated in a public ceremony attended by members of the UT Board of Regents, UT System administrators, and hundreds of UT Southwestern faculty and staff. 1,000 individually-wrapped commemorative cookies, with an average cost of $2.03, were provided to attendees. After the dedication, a private luncheon for over 100 guests was held in the Clements’ honor. The luncheon cost $37 per plate. In total, just over $8,760 was spent on the dedication ceremony and the luncheon. In our opinion, the amount spent on the dedication ceremony and private luncheon is reasonable and appropriate.
Donor Dinners:
Dr. Wildenthal's development activities include numerous private dinners with donors, primarily held at UT Southwestern and Dr. Wildenthal's home. While away from Dallas, Dr. Wildenthal hosts private dinners at restaurants. In fiscal year 2007, Dr. Wildenthal traveled to London on three occasions to meet with past and present donors and to attend meetings with colleagues and collaborators from St. Mark's Hospital, the University of Cambridge, and the University College Hospital Medical School. Dr. Wildenthal's only outside luncheon club membership is at Mosimann's Club in London where he has access to a private room, if needed, to conduct official business. In our opinion, the membership is reasonable and appropriate.

In December 2007, while traveling on official university business, Dr. Wildenthal had dinner with Mr. Robert Lloyd, Mr. Lloyd's spouse, and Mr. Andre Dunstetter, who are UT Southwestern donors. The cost of the dinner was within university policy and, in our opinion, reasonable and appropriate.

Most donor dinners are held on campus at UT Southwestern using an outside caterer and serving wine purchased by Dr. Wildenthal and Ms. Bassel, primarily on-line, at discount prices. These purchases have been previously audited by UT Southwestern internal auditors and our office. By purchasing wine in bulk and realizing typical discounts associated with bulk purchases, UT Southwestern's average cost of wine is significantly less than paying a caterer for the same or similar items.

During our audit, we saw no evidence of $1,000 bottles of wine purchased by UT Southwestern and given to donors. According to Ms. Bassel, this has never happened.

In our opinion, the private dinners and events held on campus using a caterer and bulk purchased wine is cost effective, reasonable and appropriate.

Donor Gifts:
Over the last two decades, Dr. Wildenthal has developed extensive, intimate knowledge of the donor community. During his travels, Dr. Wildenthal purchases gifts for major donors that reflect the donors' individual interests. The purchases from Fortnam and Mason, the Petrosian, and the Caviar House reflect gifts of this type. According to Ms. Bassel, these purchases of hard-to-find items (typically $75 or less per donor) are provided for special occasions or as a get-well gift.

Personalized gifts for major donors are not limited to items selected during travel. In appreciation for the receipt of a major gift, a donor was provided with two mugs from the Crow's Nest Trading Company. A second donor was provided two mugs and a platter from the Crow's Nest in appreciation for a multi-million dollar gift the donor had provided. In our opinion, the amounts of the appreciation gifts, in light of the gifts provided by the donors, are reasonable and appropriate.
Dr. Wildenthal’s development activities also include sending major donors December holiday gifts and flowers on Valentine’s Day. In 2006 and 2007, approximately 500 donors were provided a Velvet Crème popcorn holiday gift, at an average cost of $33 per gift. For Valentine’s Day in 2006 and 2007, approximately 250 major donors were given tulip arrangements costing less than $70 a piece. Six tulip arrangements were sent to Dr. Wildenthal’s home so that he could personally deliver the flowers to major donors who were hospitalized.

Dr. Wildenthal instructed that the gift cards sent with donor gifts be addressed from himself and his wife. These instructions are not given to provide a false impression to the recipients. Instead, the personal salutation reflects Dr. Wildenthal’s emphasis on sustaining relationships with major donors. In our opinion, the annual holiday and Valentine’s Day gifts appear reasonable and appropriate.

Lunch Meetings at Rosita’s:
Dr. Wildenthal typically works on weekends at UT Southwestern. It is his custom to schedule a lunch at Rosita’s with members of his executive team, who also work regularly on weekends. Based on receipts examined, the average cost per attendee is approximately $12. According to the UT Southwestern staff we interviewed, the primary purpose of the lunches is to discuss official university business. In our opinion, these expenses are reasonable and appropriate.

Conclusion

The Dallas CBS 11 report includes an array of facts devoid of context. Reporting that 1,000 cookies cost over $2,000 invites speculation from the public. However, reporting that these cookies and the official events to dedicate a building and to honor a former Governor and First Lady for a $10 million gift to complete a state-of-the-art facility to combat human disease provides a more complete perspective.

Ultimately, it is the Foundation’s decision as to how much funding it will provide to support UT Southwestern’s activities. Based on procedures performed, we have determined that expenses made from funds provided by the Southwestern Medical Foundation for fundraising, development, and administration, including memberships, official occasions, donor dinners, donor gifts, and business lunch meetings were appropriate and reasonable.

Charles G. Chaffin
Director of Audits

Eric J. Polonski
Manager of Audits
Exhibit 23
AUDIT REPORT
December 2008

Executive Summary

On September 2, 2008, Daniel Podolsky, M.D., succeeded Kern Wildenthal, M.D., Ph. D. as president of The University of Texas Southwestern Medical Center at Dallas (UTSWMC). At the request of the Chancellor ad interim, Kenneth Shine, M.D., the University of Texas (UT) System Audit Office conducted an audit of UTSWMC’s Office of the President to provide Dr. Podolsky the status of existing internal controls in the department and to assist him in implementing any changes that he might make.

Overall, the Office of the President’s key financial information appears to be reliable, and there are internal controls in place that are functioning as intended. Under the direction of Dr. Wildenthal, UTSWMC has elevated the importance of having a control-conscious environment by requiring each department, including the Office of the President, to complete and submit an internal control self-assessment to provide management reasonable assurance that financial information is reliable and to ensure that assets are adequately safeguarded. Our audit resulted in no recommendations significant to University operations. However, we have made recommendations for improvement in the areas of account reconciliations, supporting documentation for business expenses, budget and transfer approvals, risk assessment and job descriptions, and institutional policies and procedures.

Background

On October 9, 2007, Kern Wildenthal, M.D., Ph. D., announced his intent to retire as president after serving UTSWMC for over two decades in that role. On June 20, 2008, the UT System Board of Regents formally appointed Daniel Podolsky, M.D., as president of UTSWMC. On September 1, 2008, Dr. Wildenthal officially stepped down as president, and Dr. Podolsky assumed his role as president the following day. Dr. Wildenthal remains on the faculty of UTSWMC and is currently serving as president of the Southwestern Medical Foundation (SWMF).

The mission of the Office of the President is to conduct all business in accord with the overall mission of the medical center and to support the vision and leadership of the president. For Fiscal Year (FY) 2008, the Office of the President included Dr. Wildenthal and six administrative employees. For accounts within the scope of this audit, revenues totaled $6,090,757, and expenses totaled $6,074,092, see Appendix. Most of the revenues, over $17 million, were gifts that were initially recorded in a suspense account for which the president is listed as the principal investigator; however, once the final disbursement account is known, these amounts are transferred out of the suspense account. The deposits, recording of transactions, transfers, and reconciliations of these accounts are handled by the Development Office. In addition to the gifts, there was over $14.8 million transferred from non-presidential accounts.
The primary source of these funds is from clinical service revenue. Most of the amount received, over $11.6 million in FY 2008, was ultimately transferred out of this account to provide funding for other administrative departments and clinical activities. The next largest source of revenue was a $1.8 million grant from the SWMF followed by approximately $695,000 in state appropriated funds. The SWMF grant is administered by the Office of the President and is used for salary supplementation, development, administration, travel, and other expenses. The remaining revenue sources include endowment interest and other income.

Most of the expenses, 82%, were for salary, payroll-related costs, and deferred compensation. Approximately 35% of this amount was for Office of the President employees, including the president. Deferred compensation and portions of salaries of key employees outside of the Office of the President were funded from these accounts.

Audit Objectives and Scope

The objectives of this audit were to:

- Determine the reliability and integrity of the Office of the President’s key financial information;
- Determine whether internal control procedures are adequate and effective in safeguarding assets;
- Determine whether other internal control procedures are in place and functioning as intended; and
- Review overall departmental operations.

The scope of our audit was limited to 13 departmental/operational accounts. There are over 600 other accounts, primarily endowment accounts, with a combined account balance of over $300 million for which the president is listed as the principal investigator. Though Dr. Wildenthal assigned a director within the office to play a key role in the institution’s endowment compliance function, testing of these accounts is beyond the scope of our audit. The director’s endowment compliance duties include actively monitoring these accounts.

Our audit was conducted in accordance with guidelines set forth in the Institute of Internal Auditors’ *International Standards for the Professional Practice of Internal Auditing*. The audit included activity in departmental accounts for the period from September 1, 2007 to August 31, 2008. This audit was limited in scope to the accounts of the Office of the President.

Results

Prior to year-end, each department, including the Office of the President, is required to complete a “Self-Assessment on Financial and Internal Controls.” In a completed assessment, the
department acknowledges that the department has controls in place designed to provide reasonable assurance that the department:

- Has financial information that is reliable, including performing periodic reconciliations and adequate segregation of duties;
- Complies with federal, state, UT System, and medical center requirements for protecting sensitive data;
- Develops, implements, and monitors internal controls and periodically evaluates the effectiveness of departmental policies, procedures, and practices;
- Safeguards assets against unauthorized acquisition, use, or disposition; and
- Complies with applicable laws, regulations, and medical center policies.

Dr. Wildenthal completed the internal control self-assessment, as required, prior to fiscal year-end. Requiring each department to complete the self-assessment is a best practice that promotes the importance of internal control throughout the institution.

To determine whether controls are in place and functioning as intended, we tested controls, and performed substantive tests, on a sample basis, related to account reconciliations, expenditures, cash and check receipts, asset management, and governance. Our audit resulted in no recommendations significant to University operations. A significant recommendation is one that may be material to operations, financial reporting, or legal compliance. This would include an internal control weakness that does not reduce the risk of irregularities, illegal acts, errors, inefficiencies, waste, ineffectiveness, or conflicts of interest to a reasonably low level. However, we noted the following opportunities to enhance internal controls and departmental processes and procedures:

**Account Reconciliations**

Two individuals within the Office of the President reconcile departmental accounts. Both employees can be part of the approval process for departmental expenditures. Although both employees may prepare purchase orders and reconcile, a third person, the Vice President for External Relations, must also approve the purchase orders prior to the order being processed. Any purchases greater than $1,000 must be routed through the purchasing department for final approval after all departmental approvals are completed. Additionally, all requests for reimbursement to the president, including travel and entertainment expenses, are approved by the Executive Vice President for Business Affairs.

Although the Office of the President’s accounts are reconciled, neither the preparer nor the reviewer sign or date the reconciled statements of account. Consequently, we could not verify documented evidence that reconciliations are completed timely or on a monthly basis. However, based on our interview with staff, it appears that both employees were well aware of account activity and were in the process of reconciling the August account activity in September.
Currently, no one outside those involved in the reconciliation process monitors or reviews the reconciliations to ensure that the reconciliations are accurate and completed in a timely manner.

**Recommendation:**
The Office of the President should ensure that:
- All reconciled accounts are signed and dated to provide evidence of the reconciliation.
- To enhance segregation of duties, those involved in the reconciliation process should not be involved in the approval process. If both reconcilers continue to be involved in the approval process, an individual with appropriate supervisory authority and who does not reconcile the accounts, should periodically monitor the reconciliations to ensure they are complete, accurate, and performed in a timely manner.

**Management Response:** We agree. We will develop procedures to ensure monthly financial reviews and reconciliations are signed and dated. We will also ensure that review of the financial reviews and reconciliations are performed by someone other than the preparer.

**Implementation Date: January 1, 2009**

**Supporting Documentation**
As part of our audit, we tested a sample of various expenses including salaries, maintenance and operations, and travel. During our testing, we noted that not all expenses had comprehensive supporting documentation. As reported to the UT System Office of Health Affairs, Dr. Wildenthal served on several outside boards. As part of his approved service, Dr. Wildenthal made a contribution to an outside board for which he was reimbursed; however, the supporting documentation for the expense did not include an invoice, receipt, or documented acknowledgement from the recipient. Additionally, this reimbursement was not reported on the travel, entertainment, and housing expenses reimbursed to or paid on behalf of the president submitted quarterly to the UT System Office of Health Affairs. Dr. Wildenthal was also reimbursed for charity events that he and various UTWMC donors attended. As with the outside board reimbursement, the support provided was not comprehensive. Finally, we noted that there were expenses for which supporting documentation was limited to a University-issued credit card statement.

**Recommendation:** It is a best practice that reimbursement requests for business expenses include a receipt, invoice, or other appropriate acknowledgement that substantiates receipt of payment from the recipient. Though not explicitly required to be reported, the Office of the President should consider including on the quarterly expense report submitted to the UT System Office of Health Affairs those expenses made for or on behalf of the president that are part of the president’s service on outside boards.
Management Response: We will incorporate the best practices recommended to ensure all appropriate documentation is retained on business related expenses. We will also include other expenses that are paid for on behalf of the president on the quarterly report.

Implementation Date: December 2008

Budget Approvals and Subsequent Transfers
As part of our salary testing, we compared the amounts budgeted to amounts paid to departmental employees. Although amounts paid were approved amounts, the budget approval process for the Office of the President's accounts is not formalized. In August of each year, a director within the Office of the President meets with Dr. Wildenthal to determine budgeted amounts for the subsequent fiscal year. The budgeted amounts are entered into an electronic file and submitted by the director to the budget office. The director does not have delegated signature authority to approve the budget, and the president does not document and date his approval of budgeted amounts prior to submission to the budget office. Additionally, there were large transfers during the year used to provide funding for deferred compensation, salaries, clinical activities, development, and other activities within the institution. Although the president and director work closely together and with other departments, formal approval by the president was not documented for these transfer requests.

Recommendation: Internal controls for the annual budget process can be enhanced by requiring documented approval for budgeted amounts. Additionally, subsequent transfers from presidential accounts should include documentation of the approval of the president or the president’s designee.

Management Response: We agree. We will have appropriate review and approval documented on budget entries and funds transfers.

Implementation Date: December 2008

Risk Assessment and Job Descriptions
The Office of the President has not conducted a risk assessment since July 2005. The core of the staff has not changed in several years, and there has been continuity in the operations with no significant changes since then. However, given the change in management, updating the risk assessment appears appropriate, including and with respect to any departmental changes, if any. Additionally, job descriptions have not been updated since May 2001. Some titles for current employees have changed since then. Periodic updates of job descriptions helps ensure that employees are aware of the duties they are expected to perform.
**Recommendation:** Given the change in management, the Office of the President should consider updating its risk assessment. Additionally, job descriptions should be reviewed and updated by position or job title.

**Management's Response:** We agree. We will update the risk assessment and review job descriptions in the Office of the President.

**Implementation Date:** January 1, 2009

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**Institutional Policies and Procedures**

As discussed in the Supporting Documentation section of this report, testing of a sample of expenditures from the department's accounts revealed that not all expenses had comprehensive supporting documentation. Based on our review of the institutional policies, requests for payment must be accompanied by an original invoice, and reimbursements to UTSWMC employees require a canceled check (front and back), a credit card receipt, or other proof of payment. Based on our audit work and discussions with institutional staff, copies of credit card statements and/or personal checks have been deemed acceptable, by themselves, for reimbursement. While copies of credit card statements and front copies of personal checks may corroborate an expense, they by themselves do not provide optimal support to substantiate the full details of a business-related expense.

**Recommendation:** University policies and procedures surrounding reimbursements for business expenses should be clarified or expanded. Requests for reimbursement of a business expense should be accompanied by comprehensive supporting documentation, which may include a receipt indicating payment, or an original invoice or other valid acknowledgement of receipt of payment from the payee, and proof of payment, which may include canceled check (front and back), a credit card receipt, credit card statement, or other valid proof of payment.

**Management Response:** We agree. We will review our current policies and expand the documentation requirements for business expenses.

**Implementation Date:** January 1, 2009

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**Conclusion**

Overall, the Office of the President has established a control-conscious environment, key financial information appears to be reliable, and several internal control procedures are in place and functioning as intended. However, we have made recommendations in the areas of account reconciliations, supporting documentation for business expenses, budget and transfer approvals,
risk assessment and job descriptions, and institutional policies and procedures that we believe can enhance internal controls within the Office of the President and the UTSMWC.

Charles G. Chaffin  
Chief Audit Executive

Eric Polonski  
Assistant Director of Audits
## Appendix

### Statement of Revenues and Expenses

**Revenues**
- Gifts Received and Initially Recorded in Presidential Suspense Account: $17,441,667
- Transfers From Other Institutional Accounts: $14,877,139
- Grant From the Southwestern Medical Foundation: $1,802,500
- State Appropriations: $694,713
- Interest Income: $224,632
- Gain on Endowments: $157,732
- Other Income: $4,311
- Transfers of Gifts Received From Presidential Suspense Account: $(17,495,364)
- Transfers to Other Institutional Accounts: $(11,616,573)

**Total Net Revenue**: $6,090,757

**Expenses**
- Salaries, Wages and Payroll Related Costs: $3,866,351
- Deferred Compensation: $1,162,000
- Professional Services: $299,402
- Entertainment, Development, Memberships: $438,767
- Maintenance, Operation, Equipment and Other: $146,948
- Travel: $52,851
- Meetings and Conferences: $37,978
- Computer Hardware and Software: $18,492
- Printing and Reproduction: $17,160
- Rentals and Leases: $15,465
- Telecom: $18,677

**Total Operating Expenses**: $6,074,091

**Revenues Less Expenses**: $16,666
Exhibit 24
1. Title

Gift Acceptance Procedures

2. Policy

Table of Contents

Sec. 1 Purpose. Private sector support is critical to The University of Texas System. Contributions from individuals, foundations, corporations, and other entities are vitally important to the fulfillment of the institution's mission and to the provision of high-quality educational opportunities. The purpose of these procedures is to clarify and facilitate the process for making gifts to the U. T. System and its 15 institutions (collectively referred to hereafter as "UT").

Sec. 2 Procedures. As authorized by the Board of Regents' Rules and Regulations, Rule 60101 these procedures are designed to outline administrative processes associated with the acceptance, administration, and investment of gifts processed or administered by the Office of Development and Gift Planning Services (ODGPS), as the designee of the Vice Chancellor for External Relations in a prudent and efficient manner, with fundamental fiduciary responsibilities kept firmly in mind. These procedures do not cover gifts given for current purposes, except gifts of securities, gifts of family limited partnerships, bequests, and trust distributions. These procedures are also intended to ensure that staff members are able to function in a timely, effective, and professional manner in the context of institutions that are engaged in energetic and comprehensive fund-raising efforts. When these procedures do not indicate an appropriate course of action or if they are inappropriate in light of all aspects of a specific situation, staff members are directed to consult with the relevant offices as outlined in these procedures to establish an appropriate course of action.

Item 3 provides definitions for terms used throughout the Gift Acceptance Procedures.

The Acceptance of Gifts Conforming to Policy Matrix summarizes the review and acceptance process.

Sec. 3 Responsibility to Donors.

3.1 Donor's Expectations. UT staff should make reasonable efforts to be aware of and sensitive to donors' expectations.
3.2 Legal and Professional Advice. UT representatives shall not provide legal and/or tax advice and will advise all prospective donors in writing to seek such advice from their own counsel and professional consultants. Each UT representative should be knowledgeable about gifts and should disclose to the donor advantages and disadvantages that could reasonably be expected to influence the decision of the donor to make a gift to UT. In particular, planned gift items that may have adverse tax implications to the donor or are subject to variability (such as market value and income payments) should be discussed fully.

3.3 Donor’s Best Interests. UT will not knowingly accept a gift that it believes to be contrary to the donor’s best interests.

3.4 Appraisals and Valuations. UT will not furnish property appraisals or valuations to donors for tax purposes or any other purpose. UT will not knowingly participate in a transaction in which the value of a gift is inflated above its true fair market value to obtain a tax advantage for a donor.

3.5 Tax Filing. In accordance with the provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and related regulations, proper gift records will be kept and required tax returns filed by the Office of External Relations (OER) or its designee, the ODGPS, for all gifts processed and/or administered by the ODGPS, as designee of the Vice Chancellor for External Relations. The Vice Chancellor for External Relations or the Vice Chancellor’s designee(s), or, with respect to real property, the Executive Director of Real Estate, shall execute all necessary Internal Revenue Service (IRS) forms that relate to gifts processed or administered by the ODGPS, including IRS Forms 8283 and 8282. Forms 8283 and 8282 will otherwise be executed by the Chancellor of the U. T. System or the appropriate officer at the beneficiary institution.

3.6 Confidentiality. UT staff will adhere to strict confidentiality with regard to any information, records, and personal documents pertaining to donors and gifts. All gift records will be released only when authorized by the donor or as required by law. A limited exception to the disclosure of the name of the donor is provided in Section 552.1235 of the Texas Government Code.

Sec. 4 Review and Acceptance of Proposed Gifts.
4.1 Procedures. The institutions shall submit for consideration gifts to be processed or administered by the ODGPS to the ODGPS as soon as practical, following the procedures outlined below. Prior to acceptance by the ODGPS, the ODGPS must review all gift assets processed or administered by the OER, other than cash or marketable securities. Such review will be done in conjunction with other U. T. System offices and, as appropriate, with The University of Texas Investment Management Company (UTIMCO) or other financial managers authorized by the Board of Regents of The University of Texas System (Board). Each proposed gift shall be reviewed to determine whether it should be accepted, including consideration of any required cash expenses, liabilities, contingent liabilities, unrelated business income taxes, donor requirements that may result in risk of loss, and other sources of funds available to cover expenses and liabilities. This review process shall determine whether the economic risks are appropriate prior to acceptance of the gift. Examples of assets requiring review include limited partnership interests, stock of closely-held corporations, stock of S Corporations, stock options, warrants, and intellectual property.

4.2 Unrelated Business Income Tax. Assets to be processed or administered by the ODGPS that create potential unrelated business income tax liability must be reviewed by the ODGPS and the institution's chief business officer (CBO) in conjunction with UTIMCO for economic implications and by the Office of General Counsel (OGC) for legal implications.

4.3 Real Property. Gifts of real property shall comply with the Board of Regents' Rules and Regulations, Rule 60103, Guidelines for Acceptance of Gifts of Real Property and the U. T. System Environmental Review for Acquisitions of Real Property, UTS161. These and additional documents may be found on the Real Estate Office's (REO's) website at http://www.utsystem.edu/reo.

4.4 Signatures. Any gift agreement or other gift documentation to be signed by a representative of the Board shall be signed by a properly delegated representative, after review of the gift as provided in these procedures and any applicable institutional policy.

4.5 Institutional Policies. The presidents of the institutions must develop and implement Handbook of Operating Procedures policies consistent with these procedures for the review and
acceptance of gifts for which responsibility for acceptance has been delegated to presidents.

4.6 Nonconformance with Procedures. Recommendations regarding the acceptance of gifts or other actions that do not conform to these procedures shall be made through the Vice Chancellor for External Relations to the Board after review by appropriate offices of the terms of the gifts, the nature of the donated assets, and/or the requested action.

Sec. 5 Gift Processing.

5.1 Cooperation. Institution business offices and development offices, the Office of Academic Affairs (OAA), the Office of Health Affairs (OHA), the Office of Business Affairs (OBA), the REO, University Lands (UL), the OER, the ODGPS, and the OGC will cooperate as necessary to process proposed gifts promptly.

5.2 Valuation. Gifts are valued as of the date transferred to the Board in accordance with the provisions of the Code and applicable regulations. The amount received from the sale of a noncash gift may be more or less than the value of the gift.

5.3 Real Property. Gifts of real estate must be reviewed and evaluated by the REO and/or UL as provided in the Board of Regents' Rules and Regulations, Rule 60103, Guidelines for Acceptance of Gifts of Real Property.

5.4 Securities. Gifts of securities that are donated to an institution must be reviewed and processed by the ODGPS. The Board of Regents' Rules and Regulations authorize only certain U. T. System and UTIMCO personnel to purchase, exchange, sell, assign, and transfer securities on behalf of the Board. No other person or entity may execute or instruct others to execute a transaction involving any securities in the name of the Board. When securities are to be given to an institution, the institution shall contact the ODGPS immediately for instructions, even if the gift is for current purpose use at the institution. For current purpose gifts, sale proceeds will be transferred to the institution after receipt and processing by the ODGPS.

Sale of the security will take place as soon as possible after the transfer. The ODGPS will notify the institution of the receipt and sale of securities as early as practicable. Acknowledgment of the gift shall be provided to the donor by the institution that the
5.5 Gifts of Closely-Held Stock.

(a) An effort should be made to obtain nonbinding repurchase provisions when the gift involves securities for which the donor or related parties are the primary market.

(b) To the extent applicable, the following criteria, in addition to those outlined in Section 4 above, must be met for the ODGPS to approve or accept gifts of closely-held stock:

- The ODGPS must assure there is a written gift agreement indicating the donor's intent to make the gift and its purpose.

- Prior to acceptance, the donor must provide to the ODGPS financial and valuation information on the stock, including appraisals and/or statements of value.

- Copies of any applicable shareholder agreements and buy-sell agreements must be provided by the donor for review by the ODGPS, the OGC, and UTIMCO, especially those that include any restrictions on the transfer of the stock, i.e., rights of first refusal, formulas for determining stock price.

- The donor must provide to the ODGPS a written copy of any related offer to purchase the stock, including the purchase price per share.

- The ownership of the stock must be properly assigned by the donor to the Board.

5.6 Gifts of Interests in Limited Partnerships.

(a) The ODGPS or the institution's president, as appropriate, may accept gifts of interests in limited partnerships, subject to a thorough analysis of all available information by the ODGPS, with the assistance and advice of the institution's CBO, the OGC, and UTIMCO. At a minimum, the U. T. System should receive copies of the limited partnership agreement, the proposed assignment of interest, and financial documentation sufficient to describe the assets of the partnership and their valuation.
(b) The ODGPS, the OGC, the CBO, and UTIMCO will analyze a proposed gift of an interest in a limited partnership to confirm that there is a real benefit to be derived by the institution that is commensurate with any potential risks and costs associated with the gift. Among the factors that will be considered are the following:

- The donor's relationship to the institution designated to benefit from the gift, the history of demonstrable charitable intent, and whether the limited partnership is merely a tax accommodation for the donor.

- Administrative obligations to be assumed by the U. T. System, such as monitoring the partnership for unrelated business income tax.

- Guaranteed annual distribution from the partnership interest sufficient to UT to justify the administrative costs or a cumulative payment made in the form of a preferred return before distributions to other partners at the termination of the partnership.

- Whether the partnership agreement provides for a defined distribution/termination event or date.

- Whether the U. T. System has any obligation to make capital contributions to the partnership.

- Whether the U. T. System would be held liable for debts of the partnership.

- Whether the partnership appears to be adequately capitalized in light of its activities and maintains liability insurance.

(c) All confidentiality requirements must allow release of information as required by the Texas Public Information Act.

(d) The U. T. System should receive a full accounting for the partnership annually, as well as copies of any tax returns filed or required to be provided to partners pursuant to the Internal Revenue Code.

5.7 Gifts of Interests in General Partnerships or Joint Ventures. UT will not accept interests in general partnerships or joint ventures
due to the State constitutional limitations on incurring State debts and the risk of future liability or debt.

5.8 Gifts of Personal Property (Other than Outdoor Works of Art). Gifts of personal property, other than outdoor works of art, donated to an institution must be reviewed for approval and processed by the ODGPS prior to acceptance only if used to establish or make additions to an endowment or charitable remainder trust. Gifts of outdoor works of art must comply with Board of Regents' *Rules and Regulations*, Rule 60101, Section 4.1.

Sec. 6 Current Purpose Gifts. In general, current purpose or expendable gifts are accepted by the institution president, or his/her designee, or by the Chancellor, or his/her designee, for such gifts made to U. T. System. Exceptions include, but are not limited to, marketable and closely-held securities, partnership interests, and real property. These gifts must be reviewed, evaluated, and processed by the appropriate U. T. System office as set out in Sections 4 and 5. Current purpose gifts of real property are accepted by the Executive Director of Real Estate. Gifts of securities are accepted by the ODGPS via delegated authority from the respective institution president. For further information regarding the acceptance process for current purpose gifts, please contact the ODGPS.

Sec. 7 Gifts to Establish Permanent Endowments Held and Administered by the Board of Regents. Endowments will be established with gifts that have been completed for tax purposes or with a combination of such gifts, pledges, and other funds at a minimum funding level of $10,000. Endowments may be established to fund scholarship programs and other educational activities as well as the endowed academic positions specified in the Board of Regents' *Rules and Regulations*, Rule 60202 concerning endowed academic positions. All endowments must be reviewed and approved by the ODGPS and must meet minimum funding levels as set out in Board of Regents' *Rules and Regulations*, Rule 60101 and Rule 60202. With the approval of the appropriate Executive Vice Chancellor and Vice Chancellor for External Relations, each institution may set minimum funding levels that are higher than those set by the Board. The required minimum funding level will be determined by the total value of gifts from donors and transfers of funds, valued as of the gift date or date of transfer, respectively. Reinvestment of endowment distributions, which would be considered a transfer of funds, may be used to determine the total funding value.

Example: A donor contributes $20,000 a year for five years to fund a professorship at a total contribution value of $100,000. At the end of
the five-year period, the endowment may have reached a market value of $250,000 due to capital appreciation. However, the contributed value remains at $100,000. This endowment cannot be redesignated as a distinguished professorship until the contribution amount reaches $250,000 from additional gifts or transfers of funds.

Negotiations and fundraising for an endowment are permitted prior to its formal approval and establishment by the Board or its designee(s). However, an endowment will not be announced as having been established prior to its approval by the Board or its designee(s). New endowments shall not be created and existing endowments shall not be increased using accumulated distributions from existing permanent endowments. However, under rare and special circumstances, such distributions may be used to create or add to an endowment with the approval of the Vice Chancellor for External Relations, provided the terms of the new endowment(s) are consistent with the terms of the endowment agreement governing the existing endowment.

7.1 Endowment Agreements.

(a) A written endowment agreement signed by the donor(s) is required for each new permanent endowment established. (See Item 5 for sample endowment agreements.) This instrument must, absent compelling reasons, include the following language:

- donor name(s);
- gift description and/or amount;
- pledge description, amount, and due date;
- endowment name;
- college, school, and/or department to benefit;
- a statement setting out the intended use or purpose for funds distributed from the endowment;
- a statement that the funds shall never become a part of the Permanent University Fund, the Available University Fund, or the General Fund of the State of Texas;
- a statement that, in the opinion of the Board, if (a) a restriction contained in the endowment has become impractical or wasteful, or it impairs the management or
investment of the fund, or, because of circumstances not anticipated by the donor, a modification of the restriction will further the purposes of the fund or (b) a restriction contained in the endowment on the use of the fund becomes unlawful, impracticable, impossible to achieve, or wasteful, the Board may modify the restriction or purpose of the endowment to further the purposes of the fund in a manner consistent with the original charitable purpose expressed in the endowment;

- a statement providing that all future additions to the endowment, including those made by the Board or the institution administration, shall be subject to the provisions of the endowment agreement and shall be classified as permanent endowment funds; and

- other provisions the responsible development officer and the ODGPS determine are necessary or appropriate.

(b) In cases where an endowment is established pursuant to an institution’s solicitation or campaign, the solicitation letter or document sent to prospective donors may be used as the endowment agreement to evidence the donative intent and purposes. If the solicitation materials do not contain the provisions required in bulleted paragraphs above, a separate gift agreement memorandum containing the required provisions and signed by the appropriate institution representative should be provided to the ODGPS by the UT personnel responsible for the solicitation.

(c) A gift agreement memorandum should also serve as the endowment agreement in situations where funding is from multiple donors with no primary donor or donors. (See Item 5 for a sample endowment agreement entitled "Newly Created Endowment with Multiple Donors.")

7.2 Custody of Assets. The assets donated to fund an endowment may be delivered to the ODGPS for custody and investment by UTIMCO pending acceptance. A request for acceptance should be submitted to the ODGPS by the institution as soon as possible after delivery of the assets. Once an endowment has been officially established, the donated assets must be delivered to the ODGPS as soon as possible for custody and investment by UTIMCO.

7.3 Selection Criteria for Scholarship and Fellowship Recipients.
(a) A donor may specify or require that

- the scholarship or fellowship be for institution-wide use;
- the recipient be registered in a particular college, school, or department within the institution or the recipient be limited to students studying in a specific academic major or a certain area of study or concentration;
- the recipient have a specified class standing or have completed a specified number of semester hours of college work;
- consideration of recipients be conditioned on academic performance;
- consideration of recipients be based on financial need;
- a preference be exercised in association with the renewal of the award;
- recipients be students from a particular geographic area (city, school district, county, or state). The population of UT students from the named geographic area should be large enough to allow for consistent use of the scholarship and to avoid an allegation that the funds were "targeted" to a particular individual or individuals;
- the recipient be a U.S. citizen or legal resident of the United States. Any gift to be designated for U.S. citizens must also include permanent residents as federal courts have ruled that state entities must give equal consideration to U.S. citizens and to individuals admitted to permanent residency; or
- recipients have received part or all of their preparatory education from a particular geographic area or region outside of the U.S. It is generally illegal to give or deny benefits based on a person's national origin. Therefore, requiring recipients to be from a particular country is not permissible.

(b) If consistent with the Board of Regents' Rules and Regulations, U.S. Department of Education regulations, Office of Civil Rights recommendations, and interpretations of the Texas Higher Education Coordinating Board, the
donor may specify certain other selection criteria as a preference for recipient selection, but not as a restriction. UT will make reasonable efforts to honor preferences specified by a donor as provided in this paragraph; however, as provided by applicable law, no person shall be excluded from participation in, denied the benefits of, or be subject to discrimination under, any program or activity sponsored or conducted by the U. T. System or any of its institutions, on the basis of race, color, national origin, religion, sex, age, veteran status, or disability. It is not appropriate to provide scholarships based on a student's position on a political or social issue.

(c) Endowed scholarship or fellowship awards should be based on the funds distributed from the endowment, rather than a specific amount. The size and number of awards will be determined by the appropriate scholarship committees at the institution or under the scholarship program applicable to the endowment. Scholarship or fellowship amounts may also be referred to in more general terms such as "tuition and required fees" in the endowment agreement.

(d) The IRS will not recognize a contribution for charitable tax deduction if the donor retains control over the gift funds or how they are used. In accordance with that understanding, the donor may not participate in the final selection of scholarship recipient(s), name a non-UT employee to any final selection committee, or structure the criteria so narrowly as to limit selection to a small population comprised solely or primarily of individuals related to the donor or that the donor would choose. In rare and special circumstances, such as whereby gift funds are contributed by a foundation, an exception to this provision may be granted by the Vice Chancellor for External Relations.

7.4 Endowed Academic Positions. There are six categories of endowed and named academic positions with minimum funding levels as set forth in Board of Regents' Rules and Regulations, Rule 60202. With the specific approval of the Board, an endowed academic position may be established without the required minimum funding level only in accordance with agreements recommended by the Chancellor, the appropriate Executive Vice Chancellor, and the Vice Chancellor for External Relations.
No initial appointment will be made to an endowed academic position without prior approval as a Request for Budget Change by the president of an institution after review and approval by the appropriate Executive Vice Chancellor. Subsequent new or continuing appointments to endowed academic positions may be approved as a part of the annual operating budget. As the IRS will not recognize a contribution for charitable tax deduction if the donor retains control over the gift funds or how they are used, a donor may not participate in the final selection of the appointment or name a specific individual as the holder of an endowed academic position. In rare and special circumstances, such as whereby gift funds are contributed by a foundation, an exception to this provision may be granted by the Vice Chancellor for External Relations.

7.5 Pledge Policy. Pledges from donors that follow these procedures may be accepted to fund endowments of any level recognized by the Regents' Rules and Regulations.

(a) At least 20% of the donor's total required minimum funding amount prior to the acceptance of an endowment must be received prior to the acceptance of an endowment, i.e., before the endowment will be established.

(b) The pledge for payment of the remaining required minimum funding shall not extend beyond five years after the date of execution of the endowment agreement; however, with the approval of the Vice Chancellor for External Relations, the pledge period may be longer than five years under rare and special circumstances. A pledge for any amount beyond the required minimum funding is not bound to a five-year pledge period. As an example, for an endowed scholarship that is fully funded with a $25,000 gift, an additional $75,000 pledge may be extended reasonably longer than five years.

(c) All funds that otherwise would be distributed from the endowment will be reinvested as a permanent addition to the endowment until the endowment is funded with the then required minimum funding level for the endowment or is dissolved as provided in Section 7.5(e) below, except in the case of endowed academic positions with the approval of the Vice Chancellor for External Relations or the Vice Chancellor's designee.

(d) Funding levels will not be determined by the amount of net sale proceeds received from a noncash gift or by the current
market value of the investment held in an endowment. As an illustration, a donor gives a gift of stock valued at $10,000 to create a new endowment. The stock is sold for net sales proceeds of $9,500. The $10,000 endowment may still be created because the donor contributed a gift valued at $10,000, although the endowment's value is only $9,500.

(e) If the donor is unable to fulfill the pledge by the end of the five-year period, the institution shall notify the ODGPS to determine an appropriate course of action. Typically, the endowment will either be dissolved or redesignated as follows:

- If there are insufficient funds held in the endowment to reach the minimum funding level required for an endowment, the endowment may be dissolved by the Board or its designee(s) and the president of the beneficiary institution shall have the discretion to designate an existing endowment to which to transfer the funds, or expend the funds for the general purposes of the institution, taking into consideration the original intent.

- If there are sufficient funds held in the endowment to reach the minimum endowment funding level for an endowment, but insufficient funds to reach the required funding level for the endowment as originally established, the endowment may be redesignated to the highest level of endowment category possible based upon the book value of funds held and the original intent, with the approval of the Board or its designee(s).

Sec. 8 Establishment of Quasi-Endowments Held and Administered by the Board of Regents. All quasi-endowments must be reviewed and approved by the ODGPS and must meet minimum funding levels as set out in the Board of Regents' Rules and Regulations, Rule 60101 and Rule 60202. The required minimum funding level will be determined by the total value of transfers of funds to the endowment, valued as of the date of transfer. Reinvestment of endowment distributions may be used to determine the total funding value. An endowment will not be announced as having been established prior to its approval by the Board or its designee(s). New endowments shall not be created and existing endowments shall not be increased using accumulated distributions from existing permanent endowments. However, under rare and special circumstances, such distributions may be used to create or add to an endowment with the approval of
the Vice Chancellor for External Relations, provided the terms of the new endowment(s) are consistent with the terms of the endowment agreement governing the existing endowment.

A written agreement, signed by the institution's president or the appropriate dean or department head, is required for each new quasi-endowment established. (See Item 5 for a sample endowment agreement entitled "Newly Created Quasi Endowment.") This instrument will, absent compelling reasons, include the following language, as applicable:

- information and provisions described in Section 7.1; and
- amount and source or description of the funding. Funds must be identified as either restricted or unrestricted.

Sec. 9 Classification of Endowment Funding.

9.1 Permanent and Quasi-Endowments. When mixed sources of funds (both gifts given specifically for endowed purposes and current funds) are used to establish an endowment, separate but related permanent and quasi-endowments will be created. (See Item 5 for a sample endowment agreement entitled "Newly Created Quasi/Perm Endowment.") Each endowment account must be funded with at least the minimum endowment funding level of $10,000, (i.e., there would need to be at least $20,000 total to establish separate endowment accounts). If the endowment is initially funded with less than $20,000 from mixed sources (both endowed and current funds), the entire endowment will be classified as a permanent endowment. When funding permits, a separate but related quasi-endowment shall be created.

9.2 Additional Contributions. If only a permanent endowment account is in existence at the time of an additional contribution to an endowment established with mixed sources of funds, the institution will review the source(s) and amounts of funds to be added to determine if a separate, but related quasi-endowment account should be established. Administrative approval of the related quasi-endowment is not needed if there is no redesignation of endowment level or other amendment. Alternatively, if only a quasi-endowment is in existence at the time of an additional contribution, administrative approval of a related permanent endowment is not needed if there is no redesignation of endowment level or other amendment.
9.3 Additional Contributions to Separate Accounts. If separate permanent and quasi-endowment accounts exist at the time of an additional contribution, the institution will review the source(s) of funds to determine the correct allocation.

9.4 Transfer of Current Funds. When a transfer of current funds is to be combined with a donor’s pledge, the ODGPS will consider the total of the donor’s pledge, rather than the amounts of payments received, to determine whether separate permanent and quasi-endowment accounts should be established.

9.5 Reinvestment of Distributions. Any reinvestment of endowment distributions will be classified in the same manner as the corpus of the endowment.

9.6 Permanent Endowment Funds. Notwithstanding any of the above, any additional funds from any source will be classified as permanent endowment funds where the existing permanent endowment is governed by a donor-executed endowment agreement that contains language that “all future additions to the endowment, made by the donor or others, including those made by the Board of Regents or the institution, shall be subject to the provisions of the endowment agreement and shall be classified as permanent endowment funds.”

Sec. 10 Investment, Payout, and Reinvestment Policy for Endowments.

10.1 UTIMCO. As authorized by law, the Board has contracted with UTIMCO to invest all funds donated to UT that are under the sole control of the Board.

10.2 Investment Restrictions. No matching funds or other funds of UT may be held or managed by a party selected by the donor. No endowment shall be accepted in which the donor directs the investment transactions or holdings or may approve investment policy or strategy or on which the donor places any other investment restrictions.

10.3 Standard for Investment Decisions. The primary and constant standard for making investment decisions for endowments shall be "that standard of judgment and care that prudent investors, exercising reasonable care, skill, and caution, would acquire or retain in light of the purposes, terms, distribution requirements, and other circumstances of the fund then prevailing taking into consideration the investment of all the assets of the fund rather than a single investment."
10.4 Collective Investments. All endowment gifts should be eligible for commingling for investment purposes with other endowment funds. The Board has established the U. T. System Long Term Fund, governed by and invested according to the U. T. System Long Term Fund Investment Policy Statement, to provide for the collective investment of endowment funds. This commingling permits enhancement of long-term investment programs, affords appropriate risk control through diversification, and provides for optimization of asset mix through time.

10.5 Long Term Fund. Specific language that allows endowment funds to be invested in the U. T. System Long Term Fund or otherwise pooled for investment purposes should be included in all endowment agreements.

10.6 Agreement Terms. An endowment agreement shall not include terms regarding endowment payout that conflict with either the payout policies established by the Board or the payout provisions of the Texas Uniform Prudent Management of Institutional Funds Act, as amended.

10.7 Charge of Certain Expenses. To acknowledge the Board's ability to charge certain expenses against the endowment funds for administration, management, and compliance, the endowment agreement should specify one of the following:

(a) donor(s) acknowledge(s) and agree(s) that in connection with administration and management of the endowment funds, the Board may charge certain expenses against the endowment funds for administration, management, and similar charges; or

(b) the Board may not charge certain expenses against the endowment for administration and management.

10.8 Management of Payout and Reinvestment. To ensure the Board has the ability to manage payout and reinvestment policies, the endowment agreement should specifically allow the following:

(a) funds distributed during a year may be retained by the institution and expended for the purposes of the endowment in subsequent years; and
(b) the reinvestment of some portion of the payout as a permanent addition to the principal of the endowment at the discretion of the Board or institution's administration.

10.9 Endowments Funded with Mineral Interests in Real Property. In accordance with the Texas Trust Code and the Uniform Principal and Income Act (UPIA), a certain percentage of mineral royalty proceeds must be allocated to endowment principal. Because complex and numerous depletion calculations would be required to determine the correct amount to allocate to endowment principal and consistent with requirements for the Permanent University Fund, 100% of mineral royalty proceeds, including bonuses, rentals, and royalties, should be allocated to principal for ease of administration. An institution may request a lesser allocation of principal by submitting a written request to the ODGPS. Such request must be reviewed and approved by the UL in consultation with the ODGPS and the OGC.

Sec. 11 Amendment or Termination of Endowments.

11.1 Authorization for Changes. Once a permanent endowment is created, the terms, purpose, or existence of that endowment may be changed only if authorized by the terms of the endowment agreement, Board policy, or applicable laws.

11.2 Review of Amendments. Any request received or initiated by an institution to amend the terms or purpose of a permanent endowment or to terminate an endowment must be sent to the ODGPS for review and approval with the legal advice of the OGC. The OGC will determine whether the endowment may be modified judicially or nonjudicially pursuant to the Texas Uniform Prudent Management of Institutional Funds Act or Texas Education Code Section 65.36(f).

11.3 Requests to amend or terminate a quasi-endowment must be sent to the ODGPS for review and approval. Upon termination of a quasi-endowment, the ODGPS will coordinate the disbursement of the endowment's proceeds with UTIMCO.

Sec. 12 Endowments Held and Administered by External Trustees. UT's interest in any endowment held and administered by an external trustee must be reviewed and approved by the ODGPS.
In addition to provisions set out in Sections 7, 8 and 11 above, to the extent practicable, the Board requires the following for endowments held and administered by external trustees.

12.1 Distributions. A predictable stream of distributions from an endowment held by an external trustee, consistent with the Board’s endowment payout policy and not in conflict with the payout provisions of the Texas Uniform Prudent Management of Institutional Funds Act, as amended. The U. T. System prefers that any of its institutions receive such payout on a quarterly basis, but no less often than annually.

12.2 Appreciation. That all appreciation from an endowment held by an external trustee be maintained in the endowment, except that distributed for the purpose(s) of the endowment.

12.3 Annual Reports. That the external trustee provides annual reports to the ODGPS that detail the value of the assets of the endowment and the annual receipts and expenditures.

12.4 Accounting Records. That separate accounting records be maintained for each such endowment so that investment performance can be accurately analyzed over time.

12.5 Appointments to Endowed Academic Positions. That all appointments to endowed academic positions be selected by the institution.

12.6 Acceptance of Interest. That a request for acceptance of UT’s interest in the endowment be submitted by the institution to the ODGPS as soon as possible after delivery of the gift to the external trustee or notification by the external trustee that the endowment has been established.

Sec. 13 Planned Gifts.

13.1 Solicitation and Negotiation.

(a) The OER, the ODGPS, and the OGC must review and approve

- an initial or new advertisement or planned giving brochure; and

- an existing advertisement or planned giving brochure that has been materially modified since last approved by the
OER, the ODGPS, and the OGC to be mailed or otherwise furnished to potential donors before distribution to donors. Minor modifications to existing planned giving advertisements or brochures require review by the ODGPS prior to distribution to potential donors.

(b) Negotiation, execution, and acceptance of any planned gift shall follow procedures outlined in these procedures. All agreements shall include language previously approved by the OGC unless otherwise approved in accordance with the processes set forth in these procedures.

(c) It is the responsibility of each UT representative to keep detailed written notes to supplement written correspondence to demonstrate ethical practices in negotiations with each donor.

(d) The institution's representative working with a donor who desires to make a planned gift shall contact the ODGPS as soon as the institution's representative becomes aware of the potential gift.

(e) Payout rate guidelines for charitable remainder trusts are provided below in Section 13.4(d) for use by all UT staff members authorized to enter into negotiations concerning planned gift agreements to assist them during discussions with donors.

(f) Donors should be informed that payout rate guidelines may be adjusted if market conditions change significantly before an agreement is finalized.

13.2 Restrictions on Acceptance of Planned Gifts and Donated Assets.

(a) In accordance with Texas law, the Board cannot accept gift annuities and deferred gift annuities. Inquiries concerning gift annuities and deferred gift annuities will be referred to appropriate external foundations established to benefit the U. T. System or its institutions.

(b) Consistent with Board policy, the Board may serve as trustee of trusts for which the donor retains the right to change the charitable beneficiary only if: (a) U. T. System or its institution(s) will receive irrevocably at least 50% of the total funding of the trust; and (b) the value of the U. T.
System or institution's irrevocable interest equals the minimum requirements established below in Section 13.4(d) for accounts that cannot be pooled for investment purposes.

(c) Consistent with Board policy, the Board may serve as trustee of trusts that allow for invasions of principal only if: (a) the standards for invasion of principal are objective and nondiscretionary; (b) the U. T. System or institution will receive irrevocably at least 50% of the total funding of the trust; and (c) the value of the U. T. System or institution's irrevocable interest equals the minimum requirements established below in Section 13.4(d) for accounts that cannot be pooled for investment purposes. To avoid conflicts of interest, the Board will not serve as trustee of a trust that allows income beneficiaries to invade the principal of the trust at the discretion of the trustee.

(d) Consistent with Board policy, the Board may serve as trustee of a charitable remainder trust with multiple charitable remainder beneficiaries only if: (a) the U. T. System or institution will receive irrevocably at least 50% of the remainder; (b) the value of the U. T. System or institution's interest will be at least the minimum trust gift levels established below in Section 13.4(d); and (c) the other charities agree to provisions deemed appropriate by the OGC.

As an example, a donor may fund a charitable remainder trust with assets that may not be pooled for investment purposes, such as real estate or restricted stock, name the Board as trustee and a 50% irrevocable remainder beneficiary for further benefit of one or more institution(s), and name a non-UT institution(s) as 50% remainder beneficiary(ies). In this instance, the Board would accept trusteeship if the trust terms were acceptable and the trust was funded at a minimum gift level of $100,000.

(e) To avoid conflicts of interest and to avoid liability issues, the Board cannot serve as the guardian of a person, or as an executor or administrator of an estate.

(f) Consistent with the Code and related regulations, the Board will not accept a planned gift that is known to have the potential to create unrelated business income tax liability for a charitable remainder trust.
(g) In accordance with the provisions of the Code and related regulations, the Board will not accept stock in an S Corporation to fund a charitable trust without the written consent of all other shareholders.

13.3 Management and Investments.

(a) The ODGPS is not authorized to administer or manage trusts of which the Board is not trustee.

(b) The U. T. System may request reimbursement from charitable trusts of which the Board is trustee for any third party charges incurred by the trust. Such charges may include, but are not limited to, bank custodial fees, real estate expenses such as appraisals, surveys, environmental assessments, maintenance and repairs, and legal fees. In circumstances where it is deemed inappropriate for the affected trust to bear such expenses, the institution shall reimburse the trust. If multiple institutions are involved, then such costs shall be shared pro rata.

13.4 Types of Planned Gifts.

(a) Wills and Bequests.

- When an institution is notified of the death of a person who has named the U. T. System or an institution as a beneficiary, the ODGPS must be notified immediately and forwarded copies of all available documentation and correspondence. If the ODGPS is notified of the death of a person who has named the U. T. System or an institution as a beneficiary, the ODGPS shall promptly notify the beneficiary of the bequest. The OER and the ODGPS have exclusive authority to handle matters related to estates benefiting UT, including authority to sign partial or complete releases of liability, and will be responsible for promptly supplying documentation to other U. T. System offices as appropriate.

- The ODGPS will provide instructions to estate executors and administrators regarding the disposition of estate assets bequeathed to UT. All estate distributions will be transmitted as directed by the ODGPS. Any tangible personal property not liquidated by the executor should be shipped directly to the institution. Unless otherwise requested by the institution, the ODGPS will promptly
transmit any bequests designated for use as current funds to the institution.

- Any UT employee who agrees to serve as executor or administrator of an estate that benefits the U. T. System or an institution must immediately notify the ODGPS of his or her appointment. Upon notification, the employee will be furnished a statement advising of the potential for conflicts of interest and directing that all communications pertaining to the estate between the employee and any office of the U. T. System or the institution shall be in writing.

- Employees of UT should not knowingly act as witnesses to wills in which the U. T. System or an institution is named as a beneficiary.

- The U. T. System will not draft wills and other documents for donors, but, when appropriate, may provide sample language for the donor's consideration.

- If an individual provides a copy of the individual's will to a UT employee and the will names the U. T. System or an institution as a beneficiary, the institution will promptly send a copy of the will to the ODGPS for review. As necessary, and at the discretion of the ODGPS, the ODGPS will furnish copies to the OGC and the institution development office for further review. Any UT employee to whom an individual's will is furnished must protect the confidentiality of its contents to the extent allowed by law.

(b) Charitable Remainder Trusts Held and Administered by the Board.

- All charitable remainder trusts for which the Board would be the trustee must be reviewed by the ODGPS, UTIMCO, and the OGC. A charitable remainder trust of which the Board is proposed to be trustee should have no more than two income beneficiaries, the youngest of which is at least 55 years of age. A term charitable remainder trust (not to exceed 20 years) may have income beneficiaries of any age and is not limited to two income beneficiaries.

- If the charitable remainder trust (a) has acceptable terms, (b) is funded with cash or marketable securities, and
(c) may be pooled for investment purposes, the trust must be initially funded at a minimum gift level of $50,000.

- If the charitable remainder trust (a) has acceptable terms, and (b) is funded with assets that may not be pooled for investment purposes, the trust must be initially funded at a minimum gift level of $100,000.

- A unitrust with a net income payout or net income with make-up provision payout should be established for trusts funded with assets other than cash or marketable securities. Other acceptable terms depend upon the standard criteria plus the ability and length of time required to liquidate or manage the asset used to fund the trust.

- The following are the recommended maximum payout rates for charitable remainder trusts for which the Board would be the trustee:

  For annuity trusts and straight unitrusts with income beneficiaries:

  - Ages 55 to 69: 5%
  - Ages 70 to 79: 6%
  - Ages 80 and above: 7%

  For net income unitrusts with income beneficiaries:

  - All ages: 5%

  For term charitable remainder trusts: 7%

- Exceptions to Section 13.4(b) must be reviewed by the ODGPS and UTIMCO and approved by the Vice Chancellor for External Relations.

- The annuity payout may not be less than 5% nor more than 50% of the initial fair market value of the property placed in the charitable remainder annuity trust. Also, the remainder interest must be at least 10% of the initial fair market value of all property placed in the annuity trust.

- The unitrust payout may not be less than 5% or more than 50% of the fair market value of the assets, valued
annually, of the charitable remainder unitrust. Also, the remainder interest of each property contribution to the unitrust must be at least 10% of the net fair market value of such property as of the date of contribution to the trust.

- A request for acceptance must be submitted by the institution to the ODGPS as soon as possible after receipt of the gift.

(c) Charitable Trusts Held and Administered by External Trustees.

- Any UT employee who agrees to serve as trustee of a trust benefiting the U. T. System or an institution must immediately notify the ODGPS of his or her appointment. Upon notification, the employee will be furnished with a statement advising of the potential for conflicts of interests and directing that all communications pertaining to the trust between the employee and any office of the U. T. System or the institutions shall be in writing.

- All charitable remainder trusts for which the Board would be the successor trustee must be reviewed by the ODGPS, UTIMCO, and the OGC. Donors who name the Board as successor trustee of a charitable remainder trust should be advised in writing that the Board will review the terms of the trust, the most recent financial statement, and all tax filings for the trust at the time of succession, and determine then whether or not it will serve as successor trustee.

- The external trustee must provide annual reports to the ODGPS that detail the value of the assets of the trust and the annual receipts and expenditures.

- A request for acceptance must be submitted by the institution to the ODGPS as soon as possible after receipt of the gift. Revocable interests will not be accepted.

(d) Charitable Lead Trusts.

- The Board may be designated as a beneficiary of a charitable lead trust if other criteria of this policy are met, but to avoid conflicts of interest, the Board will not serve as trustee of a charitable lead trust. Upon request, UT
personnel may provide information to the donor on non-UT institutions in the donor's locale that may serve as a trustee.

- Consistent with Board policy, a predictable stream of income from a charitable lead trust of which the U. T. System or an institution is named as a beneficiary is preferred.

(e) Gift Annuities. Since the Board cannot accept gift annuities and deferred gift annuities, these types of gifts may be referred to The University of Texas Foundation, Inc. for the benefit of UT.

(f) Gifts of Retirement Plan Assets. The ODGPS or the institution's president, as appropriate, may handle gifts of retirement plan assets naming the Board as beneficiary, including processing remaining assets, and may execute all necessary documents. UT representatives should provide appropriate language for beneficiary designation forms to ensure proper and prompt receipt of assets.

(g) Life Insurance.

- The ODGPS or the institution's president, as appropriate, may accept gifts of life insurance policies naming the Board as owner and beneficiary and may execute all necessary documents.

- The beneficiary institution is responsible for preserving the value of a life insurance policy owned by the Board pursuant to institution guidelines. The guidelines should cover situations in which the insurance policy is not paid-up and does not have any source of funds for payment of the premiums identified at the time of the gift or thereafter.

- U. T. System has chosen not to endorse any formal charitable life insurance programs or products.

(h) Pooled Income Fund.

- Gifts to the U. T. System Pooled Income Fund may be accepted only if the beneficiaries are age 55 or older and there are no more than two income beneficiaries for each account established in the Fund. The minimum gift
needed to enter the Fund is $10,000 or a contribution of $5,000 with a pledge that additional contributions will be made to bring the total dollar share in the Fund to $10,000 within five years.

- All gifts must be made in cash or readily marketable securities.

- A request for acceptance must be submitted by the institution to the ODGPS as soon as possible after receipt of the gift.

(i) Gift of a Remainder Interest in Real Property with Retained Life Estate.

- A gift of a remainder interest in a personal residence, vacation property, or farm, with a life estate reserved by the donor, must be reviewed, evaluated, and approved by the REO and the OGC and processed by the REO and the ODGPS prior to acceptance.

- While the life estate exists, the donor(s) or life tenant(s) will be responsible for all expenses of maintenance, taxes, and insurance. At the time the remainder interest is conveyed to UT, the donor must sign a separate life estate agreement with the Board to clarify responsibility for maintenance, taxes, insurance, and other issues during the term of the life estate. See Item 5 for a sample form of Life Estate Agreement.

- The REO will coordinate with the benefiting institution to schedule visits with the donor(s) or life tenant(s) at the property. Such visits should take place at least annually.

(j) Bargain Sale.

- An individual may transfer an asset to the Board for benefit of an institution and receive less than the fair market value in return. Typically, bargain sales involve the transfer of appreciated property.

- The ODGPS, the OGC, the CBO, and the REO, if applicable, shall analyze a proposed bargain sale to confirm it is in the best interest of the institution.

Sec. 14 Gifts Related to Namings of Facilities and Programs.
Any naming of facilities and programs must follow the Naming Policy as set out in Board of Regents' *Rules and Regulations*, Rule 80307. Facilities and programs may be named to memorialize or otherwise recognize substantial gifts and significant donors or individuals designated by donors. Each institution shall develop guidelines for what constitutes substantial and significant donations to warrant a gift-related naming, which must be approved by the Executive Vice Chancellor for Academic or Health Affairs, the Vice Chancellor for External Relations, and the Vice Chancellor and General Counsel.

A written gift agreement signed by the donor(s) is required for each gift-related naming. The OER must be furnished with a fully signed copy of the gift agreement for every gift-related prominent naming. The agreement must, absent compelling reasons, include the following language:

- donor name(s) and address;
- gift description and/or amount;
- pledge description, amount, and due date;
- name of the institution receiving the gift and/or pledge;
- a statement setting out the intended use or purpose of the gift;
- the proposed naming of the facility or program;
- a statement anticipating changes of circumstances, such as changes in the donor's gift intentions or changes to the facility or program as determined by the Board, thereby allowing for an alternative recognition or removal of the naming; and
- a termination provision that contemplates the unlikely event of a change in circumstances whereby the public image of the donor conflicts with the purpose or mission of the Board or institution or would disparage, impair; or adversely impact the reputation, image, or integrity of the Board or institution in the event of a continued association with donor and the continuation of the naming.

The OER shall provide sample gift agreements to each institution and will review draft agreements prior to execution by the donor and the institution. In the case of a prominent facility or program corporate naming, the institution shall negotiate an agreement with the corporation using the Standard Corporate Naming Gift/Licensing Agreement prepared by the OGC. Any substantive variations to these
gift agreements must be approved by the OER and the OGC. If the donor presents a gift agreement for use, its terms must be reviewed by
the OER and the OGC to ensure the agreement contains all essential elements as set out above. See sample forms of Gift Agreement for
Individual Prominent Facility Naming; Corporate Gift Agreement for
Naming of Prominent Facility or Program; Corporate Gift Agreement
for Naming of a Less Prominent Facility; and Corporate Gift Agreement
for Naming of a Less Prominent Program.

The institution shall inform the OER in writing if pledges are not paid on schedule. Upon receipt of such notification, the OER will consult with
the institution to determine an appropriate course of action.

Sec. 15 Corporate Gifts Related to Website Sponsorships.

Acknowledgment of a gift by posting a company logo on an institution’s website must comply with the terms and conditions of the institution’s policy on website solicitations and U. T. System Guidelines for Web
Site Solicitations. Board of Regents' Rules and Regulations,
Rule 80103 provides broad authorization for the placement of hypertext links to other websites from UT web pages, in accordance
with U. T. System and institution guidelines that set forth the restrictions necessary to preserve the space so created for its intended purpose of acknowledging sponsorship, generating revenue, or
avoiding costs.

A sample Corporate Gift Agreement Website Sponsorship shall be provided to each institution. The Executive Vice Chancellor for Business Affairs must preapprove both Exhibits A and B of the agreement. Any substantive variations to this agreement must be approved by the OER and the OGC. See sample form of Website Sponsorship Gift Agreement.

3. Definitions

Administrative Approval Process - the procedure for accepting gifts to be approved by the Vice Chancellor for External Relations or his/her designee and that conform to U. T. System Board of Regents’ policy.

Available University Fund (AUF) - distributions from the Permanent University Fund.

Bargain Sale - when an individual transfers an asset to charity and receives less than the fair market value in return.
Book Value - as pertaining to an endowment, the book value is the original value of all gifts and contributions made to the endowment, as well as reinvestment of earnings and any realized gains or losses resulting from the sale of noncash gifts.

Charitable Lead Trust - a trust in which distributions are paid to one or more qualified charities for a certain period of time, after which the charitable interest terminates and the trust remainder typically reverts to designated non-charitable beneficiaries.

Charitable Remainder Trust - a tax-exempt trust that provides for payment to non-charitable beneficiaries for life (or lives), or a term-of-years not to exceed 20 years, after which the trust remainder goes to one or more qualified charities.

Closely-Held Stock - a corporation the stock of which is held by a few shareholders, often the management or the members of a family. Some closely-held stock is publicly traded. Closely-held stock of a "closed corporation" is not publicly traded.

Completed Gifts - generally, a gift is complete when the donor has parted with dominion and control over the transferred property or property interest, as in the unconditional delivery of the gift to the donee or the donee's agent, leaving the donor without the power to change its disposition, whether for the benefit of the donor or for the benefit of others. A gift that is subject to conditions may not amount to a completed gift at all.

Corporate Naming - the naming of any facility or program after a corporate or other business-oriented entity.

Current Purpose Gifts - non-endowed gifts to be expended for the purposes designated by the donor.

Deferred Gift Annuity - a charitable gift annuity for which payments to the annuitant(s) begin more than one year after property is transferred to the charity. (See Gift Annuity.)

Endowments Held and Administered by External Trustees - funds administered by a trustee other than the U. T. System Board of Regents, from which a UT institution receives distributions, or from which the institution will receive distributions at a specified time. Examples of such trustees are banks, individuals, or other charitable entities.

Facilities - all physical facilities and buildings.
Prominent Facilities - buildings; athletic facilities; other prominent facilities, such as wings of buildings, major components of buildings, large auditoria, concert halls, atriums, prominent outdoor spaces, and clinics.

Less Prominent Facilities - facilities such as laboratories, classrooms, seminar or meeting rooms, and patient rooms that the Vice Chancellor for External Relations, in consultation with the Executive Vice Chancellor for Academic or Health Affairs, determines are less prominent and therefore not within the category of Prominent Facilities.

Gift Annuity - a charitable giving device by which a donor transfers money or other property to a qualified charity in exchange for guaranteed lifetime payments, the present value of which is less than the amount transferred.

Gift Value - the value of a gift at the time it is made. Gifts are valued in accordance with the provisions of the Internal Revenue Code and regulations thereunder.

Individual Naming - the naming of any facility or program after an individual or noncorporate entity.

Intellectual Property - creations of the mind: inventions, literary and artistic works, symbols, names, images, and designs used in commerce. Intellectual property includes inventions, patents, trademarks, and copyrights. (More on intellectual property.)

Limited Partnerships - a limited partnership is an entity in which one or more persons, with unlimited liability (called General Partners) manage the partnership, while one or more other persons only contribute capital; these latter partners (called Limited Partners) have no right to participate in the management and operation of the business and assume no liability beyond the capital contributed.

Market Value - the price that an asset would bring in a market of willing buyers and willing sellers, in the ordinary course of trade.

Mineral Interest in Real Property - rights to gas, oil, and other minerals, whether joined to or severed from the surface estate.

Permanent or True Endowment - a fund created with gifts received from a donor with the restriction that the principal is not expendable. The gifts are invested in perpetuity and only the distributions are expended for the purposes designated by the donor.

Permanent University Fund (PUF) - a State endowment fund that was established by the Texas Constitution of 1876, and that supports 18 institutions.
and six agencies of The University of Texas System and The Texas A&M University System. The PUF consists of 2.1 million acres in West Texas and the portfolio of assets resulting from the investment of mineral royalties generated by the land. Fiduciary responsibility for managing and investing the PUF is constitutionally assigned to the UT Board of Regents. (More on PUF.)

Programs - all nonphysical entities.

Prominent Programs - major entities, such as colleges, schools, academic departments, and prominent academic centers, programs, and institutes.

Less Prominent Programs - academic centers, programs, and institutes that the Vice Chancellor for External Relations, in consultation with the Executive Vice Chancellor for Academic or Health Affairs, determines are less prominent and therefore not within the category of Prominent Programs.

Prominent Naming - the naming of prominent facilities or prominent programs.

Quasi-endowment - institution funds functioning as an endowed fund that may be dissolved and returned to the institution with the approval of the U. T. System Board of Regents.

S Corporation - a form of corporation, allowed by the Internal Revenue Service for most companies with 100 or fewer shareholders, none of which can be partnerships, corporations, or nonresident aliens that enables the company to enjoy the benefits of incorporation but be taxed as if it were a partnership. Formerly known as Subchapter S Corporation.

Surface Interest in Real Property - any interest in the surface of real property and improvements, and all other property interests that do not constitute the mineral estate.

Term Endowment - funds for which the donor has stipulated that the principal may be expended after a stated period or on the occurrence of a certain event.

The University of Texas Foundation, Inc. (UT Foundation) - a nonprofit corporation established in 1967 to accept and manage gifts in support of UT. The U. T. System and its institutions are the beneficiaries of the UT Foundation, but the Foundation functions independently under its own Board of Directors and pursues its own investment policies in the management of its portfolios. (More on UT Foundation.)

The University of Texas Investment Management Company (UTIMCO) - an investment management corporation created in March of 1996 solely for the purpose of managing the investment of assets under the fiduciary care of the
U. T. System Board of Regents. The Board controls UTIMCO and appoints all nine members of the UTIMCO Board. (More on UTIMCO.)

The University of Texas System Board of Regents - the governing body for The University of Texas System. It is composed of nine members who are appointed by the Governor and confirmed by the Senate. Terms are of six years each and staggered, with the terms of three members expiring on February 1 of odd-numbered years. (More on the Board of Regents.)

The University of Texas System Long Term Fund (LTF) - an internal U. T. System pooled investment fund of privately raised endowments and other long-term funds of the 15 institutions of the U. T. System. (More on the Long Term Fund.)

The University of Texas System Pooled Income Fund (PIF) - a trust maintained by the U. T. System in accordance with federal tax laws in order to obtain favorable tax treatment for donors to the Fund. It is designed to receive gifts of cash and readily marketable securities, paying the income from pooled gifts to persons designated by the donors during their lives. At the death of the life beneficiary, a proportionate part of the principal of the trust is severed and distributed to the U. T. System or institution as designated by the donor.

Website Solicitations: Sponsorship Acknowledgments - a logo or identifier with a hypertext link to a person’s or entity’s website, placed on a UT web page to acknowledge the person’s or entity’s donation of services or products or financial or research support to U. T. System or to an institution or a college, school, department, unit, center, institute, or program of such institution.

4. Relevant Federal and State Statutes

Internal Revenue Code of 1986, as amended

Texas Education Code Section 65.36(f)

Texas Government Code, Chapter 552, Texas Public Information Act

Texas Property Code, Chapter 163

5. Relevant System Policies, Procedures, and Forms

Regents' Rules and Regulations, Rule 60101

Regents' Rules and Regulations, Rule 60103

Regents' Rules and Regulations, Rule 60202
Regents' Rules and Regulations, Rule 70301
Regents' Rules and Regulations, Rule 80103
Regents' Rules and Regulations, Rule 80307

UTS122, Guidelines for Web Site Solicitations
UTS161, Environmental Review for Acquisition of Real Property

Sample Endowment Agreements:

- Gift Only
- Gift and Pledge Above Minimum Funding
- Gift and Pledge Below Minimum Funding
- Newly Created Endowment with Multiple Donors
- Newly Created Quasi Endowment
- Newly Created Quasi/Perm Endowment

Other Sample Agreements:

- Life Estate Agreement
- Standard Corporate Naming Gift/License Agreement
- Corporate Gift Agreement for Naming of a Less Prominent Facility
- Corporate Gift Agreement for Naming of a Less Prominent Program
- Gift Agreement for Individual Prominent Facility Naming
- Website Sponsorship Gift Agreement

Acceptance of Gifts Conforming to Policy Matrix

6. Who Should Know

Employees of the U. T. System and U. T. institutions responsible for gift solicitation and administration
7. System Administration Office(s) Responsible for Policy
   Office of External Relations

8. Dates Approved or Amended
   March 21, 2005
   April 1, 2009
   October 6, 2011, as approved by Randa S. Safady, Vice Chancellor for External Relations

9. Contact Information
   Questions or comments about this policy should be directed to:
   • bor@utsystem.edu
Exhibit 25
April 21, 2010

Dr. and Mrs. Kern Wildenthal
4001 Hanover Street
Dallas, TX 75225-7010

Dear Marnie and Kern:

I am writing on behalf of UT Southwestern Medical Center to express our deep gratitude for your gift in the amount of $7,646.60. This donation will be used to support research and clinical care programs at the Medical Center.

As you well know, the ongoing commitment of our friends and supporters is essential to UT Southwestern's ability to establish and maintain its excellent programs. Thank you again for what you are making possible at the Medical Center.

Sincerely,

Daniel K. Podolsky, M.D.

DKP:jbb

This statement is provided to substantiate the charitable contribution made to UT Southwestern Medical Center by K. Wildenthal, M.D., on 4/16/10 in the amount of $7,646.60 per check number 8038. No goods or services were provided to this donor.
Exhibit 26
FORM NUMBER : 306788  TRIP#: 0  REQ: JW 5196
TRAVELER NAME: C KERN  WILDENTHAL
PAYEE TYPE : V  PAYEE NUMBER: 08950105
PAYEE NAME : BANK ONE
ADDRESS: PO BOX 73661
CITY: CHICAGO  ST: IL  ZIP: 606737761
TOTAL AMOUNT :$ 173.50
PAYMENT DUE DATE: 20050711  START DATE: 20050615
I do hereby certify that the expense account as rendered on this Prepayment Voucher is true, correct and unpaid.
PAYEE SIGNATURE
SENT BY : REBECCA S. ROONEY
EXTENSION : 2146482261
DATE : 06/28/05
PRINTER(TID) : PRESS <PF9> TO PRINT  PF5=RETURN
PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO:

see: JW 5392 for Voucher (TRV 308531)

reviewed/approved: John Roan
John Roan,
Executive Vice President for Business Affairs
TRNEID - FORM 05-06-28
TRNEIDM - PROD 14:28:24

FUNCTION: REV
FORM #: 306788

FIRST NAME C KERN
M.I.
LAST NAME WILDENTHAL

SSN: ____________________________
Person #: 0017554

START DATE 050615
END DATE 050625
FOREIGN TRIP (Y/N) Y

Place the cursor on 'CITY' and hit PF8 for Per Diem Destinations
and hit PF9 for USA Destinations.

DESTINATION DATA ( 1 OF 1 )
DATE 050615
CITY LONDON
ST ENGLAND
COUNTY/COUNTRY ENGLAND
MORE

PURPOSE: ENGLAND - ATTEND MEETING OF THE UNIVERSITY OF CAMBRIDGE

BENEFIT: REPRESENT UT SOUTHWESTERN & ITS INTERESTS AS ITS PRESIDENT

---------------------------------------- FMTR MOR ----------------------------------------
EF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO:
TRPNEDM - FORM: TRAVEL FORM
TRPNEDEM - PROD: NON-EMPLOYEE PREPAYMENT SCREEN (TRP)
FUNCTION: CHG
FORM #: 306788
SSN: 0017954
FN: PERSON #:
FIRST NAME: C KERN
M.I.: 
LAST NAME: WILDENTHAL
START DATE: 050615
END DATE: 050625
FOREIGN TRIP (Y/N): Y

PLEASE ENTER ADDITIONAL PURPOSE INFO:
ENGLAND - ATTEND MEETING OF THE UNIVERSITY OF CAMBRIDGE ADVISORY BOARD; FRANCE - MEET WITH MJR UNIV DONORS.

(PLEASE PRESS <ENTER> TO RETURN)
FUNCTION: CHG
FORM #: 306788
SSN: 
Person #: 0017954

FIRST NAME: M.I.
LAST NAME: WILDENTHAL

START DATE: 050615
END DATE: 050625
FOREIGN TRIP (Y/N): Y

PLEASE ENTER ADDITIONAL BENEFIT INFO:

REPRESENT UT SOUTHWESTERN & ITS INTERESTS AS ITS PRESIDENT AND UNIV DONOR RELATIONS.

(PLEASE PRESS <ENTER> TO RETURN)
TRAVEL FORM MEMO
06/28/05
14:32:33

FUNCTION: GET
FORM #: 306788
STATUS: SUBMITTED

MEMO CONTENTS:
Grant account number(s) used on this form: 58452.

REASON: EXPENDITURE APPROPRIATE FOR THIS ACCOUNT.

**Entered By: PRARSR 06/28/05 14:23:20.3**

TRAIN/RAIL TICKET FROM LONDON TO PARIS TO MEET WITH MJR UNIV DONOR.

**ENTER BY: PRARSR 06/28/05 14:25:40.3**
Exhibit 27
ON-LINE TRAVEL PREPAYMENT

FORM NUMBER: 306796  TRIP#: 0  REQ: JW 5197
TRAVELER NAME: MARGARET  WILDESTHAL
PAYEE TYPE: V  PAYEE NUMBER: 08950105
PAYEE NAME: BANK ONE
ADDRESS: PO BOX 73661
CITY: CHICAGO  ST: IL  ZIP: 606737761
TOTAL AMOUNT: $173.50
PAYMENT DUE DATE: 20050711  START DATE: 20050615
I do hereby certify that the expense account as rendered on this Prepayment Voucher is true, correct and unpaid.
PAYEE SIGNATURE
SENT BY: REBECCA S. ROONEY
EXTENSION: 2146462261
DATE: 06/28/05

ACCOUNTING USE ONLY
ACCOUNT  CODE  AMOUNT

Reviewed/Approved: JOHN ROAN
EXECUTIVE VICE PRESIDENT FOR BUSINESS AFFAIRS
TRAVEL FORM
05-06-28

FUNCTION: __ FORM # 306796__ TRIP #: 000000 PERS/SEH#: 0018370__
TRAVELERS NAME: (FIRST, MI, LAST) MARGARET WILDENTHAL
REQ #: JW 5197 DEPT/DIV: PR A NON-EMP/NO TRQ TYPE: __3 FGN: __
REQ BY: ROONEY, R __ ITEMS: 1 E-VOUCHER: __
PHONE: 6482261 __ HANDLING: _ PRINT DATE: PAY VCHER: __
BKO: CBA PROJECT: ___ TOTAL: $ 173.50
DESCRIPTION: WILDENTHAL/MARGARET
PAYEE TYPE: V PAYEE ID: 08956105__ AJT: __
NAME: BANK ONE
ADDR: PO BOX 73661
CITY: CHICAGO STATE: IL ZIP: 60673 - 7761
ITEM I DATE INVOICE # ACCOUNT CODE SUB AMOUNT PROJ
1 050329 0078874 594526 175 __173.50 __
ACCT: __ TRAIN PASS LON-PAR ADDL ENCUMBR:
__ CHAIR CODE: TRAVEL - FOREIGN
ENTERED BY: PRARSR 050628 LAST ACTIVITY: SUB BY: PRARSR 050628
PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO: 
TRPND - FORM
TRPNDM - PROD
TRAVEL FORM
NON-EMPLOYEE
PREPAYMENT SCREEN (TRP)
05-06-28
14:42:20
STATUS: SUBMITTED

FUNCTION: REV
FORM #: 306796
SSN:
PERSON #: 0018370

FIRST NAME MARGARET
M.I.
LAST NAME WILDENTHAL

START DATE: 050615
END DATE: 050625
FOREIGN TRIP (Y/N): Y

Place the cursor on 'CITY' and hit PF8 for Per Diem Destinations
and hit PF9 for USA Destinations.

DESTINATION DATA (1 OF 1)
050615 LONDON
ST COUNTY/COUNTRY MORE
ENGLAND

PURPOSE: ENGLAND - ATTEND OFFICIAL SPOUSE FUNCTIONS AT THE UNIVERSITY

BENEFIT: REPRESENT UT SOUTHWESTERN AS SPOUSE OF ITS PRESIDENT

---------------------------------- FMTR
---------------------------------- FF5=STOP
TRP:D - FORM: TRAVEL FORM
TRP:N - PROD: NON-EMPLOYEE PREPAYMENT SCREEN (TRP)
FUNCTION: CHG
FORM #: 306796
SSN: 
FNR: 
FIRST NAME: MARGARET
M.I.:
LAST NAME: WILDENTHAL
Person #: 0018370
START DATE: 050615
END DATE: 050625
FOREIGN TRIP (Y/N): Y

(PLEASE ENTER ADDITIONAL PURPOSE INFO):

DE: ENGLAND - ATTEND OFFICIAL SPOUSE FUNCTIONS AT THE UNIVERSITY
OF CAMBRIDGE ADVISORY BOARD MEETING;
FRANCE - VISIT MIR

(PLEASE PRESS <ENTER> TO RETURN)
MEMO CONTENTS:

Grant account number(s) used on this form: 59452

REASON: EXPENDITURE IS APPROPRIATE FOR THIS ACCOUNT.

***Entered By: PRASR 06/28/05 14:40:18.1

TRAIN/RAIL TICKET FROM LONDON TO PARIS TO MEET WITH JIR UNIV DONOR.

***ENTER BY: PRASR 06/28/05 14:40:55.9

PF1=HELP PF3=MENU PF4=STOP

PF5=GOTO:
TO: UT SOUTHWESTERN MEDICAL CENTRAL VR 01 DEC
TKT-MARGARET WILDENTHAL MC 9002
ATTN-PRISCILLA ALDERMAN X82508
5323 HARRY HINES BLVD McDermott BLDG
B12.100 - 12TH FLR STE 100
DALLAS TX 75230-9002
FOR: WILDENTHAL/MARGARET REF: 006750

**********************************************************************
RECEIVE A 15 PCT DISCOUNT AT THE PARKING SPOT - DALLAS / HOUSTON LOCATIONS WHEN YOU MENTION NAVIGANT AS YOUR TRAVEL AGENCY.
**********************************************************************
PLEASE KEEP EMAIL WITH THIS LINK UNTIL TRAVEL IS COMPLETED. FOR UPDATED INFORMATION, CLICK ON THE LINK.

AFTER TICKET IS ISSUED, ITINERARY CHANGES MAY RESULT IN AN ADDITIONAL FEE. THANKS,
**********************************************************************
**AMERICAN AIRLINES ELECTRONIC TICKET**
CONFIRMATION #C Y Y V B O*. IF YOU CANCEL YOUR TRIP OR YOUR TKT IS NOT USED, ADVISE THE TRAVEL OFFICE.
THE NAVIGANT AIRFARE IS = 1013.80
THE NON-REFUNDABLE SERVICE FEE IS = 32.00
THE INVOICE TOTAL FOR THIS TRIP IS = 1045.80
**********************************************************************

15 JUN 05 - WEDNESDAY
AIR AMERICAN AIRLINES FLT:78 BUSINESS AADV/MULTI MEALS
LV DALLAS FT WORTH 710P
DEPART: TERMINAL A

16 JUN 05 - THURSDAY
AR LONDON GATWICK ARRIVE: NORTH TERMINAL
WILDENTHAL/MARG SEAT-12A 1000A
NON-STOP

19 JUN 05 - SUNDAY
RAIL LV LONDON AR PARIS
TRAIN 9008ERS

CONFIRMATION 9392039

CONTINUED ON PAGE 2
SALES PERSON: ND  ITINERARY/INVOICE NO. 0678874  DATE: 29 MAR 05
CUSTOMER NBR: 2044310011  CYYVBO  PAGE: 02

TO: UT SOUTHWESTERN MEDICAL CIENZLCR 01DEC
  TKT-MARGARET WILDENTHAL MC 9002
  ATTN-PRISCILLA ALDERMAN X82505
  5323 HARRY HINES BLVD MCDEMMott BLDG.
  12100 - 12TH FLR STE 100
  DALLAS TX 75330-9002
  FOR: WILDENTHAL/MARGARET  REF: 006950

25 JUN 05 - SATURDAY
AIR AMERICAN AIRLINES  FLT:49  ECONOMY  MULTI MEALS
LV PARIS DE GAULLE
DEPART: AEROGARE 2 TERMINAL A
AR DALLAS FT WORTH
ARRIVE: TERMINAL A
WILDENTHAL/MARG. SEAT-21H AA-

23 SEP 05 - FRIDAY
OTHER NAVIGANT
THANK YOU FOR CHOOSING T03 NAVIGANT
FINAL PAYMENT  WILDENTHAL M
BILLED TO  173.50%

25 JUN 05 - SATURDAY
AIR AMERICAN AIRLINES  FLT:49  BUSINESS ADV/UMULTI MEALS
LV PARIS DE GAULLE
DEPART: AEROGARE 2 TERMINAL A
AR DALLAS FT WORTH
ARRIVE: TERMINAL A
WILDENTHAL/MARG
**SERVICE IMMEDIATELY ABOVE WAITLISTED**

<table>
<thead>
<tr>
<th>SUB TOTAL</th>
<th>173.50</th>
</tr>
</thead>
<tbody>
<tr>
<td>NET CC BILLING</td>
<td>173.50*</td>
</tr>
<tr>
<td>TOTAL AMOUNT DUE</td>
<td>0.00</td>
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</tbody>
</table>

CONTINUED ON PAGE 3
TO: UT SOUTHWESTERN MEDICAL CENTDLVR 01DEC
   TKT-MARGARET WILDENTHAL MC 9002
   ATTN:PRISCILLA ALDERMAN X82598
   5323 HARRY HINES BLVD MCDERMOTT BLDG
   B12.100 - 12TH FLR STE 100
   DALLAS TX 75230-9002
FOR: WILDENTHAL/MARGARET REF: 006950

FOR RESERVATIONS ASSISTANCE CALL 214-648-2614
OR 800-765-0978.

EXECUTIVE ID S-P6Y0

NO STATE RATE TO PARIS FOR 0005
COST OF TICKET.... 1013.00 YCATX STATE RATE
COST OF TICKET.... 173.50 TRAIN PASS LON-PAR
SERVICE FEE........ 32.00
TOTAL COST......... 1045.50

BANK ONE NUMBER -
TRO NUMBER -RR61505

FOR ACCOUNTING QUESTIONS, PLEASE CONTACT -
KEN THOMAS AT 214-648-8810 OR VIA EMAIL -
KENNETH.THOMAS@UTSOUTHWESTERN.EDU
CLICK ON THE APPROPRIATE LINK TO PRINT THIS
ITINERARY FOR YOUR RECORDS. NOTE THAT TRAVELERS
WILL BE REQUIRED TO PRESENT A GOVERNMENT-ISSUED PHOTO
ID ALONG WITH A BOARDING PASS OR TSA APPROVED SECURITY
DOCUMENT IN ORDER TO PASS THROUGH SECURITY CHECKPOINTS
AND INTO THE GATE AREA. EVENTUALLY ITINERARIES AND
E-TICKET RECEIPTS WILL NO LONG BE ACCEPTED.
VALID PASSPORT IS REQUIRED FOR THIS ITINERARY.
PASSPORT MUST BE VALID FOR 6 MONTHS BEYOND STAY.
FRANCE.....................00-800-72-14214
PRIOR TO DEPARTURE, SEE WWW.CDC.GOV FOR HEALTH INFO AND
WWW.TRAVEL.STATE.GOV FOR CURRENT TRAVEL ADVISORIES.
RECONFIRM INTL FLIGHTS 72HRS PRIOR DIRECT WITH CARRIER.
CHECK IN 2-3 HRS PRIOR FOR ALL INTERNATIONAL FLIGHTS.
IN THE EVENT OF A LOST/STOLEN PASSPORT, WE ADVISE THAT
YOU TRAVEL WITH A COPY OF THE VITAL INFO PAGES OF YOUR
PASSPORT ALONG WITH 2 PASSPORT SIZED PHOTOS.
FOR THE MOST CURRENT INFORMATION ON AIRPORT
SECURITY PLEASE CHECK WWW.TSA.DOT.GOV
87 SNEE

TICKET
EUROSTAR

CHECK-IN AT LEAST 30 MINUTES BEFORE DEPARTURE TIME

Dep 19Jun at 08H01 fr LONDON WATERLOO
Arr 19Jun at 11H53 to PARIS NORD
TO USE ON THE TRAIN 9088
NON EXCHANGEABLE/NON REFUNDABLE

Class 1 COACH 12 SEAT NUMBER 27
COACH 01CORRIDOR

Price per passenger 170.00

- AW-PG02AD 154767168363
- 46500485

DOCUMENT CHECKED-IN

19 JUN 2005

WIT 476716836

REI CHI

CA

25Mar2005 16H22

PNR: SDGVHG Page 1/1
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<th>ORIGINAL PAYEE</th>
<th>MAKER</th>
<th>AMOUNT</th>
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<tbody>
<tr>
<td>6890</td>
<td>8/8/05</td>
<td>UT Southwestern</td>
<td>Kern Wildenthal</td>
<td>173.50</td>
</tr>
</tbody>
</table>

**Payee**

**UT Southwestern**

**Amount**

One Hundred Seventy-Three $173.50 Dollars

**Compass Bank**

Dallas, Texas (TX)

**Credit ACCT NO:** 56942

**Account Name:** [Redacted]

**Principal Investigator:** Kern Wildenthal, MD, PhD

**Explanation:** Underwrite Expenses - Official Travel

**From:** Rebecca Rooney x82261.

**Forwarded To:** Patricia McLaughlin

**To:** Accounting

**Date Deposited:** 8/8/05

**Department:** Office of the President

**Department:** MC 9002

(REV 10/90)
August 11, 2005

Dr. and Mrs. Kern Wildenthal
UT Southwestern Medical Center
Office of the President
Mail Code 9002
CAMPUS MAIL

Dear Marnie and Kern:

On behalf of The University of Texas Southwestern Medical Center, I gratefully acknowledge receipt of your gift in the amount of $173.50. This donation was used to underwrite various official University activities at the Medical Center.

Thank you very much for your efforts in making these funds available and for your commitment to excellence in medical education at the Medical Center.

With best wishes and thanks again,

Sincerely,

Bill Bishop

BB:smn
Exhibit 28
July 25, 2005

Dr. and Mrs. Kern Wildenthal
UT Southwestern Medical Center
Office of the President
Mail Code 9002
CAMPUS MAIL

Dear Marnie and Kern:

On behalf of The University of Texas Southwestern Medical Center, I gratefully acknowledge receipt of your gift in the amount of $2,157.91. This donation will be used to underwrite various official University activities at the Medical Center.

All of us at the Medical Center sincerely appreciate your support. Thank you for your dedication to excellence and for your assistance in making these funds available for such a worthwhile purpose.

Sincerely,

Bill Bishop

BB:smn
CHARITABLE CONTRIBUTIONS
SUBSTANTIATION STATEMENT

This statement is provided to substantiate the charitable contribution made to The University of Texas Southwestern Medical Center by Kern Wildenthal, M.D., on 7/19/05 in the amount of $2,157.91 per check number 6879.

(X) No goods or services were provided to this donor.

( ) In exchange for the charitable contribution outlined above, the following goods and/or services were provided:

<table>
<thead>
<tr>
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<td></td>
<td>$</td>
</tr>
</tbody>
</table>

July 25, 2005

William G. Bishop
Vice President for Development
UT Southwestern Medical Center

Please Note: According to Internal Revenue Service guidelines, you will not be permitted to deduct this charitable contribution unless you have retained this written confirmation in your tax records.
KERN WILDENTHAL, M.D.
MARGARET D. WILDENTHAL

Pay to the
Order of

U.S. Savings

Twenty and 00/100 

Compass Bank
Dallas, Texas (923)

Signature

Date: 7-17-05

Signature

6879

$2152.91

¢

6879
### THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER AT DALLAS
CHECK/CASH TRANSMITTAL FORM

for accounting use

<table>
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<tr>
<th>CHECK #</th>
<th>DATE OF CHECK</th>
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<th>MAKER</th>
<th>AMOUNT</th>
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<tr>
<td>6879</td>
<td>07/19/05</td>
<td>UT Southwestern</td>
<td>Kern Wildenthal</td>
<td>$2,157.91</td>
</tr>
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Currency

Coin

Page Total: $2,157.91

Grand Total (if more than one page)

**CREDIT ACCT. No.:** 569425/PR  
**CODE:** 636

**ACCOUNT NAME:** Various Donors Account  
**PRINCIPAL INVESTIGATOR:** Kern Wildenthal

**EXPLANATION:** Underwrite Expenses

---

**FROM:** Marilyn McGlothlin x79087  
(deposited by) (ext)  
Gift Records  
(department)  
07/20/05  
(date deposited)

**FORWARDED TO:**

**TO: ACCOUNTING**

Distribution: Goldenrod — Preparer; Pink — Forward Acknowledgement; Green, Yellow, & White — Accounting

UTSMCD 3077 (Rev. 10/90)
Exhibit 29
FMTRSLP - PROD   ON-LINE TRAVEL PREPAYMENT   03/30/06
FMTRSLPM - FORM   MAIL CODE 9028
                    EXT. 80809

F. NUMBER: 334472   TRIP#: 0   REQ: JW 6278
T. ELER NAME: MARGARET   WILDENTHAL
PAYEE TYPE: V   PAYEE NUMBER: 06950105
PAYEE NAME: BANK ONE
ADDRESS: PO BOX 73661.
ADDRESS:
CITY: CHICAGO   ST: IL ZIP: 606737761
TOTAL AMOUNT: $1992.70
PICK UP BY DEPARTMENT (YES/NO) NO
PAYMENT DUE DATE: 04/11/06   START DATE: 20061026
I do hereby certify that the expense account as rendered on this Prepayment Voucher is true, correct and unpaid.
PAYEE SIGNATURE
SENT BY: REBECCA S. ROONEY
EXTENSION: 2146482261
DATE: 03/30/06

PRINTER(TID): PRESS <PF9> TO PRINT   PF6=RETURN
PF1=HELP   PF2=DOCU   PF3=MENU   PF4=STOP   PF5=GOTO:

REVIEWED/APPROVED:

EXECUTIVE VICE PRESIDENT FOR BUSINESS AFFAIRS

* Actual travel is next FY
(Oct/Nov 06)
<table>
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<tr>
<th>ITEM</th>
<th>I DATE</th>
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<th>ACCOUNT CODE</th>
<th>SUB</th>
<th>AMOUNT</th>
<th>PROJ</th>
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<td>0091730</td>
<td>594526</td>
<td>175</td>
<td>1960.70</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>ENGLAND &amp; AUSTRIA</td>
<td>10/26 - 11/4/06</td>
<td>ADDL ENCUMBR:</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>060303</td>
<td>0091730</td>
<td>594526</td>
<td>175</td>
<td>32.00</td>
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**TRAVELERS NAME:** (FIRST, MI, LAST) MARGARET WILDENHAL

**TOTAL:** $1992.70
PERSON: MARGARET WILDENTHAL

START DATE: 061026

END DATE: 061104

FOREIGN TRIP (Y/N): Y

PLACE THE CURSOR ON 'CITY' AND HIT PF8 FOR PER DIEM DESTINATIONS AND HIT PF9 FOR USA DESTINATIONS.

DESTINATION DATA (1 OF 1)

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<th>ST</th>
<th>COUNTY/COUNTRY</th>
<th>MORE</th>
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</thead>
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<tr>
<td>061026</td>
<td>LONDON</td>
<td></td>
<td>ENGLAND</td>
<td></td>
</tr>
</tbody>
</table>

PURPOSE: LONDON - VISIT ST. MARK'S HOSPITAL; VIENNA - VISIT THE

BENEFIT: REPRESENT UT SOUTHWESTERN AS THE SPOUSE OF UTSMC'S

PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO:
TRPNUED - FORM 
TRPNUEDM - PROD 
TRAVEL FORM - NON-EMPLOYEE PREPAYMENT SCREEN (TRP) 
06-03-30 
STATUS: SUBMITTED 
15:09:49 
FUNCTION: CHG 
FORM #: 334472 
SSN: 
PERSON #: 0018370 
FLG: 
FIRST NAME 
MARGARET 
M.I. 
LAST NAME 
WILDENTHAL 
START DATE 061026 
END DATE 061104 
FOREIGN TRIP (Y/N) Y 

PLEASE ENTER ADDITIONAL PURPOSE INFO: 

LONDON - VISIT ST. MARK'S HOSPITAL; VIENNA - VISIT THE UNIVERSITY OF VIENNA. 

(PLEASE PRESS <ENTER> TO RETURN).
TRPNED - FORM
TRPNEDM - PROD
FUNCTION: CHG
FORM #: 334472
SSN: 
Person #: 0013870

START DATE 061026  END DATE 061104  FOREIGN TRIP (Y/N) Y

PLEASE ENTER ADDITIONAL BENEFIT INFO:

REPRESENT UT SOUTHWESTERN AS THE SPOUSE OF UTSMC'S
PRESIDENT AND AS ASSOCIATE TO THE CHIEF ADMINISTRATIVE OFFICER OF UTSMC.

(PLEASE PRESS <ENTER> TO RETURN)
MEMO ATTACHED
TRPMEM
TRPMEMM - PROD
FUNCTION: GET
FORM #: 334472
STATUS: PAGE 1 OF 5

MEMO CONTENTS:
Grant account number(s) used on this form: 59452
REASON: EXPENDITURES ARE APPROPRIATE FOR THIS ACCOUNT.

***Entered By: PRARSK 03/30/06 15:07:51.9
NOTE: DR. WILDENTHAL HAS WRITTEN A CHECK (#6908) TO UT SOUTHWESTERN TO
UNDERWRITE THIS TRAVEL EXPENSE. A COPY OF THE CHECK IS ATTACHED TO BACKUP
FOR FILE.

***ENTERED BY: PRARSK 03/30/06 15:11:49.6

PF1=HELP PF3=MENU PF4=STOP PF5=GOTO:
TO: UT SOUTHWESTERN MEDICAL CEN DLVR G3MAR
     MARGARET WILDENTHAL NC 9002
     ATTN: FRISCILLA ALPERMAN XB2508
     5325 HARRY HINES BLVD McDERMOTT BLDG
     R12.100 - 12TH FLR STF 100
     DALLAS TX 75890-9002
     FOR: WILDENTHAL/MARIAFT RRF: 006950

****************************************
EMERGENCY ASSISTANCE SERVICES ARE AVAILABLE FOR
FACULTY, STAFF, AND STUDENTS TRAVELING TO INTER
ATIONAL DESTINATIONS ON OFFICIAL UT BUSINESS.
PRIOR TO TRAVEL, PLEASE ACCESS THE INTERNATIONAL
SOS WEB SITE: WWW.INTERNATIONALSOS.COM. ENTER UT MEMBERSHIP NUMBER 11856C006837 FOR PROGRAM DETAILS
YOU MAY ALSO CONTACT SUZAN YOUNGER 214-648-3575
FOR ADDITIONAL INFORMATION.
****************************************

****************************************
RECEIVE A 15% DISCOUNT AT THE PARKING SPOT -
DALLAS / HOUSTON LOCATIONS WHEN YOU MENTION
NAVIGANT AS YOUR TRAVEL AGENCY.
****************************************

PLEASE KEEP EMAIL WITH THIS LINK UNTIL TRAVEL IS
COMPLETED. FOR UPDATED INFORMATION, CLICK ON
THE LINK.

AFTER TICKET IS ISSUED, ITINERARY CHANGES MAY RESULT
IN AN ADDITIONAL FEE.

VALID PASSPORT IS REQUIRED FOR THIS ITINERARY.

**AMERICAN AIRLINES PAPER TICKET**
CONFIRMATION # XCV4W001. IF YOU CANCEL YOUR TRIP
OR YOUR TXT IS NOT USED, ADVISE THE TRAVEL OFFICE
THE NON-REFUNDABLE SERVICE FEE IS - 32.00
THE INVOICE TOTAL FOR THIS TRIP IS - 1920.70

****************************************
26 OCT 06 - THURSDAY
AIR AMERICAN AIRLINES FL: 50
LV DALLAS FT WORTH
DEPART: TERMINAL D

27 OCT 06 - FRIDAY
AR LONDON GATWICK
ARRIVE: NORTH TERMINAL
WILDENTHAL/MARGARET SEAT-25A

CONTINUED ON PAGE 2
TO: UT SOUTHWESTERN MEDICAL CENTRLVR 03MAR
  TKT-MARGARET WILDENTHAL MC 9002
  ATTN:FRISSCILLA ALDERMAN X82506
  5233 HARRY HINES BLVD MCDERMOTT BLDG
  R12.100 - 12TH FLR STE 100
  DALLAS TX 75230-9002
FOR: WILDENTHAL/MARGARET RFF: 006950

28 OCT 06 - SATURDAY
AIR BRITISH AIRWAYS FLT:2774 CLUB EXC IN UK MEALS
  LONDON-GATWICK 735A
  DEPART: NORTH TERMINAL
  ARR KRAKOW 1105A
  WILDEHENTHAL/MARG SEAT-3A AA-

31 OCT 06 - TUESDAY
AIR AUSTRIAN FLT:598 BUSINESS SNACK
  KRAKOW-VIENNA OPERATED BY TYROLEAN AIRWAYS 320P
  LV KRAKOW
  AR VIENNA 430P
  SEATS ARE AIRPORT CHECK IN ONLY
  OPERATED BY TYROLEAN AIRWAYS

04 NOV 06 - SATURDAY
AIR AUSTRIAN FLT:121 STANDARD MULTI MEALS
  LV VIENNA 700A
  AR FRANKFURT 830A
  ARRIVE: TERMINAL 1
  SEATS ARE AIRPORT CHECK IN ONLY

AIR AMERICAN AIRLINES FLT:71 ECONOMY
  LV FRANKFURT 1030A
  DEPART: TERMINAL 1
  ARR DALLAS FT WORTH 230P
  ARRIVE: TERMINAL D
  WILDEHENTHAL/MARG SEAT-22A AA-

03 MAY 06 - WEDNESDAY
OTHER DALLAS FT WORTH
THANK YOU FOR CHOOSING TQ NAVIGANT
MCO X08124571099
BILL TO 32.00*

R TICKETS AA1363454321/22 WILDEHENTHAL MARGARET
BILL TO 1,960.70*
CONTINUED ON PAGE 3
10: UT SOUTHWESTERN MEDICAL CENTDLVR 03MAR
TKT-MARGARET WILDENTHAL MC 9002
ATTN-PRISCILLA ALDERMAN X02508
5323 HARRY HINES BLVD MCDERMOTT BLDG
R12.100 - 12TH FLOOR STE 100
DALLAS TX 75235-9002
FOR: WILDENTHAL/MARGARET REF: 006950

03 MAY 06 - WEDNESDAY

SUB TOTAL
1,992.70

NET CC BILLING
1,992.70

TOTAL AMOUNT DUE
0.00

FOR RESERVATIONS ASSISTANCE CALL 214-648-2614
OR 800-765-0978.
EXECUTIVE ID S-PAY0

THAT NO FARE IS GUARANTEED UNTIL TICKETED.
COST OF TICKET...... 1960.70 NON REFUNDABLE
SERVICE FEE............. 32.00
TOTAL COST............ 1992.70

RANK ONE NUMBER - [Blank]
TRQ NUMBER - 102606

FOR ACCOUNTING QUESTIONS, PLEASE CONTACT -
KEN THOMAS AT 214-648-0910 OR VIA EMAIL -
KENNETH.THOMAS@UTSOUTHWESTERN.EDU
CLICK ON THE APPROPRIATE LINK TO PRINT THIS
ITINERARY FOR YOUR RECORDS. NOTE THAT TRAVELERS
WILL BE REQUIRED TO PRESENT A GOVERNMENT ISSUED PHOTO
ID ALONG WITH A BOARDING PASS OR TSA APPROVED SECURITY
DOCUMENT IN ORDER TO PASS THROUGH SECURITY CHECKPOINTS
AND INTO THE GATE AREA.
THIS IS THE ONLY FLIGHT AVAILABLE FOR UPGRADE WITH MILES

RECONFIRM INTL FLIGHTS 72 HRS PRIOR DIRECT W/CARRIER.
CHANGES MAY REQUIRE ENDORSEMENT ON TKT-ISSUING CARRIER.
CHECK IN 3 HRS PRIOR FOR ALL INTERNATIONAL FLIGHTS.
PLEASE CONFIRM FREQUENT FLYER NUMBERS UPON CHECK IN.

* PLEASE SEE WWW.CDC.GOV FOR HEALTH INFO AND *
* WWW.TRAVELSTATE.GOV FOR TRAVEL ADVISORIES. *

*KIMARY 00-800-72-147214
UKITED KINGDOM 00-800-72-147214

CONTINUED ON PAGE 4
TO: UT SOUTHWESTERN MEDICAL CENTER
    MARGARET WILDENTHAL, MC 9002
    ATTN: PRISCILLA ALCERMAN X92506
    5323 HARRY HINES BLVD KENNEDY BLDG
    #12 - 100 - 12TH FLOOR, STE 100
    DALLAS TX 75235-9002

FOR: WILDENTHAL/MARGARET

DATE: 03 MAR 06

PAGE: 04

ES PERSON: 71
ITINERARY/INVOICE NO. 00912780
(TOMER NBR. P044310011) MXCVMQ

OR YOU MAY CALL COLLECT........713-447-9848.

PRIOR TO DEPARTURE, SEE WWW.CDC.GOV FOR HEALTH INFO AND
WWW. TRAVEL. STATE.GOV FOR CURRENT TRAVEL ADVISORIES.
RECONFIRM INTL FLIGHTS 72 HRS PRIOR DIRECT WITH CARR. DR.
CHCK IN 2-3 HRS PRIOR FOR ALL INTERNATIONAL FLIGHTS.
IN THE EVENT OF A LOST/STOLEN PASSPORT, WE ADVISE THAT
YOU TRAVEL WITH A COPY OF THE VITAL INFO PAGES OF YOUR
PASSPORT ALONG WITH 2 PASSPORT SIZED PHOTOS.
FOR THE MOST CURRENT INFORMATION ON AIRPORT-
SECURITY PLEASE CHECK WWW.TSA.DOT.GOV

V3-RW
Exhibit 30
April 7, 2006

Dr. and Mrs. Kern Wildenthal
UT Southwestern Medical Center
Office of the President
Mail Code 9002
CAMPUS MAIL

Dear Marnie and Kern:

On behalf of The University of Texas Southwestern Medical Center, I gratefully acknowledge receipt of your gift in the amount of $1,992.70. This donation will be used to support various official University activities at the Medical Center.

You are exceptional supporters of UT Southwestern, and we are very grateful and proud. Thank you again for your generous contribution.

Sincerely yours,

Cynthia Bassel
Vice President for External Relations

Cynthia B. Bassel
CHARITABLE CONTRIBUTIONS
SUBSTANTIATION STATEMENT

This statement is provided to substantiate the charitable contribution made to The University of Texas Southwestern Medical Center by Kern Wildenthal, M.D., on 3/29/06 in the amount of $1,992.70 per check number 6908.

(X) No goods or services were provided to this donor.

() In exchange for the charitable contribution outlined above, the following goods and/or services were provided:

<table>
<thead>
<tr>
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<th>VALUE</th>
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</tbody>
</table>

April 7, 2006

William G. Bishop
Vice President for Development
UT Southwestern Medical Center

Please Note: According to Internal Revenue Service guidelines, you will not be permitted to deduct this charitable contribution unless you have retained this written confirmation in your tax records.
KERN WILDEINHAL, M.D.
MARGARET D. WILDEINHAL

Pay to the Order of UT Southwestern $1,992.70
One Thousand Niner Hundred Ninety-two Dollars

Compass Bank
Dallas, Texas (214)

For Transferance

Date 3-29-03

6908
Exhibit 31
June 19, 2006

Kenneth I. Shine, M.D.
Executive Vice Chancellor for Health Affairs
The University of Texas System
601 Colorado Street, OHH 204
Austin, Texas 78701-2982

Dear Ken,

At the May meeting of the Board of Regents, a new administrative requirement was adopted, namely that “all foreign travel ... must be approved in advance ... by the appropriate Executive Vice Chancellor for the presidents”.

I’m not sure what the exact format will be for these approvals, but until that is resolved, I think it would be prudent to secure your approval for the 3 foreign trips I am planning for 2006:

- July 20-27, 2006: to Cambridge, England (where I will be meeting with the Vice Chancellor and faculty of Cambridge University, on whose overseas advisory board I sit, and with the President and faculty of Hughes Hall, where I serve as an Honorary Fellow) and to London, England (to visit with the staff of the St. Mark’s Hospital).

- September 4-14, 2006 (including 4 vacation days): to Nice, France (where I will meet with Mrs. Wendy Reves, a major university donor, on whose foundation board I serve, to discuss foundation business and a major planned gift to UT Southwestern), and to Montpellier, France (where I will visit the University of Montpellier).

- October 26-November 4, 2006 (including 4 vacation days): to London, England (to meet with members of the British North America Committee, on whose board I serve, and to visit the Wellcome Library Trust) and to Vienna, Austria (to visit the University of Vienna).

My spouse will be accompanying me on these trips. She will engage in official spouse functions involved with the overseas advisory board of the University of Cambridge (July); with interactions with Mrs. Reves in connection with potential donations (September); and with spouse functions with the British North American Committee (October). However, I will be paying for all her expenses personally, and will not be seeking reimbursement from the University for any of her expenses.
Accordingly, I request your approval for these foreign trips. I also request authorization for reimbursement of the business-related components of the trips (excluding vacation-related components) for myself, but not for my spouse.

Sincerely yours,

Kern Wildenthal, M.D., Ph.D.

KW:mc

Approval: [Signature]  

Date: 6/24/06

Kenneth I. Shine, M.D.
Exhibit 32
FMTRSLP - PROD
FMTRSLPM - FORM
ON-LINE TRAVEL PREPAYMENT
MAIL CODE 9028
EXT. 80809

FMR NUMBER : 334462
TRIP#: 0
REQ: JW 6276

PAYEE NAME : MARGARET WILDENTHAL
PAYEE TYPE : V
PAYEE NUMBER: 08950105
ADDRESS: PO BOX 73661
CITY: CHICAGO
ST: IL
ZIP: 606737761
TOTAL AMOUNT: $ 3936.70
PAYMENT DUE DATE? 04/11/06
START DATE: 20060904
I do hereby certify that the expense account as rendered on this Prepayment Voucher is true, correct and unpaid.

PAYEE SIGNATURE
SENT BY : REBECCA S. ROONEY
EXTENSION : 2146482261
DATE: 03/30/06

VOUCHER # 
DATE 
VERIFIED BY 
ACCEPTED BY 

Accounting Use Only
ACCOUNT CODE AMOUNT

PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO:

* Actual travel is next FY (Sept 2006)

REVIEWED/APPROVED: John Roan
EXECUTIVE VICE PRESIDENT FOR BUSINESS AFFAIRS
<table>
<thead>
<tr>
<th>ITEM</th>
<th>DATE</th>
<th>INVOICE #</th>
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TRPNEDM - PROD
TRPNEED - FORM

TRAVEL FORM
NON-EMPLOYEE PREPAYMENT SCREEN (TRP)
STATUS: SUBMITTED
SSN: ___________
FN: ___________

FIRST NAME: MARGARET
M.I.: ___________
LAST NAME: WILDE/N/TAL

START DATE: 060904
END DATE: 060914
FOREIGN TRIP (Y/N): Y

Place the cursor on 'CITY' and hit PF8 for Per Diem Destinations and hit PF9 for USA Destinations.

DESTINATION DATA (1 OF 1)

DATE CITY ST COUNTY/COUNTRY MORE
060904 NICE FRANCE ___________

PURPOSE: VISIT WITH MAJOR UNIV DONOR.

BENEFIT: DONOR RELATIONS/DEVELOPMENT.

---------- FMTR MOR ----------
PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO:
Exhibit 33
April 7, 2006

Dr. and Mrs. Kern Wildenthal
UT Southwestern Medical Center
Office of the President
Mail Code 9002
CAMPUS MAIL

Dear Marnie and Kern:

On behalf of The University of Texas Southwestern Medical Center, I gratefully acknowledge receipt of your gift in the amount of $3,955.70. This donation will be used to support various official University activities at the Medical Center.

Your continued support of UT Southwestern is deeply appreciated, and we are very grateful. Thank you again for your generous contribution.

Sincerely yours,

[Signature]

Cynthia B. Bassel
CHARITABLE CONTRIBUTIONS
SUBSTANTIATION STATEMENT

This statement is provided to substantiate the charitable contribution made to The University of Texas Southwestern Medical Center by Kern Wildenthal, M.D., on 3/29/06 in the amount of $3,955.70 per check number 6909.

(X) No goods or services were provided to this donor.

() In exchange for the charitable contribution outlined above, the following goods and/or services were provided:

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</table>

April 7, 2006

William G. Bishop
Vice President for Development
UT Southwestern Medical Center

Please Note: According to Internal Revenue Service guidelines, you will not be permitted to deduct this charitable contribution unless you have retained this written confirmation in your tax records.
Pay to the Order of UT Southwestern $3955.70
Thirty-nine Hundred Fifty Five Dollars 70

Compass Bank
Dallas, Texas (214)

For Travel Expenses

[Signature]

6909
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CREDIT ACCT NO: 56942
ACCOUNT NAME: Various Donors
PRINCIPAL INVESTIGATOR: Kern Wildenthal MD PhD
EXPLANATION: Underwrite expenses.

FROM: Rebecca Rooney x82261
Office of the President

FORWARDED TO: Daniel J. More

TO: ACCOUNTING.

(date deposited) 3/30/06
Exhibit 34
ON-LINE TRAVEL VOUCHER

TRAVELER NAME: C KERN
PAYEE TYPE : E
ADDRESS:
CITY: ST: ZIP: Payment Due Date? 11/03/05
I certify the expense account as rendered on this Travel Voucher is correct and
unpaid. Payment has not been, nor will be received from any other source.
PAYEE SIGNATURE

Please review the following requirements prior to submitting to Accounting:

- Payee signature provided. Non-employee may provide separately signed
  reimbursement document.
- Original receipt for hotel bill or car rental provided. If submitting a
duplicate, add a brief explanation using MEM function.
- Registration - proof-of-payment AND registration form provided.
- Abstracts, books, etc. purchased at a conference should not be included on
  the travel voucher. Submit via CKR form with proof-of-payment.
- Convert foreign receipts to U.S. currency using rate within trip period.

Mail required documents and signed SLF to: Travel Accounting MC 9028
SENT BY : REBECCA S. ROONEY EXTENSION : 2146482261
PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO PF6=RETURN FORM APP

REVIEWED/APPROVED: JOHN ROAN, EXECUTIVE VICE PRESIDENT FOR BUSINESS AFFAIRS

Picked up check 11/3/05.

Rec'd check: [Signature] date: 11/3/05
TRVTRS - FORM  TRAVEL VOUCHER SUMMARY (TRS)  05-10-25  09:20:33
TRVTRSM - PROD  STATUS: SUBMITTED
UNCTION GET FORM #  317558  TRIP#  000000  PERS/SSN#  0017954  NonEmpType: 99
Traveler Name C KERN WILDENTHAL  Delivery: F Attach: M J _
destination NICE,*  Alt Enc Vou
urpose FRANCE - VISIT W/ UNIV DONOR; SPAIN - VISIT B > Pay Vou
Req# JW 5379  Dept/DIV PR A Proj ___ Fnl Vou N Route Y Total $  1888.57
Phone 2146482261 Req by ROONEY, R  Budget Cat  Print Date:
Start Date 05/09/27 End 05/10/07 Travel Days 11 Work Days 7 Vac. Days 4
Transportation  59452  200.55  200.55
Registration
Incidental Exp.  59452  202.59  202.59
Meals & Lodging  59452  1485.43  1485.43
Less: Direct Paid
Less: Host/Self Reported
Less: Honorarium Reported
Less: Advances
Less: Unallowable
Net Due Traveler  1888.57
FORWARD TO: 
ENTERED BY: PRARSR 05/10/20  LAST ACTIVITY: SUB BY: PRARSR 05/10/25
PF1=HELP PF2=DOCU PF3=MENU PF4=STOP PF5=GOTO: FORM APP
TRVDTL - FORM  TRAVEL VOUCHER FORM (DTL)  05-10-25  09:22:52  
TRVDTLM - FROD  STATUS: SUBMITTED  
ACTION  FORM# 317558  TRIP# 000000  PERS/SSN# 0017954  NonEmpType: 99  
Traveller (First, Mi, Last): C KERN WILDENTHAL  Attached: M J  
Address  Alt:  Delivery P E-Voucher:  
City  State  Zip  Pay You:  
Req# JW 5379 Phone 2146482261  Dept/Div PR A Project  Total $ 1888.57  
Req By ROONEY, R  Leave Time 11:00 A.M. Return Time 03:00 P.M.  
Start Date 050927 End 051007  Travel Days 11  Work Days 7  Vac. Days 4  
Number of Auto Travelers  Vacation Dates: From 050930 Thru 051003  
Auto Mileage Miles  Rate  0.110  Foreign Trip: Y  
Other Mileage Miles  Rate  Final Voucher: N  
Host/Self Paid(H/S/N)  Amt: By:  
Honorarium/Consultant/Lecture (H/C/L/N)  Amt:  Print Date:  
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PF1=HELP  PF2=DOCU  PF3=MENU  FF4=STOP  PF5=GOTO: FORM APP
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<tr>
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Purposes:

France - visit w/ Univ donor; Spain - Visit Barcelona Lyceum Staff.

Purpose: FRANCE
Benefit: REPRESE

Hit ENTER to return to full screen

Hit PF8 to list per diem dest., PF9 to list US dest.

REQ ___ ('RET' or PF10 TO RETURN)
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**Benefits:**
- REPRESENT UT SOUTHWESTERN AND ITS INTERESTS AS ITS PRESIDENT AND ENHANCE UNIV/DONOR RELATIONS.

**Purpose:** FRANCE

**Benefit:** REPRES
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Purpose: FRANCE - VISIT W/ UNIV DONOR; SPAIN - VISIT BARCELONA
Benefit: REPRESENT UT SOUTHWESTERN AND ITS INTERESTS AS ITS

Hit PF8 to list per diem dest., PF9 to list US dest.
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Comments: __________ (TYPE 'RET' TO EXIT)

PF7 = Prev Page    PF8 = Next Page    PF10 = Exit
Explanations for exceeding per diem:

OVERAGE APPROVED BY THE PRESIDENT OF UT SOUTHWESTERN.

***Entered by: PRARS 10/20/05 12:49:22.6

Explanation for exceeding per diem:

OVERAGE APPROVED BY THE PRESIDENT OF UT SOUTHWESTERN.

***Entered by: PRARS 10/20/05 12:49:58.4

NOTES REGARDING TRAVEL:

9/27/05 - $20 DINNER IN NEW YORK, NY AIRPORT BETWEEN FLIGHTS; NO LODGING CHARGES AS IN-FLIGHT TO NICE, FRANCE.

10/6/05 - SPENT NIGHT IN ZURICH, SWITZERLAND AT THE ZURICH AIRPORT HILTON ON THE RETURN HOME (ZURICH NOT REALLY A TRAVEL DESTINATION, BUT AN OVERNIGHT STAY ON THE RETURN TRIP).

***ENTER BY: PRARS 10/24/05 14:01.09.8

EXCHANGE RATES USED:

1 EURO = $1.323

1 SWISS FRANC = $0.80804

***ENTER BY: PRARS 10/24/05 14:07:59.8

CAR RENTAL CHARGED TO CORPORATE VISA.

PF1-HELP PF3=MENU PF4=STOP PF5=GOTO:
Exhibit 35
TRPMMEM - TRAVEL FORM MEMO
FUNCTION: FORM #: 314567
MEMO CONTENTS:
Grant account number(s) used on this form: 59452
REASON: EXPENDITURES ARE APPROPRIATE FOR THIS ACCOUNT.
***Entered By: PRARS 09/22/05 16:53:27.1
TRAVEL ITEM DETAIL:
1) AIRFARE SCHEDULE CHANGE FEE - OFFCL TRVL FOR KERN WILDENTHAL TO STANFORD/
Palo Alto/San Francisco, CA 8/18-8/20/05. PURPOSE: TO VISIT CALIFORNIA
Pacific Hospital and Stanford Medical Center and meet with a MJR UNIV DONOR.
BENEFIT: REPRESENT UT SOUTHWESTERN AS ITS PRESIDENT AND UNIVERSITY/DONOR
RELATIONS.
2) AIRFARE SCHEDULE AND SEAT CHANGE FEE - OFFCL TRVL FCR MARGARET WILDENTHAL
TO NICE, FRANCE AND BARCELONA, SPAIN 9/27-10/7/05. PURPOSE: TO VISIT MJR
UNIVERSITY DONOR. BENEFIT: UNIVERSITY/DONOR RELATIONS. MARGARET WILDENTHAL
IS THE SPOUSE OF KERN WILDENTHAL, PRESIDENT OF UT SOUTHWESTERN AND HOLDS THE
TITLE OF ASSOCIATE TO THE CHIEF ADMINISTRATIVE OFFICER OF UTSMC. NOTE: DR.
WILDENTHAL HAS WRITTEN A CHECK TO UT SOUTHWESTERN TO UNDERWRITE THIS EXPENSE.
A COPY OF THE CHECK IS ATTACHED TO BACKUP FOR FILE.
3) AIRFARE - OFFCL TRVL FOR MARGARET WILDENTHAL TO PHILADELPHIA, PA 10/20-
10/23/05. PURPOSE: TO ATTEND MEETING OF THE BRITISH NORTH AMERICA COMMITTEE.
PF1=HELP PF3=MENU PF4=STOP
PF5=GO TO: FORM APP
MEMO CONTENTS:

***ENTER BY: PRARSR 09/22/05 17:02:47.4

BENEFIT: REPRESENT UT SOUTHWESTERN IN HER POSITION AS ASSOCIATE TO THE CHIEF

ADMINISTRATIVE OFFICER OF UTSMC.

***ENTER BY: PRARSR 09/22/05 17:04:19.0
Exhibit 36
September 23, 2005

Dr. and Mrs. Kern Wildenthal
UT Southwestern Medical Center
Office of the President
Mail Code 9002
CAMPUS MAIL

Dear Marnie and Kern:

On behalf of The University of Texas Southwestern Medical Center, I gratefully acknowledge receipt of your gift in the amount of $1,150.37. This donation was used to underwrite various official University activities at the Medical Center.

All of us at the Medical Center sincerely appreciate your support. Thank you for your dedication to excellence and for your assistance in making these funds available for such a worthwhile purpose.

Sincerely,

Bill Bishop

BB:smn
CHARITABLE CONTRIBUTIONS
SUBSTANTIATION STATEMENT

This statement is provided to substantiate the charitable contribution made to The University of Texas Southwestern Medical Center by Kern Wildenthal, M.D. or 9/19/05 in the amount of $1,150.37 per check number 7063.

(X) No goods or services were provided to this donor.

( ) In exchange for the charitable contribution outlined above, the following goods and/or services were provided:

<table>
<thead>
<tr>
<th>ITEM</th>
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</table>

September 23, 2005

William G. Bishop
Vice President for Development
UT Southwestern Medical Center

Please Note: According to Internal Revenue Service guidelines, you will not be permitted to deduct this charitable contribution unless you have retained this written confirmation in your tax records.
KERN WILDENTHAL, M.D.
MARGARET D. WILDENTHAL

Pay to the Order of UT Southwest $ 1150.59
Eleven Hundred Fifty 05/01...Dollars

Compass Bank
Dallas, Texas (214)

For Official Treatment/Insurance
W. W. Wildenthal, M.D.
## CHECK/CASH TRANSMITTAL FORM

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<tr>
<th>CHECK #</th>
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<th>ORIGINAL PAYEE</th>
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<td>7063</td>
<td>9-19-05</td>
<td>UT Southwestern</td>
<td>Kern Wildenthal</td>
<td>$1,150.37</td>
</tr>
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</table>

**Currency:**

**Coin:**

**Page Total:** $1,150.37

**Grand Total:**

---

**CREDIT ACCT NO:** 56942

**ACCOUNT NAME:** Various Donors

**PRINCIPAL INVESTIGATOR:** Kern Wildenthal MD PhD

**EXPLANATION:** Underwrite Expenses

---

**FROM:** Rebecca Rooney  x2261

**Office of the President**

**DATE DEPOSITED:** 9-19-05  MC 9002

**FORWARDED TO:**

**DATE RECEIVED:** 9/19/05  Gift Records

**TO:** ACCOUNTING

**DATE RECEIVED:**

---

REV 10/80
Exhibit 37
July 25, 2005

Dr. and Mrs. Kern Wildenthal
UT Southwestern Medical Center
Office of the President
Mail Code 9002
CAMPUS MAIL

Dear Marnie and Kern:

On behalf of The University of Texas Southwestern Medical Center, I gratefully acknowledge receipt of your gift in the amount of $2,157.91. This donation will be used to underwrite various official University activities at the Medical Center.

All of us at the Medical Center sincerely appreciate your support. Thank you for your dedication to excellence and for your assistance in making these funds available for such a worthwhile purpose.

Sincerely,

Bill Bishop

BB:smn
CHARITABLE CONTRIBUTIONS
SUBSTANTIATION STATEMENT

This statement is provided to substantiate the charitable contribution made to The University of Texas Southwestern Medical Center by Kern Wildenthal, M.D., on 7/19/05 in the amount of $2,157.91 per check number 6879.

(X) No goods or services were provided to this donor.

( ) In exchange for the charitable contribution outlined above, the following goods and/or services were provided:

<table>
<thead>
<tr>
<th>ITEM</th>
<th>VALUE</th>
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<td>$ ___________</td>
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<tr>
<td></td>
<td>$ ___________</td>
</tr>
</tbody>
</table>

July 25, 2005

William G. Bishop
Vice President for Development
UT Southwestern Medical Center

Please Note: According to Internal Revenue Service guidelines, you will not be permitted to deduct this charitable contribution unless you have retained this written confirmation in your tax records.
KERN WILDENTHAL, M.D.
MARGARET D. WILDENTHAL

Pay to the Order of: [redacted] $2,157.91
Twenty-One Thousand Five Hundred Seventy-One
91/100 Dollars

Compass Bank
Dallas, Texas (23)

[Signature]

[Redacted]

6879
# THE UNIVERSITY OF TEXAS
SOUTHWESTERN MEDICAL CENTER AT DALLAS
CHECK/CASH TRANSMITTAL FORM

for accounting use

<table>
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<tr>
<th>CHECK #</th>
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| Currency | Coin          |                       |                     |          |

Page Total: $2,157.91

Grand Total (if more than one page)

CREDIT ACCT. No.: 569425/PR

ACCOUNT NAME: Various Donors Account

PRINCIPAL INVESTIGATOR: Kern Wildenthal

EXPLANATION: Underwrite Expenses

FROM: Merilyn McGlothlin x79087
(deposited by) (ext)
Gift Records (department)
07/20/05 (date deposited)

FORWARDED TO: (received by)

TO: ACCOUNTING

Distribution: Goldenrod — Preparer; Pink — Forward Acknowledgement; Green, Yellow, & White — Accounting
Exhibit 38
August 31, 2006

Kern Wildenthal, M.D., Ph.D.

Dear Dr. Wildenthal,

I write to acknowledge payments made directly to outside vendors by you totaling $17,635.24 during the period January 1, 2006 through August 31, 2006, for the purpose of underwriting the costs of various official University activities, including official travel on behalf of the University, official entertainment of University donors and individuals being recruited to the University, items used as the University’s expressions of appreciation to donors, membership dues in civic organizations, telephone and fax usage, and purchase of supplies for use by University personnel in the scope of their duties.

On behalf of UT Southwestern, I express our gratitude for your contributions toward underwriting these important activities on behalf of the institution.

Sincerely yours,

Cynthia B. Bassel
Exhibit 39
December 29, 2006

Kern Wildenthal, M.D., Ph.D.

Dear Dr. Wildenthal,

I write to acknowledge payments made directly to outside vendors by you totaling $16,661.40 during the period August 15, 2006 through December 29, 2006, for the purpose of underwriting the costs of various official University activities, including official travel on behalf of the University, official entertainment of University donors and individuals being recruited to the University, items used as the University's expressions of appreciation to donors, membership dues in civic organizations, telephone and fax usage, and purchase of supplies for use by University personnel in the scope of their duties.

On behalf of UT Southwestern, I express our gratitude for your contributions toward underwriting these important activities on behalf of the institution.

Sincerely yours,

Cynthia B. Bassel
December 31, 2007

Kern Wildenthal, M.D., Ph.D.

Dear Dr. Wildenthal,

I write to acknowledge payments made by you totaling $19,710.74 during the period January 1, 2007 through December 31, 2007, for the purpose of underwriting the costs of various official University activities, including official travel on behalf of the University, official entertainment of University donors and individuals being recruited to the University, items used as the University’s expressions of appreciation to donors, membership dues in civic organizations telephone and fax usage, and purchase of supplies for use by University personnel in the scope of their duties.

On behalf of UT Southwestern, I express our gratitude for your contribution toward underwriting these important activities on behalf of the institution.

Sincerely yours,

\[Signature\]
Cynthia B. Bassel

CBB
Exhibit 40
March 28, 2007

Dr. and Mrs. Kern Wildenthal
UT Southwestern Medical Center
Office of the President
Mail Code 9002
CAMPUS MAIL

Dear Marnie and Kern:

On behalf of UT Southwestern Medical Center, I gratefully acknowledge receipt of your gift in the amount of $10,000.00. This donation will be used to support various official University activities at the Medical Center.

All of us at the Medical Center sincerely appreciate this generous donation.

Sincerely yours,

Bill Bishop

BB:lmf
Bank of America
Cashier's Check
No. 2410959

Date: MARCH 20, 2007

Pay $10,000.00
To The Order of **DR. KENN WILDENTHAL**

**PRESIDENT OF UT SOUTHWESTERN**

Authorized Signature

Bank of America, N.A.
San Antonio, Texas

VOID AFTER 90 DAYS

THE ORIGINAL DOCUMENT HAS REFLECTIVE WATERMARK ON THE BACK

THE ORIGINAL DOCUMENT HAS REFLECTIVE WATERMARK ON THE BACK
<table>
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<tr>
<th>CHECK #</th>
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<td>$10,000.00</td>
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Currency

Coin

Page Total $10,000.00

Grand Total (if more than one page)

CREDIT ACCT. No.: 569425/PR

ACCOUNT NAME: Various Donors Account

EXPLANATION: Donation

FROM: Marilyn McGlothlin x79087

FORWARDED TO:

TO: ACCOUNTING

(deposited by) (ext) Gift Records (received by)

(department) (date deposited)

Distribution: Goldenrod — Preparer; Pink — Forward Acknowledgement; Green, Yellow, & White — Accounting

UTSMCD 3077 (Rev. 10/90)
January 30, 2008

Kern Wildenthal, M.D., Ph.D.
UT Southwestern Medical Center
Office of the President
Mail Code 9002
CAMPUS MAIL

Dear Dr. Wildenthal:

On behalf of UT Southwestern Medical Center, I gratefully acknowledge receipt of a gift in the amount of $10,000.00 made out to you and endorsed by you to UT Southwestern. Your donation will be used to support activities at UT Southwestern.

The success of UT Southwestern in maintaining the excellence of its programs depends to a significant degree upon the ongoing commitment of our friends and supporters. All of us at the Medical Center sincerely appreciate your contribution.

Sincerely,

Ruben E. Esquivel

REE: tah

This statement is provided to substantiate the charitable contribution made to UT Southwestern Medical Center by Kern Wildenthal, M.D. on 1/14/08 in the amount of $10,000.00 per check number 2941398. No goods or services were provided to this donor.
<table>
<thead>
<tr>
<th>CHECK #</th>
<th>DATE OF CHECK</th>
<th>ORIGINAL PAYEE</th>
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<td>UT Southwestern</td>
<td>Kern Wildenthal</td>
<td>$10,000.00</td>
</tr>
</tbody>
</table>

Currency

Coin

Page Total $10,000.00

Grand Total (if more than one page)

CREDIT ACCT. No.: 569425/PR

ACCOUNT NAME: Various Donors Account

PRINCIPAL INVESTIGATOR: Kern Wildenthal

EXPLANATION: Donation

FROM: Merilyn McGlothlin x79087

(deposited by) (ext) Gift Records (department)

01/15/08 (date deposited) (received by)

FORWARDED TO: TO: ACCOUNTING

(received by) (department) (received by) (date received)

Distribution: Goldenrod — Preparer; Pink — Forward Acknowledgement; Green, Yellow, & White — Accounting

UTSMCD 3077 (Rev. 05/07)
1. Title

Conflicts of Interest Policy

2. Policy

Sec. 1 Policy Statement. The mission of The University of Texas System Administration is to lead and serve the U. T. System academic and health institutions to create and sustain excellence in educational opportunities, research, and health care. In support of that mission, we value and are committed to maintaining high standards of excellence, integrity, and accountability in our conduct. This conflicts of interest policy is intended to enhance the ability of the employees of U. T. System Administration to act ethically in accordance with those values and with the law, and to fulfill our obligation to be good stewards of the resources that have been entrusted to us. This policy provides an executive summary of conflict of interest laws, rules, and policies, all of which are intended to preserve the public trust in our integrity by preventing bias or the appearance of bias in our decision-making.

Sec. 2 Other Information on Ethical Behavior. This policy addresses only conflicts of interest. Other ethical issues may arise, such as issues related to the use of government resources, sexual harassment, political activities, legislative lobbying, and the use of confidential information. Those issues are fully discussed in the U. T. System Standards of Conduct Guide. Additional information may be found on the website of the Office of General Counsel at www.utsystem.edu/oqc/ethics.

Sec. 3 Recommendation and Adoption of Policy. This policy was initially recommended by the U. T. System Administration Conflicts of Interest Task Force, which was formed at the direction of Chancellor Yudof in June 2007. It is adopted pursuant to the recommendation of the Task Force and also pursuant to Section 572.051, Texas Government Code (Standards of Conduct; State Agency Ethics Policy).

Sec. 4 Prohibitions on Activities Constituting a Conflict of Interest.

4.1 Gifts.

(a) There are two standards under Texas law governing gifts – (1) a general standard of conduct that applies to all employees and (2) a criminal standard that applies only to those persons who make recommendations or decisions about contracts and other financial transactions.
(b) Under the general standard, you should not accept or solicit any gift, favor, or service that might reasonably tend to influence you in the discharge of official duties or that you know or should know is being offered with the intent to influence official conduct. This standard applies even though the donor is not asking you to do something in exchange for the gift. A gift is anything of value, and includes tickets to entertainment or sporting events, expenses for a trip, and food. Acceptance or solicitation of a gift in violation of this standard is not a criminal offense, but is grounds for discipline, including termination.

(c) Criminal penalties may apply to persons who make recommendations or decisions about U. T. System’s financial transactions. If those are your job duties, you may not accept a gift from an individual or entity that is interested in or likely to become interested in that transaction, with limited exceptions. Under those exceptions, it is not a criminal offense to accept the following type of gift if the gift is not given in exchange for your official action (it is never lawful to accept a gift in exchange for official action):

i. non-cash items worth less than $50;

ii. a gift from a person such as a relative, friend, or business associate with whom you have a relationship independent of your official status, if the gift is given on account of that relationship rather than your official status; and

iii. food, lodging, transportation, or entertainment in any amount if you accept them as a “guest,” which means the donor must be present.\(^1\)

(d) Note that even though you may accept a gift described above without committing a crime, acceptance of the gift may still violate the general standard of conduct and constitute grounds for discipline.

(e) Additional restrictions apply if the gift is from a student loan lender. The definition of “student loan lender” is very broad and covers entities that may not traditionally be thought of as

---

\(^1\) The law provides additional prohibitions if the donor is a lobbyist registered with the Texas Ethics Commission. It is advisable to consult the Office of General Counsel before accepting a gift from a lobbyist.
student loan lenders. You should consult U. T. System's Office of General Counsel to determine if the proposed gift from the student loan lender is permissible.

(f) It is important to remember that even though the acceptance of a gift may not constitute a crime, it may appear to the public that a gift has influenced you in performing your job. You should not accept any gift that could appear to influence your official conduct, even if the gift is technically legal.

Summary: Do not accept any gift that could appear to influence your official conduct.

4.2 Outside Employment or Compensation.

(a) You should not accept other employment or compensation that could reasonably be expected to impair your independence of judgment in performing your official duties. Your primary responsibility is the accomplishment of the duties and responsibilities assigned to your position at U. T. System Administration. External consulting or outside employment that interferes with those duties and responsibilities should not be accepted. Any outside employment, including self-employment, or employment by another state agency, must first be approved by your department head. You must request approval by filing a form with your department head that describes the nature and extent of the outside employment. Your department head will then determine whether the contemplated employment would create a conflict of interest or the appearance of a conflict of interest between your outside commitments and your responsibilities to U. T. System.

(b) Additionally, you should not accept other employment or engage in a business or professional activity that you might reasonably expect would require or induce you to disclose confidential information acquired through your official position.

Summary: Do not accept outside employment that interferes with your responsibilities to U. T. System. Any outside employment must first be approved by your department head.

4.3 Outside Board Service. Outside board service is generally deemed to be in the best interest of U. T. System because it broadens the experience of the individuals involved and
exposes U. T. System to a larger audience of business, civic, professional, and social leaders. However, recognizing that your primary duty is the performance of your job at U. T. System, the position may not create a conflict of interest and may not impose an unreasonable time requirement. You must request a conflict of interest evaluation from the Vice Chancellor and General Counsel and must also obtain approval from your direct supervisor before accepting a position on an outside board covered by UTS123, *Policy on Service on Outside Boards*. The Chancellor and executive officers are subject to certain additional provisions, including the requirement to file a report on outside board service with the Office of the Chancellor in September of each year.

**Summary:** Do not accept a position on an outside board that creates a conflict of interest or that imposes an unreasonable time commitment. Any outside board service covered by UTS123, *Policy on Service on Outside Boards* must first be evaluated by the Vice Chancellor and General Counsel for conflicts of interest and then approved by your direct supervisor.

4.4 Honoraria. You may not accept an honorarium for services you would not have been asked to provide but for your official status. For example, you may not accept a gift or payment for giving a speech if you would not have been asked to provide the speech but for your official position. However, you may accept meals, transportation, and lodging in connection with your services as long as the services are more than merely perfunctory or superficial. Also, you may accept a gift of very minimal value, such as a plaque or coffee cup.

**Summary:** Do not accept an honorarium for services you would not have been asked to provide but for your official position.

4.5 Personal Investments.

(a) You should not make personal investments that could reasonably be expected to create a substantial conflict between your private interest and the public interest. This means that you should not have a direct or indirect financial interest in a business that conflicts with U. T. System's interests or that might influence how you do your job. Some financial interests may be so indirect or so minimal that they do not create conflicts of interest, such as ownership of a minimal amount of stock in a company or an investment in a publicly traded mutual fund in which you do not exercise
discretion regarding the investment of the assets of the fund. If you are not sure whether a particular investment creates a conflict of interest, you should ask your supervisor or consult with the Office of General Counsel.

(b) If you do have an interest in a business that you think might constitute a conflict of interest, disclose that interest to your supervisor. In some cases, you may be able to cure the conflict by not participating in any decision concerning that business. However, if the conflict is significant, you may be required to divest yourself of the interest that causes the conflict.

Summary: Do not make personal investments that create a substantial conflict between your private interest and the public interest.

4.6 Self-dealing/Transactions with Employees.

(a) You may not transact any business in an official capacity with any business entity of which you are an officer, agent, or member, or in which you own a substantial interest.

(b) Additionally, before U. T. System may purchase any supplies, materials, services, equipment, or property from you, the Chancellor must approve the purchase, and the purchase may be made only if the cost is less than from any other known source.

Summary: Do not transact public business with your private business. The Chancellor must approve any purchases from you, and the purchase may be made only if the cost is less than from any other known source.

4.7 Benefits for Performing Official Duties. You should not intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised your official powers or for having performed your official duties in favor of another. If the benefit was given in exchange for an official act, it could constitute the criminal offense of bribery.

Summary: Do not accept a benefit for having done your job in favor of another.

Sec. 5 Making Required Disclosures. Familiarize yourself with any disclosures required by law, rule, or policy. Your position with U. T.
System and your contemplated activity will determine which disclosure statements are required. Complete and file any required disclosure statements in a timely fashion. If you have any questions regarding disclosure requirements, contact your supervisor.

Sec. 6 Consequences for Violations. There are consequences for failing to comply with conflict of interest laws, rules, or policies. The law provides that appropriated money may not be used to compensate an employee who violates the standards of conduct. Failure to comply is grounds for disciplinary action by U. T. System, including termination of employment. Additionally, civil and criminal penalties may apply under certain circumstances.

Summary: You may be subject to disciplinary action or civil or criminal penalties for violating a conflict of interest law, rule, or policy.

Sec. 7 Application of Other Conflict of Interest Policies, Contract Provisions, Agreements, Laws, or Rules. This policy does not rescind any policy provided by U. T. System Administration, any departmental policy, any contract provision, or any law or rule that is more specific or more restrictive concerning conflicts of interest. You are required to comply with the more specific or restrictive policy, contract provision, agreement, law, or rule.

Sec. 8 Raising Questions or Reporting Violations of this Policy.

8.1 If you have questions about an actual or potential conflict of interest, you may ask your supervisor. Additionally, you may always contact the Office of General Counsel with any conflict of interest questions at 512-499-4462.

8.2 You should report any suspected wrongdoing to your department head or to the U. T. Systemwide Compliance Officer, the compliance coordinator, or a compliance committee member. You may also report suspected violations on a toll-free hotline (1-877-217-2426). You may not be retaliated against for a good-faith report of suspected wrongdoing. Detailed information on reporting possible violations may be found in the U. T. System Standards of Conduct Guide.

Sec. 9 Acknowledging this Policy. You must acknowledge this policy upon initial receipt of the policy and thereafter by September 30 of each odd-numbered year. You will be notified of your acknowledgment requirement.

Sec. 10 Distribution of this Policy to U. T. System Administration Employees.
10.1 The Office of Employee Services must distribute a copy of this policy, a copy of Subchapter C, Chapter 572, *Texas Government Code*, and a copy of Sections 556.004, 556.005, 556.006, 556.007, and 556.008, *Texas Government Code*, to each new employee by the third business day after beginning employment, and to each new officer by the third business day after qualifying for office.

10.2 The Office of Employee Services must also distribute the copies referenced immediately above to each employee by September 1 of each odd-numbered year.

10.3 The Office of Employee Services must ensure that each employee acknowledges receipt of this policy and the laws referenced immediately above within a reasonable time after each distribution. The form of the acknowledgment that must be used is attached under Item 5 of this policy.

3. Definitions

Conflict of Interest - a conflict of interest exists when you owe a professional obligation to U. T. System that is or might be compromised by the pursuit of outside interests. Outside interests, such as professional activities, personal financial interests, or the acceptance of gifts from third parties, can create conflicts between the interests of U. T. System and your private interests and may prevent you from making decisions that are in the best interest of U. T. System. Even if those outside interests do not actually impair your ability to act in the best interest of U. T. System, it may appear to the public that your independence of judgment has been affected.

4. Relevant Federal and State Statutes

Chapter 572, *Texas Government Code* (Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest), particularly Section 572.051 (Standards of Conduct; State Agency Ethics Policy)

Chapter 36, *Texas Penal Code* (Bribery and Corrupt Influence)

Section 2113.014, *Texas Government Code* (Employee Standards of Conduct)

Chapter 305, *Texas Government Code* (Registration of Lobbyists)

20 U.S.C. Section 1019b(c)(2)

20 U.S.C. Section 1094(a)(25) and (e)
5. **Relevant System Policies, Procedures, and Forms**

Board of Regents' *Rules and Regulations*, Rule 30103 (Standards of Conduct)

Board of Regents' *Rules and Regulations*, Rule 30104 (Conflict of Interest)

UTS109, *Chancellor and Presidents of The University of Texas System: Financial Disclosure and Conflict of Interest Statement*

UTS110, *Employees of The University of Texas System: Financial Disclosure and Conflict of Interest Statement*

UTS123, *Policy on Service on Outside Boards*

UTS131, *Protection from Retaliation for Reporting Suspected Wrongdoing*

UTS134, *Code of Ethics for Financial Officers and Employees*

UTS159, *Purchasing*

UTS171, *Student Financial Aid Code of Conduct*

UTS175, *Disclosure of Significant Financial Interests and Management and Reporting of Financial Conflicts of Interest in Research*

INT129, *Outside Employment*

**Acknowledgment**

6. **Who Should Know**

All employees of U. T. System Administration

7. **System Administration Office(s) Responsible for Policy**

Office of General Counsel

8. **Dates Approved or Amended**

November 27, 2007

November 17, 2011

Editorially Amended January 31, 2012

9. **Contact Information**

Questions or comments about this policy should be directed to:
• bor@utsystem.edu