

Office of Internal Audit

Travel and Hospitality Review
Office of the President
08/20/2024

OBJECTIVE

This review aims to perform a sample testing of the Office of the President (OOP) travel and hospitality transactions for compliance with applicable systemwide and campus policies and procedures.

SCOPE

Travel and hospitality transactions were queried based on CFS Data Warehouse department ID #1082. This review focused on expenses incurred between June 1, 2023, and March 31, 2024. These transactions were paid via procurement card, purchase order, or direct pay using campus or auxiliary funds.

The Office of Internal Audit (OIA) reviewed 25 travel expenses totaling $8,015. Also, from the miscellaneous operating expenses population, OIA reviewed 40 hospitality expenses totaling $183,473.

CONCLUSION

Based on the work performed within the scope of this review, OIA concluded that adequate controls exist over OOP travel and hospitality expenses; however, we noted opportunities to further improve and strengthen these controls. We also determined that no fiscal improprieties were found within the scope of this review.

It should be noted that OIA performs an annual review of OOP travel and hospitality expenses[1]. Further, the campus Travel Office and Accounts Payable department continue to build upon the significant improvements to travel and hospitality processes implemented since January 2020[2].

OIA shared the results of this internal review to OOP in August 2024, as well as, management of the Travel Office and Accounts Payable department[3] in July 2024. At this time, no formal responses were required by OIA; however, we recommended that OOP management review all observations and take appropriate actions to remediate or mitigate the associated risks.

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1 Refer to https://www.csusm.edu/audit/documents/oop-th-review-summary-10-26-23-final.pdf for the 2023 OOP Travel and Hospitality Review.

2 Beginning January 2020, CSUSM implemented significant changes to travel and hospitality processes, including restructuring of the travel department, implementation of Concur (travel software) and Adobe Sign (digital e-signature software), revision and consolidation of state and auxiliary travel, hospitality, and procurement card guidelines and forms, and streamlining of the direct pay processes.

3 On August 1, 2024, the Accounts Payable department moved from Business and Financial Services subdivision to the Administration subdivision (also oversees Travel Office) to better align procurement and disbursement processes with the upcoming implementation of CSUBUY Procure-to-Pay software system.

OBSERVATIONS[4] AND RECOMMENDATIONS

TRAVEL

Travel Expenses Lacked Business Justification[5]

Of the 25 sampled travel expenses, in two instances, we found that reimbursed travel expenses related to in-flight wi-fi, and photocopy/printing lacked business justification.

Also, in another instance, we found that the traveler did not justify why their choice of transportation was economical. [6] The expense was related to renting a car compared to using a rideshare service.

We recommend that the OOP reiterate to travelers to provide adequate business justification, including why their choice of transportation was economical. Also, utilize the resources and training guides on the campus Travel Office webpage. Further, we recommend that the Travel Office address and resolve these exceptions with the requester during the travel claim review process.

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4 Observations represent instances of non-compliance with mandatory policies, procedures, or guidelines. Related recommendations are actionable items that management should take to correct existing conditions or improve upon the current conditions.

5 Per the California State University (CSU) *Travel and Business Expense Payments* policy, "Miscellaneous and business-related travel expenses are reimbursable when they are ordinary and necessary to accomplish the official business purpose of the trip. The Travel Expense Claim must include an explanation of why expenses are being claimed.

6 Per the CSU *Travel and Business Expense Payments* policy, "Transportation expenses shall be reimbursed based on the most economical mode of transportation and the most commonly traveled route consistent with the purpose of the trip."

Travel Forms Not Timely Submitted [7]

Of the 25 sampled travel expenses, in four instances, we found that the required travel forms were not completed timely. Specifically, the travel claim form was not submitted within 60 days after the travel was completed.

We confirmed that proper exception form, *Travel Exception Request*, was completed and attached to the travel claim to document why the travel claim was submitted late.

We recommend that the OOP reiterate to travelers the requirements regarding timely submitting travel claims. Further, utilize the resources and training guides on the campus Travel Office webpage.

HOSPITALITY

No reportable observations and recommendations for the sampled hospitality expenses.

BEST PRACTICES[8] AND RECOMMENDATIONS

No reportable best practices and recommendations for the sampled travel and hospitality expenses.

7 Per the CSU *Travel and Business Expense Payments* policy, "The Travel Expense Claim must be submitted to the campus Travel Office within 60 days after the expenses were paid or incurred unless there is recurrent travel, in which case Travel Expense Claims may be aggregated and submitted monthly."

8 Best practices are not violations against required policies, procedures, or guidelines. Rather, they relate to lower-risk activities but can still provide value in enhancing internal controls or operational effectiveness.