

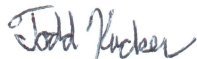
January 10, 2013

**VICE CHANCELLOR MILLER**

Subject:        Audit Report No. M13A003  
                  Travel and Entertainment Audit (Systemwide)

Attached is the final report for Audit No. M13A003: Travel and Entertainment Audit (Systemwide).

I appreciate the assistance provided to me by your staff during the review. If you should have any questions, please feel free to contact me.



Todd Kucker  
Internal Audit Director  
UC Merced Internal Audit Services

Attachment

cc:     SVP Vacca  
          Chancellor Leland  
          Director Hicks  
          Assistant Vice Chancellor Ahmed

**UNIVERSITY OF CALIFORNIA, MERCED  
INTERNAL AUDIT SERVICES**

**Travel and Entertainment Audit (Systemwide)  
Report No. M13A003**

**January 10, 2013**

Work Performed by:  
Todd Kucker, Internal Audit Director

## **Background**

As part of the fiscal year 2012-2013 audit plan, Internal Audit has completed an audit of travel and entertainment expenses. This was a systemwide audit that reviewed campus compliance with University policies Business and Finance Bulletin (BFB) G-28, "Policy and Regulations Governing Travel," and BFB BUS-79, "Expenditures for Business Meetings, Entertainment, and Other Occasions".

## **Purpose and Scope**

The purpose of the review was to determine that local campus procedures are in compliance with the appropriate university policies over travel and entertainment. The objectives were to determine whether:

- The campus has implemented procedures that ensure compliance with University wide policies over travel and entertainment;
- Existing procedures and practices followed in monitoring, reviewing and approving travel and entertainment expenses for senior officials, other employees, and selected departments reviewed provide reasonable assurance of compliance with University policies and costs incurred are for a business purpose and UC benefit; and,
- Travel and entertainment expenses reviewed were supported by records consistent with University policies and in a manner that demonstrated costs were incurred when conducting University business.

The scope of the audit covered activity for fiscal year 2011-2012 and included:

- a review of a sample of travel and entertainment expenses for Senior Management Group (SMG) members and Deans that exceeded \$5,000 for the fiscal year in travel and entertainment expenses combined; and,
- a review of systems, procedures and practices for the five departments with the greatest travel and entertainment costs.

UC Merced uses the UCLA Express system to process travel expenses and reimbursements. UCLA Express is an online expense reporting system that allows travelers and proxies to create expense reports and route them to the appropriate reviewers before being submitted to UCLA for processing. Employees in the UCLA travel office review that expenditures comply with UC policies. Employee expense reimbursements and expenses billed directly to the University were included in this audit.

The Chancellor's travel and entertainment expenses were excluded from this review as these expenses will be reviewed during a separate review during the fiscal year 2013 plan year. Athletics personnel and the athletics department were also excluded from this review.

## **Conclusion**

During the audit of particular travel and entertainment expenditures by SMG members and Deans, and during the review of procedures completed by the departments that incurred the most travel and entertainment costs, we found that expenses were properly reviewed and approved. Procedures for reviewing and approving travel and entertainment expenses appear to adequately ensure that the expenses comply with University policies.