# RIVERSIDE: AUDIT & ADVISORY SERVICES

June 28, 2018

To: Bobbi McCracken

 Associate Vice Chancellor, Financial Services

Subject: Senior Management Group Members and Deans Travel Expense Audit

Ref: R2018-09

We have completed our Senior Management Group Members and Deans Travel Expense Audit in accordance with the UC Riverside Internal Audit Plan. Our report is attached for your review.

We appreciate the cooperation and assistance provided by your staff. Should you have any questions concerning the report, please do not hesitate to contact us.

 Gregory Moore

 Director

xc: Ethics & Compliance Risk and Audit Controls (ECRAC) Committee

UNIVERSITY OF CALIFORNIA AT RIVERSIDE

AUDIT & ADVISORY SERVICES

MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

INTERNAL AUDIT REPORT R2018-09

SENIOR MANAGEMENT GROUP MEMBERS AND DEANS

TRAVEL EXPENSE AUDIT

June 2018

Approved by:

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 Gregory Moore

 Director

**UC RIVERSIDE**

**SENIOR MANAGEMENT GROUP MEMBERS AND DEANS**

**TRAVEL EXPENSE AUDIT**

**INTERNAL AUDIT REPORT R2018-09**

**JUNE 2018**

**I. MANAGEMENT SUMMARY**

Based upon the results of our work performed within the scope of the audit of Senior Management Group (SMG) Members and Deans Travel Expenses, it is our opinion that, overall, internal controls over the Travel expenses incurred by the SMG members and Deans are allowable, reasonable and generally in compliance with applicable University policies and procedures.

**II. INTRODUCTION**

 **A. PURPOSE**

UC Riverside Audit & Advisory Services (A&AS), as part of its Audit Plan, performed a limited review of the SMG members and Deans Travel expenses to ensure expenditures are allowable, reasonable and generally in compliance with the applicable University policies and procedures.

**B. BACKGROUND**

As part of the Fiscal Year (FY) 2017-2018 audit plan, UCR A&AS reviewed Travel expenditures of SMG members and Deans for FY 2016-2017 for compliance with Business and Finance Bulletin (BFB) G-28, “Policy and Regulations Governing Travel”.

During FY 2016-2017, the UCR SMG members and Deans consisted of the following:

* Chancellor
* Provost & Executive Vice Chancellor
* Vice Chancellor for Health Affairs/Dean of School of Medicine
* Vice Chancellor for Business and Administrative Services
* Vice Chancellor for Resource Planning and Budget
* Vice Chancellor for Research and Economic Development
* Vice Chancellor for Student Affairs
* Vice Chancellor for University Advancement
* Campus Counsel
* University Librarian
* Dean, College of Natural and Agricultural Sciences (CNAS)
* Dean, College of Humanities, Arts, and Social Sciences (CHASS)
* Dean, Bourns College of Engineering (BCOE)
* Dean, Graduate Division
* Dean, Graduate School of Education
* Dean, School of Business
* Dean/CEO, School of Medicine & Clinical Affairs
* Dean, University Extension
* Dean, School of Public Policy

Travel expenditures for the 19 individuals totaled approximately $396,338 in FY 2016-2017.

**C. SCOPE**

The scope of the audit covered Travel transactions during FY 2016-2017 and audit procedures performed were as follows:

* Reviewed a judgmental sample of 15 travel vouchers for the SMG members and Deans totaling $38,745 (approximately 10% of total SMG members and Deans Travel expenditures).
* Conducted meetings with the Campus Controller and various officers involved in reviewing and approving Travel expenses to obtain an understanding of the Travel expenditure processes, discuss the audit results, obtain related supporting documentation, if necessary and ask for justifications.
1. **INTERNAL CONTROLS AND COMPLIANCE**

As part of the review, internal controls were examined within the scope of the audit.

Internal controls is a process designed to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

* Effectiveness and efficiency of operations
* Reliability of financial reporting
* Compliance with applicable laws and regulations.

Substantive audit procedures were performed in March 2018. Accordingly, this evaluation of internal controls is based on our knowledge as of that time and should be read with that understanding.

**III. OBSERVATIONS AND COMMENTS**

 **Travel Expenses**

Based on the results of this audit, we determined that transactions reviewed were generally in compliance with the University policies and procedures BFB G-28. However, internal controls needed improvements in some areas. Specifically, we reviewed a judgmental sample of 15 travel vouchers for the SMG members and Deans totaling $38,745 for FY 2016-2017 and observed the following:

* Two (Trip ID #s: 207599 and 216486) of 15 travel vouchers were not processed timely (within 45 days in accordance with the policy G-28).
* For one SMG member, the airfare prepaid by the University amounting to $500.90 for one trip (Trip ID #: 218499) was inadvertently processed for reimbursement and paid to the traveler. After our discussion with the Travel Coordinator, she acknowledged the inadvertent overpayment. She identified and called to our attention two other travel vouchers (Trip ID #s: 224957 and 223956 in FY 2017-2018) totaling $1,385.46 that had similar erroneous overpayments to the same SMG traveler. A check for $1,886.36 was issued by the SMG traveler to refund the University the total overpayments.

**Recommendation**

* We recommend that the unit management ensures that appropriate individuals process and review travel vouchers adequately.
* We also recommend that a review of travel vouchers with prepaid expenses (airfares, hotels, conference fees, etc.) for FYs 2016-2017 and 2017-2018 be performed to determine if any other similar overpayments were made.

**Corrective Action Plan**

* Unit managers involved ensured that appropriate individuals processed and reviewed travel voucher adequately.
* After we contacted the department to obtain justification for trip ID# T218499, the department reviewed previous travel reimbursements, and found two others (T223956/T224957) where she had erroneously marked airfare as reimbursable when, in fact, airfare had already been paid for by the University through a purchase order or campus VISA.  The interim Financial Services Supervisor took

the check for $1,886.36 payable to UC Regents to the Campus Cashier’s office on 6/1/18 for repayment of the funds, after notifying the Accounting office of the reimbursement.

The department also went through FYs 2016-2017, 2017-2018 and determined that there were no other overpayments made.

**Implementation Date**

Implemented.