

**UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES**

Travel Reporting

Audit & Management Advisory Services Project #25-55

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Fieldwork Performed by:

Janet Cox, Audit Manager

Reviewed by:

Ryan Dickson, Director

Supervised by:

Alexander Bustamante, Senior Vice President, Chief Compliance and Audit Officer
Matthew Hicks, Systemwide Deputy Audit Officer

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EXECUTIVE SUMMARY

During summer FY2025, AMAS was alerted to expenses incurred by UC Davis employees for travel to two events occurring in Hawaii. Both events included a high number of travelers and resulted in expense reimbursement claims for high dollar amounts. Expenses were submitted by 53 unique UC Davis travelers representing staff, management, faculty, leadership, students, and affiliates.

Table 1: Total travelers and expenses

	Traveler Count	Total Trip Expense
Event #1	46	\$157,604
Event #2	7	\$57,213

Total annual travel and entertainment expenses for UC Davis were approximately \$70M in FY 2023, and \$76M in FY 2024.

Purpose and Scope

Unallowable travel expenses, if common, could amount to substantial waste. The purpose of this review was to determine (1) whether any reimbursement claims resulting from the Hawaii events constituted policy violations or were indicative of control weaknesses, and (2) whether problematic reimbursement claims were reflective of patterns in travel spending generally.

We reviewed all transactions in detail. Based on the results of that testing, we judgmentally sampled additional travel reported by the Hawaii travelers for different trips taken during the prior two-year period. We applied UC policy G-28 Travel Regulations (G-28), UC Davis policy PPM 300-10, and local travel guidelines¹ to test for expenses in violation of policy and other activity that could result in reputational risk.

The scope of this project included expenses incurred by leadership at UC Davis. To preserve independence, AMAS worked under the supervision of the systemwide Office of Ethics, Compliance, and Audit Services.

Conclusions

We identified clear or likely policy violations by 37 of the 53 travelers included in the initial review of travel to Hawaii. Another 11 travelers had requested reimbursement for expenses that were not adequately supported by a business purpose or which could present reputational risk or indicate control deficiencies.

¹ Supply Chain Management Travel and Entertainment resources are listed here:
<https://supplychain.ucdavis.edu/travel-entertainment>

Table 2: Summary findings related to Event #1

Issues observed	Traveler Count	Impact	% total cost of trips
Clear or likely policy violation	35/46 = 76%	\$24,751	16%
Questionable expense or circumstances	30/46 = 65%	\$16,588	11%

Table 3: Summary findings related to Event #2

Issue observed	Traveler Count	Impact	% total cost of trips
Clear or likely policy violation ²	2/7 = 29%	\$1,868	3%
Questionable expense or circumstances	2/7 = 29%	\$3,500	6%

See appendix A for details on clear or likely policy violations.

We judgmentally selected 24 of the 48 individuals whose Hawaii reports were problematic and reviewed an additional sample of reports for different trips taken by those travelers over the past two years. We reviewed 86 additional trips and found that 43% included policy violations and another 22% included activity that could be questioned due to insufficient supporting documentation.

Table 4: Expanded sampling, excluding Hawaii travel, summary conclusion

Most serious issue observed	Trip count	Impact	% total cost of trips
Clear or likely policy violation	37	\$15,595	4.4%
Questionable expense or circumstances	19	\$8,535	2.5%

We reviewed fund sources for the trips to Hawaii. Although those sources permit expenses for staff training, any costs that violate University policy become unallowable under government awards. Our review identified a total of \$4,128 of expenses which likely violated University policy and had been expensed to extramural funds.

Analysis indicated that several control deficiencies related to approvals created opportunity for unallowable and questionable expenditures.

ANALYSIS OF COMMON CONTROL DEFICIENCIES

Several control deficiencies created the opportunity for unallowable and questionable expenses. These included:

- 1) Some individuals in approver roles may lack specific knowledge necessary to evaluate business purpose. G-28 Section IV grants approval authority to Department Heads or persons delegated authority. It is possible that not all those with approval authority have sufficient insight into business purpose. See MCA 1.a below.

² The two with policy violations are different individuals than the two with questionable expenses.

- 2) There is inconsistency within G-28 policy. Section V.A states “travel expense claims should not be approved by a person who reports directly or indirectly to the traveler,” compared to section IV that assigns responsibility to “approve the travel expenses, including exceptions, for each campus Chancellor” to the Campus Controller. See UCOP Recommendations 1 and 2 below.
- 3) Policy lacks clarity regarding the timing for obtaining exception approvals. We observed several instances in which exception approval was provided after the expense was incurred. This creates financial, operational and reputational risks. See MCA 1.b below.
- 4) The Supply Chain Management Quality Assurance team is responsible for auditing travel and entertainment reports for accuracy, completeness, and compliance with UC and UC Davis policies. We observed that unallowable expenses are not being consistently identified or corrected. See MCA 1.c below.
- 5) Travelers and travel approvers often lack awareness of travel policy. It was observed that UC Davis offers four courses related to travel expenses through the Learning Management System (LMS). We found that fewer than 40 of UC Davis’ 38,000 travelers since July 2021, have taken any of the offered trainings. See MCA 2.b below.
- 6) Travel policy is complex and under some circumstances might require interpretation, but UC Davis does not articulate and reinforce guiding principles to aid decision making by travelers.³ See MCA 2.d below.
- 7) Travel reports frequently lacked sufficient documentation to establish a business purpose for expenses. According to G-28, reimbursable travel expenses are defined as “expenses that are ordinary and necessary to accomplish the official business purpose of a trip.” However, we observed reimbursements for expenses without documentation clearly demonstrating a business purpose. These included extra nights’ lodging, lodging and airfare upgrades, flight changes, rental cars, rideshare trips, and other expenses not apparently serving a university business purpose. Approval without supporting documentation increases the risk that unallowable expenses are approved and invites undue scrutiny of expenses that should be allowable. See recommendation 2.a-d below.
- 8) UC Davis Policy and Procedure Manual 300-10 Section III.A requires all travel to be “properly authorized.” It does not define proper authorization, but we note that Aggie Expense, UC Davis’ travel and expense reporting system, includes a functionality for “Authorization Requests.” Among the six travelers whom we found to have made no policy violations, all had submitted Authorization Requests prior to travel. See recommendation 3.a below.

³ Compare UC Berkeley’s Travel Policy website, which begins with “Expectations” including, “The traveler will incur...expenses in a responsible and ethical manner; The traveler will make choices that demonstrate good stewardship of university resources. Spending decisions will not be extravagant or lavish; ...expenses will generally be reimbursed based on the most economical and commonly used mode...”

<https://travel.berkeley.edu/policy-and-guidelines/key-points-travel-policy#expectations>

- 9) A process for aggregating and reporting information on planned travel does not exist. As a result, divisional leadership is unable to know when an unusually high number of travelers is planning to attend a single event. See recommendations 3.a.b below.
- 10) Policy requires exception approval for lodging that exceeds relevant limits⁴ and for business or first-class airfare. UC Davis uses templates to document business justification and exception approval for airfare upgrades and for lodging within the continental United States. It does not have standard processes for documenting exception approval for international lodging or lodging in Hawaii, Alaska, or the US territories.

The airfare exception form does not require written approval before travel occurs or the expense is incurred. As a result, exception approvals for airfare are occurring after the expense is incurred and the travel complete. See recommendations 3.c.d below.

RECOMMENDATIONS TO UC OFFICE OF THE PRESIDENT

- 1) UCOP should review BFB-G-28 Travel Regulations to ensure clarity and consistency, with attention to the following topics:
 - i. Differences in guidance depending on location of travel (CONUS, OCONUS, foreign)
 - ii. Exception authority, limitations, timing, and documentation requirements
 - iii. Procedures for documenting and approving higher class of service airfare, indirect airfare, and changes to flight itineraries
 - iv. Eligibility for travel reimbursement, such as mileage, when traveling to or between campus locations, including for remote workers
- 2) UCOP should assume approval authority for certain policy exceptions where UC Davis cannot delegate an independent, informed approver.

MANAGEMENT CORRECTIVE ACTIONS

The following Management Corrective Actions respond to risk areas discussed above:

- 1) Travel report approval
 - a. By June 1, 2025, Supply Chain Management will assess the process for assigning expense report approver across UC Davis and provide guidance to departments about what qualifications are necessary for an approver.
 - b. By September 1, 2025, Supply Chain Management will incorporate procedures for documentation of policy-based exceptions into local travel policy, including approval requirements.

⁴ G-28 sets different requirements depending on the location of travel.

- c. By September 1, 2025, Supply Chain Management will implement stronger centralized controls for travel reporting review and approval that include the following:
 - i. Revision of Airfare Upgrade Exception form
 - 1. List business and first class separately
 - 2. Require justification for upgraded travel for both outbound and return flights.
 - 3. Clarification of documentation required for indirect flights
 - ii. Update local policies and guidelines to include
 - 1. Clarification that one night before and the night the event ends is reimbursable
 - 2. Clarification on usage of rental cars, consideration of other related expenses (parking/gas) and inclusion of business need justification.
 - 3. Update online resources, training materials and offer in person question and answer opportunities.
 - 4. Submission of conference agendas with expense reports.
 - 5. Encourage departments to require receipts for all out of pocket expenses.
 - iii. Additional review steps
 - 1. Flag specific destinations with popular attractions for additional review/scrutiny by Supply Chain Management Quality Assurance.
 - 2. Flag travelers with prior questionable travel transactions for additional review/scrutiny by Supply Chain Management Quality Assurance.

2) Guidance and training

- a. By September 1, 2025, Supply Chain Management will expand policy related to:
 - i. When travel status begins and ends
 - ii. When less economical lodging or transportation may be purchased
 - iii. Non-travel expenses incurred while on travel status
 - iv. Indirect routes and personal travel conducted adjacent to business travel
 - v. Costs incurred by changing flights or reservations, etc.
 - vi. Supporting documentation, including but not limited to documentation explaining: Airfare upgrades; Comparable airfare for indirect routes; Lodging at rates above policy limits; Rental Cars and related expenses; Conference registration.
- b. By September 1, 2025, Supply Chain Management will develop and provide training for travel report approvers.

- c. By September 1, 2025, Supply Chain Management will review and revise travel-related training modules to ensure they include guidance specific to issues listed under MCA 2.a. This training will provide both knowledge of policy and familiarity with reporting procedures and functionalities.
- d. By June 1, 2025, Supply Chain Management will develop and publicize guiding principles for stewardship of university resources by employees on travel status.

3) Pre-Authorization

- a. As a pilot to explore the feasibility of travel pre-authorization, UC Davis has begun to require pre-authorization of travel expenses for Chancellor's Leadership Council (CLC) members. By September 1, 2025, Supply Chain Management will evaluate the success of the pilot program and make a recommendation to leadership regarding expansion of a pre-authorization requirement beyond CLC.
- b. By June 1, 2025, Supply Chain Management will submit a recommendation to leadership for a process to aggregate information on employees' intent to travel, so that leadership can monitor how many travelers are planning to attend conferences and other events. This action will remain open until leadership has made a determination on how to proceed on Supply Chain Management's recommendation.
- c. By September 1, 2025, Supply Chain Management will develop or revise justification forms for higher class of service airfare and indirect air travel so that they reflect policy requirements and demonstrate policy-based justifications for all airfare purchased (e.g., separate justification for each way of a round trip).
- d. By September 1, 2025, Supply Chain Management will revise exception approval forms for lodging expenses to emphasize and clarify requirements for exception limits and documentation of comparable lodging options.

Appendix A: Clear or likely policy violations observed in Event #1 and Event #2 and historical review combined.

Description	Policy Reference	Example	Dollar Impact	Frequency ⁵
Lodging and/or meals & incidentals outside of dates for which there was not a documented business purpose	G-28 (E)(1)(a) Expenses reimbursed must be ordinary and necessary to accomplish the official business purpose of the trip.	Conference begins on a Wednesday but attendees traveled as early as Sunday, expensing lodging and meals to UC Davis.	\$15,796	22.2%
Lodging exceeds the nightly limit and comparison documentation was not provided	G-28 (E)(2)(i) When unable to secure lodging within the nightly rate, must submit additional documentation (such as a price comparison) that supports the higher rate. Comparison should be from the time of booking	No comparison documents supporting “no lesser cost options were available” were submitted with the expense reports reviewed.	\$ 10,085	4.2%
Rideshare expenses unsupported by a business purpose	G-28 (E)(1)(a) Expenses reimbursed must be ordinary and necessary to accomplish the official business purpose of the trip.	Round trip from hotel to a country club, or a 2:00 am return to hotel	\$1,853	16.7%
Rental car and related expenses unsupported by a business purpose, when shuttles or rideshare options were available	G-28 (G)(3)(b) A vehicle may be rented when renting would be more advantageous to the University	Renting a car when the convention center is less than a mile from hotel and a shuttle service is provided. Returning rental cars driven 300+ miles when expectation is to be present at conference all day.	\$5,374	11.8%

⁵ Fields show the percentage of trips reviewed that included this policy violation

Description	Policy Reference	Example	Dollar Impact	Frequency ⁵
Expenses for personal items	G-28 (F) Miscellaneous expenses are reimbursable when they are ordinary and necessary to accomplish the official business purpose of a trip. The travel expense claim must include an explanation of why such expenditures are being claimed.	Purchases of ear buds, phone charging cables, t-shirts and toiletries.	\$318	3.5%
Business justification for round trip business or first-class travel	G-28 V(D)(2)(a) Use of business or first-class may be authorized but requires additional documentation for business justification.	Business justification was not provided for returning flights	\$ 55,522	4.9%
Flight change fees unsupported by a business purpose	G-28 (D)(1)(c) Charges for re-ticketing, schedule changes, etc. are reimbursable if incurred for a valid business reason. The reason for the charge must be specified on the travel expense claim.	Changing a return flight the night before departure to leave later in the day after the conference has ended without justification.	\$4,149	5.6%
Alcohol expensed to inappropriate funding sources	BUS-79 (6)(a)-(b) expenses for alcoholic beverages or tobacco may not be charged to State funds...No alcoholic beverage or tobacco product purchases may be charged to federal funds	Alcohol with meals that is not itemized and is expensed to state funds.	\$60	2.1%
Meal expenses that exceeded daily limits	G-28 Appendix B: M&IE: Up to \$79 and based on Department	Limits for all foreign travel locations are not defined in	\$785	7.6%

Description	Policy Reference	Example	Dollar Impact	Frequency ⁵
	of Defense information by location for foreign travel	Concur so a manual review of daily expenses must be performed. Travelers can also assign costs to the wrong date to prevent the system from detecting amounts over the allowable limit.		
Meals and incidental expenses that appear to be for multiple individuals, but are not reported as group meals with supporting documentation	G-28 (B)(4) University travelers normally shall not be reimbursed for expenses paid on behalf of other persons...Claims for reimbursement of expenses paid for others shall be submitted by the group leader and must include the names of persons on whose behalf expenses were incurred, an itemization of the expenses, and other pertinent supporting documentation.	Meal receipts with multiple beverages and multiple main courses expensed as M&IE. No information of who other attendee is and not expensed as group or entertainment.	\$2,826	13.2%
Requests for reimbursement at a rate higher than the verified cost (e.g. parking at \$25/day when known to be \$15)	G-28 (D) It is the traveler's responsibility to report their actual travel expenses in a responsible and ethical manner	Reimbursement for parking requested at \$25 per day for six days without supporting documents. Other attendees also submitted reimbursement for parking with receipts showing \$15 per day. Additionally, the conference was for	\$150	.7%

Description	Policy Reference	Example	Dollar Impact	Frequency ⁵
		only four days, not six.		
Expenses on behalf of others, including students	<p>G-28 (B)(4) Payment of Expenses on Behalf of Others</p> <p>G-28 (H)(1)(e) A student may be reimbursed for travel expenses when there is a direct connection between the expense and the business purposes of the University. Departments may also reimburse students for degree-related educational travel expenses, i.e., to attend a conference or visit a field site or laboratory facility. The business purpose of the travel must be substantiated on the travel expense claim, or other substantiating documentation must be provided</p>	<p>Non-travelers paid for luau tickets and food delivery expenses for students without providing information of who the students were.</p> <p>Airfare, lodging and meals for students and employees purchased with other employee travel cards.</p>	\$8,062	3.5%
Expenses entered as entertainment but listing only UC Davis employees.	UCD Supply Chain guidance states that two or more employees dining together does not satisfy the need for an entertainment expense	Dinners between co-workers expensed as entertainment vs group meals. Combining meals as entertainment can permit travelers to exceed the daily M&IE	\$564	2.1%