

THE REGENTS OF THE UNIVERSITY OF CALIFORNIA  
OFFICE OF ETHICS, COMPLIANCE AND AUDIT SERVICES



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John A Lohse  
INTERIM SENIOR VICE PRESIDENT  
CHIEF COMPLIANCE AND AUDIT OFFICER

March 16, 2017

**DIRECTOR SMITH**

**RE: Final Report Project No. P17A011: UCOP Travel and Entertainment Expenditures**

Attached is a copy of the final report for: Audit Services Project No. P17A011 UCOP Travel and Entertainment Expenditures. With the issuance of this final report, please destroy any previous draft versions. We very much appreciate the assistance provided to us by you and members of your staff during our review. If you should have any questions please feel free to contact me at 510-987-9646 (email: matthew.hicks@ucop.edu).

A handwritten signature in black ink, appearing to read "Matt Hicks".

Matt Hicks  
Systemwide Deputy Audit Officer

Attachment

cc: Interim Senior Vice President Lohse  
Executive Director Kalmijn  
Manager Cataldo  
Team Lead Vrizuella  
Principal Auditor Wong

UNIVERSITY OF CALIFORNIA  
ETHICS, COMPLIANCE AND AUDIT SERVICES  
OFFICE OF THE PRESIDENT  
INTERNAL AUDIT SERVICES

UCOP TRAVEL AND ENTERTAINMENT EXPENDITURES  
Project No. P17A011  
February 2017

Work Performed by:  
Benjamin Wong, Principal Auditor

# **Executive Summary**

## **Introduction**

As part of the annual fiscal year 2016-2017 audit plan, Internal Audit completed a review of the Office of the President travel and entertainment (T&E) expenses. We reviewed the T&E expenses for compliance with the following University policies:

- Business and Finance Bulletin G-28, Policy and Regulations Governing Travel
- Business and Finance Bulletin BUS-79, Expenditures for Business Meetings, Entertainment, and Other Occasions.

For most UCOP departments, the travel reimbursement process is processed within the Business Resource Center (BRC). The BRC audits all UCOP travel and entertainment reimbursements, including any travel expenses included within an invoice. All T&E expenses are processed through either University of California Los Angeles's (UCLA) Express system (Express) or BruinBuy.

## **Objectives and Scope**

The scope of the audit included T&E activity occurring between November 2015 and October 2016 and included:

- A review of a judgmental and random sample of 30 travel expenses processed with object codes pertained to travel.
- A review of a judgmental and random sample of 30 entertainment expenses processed with object codes pertained to entertainment.

The scope did not include T&E activity for the Office of the Secretary of the Regents.

We reviewed corresponding travel and entertainment data and documentation obtained from the UCLA general ledger and provided by BRC and/or maintained in the Express system.

## **Overall Conclusion**

Based on the audit work performed, we found UCOP T&E reimbursements were generally in compliance with the University's T&E policies. We identified two opportunities for improvement as detailed in the section below.

## **Opportunities for Improvement and Action Plans**

### **1. Inadequate Documentation Supporting Travel Expenses**

Although the majority of the T&E expenses reviewed were adequately documented, we noted some issues related to supporting documentation as noted below:

- a) Of the 60 T&E samples reviewed, we identified one foreign travel lodging reimbursement actual expense that exceeded the Federal Maximum Travel Per Diem by \$35 per night with no documentation supporting the special or unusual circumstances. BRC was able to obtain a written explanation from the traveler's department supporting the special or unusual circumstances at our request.

G-28 requires foreign travel to be reimbursed in accordance with the Federal Maximum Travel Per Diem Allowances for foreign areas published by the Department of State. If actual expenses are claimed due to special or unusual circumstances, the traveler must document such circumstances by submitting a written explanation with the travel expense voucher.

- b) Of the 60 T&E samples reviewed, we identified one travel expense reimbursement of \$14,753 that lacked receipts supporting the itemized expenses. The travel expense reimbursement was included on a vendor invoice totaling \$101,200. The description of the invoice was 'invoice for services' and the attachment disclosed the services included travel expenses.

G-28 requires completion of a travel expense claim must include receipts of all airline and lodging expenses, and transportation and miscellaneous expenses of \$75 or more.

#### **Action Plan:**

Action has been completed during our review as the BRC has changed their process to include always checking the foreign per diem rates any time foreign actual is claimed. Additionally, BRC has reinforced with their teams that it is important to thoroughly review documentation and itemized expenses on each T&E reimbursement request to ensure compliance with the UC T&E policies.

### **2. Approver Without Approval Delegation On File**

In our review of travel and entertainment expenses for UCOP, we identified one business entertainment payment request that was approved by an individual that did not have a written approval authority delegation on file. This entertainment payment request was from a department not supported by the BRC T&E team. During our review the BRC obtained an after the fact approval from an approver with appropriate approval delegation.

G-28 requires the authority to approve travel expense claims must be documented by a signature authorization form on file with the Campus Controller's Office (or the Medical Center Controller, where appropriate) or by an electronic signature authorization.

**Action Plan:**

The BRC is in the process of becoming the repository for all delegations of authority across UCOP, including those departments that are not supported by the BRC. In the meantime, the BRC will confirm that approval delegations are appropriate with written approval authority delegation on file for departments that are not supported by the BRC.

*Target date: September 30, 2017*