International Travel

Internal Audit Report No. I2017-208
May 7, 2018

Prepared By
Mike Shead, Senior Auditor

Reviewed By
Niran Joshi, Associate Director

Approved By
Mike Bathke, Director
May 7, 2018

MARC GUERRA
INTERIM CONTROLLER/ASSISTANT VICE CHANCELLOR
ACCOUNTING AND FISCAL SERVICES

RE: International Travel Review
Report No. I2017-208

Internal Audit Services has completed the review of International Travel and the final report is attached.

We extend our gratitude and appreciation to all personnel with whom we had contact while conducting our review. If you have any questions or require additional assistance, please do not hesitate to contact me.

Mike Bathke
Director
UC Irvine Internal Audit Services

Attachment

C: Marci Copeland – Export Control Officer
  Victoria Jones – Chief Global Affairs Officer and AVC Global Engagement
  Nancy Lewis – Executive Director, Sponsored Projects Administration
  Bruce Morgan – Associate Vice Chancellor for Research Administration
  Diana Nielsen – Travel Assistant Manager, Accounting
  Nidavone Niravanh – Risk Manager, Insurance and Risk Management
I. MANAGEMENT SUMMARY

In accordance with the fiscal year (FY) 2016-2017 audit plan, Internal Audit Services (IAS) reviewed certain international travel operations and activities. The review disclosed that many international travel processes are functioning satisfactorily. However, opportunities exist for improvement in certain areas.

**Registration of International Travel** – University of California (UC) Irvine faculty, staff and students traveling internationally do not always register their travel. Travel registration enables travelers to receive emergency medical, travel, and other services, if needed. This observation is discussed in section V.1.

**Travel to Embargoed Countries** – There is not any process in place to ensure that the Export Control Officer (ECO) is pre-notified of all travel to Cuba and other embargoed countries. As a result, it is difficult for the ECO to provide guidance and assistance to UC Irvine faculty, staff and students traveling to these countries.

In addition, current federal regulations for travel to Cuba require travelers to document schedules of activities that need to be retained. However, the traveler’s department does not always retain copies of the schedules, and the schedules are not always included with Kuali Financial System (KFS) travel reimbursement documentation or provided to the ECO. These observations are discussed in section V.2.

II. BACKGROUND

International travel is undertaken by faculty, staff, and students for many purposes, which may include research, conferences and meetings, presentations and colloquia, structured educational programs, educational exchanges, and other University-related activities.

The University contracts with vendors to enable employees and students traveling on official university business to be covered for a wide variety of accidents and incidents while away from the campus or the primary workplace. Available coverage includes emergency medical care and evacuation services, emergency travel services, security evacuation services, information services, and other services and benefits.
III. PURPOSE, SCOPE AND OBJECTIVES

The purpose of the audit was to review certain UC Irvine international travel operations and activities. The scope of the audit included travel activities for FY 2015-16, and the first six months of FY 2016-17.

Audit objectives include the following:

1. Determine that UC Irvine faculty, staff and students book their international travel through the Connexxus travel program, or register their travel through UC Away (a UC-dedicated web application), so they can receive additional insurance coverage, benefits, and travel assistance should concerns arise.

2. Determine that UC Irvine faculty, staff and students contact the UC Irvine ECO and obtain guidance prior to traveling to Cuba and other embargoed countries. Determine that a full schedule of activities is documented and retained for travel to Cuba.

3. Determine that international travel expenditures are in compliance with University travel policies and procedures, and federal regulations.

IV. CONCLUSION

Many international travel processes are functioning satisfactorily. However, opportunities exist for improvement in certain areas. Many UC Irvine faculty, staff and students traveling internationally do not register their travel to receive travel insurance coverage, and other benefits and services. In addition, the ECO is not always pre-notified by faculty, staff and students traveling to Cuba and other embargoed countries. Furthermore, schedules of activities documented by UC travelers visiting Cuba are not always retained by the traveler’s department, or with the ECO. Finally, opportunities exist for increasing the number of travel reservations booked through Connexxus.

Observation details were discussed with management, who formulated action plans to address the issues. These details are presented below.
V. OBSERVATIONS AND MANAGEMENT ACTION PLANS

1. Registration of International Travel

Background

The University of California contracts with certain vendors to provide UC employee and student travelers with access to trip insurance and other medical and travel-related benefits. Travel booked through the Connexxus travel program automatically enrolls travelers in trip insurance and benefits. However, international travelers utilizing non-UC travel agencies are required to register their own travel to receive the same insurance and benefits.

Observation

A sample review of KFS travel reimbursements for international travel occurring between July 2015 and November 2016 disclosed the following travel registration concerns.

- UC Irvine travelers frequently book international travel through travel agencies and websites outside of the Connexxus travel program. A review of 16 sampled international travel reimbursements from UC Irvine/Medical Center travelers disclosed that only two (12.5 percent) were booked through Connexxus.

- UC Irvine international travelers making reservations with travel agencies outside of Connexxus are not always registering their own travel. Fourteen international trips were sampled; none were booked through Connexxus. Only three trips (21 percent) were registered by the travelers.

Many UC Irvine travelers are not aware of the insurance and travel benefits offered through the Connexxus travel program. UC travelers are not required to use Connexxus, or otherwise register their international travel. However, travel that is not registered hinders UC Irvine Risk Services’ ability to locate and contact travelers requiring emergency assistance.
Management Action Plan

UCI travelers have two ways to register their travel and receive the benefits of the UC Travel Insurance and Benefits Program - either through booking travel through Connexxus which provides automatic registration or by registering directly through UC Away. UC employees, especially faculty, appreciate and enjoy the autonomy to make their own travel arrangements. The focus of the management action plan is therefore on increasing registration.

1. Enhance UCI traveler’s awareness of the UC Travel Insurance & Benefits Program and its benefits
   i. EH&S & RS prepared a presentation explaining benefits of the program and have shared it through multiple means
   ii. EH&S & RS increased outreach efforts to campus leadership, units and schools including the Chancellor’s Advisory Council, academic senior managers

2. Enhance collaborative efforts and information sharing about the UCI Travel Insurance & Benefits
   i. With departments that are directly involved in travel programs, such as: Global Engagement, Education Abroad and Accounts Payable/Travel Accounting Office.
   ii. Through a cross-functional travel risk team whose objective is communication about the program

3. Make registration easier
   i. A link to the UC Away page is located on the top half of the home page of EHS&S & RS
   ii. A banner with link was added to the top of the Travel Accounting home page that highlights key benefits and that the service is free

2. Travel to Embargoed Countries

Background

The Office of Foreign Assets Control (OFAC) of the US Department of the Treasury administers economic and trade sanctions that apply to University activities. The most comprehensive sanctions involve Cuba, Iran, North Korea and Syria. Violations of OFAC sanctions can result in civil penalties of $55,000 to $250,000 per violation for the individual and/or entity. Criminal penalties up to $1,000,000 per violation and up to 10 years imprisonment may also be imposed. Penalties apply to each individual violation, which means that an
incidence of non-compliance may trigger multiple penalties. Documentation of authorized transactions may need to be retained by travelers depending on their activities and the country to which they traveled. For example, travelers to Cuba are currently required to maintain a schedule of activities and retain specific records related to the authorized travel transactions. Sanctions regulations vary widely by country and change quickly and frequently.

**Observation**

KFS travel reimbursements were reviewed for international travel to embargoed countries (Cuba, Iran, North Korea and Syria) occurring between July 1, 2015 and December 31, 2016. In total, 20 travel reimbursement records for faculty, staff, and student travel were located in KFS.

The international travel trips were discussed with the Export Control Office. In addition, supporting documentation for the travel reimbursements was reviewed for federal government-required documentation involving travel to embargoed countries. The review disclosed the following results.

- Currently there is not any process in place to ensure that the ECO is pre-notified of all proposed travel to embargoed countries. The ECO was only notified of eight of the 20 trips to embargoed countries noted above. It is difficult for the ECO to provide guidance to travelers regarding US government sanctions and exceptions if proposed travel to embargoed countries is not known.

- Processes for retaining documentation required by the federal government for travel to sanctioned countries could be improved. A review of travel reimbursement documentation disclosed that the documentation is not scanned into KFS, and the traveler’s department does not always retain copies. As a result, documentation may be difficult to obtain by the University should it be requested.

**Management Action Plan**

The Export Control Officer, under the Office of Research, has several points of contact for learning about travelers’ plans and for communicating with travelers about regulations. These depend on the type of traveler.

1. Student travelers
a. The ECO will provide messages for student travelers that explain the requirements for communicating with ECO, consequences to the university for non-compliance with regulations, and the ease of compliance along with the contact information of the ECO.

b. The ECO will distribute the message to the units on campus that work with students most likely to travel for UCI activities
   i. International Center
   ii. Funding bodies that provide student research grants including social sciences and humanities
   iii. Study Abroad Center

2. Faculty
   a. When the ECO is informed of travel to sanctioned countries, travelers who have not yet contacted the ECO will receive a letter from the Vice Chancellor for Research that explains the requirements for communicating with ECO, consequences to the university for non-compliance with regulations, and the ease of compliance along with the contact information of the ECO.
      i. Pre-travel notification to the ECO is triggered by registration in the Travel Insurance and Benefits program.
      ii. Notification post-travel is triggered by Travel Accounting through the reimbursement process.
   b. The ECO has increased outreach efforts to administrators that process travel reimbursements and academic senior managers to ensure understanding of and compliance with regulations.