

RIVERSIDE: AUDIT & ADVISORY SERVICES

April 15, 2016

To: Bobbi McCracken
Associate Vice Chancellor, Financial Services

Subject: Senior Management Group Members' Travel & Entertainment Expenses Audit

Ref: R2016-10

We have completed our Senior Management Group Members' Travel & Entertainment Expenses 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: Audit Committee
Executive Officer Zahedi

UNIVERSITY OF CALIFORNIA AT RIVERSIDE
AUDIT & ADVISORY SERVICES
MEMBER OF ASSOCIATION OF COLLEGE & UNIVERSITY AUDITORS

INTERNAL AUDIT REPORT R2016-10
SENIOR MANAGEMENT GROUP MEMBERS'
TRAVEL & ENTERTAINMENT EXPENSES AUDIT

April 2016

Approved by:

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UC RIVERSIDE
SENIOR MANAGEMENT GROUP MEMBERS’
TRAVEL & ENTERTAINMENT EXPENSES AUDIT
INTERNAL AUDIT REPORT R2016-10
APRIL 2016

I. MANAGEMENT SUMMARY

Based upon the results of our work performed within the scope of the audit of Senior Management Group (SMG) Members’ Travel and Entertainment Expenses, it is our opinion that, overall, internal controls over the travel and entertainment expenses incurred by the SMG members 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’ travel and entertainment 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) 2015-2016 audit plan, UCR A&AS reviewed travel and entertainment expenditures of SMG members for FYs 2013-2014 and 2014-2015 for compliance with Business and Finance Bulletin (BFB) G-28, “Policy and Regulations Governing Travel,” and BFB BUS-79, “Expenditures for Business Meetings, Entertainment, and Other Occasions”.

During FYs 2013-2014 and 2014-2015, the UCR SMG members consisted of the following officers:

- Chancellor
- Previous Interim Chancellor
- Provost & Executive Vice Chancellor
- Previous Provost & Executive Vice Chancellor
- Previous Vice Chancellor for Health Affairs/Dean of School of Medicine
- Vice Chancellor for Business and Administrative Services
- Interim and Previous Vice Chancellor for Finance & Business Operations
- Vice Chancellor for Resource Planning and Budget
- Vice Chancellor for Research
- Vice Chancellor for Student Affairs
- Vice Chancellor for University Advancement

- Campus Counsel
- University Librarian

Travel and entertainment expenditures for the thirteen individuals totaled approximately \$244,992 for Travel and \$36,112 for Entertainment expenditures in FYs 2013-2014 and 2014-2015.

C. SCOPE

The scope of the audit covered activity for FYs 2013-2014 and 2014-2015 and audit procedures performed were as follows:

- Reviewed a judgmental sample of 15 travel vouchers and 15 entertainment expenses for SMG members totaling \$29,819 (approximately 11% of \$281,104 total SMG members' travel and entertainment expenditures).
- Conducted meetings with the Campus Controller and Executive Officer involved in reviewing and approving travel and entertainment expenses to obtain an understanding of the travel and entertainment expenditure processes, discuss the audit results, obtain related supporting documentation, if necessary and ask for justifications.

D. 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 2016. 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 and Entertainment Expenses**

Audit reviewed a judgmental sample of 15 travel vouchers and 15 entertainment expenses for SMG members totaling \$29,819 (approximately 11% of \$281,104 total SMG members' travel and entertainment expenditures) for FYs 2013-2014 and 2014-2015.

Based on the results of this audit, we conclude that controls and procedures over travel and entertainment expenditures of the SMG members were adequate and effective, and transactions reviewed were generally in compliance with University policies and procedures BFB G-28 and BUS 79. However, there were some minor issues of travel expense claims that were discussed verbally with the respective departments.