EXECUTIVE TRAVEL

CALIFORNIA STATE UNIVERSITY,
CHANNEL ISLANDS

Audit Report 14-39
October 8, 2014

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ABBREVIATIONS

AP  Accounts Payable
AVP  Associate Vice President
CSU  California State University
CSUCI  California State University, Channel Islands
EO  Executive Order
ET  Executive Travel
Foundation  California State University Channel Islands Foundation
ICSUAM  Integrated California State University Administrative Manual
OAAS  Office of Audit and Advisory Services
RM  Risk Management
TEC  Travel Expense Claim
EXECUTIVE SUMMARY

As a result of a systemwide risk assessment conducted by the Office of Audit and Advisory Services (OAAS) during the last quarter of 2013, the Board of Trustees, at its January 2014 meeting, directed that Executive Travel (ET) be reviewed. The OAAS has never reviewed ET as a stand-alone audit.

We visited the California State University, Channel Islands campus from July 28, 2014, through August 28, 2014, and audited the procedures in effect at that time.

In our opinion, except for the effect of the weaknesses described below, the fiscal, operational, and administrative controls for ET activities as of August 28, 2014, taken as a whole, were sufficient to meet the objectives stated in the “Purpose” section of this report. Areas of concern include: policies and procedures, and travel authorizations and expenditures.

As a result of changing conditions and the degree of compliance with procedures, the effectiveness of controls changes over time. Specific limitations that may hinder the effectiveness of an otherwise adequate system of controls include, but are not limited to, resource constraints, faulty judgments, unintentional errors, circumvention by collusion, and management overrides. Establishing controls that would prevent all these limitations would not be cost-effective; moreover, an audit may not always detect these limitations.

The following summary provides management with an overview of conditions requiring attention. Areas of review not mentioned in this section were found to be satisfactory. Numbers in brackets [ ] refer to page numbers in the report.

GENERAL ENVIRONMENT [6]

The campus travel and expense claim policy and procedures did not always comply with systemwide requirements. For instance, the campus did not require the traveler to submit a travel expense claim (TEC) to the accounts payable (AP) department when no reimbursement was due, and eight TECs were not completed for conference or registration fees that were prepaid by the university via campus procurement cards.

TRAVEL AUTHORIZATIONS AND EXPENDITURES [7]

Campus and California State University Channel Islands Foundation (Foundation) fund documentation was not always maintained on file. Further, the administration of prepaid and directly billed travel expenses needed improvement. For example, 28 TECs did not include the cost of conference or registration fees that were prepaid by the university via a campus procurement card. Moreover, travel authorizations were not always properly executed and in place prior to travel. Additionally, travelers did not always properly report and document personal travel days associated with business travel. Further, travel expenditures were not always processed in accordance with campus and California State University policy.
INTRODUCTION

BACKGROUND

The California State University (CSU) pays or reimburses travel-related expenses that are ordinary, reasonable, not extravagant, and necessary to conduct official university business. Official university business may include activities that contribute to any one of the university’s major functions of teaching, research, or public service, such as attendance at conferences, conventions, and business meetings; development activities; and recruitment of staff and students.

Executives at the CSU generally follow the same rules and regulations that govern the travel of other CSU employees. Executives, as defined in this report, include the president and all vice presidents/executive vice presidents at the campus level, and the chancellor and all vice chancellors/executive vice chancellors at the Office of the Chancellor.

The university delegation of authority process generally defines responsibility for approval of travel authorization forms and travel expense claims. Executive Order (EO) 688, Delegation of Authority – Approval of Travel Requests, dated September 16, 1998, delegates authority to each president to sub-delegate authority to approve travel requests for campus personnel.

The primary CSU policy and procedures governing travel are Integrated California State University Administrative Manual (ICSUAM) §3601.01, Travel Policy, and the related Travel Procedures and Regulations G-001, which were last revised April 1, 2013, and apply to all CSU employees, including CSU executives. The policy and related procedures require travelers to have documented authorization for travel prior to departure, require travel expense claims to be submitted in a timely manner after trip completion, and discuss the procedures and documents necessary to obtain approval for reimbursement of travel expenses. The policy and related procedures also define methods and types of travel expenses that are eligible or ineligible for reimbursement.

The CSU also has additional policies for international travel, in order to ensure the health and safety of university travelers. Coded memorandum Risk Management (RM) 2013-01, International Travel and Requirement to Purchase Insurance, dated March 25, 2013, requires all faculty, students, and staff to obtain foreign travel insurance through the California State University Risk Management Authority. It requires additional approvals for travel to high-hazard areas or countries on the U.S. State Department Travel Warning List.

Although the CSU does not have specific executive travel policies, certain aspects of existing travel policies relate to or pertain directly to executive travel, including the following:

- EO 688 requires a president’s international travel to be approved prior to departure by either the chancellor or executive vice chancellor. If the travel is to a high-hazard area or to a country on the U.S. State Department Travel Warning List, coded memorandum RM 2013-01 specifically requires that the chancellor provide the approval.

- Travel Procedures and Regulations G-001 state that in general, domestic travel expenses for each campus president, including a spouse or domestic partner, will be approved by the campus chief financial officer. Additionally, the president may designate a vice president, or another responsible
administrator, to approve travel expenses incurred by other campus vice presidents. The designated vice president’s travel expenses will be approved by the president or his/her designee, provided that the individual does not report to the president.

- Travel Procedures and Regulations G-001 address spouse or registered domestic partner travel and allow expenses for such travel to be reimbursed provided it can be established that the travel serves a bona fide university business purpose.

Travel expenses for executives can be paid or reimbursed in a variety of ways. Campuses commonly pay for rental car and airfare expenses directly via a centralized travel agency or travel account, as well as for any expenses paid on a university-liability travel card. When the traveler pays his or her own expenses and must be reimbursed by the university, he or she submits a travel expense claim and supporting receipts and documents. Additionally, in some cases, auxiliary organizations may process or pay for travel expenses for executives.
PURPOSE

Our overall audit objective was to ascertain the effectiveness of existing policies and procedures related to executive travel and to determine the adequacy of controls that ensure compliance with relevant governmental regulations, Trustee policy, Office of the Chancellor directives, and campus procedures.

Within the overall audit objective, specific goals included determining whether:

- Administration of the university business travel is well defined and includes clear lines of organizational authority and responsibility and documented delegations of authority.
- Campus travel policies and procedures are current, comprehensive, and consistent with CSU policy.
- Travel advances for executives are properly authorized, issued in compliance with campus and CSU policy, and appropriately accounted for.
- Funds used to pay for executive travel are appropriate.
- Administration of executive travel is sufficient to ensure that travel expenditures are properly authorized, incurred for appropriate business purposes, adequately documented, and in compliance with CSU and campus policy.
- International travel, including travel to high-hazard countries, is properly approved, and foreign travel insurance is obtained for any executive traveling out of the country.
- Payments or reimbursements for travel of executives’ spouses or domestic partners are appropriate and in compliance with CSU and campus policy.
- Retention and storage of travel records is adequate and consistent with CSU and campus policy.
The proposed scope of the audit as presented in Audit Agenda Item 4 of the January 28 and 29, 2014, meeting of the Committee on Audit stated that Executive Travel (ET) includes review of campus travel policies and procedures to ensure alignment and compliance with CSU requirements; review of internal campus processes for monitoring, reviewing, and approving travel expense claims; and examination of senior management travel and travel expense claims for proper approvals and compliance with campus and CSU travel policy.

Our study and evaluation were conducted in accordance with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors and included the audit tests we considered necessary in determining whether fiscal, operational, and administrative controls are in place and operative. This review emphasized, but was not limited to, compliance with federal and state regulations and guidance, Board of Trustee policies, and Office of the Chancellor and campus policies, letters, and directives. The audit focused on procedures in effect from January 1, 2012, through August 28, 2014.

We focused primarily on the internal administrative, compliance, and operational controls over ET activities. Specifically, we reviewed and tested:

- Administration of university business travel, including defined responsibilities, current policies and procedures, and adequate training.
- Processes to track and monitor travel advances.
- Payments or reimbursements of travel expenses for executives and their spouses or domestic partners, if applicable, for adherence to campus and CSU policy, including advance authorization, documented business purpose, and supporting receipts and documentation.

As defined in this audit, executives include the president and all vice presidents/executive vice presidents at the campuses, and the chancellor and all vice chancellors/executive vice chancellors at the Office of the Chancellor.
OBSERVATIONS, RECOMMENDATIONS, 
AND CAMPUS RESPONSES

GENERAL ENVIRONMENT

The campus travel and expense claim policy and procedures did not always comply with systemwide requirements.

We found that the campus travel and expense claim policy and procedures:

- Did not require the traveler to submit a travel expense claim (TEC) to the accounts payable (AP) department when no reimbursement was due. Eight TECs were not completed for conference or registration fees that were prepaid by the university via a campus procurement card, and for which no reimbursement was due.

- Did not require the traveler to submit a TEC to the AP department when the reimbursement due was less than $50 and instructed travelers to process these claims through petty cash.

California State University, Channel Islands (CSUCI) Travel Expense Claim Workbook Instructions states that TECs in which no reimbursement is due to the traveler (zero-dollar TECs) should not be submitted to accounting. Departments may want the documentation for their records, but the TEC does not need to be processed in accounting. Furthermore, any TECs for less than $50 should be processed through petty cash unless there is a justifiable reason why a check needs to be prepared. Either of these types of TECs received by accounting will be returned to the traveler.

California State University (CSU) Travel Procedures and Regulations, Section IX, last revised April 2013, state that a TEC should be used to account for all travel advances and expenses incurred in connection with official university travel. When properly completed and approved, this form is used to reimburse the traveler for any additional amounts due. For direct billing arrangements that have been approved in advance, a claim must still be processed as verification that the expense was incurred even if no reimbursement is due to the traveler.

CSU Travel Procedures and Regulations, Section II, last revised April 2013, state that the university-designated travel reimbursement office will perform the following functions: review/audit for compliance with this policy, verify appropriate approver, ensure appropriate documentation is submitted, and process reimbursements and payments.

The associate vice president (AVP) for finance and budget stated that the campus travel and expense claim policy and procedures did not always comply with systemwide requirements due to oversight. She further stated that travel reimbursements of less than $50 were processed via petty cash to facilitate processing.

Inadequate campus travel and expense claim policies and procedures increase the risk of noncompliance with CSU travel requirements.
Recommendation 1

We recommend that the campus update its travel and expense claim policy and procedures to comply with systemwide requirements.

Campus Response

We concur. The campus will update its CSUCI Travel Expense Claim Workbook Instructions to include the requirement that TECs be submitted to the AP department regardless of the amount due, as well as when no reimbursement is due. A copy of the revised workbook section with a link to the complete workbook will be provided to the chancellor’s office by January 31, 2015.

TRAVEL AUTHORIZATIONS AND EXPENDITURES

FUND DOCUMENTATION

Campus and California State University Channel Islands Foundation (Foundation) fund documentation was not always maintained on file.

We found that two campus trust fund agreements and one Foundation fund set-up form describing the purpose of the funds could not be located. As a result, we were unable to verify whether executive travel expenditures represented an appropriate use of funds.

State Administrative Manual §19440.1 states that each trust account established shall be supported by documentation as to the type of trust, donor, or source of trust monies, purpose of the trust, time constraints, persons authorized to withdraw or expend funds, specimen signatures, reporting requirements, instructions for closing the account, disposition of any unexpended balance, and restrictions on the use of monies for administrative or overhead costs.

Government Codes §13402 and §13403 state that management is responsible for establishing and maintaining a system of internal administrative controls, which includes documenting the system, communicating system requirements to employees, and assuring that the system is functioning as prescribed and is modified, as appropriate, for changes in conditions. It further states that administrative controls are the methods through which reasonable assurance can be given that measures adopted by state agency heads to safeguard assets and promote operational efficiency are being followed.

The AVP for finance and budget stated that the campus was unable to locate the trust fund agreements due to recent staffing transitions. She further stated that the campus was unable to locate the fund account set-up form because the Foundation account was set up many years ago and the documentation was very old.

Inadequate administration of trust fund agreements and account set-up forms increases the risk of expenditures that do not comply with CSU and campus requirements.
Recommendation 2

We recommend that the campus and the Foundation maintain all fund documentation on file.

Campus Response

We concur. The Foundation will document the administrative control process used for fund documentation to ensure compliance with State Administrative Manual §19440. The campus will maintain all fund documentation on file and will provide a copy of the control process to the chancellor’s office by January 31, 2015.

PREPAID AND DIRECTLY BILLED EXPENSES

Administration of prepaid and directly billed travel expenses needed improvement.

We reviewed 127 business trips taken by executives between June 1, 2012, and May 31, 2014, and found that:

- Twenty-eight TECs did not include the cost of conference or registration fees that were prepaid by the university via a campus procurement card.

- In three instances, executives were reimbursed for a total of $222 in rental car charges that were directly billed to the campus.

CSU Travel Procedures and Regulations, Section IX, last revised April 2013, state that the total amount of all expenses and advances pertaining to a particular trip must be accounted for when submitting a TEC. Previously reimbursed amounts related to the trip should be detailed on the claim. For direct billing arrangements that have been approved in advance, a travel claim must still be processed as verification that the expense was incurred even if no reimbursement is due to the traveler.

CSU Travel Procedures and Regulations, Section II, last revised April 2013, states that individuals traveling on official university business must familiarize themselves with and adhere to the CSU travel policy. Travelers must ensure they have documented authorization to travel prior to embarking on the trip and/or prior to making non-cancellable travel arrangements.

The AVP for finance and budget stated that TEC preparers and approvers were responsible for submitting documentation required by campus and CSU guidelines, including information on prepaid or directly billed expenditures. She further stated that reimbursements for directly billed expenditures were made due to oversight.

Inadequate administration of prepaid and directly billed expenditures increases the risk of expenditures that do not comply with CSU policy and the risk of duplicate payments and decreases the accuracy of submitted travel expense claims.
Recommendation 3

We recommend that the campus:

a. Remind executives and their travel-claim preparers that TECs should include the cost of all expenses prepaid by the university, including conference and registration fees.

b. Obtain reimbursement of the $222 in rental car charges that were directly billed to the campus and paid to the executives in question.

Campus Response

We concur.

a. The campus will prepare and send a memo to executives. The memo will remind executives to instruct their travel claim preparers to include the cost of all expenses prepaid by the university, including conference and registration fees, in TECs. A copy of the memo will be provided to the chancellor’s office by January 31, 2015.

b. The campus will obtain reimbursement of the $222 for rental car charges that were directly billed to the campus and paid to an executive. Proof of collection will be provided by January 31, 2015.

TRAVEL AUTHORIZATIONS

Travel authorizations were not always properly executed and in place prior to travel.

We reviewed 127 business trips taken by executives between June 1, 2012, and May 31, 2014, and found that:

- The campus AP department did not require travelers to submit an approved travel authorization along with the TEC, and travel authorization forms could not be located to support 50 TECs.

- An additional five travel authorization forms were not created for local travel where no reimbursement was due to the traveler.

- Twelve travel authorization forms were not dated to show that they were executed prior to the commencement of travel, and five travel authorizations were dated after the commencement of travel.

- None of the three spousal travel authorization forms reviewed were signed by the traveler.

CSUCI Policy on Business Travel states that supervisors must approve travel requests before the travel occurs in order to document that employees are authorized to travel on university business.

CSUCI Travel Authorization Procedures state that travelers who prepare the travel authorization form should sign and date the form, attach any necessary documentation, and submit it for approval.
Integrated California State University Administrative Manual §3601.01, *Travel Policy*, effective April 1, 2013, states that authorization to travel must be obtained from appropriate administrators within the employee’s organization as determined by the organization’s identified delegation of authority.

CSU *Travel Procedures and Regulations*, Section II, last revised April 2013, states that travelers must ensure they have documented authorization to travel prior to embarking on the trip and/or prior to making non-cancellable travel arrangements.

The AVP for finance and budget stated that in general, claim preparers and approvers were responsible for submitting documentation required by the campus and CSU policy, including proper approvals and pre-approvals, and AP was responsible for following up on incomplete claims submitted. She further stated that travel authorizations were not required to be submitted to AP, and this may have contributed to the missing and incomplete travel authorization forms.

Inadequate travel authorizations increase the risk of unapproved or unnecessary travel expenditures, work-related injuries, and noncompliance with campus and CSU policy.

**Recommendation 4**

We recommend that the campus:

a. Require approved travel authorizations to be submitted to the AP department with the TEC.

b. Remind executives, their travel authorization preparers, and their approving officials that travel authorizations are required to be signed and dated, maintained, and appropriately approved prior to travel.

**Campus Response**

We concur.

a. The campus will revise the CSUCI *Travel Expense Claim Workbook Instructions* to require approved travel authorizations be included with the submittal of the TEC to the AP department. A copy of the section revised and a link to the workbook will be provided to the chancellor’s office by January 31, 2015.

b. The campus will include the requirement for travel authorizations to be signed and dated, maintained, and appropriately approved prior to travel in the memo to executives prepared to address Recommendation 3. A copy of the memo will be provided to the chancellor’s office by January 31, 2015.

**PERSONAL TRAVEL**

Travelers did not always properly report and document personal travel days associated with business travel.
We reviewed 127 business trips taken by executives between June 1, 2012, and May 31, 2014, and found that:

- Six TECs did not identify the number of personal days associated with the business travel.
  - For two of these claims, the travelers appeared to have taken personal time associated with the travel but had not taken time off.
  - For four of these claims, due to the personal days not being adequately identified, reimbursements of approximately $785 were made to the travelers for personal travel expenses.

- Two TECs that did identify the number of personal days associated with business travel included personal travel charges in the amount of $408 that were reimbursed to the travelers.

CSU Travel Procedures and Regulations, Section V, last revised April 2013, states that when any personal leave is taken while on official travel status, the number of personal days must be specified on the claim. Also, when travel on state business is extended for personal reasons, the CSU will only reimburse the staff member for expenses during the time he or she would have been required to travel were the trip not extended for personal reasons.

The AVP for finance and budget stated that in general, claim preparers and approvers were responsible for submitting the documentation required, and AP was responsible for following up on incomplete claims submitted and for enforcing the travel requirements. She further stated that AP had no information on whether personal days were included in business travel unless the traveler identified the information in the travel claim, and that only the claims preparer and the approving official would have such information.

Inadequate reporting and documentation of personal days associated with business travel increases the risk of unauthorized, unnecessary, or non-business travel expenditures and noncompliance with campus and CSU policy.

**Recommendation 5**

We recommend that the campus remind executives and their travel preparers and approvers of the requirement to report and document personal travel days associated with business travel, and that personal travel expenses should not be claimed for reimbursement.

**Campus Response**

We concur. The campus will include in the memo to executives prepared to address Recommendations 3 and 4 the requirement to report and document personal travel days associated with business travel, and that personal travel expenses should not be claimed for reimbursement. A copy of the memo will be provided to the chancellor’s office by February 28, 2015.
TRAVEL EXPENDITURES

Travel expenditures were not always processed in accordance with campus and CSU policy.

We reviewed 127 business trips taken by executives between June 1, 2012, and May 31, 2014, and found that:

- Eight TECs included lodging costs that were more than the maximum rate of $175 per night without a pre-approved exception request. The lodging on the TECs ranged from $184 per night to $269 per night, excluding taxes.

- Ten TECs contained transactions of $25 or more, for a total of $1,125, that were not supported by detailed, itemized receipts.

- Ten TECs included reimbursement for early flight check-in fees without a documented justification or explanation.

- Four TECs included reimbursement for business meals that were provided as part of the business event attended without a documented justification for the reimbursement.

- Three spousal TECs were not signed by the traveler.

- Seven TECs included expenditures that did not appear to be ordinary, reasonable, and necessary for the conduct of state business and did not include a documented justification or explanation. These expenditures included optional conference activities such as a river and road tour, valet parking charges, and car-wash services, for a total of $635.

- TECs were not always accurate. We found seven TECs with clerical errors, including instances where incorrect mileage rates were used, supporting receipts did not agree with the claimed amounts on the TEC, and reimbursed amounts did not agree with the calculated claim amount. These errors resulted in a net underpayment to the related travelers.

CSUCI Travel and Expense Claim Workbook Instructions state that all reimbursements for travel expenses must be submitted on the travel expense claim form. Any reimbursement requests for expenses not related to travel must be submitted on the business expense reimbursement form.

CSU Travel Procedures and Regulations, Sections II, III, IV, V, VI, IX, Appendix B, and Appendix C, last revised April 2013, state that:

- Travelers should make certain that the business-related expenses they incur are ordinary, reasonable, not extravagant, and necessary for the purpose of the trip.

- Valet parking charges in excess of normal parking charges shall be borne by the traveler, unless the traveler obtains an exception.
- When meals are provided as part of the event, if the traveler must forego the provided meal for health or business reasons, an explanation for the purchase of the meal replacement must accompany the claim.

- The in-state and out-of-state lodging rate for campus and chancellor’s office employees is $175 per night, excluding taxes (effective April 1, 2013). Expenditures above the cap are the responsibility of the traveler unless a documented exception is approved. Exception requests must be pre-approved in accordance with Section II.E of this policy, and campus approval processes.

- Transportation expenses shall be reimbursed based on the most economical mode of transportation and the most commonly traveled route consistent with the authorized purpose of the trip.

- Original, itemized receipts must be submitted for any reimbursable item costing $25 or more and for all parking expenses. An itemized receipt demonstrates the cost (shows what was purchased) and provides proof of payment (shows how it was paid).

- The standard mileage reimbursement rate for travelers who use a private automobile or aircraft on official university business was .565 per mile as of April 1, 2013.

The AVP for finance and budget stated that in general, claim preparers and approvers were responsible for submitting the documentation required, and AP was responsible for following up on incomplete claims submitted and for enforcing the travel requirements. She further stated that written justification for reimbursement of certain travel expenditures such as early flight check-in fees and valet parking were not always documented due to oversight. She also stated that the new daily lodging limitations were recently implemented in April 2013 and that it has taken the campus some time to adjust to the new pre-approval process.

Inadequate completion and review of TECs increases the risk of unauthorized, unnecessary, or non-business travel expenditures and noncompliance with campus and CSU policy.

**Recommendation 6**

We recommend that the campus reinforce the TEC requirements noted above with executives and their TEC preparers and with accounts payable staff responsible for reviewing and processing travel claims.

**Campus Response**

We concur. The campus will reinforce requirements through inclusion of the topic in the memo mentioned previously to be sent to each of the executives. TEC preparers and accounts payable staff responsible for reviewing and processing travel claims will receive training. Training materials and a copy of the training sign-in sheet will be provided to the chancellor’s office by February 28, 2015.
### APPENDIX A: PERSONNEL CONTACTED

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
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<tbody>
<tr>
<td>Richard R. Rush</td>
<td>President</td>
</tr>
<tr>
<td>Stephanie Bracamontes</td>
<td>Associate Director, Special Projects for Finance and Administration</td>
</tr>
<tr>
<td>Karina Cruz</td>
<td>Procurement Coordinator, Procurement and Contract Services</td>
</tr>
<tr>
<td>Caroline Doll</td>
<td>Director, Special Projects for Finance and Administration</td>
</tr>
<tr>
<td>Missy Jarnagin</td>
<td>Associate Vice President, Finance and Budget</td>
</tr>
<tr>
<td>Jennifer Moss</td>
<td>Accounting Manager, Fiscal Services</td>
</tr>
<tr>
<td>Godfrey Mubiru</td>
<td>Interim University Controller, Finance</td>
</tr>
<tr>
<td>Molly Oberst</td>
<td>Finance and Budget Analyst, University Advancement</td>
</tr>
<tr>
<td>Valerie Patscheck</td>
<td>Director, Procurement and Contract Services</td>
</tr>
<tr>
<td>Anna Pavin</td>
<td>Associate Vice President, Human Resources</td>
</tr>
<tr>
<td>Melissa Remotti</td>
<td>Executive Analyst to the President, Office of the President</td>
</tr>
<tr>
<td>Myrna Sta Ana</td>
<td>Accounts Payable Supervisor, Fiscal Services</td>
</tr>
<tr>
<td>Ysabel Trinidad</td>
<td>Vice President, Finance and Administration</td>
</tr>
</tbody>
</table>
November 10, 2014

Mr. Larry Mandel
Vice Chancellor and Chief Audit Officer
The California State University
401 Golden Shore, 4th Floor
Long Beach, CA 90802-4200

RE: Campus Responses to Recommendations: Audit Report 14-39 – Executive Travel

Dear Mr. Mandel,

Enclosed please find our responses to the recommendations found in Audit Report 14-39, Executive Travel, California State University Channel Islands.

If there are questions or additional information is necessary, please contact Caroline Doll at (805) 437-3232.

Sincerely,

[Signature]

Ysabel Trinidad

cc: Richard Rush
EXECUTIVE TRAVEL

CALIFORNIA STATE UNIVERSITY,
CHANNEL ISLANDS

Audit Report 14-39

GENERAL ENVIRONMENT

Recommendation 1

We recommend that the campus update its travel and expense claim policy and procedures to comply with systemwide requirements.

Campus Response

We concur. The campus will update its California State University Channel Islands (CI) Travel Expense Claim Workbook Instructions to include the requirement that travel expense claims (TEC) be submitted to the accounts payable (AP) department regardless of the amount due, as well as, when no reimbursement is due. A copy of the revised workbook section with a link to the complete workbook will be provided to the chancellor’s office by January 31, 2015.

Note: CI’s “Policy on Business Travel” FA.02.001, http://policy.csuci.edu/FA/02/FA.02.001.htm requires compliance with, and links to, the CSU’s “Travel Policy”, Number 3601.01, https://csyou.calstate.edu/Policies/icsuam/Pages/3601-01.aspx

TRAVEL AUTHORIZATIONS AND EXPENDITURES

FUND DOCUMENTATION

Recommendation 2

We recommend that the campus and the Foundation maintain all fund documentation on file.

Campus Response

We concur. The Foundation will document the administrative control process used for fund documentation to ensure compliance with State Administrative Manual §19440. The campus will maintain all fund documentation on file and will provide copy of the control process to the chancellor’s office by January 31, 2015.
PREPAID AND DIRECTLY BILLED EXPENSES

Recommendation 3

We recommend that the campus:

a. Remind executives and their travel-claim preparers that TECs should include the cost of all expenses prepaid by the university, including conference and registration fees.

b. Obtain reimbursement of the $222 in rental car charges that were directly billed to the campus and paid to the executives in question.

Campus Response

We concur

a. The Campus will prepare and send a memo to executives. The memo will remind executives to instruct their travel-claim preparers to include the cost of all expenses prepaid by the university, including conference and registration fees in Travel Expense Claims. A copy of the memo will be provided to the chancellor’s office by January 31, 2015.

b. The Campus will obtain reimbursement of the $222 for rental car charges that were directly billed to the campus and paid to an executive. Proof of collection will be provided by January 31, 2015.

TRAVEL AUTHORIZATIONS

Recommendation 4

We recommend that the campus:

a. Require approved travel authorizations to be submitted to the AP department with the TEC.

b. Remind executives, their travel authorization preparers, and their approving officials that travel authorizations are required to be signed and dated, maintained, and appropriately approved prior to travel.

Campus Response

We concur

a. The Campus will revise the CI Travel Expense Claim Workbook Instructions to require approved travel authorizations be included with the submittal of the TEC to the AP department. A copy of the section revised and a link to the workbook will be provided to the chancellor’s office by January 31, 2015.

b. The Campus will include the requirement for travel authorizations to be signed and dated, maintained, and appropriately approved prior to travel in the memo to executives prepared to address Recommendation 3. A copy of the memo will be provided to the chancellor’s office by January 31, 2015.
PERSONAL TRAVEL

Recommendation 5

We recommend that the campus remind executives and their travel preparers and approvers of the requirement to report and document personal travel days associated with business travel, and that personal travel expenses should not be claimed for reimbursement.

Campus Response

We concur. The Campus will include in the memo to executives prepared to address Recommendations 3 and 4, the requirement to report and document personal travel days associated with business travel, and that personal travel expenses should not be claimed for reimbursement. A copy of the memo will be provided to the chancellor’s office by February 28, 2015.

TRAVEL EXPENDITURES

Recommendation 6

We recommend that the campus reinforce the TEC requirements noted above with executives and their TEC preparers and with accounts payable staff responsible for reviewing and processing travel claims.

Campus Response

We concur. The campus will reinforce requirements through inclusion of the topic in the memo mentioned previously to be sent to each of the executives. TEC preparers and accounts payable staff responsible for reviewing and processing travel claims will receive training. Training materials and a copy of the training sign-in sheet will be provided to the chancellor’s office by February 28, 2015.
December 8, 2014

MEMORANDUM

TO: Mr. Larry Mandel
    Vice Chancellor and Chief Audit Officer

FROM: Timothy P. White
      Chancellor

SUBJECT: Draft Final Report 14-39 on Executive Travel,
         California State University, Channel Islands

In response to your memorandum of December 8, 2014, I accept the response
as submitted with the draft final report on Executive Travel, California State
University, Channel Islands.

TPW/amd