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April 10, 2023

Dr. Jane Close Conoley, President
California State University, Long Beach
1250 Bellflower Boulevard
Long Beach, CA 90840

Dear Dr. Conoley:

**Subject: Audit Report Audit Report 22-38, Executive Travel and Hospitality,
California State University, Long Beach**

We have completed an audit of *Executive Travel and Hospitality* as part of our 2022-2023 Audit Plan, and the final report is attached for your reference. The audit was conducted in accordance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

There were no reportable observations revealed during the review. The final audit report has been posted to Audit and Advisory Services' website.

I wish to express my appreciation for the cooperation extended by the campus personnel over the course of this review.

Sincerely,



Vlad Marinescu
Vice Chancellor and Chief Audit Officer

c: Jolene Koester, Interim Chancellor
Lateefah Simon, Chair, Committee on Audit
Yammilette Rodriguez, Vice Chair, Committee on Audit

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EXECUTIVE TRAVEL AND HOSPITALITY

**California State University,
Long Beach**

Audit Report 22-38
April 10, 2023

EXECUTIVE SUMMARY

OBJECTIVE

The objectives of the audit were to ascertain the effectiveness of operational, administrative, and financial controls related to executive travel and hospitality and to ensure compliance with relevant government regulations; Trustee policy; Office of the Chancellor (CO) directives; and related campus and auxiliary procedures.

CONCLUSION

Based upon the results of the work performed within the scope of the audit, the operational, administrative, and financial controls for executive travel and hospitality expenditures as of February 24, 2023, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

There were no reportable observations revealed during the review.

GENERAL INFORMATION

BACKGROUND

The California State University (CSU) pays or reimburses travel and hospitality expenses that are ordinary, reasonable, appropriate, and necessary to conduct official university business and serve a purpose consistent with the mission and fiduciary responsibilities of the university. 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, business meetings, fundraising events, development activities, and recruitment of staff and students.

The primary CSU policies governing travel are Executive Order (EO) 688, *Delegation of Authority – Approval of Travel Requests*, last revised September 3, 2020, and Integrated California State University Administrative Manual (ICSUAM) §3601.01, *CSU Travel and Business Expense Reimbursement Policy*, which was last revised August 18, 2022. EO 688 delegates authority to each president to subdelegate authority to approve travel requests for campus personnel. ICSUAM §3601.01 requires travelers to have documented authorization for travel prior to departure, requires travel expense claims to be timely submitted after trip completion, and discusses the procedures and documents necessary to obtain approval for reimbursement of travel expenses. The policy also defines methods and types of travel expenses that are eligible or ineligible for reimbursement, and incorporates California Assembly Bill 1887, which restricts state agencies from approving state-funded or state-sponsored travel to certain states that have enacted a law that discriminates on the basis of sexual orientation, gender identity, or gender expression.

The CSU also has an additional policy for international travel, Coded memorandum Risk Management (RM) 2014-01, *International Travel Approval Process and Requirement to Purchase Insurance*, dated October 27, 2014. This memorandum requires all faculty, students, and staff to obtain foreign travel insurance through the California State University Risk Management Authority (CSURMA). It also requires additional approvals for travel to high-hazard areas or countries on the U.S. State Department Travel Warning List.

The primary CSU policy governing hospitality is ICSUAM §1301.00, *CSU Hospitality Policy*, which was last revised on September 8, 2020. It applies to activities that promote the CSU to the public and the provision of hospitality in connection with official CSU business, and it specifies the university and auxiliary funds that may be used for such purposes. Each campus and its auxiliaries are required to develop written procedures, consistent with this policy, regarding the payment of ordinary and necessary hospitality expenditures. The policy governs the appropriate use of state, auxiliary, sponsored programs, trust, and agency funds unless legally exempted or otherwise restricted. The policy also defines allowable and unallowable expenditures, allowable funding sources, and appropriate approval processes.

At California State University, Long Beach (CSULB), the accounts payable (AP) department within financial management is responsible for the oversight of travel and hospitality management activities and ensures compliance with systemwide and campus policies and procedures. Specifically, the AP department is responsible for ensuring that university expenditures are properly approved, timely and accurately recorded, and consistent with overall guidelines and regulations. The AP department is overseen by the university controller

who reports to the associate vice president for financial management, who reports to the vice president of administration and finance.

SCOPE

We performed fieldwork from January 17, 2023, through February 24, 2023. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative. The audit focused on procedures in effect from July 1, 2022, to February 24, 2023.

Specifically, we reviewed and tested:

- Administration of university business travel and hospitality for executives to ensure responsibilities are well-defined and include clear lines of organizational authority and documented delegations of authority.
- Campus travel and hospitality policies and procedures to ensure they are current, comprehensive, and consistent with CSU policy.
- Appropriateness of funds used to pay for executive travel and hospitality.
- Travel and hospitality expenditures to ensure they are properly authorized, incurred for appropriate business purposes, adequately documented, and in compliance with CSU and campus policies and procedures.
- Payments or reimbursements of travel and hospitality expenditures to non-campus employees such as spouses or domestic partners of campus executives to ensure they are appropriate and in compliance with CSU and campus policies and procedures.

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. Our testing and methodology, which was designed to provide a review of key operational, administrative, and financial controls, included interviews and detailed testing on certain aspects of executive travel and hospitality expenditures. Our review was limited to gaining reasonable assurance that essential elements of travel and hospitality expenditures were in place and did not examine all aspects of the expenditures. Also, we did not review travel and hospitality expenditures related to sponsored programs.

CRITERIA

Our audit was based upon standards as set forth in federal and state regulations and guidance; Trustee policy; Office of the Chancellor directives; and campus and auxiliary procedures; as well as sound administrative practices and consideration of the potential impact of significant risks. This audit was conducted in conformance with the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

This review emphasized, but was not limited to, compliance with:

- Government Code 13402 and 13403, *State Leadership Accountability Act*
- Education Code 89753, *Expenditures and Control*
- Assembly Bill 1887, *Prohibition on State-Funded and State-Sponsored Travel to States with Discriminatory Laws*
- EO 688, *Delegation of Authority – Approval of Travel Requests*
- EO 731, *Designation of Chief Financial Officer*
- EO 1000, *Delegation of Authority and Responsibility*
- EO 1031, *Systemwide Records/Information Retention and Disposition*
- ICSUAM §1301, *CSU Hospitality Policy*
- ICSUAM §3601.01, *CSU Travel and Business Expense Reimbursement Policy*
- *CSU Contracts and Procurement Policy*
- *CSU Information Security Policy and Standards*
- RM 2014-01, *International Travel Approval Process and Requirement to Purchase Insurance*

AUDIT TEAM

Audit Manager: Christina Chen
Senior Auditors: Laura Vazquez and Marlon Perez