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April 12, 2024

Dr. J. Luke Wood, President
California State University, Sacramento
6000 J Street
Sacramento, CA 95819

Dear Dr. Wood:

Subject: Audit Report 23-38, Executive Travel and Hospitality, California State University, Sacramento

We have completed an audit of *Executive Travel and Hospitality* as part of our 2023-2024 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: Mildred García, Chancellor
Yammilette Rodriguez, Chair, Committee on Audit
Jean Picker Firstenberg, Vice Chair, Committee on Audit

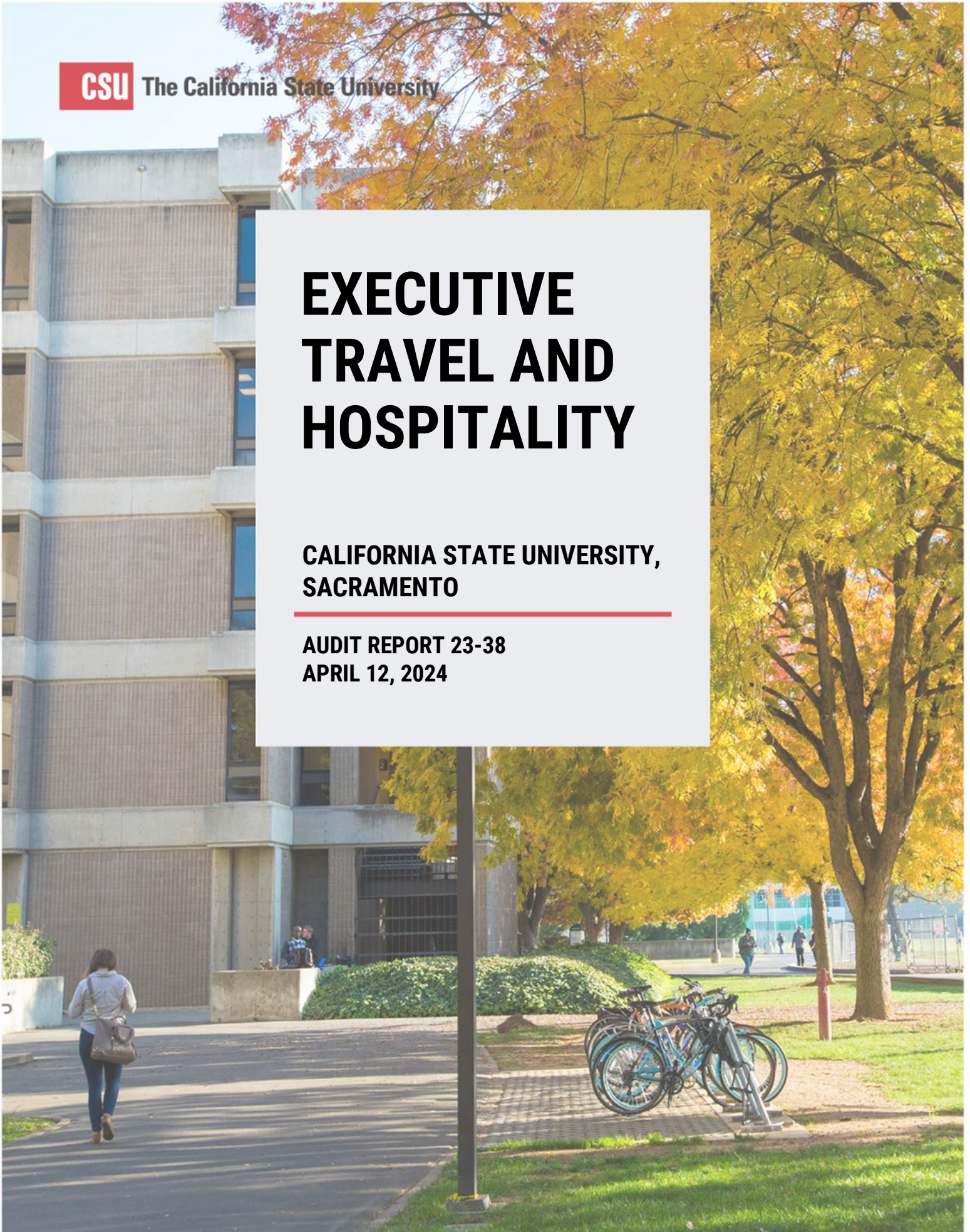
CSU Campuses

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EXECUTIVE TRAVEL AND HOSPITALITY

**CALIFORNIA STATE UNIVERSITY,
SACRAMENTO**

**AUDIT REPORT 23-38
APRIL 12, 2024**



EXECUTIVE SUMMARY

AUDIT OBJECTIVES AND BACKGROUND

In accordance with the fiscal year (FY) 2023/24 Audit Plan, as approved by the Board of Trustees, Audit and Advisory Services performed an audit of executive travel and hospitality at California State University, Sacramento (Sacramento State).

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 federal and state regulations, Trustee policy, Office of the Chancellor (CO) directives, and campus and auxiliary procedures.

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.

For the purpose of this review, executives were defined as the campus president, vice presidents, college deans, and athletics director. The review included travel and hospitality expenses funded by state and auxiliary funds, with a focus on high-dollar transactions and individuals with a high frequency of expenses. At Sacramento State, auxiliary-funded travel and hospitality expenses are paid through the University Foundation at Sacramento State (UFSS) and University Enterprises, Inc. (UEI), using philanthropic funds and campus program funds.

OVERALL 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 March 11, 2024, taken as a whole, provided reasonable assurance that risks were being managed and objectives were met.

AUDIT SCOPE AND RESULTS

In general, we found that executive travel and hospitality administration was effective and in compliance with CSU policies and procedures. Sacramento State has an experienced accounts payable and travel team, as well as established processes that provide guidance to university executives regarding travel and hospitality expenses.

There were no reportable observations revealed during the review.

Area	Processes Reviewed	Audit Assessment
Travel Expenses	Administration of university business travel for executives, including campus and auxiliary travel expense procedures, funding and payment methods, travel advances, and travel expense approvals and documentation	<i>Effective – no reportable observations noted</i>

Area	Processes Reviewed	Audit Assessment
Hospitality Expenses	Administration of university hospitality for executives, including campus and auxiliary hospitality expense procedures, funding and payment methods, and hospitality expense approvals and documentation	<i>Effective – no reportable observations noted</i>
Systems Access	Processes to ensure that only authorized users have access to systems used to process travel and hospitality expenditures	<i>Effective – no reportable observations noted</i>

The audit focused on procedures in effect from July 1, 2022, through March 11, 2024. Our audit and evaluation included the audit tests we considered necessary in determining whether operational, administrative, and financial controls are in place and operative. Our review was limited to gaining reasonable assurance that essential elements of executive travel and hospitality were in place and did not examine all aspects of the program.

GENERAL INFORMATION

ADDITIONAL BACKGROUND

The primary CSU policies governing travel are *Delegation of Authority – Approval of Travel Requests* and the *CSU Travel and Business Expense Payment Policy* (CSU Travel Policy). These policies delegate authority to each president to subdelegate authority to approve travel requests for campus personnel. The CSU Travel Policy applies to all CSU employees, including executives, students, and others traveling on university business, and discusses the procedures and documents necessary to obtain approval for reimbursement of travel expenses. The CSU Travel Policy also specifically addresses appropriate approval levels for the campus president and vice presidents, as well as travel expenses of a spouse or registered domestic partner who accompanies a university business traveler.

The primary CSU policy governing hospitality is the *CSU Hospitality Policy*. 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 Sacramento State, the accounts payable (AP) and travel department within the Administration and Business Affairs division is responsible for overseeing travel and hospitality management activities and ensuring compliance with systemwide and campus policies and procedures. Specifically, the AP and travel department is responsible for ensuring that university and UFSS expenditures are properly approved, timely and accurately recorded, and consistent with overall guidelines and regulations. The AP and travel department is overseen by the AP and travel manager who reports to the associate vice president for financial services, who in turn reports to the vice president for administration and business affairs. Similarly, the University Enterprises, Inc. (UEI) AP department is responsible for the oversight and administration of travel and hospitality activities at UEI. The UEI AP department is overseen by the chief financial officer of UEI, who reports to UEI's executive director.

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 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*
- *CSU Delegation of Authority – Approval of Travel Requests*
- *CSU Delegation of Authority and Responsibility*
- *CSU Systemwide Records/Information Retention and Disposition*
- *CSU Hospitality Policy*
- *CSU Travel and Business Expense Payment Policy*

- *CSU Contracts and Procurement Policy*
- *CSU High Hazard International Travel Approval Process and Requirement to Purchase Insurance*
- *CSU Information Security Policy and Standards*

AUDIT TEAM

Senior Audit Manager: Christina Chen
Senior Auditor: Laura Vazquez