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September 7, 2018

Report #17-201

Dr. Soraya M. Coley
President
California State Polytechnic University, Pomona
3801 West Temple Avenue
Pomona, CA 91768

Dear Dr. Coley:

Pursuant to a request from your office and approval from the Chair of the Board of Trustees' Committee on Audit on March 13, 2017, Audit and Advisory Services has conducted an investigation in response to allegations raised by California State Polytechnic University, Pomona (campus) administrators. Specifically, we investigated allegations that expenditures made from particular Cal Poly Pomona Foundation (Foundation) program accounts and campus non-payroll payments made to three specific individuals were inappropriate and not in compliance with applicable criteria. In addition, we investigated allegations that time reported by the three specific individuals to both the state and the Foundation was incorrect and investigated whether the individuals violated additional employment policies.

In general, the Foundation non-payroll expenditures we reviewed appeared to be allowable based on the source of funds used, but we noted numerous concerns related to the items purchased, the delivery address, the approval received, and the lack of documentation for travel expense claims. In regard to the campus non-payroll payments, we were unable to substantiate the allegations because only two such payments were within the scope of our review and given the low dollar amounts involved, we did not perform further testing.

The hours reported by the three specific individuals were improperly reported in order to stay within the maximums allowed by additional employment policies and two of the three employees violated additional employment restrictions.

Ancillary to the findings regarding the initial allegations, we also determined that Foundation funds were used to pay a student to conduct research unrelated to campus activities, and two of the three employees failed to submit required reports.

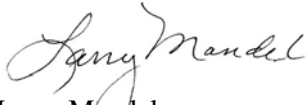
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Dr. Soraya M. Coley
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Included within the report are the results of the investigation, along with specific recommendations that we believe would benefit campus and Foundation fiscal and operational management.

Sincerely,



Larry Mandel
Vice Chancellor and Chief Audit Officer

c: Douglas Faigin, Chair, Committee on Audit
Timothy P. White, Chancellor

SPECIAL INVESTIGATION

CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA

REIMBURSEMENT CLAIMS, TIME REPORTING, AND ADDITIONAL EMPLOYMENT

Investigative Report 17-201

August 13, 2018

Members, Committee on Audit

Douglas Faigin, Chair
Hugo N. Morales, Vice Chair
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Vice Chancellor and Chief Audit Officer: Larry Mandel
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ABBREVIATIONS

Campus	California State Polytechnic University, Pomona
Center	California Center for Land and Water Stewardship
College	College of Environmental Design
CSU	California State University
FERP	Faculty Early Retirement Program
Foundation	Cal Poly Pomona Foundation, Inc.

EXECUTIVE SUMMARY

INITIAL ALLEGATIONS

- Non-payroll expenditures made from particular Cal Poly Pomona Foundation (Foundation) program accounts were inappropriate and not in compliance with applicable criteria.
- Campus non-payroll payments made to three specific individuals were inappropriate and not in compliance with applicable criteria.
- Time reported by three specific individuals to both the state and the Foundation was incorrect.
- Additional employment policies were violated by three individuals.

INVESTIGATION RESULTS – INITIAL ALLEGATIONS

Foundation Non-Payroll Expenditures

In general, the payments we reviewed appeared to be allowable based on the source of funds used, but we noted numerous concerns related to the items purchased, the delivery address, the approval received, and the lack of documentation for travel expense claims.

Campus Non-Payroll Payments

We were unable to substantiate the allegations related to non-payroll payments.

Time Reporting

Hours were improperly reported in order to stay within maximums allowed by additional employment policies.

Additional Employment

Two employees violated additional employment restrictions.

INVESTIGATION RESULTS – ANCILLARY FINDINGS

Foundation Funds Were Used to Pay a Student to Conduct Research Unrelated to Campus Activities

Employee A used Foundation funds to pay a student for work that was unrelated to her scholarly activities with the campus.

Failure to Submit Required Reports

Employee A failed to submit her 2016 sabbatical report. In addition, she and employee B, as co-directors of a campus center, failed to submit an annual report for academic year 2016/17, as well as a required five-year review of the center.

INTRODUCTION

BACKGROUND

College of Environmental Design

The California State Polytechnic University, Pomona (campus) is organized into eight colleges, including the College of Environmental Design (college), which works to improve communities and resolve pressing problems facing society by integrating the arts, architecture, landscape architecture, regenerative studies, and urban and regional planning, as well as a “learn by doing” approach. Employees A and B are both faculty members in the college; Employee C is an administrative coordinator in the college.

California Center for Land and Water Stewardship

The California Center for Land and Water Stewardship (center) is a collaborative effort housed within the college intended to serve as an interdisciplinary nexus at the campus, working in partnership with public and private agencies and organizations on the conservation, stewardship, and restoration of land and water resources. Employees A and B are co-directors of the center; Employee C provides administrative services for the center.

Cal Poly Pomona Foundation, Inc.

The Cal Poly Pomona Foundation, Inc., (Foundation) is a 501(c)(3) public-benefit charitable-educational organization. The Foundation provides financial services, as well as payroll and accounting services for campus program accounts, such as those used by the center. Employees A, B, and C all received payroll payments from the Foundation.

Campus Actions and Notifications

In early February 2017, a campus administrator noticed unusual payment and time-reporting activity in Foundation program accounts. Subsequent to an initial review by the campus, further irregularities surfaced, and on March 10, 2017, the campus president requested assistance from the Office of the Chancellor to investigate the irregularities. The request for an investigation was endorsed by the chancellor on March 10, 2017, and approved by the chair of the Committee on Audit on March 13, 2017.

SCOPE AND METHOD OF INVESTIGATION

The campus’ main concerns related to particular Foundation program accounts and three individuals (employees A, B, and C), who were associated with and received payments from those accounts. Unless otherwise stated, the scope of our review was July 1, 2015, through June 30, 2017. To investigate the allegations, we reviewed a selection of 35 non-payroll expenditures, including associated supporting

documentation, made from Foundation program accounts. Twenty-nine of the expenditures were made from three program accounts the Foundation administered for the center, and the remaining six transactions were from four other Foundation accounts.¹ The expenditures we reviewed consisted of reimbursements to Employees A and B, as well as Employee A's spouse. We attempted to review non-payroll expenditures made by the campus to Employees A, B, and C, but only two payments fell within the scope of our review, and given the small dollar amounts involved, we did not conduct a further review of payments made by the campus. We also reviewed records of the time reported by each of the three individuals to both the campus and the Foundation, as well as other relevant leave records. In addition, we reviewed relevant criteria and obtained computer files and emails for each of the three individuals. Further, we interviewed Employees A, B, and C, as well as campus and Foundation administrators and former students of Employee A.

¹ Account records indicated three accounts related to the center; we were informed later that was not the case for one of those accounts. Further, we included an additional six transactions in our sample because of general concerns about the appropriateness of other payments made to the employees. This included transactions from earlier time periods, as well as from other Foundation accounts.

RESULTS OF INVESTIGATION

Foundation Non-Payroll Expenditures

We selected a sample of expenditures paid for from particular Foundation program accounts and reviewed them for appropriateness and compliance with applicable criteria. In general, the payments we reviewed appeared to be allowable based on the source of funds used, but we noted numerous concerns related to the items purchased, the delivery address, the approvals received, and the lack of documentation for travel expense claims.

We reviewed 35 expenditures that occurred between July 31, 2011, and August 23, 2016, totaling \$57,691, from seven different Foundation program accounts. Twenty-two of the 35 expenditures (totaling \$29,923) were made to Employee A, six (totaling \$10,653) were made to Employee A's husband, and the remaining seven (totaling \$17,115) were made to Employee B.

Employee A's Requests for Payment

Because the reimbursements to Employee A's husband were for purchases made by Employee A, we will include concerns relating to these payments in our discussion of Employee A. In total, there were 28 payment requests made by Employee A under either her name or her husband's name. The employee submitted these payment requests in the form of disbursement vouchers and travel expense claims.

Disbursement Vouchers - Supplies

In general, the payments made to Employee A and her husband appeared to be allowable based on the source of funds used. However, when reviewing the claims for payment made by Employee A, we noted numerous concerns, related mainly to the number and nature of items purchased, as well as the fact that almost all of the items were shipped to the employee's residence. For example, Employee A used funds from Foundation accounts to purchase hundreds of items, including books and gardening and canning supplies. She explained that the items were used for her research and the books were also loaned to students for their research, but the employee has not published any research since approximately 2010.

No Other Authorized Signer

In at least four instances totaling \$2,818, Employee A was the only authorized signer to approve reimbursements paid to her husband. Those reimbursements were for purchases Employee A made using a credit card on which her husband was the primary account holder. As a result, Employee A approved transactions in which she had a financial interest. The reimbursements should have also been approved by the dean, but the Foundation made the payments even though the documentation did not include all the required approvals. Employee A told us she did not know why the dean did not approve the forms; she said she would have followed her normal procedure of giving the forms to Employee C (the administrative coordinator for the center run by Employees A and B), who in turn would take them to the dean's office for review and approval.

Reimbursement Claims Not Submitted Timely

In addition, Employee A often submitted reimbursement claims months or even years after she (or her husband) incurred the expense. For example, nine separate reimbursement claims were submitted on May 11, 2015, for transactions that occurred as far back as April 10, 2012, more than three years earlier. Although the Foundation *Accounts Payable Payment Processing Policy* did not specify a time period for submission of claims, it did state that “[u]pon receipt of the invoice, the department must immediately prepare a Disbursement Voucher...” Delays of months or years do not constitute immediate preparation.

Items Shipped to Residence

Employee A indicated that she had items shipped to her residence because the campus distribution department told her that they were not set up to deliver so many items. Examples of the supplies purchased included dozens of planters, approximately 200 bags of container mix, trellises, a composter, a mulcher, canning supplies, cookbooks, a cheese-making kit, and a Nutribullet blender. When we asked about the business purpose of the items, Employee A said they were related to a project and that she currently has a paper out for publication. The research was designed to discover what other types of value people gained from growing their own food, since doing so is not cost-effective; for example, whether the perceived value is greater if the grown items are cooked or canned.

Travel Expense Claims

We were not always able to determine whether Employee A’s claims for reimbursement of travel expenses were appropriate or in accordance with applicable criteria. For example, as she did with her other reimbursement claims, Employee A sometimes submitted her travel expense claims months or even years after the travel occurred.

In addition, we noted the following issues with Employee A’s travel expense claims:

- Employee A claimed at least two meals (a lunch and a dinner) to which she was not entitled.
- We found an Authorization to Travel on State Business form that was backdated (Employee A’s signature was dated prior to the date the form indicates the form template was revised).
- Employee A told us she had pre-approval for the trips, but of the eight travel expense claims we reviewed, only one had a clear pre-approval authorization form. Three of the authorizations were dated the same day as the expense claims, three were not dated, and one was backdated.

The Political Reform Act of 1974, codified in the California Government Code, beginning with Section 87100, states that no public employee shall make, participate in making, or in any way attempt to use an official position to influence a government decision in which the public employee knows or has reason to know he or she has a financial interest. A public official has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from the public generally, on the employee or his or her spouse.

The Foundation’s *Accounts Payable Policies and Procedures* require approval by an authorized signer. Although Employee A is an authorized signer, the Foundation should have required the approval of another authorized signer because they knew from asking Employee A that the payments to her

husband were for purchases she made.² The policies did not specify a deadline for submitting a claim for reimbursement, but they did state that disbursement vouchers should be prepared immediately upon receipt of an invoice. The policies also did not prohibit having items delivered to a residence.

The Foundation's travel policy requires that travelers obtain pre-approval to travel on state business. Older versions of the policy, which were in effect during the time of some of Employee A's trips, did not clearly specify when travel expense claims must be submitted.

Employee B's Requests for Payment

In general, the payments made to Employee B appeared to be allowable based on the source of funds used.

Campus Non-Payroll Payments

We searched for non-payroll payments made by the campus to Employees A, B, and C between July 1, 2015, and April 5, 2017. Only Employee B received non-payroll payments during that time period. Employee B received two payments, one for \$120 and one for \$240. Given the low dollar amounts and the fact that there were only two transactions, we did not perform further testing.

Time Reporting

We reviewed the hours that Employees A, B, and C reported they worked between July 1, 2015 and June 30, 2017, to both the campus and the Foundation. Employee A instructed Employee C to circumvent internal controls over time reporting. Upon speaking with each of the employees, we learned that the number of hours they reported to the Foundation were not necessarily the number of hours they worked because they reported certain hours in order to stay within the maximum allowed by the additional employment policy. As a result, we have no assurance that the number of hours reported accurately reflect the number of hours worked.

According to Foundation policy, it is the responsibility of each employee at the end of each pay period to verify that the hours entered for their work are accurate and approve their time. Further, each supervisor who has budget approval for a project where employees work must verify and approve the hours entered for their applicable employees. Nevertheless, Employee C performed most of the time entry and approval functions for himself and for Employees A and B. We asked Employee C whether the Foundation raised concerns that he was approving hours reported by his superiors, Employees A and B. He said no and that in fact, someone at the Foundation (he could not remember who) instructed him to get Employee A's user ID and login to approve time. However, we showed Employee C an email string from April 2017 in which he asked the Foundation whether he could approve his own hours, and the Foundation said no. The Foundation employee told Employee C: "...we need to have someone approve

² It is not clear from the documentation whether the Foundation was aware the individual being reimbursed was employee A's husband, but they knew the reimbursement was for purchases made by employee A using his credit card.

your hours. Our policy requires it...we need to follow our policies and those of the CSU.” Employee C responded to that email saying he would work with Employee A to get access for her so that she could approve his hours. He told us that, at Employee A’s direction, he requested her login and password because if she ever had one, she could not remember it. The Foundation said they could only provide that information to Employee A.

We asked Employee C whether the plan was for him to get Employee A’s login information so that *she* could approve his time or so that *he* could approve it. He said that it was not initially clear what the process would be, but once he had the information, Employee A told him to go in and approve his own time using her account. Though Employee C said it was not initially clear what the process would be, an email between him and Employee A seemed to contradict that. In the email, he told Employee A that he was working with the Foundation to try to get her access as a manager on the timekeeping system “so you **(I)** [emphasis added] can approve my hours.” He informed Employee A that the Foundation would not accept anything that would allow him to approve his own hours. Employee A instructed Employee C to “go ahead and approve your own hours using my login.” Employee A told us she knew the practice was not allowed, but she circumvented the controls because she was too sick to deal with it. She said she had past experience with Employee C and trusted him, but she acknowledged that because of her health issues, she was not reviewing things as closely as she had in the past.

As a result of the broad access Employee A gave to Employee C, there were no checks and balances on Employee C’s reported time. Employee C frequently reported that he worked 10 hours per week for the center (in addition to his full-time employment with the campus), but as noted above, we were unable to confirm that he actually worked all of the hours for which he was paid.

Further, because Employee C was a subordinate to Employees A and B, yet he entered and approved their hours, appropriate checks and balances also did not exist for the time reported for Employees A and B.

Additional Employment

Employee A

Employee A failed to get approval for additional employment during her sabbatical leave. She requested and was granted a sabbatical for the fall 2016 quarter in order to write three articles and submit them for publication. During her leave, Employee A continued to be paid through the Foundation for her additional employment. According to the terms of the sabbatical, any additional or outside employment during the sabbatical required prior approval from the provost. Employee A told us that she did not know prior approval was a requirement and it did not occur to her to obtain it, but the requirement is listed on the Acceptance of Paid Professional Leave form signed by Employee A in March 2016.

Employee B

Employee B was a faculty member in the college. She retired effective June 15, 2016, and began participating in the Faculty Early Retirement Program (FERP) at the beginning of the 2016/17 academic year (September 19, 2016). FERP is available to tenured faculty and librarians. It allows a retired person to serve without reinstatement from retirement or loss of interruption of benefits provided by the CalPERS retirement system as a member of the academic staff of a California State University (CSU), if the service does not exceed certain maximum hours. The duration limit for FERP employment is five years, and other restrictions apply. For example, FERP participants are not eligible for other CSU appointments while in FERP, including appointments with other CalPERS-covered entities. In fact, Employee B's FERP appointment letter, dated May 2, 2016, and signed by the employee on June 15, 2016, specifically stated, "[w]hile participating in FERP with a 50% appointment, **you are ineligible for any additional employment with the CSU or its auxiliaries** [emphasis added]." Nevertheless, Employee B performed work for the Water Resources and Policy Initiatives (WRPI) program at the Office of the Chancellor, for which she was paid via the Foundation after a transfer of funds from the WRPI. The employee was paid \$9,448 for 146 hours of additional employment she engaged in from July and December 2016 (which included dates after the start of the academic year), thereby violating the terms of her FERP appointment.

Employee B told us that she had twice spoken with a representative in campus human resources (HR) in advance about whether this additional employment was allowed. According to Employee B, the HR representative told her that the Foundation was not a CalPERS-covered entity,³ so she could be paid by the Foundation without violating FERP provisions. However, we spoke with the HR representative, and although she remembered having conversations with Employee B on another topic, she did not recall discussing this issue. Further, the HR representative told us that she did not know whether the Foundation was a CalPERS-covered entity; therefore, if she had discussed this issue with Employee B, she would have told her that she (the employee) would need to talk to the Foundation to determine whether it participated in CalPERS or not. When we pointed out that Employee B's FERP appointment letter said she was ineligible for any additional employment with the CSU or its auxiliaries, the HR representative said she never saw the FERP appointment letter, and her main focus would have related to potential issues with CalPERS.

Also, Employment Transaction Forms to hire Employee B at the Foundation and later to change an account number did not contain all of the required approvals, including signatures from the employee, manager/director/dean, or faculty affairs.

Employee C

Employee C is an administrative employee in the department of landscape architecture. In addition to working full time for the campus, between June 19, 2016, and June 3, 2017, he was regularly paid for 10 hours per week to perform work for the center, such as processing paperwork and entering student hours into the timekeeping system. When we asked the employee whether his work for the center was

³ The Foundation is a CalPERS-covered entity.

considered part of his state job, he said that he was not clear about that himself. Nevertheless, the employee told us that he performed the work for the center before starting his state workday, during his lunch break, or after his state workday if needed. However, in a draft request for a promotion from his state position, he noted the work that he did for the center as part of the justification for promotion, and we noted 16 instances when the employee charged time for doing work for the center when emails or calendar information indicated he was not working on center projects.

Employee C also told us that his work hours for the center varied, but because he was paid for 10 hours of work each week for the center, he tried to keep the number of hours he actually worked as close to 10 hours as possible. He said the 10 hours he claimed each week was done so that he could earn a certain amount of money and stay below the 25 percent additional-employment limitation.

We were unable to confirm that the employee actually worked all of the hours for which he was paid, or whether at least some of the hours he charged actually occurred during time when he was already being paid by the state. In addition to Employee C's statement that his work hours for the center varied, we found a June 2017 email from Employee A to Employee C that said, "[p]aying you was never about you working the 10 [hours] a week, it is because I think you do a great job and are vastly underpaid." We further question the accuracy of Employee C's reported hours because he entered and approved his own time, as discussed earlier.

ANCILLARY FINDINGS

Employee A Improperly Used Center Funds to Pay a Student to Conduct Research Unrelated to Her Department Work

Employee A used Foundation funds to pay at least one student to perform work that was unrelated to the field of study for which Employee A is employed by the campus.

Employee A asked a student to conduct research related to the breed of dog that she owns and to run errands related to her dogs, which the student did in conjunction with errands he was doing for work that was related to the California Center for Land and Water Stewardship (center).

Employee A confirmed that she had one or two students work on this research, which is unrelated to the field of study for which she is employed by the campus. She told us that her intention was to pay the student(s) from a particular account that allowed for many types of discretionary expenditures, and she felt her use of these funds was appropriate because this was a promising area of research. However, at least some of the student's dog-related research time was manually transferred by Employee C so that the student's hours were charged to an account related to the center, even though the research had nothing to do with the center. The student estimated that he charged about 20 hours of time to the Foundation for personal work he did for Employee A.

We asked faculty affairs about the propriety of using Foundation funds for research in a field of study that is unrelated to the field in which Employee A works in her role with the campus. They noted that if the work was to benefit a personal hobby or interest of Employee A, then it is not appropriate.

However, if the work was part of a larger plan for her to shift the focus of her research in a new direction, she should have had a conversation with the dean to express her plans and obtain explicit approval. We checked with the dean, who also checked with the associate dean and department chair, and none of them found any record of Employee A's plans to conduct this type of research. The dean said that, in his opinion, the research in question would not constitute relevant scholarly activity, and he did not consider the research to be an appropriate use of state or Foundation funds.

Failure to Submit Required Reports

Employee A failed to submit her 2016 sabbatical report, and she and Employee B, as co-directors of the center, failed to submit an annual report for academic year 2016/17, as well as a required five-year review of the center.

Sabbatical Report

Employee A requested and was granted a sabbatical for the fall 2016 quarter in order to write three articles and submit them for publication. According to the terms of the sabbatical, upon completion of the leave, Employee A was required to submit a post-leave report describing her accomplishments during the leave in sufficient detail for the Professional Leave Committee to determine whether the goals of the leave plan were fulfilled. The report was due by March 10, 2017, but was not filed. When we met with Employee A in February 2018, she told us she completed the report but may not have submitted it because she was ill during that time. Employee A later sent us a copy of her sabbatical report indicating that she drafted two articles and sent them to co-authors (due to illness, she did not follow up with them) and analyzed data for a third article but did not complete the writing. The sabbatical plan was then revised to perform research work in eight foreign countries. Additional work included a book prospectus on research methods.

Annual Report and Five-Year Review

In addition, the campus *Policy on Centers and Institutes* requires each center or institute to submit an annual report based on the academic fiscal year by June 30 of each year. We noted that there were two annual reports for the center for academic year 2015/16, each in a different format, and no report for academic year 2016/17, which was due on June 30, 2017. Employee A confirmed that an annual report for academic year 2016/17 had not been completed. When the dean asked her about the report in July 2017, Employee A told him she would work on it; however, she told us that she was in the hospital at the time and then forgot about it.

The Policy on Centers and Institutes also states that there should be a review of the center's performance every five years. According to the campus Centers and Institutes Review Schedule, the center was due for review in 2015. We checked with the Office of Research, Innovation and Economic Development, and they had no record of a five-year review for the center. When we asked Employee A whether the review had been done, she told us that one of the two annual reports from academic year 2015/16 was actually the five-year review. She further told us that after that report was submitted, the dean told them they had not submitted their annual report, so they cut and pasted from what she asserted was the five-year review into the annual report form. However, as noted above, the Office of

RESULTS OF INVESTIGATION

Research, Innovation and Economic Development had no record of the five-year review. In addition, both of the reports Employee A submitted were specifically labeled as being annual reviews.

RECOMMENDATIONS

Our investigation was administrative in nature. The conclusions we drew were made within that context. Recommendations that would mitigate the recurrence of similar findings are presented below.

We recommend that the campus:

1. Create a procedure for the campus to notify the Foundation of situations that put restrictions on an individual's additional employment, such as sabbaticals and participation in FERP.
2. Perform a review of faculty who have taken sabbatical since January 2015 and verify that they have submitted their sabbatical reports as required. For any faculty who are not in compliance, follow up to ensure they complete and submit the required reports.
3. Determine whether campus centers and institutes are in compliance with the five-year review requirement. For any centers or institutes that are not in compliance, follow up to ensure they conduct the reviews and submit the required report.

We recommend that the Foundation:

1. Revise its *Accounts Payable Policies and Procedures* to include a specific time period within which invoices and reimbursement claims must be submitted for payment.
2. Remind Foundation employees who review and process reimbursement claims to ensure that all appropriate approvals are included before they finalize the claim for payment.
3. Create a policy to address whether or under what circumstances items may be shipped somewhere other than the campus. Consider applying this policy to all types of purchases, including reimbursements to an employee for business purchases, procurement card purchases, or purchases made directly through Foundation accounts payable.
4. Remind Foundation employees who review and process travel expense claims to ensure that an Authorization to Travel on State Business Form was completed. For situations when authorization was not completed, develop a procedure for reminding travelers of this requirement.
5. Remind those entering time into the timekeeping system that they are not allowed to approve their own hours, that they must log in using their own credentials, and that users must not share their credentials.

Campus Response

We concur.

1. The campus will create a procedure to notify the Foundation of situations that put restrictions on an individual's additional employment. It is expected to be completed September 30, 2018.

2. We have reviewed the faculty members who have taken sabbatical leaves since January 2015 and verified that the majority (100 percent in academic year 2015/16 and 94 percent in academic year 2016/17) of them have submitted their sabbatical reports as required. We will follow up with those who haven't submitted and ask them to submit their reports as soon as possible. Also, we will develop a follow-up process (by December 2018) to ensure all faculty who take sabbatical leaves complete and submit their required reports on time.
3. The campus will develop a review plan to ensure that all campus centers and institutes submit their required reports and are in compliance with the five-year review requirement. The plan is expected to be implemented by fall 2018.

Also, on the Foundation side:

1. The Foundation will revise its *Accounts Payable Policies and Procedures* to include a specific time period within which invoices and reimbursement claims should be submitted for payment. It is expected to be completed by October 31, 2018.
2. The Foundation will remind the financial services employees who review and process reimbursement claims to ensure that all appropriate approvals are included before they finalize the claim for payment. It is expected to be completed October 31, 2018.
3. The Foundation will review and revise its *Accounts Payable Policies and Procedures* to require additional information on any purchase that is shipped somewhere other than the campus. It is expected to be completed by October 31, 2018.
4. The Foundation will remind state employees that they must have a completed Authorization to Travel on State Business Form on file before a travel expense claim can be processed. Foundation financial services will not process a travel payment if the form is not on file. It is expected to be completed by October 31, 2018.
5. The Foundation will send periodic reminders to all of the authorized payroll approvers that they must not share their credentials with any others and they must approve their staff time in the timekeeping system. It is expected to be completed by October 31, 2018.



Office of the President

August 29, 2018

Mr. Larry Mandel
Vice Chancellor and Chief Audit Officer
The California State University
401 Golden Shore, Suite 210
Long Beach, CA 90802

Subject: Cal Poly Pomona's Response to Investigative Report 17-201

Dear Vice Chancellor Mandel:

Enclosed is the campus response from California State Polytechnic University, Pomona to the report on *Reimbursement Claims, Time Reporting, and Additional Employment Investigative 17-201*. We appreciate the effort you and your staff have made to indicate areas where our procedures or internal controls could be strengthened. We will take the necessary actions to address the report's recommendations.

If you should have any questions or concerns, please feel free to contact Ms. Joice Xiong, Director of Internal Audit, at 909-869-3332 or yxiong@cpp.edu.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Soraya M. Coley'.

Soraya M. Coley, Ph.D.
President

Enclosures: Campus Response to Recommendations
Campus Response Matrix

cc: Dr. Sylvia A. Alva, Provost and VP for Academic Affairs
Danielle L. Manning, VP & CFO, Administration, Finance and Strategic Development
Dr. Martin F. Sancho-Madriz, AVP for Faculty Affairs
Dr. Sadiq Shah, AVP for Research, Innovation and Economic Development
Sharon L. Reiter, AVP for HR Ops & Strategic Ent Risk Mgmt.
David F. Prenovost, CFO of CPP Foundation
Joice Xiong, Director of Internal Audits

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CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
Reimbursement Claims, Time Reporting, and Additional Employment
Special Investigation 17-201
Campus Response Matrix

Recommendation Number	Description	Completed	In Progress	Expected Completion Date
1	Campus – Additional Employment		X	September 30, 2018
2	Campus – Sabbatical Reports		X	December 30, 2018
3	Campus – Review for Centers and Institutes		X	December 30, 2018
4	Foundation – Reimbursement Time Period		X	October 31, 2018
5	Foundation – Reimbursement Approvals		X	October 31, 2018
6	Foundation – Shipping Address for Purchases		X	October 31, 2018
7	Foundation – Travel Authorization for State Employees		X	October 31, 2018
8	Foundation – Payroll Approvals		X	October 31, 2018

SPECIAL INVESTIGATION
CALIFORNIA STATE POLYTECHNIC UNIVERSITY, POMONA
REIMBURSEMENT CLAIMS, TIME REPORTING, AND ADDITIONAL EMPLOYMENT
Investigative Report 17-201

We recommend that the campus:

1. Create a procedure for the campus to notify the Foundation of situations that put restrictions on an individual's additional employment, such as sabbaticals and participation in FERP.
2. Perform a review of faculty who have taken sabbatical since January 2015 and verify that they have submitted their sabbatical reports as required. For any faculty who are not in compliance, follow up to ensure they complete and submit the required reports.
3. Determine whether campus centers and institutes are in compliance with the five-year review requirement. For any centers or institutes that are not in compliance, follow up to ensure they conduct the reviews and submit the required report.

We recommend that the Foundation:

1. Revise its *Accounts Payable Policies and Procedures* to include a specific time period within which invoices and reimbursement claims must be submitted for payment.
2. Remind Foundation employees who review and process reimbursement claims to ensure that all appropriate approvals are included before they finalize the claim for payment.
3. Create a policy to address whether or under what circumstances items may be shipped somewhere other than the campus. Consider applying this policy to all types of purchases, including reimbursements to an employee for business purchases, procurement card purchases, or purchases made directly through Foundation accounts payable.
4. Remind Foundation employees who review and process travel expense claims to ensure that an Authorization to Travel on State Business Form was completed. For situations when authorization was not completed, develop a procedure for reminding travelers of this requirement.
5. Remind those entering time into the timekeeping system that they are not allowed to approve their own hours, that they must log in using their own credentials, and that users must not share their credentials.

Campus Response

We concur.

RESULTS OF INVESTIGATION

1. The campus will create a procedure to notify the Foundation of situations that put restrictions on an individual's additional employment. It's expected to be completed September 30, 2018.
2. We have reviewed the faculty members who have taken sabbatical leaves since January 2015 and verified that majority (100% in AY 2015-16 and 94% in AY 2016-17) of them have submitted their sabbatical reports as required. We'll follow up with those who haven't submitted and ask them to submit their reports as soon as possible. Also, we'll develop a follow up process (by December 2018) to ensure all faculty who take sabbatical leaves complete and submit their required reports on time.
3. The campus will develop a review plan to ensure that all campus centers and institutes submit their required reports and are in compliance with the five-year review requirement. The plan is expected to be implemented by Fall 2018.

Also on the Foundation side:

1. The Foundation will revise its *Accounts Payable Policies and Procedures* to include a specific time period within which invoices and reimbursement claims should be submitted for payment. It's expected to be completed by October 31, 2018.
2. The Foundation will remind the financial services employees who review and process reimbursement claims to ensure that all appropriate approvals are included before they finalize the claim for payment. It's expected to be completed October 31, 2018.
3. The Foundation will review and revise its *Accounts Payable Policies and Procedures* to require additional information on any purchase which is shipped to somewhere other than the campus. It's expected to be completed by October 31, 2018.
4. The Foundation will remind State employees that they must have a completed Authorization to Travel on State Business Form on file before a travel expense claim can be processed. The Foundation Financial Services will not process a travel payment if the form is not on file. It's expected to be completed by October 31, 2018.
5. The Foundation will send periodical reminders to all of the authorized payroll approvers that they must not share their credentials to any others and they must approve their staff time in the timekeeping system. It's expected to be completed by October 31, 2018.