



Travel and Hospitality Review
The President's Administrative Team
07/20/2022

Objective

This review aims to perform a sample testing of the President's Administrative Team (PAT) travel and hospitality transactions for compliance with applicable systemwide and campus policies and procedures.

PAT consists of the following:

- Vice President for Academic Affairs and Provost
- Vice President for Finance & Administrative Services and Chief Financial Officer
- Vice President for Student Affairs
- Vice President for University Advancement
- Chief Communications Officer
- Chief Community Engagement Officer
- Chief Diversity Officer
- Chief of Staff¹

Scope and Sample

This review focused on PAT travel and hospitality expenses incurred between July 1, 2019, and January 31, 2022. These transactions were paid via procurement card, purchase order, or direct pay using campus or auxiliary funds.

Travel and hospitality transactions were queried based on the following CFS Data Warehouse department ID and description for each PAT member, respectively:

- #1142 (PO Administrative Group)
- #1051 (FAS Finance & Admin Serv VP)
- #1092 (STDAFF Student Aff VP Office)
- #1040 (UADV University Advancement VP)
- #1035 (PRES Communications)
- #1209 (CRUE Admin Office)
- #1236 (Pres Diversity & Ed Equity Off)

¹ Review of the Chief of Staff was included as part of the Office of the President's separate review of travel and hospitality expenses. See <https://www.csusm.edu/audit/ooop-th-review-summary-052522-final.pdf>.

The Office of Internal Audit (OIA) reviewed 52 travel expenses² totaling \$31,612. Also, from the miscellaneous operating expenses population, OIA reviewed 150 hospitality-type expenses totaling \$272,060.

Department ID	Travel		Hospitality	
1142	5	\$2,900	20	\$10,687
1051	5	\$2,957	15	\$13,218
1092	5	\$6,100	20	\$25,875
1040	10	\$4,434	30	\$77,681
1035	2	\$2,181	15	\$81,165
1209	15	\$7,561	35	\$34,471
1236	10	\$5,479	15	\$28,963
Total	52	\$31,612	150	\$272,060

Conclusion

Based on the work performed within the scope of this review, OIA noted that adequate controls exist over PAT travel and hospitality expenses; however, we noted opportunities to further improve and strengthen these controls. We also determined that the nature of the expenditures was appropriate, and no fiscal improprieties were found during this internal review. The results of this internal review and corresponding recommendations are detailed in the following sections of this report.

It should also be noted that California State University, San Marcos (CSUSM) has implemented significant changes to travel and hospitality processes beginning January 2020, including restructuring of the travel department, implementation of Concur (travel software) and Adobe Sign (digital e-signature software), revision and consolidation of state and auxiliary travel, hospitality, and procurement card guidelines and forms, and streamlining of the direct pay processes.

OIA presented the results of this internal review to Business & Financial Services (BFS) on July 8, 2022, CSUSM Corporation on June 30, 2022, and Travel Office management on June 21, 2022. As noted above, process improvements implemented in January 2020 will assist with the observations and best practices mentioned in the report. At this time, no formal follow-up was required by OIA; however, we recommended that management take appropriate actions, including but not limited to continuous training provided to PAT staff related to requesting and approving travel and hospitality expenses. CSUSM strives to improve our processes continuously, and additional internal reviews of travel and hospitality expenses will be performed in the future by OIA.

² Due to the COVID-19 pandemic, the CSU Chancellor’s Office suspended systemwide travel from March 2020 thru May 2021.

Travel Expenses: Observations and Recommendations

Missing Support

Supporting documentation could not be located for three samples reimbursed between November 2019 and April 2020 (dept #1236). As such, we could not verify whether these travel expenses were adequately supported and approved.

We recommend that BFS and Travel Office review document storage procedures to ensure all travel supporting documentation are appropriately retained.

Travel Expenses Lacked Business Justification

We found that some reimbursed travel expenses lacked business justification. Specifically, for one travel in June 2019, there was no business justification for hotel valet parking, ride-sharing transportation cost from the airport to a secondary location (note that the traveler claimed additional transportation expense from this second location to their home/final destination), and optional travel protection cost for booking airfare thru broker sites (#1092).³

Further, for two separate travels in October 2019 and November 2019, there was no business justification for ride-sharing transportation costs incurred during the trip, although the traveler drove their vehicle (#1051 and 1035).

We recommend that the Travel Office reiterate campus travel guidelines to PAT travelers and approvers regarding non-reimbursable upgrades, adequate business justification, and proper approval for any travel exceptions.

Travel Request Forms Were Not Completed⁴

We found that the required travel request forms were not completed before the trip. Specifically, in one instance, no travel request form was submitted for travel in September 2019 (# 1092). Also, in three instances, the travel request form was not submitted until after the completion of the trip in November 2019, December 2019, and December 2020 (#1035 and 1040).

We recommend that the Travel Office reiterate to PAT travelers and approvers campus travel guidelines regarding the requirement and timeliness of completion and approval of travel request forms.

³ Per CSUSM *Travel Guidelines*, "Utilizing broker sites such as CheapOAir, Expedia, Hotels.com, etc., is not advised."

⁴ Per CSUSM *Travel Guidelines*, "Travel must be authorized prior to travel utilizing the Travel Request Form."

Travel Expenses Incurred as Part of the Hospitality Event

We found in one instance that travel expense was incurred during a hospitality event, and the travel authorization form was not completed and approved. Travel expenses were for an overnight hotel stay during a management retreat in July 2019 (#1142).

We recommend that BFS and Travel Office reiterate to PAT travelers and approvers both travel and hospitality guidelines regarding completion and approval of the travel authorization form if travel expenses are incurred as part of the hospitality event.

Travel Expenses: Best Practices and Recommendations

Unused Airfare Credits

Due to the systemwide travel suspension between March 2020 and May 2021, airfare credits were issued for canceled business trips. In two instances, we found an internal memo, "Cancellation of Reservations Due to COVID-19", completed by the traveler indicating that if an airfare credit was issued, then this will be applied toward a future business travel at CSUSM (#1051 and 1209).

We recommend that the Travel Office remind PAT travelers and approvers to use any remaining airfare credits before expiration.

Meal and Incidental Amount⁵

We found in two instances that the claimed daily meal and incidental expenses appeared to be per diem instead of actual amounts incurred for travels in June 2019 and September 2019 (#1092).

We recommend that the Travel Office reiterate to PAT travelers and approvers the systemwide travel reimbursement policy regarding claiming daily meals and incidental expenses based on actual amounts and not treated as per diem.

⁵ Per CSU *Travel and Business Expense Reimbursement Policy*, "The reimbursement of the daily meal and incidental expenses for travel within the contiguous United States will be based on actual amounts incurred subject to the daily maximum reimbursement cap... The meals reimbursement cap shall not be treated as a per diem... Expenditures above the cap are the responsibility of the traveler."

Hospitality Expenses: Observations and Recommendations

Required Forms Not Completed or Supporting Documentation Not Submitted⁶

We found that the required hospitality forms were not completed, or some supporting documentation was not provided. Specifically, in 18 instances, the hospitality authorization form was not completed for purchases incurred between July 2019 and November 2021 (#1209, 1040, 1236, 1051, and 1035). Also, in two instances, a listing of gift card recipients was not submitted for purchases reimbursed in March 2020 and July 2020 (#1209).

We recommend that BFS reiterate to PAT requesters and approvers the hospitality and the gift card guidelines regarding completion and approval of required forms and submission of supporting documentation.

Blanket Hospitality Form Not Properly Completed⁷

We found that an annual blanket form of \$4,000 for "staff meetings and suite meetings with snacks or catered lunch" was completed and approved for the fiscal year (FY) 2019/20 (#1092). Also, another annual blanket form of \$5,000 for "supplies for president events" for FY 2020/21 was completed and approved (#1040). We noted that previous practice allowed campus departments to use annual blanket hospitality forms for general supplies.

We recommend that BFS reiterate to PAT requesters and approvers the use of blanket hospitality form only for recurring events and not for a general department/annual approval. Event supplies, food, or beverages should be associated with a specific event.

⁶ Per CSUSM *Hospitality Guidelines*, required supporting documentation includes an approved hospitality form and applicable support. Also, per CSUSM *Gift Card Guidelines and Procedures*, "It is the responsibility of the issuing department to track Gift Card/cash equivalent issuance per recipient."

⁷ Per CSUSM *Hospitality Guidelines*, "The blanket hospitality must be specific to set of recurring events, rather than a general department/annual approval." As a best practice, using a blanket authorization form for general dept/annual approval increases the risk that purchases are unnecessary, inappropriate to the occasion, unreasonable to the amount, and do not serve a purpose consistent with the mission and fiduciary responsibilities of the CSU.

Petty Cash Funds Used for Hospitality Expenses⁸

In two instances, we found that petty cash was used to pay for hospitality-type expenses reimbursed in August 2020 and August 2021 (#1040 and 1209). CSUSM Corporation, an auxiliary, managed these petty cash funds. We noted that the petty cash program is being phased out.

We recommend that the Corporation and BFS reiterate to PAT requesters and approvers that hospitality expenses of any type are a prohibited use of petty cash funds.

Honorarium Payment

We found one instance of an honorarium payment to a grant writing presenter (#1035). This reimbursement in January 2020 was paid out of auxiliary funds. CSUSM considers the above payment a special consultant or contracted services, not an honorarium.

We recommend that the Corporation and BFS remind PAT requesters and approvers that honorarium payments are not applicable, and instead, this type of service rendered should be processed as a special consultant or contracted services payment.

⁸ Per CSUSM *Petty Cash/Change Fund Procedures*, "Use of university petty cash funds is prohibited for...hospitality expenses of any type (i.e., party supplies, gifts, coffee/coffee pots); food..." CSUSM Corporation follows campus petty cash procedures.