



Travel and Hospitality Review
Office of the President
05/25/2022

Objective

This review aims to perform a sample testing of the Office of the President (OOP) travel and hospitality transactions for compliance with applicable systemwide and campus policies and procedures.

Scope and Sample

This review focused on 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.

The Office of Internal Audit (OIA) reviewed 20 travel expenses totaling \$132,125 and 50 hospitality expenses totaling \$96,756.

Conclusion

Based on the work performed within the scope of this review, OIA noted that adequate controls exist over OOP 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 there were no fiscal improprieties 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 OOP on April 11 and April 25, 2022, as well as Business & Financial Services and Travel Office management on May 23, 2022. As noted above, process improvements implemented in January 2020 will assist with the observations and best practices noted 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 OOP staff related to requesting and approving travel and hospitality expenses. OIA may also perform an additional review of the same activities and office at a future date.

Travel Expenses: Observations and Recommendations

Blanket Travel Request Not Properly Completed¹

We found that the blanket travel request was not properly completed. Specifically, in one instance, the blanket travel request was completed and approved for travel costs totaling \$5,000, including airfare, lodging or hospitality gift, registration, meal, mileage, transportation, and parking. This blanket form covered the prior interim provost's trips during the academic year 2019/2020.

We recommend that the OOP use the blanket travel request only for mileage, tolls, and parking for a fiscal year or less and hotels for in-state trips with the same business purpose and scope.

Travel Forms Not Timely Completed or Supporting Documentation Not Submitted²

We found that the required travel forms were not completed, or some supporting documentation was not submitted. Specifically, in two instances, the travel request form was not completed and approved before the trip. Also, in three instances, the travel claim form was not submitted within 60 days after travel was completed. Finally, in two instances, the conference agenda was not submitted.

We recommend that the OOP reiterate to staff travel guidelines regarding the timeliness of completion and approval of travel request and travel claim forms, as well as submission of supporting documentation.

¹ Per CSUSM *Travel Guidelines*, "Blanket travel requests may be requested for mileage, tolls, and parking for a specific fiscal year or less. Hotel can be included for in-state trips that are reoccurring with the same business purpose and scope."

² Per CSUSM *Travel Guidelines*, "Travel must be authorized prior to travel utilizing the Travel Request Form." Further, per Integrated California State University Administrative Manual (ICSUAM) 3601.01, *California State University (CSU) Travel and Business Expense Reimbursement Policy*, "The person due the reimbursement for travel costs incurred is responsible for submitting travel claims not more than 60 days after the expenses were paid or incurred." Also, "The business purpose of the travel must be substantiated on the Travel Expense Claim, or other substantiating documentation must be provided, such as a copy of the meeting/conference program."

Travel Expenses: Best Practices and Recommendations

Travel Exception Approval Not Properly Completed

We found that one traveler claimed mileages between April 2020 through June 2021, and the approval exception memo from the interim vice president of finance and administrative services (VPFAS) was provided; however, this memo dated October 19, 2020, was “effective from March 2020 to present.”

We recommend that travel exception approvals specify an end date instead of “to present.”

Hospitality Expenses: Observations and Recommendations

Blanket Hospitality Form Not Properly Completed³

We found that the OOP had completed and approved an annual blanket form of \$5,000 for “event supplies.” Further, a separate blanket form of \$2,400 for “event supplies and in-stock food/beverage” was completed for the fiscal year 2021/2022.

We recommend that the OOP use the 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.⁴

Travel Expenses Incurred as Part of the Hospitality Event Not Properly Approved

We found that in three instances, travel expenses during a hospitality event were incurred, and the travel authorization form was not completed and approved. These were hotel expenses for an overnight stay during executive management retreats in July 2019, August 2019, and August 2021.

We recommend that the OOP reiterate to staff 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.

³ Per CSUSM Hospitality Guidelines, “The blanket hospitality must be specific to set of recurring events, rather than a general department/annual approval.”

⁴ Using a blanket authorization form for general department/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.

***Required Forms Not Completed or Supporting Documentation Not Submitted*⁵**

We found that the required hospitality forms were not completed, or some supporting documentation was not provided. Specifically, in ten instances, the hospitality authorization form was not completed, including for gift baskets sent to donors. Also, for one on-campus event, the pre-approval alcoholic beverage use on-campus form was not completed. Finally, in two instances, a roster or listing of invited attendees was not submitted.

We recommend that the OOP reiterate to staff the hospitality guidelines regarding completion and approval of required forms and submission of supporting documentation.

Hospitality Expenses: Best Practices and Recommendations

Hospitality Expenses Related to Candidate Search

We found that some hospitality expenses related to candidate search were paid out of the OOP's discretionary funds.

We recommend that these expenses be paid out of the funds of the division or department conducting the search.

Clarification on Types of Hospitality Expenses

We found inconsistencies with the OOP staff identifying what hospitality expenses were. For example, décors for OOP's on-campus office or off-campus residence were identified as hospitality because the hospitality justification form was completed.

We recommend that the OOP provide better justification and related business purposes for purchases mentioned above. We also recommend that OOP staff review the hospitality guidelines to ensure understanding of appropriate hospitality expenses, when hospitality is required or necessary to the occasion, and consistency in completing the hospitality form.

Updating Campus Program Project Form

We found that the Corporation's campus program project form for project #81208 (CCR Office of the President) required updating. The prior VPFAS was still named as the project director.

We recommend that the campus update the project form to reflect the current project director and/or fiscal authority.

⁵ Per CSUSM *Hospitality Guidelines*, required supporting documentation includes an approved hospitality form and applicable supporting documentation such as a roster. Also, per the guidelines, "Alcohol purchases for on-campus events must follow the CSUSM Alcohol Use Policy. An Alcohol Approval Form must be submitted in addition to the Hospitality Form."