

Fiscal Stewardship

CSUSM Internal Review Report

As of June 30, 2020

BACKGROUND

President Ellen Neufeldt and the California State University (CSU) Chancellor's Office received a complaint alleging excessive spending and the misuse of public funds by a California State University San Marcos (CSUSM) employee. As a result of the complaint, President Neufeldt requested an investigation by the CSU Office of Audit and Advisory Services. Additionally, President Neufeldt directed Finance and Administrative Services (FAS) to complete a follow-up review of the President's, Vice President's and Academic Affairs Dean's claims from July 1, 2019, to June 30, 2020.

Included within this report are the results of the comprehensive internal review along with specific recommendations for updated travel guidelines and processes for CSUSM's future fiscal and operational management.

In summary, of the travel expenses reviewed as part of this internal review (91 separate transactions), two transactions (2.20%) were found to include one violation of CSU and/or CSUSM travel policies (for a total of two expense violations) and nine (10%) clerical-only errors.

SCOPE AND METHOD OF INVESTIGATION

FAS performed a comprehensive review of travel reimbursement transactions for select leadership travel events during the 2019-20 fiscal year for the University and its auxiliaries.

RESULTS OF INVESTIGATION

GENERAL FINDINGS

In the review of travel reimbursements, FAS referred to applicable CSU and CSUSM campus policies and procedures¹. Ninety-one (91) transactions were selected for review. Within the 91 transactions, there were two identified policy violations, zero events of less than expected fiscal stewardship, and nine clerical errors.

Between FY18/19 and FY19/20, policy violations and/or claims not in fiscal stewardship decreased by 9% year over year. The violations are summarized in the table below.

| Travel Selections | Count | Fiscal Impact | % Error |
|---|--------------|----------------------|----------------|
| Overspending | | | |
| Lodging Cost | 0 | | |
| First/Business Class Airfare | 0 | | |
| Airline Seat Upgrades | 0 | | |
| Parking Fees | 0 | | |
| Reimbursement for Personal Travel Expenses | 2 | 84.33 | |
| Duplicate/Over Payment | | | |
| Total Transactions/Fiscal Impact | 2 | \$ 84.33 | 2% |
| Not in Fiscal Stewardship | Count | Fiscal Impact | |
| N/A | 0 | | |
| Total Transactions/Fiscal Impact | 0 | \$ - | 0% |
| Clerical Errors | Count | Fiscal Impact | |
| Various | 9 | 26.00 | |
| Total Transactions with Clerical Errors | 9 | \$ 26.00 | 10% |

1 Policies referenced above can be found at the following links:

- CSU Travel Policy – ICSUAM 3601.01
<https://calstate.policystat.com/policy/6965303/latest/>
- CSU Hospitality Policy – ICSUAM 1301.00
<https://calstate.policystat.com/policy/6597023/latest/>
- CSUSM Travel Guidelines
<https://www.csusm.edu/travel/index.html>

Updating of Travel Guides and Forms

- FAS has revised and consolidated Travel Guidelines for state, Foundation, and CSUSM Corporation.
- FAS has consolidated and revised the travel authorization and travel claim forms for state, Foundation, and CSUSM Corporation effective May 11.

Employee Education and Training

Between February 24 and June 30, 2020, FAS conducted the following training:

- Division specific training and Q&A for Finance and Administrative Services, Academic Affairs, Community Engagement, and University Advancement travel preparers.
- Student Affairs Leadership Team General Travel Training
- Student Affairs – Student Academic Support Services leadership team
- Two Help desk sessions
- Two General Travel Training
- One 1:1 faculty training
- Various listening and education sessions

SPECIFIC FINDINGS AND RECOMMENDED ACTIONS

Reimbursement for Personal Travel Expenses

Policy:

Substantiation [of travel expense] must include... the purpose for the travel or the nature of the business benefit derived as a result of travel. If any personal leave is taken while on official travel status, the dates of personal leave must be specified within the claim package.

(Travel Policy, Reporting Travel Expense, Section B)

When an employee spends a portion of his/her time on personal travel, any employer reimbursement applicable to the personal portion of the trip is taxable unless an exception applies.

Review Observation:

- One transaction included employee reimbursement for costs of travel that indicated personal benefit.
- One transaction included reimbursement for alcohol.

Action/Recommendation:

- The above-mentioned additional training will help educate travelers to prevent future policy violations.
- The implementation of Concur, expected in fall 2020, will help prevent travelers from requesting reimbursement for excess travel days without providing a bona fide business purpose.
- Employees found to be out of compliance in this area will be required to pay back the personal expenses and/or the relating cost may be taxable to the employee. Where appropriate, employees may face disciplinary action.

Follow-up Note:

- The university has received reimbursement in the amount of \$12 for one transaction and continues to seek reimbursement for the remaining \$72.33.

ANCILLARY FINDINGS AND RECOMMENDED ACTIONS

Clerical Errors

As previously indicated, this internal review also revealed nine (10.00%) clerical-only errors. The university received reimbursement for the clerical error resulting in an overpayment of \$26.00.

CONCLUSION

The internal audit resulted in a decrease in policy violations and less than fiscal stewardship from 11% to 2% of the claims reviewed. Although the travel suspension resulting from COVID has impacted the number of travel events, it is clear compliance with policies and guidelines has increased and a shift in behavior to a more fiscally responsible manner has occurred.