

NEVADA SYSTEM OF HIGHER EDUCATION
SYSTEM OFFICE
TRAVEL
Internal Audit Report
January 1, 2015 through March 31, 2016

GENERAL OVERVIEW

The System Office of the Nevada System of Higher Education (NSHE) is comprised of three units consisting of System Administration, including the Board of Regents staff, System Computing Services (SCS), and the Sponsored Programs Office, also known as EPSCoR. During the audit period, the System Office spent nearly \$900,000 on travel related expenditures for employees. The travel consisted of a variety in-state and out-of-state trips for meetings, conferences, trainings, and other purposes, including iNtegrate 2. Travel arrangements are frequently made by employees within the units noted above. Travel claims are reviewed and approved by System Office personnel and are then submitted to either the University of Nevada, Reno (UNR) or University of Nevada, Las Vegas (UNLV) Controller's Offices for processing.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the travel function at the System Office of the Nevada System of Higher Education (NSHE) for the period of January 1, 2015 through March 31, 2016.

Our review was conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* issued by the Institute of Internal Auditors, and included tests of the accounting records and other auditing procedures, as we considered necessary. The tests included, but were not necessarily limited to, these areas.

1. Reviewing a sample of travel expenditures to determine whether documentation was properly completed and approved and that applicable NSHE and State of Nevada travel policies were followed.
2. Reviewing NSHE's travel policies and procedures to determine whether they are up-to-date and reflect current practice.
3. Reviewing the process for issuing and accounting for travel advances.

In our opinion, we can be reasonably assured that the travel function within the System Office is performed in a satisfactory manner. However, implementation of the following recommendations would further improve this process.

EXPENDITURES

The Internal Audit Department selected a sample of 90 travel related expenditures that were incurred by System Office units during the audit period. The expenditures were reviewed to determine compliance with NSHE and, where appropriate, State of Nevada travel policies. The following exceptions were noted.

1. On four occasions, employee meal and/or lodging per diem was over reimbursed. Two of these involved meals that were provided at conferences employees were attending, one meal did not coincide with the time limitations established for claiming meals, and one meal and lodging expense was reimbursed for non-business travel.
2. On one occasion, a receipt was not provided with the travel claim for an expense that was reimbursed to an employee. It does not appear the traveler was requested to provide documentation to substantiate the expense.

For items one and two, we recommend greater care be taken when reviewing travel claims and supporting documentation to ensure expenses are accurately reported and

substantiated. If the documentation provided to support travel expenses is insufficient, we recommend employees be requested to provide the necessary information. Expenses that are not properly supported or are reported inaccurately should be adjusted on the travel claim form. We also recommend a determination be made whether to seek reimbursement from employees whose travel expenses were over reimbursed.

Institution Response

We agree with the auditors' comments to both findings above. The Vice Chancellor of Finance has contacted each employee or supervisor in question to either obtain the appropriate documentation or a reimbursement, however one individual is no longer employed by NSHE and follow-up was not possible.

In reviewing these specific claims, it was noted that the travel policy for the SA units was not clear in several sections including these specific areas. A draft copy of a clarified travel policy was circulated to the Chancellor's Cabinet in October, 2016 and is expected to be approved at the November 15, 2016 Cabinet meeting. This revision also includes a check-list for travel claim preparation and review which is expected to avoid these types of concerns going forward.

Follow-up Response

A travel policy for the System Office was approved by the Chancellor's Cabinet and the internal policy created, which also includes a travel-check list.

3. On three occasions, travel claims were not signed by an authorized signer on the accounts charged. On one other occasion, the Statement of Account for a purchasing card transaction was not signed by an authorized account signer.

We recommend greater care be taken to ensure travel expenditures are properly approved.

Institution Response

We agree with the auditors' comments that the the travel claim must include approval from an authorized account signer which, in these cases, was an

individual other than the employee’s supervisor. This requirement has been added to the travel claim check-list noted above which should address this concern going forward.

Follow-up Response

Check-list has been created and shared with staff.

4. On four occasions, prepaid travel expenses such as conference registration fees were not recorded on the travel claim form.

We recommend all travel expenses associated with a trip that have been paid by the System Office be included on the travel claim.

Institution Response

We agree with the auditors’ comments, and department travel personnel have been advised of the need to document all travel related costs, including those that are not reimbursed to employees, on the claim form for tracking purposes.

Follow-up Response

Followed up with department personnel and stated the importance of capturing all expenses on the travel claim.

TRAVEL CHECKLIST

As previously mentioned, travel arrangements and processing is typically performed by employees within each of the three System Office units. We noted a travel checklist, or similar document, is not used to help ensure travel is administered consistently across each unit. Such a document could include a quick reference or “how to” guide that addresses basic areas like completion and review of travel request and travel claim forms, documentation requirements, use of established contracts, and other areas as determined necessary.

We recommend a travel checklist be developed and used by System Office units.

Institution Response

We agree with the auditors' comments and a travel checklist has been prepared and will be made available to all personnel upon approval of the clarified travel policy by the Chancellor's Cabinet on November 15, 2016.

Follow-up Response

Travel check-list has been created and made available to all personnel.

NSHE TRAVEL PROCEDURES – PROCEDURES AND GUIDELINES MANUAL

The travel policies that are included in the NSHE Procedures and Guidelines Manual provide guidance to System Office units as well as NSHE institutions. We reviewed the policies to determine whether they are accurate, complete, and consistent with the State of Nevada's travel policies, as documented in the State Administrative Manual (SAM). It should be noted that while NSHE is not required to follow the State's policies, they are typically used as a guideline for policy development. The following observations were noted.

1. The policies do not address air travel between Reno and Las Vegas. SAM requires the use of Southwest Airlines' corporate internet booking site, "SWABIZ", when booking such travel. The site offers a discount for trips between the two cities.
2. The policies do not specifically address in-state versus out-of-state and international travel to clarify differences between these types of travel.
3. The policies do not address the use of rental cars. SAM requires rental cars to be acquired from State contracted companies when traveling out-of-state and NSHE has entered into a contract with a vendor for in-state travel. The contracts have been negotiated to provide acceptable insurance coverage to employees.

4. The policies do not address the procedures for filing travel claims and required receipts. SAM requires travel claims to be submitted within one month of completion of travel.
5. The policies do not state that lodging receipts are required to be submitted by travelers for all lodging expenses in order to be reimbursed for these expenses. SAM requires receipts to be provided for all lodging expenses. The System Office currently allows lodging to be reimbursed at the non-surveyed rate when receipts are not provided.
6. The policies do not address the issuance of travel advances. We were informed the System Office does not grant travel advances except for special circumstances.
7. It is also advised in SAM that the travel policies of state agencies address the following areas: Overnight lodging and meals per diem within 50 miles of principle station, combining business and personal travel, out-of-state travel requests, use of private aircraft, and conditions under which incidentals may be claimed. These topics are not covered in NSHE's policies.

For items one through seven, we recommend the NSHE Procedures and Guidelines Manual be updated with the above information for improved guidance and to promote compliance system-wide with the State's travel policies.

Institution Response

As a global comment impacting all NSHE Institutions, the Vice Chancellor of Finance will bring these recommendations to the Business Officers Council at its November 30, 2016 meeting. These comments will be addressed and, as appropriate, included in the revised business processes or Procedures & Guidelines revisions that will be coming forward as part of the iNtegrate 2 implementation.

Follow-up Response

An internal travel policy was created for System Administration. Changes to the Procedures & Guidelines will be revised as required once iNtegrate 2 implementation occurs.

The Internal Audit Department appreciates the cooperation and assistance received from System Office personnel during this review.

Reno, Nevada
September 28, 2016

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