

UNIVERSITY OF NEVADA, RENO
TRAVEL OFFICE
Internal Audit Report
July 1, 2014 through October 31, 2015

GENERAL OVERVIEW

The University of Nevada, Reno (UNR) spent nearly \$8.6 million in non-team travel related expenses during the audit period. The travel consisted of a variety of trips for research and administrative purposes. Employees frequently make travel arrangements on the internet or with the assistance of a travel agency. All travel claims are processed by the UNR Controller's Office.

SCOPE OF AUDIT

The Internal Audit Department has completed a review of the travel function at the University of Nevada, Reno for the period of July 1, 2014 through October 31, 2015.

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 expenses to determine proper completion of documentation and compliance with applicable University, Nevada System of Higher Education (NSHE) and State of Nevada guidelines.
2. Reviewing the university travel policies and procedures to determine whether they are up-to-date and reflect current practice.
3. Reviewing the reconciliation process for travel advances, as well as airfare paid by university purchasing cards.

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

EXPENDITURES

The Internal Audit Department selected a sample of 94 travel related expenditures that were incurred during the audit period. The expenditures were reviewed to determine compliance with UNR and State of Nevada travel policies. The following exceptions were noted.

1. Of the 94 expenditures reviewed, 63 involved out-of-state and foreign trips for which travel request forms were required to be completed prior to the trips. We noted nine occasions in which the forms were not submitted to the Controller's Office prior to travel, as required.
2. On 10 occasions, travel claims were not submitted to the Controller's Office within 15 days after the trips in accordance with university policy. The submission dates ranged from one to two and a half months after the travelers' return.
3. Three transactions tested involved multiple purchases of airfare made with purchasing cards. We noted travel claims were not filed for three of the ten employees for whom the airfare was purchased.
4. On four occasions, travel request forms were not approved by the proper authority. According to UNR policy, travel requests must be approved by the appropriate vice president, dean, director of intercollegiate athletics, or an authorized designee prior to travel. On five other occasions, travel claims were not approved by an authorized signer on the account charged for the travel expenses.

5. Two transactions involved travel expenses incurred by student groups or by university employees traveling with students. We noted a group travel claim form was not completed to document the trips as required.
6. One transaction involved a journal voucher to transfer travel expenses from an Intercollegiate Athletics (ICA) account to the Marching Band state account. We noted the travel expenses incurred by ICA and the Marching Band were originally paid with purchasing cards assigned to unrelated athletic sports teams that had higher limits and/or broader spending authority, in order to facilitate completion of the transactions.

For items one through six, we recommend employees be reminded of the requirements for the completion, approval, and submission of travel request, travel claim, and group travel claim forms. We also recommend the ICA Department be reminded that transactions should not be charged to purchasing cards unrelated to the transactions to avoid the limitations placed on cards.

Institution Response

How compliance was achieved:

The Accounts Payable Manager attended the Personnel/Controller/Budget (PCB) meeting which the university fiscal officers attend and disseminated the travel requirements as recommended. We also attended the Network meeting which the administrative assistants attend to disseminate the same information. ICA was notified of appropriate procedures for requesting limit increases for sports team travel.

What will be done to avoid the identified problems and issues in the future?

Communication efforts to applicable campus community groups and channels will continue through the Workday implementation. Improved business processes within Workday will ensure improved compliance.

How compliance and future good management and practice will be measured, monitored and assured:

Travel staff will continue to communicate through the various campus groups and on the travel website about the requirements.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise:

The traveler through their respective supervisor and/or the Accounts Payable Manager.

When the measures will be taken and on what schedule compliance and good practice will be secured:

Communications begin with the traveler (employee) and departments immediately.

How compliance and performance will be documented for future audit, management and performance review:

The travel department procedures manual has been updated with the required emails that must be sent to travelers who do not conform to policy.

Follow-Up Response

No change, the corrective action was implemented as presented in the original response.

7. On four occasions, employees completed travel claims incorrectly and were subsequently over reimbursed. This included approximately \$70 in meal per diem and incidental expenses, \$265 in lodging, and \$130 in airfare expenses.
8. Two employees were reimbursed for a rental car when staying at the same hotel that was hosting a conference they were attending. Documentation was not provided to explain the reason a rental car was necessary, as required by university policy.
9. On six occasions, travel receipts and related documentation was incomplete or not provided with the travel claim. It does not appear the travelers were requested to provide further documentation to substantiate the expenses.

10. One employee was reimbursed lodging, meals, and incidental expenses in excess of the maximum foreign rates allowed. This resulted in an over reimbursement of nearly \$400. We noted prior approval of the excess lodging rate was not obtained on the travel request form.
11. On two occasions, employees were reimbursed for meals that were provided at a conference. According to university policy, employees should not request additional reimbursement when registration fees provide for meals.
12. On one occasion, airfare was paid for a trip from Reno to San Francisco. We noted the cost to fly was significantly more expensive than travel by automobile. According to university policy, travel should be by the least expensive method available.

Documentation was not provided to explain the reason air travel was necessary. It does not appear the traveler was requested to provide further documentation to substantiate the expense.

For items seven through 12, 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

How compliance was achieved:

Travel claims or requests without proper documentation will be returned to the traveler for corrections and/or additional information.

Travelers were notified of errors and reimbursements were requested, where required.

What will be done to avoid the identified problems and issues in the future?

Travel claims or requests without proper documentation will be returned to the traveler for corrections and/or additional information.

How compliance and future good management and practice will be measured, monitored and assured:

When we receive travel forms that do not comply with policy, we will forward an email to the traveler with the current travel policy, highlighting the error that was made.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise:

The traveler through their supervisor and/or the Accounts Payable Manager.

When the measures will be taken and on what schedule compliance and good practice will be secured:

Immediately, when we receive travel forms that do not comply with policy, we will forward an email to the traveler with the current travel policy, highlighting the error that was made and request appropriate documentation be provided.

How compliance and performance will be documented for future audit, management and performance review:

The travel department procedures manual has been updated with the required emails that must be sent to travelers who do not conform to policy.

Follow-Up Response

No change, the corrective action was implemented as presented in the original response.

TRAVEL PROCEDURES

The university's travel policies are documented in the University Administrative Manual.

The policies are provided in an on-line version and in portable document format (PDF). We

reviewed the policies for accuracy to determine whether they are complete and up-to-date. The following observations were noted.

1. Out-of-State Travel – Differences were noted between the on-line and PDF versions of the travel policies. It appears the on-line policies were not updated with revisions made to the Out-of-State travel section, dated September 2015.
2. In-State Travel – The policies do not state that lodging receipts are required to be submitted by travelers in order to be reimbursed for these expenses. The policies also do not allow for exceptions to the in-state lodging rates for surveyed areas. The State of Nevada requires receipts to be submitted for in-state lodging expenses and allows exceptions to the established lodging rates for surveyed areas. Both of these areas are addressed in the State Administrative Manual.
3. Travel Expense Reimbursement Procedure – The policies do not indicate that travel expenses should be itemized for each day of travel. During this review, two occasions were noted in which travelers combined several days of lodging, meal per diem, and other travel expenses into one amount on the travel claim. This method of reporting expenses makes it more difficult and time consuming for Controller's Office personnel to verify expenses.
4. International Travel – The policies state the process for approving exceptions to the maximum lodging rates on multiple occasions including one occasion in which it states exceptions to the maximum foreign lodging rate may only be approved when employees stay at a conference/workshop/meeting hotel. This area of the policy should be consolidated into a single procedure to provide clarification.

5. Athletic Team Travel – The policies state a travel request form must be completed for all athletic team travel. This varies from the Out-of-State Travel section, however, which states travel requests are not necessary for travel of coaches for pre-scheduled intercollegiate athletic events. In addition, the policy states travel advances must be reconciled within 15 days after completion of the trip. It does not mention, however, that a group travel claim must be filed to complete this process.

For items one through five, we recommend the travel policies in the University Administrative Manual be updated with the necessary revisions.

Institution Response

How compliance was achieved:

The University Administrative Manual (UAM) travel policy and the online travel section on the controller's website are currently under review to correct any inconsistencies.

What will be done to avoid the identified problems and issues in the future?

Requested changes to the travel policy will be reviewed for consistency across the UAM and our website as well as the PDF version.

How compliance and future good management and practice will be measured, monitored and assured:

When a review of the travel policies identifies discrepancies, the UAM will be updated with needed changes.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise:

The Associate Vice President, Business and Finance/Controller

When the measures will be taken and on what schedule compliance and good practice will be secured:

The travel policies are currently being reviewed for necessary updates and will be consistent among the multiple versions on all media.

How compliance and performance will be documented for future audit, management and performance review:

Consistent policy and procedures manuals will be available to campus personnel.

Follow-Up Response

The UAM has been updated and the inconsistencies have been corrected so both the UAM and the website provide identical policy information.

OTHER

The following items were noted during our review of expenditures; however, they are the responsibility of other campus departments.

1. One transaction involved a journal voucher to transfer travel expenses from one grant account to another. We noted a portion of the expenses were unrelated to the grant account charged.

We recommend the School of Medicine coordinate with the Office of Sponsored Projects to review this transaction and make the appropriate adjustment to the grant accounts. In the future, we recommend greater care be taken to ensure expenditures charged to sponsored projects are directly related to the awards.

Institution Response

How compliance was achieved:

Travel records were reviewed to connect travel to P-card purchases. It was noted on the records that the travel was to be charged to the IDEA Network of Biomedical Research Excellence (INBRE) grant (managed by another office) but due to the end of the grant year, the charges were JVED to the next year's budget. In processing the travel through the School of Community Health Sciences (SCHS), the travel was charged to the Youth Risk Behavior Survey (YRBS) budget instead (managed by SCHS). The INBRE budget is no longer active so it is not possible to correct. Travel to Las Vegas was occurring for both INBRE and YRBS at the same time.

What will be done to avoid the identified problems and issues in the future?

Travel claims will be carefully reviewed for accuracy in assigning charges to the correct grant. During busy times (when grant funds are ending on multiple grants or travel is assigned to two or more grants), claims will receive extra review to ensure accuracy. In addition, a new staff member will be managing grant expenses as her primary duty.

How compliance and future good management and practice will be measured, monitored and assured:

Within the SCHS, primary staff will have a second review by supervisory staff before official signatures are obtained and requests sent. Any discrepancies will be corrected before requests are sent on and the processes reviewed to ensure that primary staff understand what was wrong and how to correct it. Continuing education may be prescribed if too many errors are identified during the second review.

When the measures will be taken and on what schedule compliance and good practice will be secured:

Ultimately the Director has responsibility for fiscal management within the SCHS. However, primary and supervisory staff are evaluated based on the accuracy of documents and may have prescribed education or be placed on probation if discrepancies are repeated.

When the measures will be taken and on what schedule compliance and good practice will be secured:

Review procedures are already in place for primary staff and meetings are held at the time of the error to correct them. In addition, the staff meet every week to review tasks and discuss workflow issues.

How compliance and performance will be documented for future audit, management and performance review:

As envisioned, there will be no further errors that reach outside of the SCHS for P-card allocation to grants, contracts and accounts.

Follow-Up Response

No change, the corrective action was implemented as presented in the original response.

2. On one occasion, a grant account was charged for the cost of an employee's personal travel Visa as well as the expenses associated with traveling to California to obtain it. According to the Code of Federal Regulations (CFR) Cost Principles (§200.474), general travel costs are allowable as long as they are consistent with those expenses normally allowed by the institution in like circumstances and in accordance with the institution's written travel reimbursement policies. UNR travel policy does not allow reimbursement of these types of expenses. Upon notification of this issue as a result of the audit, the department that received the award obtained approval from the sponsor for these expenses after-the-fact.

In the future, we recommend the College of Engineering obtain advanced approval when seeking reimbursement from grants that are not consistent with expenses normally paid by the university.

Institution Response

How compliance was achieved:

The faculty member requested that the Office of Sponsored Projects contact the sponsor and request approval. Approval was granted by the sponsoring agency after the fact.

What will be done to avoid the identified problems and issues in the future?

On August 1, 2016, an email was sent to all College of Engineering faculty to remind them of the university travel policy. They were also advised to obtain approval for exceptions in advance.

How compliance and future good management and practice will be measured, monitored and assured:

The Accounts Payable Manager attended the PCB meeting which the university fiscal officers attend and explained the necessity for obtaining prior approval.

Who will be responsible and may be held accountable in the future if repeat or similar problems arise:

The faculty member is responsible for ensuring approval is requested in advance for exceptions to university policy.

When the measures will be taken and on what schedule compliance and good practice will be secured:

Measures have been taken to inform faculty of the requirement for advance approval.

How compliance and performance will be documented for future audit, management and performance review:

The travel department was made aware of the requirement to obtain prior approval and return this type of travel request to the faculty member to obtain the necessary approval.

Follow-Up Response

No change, the corrective action was implemented as presented in the original response.

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

Reno, Nevada
June 24, 2016

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Memorandum

To: Joseph Sunbury, NSHE Chief Internal Auditor
From: Sheri Mendez 
Date: January 20, 2017
Subject: Travel Office

The purpose of this memorandum is to transmit the audit follow-up response from the Controller's Office to the audit of the Travel Office for the period July 1, 2014 through October 31, 2015.

I have reviewed and concur with all responses.

cc: Marc Johnson, President
Ronald Zurek, Vice President, Administration and Finance



CONTROLLER'S OFFICE - TRAVEL AUDIT

AUDIT PERIOD

July 1, 2014 through October 31, 2015

NUMBER OF RECOMMENDATIONS

9

#	Recommendation	Implemented	Est. Date of Completion
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EXPENDITURES

1	For items one through six, we recommend employees be reminded of the requirements for the completion, approval, and submission of travel request, travel claim, and group travel claim forms.	Y	
2	We also recommend the ICA Department be reminded that transactions should not be split or charged to purchasing cards unrelated to the transactions to avoid the limitations placed on cards.	Y	
3	For items seven through 12, we recommend greater care be taken when reviewing travel claims and supporting documentation to ensure expenses are accurately reported and substantiated.	Y	
4	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.	Y	
5	We also recommend a determination be made whether to seek reimbursement from employees whose travel expenses were over reimbursed.	Y	

TRAVEL PROCEDURES

6	For items one through five, we recommend the travel policies in the University Administrative Manual be updated with the necessary revisions.	Y	
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OTHER

7	We recommend the School of Medicine coordinate with the Office of Sponsored Projects to review this transaction and make the appropriate adjustment to the grant accounts.	Y	
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8	In the future, we recommend greater care be taken to ensure expenditures charged to sponsored projects are directly related to the awards.	Y	
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9	In the future, we recommend the College of Engineering obtain advanced approval when seeking reimbursement from grants that are not consistent with expenses normally paid by the university.	Y	
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