



Internal Audit

***Administrative Council Expense
Review Report***

December 11, 2014

Office of Internal Audit



Missouri State
U N I V E R S I T Y

DATE: December 11, 2014
TO: Clifton M. Smart III, University President
FROM: Donna Christian, Director of Internal Audit and Compliance
RE: INTERNAL AUDIT: ADMINISTRATIVE COUNCIL EXPENSE REIMBURSEMENTS

BACKGROUND

At the request of University President Clifton M. Smart III, an audit of expense reporting by University executive employees (President and Administrative Council Members) was performed for the two years ended June 30, 2014. During this two year period, expenses totaling \$177,991 were reimbursed to 16 executive employees.

Business expenses paid for by the executive employee and subsequently reimbursed by the University are included in this audit. Examples of business expenses reimbursed include meals, mileage, hotel, parking, baggage fees, rental car fees and fuel, taxi fees, etc. Expenses charged on University purchase cards (direct pay hotel charges, conference charges, and airfare charges) are not included in this audit, but are audited separately.

OBJECTIVE AND SCOPE

The objective of this audit was to review all expense reports filed by University executive employees to ensure compliance with University policies. The scope of this audit was the two years ended June 30, 2014.

SUMMARY

Overall, University executives were found to be properly filing expense reporting forms in compliance with University policies. Some minor issues were identified and quickly resolved and some additional documentation was requested and provided.

Sincerely,

Donna Christian, CPA, CGFM
Director of Internal Audit and Compliance

Renee Fogle, Internal Audit Project Coordinator
Audit Field Work Completed: November 25, 2014

OBSERVATIONS AND RECOMMENDATION

Executive employee expense reports are generally very well documented and comply with University policies. No significant errors or policy violations were identified.

- ❖ During our review of the \$177,991 in expenses reported during the two years ended June 30, 2014 we only identified a total of \$529 in expenses claimed in error. Upon notification, the seven executive employees whose expense reports contained errors reimbursed this amount.

Expenses claimed in error related to the following:

- Meal expenses in excess of the meal maximums
- Meal expenses for day trips
- Meal expenses for spouses
- Mileage expense when a rental car was utilized
- Expenses for alcohol

In all instances these appeared to be unintentional errors typically caused by miscalculations or reporting errors.

- ❖ We also identified \$1,302 in mileage expenses that was underpaid to an executive employee because a mileage rate of 24 cents per mile was used rather than the University rate of 37 cents per mile. The University has now paid the employee for this expense.
- ❖ In most instances the documentation submitted with the expense reporting forms was sufficient and in compliance with University policy; however, some instances were noted when better documentation should have been included.
 - Departure and arrival times should be indicated on expense reporting forms. These times are necessary to determine which meals are allowed to be reimbursed for the first and last days of any trips. The University's travel expense report provides a location for this information to be documented.
 - An agenda or conference brochure should be included for expenses claimed when traveling to a conference. University policy indicates meal expenses will not be reimbursed when a conference meal was provided at no cost.
 - The business purpose of an expense, along with the identification of guests and/or other university employees who were in attendance should be clearly documented on the expense form. The University's travel expense report provides a location for this information to be documented.
 - An itemized receipt showing the actual cost of the meal is required for all meals exceeding \$10.
- ❖ Some instances were also noted where the calculation of University related expenses versus Foundation related expenses was not accurate. As a result, a total of \$3,460 was transferred from the Foundation to the University after the conclusion of this audit.

RECOMMENDATION:

Executive employees should review expense reports to ensure reports are free from errors, documentation is properly attached, and expenses are properly allocated between the University and the Foundation.