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OFFICE OF INTERNAL AUDIT

**AUDIT OF ATHLETIC DEPARTMENT
TRAVEL EXPENSES**

Report No. 09/10-01

October 21, 2009



Date: October 21, 2009

To: Pete Garcia, Athletic Director

From: Allen Vann, Audit Director

Subject: **Audit of Athletic Department Travel Expenses, Report No. 09/10-01**

We conducted an audit of travel expenses incurred by the Athletic Department for the 10 month period ending April 30, 2009, totaling \$2.2 million.

We concluded that, with few exceptions, established controls and procedures for travel expenses, including team travel and recruiting activities are adequate; are being adhered to; and are in compliance with University policies and procedures, applicable state statutes, rules and regulations. Furthermore, National Collegiate Athletic Association (NCAA) Operating Bylaws are being fully complied with.

Areas that Athletics agreed to more carefully address, going forward, include: approving travel authorizations more timely, ensuring that travelers complete their vouchers promptly, returning cash advances more promptly, monitoring car rental and per diem rules more closely, and coding accounting transactions more carefully.

We wish to express our appreciation for the cooperation and courtesies extended to us by the Athletics Department during the conduct of this audit.

C: Albert Maury, Chair, and Members of the Finance and Audit Committee
Mark Rosenberg, University President
Javier Marques, Chief of Staff, Office of the President
Kenneth Jessell, CFO & Senior Vice President, Finance and Administration
Charlene Blevens, Interim Controller

TABLE OF CONTENTS

	<u>Page</u>
Objectives, Scope, and Methodology	1
Background	1
Findings and Recommendations	
1. Travel Authorization Requests	3
2. Travel Vouchers	3
3. Travel Advances	3
4. Car Rental	4
5. Travel Meal Allowance	5
6. Accounting Code	5
7. Recommendations	5
8. Management Response/Action Plan	6
Observations	
9. Cost Savings	8
10. Emergency Purchase	8

OBJECTIVES, SCOPE, AND METHODOLOGY

The primary objective of our audit was to determine whether established controls and procedures over the Athletic Department (Department)'s travel expenses, including team travel and recruiting activities, are adequate; are being adhered to; and are in compliance with University policies and procedures, applicable state statutes, rules and regulations, and National Collegiate Athletic Association (NCAA) Operating Bylaws.

Our audit included the Department's travel expenditures for the period July 1, 2008 through April 30, 2009. Total travel expenditures incurred by the Department for the 10 month ended April 30, 2009 was \$2,184,730. Of this amount, \$1,777,283 was for team travel; \$304,779 for recruiting related travel; and \$102,668 for regular travel such as conference, seminar, etc.

The audit included tests of the accounting records and such other auditing procedures as we considered necessary. We reviewed University policies and procedures, Florida statutes, and NCAA rules, observed current practices and processing techniques, interviewed responsible personnel, and tested selected transactions. Sample sizes and transactions selected for testing were determined on a judgmental basis. Forty travel vouchers, totaling \$305,702 were selected for testing. Audit fieldwork was conducted between May 27, 2009 and August 28, 2009.

As part of our audit, we reviewed internal and external audit reports issued during the last three years to determine whether there were any prior recommendations related to the scope and objectives of this audit and whether management had effectively addressed prior audit concerns. No prior recommendations were noted related to the Athletic Department.

BACKGROUND

The University is a Division I participant of the NCAA and a member of the Sun Belt Conference for both men and women. Men's sport consists of football, basketball, baseball, soccer, and cross country/track. Women's sport consists of basketball, soccer, softball, cross country/track, volleyball, swimming, tennis, and golf. The Athletic Department's travel expenses are governed by Florida Statute section 112.061, University Travel Expense Policy, University Travel and Expense Procedures Manual and applicable NCAA Operating Bylaws.

Travel expenditures spent by each sport during the audit period are depicted in the following table:

Sport	Team Travel	Travel Related to Recruiting Activities	Regular Travel	Total Travel Expenses	%
Football	\$724,093	\$139,978	\$11,202	\$875,273	40%
Men's Basketball	227,231	60,925	16,282	304,438	14%
Women's Basketball	160,403	16,165	1,198	177,766	8%
Women's Soccer	112,481	5,809	1,174	119,464	5%
Women's Softball	81,075	8,538	1,020	90,633	4%
Men's Soccer	72,741	14,090	2,504	89,335	4%
Baseball	68,050	17,633	3,071	88,754	4%
Women's CC/Track	72,435	9,203	438	82,076	4%
Women's Volleyball	74,146	4,425	404	78,975	4%
Men's CC/Track	59,846	5,055	777	65,678	3%
Women's Swimming	37,971	8,293	330	46,594	2%
Women's Tennis	32,724	5,400	647	38,771	2%
Women's Golf	34,817	1,414	349	36,580	2%
Others ¹	19,270	7,851	63,272	90,393	4%
Totals	\$1,777,283	\$ 304,779	\$102,668	\$2,184,730	100%

¹ They include areas such as administration, cheerleaders, golden dazzlers, special projects, and media relations, etc. within the Athletic Department.

FINDINGS AND RECOMMENDATIONS

Based on our audit, we have concluded that the Athletic Department's controls and procedures over its travel expenses are generally adequate and being adhered to. Transactions tested were, for the most part, in compliance with University policies and procedures, applicable state statutes, rules and regulations, and NCAA Operating Bylaws. Details of our findings and recommendations follow.

1. Travel Authorization Requests

Florida Statute section 112.061(3)(a) states, "All travel must be authorized and approved by the head of the agency, or his or her designated representative, from whose funds the traveler is paid. . . ." University Travel Policy also states, ". . . Travelers are not to make commitments to travel or to incur travel expenses without first obtaining the appropriate approval."

Our test of 40 Travel Authorization Requests (TAR) disclosed that 5 were prepared after-the-fact. The days to complete the 5 TARs ranged from 3 to 33 business days after the traveler's departure date.

2. Travel Vouchers

University Travel & Expense Procedures Manual requires a traveler to prepare a travel voucher within 10 days from the day that the trip is completed. Our test of 40 travel vouchers disclosed 30 (75%) instances in which the travel vouchers were submitted to the Controller's Office 11 to 48 business days after the traveler's return. Our test also disclosed 1 instance in which the travel voucher was never submitted to the Controller's Office.

3. Travel Advances

University Travel Policy states, "Cash advances may be authorized for travel when use of a credit card is not possible. The amount of the cash advance cannot exceed 80% of the total per diem and incidental expenses as computed on the TAR. . . ." If a traveler receives an advance in excess of the travel expenses, then the excess funds should be returned to the University within 10 days after the trip.

Our test of 16 travel advances disclosed 13 instances (81%) in which travel advances exceeded the travel expenses. In 10 of these instances, the excess advances were not timely returned to the University. The excess advances, which ranged from \$56 to \$3,574, were refunded to the University between 14 to 37 business days from the last day of travel as depicted in the following table:

Sport	TAR No.	Cash Advance		Excess Cash		No. of Days To Return Cash
		Received	Used	Amount	%	
Men's Basketball	28691	1,704	1,648	56	3%	33
Women's Soccer	28021	4,040	3,639	401	10%	14
Football	28375	1,540	1,356	184	12%	18
Men's Basketball	27887	2,528	2,164	364	14%	19
Women's Basketball	30356	1,326	1,102	224	17%	23
Men's Basketball	27836	1,408	1,063	345	25%	37
Women's Basketball	29533	1,688	1,270	418	25%	15
Football	28220	1,500	1,017	483	32%	24
Men's Basketball	32847	7,043	4,324	2,719	39%	17
Baseball	31018	4,704	1,130	3,574	76%	18

Delay in settlement and repayment of travel advances reduces cash available to the Department/University.

4. Car Rental

University Travel Policy requires travelers to be reimbursed for the rental of a compact sized car unless the automobile is shared with other travelers resulting in a savings to the University.

Our test of 18 travel vouchers, which included car rentals, disclosed 13 instances (72%) in which employees rented intermediate, full sized, or SUV vehicles without any evidence that the car was shared with other people. In another instance a premium SUV was rented for 3 days by a former assistant coach in the men's basketball for an official visit, costing \$961.

5. Travel Meal Allowance

The University follows the per diem and meal allowance rates adopted in Florida Statutes, Section 112.061, limiting the maximum daily meal allowance to \$36.

During team travel the Athletic Department usually purchases and provides meals to student-athletes and University employees who travel with the team. Sometimes, in lieu of providing meals, cash is given to student-athletes and University employees to cover their meal allowance.

Our test of 12 travel vouchers, where cash was provided to Department employees, disclosed that in 7 instances the employees appeared to have received more than the maximum meal allowance under Florida Statutes. In these instances, the employees received both cash and the meals provided by the Department.

6. Accounting Code

Our test of 432 transactions disclosed 18 instances, totaling \$15,619, that were coded to incorrect accounts. For example, lodging was coded as air fare, out-of-state travel as in-state travel, team travel as regular travel, or baggage fees as per diem, etc. The impact of these errors did not materially affect the Athletic Department's financial statements taken as a whole.

Recommendations

The Athletic Department should:	
1.1	Ensure that all travel authorizations are approved prior to travel.
1.2	Submit all travel vouchers to the Controller's Office within 10 days that the trips are completed.
1.3	Minimize travel advances and ensure that excess advances are returned within 10 days after employees complete their travel.
1.4	Ensure that a compact car is used when traveling alone and/or document the justification for rental upgrades.
1.5	Ensure that employees do not receive more than the maximum allowable meal allowances.
1.6	Strengthen controls over the coding of transactions to ensure proper classification of costs.

Management Response/Action Plan:

- 1.1 These findings were based on PeopleSoft Travel Authorization System (TAR) information. Coaches and selected Administrators are often called to travel, mostly due to recruiting student athletes, with very short notice based on student athlete, family and high school coaches' availability. In these cases advanced authorization was obtained, but not input into the PeopleSoft system until after the fact. A new process has been implemented where advanced written authorization will be obtained, and then a manual TAR will be created after the travel date. The written authorization and manual TAR will be filed with the PeopleSoft official TAR to evidence the advanced approval of travel.

Estimated completion date: Immediately

- 1.2 Tardiness in voucher submission does delay reimbursement of expenses to employees. The delay is caused by coaches needing to travel back to back trips for games and/or recruiting. The one instance where the travel voucher was never submitted was due to a TAR that was opened, but no reimbursement was due, voucher was not submitted and TAR was inadvertently not closed. Going forward, Athletics will make further efforts to educate coaches about deadlines and the need for timely submission of travel receipts. Direct communication to coaches of this initiative has been implemented.

Estimated completion date: Immediately

- 1.3 Advances exceeding actual expense are not a violation of policy. Advances were estimated at 80% of the travel expenses. Coaches increased the use of the Procurement Card (Visa) and advances began to more commonly exceed actual cost. Several operational changes have been implemented. Cash advance estimates now take into account purchases that can reasonably be expected will be made on the traveler's Travel & Entertainment Card, in essence reducing the dollar value of the advances. These changes were implemented along with a change in personnel in this area. Cash advances for new travel will not be authorized without the settlement of previous trip. Immediate Supervisor will be notified if cash advance is not settled within 10 days. It is also important to note that many coaches are out recruiting on back to back trips for 2 to 3 weeks at a time and may return on a weekend when the University offices are closed, before submitting receipts and settling cash advances.

Estimated completion date: Immediately

- 1.4 After investigating the findings, we have noted that the Chevrolet Impalas, Pontiac G6, Chrysler PTCR and several SUVs were driven by multiple FIU employees to transport recruits and their families, but the number of passengers was not documented in the form of a memo or hand written on the receipts. The auditor had no supporting documentation to prove compliance, so non-compliance is being reported. It is also important to note that often time's upgrades to midsize cars from compact cars are provided at no additional charge due to availability or personal reward status of individual coaches. The SUV costing \$961 was caused by a date change in the rental from Enterprise who could not produce the vehicle. Avis was contacted for next day rental and the SUV in question was picked up at midnight. Six people including the recruit, family, and FIU Coaches were transported in this SUV. The rate was disputed, but Avis claimed this was a last minute rate. Going forward, coaches will be asked to make hand written notes on the car rental receipts listing those other occupants in the vehicle. This additional step in documentation has been implemented. Athletics will continue to use SUVs to transport prospective student athletes and their families for official visits.

Estimated completion date: Immediately

- 1.5 Management agrees that it "appeared" that employees received more than the maximum meal allowance. When looking at the method of calculating the excess, the auditor has combined cash distributed plus actual meal purchases including student athlete pre and post game meals and divided by the number of travelers, then compared to a calculated maximum per traveler for the respective trip. Pre and post game meals are covered by fundraising dollars paid to FIU Athletics from the FIU Foundation Inc. on an annual basis. The inclusion of documentation supporting the use of fundraising dollars has been implemented.

Estimated completion date: Immediately

- 1.6 These immaterial coding errors are sub-categories to a primary account rollup called Travel Expenses. They represent 4% of the 432 transactions. Athletics has implemented the use of standard account coding lists to provide clear instruction for coding

Estimated completion date: Immediately

OBSERVATIONS

The following two observations were discussed with senior Athletics management and there are no specific recommendations required at this time.

1 Cost Savings

Overall we determined that the Athletic Department staff is very vigilant in managing travel expenditures, resulting in general compliance with University Travel Policies and Procedures. Based upon our review of sampled transactions, we noted examples where the Department could potentially save on travel expenses. These include: a) gratuities for meals, b) sales tax, which is otherwise exempt, c) additional costs relating to changes in trip plans, d) transportation expenses relating to vehicle rentals, parking, taxis, gasoline, etc. and e) per diem. In all, about \$4,500 in travel expenses might have been avoided. We discussed the details of these observations with senior Department staff and they agreed to reinforce this with the Department's travelers.

We also noted when donors, University administrators and/or their family members travel with teams to out-of-town events, their lodging expenses was often paid through the teams' fund raising accounts. However, the cost of their meals was typically paid from Intercollegiate Athletics fund, which places a burden on the athletic program's regular operating budget.

2 Emergency Purchase

During the 2008-09 football season the University contracted for air charter services with a company, Air Planning, for \$462,434 using emergency contracting procedures. The emergency purchase was preceded by an unsuccessful formal bidding process. Subsequently, the former Procurement Services Director advised the Athletic Department that they would go forward with an emergency purchase. Athletics completed the emergency purchase request form for the approval of the President or his designee as required by University Rule 6C8-7.030(5)(e). However, neither Athletics nor Procurement Services were able to provide us with the signed waiver. We noted, however, that the contract was signed by the former CFO, who was an approved designee for the President.