



OFFICE OF INTERNAL AUDIT

Date: January 9, 2018

To: Katharine Brophy, Associate Vice President and Controller
Ramon Dueñas, Associate Controller, Payment Services

From: Allen Vann, Chief Audit Executive

Subject: Review of Expense Reports,
Report No. 17/18-05

A handwritten signature in blue ink, appearing to read "Allen Vann", is written over the "From:" line and extends into the "Subject:" line.

Summary

In November 2017, the Office on Internal Audit discovered a control weakness in the preparation of employee Expense Reports relating to reimbursements of travel expenses paid with the University's Departmental credit card. The identified weakness resulted in identifying \$13,339 overpayments pending reimbursement to the University from 37 employees (see Appendix I).

In contrast to our planned audits, performed in accordance with the *International Standards for the Professional Practices of Internal Auditing*, our testing for this review was limited to gaining an understanding of the relevant process controls. In doing so, we reviewed relevant systems, records and personnel practices sufficient to support our conclusions and recommendations.

Background

The identified weakness involves the necessity of the Expense Report preparer to check-off the Non-Reimbursable box for any expense line item not to be reimbursed to the employee. Each line item encompasses an expense type (Lodging, Registration fee, Meals, Incidentals, etc.) and the preparer has to determine how the expense was paid by the traveler and select one of two available payment types, Out of Pocket or University Credit Card.

The University Credit Card option is used whenever the expense is paid using a University credit card, either a Departmental card (paid by the University directly) or the employee's own Travel and Entertainment (T&E) card (paid by the employee directly). The distinction here being that the employee is primarily liable to pay the bank for any charges on their T&E card. Thus, such a payment is reimbursable to the employee, while any expense paid using the Departmental card is not. If the expense line item was paid by a University

Departmental card or for some other reason is non-reimbursable, the preparer should check-off the Non-Reimbursable box; however, this does not always happen. Checking-off the Non-Reimbursable box ensures the expense line item is not reimbursed to the employee. The type of overpayments found can be seen in the example expense report created below, where a Lodging expense type was hypothetically paid via a Departmental card but the Non-Reimbursable box was not checked-off. In this example, even though the lodging was paid by the University, the employee would be reimbursed for the expense.

Create Expense Report

Save for Later | Home | Summary and Submit

Actions ...Choose an Action GO

*Business Purpose Conference
*Report Description
Reference
*Default Location Florida, Miami
Receipts

Expenses ?
Expand All | Collapse All Add | My Wallet (0) | Quick-Fill ImageNow Attach Receipts Totals (1 Line) 250.00 USD

Receipt Info

*Date
*Expense Type Domestic Lodging
Description 254 characters remaining
*Payment Type University Credit Card
*Amount 250.00
*Currency USD
*Billing Type FIU Expenses
*Number of Nights 1
Receipt Split
Itemize Hotel Bill
Default Rate
Non-Reimbursable
No Receipt
*Exchange Rate 1.00000000
Base Currency Amount 250.00 USD

Accounting Details ?

Expand All | Collapse All

Total 250.00 USD

The University's Departmental credit cards can be either Commodity cards (405 active cards), Travel cards (15), or Dual Use cards (437), and they are largely used for departmental purchases and to facilitate third-party travel when one employee is responsible for arranging departmental travel. The University has made exceptions for three employees who possess a Dual Use card for use in their own travels. One of the travelers identified in this report received such an exception. As mentioned, liability for charges on these cards rests with the University.

The T&E card (36 active cards) is an optional card allowing employees to pay for their own travel expenses, and used for FIU Foundation related expenses. There is joint liability on these cards, but the employee is ultimately responsible for payment.

In order to test whether any improper reimbursements had been made, we requested a listing of all Expense Report expense line items in which the Payment Type was "University Credit Card" and the Non-Reimbursable box was not checked-off for the period from November 1, 2016 through November 14, 2017. We also obtained all University Departmental card payments made for the fiscal years 2016-2017 and 2017-2018, to date.

Findings

The original request resulted in 352 line items, totaling \$78,865, of University Credit Card payments where the Non-Reimbursable box was not checked-off. We then reviewed each line item expense, obtaining the supporting documentation and comparing it against the University Departmental card payments to determine if the University had made the payment directly.

In all, we found 277 line items (79%), totaling \$57,992, which had been properly reimbursed. However, we also found 75 line items (21%), involving 55 Expense Reports, totaling \$20,873, where the traveler was overpaid.

- Of these, we found that 22 line items (16 Expense Reports), totaling \$8,134, had been subsequently identified as an overpayment by the respective department and the traveler reimbursed the University.
- The remaining 53 line items (39 Expense Reports), totaling \$12,739, had yet to be reimbursed to the University.
- We also identified a \$600 overpayment on a reimbursement related to a separate Expense Report not part of the original population.

Recommendations

The Office of the Controller should:	
1.1	Request reimbursement for the \$13,339 from all travelers identified in Appendix I.
1.2	Work with the Financial Systems and Support Services (FSSS) staff to mitigate the identified deficiency, including ensuring that the University Credit Card Payment Type option automatically triggers the Non-Reimbursable box to be checked-off and be greyed out.
1.3	In the interim, Travel section approvers should send back for revision any Expense Report where the Payment Type is University Credit Card, the Non-Reimbursable box is not checked-off, and there is no mention of the use of the traveler's T&E card.
1.4	Ensure that responsible departmental staff receive re-training on the Expense Report preparation and subsequent reconciliation of University credit card statements.

Management Response/Action Plan:

- 1.1 All travelers were contacted and requested that funds be returned to the University.

Implementation Date: Immediately

- 1.2 Payment Services is working with FSSS on a solution to ensure that the University Credit Card Payment type option would automatically check off and grey out the "Non-Reimbursable" box.

Implementation Date: March 1, 2018

- 1.3 The Travel department is currently sending back any expense reports where the payment type is "University Card", the "Non Reimbursable" box is not checked off, and there is no mention of the use of the traveler's T & E Card. These expense reports will require revision.

Implementation Date: Immediately

- 1.4 Payment Services (Travel) will identify University department staff, which would receive re-training on the proper preparation of expense reports and subsequent reconciliation of University credit card statements.

Implementation Date: March 1, 2018

Attachment

- C: Gerald C. Grant Jr, Chair, Audit and Compliance Committee
Mark B. Rosenberg, University President
Kenneth G. Furton, Provost and Executive Vice President
Kenneth A. Jessell, Chief Financial Officer and Senior Vice President
Javier I. Marques, Chief of Staff, Office of the President

<u>EMPLOYEE PID</u>	<u>EXPENSE REPORT NO.</u>	<u>AMOUNT</u>	<u>PAYMENT DATE</u>
0106076	0000337255	\$ 440.00	2017-05-23
0109366	0000331361	165.90	2017-02-06
0109366	0000331361	176.67	2017-02-06
0109366	0000331361	103.50	2017-02-06
0109366	0000331361	448.63	2017-02-06
0109366	0000331361	99.10	2017-02-06
0109366	0000342300	244.96	2017-10-12
0109366	0000342300	149.00	2017-10-12
0109366	0000342300	36.72	2017-10-12
0109366	0000342300	30.00	2017-10-12
0109366	0000342694	235.94	2017-10-02
1024487	0000332632	795.00	2017-03-02
1028211	0000329586	73.53	2016-11-30
1067309	0000327401	95.00	2016-11-01
1169478	0000328060	336.20	2016-11-01
1180312	0000336111	421.10	2017-04-25
1277664	0000332107	39.74	2017-04-12
1277664	0000335563	443.63	2017-05-26
1277664	0000335563	231.85	2017-05-26
1277992	0000342847	218.40	2017-10-18
1295010	0000344075	485.00	2017-11-03
1387879	0000343292	380.26	2017-10-19
1727786	0000341518	60.00	2017-08-28
2109364	0000342444	595.00	2017-10-03
2222938	0000334580	15.00	2017-05-24
2222938	0000334580	60.00	2017-05-24
2222938	0000334580	45.00	2017-05-24
2316530	0000339337	31.78	2017-06-22
2623100	0000341315	500.00	2017-08-18
2623100	0000341315	160.00	2017-08-18
2623100	0000341315	30.41	2017-08-18
2623100	0000341315	400.00	2017-08-18
2652124	0000334678	125.00	2017-03-29
3001772	0000336206	495.00	2017-06-07
3012006	0000335354	398.00	2017-04-21
3012316	0000340868	250.00	2017-08-02
4212760	0000340826	900.00	2017-08-29
4646154	0000327260	500.00	2016-11-10
4818471	0000333730	38.09	2017-04-11
4845179	0000339128	200.00	2017-06-23
4897741	0000330217	87.61	2016-12-28
5062677	0000341598	360.40	2017-08-31
5062677	0000341598	250.00	2017-08-31
5439143	0000342704	33.00	2017-10-10
5641547	0000343882	443.40	2017-10-30
5643109	0000330591	139.00	2017-01-27
5645259	0000343199	197.89	2017-10-17
5649218	0000343530	129.80	2017-10-19
5904389	0000330636	24.00	2017-01-06
5910062	0000333535	334.40	2017-03-14
5926061	0000341621	75.84	2017-08-18
6044970	0000344711	100.00	2017-11-13
6052524	0000343843	110.00	2017-11-06
1400541	0000329169	600.00	N/A
		<u>\$ 13,338.75</u>	