



*Michigan Technological University
Internal Audit Department*

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Audit Report

Travel Expenses
Fiscal Year 2003

Report Date: March 22, 2004

Audit Objectives

The primary objective of this audit was to evaluate compliance with Michigan Tech travel expense reimbursement policies and procedures and with IRS regulations.

Overall Conclusion

Overall, travel expenses were reimbursed according to University policies and procedures. The elements of Michigan Tech travel policies and procedures covered in IRS regulations were in compliance with those regulations. In our opinion, Accounting Services' system for processing travel vouchers provides a high level of assurance that travel policy is complied with, however, we encourage Accounting Services to refuse travel vouchers that do not meet the requirements of travel policies and procedures and require that they be resubmitted correctly.

Our report has one observation that recommends stronger action be taken to ensure compliance with University policies and procedures regarding presidential approval for foreign travel.

1. Presidential approval was not obtained prior to foreign travel by some University employees

Testing showed that out of a total of 161 travel vouchers for foreign travel in fiscal year 2003, 25 did not comply with Michigan Tech travel policies and procedures. Presidential approval was not obtained until after the travel took place for 11 of the foreign trips, and no evidence of approval could be found for 14 of the foreign trips.

Michigan Tech travel policies state, "The President must preapprove, in writing, any travel on University business outside of the United States and Canada. A copy of this authorization must be sent to Accounting Services - Travel."

A possible reason for some employees not obtaining presidential approval until after the foreign travel has taken place is that they do not know about the requirement (e.g. new employees) and only find out later when they try to submit their travel voucher without the approval and are told they need it. The reason for not having approval at all is puzzling, because it is Accounting's policy to require the presidential approval.

Observations that noted problems with presidential approval of foreign travel were included in both the September 8, 1997, and June 15, 2001, Travel Expenses audit reports. While compliance with the travel policy on foreign travel has improved slightly over previous audit periods, we again recommend that the University take stronger action to ensure compliance with policies on foreign travel. We also recommend that no foreign travel reimbursements be provided until presidential approval is obtained.

Response from the Chief Financial Officer:

We will remind all employees (via Tech Topics and all departments e-mail) that written approval of the President is required prior to University travel outside of the U.S. and Canada. The article is scheduled to appear in the Tech Topics issued the week of March 22, 2004.

International travel requests are dated after the completed travel when Accounting receives a travel expense voucher, but no approval. Often times, an employee makes his/her foreign travel arrangements using a personal credit card. Accounting receives the foreign travel voucher only after the travel has been completed. At that time, Accounting notifies the department that Presidential approval is required to receive reimbursement.

Effective immediately, no foreign travel reimbursements will be made until the Presidential approval is received by Accounting.