PROJECT SUMMARY

Overview

The controls established for international travel at Texas A&M University regarding the health and safety of faculty, staff, and students are effective in providing reasonable assurance that the University is operating in compliance with applicable laws, policies, regulations, and University rules. Improvements need to be made in the financial aspects of international travel including establishing contracts with vendors associated with foreign travel and routing contracts through appropriate delegations of authority. Opportunities for improvement were also noted in the areas of timeliness of voucher submission for faculty and staff travel reimbursements and working funds. In addition, the welfare of students traveling internationally could be enhanced through the required submission of documentation through software currently in place in the Study Abroad Programs Office.

Approximately 1,500 faculty and staff foreign travel vouchers were processed from September 1, 2009 through June 30, 2010. Additionally, 355 student trips involving approximately 2,400 students were taken during the same time period.

Summary of Significant Results

Foreign Travel Contracts

Contracts could not be located for seven of seventeen vendors associated with foreign student travel. Thirteen vouchers totaling approximately $1.5 million were paid to these seven vendors during the audit period, the largest of which totaled $514,967. Of the ten remaining vendors, seven vouchers totaling approximately $330,000 were paid in association with contracts that did not have evidence of appropriate delegation of authority. Vendor contracts provide the University and vendor with a defined understanding of product and service expectations and provide legal substance should an issue arise. Routing contracts to proper levels of authority further ensures University and student interests are adequately protected.
Summary of Management’s Response

Management agrees with the report recommendations. Efforts are in progress to improve compliance regarding establishing contracts with vendors related to foreign student travel and routing through the appropriate delegations of authority. Additionally, guidance regarding working fund submissions will be updated for consistency and information about timeliness of personal reimbursements added to training material. Student information required to be submitted prior to departure will be reviewed and the related standard administrative procedure updated appropriately.

Scope

The review of international travel focused on safety and financial controls over international travel of faculty, staff and students. This included identification of University units involved in international travel, information systems used to capture traveler information and processes in place to ensure compliance with federal and state laws, System policies, regulations and University rules. Areas of fieldwork included faculty, staff, and student compliance with international travel guidelines, contracts with vendors associated with student international travel, and working funds issued for international travel. Documentation was reviewed for the period of September 1, 2009 through June 30, 2010. Fieldwork was conducted in July and August 2010.
OBSERVATIONS, RECOMMENDATIONS, AND RESPONSES

1. Foreign Travel Contracts

Observation

Contracts are not consistently established with vendors and contracts are not routing through appropriate delegations of authority.

Contracts, which may include purchase orders, agreements, or memoranda of understanding, could not be located for seven of seventeen (41%) vendors associated with foreign travel. Thirteen vouchers totaling approximately $1.5 million were paid to these seven vendors during the audit period, the largest of which totaled $514,967.

Of the ten remaining vendors, thirteen contracts had been established. Contracts may be established per trip, thus one vendor may have more than one contract. Six of the thirteen contracts (46%) did not have evidence that the appropriate delegation of authority was obtained. Four of the six were not approved by appropriate levels of management while routing forms could not be located for the remaining two. Seven vouchers totaling approximately $330,000 were paid in association with these six contracts.

University Rule 25.07.03.M1, Purchasing Procedures details that expenses related to student travel with the exception of air and bus charter are exempt from competitive bidding requirements and may be purchased by departments regardless of dollar amount. The classification as an exempt purchase, however, does not alleviate the need to establish a contract.

University Rule 25.07.99.M1, Contract Administration reveals that written contracts shall be executed whenever the University enters into a binding agreement with another party that involves stated or implied consideration. The contract requirement may be waived if stated or implied consideration is $5,000 or less. All vouchers tested exceeded the $5,000 limit.

Vendor contracts provide the University and vendor with a defined understanding of product and service expectations and provide legal substance should an issue arise. Routing contracts to proper levels of authority further ensures University and student interests are adequately protected.
Recommendation

1. Foreign Travel Contracts
   (cont.)

   Adhere to University Rule 25.07.99.M1, Contract Administration by establishing contracts with vendors to whom stated or implied consideration of greater than $5,000 will be exchanged. Ensure contracts are processed through proper delegations of authority.

Management’s Response

An analysis of current major vendors will be performed and contracts established as appropriate. Also, in order to raise awareness and improve compliance with University Rule 25.07.99.M1 regarding impending foreign student travel, communication to the University community of the contract requirements and proper delegation of authority regarding student travel will be enhanced. Multiple communication methods will be utilized such as presentations at business councils and use of various listservs.

Target Date: May 2011

In addition, Contract Administration will amend University Rule 25.07.99.M1 to provide clarification of contract requirements and delegation of authority regarding student travel and to improve the process for handling foreign travel services. The amended rule will specify that the acquisition of travel and lodging services (which are typically booked through a travel agency) are not required to be submitted for review by Contract Administration. The amendment will also include information on the use of a Foreign Travel Services Addendum, to be developed in coordination with the Office of General Counsel, for use with vendors providing services (excursions, field trips, etc.) in addition to travel and lodging.

Target Date: May 2011

2. Timeliness of Voucher Submissions

Observation

Vouchers for individual travelers and working funds were not submitted to Financial Management Operations timely.

Twelve of thirty-six (33%) vouchers for reimbursement of individual faculty and staff international travel were not submitted to Financial Management Operations within thirty days of the return of travel. In addition, seven of fifteen (47%) working funds were not fully submitted as required to Financial Management Operations within thirty days of return of travel. Four of those seven (57%) were not fully submitted within sixty days of return of travel.
According to the University Disbursements Manual, employee reimbursement documents are not subject to the Texas Prompt Payment law.

The University Disbursements Manual also relates that travel vouchers prepared in association with travel advances (working funds) must be prepared and submitted to Financial Management Operations within thirty days of return from travel. University SAP 21.01.03.M0.01, Guidelines for the Use of Working Funds for Student Programs Conducted Outside the U.S. conflicts with the Disbursements Manual as it details voucher information should be submitted to the Study Abroad Programs Office or department/college accountant or business office within thirty days of return of travel. Discrepancies between these sources could result in delay of documentation to Financial Management Operations.

According to the University Disbursements Manual, past due travel advances are subject to taxation at one hundred twenty days past due and a hold being placed on the employee at sixty days past due which will prevent the employee from receiving reimbursements or subsequent travel advances until the travel advance is paid back. These holds were not placed on the delinquent vouchers identified in the sample as they had been substantiated, although not completed, prior to the 60 and 120 day deadlines.

Delayed submission of individual employee reimbursements results in employees not receiving reimbursement of personal funds spent for business purposes in a timely manner.

**Recommendation**

Determine the appropriate time frame in which working funds issued for international travel should be submitted to Financial Management Operations. Update guidance, including standard administrative procedures and manuals to reflect this information.

Continue to relay the importance of timely submission of post-travel employee reimbursement vouchers at disbursement trainings.

**Management's Response**

Financial Management Operations will determine the appropriate time frame for which working funds are to be submitted to Financial Management Operations. The University Disbursements Manual and standard administrative procedure will be updated as appropriate to provide consistent guidance on the time frames.
2. Timeliness of Voucher Submissions (cont.)

**Target Date:** February 2011

Financial Management Operations will include information in disbursement training on the benefits to the employee and University from prompt processing of post-travel employee reimbursements.

**Target Date:** February 2011

### 3. Student International Travel

**Observation**

Information necessary to aid students while traveling internationally is not captured in a central location.

According to the University SAP 13.04.99.M1.01, Student Travel, students traveling internationally should complete their travel notice through the Study Abroad Programs Office; however, there is no requirement on what information students must submit. The software (Studio Abroad) through which students register provides a repository for information such as insurance held, waiver and release forms, and emergency contact information. Students are not required to submit this documentation through Studio Abroad and it may instead be held in the associated department.

Incidents involving student international travel could result in a significant reputational risk for the University. Maintaining student documentation in one central location would allow the University to better manage risks associated with international travel.

**Recommendation**

Consider expanding the University SAP 13.04.99.M1.01, Student Travel to include required submission of documentation through Studio Abroad prior to trip departure.

**Management’s Response**

*Student Affairs, in consultation with the Study Abroad Programs Office, will update University SAP 13.04.99.M1.01, Student Travel to specify required information to be submitted through the software (Studio Abroad) utilized by the Study Abroad Programs Office prior to student international travel.*

**Target Date:** May 2011
BASIS OF REVIEW

Objective

The objective of the audit was to review and assess the University’s financial and management controls over international travel to determine if resources are used efficiently and effectively and in compliance with laws, policies, regulations, and University rules.

Criteria

Our audit was based upon standards as set forth in the System Policy and Regulation Manual of the Texas A&M University System; Texas A&M University Rules; and other sound administrative practices. This audit was performed in compliance with the Institute of Internal Auditors’ “International Standards for the Professional Practice of Internal Auditing.”

Additionally, we conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

International travel is a decentralized function at Texas A&M University. Faculty, staff and students participate in international travel though a variety of opportunities including Study Abroad, international internships, field trips, faculty-led programs, conferences and research activities. Processing and monitoring of staff, faculty and student international travel involves the Study Abroad Programs Office, Student Affairs, Contract Administration, Financial Management Operations, and college and department units.
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