



March 27, 2024

# Importance of Proper Documentation

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Office of Internal Audit





## Internal Audit

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- Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations.
- What we do:
  - Perform Audits
  - Perform Control Self-Assessments
  - Provide Management Advisory Services
  - Training
  - Participate in Various Committees



## Agenda

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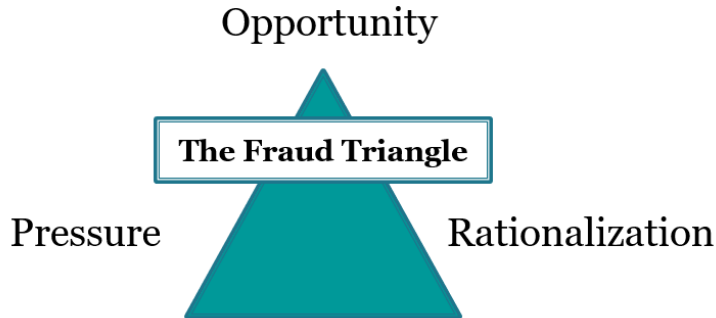
- Why is Documentation Important?
- Expenditure Types and Related Documentation
- In the News – Examples of Inadequate Documentation



# *Why is Documentation Important?*

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## *Fraud Prevention*



<b>Opportunity</b>	<b>Pressure</b>	<b>Rationalization</b>
Weak internal controls	Personal finances	"I'll pay it back"
Trusted employees	Vices	"I deserve it"



# *Why is Documentation Important?*

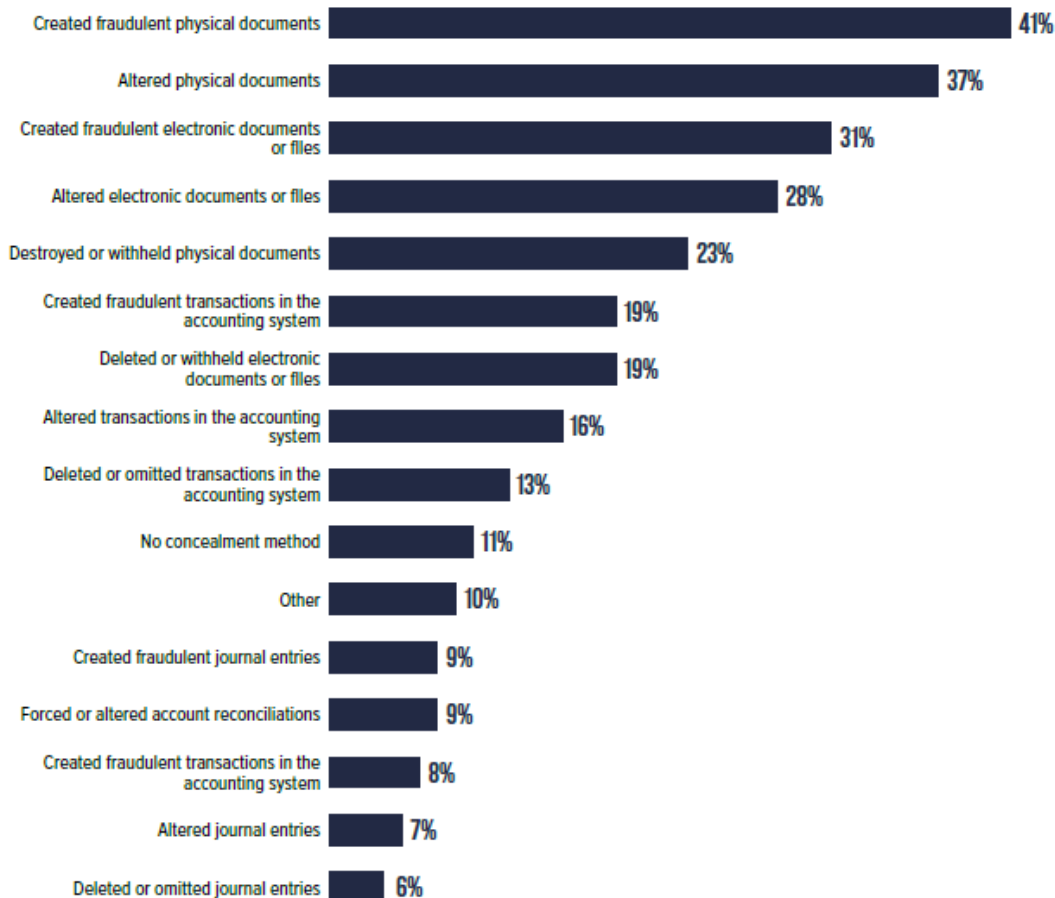
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## *ACFE – Occupational Fraud 2024: A Report to the Nations*

- Estimates that organizations lose 5% of revenue to fraud each year.
- Median loss per case is \$120,000 in the United States  
Up 20% compared to 2022
- 89% occurs through Asset Misappropriation
  - Cash theft
  - Inventory/asset theft
  - ***Fraudulent Disbursements***

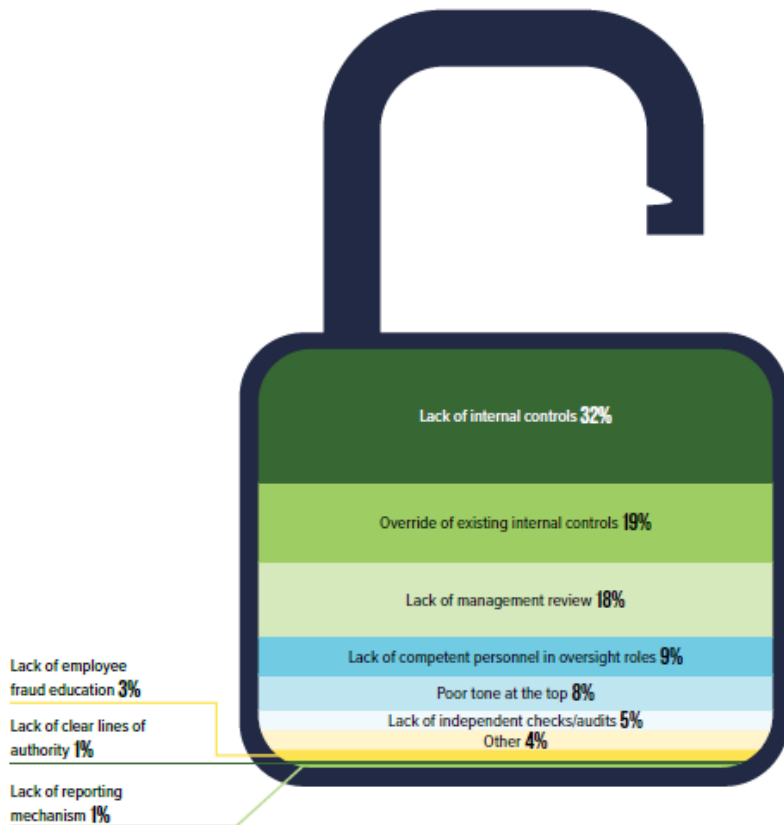


**FIG. 10 HOW DO OCCUPATIONAL FRAUDSTERS CONCEAL THEIR SCHEMES?**



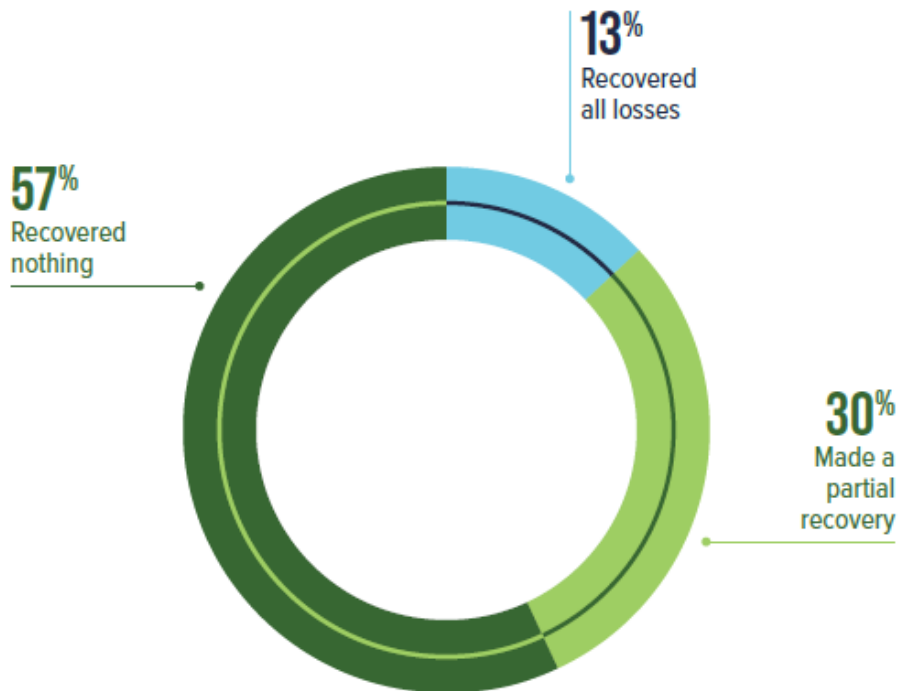


**FIG. 37** WHAT ARE THE PRIMARY INTERNAL CONTROL WEAKNESSES THAT CONTRIBUTE TO OCCUPATIONAL FRAUD?





**FIG. 60 HOW SUCCESSFUL WERE ORGANIZATIONS AT RECOVERING LOSSES FROM FRAUD?**







# ***Why is Documentation Important?***

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- Provides Evidence of Compliance
  - University Policy and Procedures
  - Laws and Regulations
  - Sponsored Funding Award Agreements
- Provides Evidence of Business Purpose
- Improves Efficiency



# Requisitions/Purchase Orders

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- Requisitions adequately describe the proposed purchase and the business purpose.
- Quotes adequately support the submitted requisition.
- Sole source purchase requests include a justification.
- Fully executed contracts are included.
- Issue Check Requisitions include the invoice.
- Approvers attest that all expenditures have a business purpose, and that documentation has been reviewed for accuracy and authenticity.



# P-Cards

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- Itemized receipts are required for all purchases.
- Notes documented within US Bank support the business purpose of the transaction.
- For travel related expenses, the approved travel authorization form must be included with the supporting documentation.
- For expenses related to events, an attendee list, email communication, or flyer must be included with the supporting documentation.
- Prior approval from Contracts & Grants Department should be included with supporting documents for sponsored funding purchases.
- Reconcilers are responsible for reviewing transactions and the supporting documentation to assure each purchase is a legitimate business expenses and is classified appropriately.
- Approvers must review and approve all transactions and documentation. They attest that all purchases are appropriate, and that all documentation is attached.



# Travel – Authorizations for Official Travel

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- Must be approved in advance.
- Must clearly document the business purpose, destination, and travel dates.
- Provides the amount the traveler is authorized to expend.
- For personnel in academic affairs units
  - The Provost must approve travel greater than 7 calendar days.
  - The Alternative Arrangements for Official Duties form must be completed.
- The Office of Sponsored Programs and the Principal Investigator must approve travel on sponsored funding.

**THE UNIVERSITY OF ALABAMA IN HUNTSVILLE  
AUTHORIZATION FOR OFFICIAL TRAVEL**



Name \_\_\_\_\_ Date \_\_\_\_\_

Charge to \_\_\_\_\_ Index Number \_\_\_\_\_

Destination \_\_\_\_\_ Dates of Trip \_\_\_\_\_

Reason for Making Trip \_\_\_\_\_

Estimate of Cost:

Transportation	_____
Lodging	_____
Registration Fee	_____
Meals	_____
Personal/Rental Car	_____
Miscellaneous	_____
Other-List _____	_____
<b>Total Estimated Cost **</b>	<b>\$ 0.00</b>

Plans for reservations and tickets are as follows:\*\*\* \_\_\_\_\_

Maximum amount allowed for reimbursement: \_\_\_\_\_

Traveler Certification

I certify that in-person attendance and the associated travel expenses for this trip are essential to advance and further my department's mission.

_____	→	Traveler
Printed Name of Approver	→	Budget Unit Head or Principal Investigator
_____	→	
Printed Name of Approver	→	Dean or Director
_____	→	
Printed Name of Approver	→	* Office of Sponsored Programs Administrator
_____	→	
Printed Name of Approver	→	Vice President

All travel claims shall normally be filed within sixty (60) days of the date that the expenses were incurred.  
\*Signature and extra copy needed when any part of travel is charged to contracts and grants.  
\*\* Amended travel authorization with initial & date of approver is required if the total actual cost exceeds total estimated cost by more than 10%\*\*\*Airfare should be obtained with at least 14 day lead time prior to departure to ensure the most economical airfare available.



**THE UNIVERSITY OF ALABAMA IN HUNTSVILLE  
AUTHORIZATION FOR OFFICIAL TRAVEL  
FOR PERSONNEL IN ACADEMIC AFFAIRS UNITS**

Traveler's Name: \_\_\_\_\_ Date of Request: \_\_\_\_\_  
 Destination: \_\_\_\_\_ Dates of Trip: \_\_\_\_\_  
 Primary Mode of Travel: \_\_\_\_\_ Reason for Making Trip: \_\_\_\_\_

**Arrangements for Classes:**

Estimate of Cost:	Special Notes:
Air Transportation: _____	
Ground Transportation: _____	
Lodging: _____	
Meals: _____	
Registration: _____	
Miscellaneous: _____	
Total: 0 _____	

Traveler's statement: "If university-controlled funds are accepted for this travel, I am aware of and fully responsible for following university travel policy. I certify that the travel is a part of my official and/or professional responsibilities. I acknowledge that I must gain approval of my supervisor for arrangements for official duties that will be missed."

Traveler		Date
Approval of Expenditure and Guarantee of Funds:	Max. \$ Amt. for Reimbursement: 1st Acct: _____	Other Accts. _____
1st Acct. Name/No. _____	Auth. Signature/Date _____	
2nd Acct. Name/No. _____	Auth. Signature/Date _____	
Other Acct(s). Charged _____	Auth. Signature(s)/Date(s) _____	
_____	*Office of Sponsored Programs Administrator Date *Office of Sponsored Program signature required when travel is charged to contracts and grants	

**Approval of Travel and Alternate Arrangements for Classes and/or other duties**

Department Chair or Unit Supervisor \_\_\_\_\_ Date \_\_\_\_\_  
 Travel Approved: \_\_\_\_\_  
 Dean or Director \_\_\_\_\_ Date \_\_\_\_\_  
 Travel Approved: \_\_\_\_\_  
 Vice President \_\_\_\_\_ Date \_\_\_\_\_

This form must be submitted for all official travel. This proposed travel is unauthorized until signed by the Dean (for periods up to 7 calendar days) or the Provost (for periods greater than 7 calendar days) or other appropriate senior university official for out-of-state travel. This form should be prepared as an original only. Units in the approval loop for travel should keep a log of the process. A photocopy, signed by the budget unit head, should be retained at the unit level. The approved form should be returned to the budget unit head who then furnishes a copy to the traveler.



**THE UNIVERSITY OF ALABAMA IN HUNTSVILLE  
ALTERNATIVE ARRANGEMENTS FOR OFFICIAL DUTIES  
FOR PERSONNEL IN ACADEMIC AFFAIRS UNITS**

This form should be used by GTAs, part-time and full-time faculty, and professional staff to detail arrangements made for official duties missed by travel or other activities. The form should be submitted to the appropriate Department Chair. It should clearly explain arrangements that have been made to take care of classes, committee meetings, or other official duties that will be missed as a result of absence during the appointment term (e.g., academic year). If the absence is for official travel, an Authorization for Official Travel form should also be submitted with this request. Once approved, this form remains in the department/unit office with a copy returned to the individual.

Date of Absence

Reason for Absence :

Complete the following table for all official duties that will be missed as a result of the above absence

<u>Activity</u>	<u>Date and Time</u>	<u>Arrangements</u>
<u>Classes</u>		
<u>Other</u>		

Approval:

\_\_\_\_\_  
Department Chair

For purposes of travel to UA System Board Meetings the signature of the Department Chair on this form is for purposes of approving appropriate coverage of classes in the event that the individual's absence causes classes to be missed. Final authorization for such travel rests with the Provost/EVP Academic Affairs.



# Travel – Expense Vouchers

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- Must clearly document the business purpose, destination, and travel dates.
- Supporting documentation should be attached for expenditures included on the expense voucher.
  - Itemized receipts
    - Hotel invoice, airfare, conference registration, taxi, other
  - Conference/meeting itinerary
  - Cost Comparisons
  - Currency conversion rates for International Travel
- Approvers attest that all expenditures have a business purpose, and that documentation has been reviewed for accuracy and authenticity.





**THE UNIVERSITY OF ALABAMA IN HUNTSVILLE**  
**OUT-OF-STATE EXPENSE VOUCHER**



DATE: \_\_\_\_\_ INDEX: \_\_\_\_\_

NAME: \_\_\_\_\_ TITLE: \_\_\_\_\_

A #: \_\_\_\_\_ STREET: \_\_\_\_\_

CITY: \_\_\_\_\_ STATE: \_\_\_\_\_ ZIP: \_\_\_\_\_

PURPOSE OF TRIP: \_\_\_\_\_

POINTS OF TRAVEL	FROM ORIGIN: Huntsville, AL				TO DESTINATION:				REIMBURSED TOTALS	P CARD EXPENDITURES	P.O. EXPENDITURES	TRIP	TOTAL
	SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY						
EXPENSE ITEM   DATES													
MILES TRAVELED								0					
AMOUNT DUE	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00				\$0.00	
BREAKFAST (WITH TIP)								\$0.00				\$0.00	
LUNCH (WITH TIP)								\$0.00				\$0.00	
DINNER (WITH TIP)								\$0.00				\$0.00	
*HOTEL/MOTEL								\$0.00				\$0.00	
*TAXI								\$0.00				\$0.00	
*SHUTTLE								\$0.00				\$0.00	
*RENTAL CAR								\$0.00				\$0.00	
*AIRFARE								\$0.00				\$0.00	
*TOLLS/PARKING FEES								\$0.00				\$0.00	
*FUEL/GASOLINE								\$0.00				\$0.00	
*TELEPHONE								\$0.00				\$0.00	
*REGISTRATION								\$0.00				\$0.00	
*OTHER (SPECIFY)								\$0.00				\$0.00	
*OTHER (SPECIFY)								\$0.00				\$0.00	
<b>TOTALS</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	

\* INDICATES EXPENSE ITEMS THAT REQUIRE ORIGINAL RECEIPTS

USE ADDITIONAL SHEET(S) IF NECESSARY

I hereby certify that:

- the travel and expenses indicated hereon were incurred by me in the performance of official University of Alabama in Huntsville business pursuant to travel authority granted to me.
- I have not been and will not be reimbursed for any of these expenses by any other entity
- there are no alcoholic beverages included in these expenses
- I agree to the rate at which I am being reimbursed
- this voucher has been completed in compliance with University of Alabama in Huntsville policies and no expenses included herein have been previously submitted.
- if charged to a sponsored project, my travel and effort can be identified specifically with a high degree of accuracy to the same sponsored project

Point of Contact

Signature of Traveler

Date



*...continuation of out-of-state expense voucher*

FILL IN BELOW ACCOUNT NUMBERS TO BE CHARGED				Account Code Descriptions	APPROVED
Index Number	Acct Code	*Split Alloc.	AMOUNT		
0	7205		\$0.00	7205-Travel Air	
0	7210		\$0.00	7210-Travel Rail/Bus	(Print Name of Approver )
0	7225		\$0.00	7225-Private Car Mileage	
0	7229		\$0.00	7229-Vehicle Rental	
0	7220		\$0.00	7220-Travel Expense (general)	(Signature of Approver )
0	7612		\$0.00	7612-Registration fees-conf	
0	7251			7251-International Travel Expense	(Print Name of Approver )
0	7252			7252-International Travel Air	.....
0	7253			7253-International Travel Rail/Bus	.....
0	7254			7254-International Vehicle Rental	(Signature of Approver )
0	7255			7255-International Private Car Mileage	
<b>Total</b>			<b>\$0.00</b>		<b>Signature of Business Services</b>

\* For multiple account allocation, please write the split amount manually on "Split Alloc." column.

Note: Failure to adhere to the travel guidelines may result in vouchers returned to employees, causing delays in processing.

Revised 2/15/2024



# Miscellaneous Vouchers

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- An itemized receipt must be submitted.
- Must include a justification for why the normal purchasing process wasn't followed.  
Who, what, when, why
- Approvers attest that all purchases have a business purpose, and that documentation has been reviewed for accuracy and authenticity.





# Former Georgia Tech worker gets jail time for mail fraud

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- August 19, 2008 article in Atlanta Business Chronicle
- Chief U.S. District Judge Jack T. Camp has sentenced a Marietta, Ga., woman who used to work at Georgia Tech to two years and eight months in federal prison and pay \$316,800 in restitution for a scheme to defraud the school and the [National Science Foundation](#).
- Donna Renee Gamble, 43, pleaded guilty in May to 22 counts of mail fraud for using Georgia Tech procurement credit cards to make personal purchases totaling more than \$316,874 for over 3,800 items between 2002-2007.



# Former Georgia Tech worker gets jail time for mail fraud (continued)



My Account Send Money Request Money Merchant Tools Auction Tools

Overview Add Funds Withdraw History Resolution Center Profile

## Transaction Details

eBay Payment Sent (ID # 546546sd4f64e643df1.3se5)

Total Amount: \$1300.00 USD

Date: 6/07/2006

Status: Completed

\$1300 for a single book?

Item #	Item Title	Qty	Price	Subtotal
6572837255	Bioengineering Books - Hardcover	1	\$1300.00 USD	\$1300.00 USD
	Shipping & Handling via UPS Next Day Air (includes any seller handling fees)			\$ .00 USD
	Shipping Insurance :			--
<b>Total:</b>				\$1300.00 USD

Shipping Address: Adam Higgins  
315 Ferst Drive  
Atlanta, GA 30332

Payment To: GREG EIDSON (The recipient of this payment is Verified)

Seller's ID: MMCSE

Seller ID different than on billing statement



# Three former Georgia Tech researchers sentenced

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- November 4, 2023 article from *All On Georgia*
- “James G. Maloney, who served as the Chief Scientist for the Georgia Tech Research Institute (GTRI), has been sentenced to federal prison for conspiring to defraud Georgia Tech and the Central Intelligence Agency (CIA). Maloney’s co-conspirators, James J. Acree and James D. Fraley, III were also sentenced.”
- The three men charged approximately \$200,000 in personal expenses on Fraley’s P-Card. Maloney and Fraley also used Fraley’s P-Card to pay for remodeling and maintenance expenses related to six rental properties that they owned together.
- They provided false information and fraudulent documents to Georgia Tech and the Federal Government.





# Ex-Washington University Director Embezzled \$300k

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- September 10, 2018 article in the River Front Times
- “Barbara "Basia" Skudrzyk, 37, was the business director for the Division of Medical Education for eight years. She scammed the university through a variety of schemes”
- “She is accused of faking invoices and tax documents to bill Wash U for work done on her home.”
- “She also forged a colleague's signature to buy VISA gift cards from the university bookstore, which she used to eat out and shop, authorities say. ”
- “She treated her family to flights to Krakow, Poland; Munich; Bangkok; Guatemala City and Toronto. Prosecutors from the U.S. Attorney's Office allege she paid for it by doctoring invoices from a pair of travel agencies to get the university to cover the trips.”



# Alabama A&M VP pleads guilty to forgery, resigns

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- Article from October 21, 2015 on AL.com
- Chief Operating Officer and Executive VP
- Collected \$6,534.55 in moving expenses when he relocated to Huntsville in 2009
- Forged a receipt from Two Men and a Truck



# Illinois State University Athletic Red flags on Spending and Travel

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- May 1, 2023 article located at [wgl.t.org](http://wgl.t.org)
- An audit of Athletics found “two-dozen problem areas – including prohibited or questionable purchases, a risky approach to travel, and sloppy or delayed record-keeping that would make it harder to detect issues.”
- “The audit showed Athletics had numerous issues in policy and procedure that needed attention, and that some staff had a loose approach to documentation of receipts, reimbursements, and use of university or Foundation credit cards.”



## **Illinois State University Athletic Red flags on Spending and Travel (continued)**

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- Lack of proper approvals for reimbursements and expenditures.
- P-card purchases of prohibited items, such as alcohol, excessive tips, hotel room movies, and personal items such as gum and ChapStick.
- Travel vouchers and trip summaries not included for all travel-related expenses. They often used P-Cards to cover expenses but failed to include trip details as part of supporting documentation.
- Itemized/detailed receipts were not submitted for many transactions.
- Sufficient documentation of the business purpose was not included for many transactions.



# Jackson State University Settles Over Mismanaged Science Grant Funds

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- February 1, 2017 article in Clarion Ledger
- “Jackson State University has agreed to pay the federal government \$1.17 million to settle allegations that they mismanaged science grant money.”
- “Between June 1, 2006, and Sept. 30, 2011, JSU submitted claims and/or expended funds under NSF grants and, in so doing, impliedly certified that those expenditures were supportable, allocable and allowable and that JSU would maintain adequate records to support them.”
- “In 2012, an audit contracted by the agency identified expenditures that were not allowed or lacked proper documentation.”



# NSF Office of Inspector General University of Oklahoma

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- March 6, 2024 – Performance Audit of Incurred Costs
  - Audit period – November 1, 2019 to October 31, 2021
- Auditors questioned \$1,251,186 of costs claimed.
  - \$1,124,864 for unallowable subaward
  - \$77,196 of inadequately supported expenses
  - \$28,809 of unallowable expenses
  - \$20,317 of inappropriately applied indirect costs
- Inadequately supported expenses included the lack of documentation for internal service provider expenses and internal computer service expenses.
- Unallowed expenses included gift cards and educational costs for students.



# NSF Office of Inspector General Montana State University

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- January 31, 2024 – Performance Audit of Incurred Costs
  - Audit period – November 1, 2019 to October 31, 2021
- Auditors questioned \$119,241 of costs claimed.
  - \$86,881 for unallowable expenses
  - \$22,015 of inadequately supported expenses
  - \$6,439 of inappropriately allocated expenses
  - 3,906 of drawdowns exceeding expenses
- Inadequately supported expenses included:
  - No itemized receipts for airfare purchases
  - No documentation for rental of a house
  - No documentation for internal service provider expenses
- Unallowed expenses included airfare upgrades and unused flight credits



# Questions?

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