

# **CALIFORNIA HIGH-SPEED RAIL AUTHORITY**

Review Report

## **CALIFORNIA AUTOMATED TRAVEL EXPENSE REIMBURSEMENT SYSTEM TRAVEL REIMBURSEMENT PROGRAM**

*July 1, 2016, through June 30, 2017*



**BETTY T. YEE**  
California State Controller

March 2020



**BETTY T. YEE**  
**California State Controller**

March 2, 2020

Brian P. Kelly, Chief Executive Officer  
California High-Speed Rail Authority  
770 L Street, Suite 620  
Sacramento, CA 95814

Dear Mr. Kelly:

The State Controller's Office (SCO) has completed the review of the California High-Speed Rail Authority's (HSR) California Automated Travel Expense Reimbursement System (CalATERS) Travel Reimbursement Program. The review period was July 1, 2016, through June 30, 2017.

We reviewed the CalATERS Travel Reimbursement Program to determine whether HSR has effective internal controls to ensure that travel expense claims (TECs) are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines; and whether HSR maintains adequate documentation to support the CalATERS TECs submitted to the SCO.

We found that HSR has effective internal controls to ensure that TECs are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines, and maintains sufficient supporting documentation to support the TECs submitted to SCO. However, we identified procedural findings that warrant the attention of management.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, by telephone at (916) 324-6310.

Sincerely,

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

JLS/as

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# Review Report

## Summary

The State Controller's Office (SCO) has completed the review of the California High-Speed Rail Authority's (HSR) California Automated Travel Expense Reimbursement System (CalATERS) Travel Reimbursement Program. The review period was July 1, 2016, through June 30, 2017.

Our review found that HSR has effective internal controls to ensure that travel expense claims (TECs) are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines. HSR also maintains adequate documentation to support CalATERS TECs submitted to the SCO. However, we identified procedural findings that warrant the attention of management; these findings are described in the Finding and Recommendation section of this report.

We noted one instance of unallowable or questionable amounts claimed, and one instance in which state-paid expenses were not included in the TEC.

## Review Authority

We conducted the review pursuant to Government Code (GC) section 12410, which states, "The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state, and may audit the disbursement of any state money, for correctness, legality, and for sufficient provision of law for payment." In addition, GC section 12411 states that "The Controller shall suggest plans for the improvement and management of the public revenues."

## Background

CalATERS is the statewide travel reimbursement system used by the State of California. The system is administered by the California Department of Human Resources (CalHR), the Department of General Services (DGS) and the SCO. Rules and regulations are passed from the *California Code of Regulations* through CalHR, which disseminates them to state agencies to enforce. DGS is responsible for establishing each state agency's access to CalATERS, in addition to procurement, as DGS dictates how rental cars and hotels are procured. The SCO is responsible for reimbursing employees based on their TECs entered into CalATERS. State employees who travel on official state business are reimbursed for expenses incurred while traveling.

In CalATERS, every employee has a unique log-on identity and password. Two levels of review are required for every TEC. The first level is the claimant's supervising manager or approver as assigned by the agency. Only department-assigned staff can be approvers, and they must be granted access in the CalATERS system to be able to approve TECs. Approvers not only approve the TEC in the system, but also physically sign a hard copy of the CalATERS transmittal page with supporting documentation. This signature confirms that the approver has reviewed the documents contained in the supporting package, and that the package includes all necessary supporting documentation.

Once the authorized approver has approved the TEC, it is electronically submitted to each department's assigned accounting staff; the signed hard copy is also forwarded to the department's accounting staff. The departmental accounting staff then compares the hard copy support to the electronic TEC, validates that all necessary supporting documentation has been submitted, and approves the TEC. The departmental accounting staff has the ability to issue TEC payments of acceptable amounts if required supporting documentation is not received; however, staff members cannot add any additional dollar amounts to the TEC.

## **Objectives, Scope, and Methodology**

The review period was July 1, 2016, through June 30, 2017. Our review assessed HSR's CalATERS Travel Reimbursement Program to gain reasonable assurance that payments are legal, proper, and are supported by sufficient documentation. The review objectives were to determine whether HSR:

- Has effective internal controls to ensure that TECs are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines; and
- Maintains adequate documentation to support CalATERS TECs submitted to the SCO.

To achieve our objectives, we:

- Reviewed HSR's policies and procedures for the CalATERS Travel Reimbursement Program;
- Interviewed HSR management and key personnel to gain an understanding of the operations and activities within their respective divisions and units; and
- Used statistical random sampling with the attribute methodology to determine the sample size. The sample included 100 TECs totaling \$31,875 out of 1,298 TECs totaling \$466,229. Performed tests to determine whether CalATERS TECs were in compliance with program guidelines.

## **Conclusion**

Our review found that HSR has effective internal controls to ensure that TECs are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines. HSR maintains adequate documentation to support CalATERS TECs submitted to the SCO. However, we identified procedural findings that warrant the attention of management; these findings are described in the Finding and Recommendation section of this report.

## **Follow-up on Prior Audit and Review Findings**

We have not previously conducted an audit or review of HSR's CalATERS Travel Reimbursement Program.

**Views of  
Responsible  
Officials**

We issued a draft review report on November 19, 2019. Jamey Matalka, Assistant Chief Financial Officer, responded by letter dated January 24, 2020 (Attachment), agreeing with the review results. This review report includes HSR's response.

**Restricted Use**

This review report is solely for the information and use of HSR and the SCO; it is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this review report, which is a matter of public record, and is available on the SCO website at [www.sco.ca.gov](http://www.sco.ca.gov).

*Original signed by*

JIM L. SPANO, CPA  
Chief, Division of Audits

March 2, 2020

# Finding and Recommendation

## **FINDING— Expenses paid by the State not included in the employee's Travel Expense Claim**

During our review, we found that an employee flew from Sacramento to Los Angeles and did not include the airfare on the TEC or submit the airline receipt with the TEC. We identified the error because the employee claimed a hotel charge in Los Angeles. We confirmed the flight with the HSR contact in the accounting department. Airfare is department-paid; however, under the State-Wide Travel Guide, it is to be included on the TEC, and a receipt substantiating the TEC is to be included for the accounting department to reconcile. Both the approver and the accounting department staff should have been aware that the employee's travel included airline charges. The TEC should have been rejected and the employee required to resubmit the TEC to include the airfare and the receipt. We did not examine any additional TECs, as the sample contained other TECs with airfare charges that were submitted correctly. We determined that this was most likely an isolated incident.

Section 1200 (Travel Expense Claim [TEC]) of the Travel Guide supplement to the *State Administrative Manual* states, in part:

Receipts are required for the following:

- Airline tickets (passenger receipt). These are retained by the accounting office to match the airline or travel agent's bill.

## Recommendation

We recommend that HSR approvers and accounting department staff closely review TECs to ensure that claimants are adhering to all CalATERS Travel Reimbursement Program guidelines.

## HSR's Response

The Authority concurs with the recommendation. The authority has already taken steps toward ensuring this type of issue does not occur again. Additionally, the Authority has established a Travel Unit within its Accounting Branch, which is responsible for travel training and processing of claims. Further, this issue was included in a Best Travel Practices Guide, which was issued to all staff.

**Attachment—  
California High-Speed Rail Authority's  
Response to Draft Review Report**

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January 24, 2020

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Andrew Finlayson, Chief  
State Agency Audits Bureau  
State Controller's Office  
Division of Audits  
Post Office Box 942850  
Sacramento, CA 94250

Dear Andrew Finlayson:

Please see the California High-Speed Rail Authority (Authority) response to your draft report for the California Automated Travel Expense Reimbursement System (CalATERS) review which was issued on November 19, 2019.

The Authority embraces audits as a tool to improve travel expense claims (TEC) processing performance for taxpayers and this audit expresses necessary actions to improve TEC oversight. Additionally, we appreciate your identification that the Authority has effective internal controls to ensure travel expense claims (TECs) are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines, maintains sufficient supporting documentation to support the TECs submitted to SCO.

Finding: Expenses paid by the State not included in the employee's Travel Expense Claim

Response: The Authority concurs with the recommendation. The Authority has already taken steps toward ensuring this type of issue does not occur again. Additionally, the Authority has established a Travel Unit within its Accounting Branch, which is responsible for travel training and processing of claims. Further, this issue was included in a Best Travel Practices Guide, which was issued to all staff.

If you need additional information regarding the Authority's response, please do not hesitate to contact Salesni Singh, at (916) 330-5659.

Sincerely,

Jamey Matalka  
Assistant Chief Financial Officer  
(916) 669-6626  
Jamey.matalka@hsr.ca.gov

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Division of Audits  
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