

# **CALIFORNIA DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

Review Report

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

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



**BETTY T. YEE**  
California State Controller

June 2020



**BETTY T. YEE**  
California State Controller

June 16, 2020

Windy Bouldin, Chief  
Office of Program Accountability  
California Department of Forestry and Fire Protection  
1416 9<sup>th</sup> Street  
Sacramento, CA 94244

Dear Ms. Bouldin:

The State Controller's Office (SCO) has completed the review of California Department of Forestry and Fire Protection's (CAL FIRE) 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 CAL FIRE has effective internal controls to ensure that travel expense claims (TECs) are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines; and to determine whether CAL FIRE maintains adequate documentation to support the CalATERS TECs submitted to the SCO.

We found that CAL FIRE does not have effective internal controls to ensure that TECs are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines, and does not maintain sufficient documentation to support the TECs submitted to the SCO.

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

cc: Kerry Garcia, Deputy Director  
Fiscal Services  
California Department of Forestry and Fire Protection  
Sean Harrison, Associate Management Auditor  
California Department of Forestry and Fire Protection

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# Review Report

## Summary

The State Controller's Office (SCO) has completed the review of California Department of Forestry and Fire Protection's (CAL FIRE) 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 CAL FIRE does not have effective internal controls to ensure that travel expense claims (TECs) are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines. CAL FIRE does not maintain adequate documentation to support CalATERS TECs submitted to the SCO, as described in the Findings and Recommendations section of this report.

## 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 California 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 TECs.

**Objectives, Scope, and Methodology**

The review period was July 1, 2016, through June 30, 2017. Our review assessed CAL FIRE’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 CAL FIRE:

- 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 CAL FIRE’s policies and procedures for the CalATERS Travel Reimbursement Program;
- Interviewed CAL FIRE 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 \$43,492 out of 15,613 TECs totaling \$5,999,466. Performed tests to determine whether CalATERS TECs were in compliance with program guidelines.

**Conclusion**

Our review found that CAL FIRE does not have effective internal controls to ensure that TECs are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines. CAL FIRE does not maintain adequate documentation to support CalATERS TECs submitted to the SCO, as described in the Findings and Recommendations section of this report.

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

We have not previously conducted an audit or review of CAL FIRE’s CalATERS Travel Reimbursement Program.

**Views of Responsible Officials**

We issued a draft review report on February 25, 2020. Kerry Garcia, Deputy Director, Fiscal Services, responded by letter dated April 09, 2020 (attachment), agreeing to the review results. The final review report includes CAL FIRE’s response.

**Restricted Use**

This review report is solely for the information and use of CAL FIRE 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

June 16, 2020

# Findings and Recommendations

## **FINDING 1— Lack of adequate controls over Travel Expense Claim approval process**

CAL FIRE lacks adequate controls over the TEC approval process. CAL FIRE's business process allows employees to bypass the CalATERS requirements for original receipts. Employees turn in copies of TEC packages to the departmental accounting staff for final review and approval; the packages do not contain original receipts and do not have a signature from the first-level approver. We found no evidence that the original receipts were reviewed by the first-level approver. Without original, hard-copy receipts and approval signatures, the departmental accounting staff is reviewing and approving TECs based on copies of receipts that could be duplicated or include unallowable expenses. Our review found that 95 out of 100 TECs submitted for reimbursement included no evidence of manager signature approval.

Section 1200 TEC of the Travel Guide supplement to the *State Administrative Manual* states, in part, "Employees must furnish original receipts when claiming reimbursement for lodging, transportation, training expenses, professional dues, licenses and fees, and the purchase of airline tickets."

The CalATERS transmittal page specifically requires approvers to sign and mail original receipts and other appropriate documentation.

Based on our conversations with CAL FIRE's departmental accounting staff, CAL FIRE's policy does not require that the signed submittal sheet be submitted with the original, hard-copy receipts to the departmental accounting staff; employees are allowed to keep original receipts. We determined that the lack of supporting documentation and proof of review of original documents is a systemic issue; therefore, we concluded that additional samples would yield the same results. This issue does not correlate to any dollar value findings.

### Recommendation

We recommend that CAL FIRE develop policies and procedures to ensure that employees review original, hard-copy receipts as part of the supporting documentation for TECs.

### CAL FIRE' Response

CAL FIRE acknowledges the recommendation of the SCO and will establish internal policies and procedures which will detail the responsibility of employees to maintain sufficient records, including original receipts of individual travel. However, it should be noted, that given the current Statewide emphasis on telework amid the COVID-19 crisis, as well as specific digital storage mandates by the California Natural Resources Agency and the Department of General Services, CAL FIRE is currently looking to transition to a digital platform and transitioning records to electronic versions (in lieu of hard copies) for storage and reference. This effort will include travel claims. Although these digital storage mandates have been heightened by the current COVID-19 crisis, they will not go away when this crisis is over. As such,

CAL FIRE will be moving to fully digitize its travel claim process, including the scanning and digitizing of receipts.

**FINDING 2—  
Travel Expense  
Claims approved  
without proper  
support**

The departmental accounting staff approved 17 out of 100 TECs for payment without support for expenses. Our review found 13 TECs without justification for breakfast. One TEC included a high-cost lodging rate without the required Excess Lodging Rate Request form. One TEC included a short-term lodging rental expense that should have been claimed as a lodging expense. Two TECs included incidentals expensed on days when no travel occurred. CAL FIRE's departmental accounting staff is responsible for properly reviewing TECs and ensuring that they include proper supporting documentation.

Title 2, California Code of Regulations, section 599.619 (2 CCR 599.619) states, "Lodging and/or meals provided by the state or included in hotel expenses or conference fees, or in transportation costs such as airline tickets, or otherwise provided shall not be claimed for reimbursement." The CAL FIRE travel handbook states that an approved STD 255C, Excess Lodging Rate Request/Approval, is required for lodging rates that exceed the allowable state lodging rate.

2 CCR 599.619(a)(2) states, in part, "no incidentals may be reimbursed on travel of less than 24 hours."

Based on the review of all 100 sampled TECs, we determined that CAL FIRE's departmental accounting staff routinely approves TECs without properly reviewing the supporting documentation. We reviewed other TECs for which departmental accounting staff returned TECs for correction, and/or reduced TECs for incorrect amounts and unsupported or unallowable expenses. These errors are rare specific incidents; therefore, we did not expand the testing population.

Recommendation

We recommend that CAL FIRE ensures that all employees are adequately trained and have sufficient knowledge to comply with 2 CCR 599.619 and the CalATERS Travel Reimbursement Program guidelines. Doing so will ensure that the controls in place are working effectively, and that accurate TECs are submitted to the SCO.

CAL FIRE's Response

CAL FIRE will revise internal policies and procedures, which will detail the responsibilities of employees while on travel status relative to maintaining sufficient documentation as outlined in the State Administrative Manual and within California Department of Human Resources travel rules. Further, the Department will provide via Broadcast message to all staff additional notification of updated rules and procedures and will post those rules and procedures on the CALFIRE intranet for reference.



**Attachment—  
California Department of Forestry and Fire Protection’s  
Response to Draft Review Report**

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**DEPARTMENT OF FORESTRY AND FIRE PROTECTION**

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SACRAMENTO, CA 94244-2460  
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Website: [www.fire.ca.gov](http://www.fire.ca.gov)



April 9, 2020

State Controller's Office  
Division of Audits  
Attention: Jim L. Spano, CPA  
P.O. Box 942850  
Sacramento, California 94250

Dear Mr. Spano, CPA

The California Department of Forestry and Fire Protection (CAL FIRE) would like to thank you and your staff for the results provided in the review of the Department's California Automated Travel Expense Reimbursement System (CalATERS) Travel Reimbursement Program for the period of July 1, 2016, through June 30, 2017.

Overall CAL FIRE acknowledges the observations and recommendations provided by the State Controller's Office (SCO). In response, please find the following corrective actions to be taken:

**FINDING 1:**

Lack of Adequate Controls over the Travel Expense Claim Approval Process

**RECOMMENDATION:**

CAL FIRE develop policies and procedures to ensure that employees review original, hard-copy receipts as part of the documentation for travel expense claims.

**RESPONSE:**

CAL FIRE acknowledges the recommendation of the SCO and will establish internal policies and procedures which will detail the responsibility of employees to maintain sufficient records, including original receipts of individual travel. However, it should be noted, that given the current Statewide emphasis on telework amid the COVID-19 crisis, as well as specific digital storage mandates by the California Natural Resources Agency and the Department of General Services, CAL FIRE is currently looking to transition to a digital platform and transitioning records to electronic versions (in lieu of hard copies) for storage and reference. This effort will include travel claims. Although these digital storage mandates have been heightened by the current COVID-19 crisis, they will not go away when this crisis is over. As such, CAL FIRE will be moving to fully digitize its travel claim process, including the scanning and digitizing of receipts.

Jim L. Spano, CPA  
April 9, 2020  
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**FINDING 1:**

Travel Expense Claims Approved without Proper Support

**RECOMMENDATION:**

CAL FIRE ensures that all employees are adequately trained and have sufficient knowledge to comply with 2 CCR 599.619 and the CalATERS Travel Reimbursement Program guidelines. Doing so will ensure that the controls in place are working effectively, and that accurate travel expense claims are submitted to SCO.

**RESPONSE:**

CAL FIRE will revise internal policies and procedures which will detail the responsibilities of employees while on travel status relative to maintaining sufficient documentation as outlined in the State Administrative Manual and within California Department of Human Resources travel rules. Further, the Department will provide via Broadcast message to all staff additional notification of updated rules and procedures and will post those rules and procedures on the CAL FIRE Intranet for reference.

Sincerely,



KERRY GARCIA  
Deputy Director for Fiscal Services

cc: Craig Tolmie, Chief Deputy Director  
Windy C. Bouldin, Office of Program Accountability

**State Controller's Office  
Division of Audits  
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