

CALIFORNIA GOVERNOR'S OFFICE OF EMERGENCY SERVICES

Review Report

CALIFORNIA AUTOMATED TRAVEL EXPENSE REIMBURSEMENT SYSTEM TRAVEL REIMBURSEMENT PROGRAM

July 1, 2016, through June 30, 2017



BETTY T. YEE
California State Controller

October 2019



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California State Controller

October 30, 2019

Mark Ghilarducci, Director
California Governor's Office of Emergency Services
3560 Schriever Avenue
Mather, CA 95655

Dear Mr. Ghilarducci:

The State Controller's Office (SCO) has completed the review of the California Governor's Office of Emergency Services (CalOES) 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 CalOES has effective internal controls to ensure that travel expense claims (TECs) are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines; as well as to determine whether CalOES maintains adequate documentation to support the CalATERS TECs submitted to the SCO.

We found that CalOES 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 the SCO. However, we found that, of the 100 sampled TECs, two were over-paid due to over-claimed mileage, totaling \$91.49, and an extra hotel night charge of \$102.86.

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 Governor's Office of Emergency Services's (CalOES) 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 CalOES has effective internal controls to ensure that travel expense claims (TECs) are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines. CalOES maintains adequate documentation to support CalATERS TECs submitted to the SCO. However, CalOES approved TECs with unallowable claimed amounts, as described in the Finding and Recommendation section of this report.

We found that, of the 100 sampled TECs, two were over-paid due to over-claimed mileage, totaling \$91.49, and an extra hotel night charge of \$102.86.

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 the TEC.

Objectives, Scope, and Methodology

The review period was July 1, 2016, through June 30, 2017. Our review assessed CalOES'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 CalOES:

- 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 objective, we:

- Reviewed CalOES's policies and procedures for the CalATERS Travel Reimbursement Program;
- Interviewed CalOES management and key personnel to gain an understanding of the operations and activities within their respective divisions/units; and
- Used statistical sampling based on attributes to determine the sample size. The samples were selected using a computer-generated simple random method. Performed tests to determine whether CalATERS TECs were in compliance with program guidelines.

Conclusion

Our review found that CalOES has effective internal controls to ensure that TECs are legal, proper, and in accordance with CalATERS Travel Reimbursement Program guidelines. CalOES maintains adequate documentation to support CalATERS TECs submitted to the SCO. However, CalOES approved TECs with unallowable claimed amounts, as 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 CalOES's CalATERS Travel Reimbursement Program.

**Views of
Responsible
Officials**

We discussed our review results with CalOES representatives during an exit conference conducted on February 11, 2019. Sarah Stillwell, Deputy Director, Finance and Administration; Ralph Zavala, Audit Chief; and Michelle Lewis, Accounting Division Chief, agreed with the review results. Mr. Zavala declined a draft review report and agreed that we could issue the review report as final.

Restricted Use

This review report is solely for the information and use of CalOES 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.

Original signed by

JIM L. SPANO, CPA
Chief, Division of Audits

October 30, 2019

Finding and Recommendation

**FINDING—
Travel Expense
Claims approved
with unallowable
claimed amounts**

Our review found that two of the 100 sampled TECs contained amounts for expenses that were not incurred and expenses entered in duplicate. One TEC over-claimed mileage, totaling \$91.49, because a CalOES employee inadvertently entered the same day's mileage twice on the TEC. Another TEC over-claimed a hotel night stay totaling \$102.86 because the employee inadvertently entered a hotel stay on a Friday night. This particular TEC included three weeks of travel.

Based on our review of all 100 sampled TECs, we believe that these two TECs are anomalies and do not represent the overall effectiveness of CalOES' internal control over TECs. We reviewed other TECs for which CalOES' departmental accounting staff returned TECs for correction, and/or reduced claims when incorrect amounts and unsupported or unallowable expenses. We noted that these two errors occurred in TECs that included more than one week of travel per TEC. Such TECs are rare and, therefore, we did not expand the testing population.

CalOES has remedied both overpayments, and no further action is necessary regarding these overpayments.

Recommendation

We recommend that CalOES:

- Develop additional review procedures for TECs that include multiple weeks; and
- Ensure that all TECs adhere to CalATERS Travel Reimbursement Program guidelines.

**State Controller's Office
Division of Audits
Post Office Box 942850
Sacramento, CA 94250**

<http://www.sco.ca.gov>