

County of San Bernardino

**Auditor-Controller/Treasurer/Tax Collector
Internal Audits Section**

Aging and Adult Services- Public Guardian-Conservator: Travel Follow-Up Audit



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Auditor-Controller/Treasurer/Tax Collector

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Aging and Adult Services-Public Guardian-Conservator Travel Follow-Up Audit

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June 20, 2019

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SUBJECT: TRAVEL FOLLOW-UP AUDIT

In compliance with Article V, Section 6, of the San Bernardino County Charter and County Policy 05-20 entitled Internal Operational Auditing, we have completed a follow-up audit of the Aging and Adult Services-Public Guardian-Conservator's (Department) travel procedures for the period of August 1, 2018 through March 31, 2019. The objective of the audit was to determine if the recommendations for the findings in the Aging and Adult Services-Public Guardian-Conservator's Travel Audit, issued on June 27, 2018 have been implemented. We conducted our audit in accordance with the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors.

We have provided a status of the audit findings identified in the original audit report issued on June 27, 2018. Of the three recommendations from the original audit report, one has been implemented and two have been partially implemented.

We sent a draft report to the Department on May 29, 2019 and discussed our observations with management on May 30, 2019. The Department's responses to the current status of our recommendations are included in this report.

We would like to express our appreciation to the personnel at the Aging and Adult Services-Public Guardian-Conservator who assisted and cooperated with us during this engagement.

Respectfully submitted,

Ensen Mason CPA, CFA

Auditor-Controller/Treasurer/Tax Collector
San Bernardino County

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Date Report Distributed: June 20, 2019

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Scope and Objective

Our audit examined the Aging and Adult Services-Public Guardian-Conservator (Department)'s travel procedures and claims for the period of August 1, 2018 through March 31, 2019.

The objective of this follow-up audit was to determine whether the Department implemented the recommendations contained in the prior audit report, *Aging and Adult Services-Public Guardian-Conservator's Travel Audit*, issued on June 27, 2018.

Methodology

In achieving the audit objective, the following audit procedures were performed, including but not limited to:

- Interview of Department staff
- Review of the Department's travel policy
- Sampling and examination of source documents



Prior Finding 1: Statement of Expenses Forms were not submitted to the Accounts Payable Section of the Auditor-Controller/Treasurer/Tax Collector.

San Bernardino County Standard Practice 08-02 SP1 states that County Travelers shall complete a Statement of Expenses Form (SEF) for all overnight or out-of-state travel. The SEF is to be completed in addition to the Employee Reimbursement Form (ERF) and Cal-Card Justification packets. The SEF is used to collect and report actual costs incurred for overnight or out-of-state travel. Once completed, the SEF should be signed by the County Traveler, Appointing Authority (or designee) and submitted with the completed ERF and/or Cal-Card Justification packet.

Out of 20 travel claims tested, there were 6 instances where either the Employee Reimbursement Form (ERF) or Cal-Card packet did not include a SEF when overnight travel had taken place by a County employee.

The Department was not aware of the County policy requiring a SEF to be completed and submitted to ATC in addition to the ERF and Cal-Card packets for all overnight travel. When proper documentation is not submitted for travel claims, it can lead to payments of unallowable costs and misappropriation of assets.

Recommendation:

We recommend that the Department review travel management guidelines established in the County Standard Practice Policies, specifically Section 08-02 SP1. Managers and supervisors should ensure a SEF is completed for all overnight or out of state travel, and signed by the Appointing Authority or designee.

Current Status: Partially Implemented

All five travel claims tested included a SEF and were signed by the Appointing Authority or designee. However, three of those five SEF were incomplete as they did not include transactions made on Cal-Cards. In addition, one SEF was incorrect due to listing duplicate meals. This did not affect the reimbursements as the SEF is not a payment document, but a summary statement.

Management's Response:

The Office of the Public Guardian (OPG) identified this as a training issue. OPG corrected this issue through a verbal conversation with Auditor-Controller/Treasurer/Tax Collector (ATC) staff clarifying this requirement.



Auditor's Response:

The Department's actions will correct the deficiencies noted in the finding.

Prior Finding 2: Allowable cost guidelines established by the General Memoranda of Understanding were not consistently followed.

San Bernardino County Standard Practice 08-02 SP1 states that County Travelers eligible for reimbursement of actual and necessary expenses for transportation, meals, lodging and incidentals such as parking, telephone calls, tolls, and gratuities that are allowed by the department for authorized travel shall submit an ERF along with any supporting receipts to ATC. All such reimbursements shall be subject to the conditions set forth in County Travel Policies, Standard Practice, and the provisions of the applicable General Memoranda of Understanding (MOU) with employee bargaining units. The MOU Section 7 – Meals and Lodging lists specific allowances for lodging and meals, as well as allowable exceptions based on circumstances. Section 6 - Transportation Modes explicitly prohibits reimbursement for additional costs incurred if any employee purchases additional insurance or signs a Collision Damage Waiver (CDW) when renting a vehicle for County business.

Out of 20 travel claims tested, there were 11 instances where claims included expenses for meals, lodging, and transportation that exceeded the allowable amounts established in the MOU.

- There were 7 claims where lunches and dinners exceeded the allowable amounts established in the MOU.
- There were 2 claims where lodging expenses exceeded the allowable amount established in the MOU. There was no written documentation authorizing the excess charges.
- There was a claim that included additional charges for CDW coverage for 2 days on a vehicle rental.
- There was a claim where an airline ticket was purchased at the higher "Anytime" rate instead of the "Wanna Get Away" rate. There was no written documentation to justify the excess rate.

Although the Appointing Authority designee is reviewing travel claims, the Department is not ensuring that all expenses fall within MOU allowable cost guidelines. When travel claims are approved that exceed allowable



costs, travel is not managed in the most efficient and cost-effective manner.

Recommendation:

We recommend the Department review MOU guidelines for travel reimbursement, as referenced by County Standard Policy and the Department's policy and manual. We also recommend more thorough reviews of travel claims to ensure only allowable amounts are requested for meals, lodging and transportation reimbursements.

Current Status: Partially Implemented

All five travel claims tested had documentation of the Department Head authorizing charges in excess of MOU limits for meals and lodging. Out of those five travel claims, there were two claims where meals exceeded the amounts approved by the Department Head.

Management's Response:

OPG staff who exceeded the approved meal amounts have remitted cash reimbursement to department leadership for the excess amount. OPG leadership is awaiting detailed instruction from ATC Accounts Payable staff to finalize remittance of the reimbursements.

Auditor's Response:

The Department's actions will correct the deficiencies noted in the finding.

Prior Finding 3: Written documentation for travel authorizations and reimbursable claims should be improved.

San Bernardino County Standard Practice 08-02 SP1 states that the Appointing Authority should consider the nature of the trip, appropriateness of the individual to represent the organization, length of stay, mode of transportation, cost effectiveness of the request and any other relevant information regarding all travel requests. It also states that travel expenses shall be carefully monitored by each department, division, and agency, using designated accounting strings. San Bernardino County Standard Practice 08-03 SP1 states that claims for mileage reimbursement for authorized use of private vehicles by County Travelers should be recorded and submitted in accordance with applicable MOU, County Code section, or other specified agreement or procedures. Section 3-2 of the Human Services Department Policy and



Standard Practice Manual indicates that it is the responsibility of the supervisor to review each request from travel and anticipate expense to determine if the request is reasonable and prudent before approving such requests. The County's Internal Controls and Cash Manual 2-3 also states all transactions and pertinent events should be accurately and properly recorded on documents and records. Sufficient and relevant data should be recorded to provide an audit trail and to document evidence that a transaction took place. An audit trail allows an independent person to validate a specific transaction by tracing it from summary report to original documentation.

The following conditions were noted when testing 20 travel claims:

- There were 12 instances where supporting documentation for mileage reimbursements were not included with ERF packet. The ERF was completed, but there was no supporting documentation to determine accurate mileage traveled by employee, such as addresses, maps, or direction printouts.
- There was one instance where an employee was allowed to check-in to a hotel the day before an event took place because she was an officer of the organization and was required to set up. However, there was no documentation of authorization by the Appointing Authority or designee.

Management followed the County's Employee Reimbursement for Business, Travel, and Education Expenses procedures found on the EMACS website, and believes minimum requirements for supporting documentation was achieved. However, the department is not obtaining written authorizations prior to travel. Without written authorization and sufficient supporting documentation, there is no evidence that a transaction took place. This could lead to unallowed reimbursement and increase the risk of misappropriation.

Recommendation:

We recommend managers and supervisors require and review supporting documentation for all travel claims submitted by employees and authorizations prior to travel be obtained in writing. We also recommend managers and supervisors follow the department's own policies requiring each request for travel is reasonable and prudent before approving.



Current Status: Implemented

All five travel claims tested had documentation authorizing excess charges for meals and lodging. Excess charges were approved before the date of travel and all supporting documentation was attached to the travel claims.