

Memorandum



Date: September 30, 2020

To: Michelle Cooke, Acting Deputy Executive Director
Administrative Services Division
Assistant Chief Administrative Law Judge

From: Ginny Veneracion-Alunan, CPA, Chief
Office of Internal Audit Services
300 Capitol Mall, Suite 406
(916) 823-4793

Subject: Administrative Services Division (ASD), Accounts Payable (AP) Unit
Independent Assessment of the Travel Policy and Guide
Final Supplemental Management Review Memo (2020-01)

Introduction

The Office of Internal Audit Services (IAS) conducted an independent assessment of the CPUC's Travel Policy and Guide (Guide) as of the period ending August 31, 2020. The enclosed memo provides the results of our review and is a supplemental report to the completed audits, namely: Compliance Review of Travel Advances (2019-02) and Internal Control Review over Expense Reimbursements (2019-05). This supplemental memo, along with the two completed audit reports, are submitted to the Audit Committee.

This limited scope review was not conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing*, issued by The Institute of Internal Auditors. It was a review restricted to focus on a specific area, the CPUC-wide Travel Policy Program directive, that required attention which was not within the specific audit scope of our two completed audits. Further, this review required a timely and expedient review to align corrective action(s), as needed, and was deemed essential to provide value added information to assist in improving of the CPUC Travel Program.

Generally, when the IAS issues an audit report, management is required to submit Corrective Action Plan progress reports in 60 days, 6 months, and each 6 months thereafter until all recommendations have been addressed. However, given this was a limited scope review, the recommendations will not require a written management response with a corrective action plan, nor require IAS follow-up.

Background

The Office of Internal Audit Services (IAS) recently completed the following two audits of the CPUC's travel program:

- Compliance Review of Travel Advances (2019-02)
- Internal Control over Expense Reimbursements (2019-05)

The focus of the two audits and corresponding recommendations were on the processes and procedures of the AP Unit. However, IAS considered that there may be additional issues outside the scope of the previous audits that needed further attention.

With the identified audit findings, IAS also performed a root cause analysis and determined that employees may need further guidance complying with the state travel requirements, submitting appropriate and complete supporting documentation, and adhering to required timeframes. All of these are necessary components that would be covered within the Guide. However, the Guide was not within the specific scope of either the Travel Advances or Expense Reimbursements audits.

The decision was made by IAS that in order to provide timely corrective action, add value, and assist the AP Unit in their efforts to improve the overall travel program within the CPUC, a limited scope review would be initiated to perform an independent assessment of the Guide. The results of this independent assessment would then be reported as a supplemental memo to the final reports of the two recently completed audits.

State Travel Requirements

The State Administrative Manual (SAM) Chapter 700 provides guidelines for employees who travel on official state business. Chapter 700 identifies the methods of travel available and explains the payment of travel expenses. Specifically, General Policy per SAM Section 0700 states, "Travel reimbursements are made in accordance with the policies found within the California Code of Regulations, Title 2 (Personnel Administration), Division 1 (Administrative Personnel), Chapter 3 (Department of Human Resources), Subchapter 1 (General Civil Service Rules), Article 2 (Travel Expenses), and employee Memoranda of Understanding (MOU)."

Additionally, travel advance requirements are defined in SAM Section 8116. It states, "Departments may issue a revolving fund check for a travel advance to an employee or reimburse the employee who uses personal funds for travel expenses while conducting official state business".

Further, the California Department of Human Resources Manual Section 2203 outlines the Business and Travel policy that: “provides information about allowances and travel reimbursements, provides eligibility criteria, and states the reimbursement rates.”

Executive Summary

Objectives and Approach

The specific objectives of this review were to determine:

- If the Guide’s content is in compliance with SAM and CalHR requirements.
- If the Guide provides sufficient travel instructions and information to CPUC employees state-wide.
- If the format of the Guide is logical in communicating the travel guidelines and is user-friendly.

Our approach was to review the existing travel guide, policy, and instructions posted on the CPUC’s intranet, compare the CPUC guide to other state agency travel guides, and review if the travel guide sufficiently complied with SAM and the CalHR Human Resources Manual.

Key Audit Observations

- The Guide is not always compliant with the state business travel requirements outlined in the State Administrative Manual (SAM) and the CalHR Human Resources Manual.
- The instructions provided to employees in the Guide are insufficient.
- The format of the Guide is difficult to navigate and use.

Observations and Recommendations

Overall, the review resulted in three observations which identified improvements for the Guide, provided below, along with their recommendations. Specific details on each observation can be found in the attached Appendix to this memo.

OBSERVATION 1: The Guide is not Always Compliant with the State Business Travel Requirements Outlined in the State Administrative Manual (SAM) and the CalHR Human Resources Manual

Recommendation

The Guide would be improved if it informed employees of additional frequently used travel sections of SAM and the CalHR Human Resources Manual, as well as removing language that is non-compliant with those reference sources.

OBSERVATION 2: The Instructions Provided to Employees in the Guide are Insufficient

Recommendation

The AP Unit would benefit from adding specific areas of instruction that define the Guide's purpose, provide a criteria overview, include a definition of terms, state the requirements and their exceptions, and provide clear instructions while also avoiding conflicting language.

OBSERVATION 3: The Format of the Guide is Difficult to Navigate and Use

Recommendation

The AP Unit would benefit from updating the format of the Guide to make it easily identifiable on the intranet and user friendly. Specifically, IAS recommends including components that allow users to easily locate and search the Guide for information, removing features that create obstacles to obtaining information, and improving the intranet site's framework so that the information is more accessible.

SUMMARY

Employees of the CPUC rely on the Guide in order to get the required information for their travel. If the information is not listed, not referenced, not explained in the Guide, or if the Guide is difficult to locate; employees and the CPUC will be non-compliant with SAM and CalHR requirements. In addition, a lack of awareness of these requirements may result in employees not getting reimbursed for their travel.

Further, by providing better direction to employees, an updated and comprehensive Guide can assist the AP unit by ensuring consistency as well as increasing efficiencies in the review process. For one, it can reduce the time to review Travel Expense Claims (TECs) and potentially decrease the number of TECs returned for corrections. Also, it can reduce the number of calls and emails with questions on travel rules and processes to the AP Unit.

Overall, by implementing the above recommendations to the Guide, and by incorporating regular on-going updates, the CPUC can provide clear guidance on travel requirements and improve the process for CPUC's Travel Program.

Discussion of Limited Review Results with ASD Management

Upon completion of the independent assessment of the existing Travel Program directive, the IAS discussed the objectives and scope of the limited scope review, as well as key audit observations and corresponding recommendations on September 15, 2020 with the ASD. The ASD responded that they felt the review was beneficial and timely as they are currently working towards updating their Guide and their overall processes. The IAS appreciates the feedback regarding the independent assessment and its results.

If you have any questions regarding this supplemental management review memo, please contact me at (916) 823-4793, or Dan Washburn at (916) 327-6791.

Enclosure

cc: Marybel Batjer, CPUC President
Audit Committee

Genevieve Shiroma, CPUC Commissioner
Audit Committee

Rachel Peterson, Acting Executive Director
Deputy Executive Director, Safety Enforcement and Policy Division

Angie Williams, Director
Utility Audit, Risk and Compliance Division

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INDEPENDENT ASSESSMENT OF THE TRAVEL POLICY AND GUIDE OBSERVATIONS NOTED

OBSERVATION #1 - The Guide is not Always Compliant with the State Business Travel Requirements Outlined in the State Administrative Manual (SAM) and the CalHR Human Resources Manual

Table 1 – Areas of Non-compliance or Partial Non-compliance with SAM or CalHR

SAM or CalHR Section	Subject	Compliance	Area with Non-Compliance
0700	General Policy	Partial Non-Compliance	<p>The following are not included in the Guide:</p> <ul style="list-style-type: none"> • Limit attendance at conferences and meetings to those directly concerned with the topic • Avoid completing travel and then having to return, or duplicate travel, whenever possible • State vehicles should not be parked overnight at an airport unless there is no other practical and reasonable way for the employee to get to and from the airport
SAM 0715 CalHR 2201	Request for Travel Expense Exception Approval	Partial Non-Compliance	<p>The Guide contains: 1) conflicting information for reimbursement within 50 miles of home or headquarters and 2) references insufficient lead time for excess lodging approval.</p> <p>1) SAM 0715 states there are exceptions under certain circumstances that reimbursement for travel can be made within 50 miles of home or headquarters. CalHR 2201 states that expenses incurred within 50 miles of an employee's home/headquarters must be substantiated and approved according to current state and departmental reimbursement policy: http://hrmanual.calhr.ca.gov/Home/ManualItem/1/2201.</p> <p>There are conflicting statements in the Guide as follows. On one webpage: http://intranet:8080/IMSD_Content.aspx?id=2229, it states employees are ineligible for reimbursement unless travel is greater than 50 miles.</p>

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SAM or CalHR Section	Subject	Compliance	Area with Non-Compliance
			<p>Then on another webpage: http://intranet:8080/IMSD_Content.aspx?id=2218, there is a reference that approval can be made through Fiscal for an exception within 50 miles.</p> <p>There is another webpage: http://intranet:8080/IMSD_Content.aspx?id=2230 which provides a link that goes to a CPUC policy from 2009 regarding the 50 mile rule, which should be updated to reference the updated CalHR's HR Manual Section 2201, not to the Department of Personnel Administration.</p> <p>2) The Guide states to give 7-10 days lead time for approvals on excess lodging. SAM states that CalHR requires a minimum of 10 days advance notice and to submit the Excess lodging form two weeks in advance, contrary to the Guide's instructions.</p>
0722	Long-Term Travel	Non-compliance	The Guide has no reference to Long-Term Travel.
0727	Business-Related Meals	Non-compliance	The Guide has no reference to Business Related meals.
0728	Overtime Meals	Non-compliance	The Guide has no reference to Overtime Meals.
0741	Commercial Air Travel	Partial Non-Compliance	The Guide has no reference to frequent flier programs and that these points/premiums/vouchers are available to employees.
0751	Operator Requirements	Partial Non-Compliance	The Guide has no reference to safety when operating a vehicle on state business.
0753	Authorization to use Privately-Owned Vehicle	Partial Non-Compliance	The Guide has no reference to supervisors reviewing an employee's Authorization to Use Privately-Owned Vehicle Form, STD 261, prior to approving Travel Expense Claims (TECs) to ensure compliance with maintaining appropriate insurance and that the vehicle is safe to operate.

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SAM or CalHR Section	Subject	Compliance	Area with Non-Compliance
0754	Reimbursement for use of Privately Owned Automobiles	Partial Non-Compliance	The Guide has no reference to claim double the rate mileage authorized for one-way trips to and from a common carrier.
0755	Reimbursement for Parking Charges	Partial Non-Compliance	The Guide has no reference to specifics on when parking can be reimbursed.
0756	Reimbursement for Pool Vehicle Expenses	Non-compliance	The Guide has no reference to reimbursement for pool vehicle expenses.
0759	Privately-Owned Motorcycles	Non-compliance	The Guide has no reference to privately owned motorcycles being an unauthorized mode of transportation.
0764	Individual Trip Approval	Partial Non-Compliance	<p>The Guide has no reference to the bordering states requirement for out of state travel for less than five consecutive working days' duration.</p> <p>Also, the Guide has no reference to the 14-day lead time for submission of the STD 257 to the governor's office and special justification if the lead time is not met for out of state travel.</p>
0780	Travel Expense Claim (TEC), STD. 262	Partial Non-Compliance	There is no reference to providing a statement of purpose for each trip on a TEC. TECs missing the trip's purpose was also identified as an issue from the Internal Control over Expense Reimbursements audit (2019-05).

OBSERVATION #2 - The Instructions Provided to Employees in the Guide are Insufficient

Table 2 – Areas Needing Improvement to the Guide's Instructions

Guide Webpage	Subject Matter	Suggested Improvement
Plan Your Business Trip Page	General Policy	<ul style="list-style-type: none"> This is the first link referenced after clicking on the Budget and Fiscal Services link and it should have its own link on the main intranet page so it is easy to find. As the first link, it should have an introduction and purpose referenced, but neither is listed stating what this guide provides and what it's for.

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Guide Webpage	Subject Matter	Suggested Improvement
		<ul style="list-style-type: none"> • It should also reference overall sections of statute, regulation, policies, or other criteria that are the basis for the travel requirements. • It should also state these are requirements that employees must follow in order to be compliant with stated statutes, regulations, policies, or other criteria. • There is also the opportunity to provide definitions, terms, or other information that is specific to the CPUC <ul style="list-style-type: none"> ○ e.g. what is a TTA, who is a BCO, etc.
Step 1: Travel Authorization	Approval of state business	<ul style="list-style-type: none"> • Out of state travel procedures are listed first, but since in-state travel is more prevalent, it would be beneficial to start with the approval process for in-state travel, then out of state travel, then out of country travel. • Include more information about blanket travel approval and not just the non-blanket travel approval for out of state travel so staff are aware of both and that each has its own process. • Provide dates or timeframes referenced for approval. For example, that the Governor's Office (GO) needs 14 days to review individual trip requests for out of state travel. Also, that the CPUC may require additional lead time, so these requests must be submitted with sufficient lead time or they may not get approved. • Mention and define border states and how an out of state approval is not needed if it does not exceed 5 business days, but will need approval if it exceeds that amount. That way, employees do not complete the out of state approval process when it's not needed.
Step 3: Book Your Travel	Process for booking travel	<ul style="list-style-type: none"> • No references are made to long term travel and that there are different requirements from short term travel. • Stronger language is needed stating that employees must use (instead of prefer to use) the Concur site when booking travel unless they have authorization. • State that Southwest is the preferred carrier for the state and that using another airline requires a justification. • CalHR approval is needed for stays over \$250, not \$150 per night as stated in the Guide

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Guide Webpage	Subject Matter	Suggested Improvement
		<ul style="list-style-type: none"> ○ The correct rate of \$250 is correctly stated on another webpage, which conflicts with the language above: http://intranet:8080/Announcement_Content.aspx?id=14254.
Step 4: Prepare for Your Trip	Areas to consider prior to travel commencing	<ul style="list-style-type: none"> ● In the “Accidents/Mishaps” section, there is an explanation regarding original receipts that does not pertain to accidents ● In “Damage to a State Vehicle” there is reference to a STD 269 that could be linked to the actual form (almost all forms are linked on the Guide). ● In this same section, there is reference to call “underwriter's adjusting company,” but there is no explanation of who they are, why they are to be called, and what to provide them.
CalATERS - CA Automated Travel Expense Reimbursement System	How to register and use CalATERS	<ul style="list-style-type: none"> ● Explain how to re-register if you are a new employee coming from another state agency, and to delete the prior account from the old agency.
Mileage Reimbursement Rates	Rates for mileage	<ul style="list-style-type: none"> ● Rather than state, “Normally driven commute miles must be deducted,” when claiming mileage, it would be more accurate and clearer to state to claim mileage from the employee’s headquarters or their residence to the destination, whichever is less. ● When submitting mileage from a map application, require employees to include labels for their locations and destinations, as well as dates they traveled to those locations for clarity and verification.
Rental Car Policy	Rental Car Policy	<ul style="list-style-type: none"> ● Instructions on this page state to, “Choose a compact or intermediate vehicle,” when renting. However, on the webpage: http://intranet:8080/IMSD_Content.aspx?id=2229, there is conflicting language that states, “A compact car must be rented unless there is proper justification.” ● The short-term rental rates are included on the page and should be specified as short term, and they could also

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Guide Webpage	Subject Matter	Suggested Improvement
		<p>include the long-term rental rates as well so employees are aware of both.</p> <ul style="list-style-type: none"> • Reference that a valid driver’s license is needed and that a state ID badge is generally needed when renting a vehicle. • Provide instructions to employees on what to do if rental rates exceed the contracted rate with Enterprise on Concur. • The requirements for refueling a rental car have been updated and employees are no longer required to refill Enterprise vehicles prior to returning them. This section should be updated per the DGS Car Rental Resources for State Travel website.
<p>Cost Comparison for Transportation Costs</p>	<p>Form</p>	<ul style="list-style-type: none"> • The form should be updated to look and read as an official document. It currently has no form number (if necessary), it has language/punctuation that is not normally used in office writing (e.g. excessive use of exclamation points), and it should have an area for the employee to sign that they completed the form to the best of their knowledge for accountability.
<p>Excess Lodging Rate Requests and Annual Reports</p>	<p>Excess Lodging Requirements</p>	<ul style="list-style-type: none"> • No lead time for the approval by CalHR is provided on this page.
<p>Airport Parking Rates</p>	<p>Parking Rates for California airports</p>	<ul style="list-style-type: none"> • This information should have a date to the last time it was updated so that employees can determine if it is reasonably up to date. The AP Unit should also review this information annually to ensure it is not out of date.
<p>Travel Receipts Policy</p>	<p>Requirements for submitting receipts</p>	<ul style="list-style-type: none"> • Include that receipts should have the establishment’s name, address, transaction description, and date of transaction, not just an amount, for clarity and verification.

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OBSERVATION #3 - The Format of the Guide is Difficult to Navigate and Use

Table 3 – Improvement Needed for Guide’s Format

Topic	Suggested Improvement
CPUC Guide Comparison to other Agency Guides	<ul style="list-style-type: none"> • All travel information is not located on one main document or site (PDF or Online). • Table of Contents not used • Chapters/Sections within a main document not used • Appendices not used • Main contact page not used
Ease of Use	<ul style="list-style-type: none"> • The guide is not easily found or accessible from the main intranet page. <ul style="list-style-type: none"> ○ It is hidden within the Employee Resources top tab or the Budget and Fiscal Office menu. ○ Employees may need to click on more than one link, perform a search, or inquire with other staff on where to find information. ○ There are 10 forms, links, and references to information that are out of date, potentially no longer in use, or are not useful within the Guide. • There are 70 unique links to webpages or documents for information on travel. <ul style="list-style-type: none"> ○ It is difficult to find specific information needed for travel with that many links available. ○ It is also difficult to search since an employee may need to click through multiple levels of links. ○ Of those 70 links, there are 9 links that take employees to an error page or dead link. ○ There are an additional 32 repetitive links throughout the Guide that would be unnecessary if all the information was kept in one site page or document.
Formatting of Text	<ul style="list-style-type: none"> • The text and links are formatted similarly on certain sections, which causes confusion as to which text is a hyperlink or normal text.
Accessibility to Certain Information	<ul style="list-style-type: none"> • During the review, it was found that the intranet is only accessible to all information with the use of one web browser, Internet Explorer.