

# Internal Audit Report

Cuyahoga County, Ohio  
Department of Internal Auditing

**Duty-related Travel Reimbursement Audit**  
**Department of Children and Family Services**  
**July 1, 2017 – June 30, 2018**

**Director of Internal Auditing: Cory A. Swaisgood, CPA**

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**Staff Auditor: Jeremy Hejnal, CIA**



# Audit Report Highlights

DCFS – Duty-related Travel Reimbursement Audit

January 2019

Total Potential Recoveries<sup>1</sup> = None

Total Cost Savings<sup>2</sup> = \$384,327

Average Annual Reimbursements<sup>3</sup> = \$1.5 million

County Annual Budget<sup>3</sup> = \$1.4 billion

## Why DIA Did This Audit

This report provides results and recommendations from the Department of Internal Audit (DIA) related to internal controls and operational procedures in place around the Department of Children and Family Services' (DCFS) reimbursement process for duty-related travel, during the period of July 1, 2017 through June 30, 2018. Resulting from a previous audit of County-wide employee reimbursements released in July 2018, DCFS was identified as an area that warranted further review based on the high dollar amount of employee reimbursements and issues noted during that audit. The purpose of this audit was to:

- 1) Ensure duty-related travel complied with County and DCFS policies, adequate internal controls were in place, mileage calculations appeared reasonable and DCFS maintained complete, accurate supporting documentation.
- 2) Calculate the cost/benefit of automating the duty-related travel reimbursement process the cost/benefit of utilizing County-owned vehicles as opposed to personal vehicles.
- 3) Research best practices from other large counties on duty-related travel specific to automating the duty-related travel reimbursement process.

## What DIA Found

Considering the number of employees required to travel on a daily basis (approx. 400) DCFS's travel reimbursement process appears to be well-managed. We commend and thank DCFS for their cooperation and the Office of Innovation and Performance for their assistance. DIA did identify inefficient processes and controls weaknesses in the duty-related travel reimbursement process. Noteworthy issues are listed below:

- DIA identified instances of noncompliance with County and DCFS travel policies. We noted that 35 of 69 mileage reimbursements tested were not accurately calculated, totaling \$3,706. Most of the inaccuracies (71%) resulted from employees not deducting mileage between home and their primary work location. DIA also found 5 of 7 out of state trips tested did not have prior travel authorization as required by DCFS policies.
- DIA identified internal control weaknesses and inefficiencies associated with the travel reimbursement process. We noted DCFS had an outdated system and cumbersome process; there were inaccuracies in mileage totals in the Travel Expense Reports due to rounding to the nearest decimal; and Travel Expense Reports included employees' social security numbers.

*"What DIA Found" continued next page.*

<sup>1</sup> Total overpayments identified by DIA the County could potentially recover.

<sup>2</sup> The amount the County could potentially annually save by implementing recommendations. This is a result of policy changes that could potentially reduce expenses and improve employee efficiency. This number may not be a direct cost savings as resources are used to supplement another County operation.

<sup>3</sup> County's annual budget was taken from the updated 2019 budget approved by Council in December 2018. The County Annual Budget includes operating appropriations from all County funds. The average annual reimbursements amount was calculated using total reimbursements over 5 years (2014 through 2018).

# Audit Report Highlights

DCFS – Duty-related Travel Reimbursement Audit

January 2019

## *What DIA Found (cont'd)*

- The monthly travel expense reports that DCFS employees submit for reimbursements is a manual and time-consuming process. It may take up to 8 hours for an employee to complete one month's travel. With an automated GPS tracking software DCFS could potentially realize \$218,976 in annual savings, based primarily on employee time savings and reduction in potential mileage overstatements. These costs savings may not be a direct cost savings on DCFS's budget but would increase time in the community to accomplish DCFS's mission.

## *What DIA Recommended*

We provided County management with sound internal controls to mitigate potential risks related to the duty-related travel reimbursement process to help move DCFS toward a more accountable, efficient and productive operation.

We communicated these recommendations to DCFS during the audit. DIA appreciates the cooperation and assistance from DCFS staff and management and the Office of Innovation and Performance during the audit. DCFS and the Office of Innovation and Performance are working to address findings and recommendations in this report. Based on their responses, we believe corrective action will be taken to mitigate the risks identified. Management responses follow each recommendation in the report. We made the following recommendations:

- The current policy of deducting mileage of normal commute between home and main location of work when traveling to and from alternative locations directly home should be clarified to employees. DCFS should also include the mileage from employee home to primary office as either a pre-populated field or a mandatory entry at the top of the expense report to clearly indicate how much mileage should be deducted when applicable. Also, DCFS should enforce their existing policy and require authorization for out of state travel. If travelling on short notice authorization should be obtained following the trip.
- DIA made multiple recommendations related to the Enterprise Resource Planning (ERP) system to improve internal controls and mitigate risks identified during the audit; performing periodic analysis of employee reimbursements for unusual increases or activity; removing employee social security numbers from the Travel Expense Report, and accurately footing Travel Expense Report totals by adjusting decimal places in the report.
- DCFS should consider and further research switching to an automated mileage reporting software utilizing County-issued mobile phones. Prior to consideration of any automated system, DCFS should evaluate the software for integration with the County-wide ERP to maximize efficiencies. If implementing an automated system policies and procedures for travel reimbursements should be updated to reflect the new process. DIA shared the information gathered with the Office of Performance and Innovation for further research.



**CUYAHOGA COUNTY  
DEPARTMENT OF INTERNAL AUDITING**

**INTERNAL AUDIT REPORT  
Cuyahoga County Department of Children and Family Services  
Cover Letter**

January 22, 2018

To: Director of Health and Human Services Walter Parfejewiec, Director of Children and Family Services Director Cynthia Weiskittel and current management of the Cuyahoga County Department of Children and Family Services:

The Department of Internal Auditing (DIA) has conducted an audit of the financial operations and general internal controls of the Department of Children and Family Services' (referred to within this report as "DCFS") travel reimbursement process, for the period of July 1, 2017 through June 30, 2018. DIA expanded testing on DCFS travel reimbursements as a result of the County-wide Employee Reimbursement Audit released in July 2018. Specifically, we conducted audit work related to the internal controls over the travel reimbursement process in DCFS to determine if procedures utilized for travel reimbursements were operating as intended by management; were consistent with County policies and procedures; and transactions were properly supported, approved and recorded. DIA also performed a cost-benefit analysis for consideration of an automated tracking system.

To accomplish our objectives DIA conducted interviews with management and staff and performed walk-throughs of the travel reimbursement process in DCFS to document controls in place. In addition, analytical procedures were used for substantive testing. We used a data analytics system to identify and select travel reimbursements for further testing. We also recalculated the current cost of processing travel reimbursements and the potential future cost of utilizing an automated tracking software.

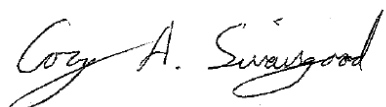
Our audit procedures disclosed internal control weaknesses related to travel reimbursements, as well as non-compliance with the County's Travel Policy and DCFS's internal travel policy. Based on the sample tested, DIA did not identify recoverable reimbursements that were reportable. This report provides the details of our findings. We are confident corrective action has been taken or will be taken to mitigate the risks identified in this audit report.

We conducted this audit in accordance with generally accepted government auditing standards and internal auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

Because of the inherent limitations of internal controls, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the internal control structure to future periods is subject to the risk that procedures may become inadequate due to changes in conditions, or that the degree of compliance with the procedures may weaken.

DIA would like to express our appreciation to DCFS staff and management, and interrelated departments that assisted throughout the process for their courtesy and cooperation during this audit. A draft report was provided to management of DCFS. Management responses are included within the audit report.

Respectfully,

A handwritten signature in black ink that reads "Cory A. Swaisgood". The signature is written in a cursive style with a large initial 'C'.

Cory A. Swaisgood, CPA  
Director of Internal Auditing

Cc: Cuyahoga County Council  
Matt Carroll, Acting Chief of Staff  
Nora Hurley, Interim Law Director  
Michael C. O'Malley, Cuyahoga County Prosecutor

# Contents

<b>Glossary .....</b>	<b>2</b>
<b>Report Details .....</b>	<b>3</b>
Purpose.....	3
Audit Objectives .....	3
Scope .....	3
Methodology .....	4
Background.....	4
Commendable Practices.....	5
<b>Findings and Recommendations.....</b>	<b>6</b>
<b>Travel Reimbursement Process .....</b>	<b>6</b>
FINDING County and DCFS Policies not Followed During Duty-Related Travel.....	6
FINDING Internal Controls Weaknesses Identified in Travel Reimbursement Process.....	9
<b>Automated Tracking Opportunities .....</b>	<b>14</b>
FINDING Lack of Automation in Mileage Tracking.....	14
FINDING Deficiency in GPS Report Monitoring.....	17

## Glossary

<b>Accounts Payable</b>	-	Accounts Payable is a department within the County's Fiscal Office with the responsibility of recording payment entries in FAMIS and issuing checks to vendors and employees.
<b>DCFS</b>	-	Department of Children and Family Services is a part of the Health and Human Services Department with a mission is to improve the lives of children with attention, care, and support.
<b>FAMIS</b>	-	Cuyahoga County's accounting information system.
<b>FMS</b>	-	The financial system utilized in HHS to record transactions. Specifically, DCFS uses FMS to record travel expenses and mileage and process payments for submission to the Accounts Payable.
<b>Payment Processing</b>	-	Payment Processing is a division in DCFS's Fiscal Department with the responsibility of reviewing and processing payments for submission to Accounts Payable.
<b>Travel Expense Reports</b>	-	Employees in DCFS complete a Travel Expense Report in FMS to record duty-related mileage and necessary business expenses. This form is signed by the employee's supervisor and submitted to Payment Processing for payment.
<b>Travel Policy</b>	-	The two travel policies referred to in this report are distinguished between DCFS's internal Travel Policy and the County's Travel Policy, effective April 24, 2018.

# Report Details

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## Purpose

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The purpose of this audit was to conduct a comprehensive audit of Cuyahoga County's (County) employee reimbursement process specific to duty-related travel in DCFS. We conducted our review of DCFS's travel reimbursement process by utilizing IDEA (our data analytics software) to identify payments in FAMIS that warranted further review, and with auditing sampling methods. DIA evaluated processes for compliance with existing policies. We performed substantive tests on financial transactions and historical costs. The audit included review and evaluation of procedures, practices and controls as deemed necessary.

The Audit Committee approved the DIA's 2018 audit plan to include an expanded audit on travel reimbursements specific to DCFS, due to results in the County-wide Employee Reimbursement Audit released in July 2018. We conducted our review through inquiry, observation, data analysis, and testing of travel reimbursements during the audit period.

## Audit Objectives

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The objectives of this audit were to determine whether:

- Procedures currently being utilized are operating as intended by management.
- Travel reimbursements were supported, accurate, properly authorized, and recorded.
- DCFS is operating in a control conscious environment with adequate controls in place to effectively and efficiently achieve the organization's goals;
- The DCFS travel reimbursement process was consistent with internal DCFS policies and the County Travel Policy;
- DCFS should consider an automated tracking software for duty-related travel.

Control conscious environment  
Adequate level of internal control awareness; proper separation of duties; existence of a proper monitoring system; appropriate authorization/approval of expenditures; and adequate safeguarding of financial, physical, and information assets.

## Scope

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To accomplish our objectives, we focused on the operational controls of the travel reimbursement process in DCFS, as well as specific compliance mandates during the period of July 1, 2017 through June 30, 2018. Interviews with management and staff along with general walk-throughs of the travel reimbursement process were conducted to gain an understanding of the process, to document the controls in place, and to determine whether controls were operating effectively. DIA also



performed procedures to research and calculate the cost-benefit of utilizing an automated tracking software.

## Methodology

DIA performed on site visits and inquiries/observations to gain a general understanding of the travel reimbursement process in DCFS. DIA performed control and substantive testing on reimbursement transactions to determine if controls were in place and transactions were supported and authorized. To analyze and test DCFS travel reimbursements during the audit period, DIA extracted financial data from FAMIS, imported into our data analytics software, and filtered by employee reimbursement transactions. Testing methods included analytical procedures and sampling methods. We considered transaction amounts for our testing, including the highest reimbursed (dollar amount) employees in DCFS and other unusual transactions, such as large one-time reimbursements.

During the County-wide Employee Reimbursement Audit released in July 2018, DIA performed an analytic on the dollar amount of employee reimbursements per department. In analyzing the data, DCFS had the highest employee reimbursements per year, and rightfully so, due to duty-related travel for the services DCFS provides to the community and children. The following table shows the dollar amount of reimbursements per year for DCFS.

Employee Reimbursements Per Year (DCFS)					
Source: FAMIS	2014	2015	2016	2017	2018
Duty-related Travel	\$1,128,341	\$1,270,445	\$1,288,322	\$1,459,247	\$1,634,377
Seminars	\$96,625	\$200,642	\$196,399	\$157,131	\$111,861
Staff Development	\$0	\$240	\$558	\$94	\$0
<b>Total</b>	<b>\$1,224,966</b>	<b>\$1,471,327</b>	<b>\$1,485,279</b>	<b>\$1,616,472</b>	<b>\$1,746,238</b>

\*During the audit period (7/1/17 – 6/30/18) DIA reviewed 75 duty-related travel reimbursements totaling \$44,902.

## Background

DCFS is made up of several different divisions and based in three locations throughout Cleveland in order to fulfill their mission. These locations include the Jane Edna Hunter building and the Fairfax, Fatima and Old Brooklyn Neighborhood Family Service Centers. Divisions in DCFS include such functions as Fiscal, Training, Extended Services, Short Term Services, Performance Evaluation/Innovation, and Placement Services. These divisions are further broken down into more specific units. DCFS is

made up of approximately 800 FTE's. This includes approximately 140 supervisors and management.

DCFS employee job duties include travel to complete required home visits, visiting children in foster homes, or facilitating visitation between children and parents or other family members. Meetings with children in DCFS's care usually require a visit at least once a month. Travel is mostly within the County but could include travel to other parts of Ohio or other states as required. Employees typically use their own personal vehicles for travel and are required to follow applicable County and DCFS travel policies. DCFS employees may be reimbursed for miles driven, any applicable parking or toll charges, meals for themselves or children in custody. Also, DCFS employees may be reimbursed for any applicable charges for out of state travel like flights, hotels, and rental cars.

Employees are typically reimbursed for travel on a monthly basis. During the audit period approximately 400 employees were eligible for travel reimbursement per month. During the first three days of the month employees seeking reimbursement complete the Travel Expense Report listing all locations travelled and the mileage associated with each trip related to duty-related travel for the previous month. Employees may also include other expenses (meals, parking, etc.) and submit receipts for reimbursement. Employees submit Travel Expense Reports to their immediate supervisor for review and approval. Following supervisor approval, the Travel Expense Report is returned to the employee for submission to Payment Processing. Payment Processing is comprised of 10 employees tasked with reviewing all Travel Expense Reports in DCFS following supervisor approval. Payment Processing verifies that all receipts are attached, and expenses claimed comply with County and DCFS travel policies. Following review and any necessary adjustments, Payment Processing scans the Travel Expense Reports and receipts for electronic filing and submits an electronic file to Accounts Payable for payment.

## **Commendable Practices**

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DCFS met with DIA to discuss each finding and recommendation as they were identified throughout the audit. We commend and thank DCFS for their cooperation and the Office of Innovation and Performance for their assistance. Based on the results of our audit, we believe DCFS's travel reimbursement process is well-managed considering the number of employees that travel in DCFS. Management implemented or began addressing DIA recommendations during the audit as indicated in management's responses in this report.

## Findings and Recommendations

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### Travel Reimbursement Process

#### **FINDING County and DCFS Policies not Followed During Duty-Related Travel**

DIA noted the following instances of noncompliance with the County Executive's Travel Policy and DCFS's internal travel policy on duty-related travel:

##### **Home to County Office Mileage**

Both the Current County Travel Policy and the DCFS Internal Travel Policies state "Individuals traveling to alternate work sites will be reimbursed for mileage in excess of which would have been incurred in normal commute" and "If approved to travel straight to/from a business destination from home without stopping at County office, mileage will be limited to the mileage difference between the business destination and the office." DCFS employees and supervisors should ensure travel between a business destination and home without stopping at the employee's County office is accurately deducted from monthly Travel Expense Reports when applicable.

DIA reviewed 69 mileage reimbursements totaling \$40,841 (Total population of duty-related travel reimbursements during the audit period was approximately \$1.5 million). DIA recalculated mileage traveled for 69 reimbursements and found 35 (51%) were not accurately calculated, totaling \$3,706 in potential overstatements.

**Note:** 69 of the 75 Travel Expense Reports tested sought reimbursement for mileage.

- 25 of the 35 (71%) tested with discrepancies were either wholly or partially related to improper deductions of travel between a business destination and home without stopping at the employee's County office, a violation of County policies. The 25 reimbursements had a total overstatement of \$1,300. Employees may not be clear on the policy regarding travel to alternative work sites from home as it is not a regular occurrence for most employees.
- DIA could not determine the cause of the remaining 10 mileage reimbursements tested with discrepancies. Although there could be valid reasons for mileage overstatements (i.e. timelier route), DCFS did not have a process in place to disclose reasons for using routes with more miles. The 10 reimbursements had a total overstatement of \$2,406. DIA reported on this issue in the Employee Reimbursement Audit Report released in July 2018. DCFS is currently working with the system administrator to add a description line for reasons the shortest route was not taken.

### **Traveling Out of State**

When travel is mandated by law as part of an employee's regular duties, a request for travel is not required in accordance with the County Executive's Travel Policy, which includes DCFS employees traveling out of the County to pick up a child. However, DCFS created an internal policy stating, in part, "Employees traveling to transport or visit a child out of state or traveling in performance of their duties out of state must create and submit approved travel authorization three days prior to travel to Procurement/Travel Unit." DCFS should have controls in place to comply with the internal policy.

During DIA's testing of 75 travel reimbursement transaction, DIA noted 5 of the 7 out of state trips tested did not have prior travel authorization. These trips were to nearby states and the employee was back the same day. Although some out of state trips could be a last-minute emergency, the 5 instances noted did not receive authorization following the trip.

### **Conflicting Policies**

The County Executive's Travel Policy states, "County travelers using a personal vehicle may be reimbursed for authorized travel at the standard mileage rate currently established by the Internal Revenue Service (IRS) for business miles driven" for non-bargaining employees. On the contrary, DCFS's internal policies state, "All non-bargaining employees are reimbursed at a rate of \$.445 per mile traveled." DCFS's internal policies mirrored the County's former travel policy, replaced in April 2018.

However, DCFS was complying with the County Executive's Travel Policy and reimbursing non-bargaining employees the IRS rate since the adoption of the County Executive's Travel Policy in April 2018. DCFS's internal policies are inconsistent with the County Executive's Travel Policy.

## **Risk to the County if Findings Not Corrected**

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DCFS's internal policies were not reviewed to ensure consistency with the County Executive's policies and reviewed for outdated policies or opportunities for improvement. Having conflicting policies can lead to inconsistent processes and work being performed in a manner that is not consistent with County leaderships expectations.

By not properly deducting the mileage to or from home to an alternative work site or obtain authorization prior to out-of-state travel, employees are in violation of County and DCFS policies. This could result in additional cost to the County. Also, supervisors and management may be unaware that an employee and possibly a child are leaving the state.

## Recommendations

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1. The current policy of deducting mileage of normal commute between home and main location of work when traveling to and from alternative locations directly home should be clarified to employees. DCFS should also include the mileage from employee home to primary office as either a pre-populated field or a mandatory entry at the top of the expense report to clearly indicate how much mileage should be deducted when applicable.

***Management's Response:***

***Agree – Partially Implemented. An all-staff email was distributed on 1/31/19 reiterating the requirement to deduct miles from home to a work location depending on starting point and destination.***

***DCFS Administration will require that the miles between home and main work location be entered into the comment field in FMS to appear at the top of each mileage report (page 1) for reference. This will be included in the DCFS Travel Policy until we switch from FMS to the ERP system.***

***Estimated Implementation Date:***

***All-staff email distributed 1/31/19. Requirement to include home to main work location mileage in FMS comments, notify staff and update policy: by 3/31/19***

2. DIA recommends that DCFS enforce their existing policy and require travel authorization for out of state travel, in a timely manner. DCFS management should communicate to all staff that travel authorization is necessary for all out of state travel regardless of length of stay. If travel authorization is not possible three days in advance due to an emergency, then authorization should be obtained following the trip. The authorization should include a reason for the emergency.

***Management's Response:***

***Agreement – Already Implemented. The 1/31/19 all-staff email reinforced the travel policy requirement for timely travel authorization submission and what to do in case of an emergency.***

***Estimated Implementation Date: 2/1/19***

3. DIA recommends that DCFS either change their internal policies regarding mileage reimbursement to match the County travel policy or solely follow the County travel policy in all circumstances unless more enhanced policies are needed for duty-related travel. Specifically, mileage reimbursement rates should be consistent with the County's travel policy.

***Management's Response:***

***Agree. DCFS prefers to maintain a DCFS travel policy that is consistent with the County travel policy and enhanced with FMS and division-specific information. DCFS will update their travel policy by 3/31/19 and include the link to the IRS current mileage reimbursement rate as in the County policy.***

***Estimated Implementation Date:***

***4/1/19***

4. DCFS internal policies on travel reimbursements should be reviewed on a regular basis, i.e. annually, to make necessary revisions as needed. The Director of DCFS should sign off on the policies.

***Management's Response:***

***Agree. DCFS Business Services Manager will review the DCFS and County travel policy annually and make necessary revisions prior to January 1<sup>st</sup> each year. The revised policy will be posted in the DCFS Policy and Procedures Manual and signed by the DCFS Director.***

***Estimated Implementation Date:***

***Any revisions to the current DCFS travel policy by 3/31/19; next scheduled policy review by 12/31/19.***

**FINDING      Internal Controls Weaknesses Identified in Travel Reimbursement Process**

DCFS should have adequate controls and efficient procedures in place to ensure compliance with County policies and timeliness of payment process during the employee travel reimbursement process. Procedures should be documented and communicated throughout DCFS to ensure the process is consistently applied in each division.

DCFS reimburses employees for various expenses incurred in performance of their job-related duties. These expenses include mileage, meals for employee and children, parking, tolls, and hotels. Monthly, employees complete a Travel Expense Report to obtain reimbursement for duty-related travel. The Travel Expense Report requires employees to list dates and locations traveled, as well as other expenses incurred to complete DCFS-related duties. These Travel Expense Reports must be submitted to an employee's direct supervisor for review and approval. Following review and signature from the supervisor, the Travel Expense Report is returned to the employee for scanning and submission to Payment Processing in DCFS's Fiscal Division. Payment

Processing performs a final review that includes ensuring budget is available in the County's financial system, FAMIS, before submitting an electronic file to the Fiscal Office's Accounts Payable for recording in FAMIS and check issuance. Payment Processing also maintains a scan of each Travel Expense Report and forwards originals to the Fiscal Office's Accounts Payable.

During DIA's testing of 75 travel reimbursement transactions and walkthroughs of DCFS's duty-related travel reimbursement process, we noted the following control weaknesses and inefficiencies:

- The mileage total in the employee's Travel Expense Report did not accurately foot when DIA recalculated and compared daily mileage numbers to the total mileage number for 20 of 69 (29%) mileage reimbursements tested. Per discussion with DCFS, the discrepancies result from the system rounding individual trips and the total including decimals. However, DCFS's policy requires employees to round each trip to the nearest tenth of a decimal. Although differences in the 20 discrepancies were nominal, DCFS's current system does not have the functionality to comply with DCFS's current policy.
- Supervisor signatures were illegible in 26 of 73 (36%) Travel Expense Reports tested. Payment Processing did not have a means to validate the signatures.
- Following supervisor approval, employees submit Travel Expense Reports to Payment Processing, which increases the risk of employee's modifying information without supervisor approval.
- DIA noted Travel Expense Reports generally included check marks and initials as an internal control to indicate review of Travel Expense Reports. However, 13 of 73 (18%) Travel Expense Reports did not include check marks or initials to indicate review of the travel expense form by a supervisor or Payment Processing.
- Supervisors and Payment Processing review travel reimbursements. The responsibilities of each review were not formally defined and documented.
- The Travel Expense Report includes the employee's social security number at the top of each page.
- DCFS's Fiscal Division does not perform periodic analysis on travel reimbursements, such as reimbursements by employees per month to identify and question unusual trends.
- DCFS currently has an outdated system and cumbersome process for travel reimbursements, which includes an excessive amount of Travel Expense Report scanning. DCFS utilizes an in-house financial system that does not include automated workflows. Some employees in DCFS need a full business day to complete monthly Travel Expense Reports. Currently, DCFS's process

involves four levels of review/processing (DCFS staff, DCFS supervisor, DCFS Payment Processing, and the Fiscal Office's Accounts Payable).

- DIA was unable to obtain the originals for 2 of 75 (3%) Travel Expense Reports and supporting documentation from the Fiscal Office's Accounts Payable or Payment Processing, totaling \$588. Payment Processing did not begin scanning all documentation until 2018 and the reimbursements requests were from 2017.

### **Risk to the County if Findings Not Corrected**

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DCFS increases the risk of undetected errors, misstatements, and unnecessary steps with the current system and procedures in place. By not maintaining all records on travel reimbursements DCFS does not have evidence to prove reimbursements were for proper purposes and followed all applicable travel policies.

### **Recommendations**

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1. Either the DCFS internal policy on rounding miles to the nearest tenth should be changed to rounding to the nearest mile or the miles column on the Travel Expense Report should be expanded to ensure the aggregate of daily mileage entries accurately reconcile to report totals.

***Management's Response:***

***Agree. DCFS prefers employees enter mileage to the nearest tenth of a mile and will enhance the system to round up if five-tenths or higher and round down if below five-tenths. The Support Administrator is checking on the feasibility of this system change. In the event this is not feasible, DCFS will modify the policy to instruct employees to round to the nearest mile.***

***Estimated Implementation Date:***

***By 3/31/19***

2. In addition to the signature that is provided on each page by the approving supervisor there should either be a line that requires the supervisor printed name on the first page. Payment Processing should also have a list of authorized signers with signatures in case a signature is not legible.

***Management's Response:***

***Agree – To be implemented by audit release. The Support Administrator will add a supervisor printed name line on the first page. All DCFS employees have access to a DCFS Directory and may contact a worker's supervisor or Senior Manager when a signature is illegible.***



***Estimated Implementation Date:***

***The Support Administrator reports the Supervisor print line will be added by March 1, 2019. Payment Processing will be informed by 2/28/19 to call a worker's supervisor or senior manager to verify a legible signature is on each travel reimbursement report.***

3. The supervisor should be responsible for submitting employee Travel Expense Reports for processing to reduce the risk of employees modifying reimbursement forms following supervisor approval and before submission to Payment Processing.

***Management's Response:***

***Disagree with issue identified by audit. Modifications cannot be made to a Travel Expense Report unless the employee generates a new report, prints it, and gets new signatures from their supervisor before submitting to Payment Processing.***

***Estimated Implementation Date:***

***N/A***

4. DCFS should document and communicate the expectations and responsibilities of travel expense report reviews. DIA recommends that employee supervisors primarily focus on the following:

- Mileage calculations involving travel to or from home are accurate, as needed;
- Reviewing and recalculating unusual and out of state travel or large entries, and comparing to the employee's schedule/SACWIS;
- Ensuring meal reimbursements and other travel expense claims comply with the County and DFCS travel policy.
- Indicating review by checkmark or initials on entries reviewed;
- Signing Travel Expense Reports.

Payment Processing should primarily confirm supervisor approval and review of Travel Expense Reports and reconcile receipts to entries. This policy should also consider how supervisors and Payment Processing indicate their review with checkmarks or initials.

***Management's Response:***

***Agree – Partially Implemented. The 1/31/19 all-staff email advised supervisors of the above responsibilities, except for item d., which will be reviewed and reinforced with all Payment Processing employees by 2/28/19. Management will review both travel policies and ensure the information about supervisor and Payment Processing responsibilities are included in the DCFS policy.***

***Estimated Implementation Date:***

***All-Staff Email sent 1/31/19; review with Payment Processing by 2/28/19; policy review and revisions by 3/31/19.***

5. DCFS should either remove the employee's social security number from the Travel Expense Report or encrypt the information when transferring scanned copies through email.

***Management's Response:***

***Agree – To be implemented by Audit Release. Management will reinforce with Payment Processing to assure they are using JFS secure encryption in emailing scanned reports. The System Administrator will remove the employee's social security number from the printed form (will only be viewed in the FMS system).***

***Estimated Implementation Date:***

***Review and reinforce JFS secure email for scanned reports by 2/28/19; Remove employee SSN from printed forms by 2/28/19.***

6. The DCFS Fiscal Division should start tracking employee travel reimbursements by index code and by individual. This will allow management to better question unusual increases or activity.

***Management's Response:***

***Agree. The Support Administrator will create an SSRS report for supervisors to pull up and see each employee's reimbursements, current and over time to track unusual increases or activity.***

***Estimated Implementation Date:***

***By 3/15/19***

7. The DCFS travel reimbursement process and systems should be integrated with the ERP process to improve efficiencies as much as possible. DCFS should work with the County's ERP team to ensure the new ERP system has the capability to incorporate DCFS's travel reimbursement process. DIA believes the ERP could reduce or eliminate some of these steps. There are approximately 400 DCFS employees that complete monthly Travel Expense Reports. With the number of employees not only in DCFS but in other HHS divisions, such as Jobs and Family Services, HHS's travel reimbursement process could benefit immensely with the ERP.

***Management's Response:***

***Agree. We were able to confirm with the ERP Team that they expect all County Executive travel/expense reports to be integrated into the ERP system in July 2019. The ERP Team will be meeting with management in March to discuss design requirements.***

***Estimated Implementation Date:  
July 2019***

- 8.** DCFS Payment Processing should ensure each Travel Expense Report receiving a reimbursement and all applicable supporting documentation is sent to County Accounts Payable. Payment Processing should also maintain an electronic copy of all supporting documentation for record keeping purposes.

***Management's Response:***

***Agree – Already Implemented. Payment Processing sends all original reports and supporting documentation to County Accounts Payable, per their request. Employees were instructed to submit both an original and scanned copy of their reports and documentation. Payment Processing discovered that employees were not scanning the reports and documentation on a consistent basis. In June 2018, Payment Processing began scanning all reports and supporting documentation to maintain a DCFS electronic record.***

***Estimated Implementation Date:  
Completed June 2018***

## **Automated Tracking Opportunities**

### **FINDING    Lack of Automation in Mileage Tracking**

The duty-related travel process in DCFS is cumbersome and manual. In order to claim reimbursements for daily travel related to onsite visits and transportation of children, employee's must manually track and record each trip in DCFS's financial system, FMS. Monthly, DCFS employees utilize FMS to enter each trip including addresses, dates and miles driven. Employees use an online directions map to determine the number of miles driven. This process could take an employee up to 8 hours to complete for one month's travel. Some employees record over 70 entries in FMS for travel per month. Employees print a Travel Expense Report for submission to their immediate supervisor for review and approval. Once signed, the employee scans and submits the paper report to Payment Processing for payment.

Other than recording information in FMS to print a Travel Expense Report, the travel reimbursement process in DCFS is largely manual. In the Employee Reimbursement Audit Report released in July 2018, DIA made a recommendation for DCFS to consider switching to an automated mileage reporting software. The County has not recently explored utilizing an automated process. Online research for automated mileage

reporting software provided that DCFS could see a 10% to 30% reduction in duty-related travel costs. DIA performed procedures during this audit to identify potential cost savings if DCFS pursued an automated mileage reporting system utilizing County-owned cell phones.

The following is an estimate of current costs, including potential mileage overstatements from DIA's review, associated with DCFS's current travel reimbursement process:

Description of Cost	Average Cost per Month	Average Cost per Year
Employee/ Supervisor/Payment Processing Time*	\$44,005	
Current Cost of Phones*	\$34,350	
Median Potential Overstatements***	\$5,040	
<b>Total Average per Month</b>	<b>\$83,395</b>	
<b>Total Average per Year</b>		<b>\$1,000,740</b>

**Note:** With implementation of an automated mileage tracking system, potential overstatements are expected to reduce/minimize.

\*Based on DIA's walkthroughs and interviews with DCFS employees, time spent on Travel Expense Reports averaged approximately 4.583 hours per Travel Expense Report per month (staff-4, supervisor-0.5, Payment Processing-0.083). DCFS processes approximately 410 Travel Expense Reports each month. DIA calculated the cost based on employee hourly rates.

\*\*Monthly Cost of phone charge backs were received from the Department of Information Technology based on phone usage in 2018.

\*\*\*The median potential overstatements were derived from DIA's testing of 69 mileage reimbursements during the audit period. DIA did not include potential overstatements of the Transport Unit (8 reimbursements) since the Transport Unit was utilizing County's vans at the end of the audit period.

DIA researched potential vendors and developed an estimate of recurring costs if DCFS implemented an automated system. The following table shows an estimate of potential costs and benefits based on phone charges, employee time, and software licensing with an automated system. DIA realizes there could be additional recurring costs associated with a new system, such as Department of Technology maintenance. DIA did not include the cost to implement and train employees on an automated system as they are one-time costs, not recurring. However, DIA did provide our cost/benefit analysis to the Office of Innovation and Performance for further review.

Description of Potential Future Cost	Average Potential Future Cost per Month	Average Potential Future Cost per Year
Employee/Supervisor/Payment Processing Time*	\$12,947	
Cost of Phones**	\$48,700	
Cost of Software Licenses***	\$3,500	
<b>Total Average per Month</b>	<b>\$65,147</b>	
<b>Total Average per Year</b>		<b>\$781,764</b>

\*Based on DIA's walkthroughs and interviews with DCFS employees, DIA estimates time spent on Travel Expense Reports could potentially average approximately 1.333 hours per Travel Expense Report per month (staff-1, supervisor-0.25, Payment Processing-0.083). DCFS processes approximately 410 Travel Expense Reports each month. DIA calculated the potential future cost based on employee hourly rates.

\*\*Monthly Cost of phone charge backs were received from the Department of Information Technology based on future potential phone usage with an automated system.

\*\*\*DIA researched eight vendors with automated GPS tracking software. We included the license cost for one of the highest license fees per month in the cost/benefit analysis (\$7).

The following table shows DIA's calculation of potential annual savings if DCFS implements an automated tracking system. DCFS may benefit from an automated tracking system to allow more time for DCFS employees to focus on their primary mission which is assuring the protection of children at risk of abuse and neglect. The Office of Innovation and Performance was conducting more research and analysis following DIA's review at the time of this report.

Potential Monthly Savings	Potential Annual Savings
<b>\$18,248</b>	<b>\$218,976</b>

### **Risk to the County if Findings Not Corrected**

DCFS is at risk of inconsistent processes and potential errors with travel reimbursements by not implementing an automated tracking system. However, DIA understands the implementation time and cost associated with new systems, which may not be feasible to the County at this time.

## Recommendation

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1. Due to the volume of DCFS's duty-related travel, DCFS should consider and further research switching to an automated mileage reporting software utilizing County-issued mobile phones. The benefits would include efficiencies in the time taken to fill out and approve travel reimbursements. There are also possible reductions in mileage reimbursements resulting from potential overstatements with the current manual process. Any time saved in completing Travel Expense Reports could be better used fulfilling DCFS's mission.

Prior to consideration of any automated system, DCFS should evaluate the software for integration with the County-wide ERP to maximize efficiencies. If an automated system is implemented policies and procedures for travel reimbursements should be updated to reflect the new process. DIA shared the information gathered with the Office of Performance and Innovation for further research.

***Management's Response:***

***Agree. All DCFS duty-related travel will be integrated into the County ERP in July 2019. The Office of Innovation & Performance (I&P) has begun researching potential solutions for this issue. As part of the project, I&P will discuss with the Department of Information Technology on if solutions can tie the ERP with an automated mileage reporting software using County-issued mobile phones.***

***Estimated Implementation Date:***

***Projected integration with County ERP July 2019; research beginning in March 2019.***

## FINDING    Deficiency in GPS Report Monitoring

DCFS has a Transport Unit (Unit) tasked with transporting children between locations relating to their respective cases. The Unit is comprised of seven Social Service Aides, one clerical assistant, and one supervisor. The Unit is available to help alleviate the responsibilities and time pressures of case workers in transporting children. As noted in DIA's Employee Reimbursement Audit Report released in 2018, the Unit mostly transported children in personal vehicles in 2018 as the number of County-owned vehicles were insufficient for the Unit's responsibilities. However, in November of 2018 the County issued enough vehicles under DCFS to accommodate the entire Unit. As of the date of this report, the Unit is now exclusively utilizing County-owned vehicles to perform their job duties. They may also be used by other DCFS staff as availability dictates.

The County-owned vehicles utilized by DCFS are equipped with GPS. Reports are available to DCFS management from these GPS units with such information as routes taken, speeds, stops, or the current location of the vehicle. These reports were not distributed to the Transport Unit Supervisor during the audit. Typically, the reports would only be viewed by DCFS management if there was a request from a supervisor or a complaint against the vehicle. However, the Transport Unit Supervisor is most familiar with the Unit's work and staff schedules.

In addition, the County-owned vehicles utilized by the Unit are assessed a chargeback fee by County Public Works of \$.0645 per mile driven each month. DCFS is also charged for fuel charges assessed for purchased fuel. Since the Unit is exclusively utilizing County-owned vehicles as of November 2018, DCFS Fiscal should have procedures in place to ensure the County-owned vehicles are the most cost-effective mode of transportation for the Unit. Due to the small population of months DCFS utilized County-owned vehicles, DIA could not effectively analyze the cost/benefit to utilizing County-owned vehicles (chargebacks) compared to employees using personal vehicles (employee reimbursements). However, the data for two months shown below demonstrates that utilization of County-owned vehicles is a more cost-effective strategy for the Unit.

<b>Travel Reimbursements Using Personal Vehicles During Audit Period</b>		
	<b>Monthly Average</b>	<b>Annual</b>
<b>Employee Reimbursements</b>	\$12,565	\$150,778
<b>Expense Report Time*</b>	\$1,084	\$13,007
<b>Total</b>	\$13,649	\$163,785
<b>Chargebacks (November – December 2018)</b>		
<b>Average Mileage Charge</b>	\$9,488	\$113,852
<b>November Fuel Charge</b>	\$1,725	\$20,695
<b>Total</b>	\$11,213	\$134,547
<b>Potential Savings</b>	<b>\$2,436</b>	<b>\$29,238</b>

*\*Based on DIA's walkthroughs and interviews with Unit employees, time spent on Travel Expense Reports averaged approximately 10.67 hours per Travel Expense Report per month (staff-8, supervisor-2, Payment Processing-0.67). DIA calculated the cost based on employee hourly rates.*

## **Risk to the County if Findings Not Corrected**

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The reports cannot be actively used to monitor Unit travel with County vans if the Unit's Supervisor does not have direct and timely access to review GPS reports.

## **Recommendations**

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- 1.** The Transport Unit Supervisor should receive GPS related reports on vehicles utilized by the Unit. These reports can be used to evaluate staff performance and review unusual/questionable travel destinations.

***Management's Response:***

***Agree – Already Implemented. The Transport Unit Supervisor and Manager will now receive daily GPS reports from each employee.***

***Estimated Implementation Date:***

***First daily report was sent on 2/15/19***

- 2.** DCFS Fiscal should continue to monitor chargebacks for County vehicles to ensure the most cost-effective mode of transportation for the Unit is the use of County-owned vehicles. DCFS Fiscal should specifically compare chargebacks and miles driven to prior year reimbursements and hours spent completing Travel Expense Reports.

***Management's Response:***

***Agree – Already Implemented. DCFS Fiscal will continue to monitor chargebacks in comparison with the previous year's Travel Expense Reports taking into consideration the time it took to complete expense reports.***

***Estimated Implementation Date:***

***Occurring now and ongoing***