COUNTY OF LOS ANGELES
DEPARTMENT OF AUDITOR-CONTROLLER

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WENDY L. WATANABE
AUDITOR-CONTROLLER

July 17, 2013

TO: Supervisor Mark Ridley-Thomas, Chairman
Supervisor Gloria Molina
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: Wendy L. Watanabe
Auditor-Controller

SUBJECT: **DEPARTMENT OF PUBLIC HEALTH - MILEAGE, TRAVEL, AND AUTO DAMAGE CLAIMS REVIEW**

As part of our ongoing responsibility to ensure County resources are safeguarded, we have reviewed the Department of Public Health's (DPH or Department) compliance with County employee mileage, travel, and auto damage reimbursement policies and procedures. Our review included interviewing DPH management and staff, reviewing a sample of mileage, travel expense, and auto damage claims, and evaluating DPH's controls over claims processing.

Background

County Code Section 5.40 allows designated employees to be reimbursed for mileage and parking fees for driving their own cars on County business, and for certain travel expenses (e.g., lodging, meals, incidental expenses, etc.) for out-of-County trips. Employees are generally reimbursed for mileage and parking for County business, excluding commuting between their home and headquarters. The County Code also allows qualifying employees to be reimbursed for work-related damage to their vehicles and related costs, such as rental cars, towing, storage, etc.

Approximately 2,300 of DPH's 3,700 employees are designated as mileage permittees who drive their cars for County business. DPH employees received a total of approximately $2 million in mileage reimbursements in Fiscal Year (FY) 2011-12. DPH

employees were also reimbursed approximately $822,000 for travel expenses (e.g., airfare, lodging, etc.), and $94,800 for auto damage claims during FY 2011-12.

Review Summary

We noted that DPH can improve its controls over mileage, travel, and auto damage claims. We also noted some instances where employees claimed mileage for commuting, submitted claims for days they did not work, and over-claimed mileage. Employees also did not always comply with the County travel policy and auto damage claim requirements. The following are the results of our review.

Mileage Reimbursement Claims

Mileage Claim Accuracy

County Fiscal Manual (CFM) Section 13.13.7 requires employees to submit a mileage claim with the date, time, location/address and city, miles traveled, and purpose for each trip. The claims must be reviewed/approved by supervisors who can attest to their accuracy, and be reviewed by mileage clerks for accuracy before they are processed for payment. Employees cannot claim mileage for commuting between their home and headquarters, or claim excessive mileage from location to location.

We reviewed a sample of 11 mileage claims and related documents, and noted the following:

- **Mileage claimed and paid for commuting** – CFM Section 13.13.4 indicates that departments are responsible for assigning a permanent headquarters (HQ) to each mileage permittee, where the employee spends most of his/her work time. DPH policy requires supervisors to change employees' HQ if the employees are working on a long-term assignment (i.e., more than 30 days), at a location other than their assigned HQ.

  We noted that one employee was assigned to work at another location on a long-term basis, but her HQ was not changed timely. This employee regularly claimed mileage for commuting to her new work location for ten months, totaling 12,212 miles or $6,033. As indicated above, claiming mileage for commuting is not permissible.

- **Mileage claimed on days not worked** – Two (18%) of the 11 employees claimed and were paid a total of $141 for mileage on days when their time cards/CWTAPPS indicate they were not at work. The Department should recover the overpayments, and ensure employees only claim mileage on days they work.

- **Over-claimed mileage** – We compared the mileage reported on the 11 claims to the miles computed by MapQuest and Google Maps, and noted that five (45%) of

the 11 claims reported more miles than the internet applications computed, resulting in potential overpayments totaling $315. For example, one employee claimed 41 miles for one trip, when the longest computed route was 27 miles. In calculating the excess mileage, we allowed each employee to claim a total of 20 miles more per claim than the total miles indicated by the internet application to allow for employees taking unavoidable detours, alternative routes, or getting lost.

Recommendations

DPH management:

1. **Ensure each employee's headquarters is accurate and updated timely.**

2. **Ensure employees only claim mileage on days they work.**

3. **Reinstruct employees on mileage claim rules, and the requirement to complete their claims accurately.**

Mileage Claim Processing

- **Late mileage claims**– The CFM requires employees to submit mileage claims on a regular basis, as soon as practical after each month. We noted that five (45%) of the 11 claims were submitted an average of seven months after the claim periods. When employees submit mileage claims late, it is difficult for supervisors to validate employee trips that occurred months ago.

- **Inadequate supervisory review** – We interviewed five supervisors from various DPH offices, and four (80%) supervisors indicated that they do not review mileage claims in detail before approving them, including not reviewing each entry to ensure the distance claimed is reasonable.

Recommendations

DPH management:

4. **Require employees to submit mileage claims timely.**

5. **Require supervisors to thoroughly review mileage claims to ensure that employees are only reimbursed for eligible trips and reasonable distances traveled.**

Mileage Permittee Status

CFM Section 13.13.2 requires departments to review all employees' mileage permittee status annually to verify they still need permittee status. However, DPH policy requires

this review every two years, which is not in compliance with the County policy. In addition, DPH's biennial review is incomplete. At the time of our review, we noted that DPH did not review at least 503 (22%) of the 2,300 mileage permittees.

Recommendation

6. **DPH management revise its current policy to require a mileage permittee status review annually, and ensure that this review is completed for all mileage permittees.**

Driver License Monitoring

CFM Section 13.13.10 requires departments to review the Driver License Expiration report from the payroll and personnel system (eHR) monthly to verify that all employees driving on County business have a current driver license. DPH does not always review this report each month, as required.

Recommendation

7. **DPH management ensure that mileage clerks review the Driver License Expiration report monthly.**

Environmental Health Mileage Audits

Environmental Health Specialists drive daily for health inspections throughout the County. These employees document their inspection activity, including the address, mileage, odometer reading, etc., on the Daily Activity Report (DAR). DPH allows them to submit a mileage summary sheet, instead of a detailed mileage claim form, to eliminate duplication.

DPH policy requires the Mileage Unit to select a sample of mileage summaries and compare them to the DARs to verify the accuracy on a monthly basis. However, at the time of our review, the Mileage Unit had not completed this review for at least a year. We noted that a number of mileage claim weaknesses identified in this report were from Environmental Health Specialists. The Department may have detected some of the issues noted, if this review was completed as required.

Recommendation

8. **DPH management ensure the Mileage Unit staff select on a monthly basis a sample of Environmental Health Specialists' mileage summaries and compare them to related Daily Activity Reports to verify the accuracy.**

Mileage Authorization and Reimbursement System (MARS)

The Auditor-Controller (A-C) and Internal Services Department developed MARS to streamline the mileage claim process. MARS is an on-line application designed to replace the manual mileage claim form, and it includes controls that would prevent many of the mileage issues noted in this report. For example, MARS ensures that mileage claims are complete, automatically validates the addresses, calculates the mileage, and applies the shortest distance rule, as necessary. MARS also improves accountability, and ensures that the claims are approved by appropriate supervisors. DPH management should work with the A-C to explore the feasibility of implementing MARS as soon as possible.

Recommendation

9. **DPH management work with the A-C to explore the feasibility of implementing MARS as soon as possible.**

Travel Expenses

DPH employees are sometimes required to travel outside of the County for job-related responsibilities. CFM Section 13.2.2 requires employees to obtain authorization before making a travel reservation. CFM Section 13.9 requires employees to submit an expense claim, reflecting the actual cost incurred, within two weeks after each trip.

We reviewed a sample of ten travel requests and related travel expense claims, and noted the following:

- **Reservations made before obtaining approval** – Two (20%) of ten DPH employees made reservations before obtaining approval for the travel. While all of the trips reviewed were approved, employees should only make travel arrangements after the travel has been approved by management.

- **Inaccurate meal cost reimbursements** – Five (50%) of the ten employees were reimbursed for meal costs not included in their claim forms, totaling $155. We noted that staff processing the claims added the maximum meal reimbursable amounts (i.e., $12 for breakfast, $15.75 for lunch, and $39 for dinner) for the unclaimed meals. The Department should only reimburse employees for the actual cost they incurred/claimed.

  In addition, we noted that one employee claimed eligible meal expenses of $45, but the Department did not reimburse him. It appears staff, who processed the expense claim, assumed that the conference the employee attended provided meals, when it did not.

- **Travel expense claims submitted late** – We noted that three (30%) of the ten claims were submitted an average of 43 days after the required two-week submission standard.

Recommendations

DPH management:

10. **Require employees to make travel reservations after they obtain approval.**

11. **Ensure that employees are only reimbursed for the actual cost incurred/claimed, and that their claims are accurately processed.**

12. **Ensure employees submit expense claims timely.**

Auto Damage Claims

County Code 5.85 allows the County to reimburse employees for work-related damage to their vehicles. The County reimburses the employee for the lower of two required repair estimates. The County also pays for incidental expenses, such as rental car, towing, storage, etc.

The County Code distinguishes between employees who drive regularly on County business (mileage permittees) and employees who only drive occasionally on County business (occasional drivers). Although both groups are reimbursed for work-related damage to their vehicles, mileage permittees are reimbursed if their car is damaged while parked in their headquarters parking lot, and occasional drivers are not.

We reviewed a sample of ten vehicle damage claims and related documents, and noted the following:

- **Inappropriate reimbursement for vehicle damage at headquarters** – DPH reimbursed one mileage permittee, who should have been classified as an occasional driver, $2,014 for vehicle damage that occurred at her headquarters parking lot. Although this employee was indicated as a mileage permittee in the system, it appears the employee should have been an occasional driver since she only drove five times in a year, totaling 150 miles. The Department also did not have this employee's mileage permittee certification. As discussed earlier, DPH did not review employees' mileage permittee status annually as required.

- **Missing required estimate** – One (10%) employee received $3,497, based on one repair estimate. The Department should have reimbursed the employee the lower of two repair estimates.

- **Repair estimates from unlicensed automotive repair shops** – The County Code requires repair estimates from licensed auto repair shops (i.e., licensed by the Bureau of Automotive Repair (BAR), California Department of Consumer Affairs). DPH policy also requires the BAR license number on the estimates. However, DPH staff indicated that they do not check if repair estimates are from licensed repair shops. We noted that seven (46%) of 15 estimates reviewed did not indicate a license number, and two (29%) of the seven repair shops were not licensed.

- **Missing or unclear odometer photographs** – DPH requires employees to submit a photograph of the odometer with vehicle damage claims. We noted that three (30%) of the ten claims did not have the photograph, and one (10%) claim had a photograph that was illegible.

Recommendations

DPH management:

13. **Ensure occasional drivers are not reimbursed for vehicle damage that occurred while parked at their headquarters parking lot.**

14. **Ensure employees submit at least two repair estimates, and require staff to verify that the estimates are from licensed repair shops.**

15. **Ensure employees submit a photograph of the odometer that clearly shows the odometer reading, with their vehicle damage claims.**

Review of Report

We discussed the results of our review with DPH management on May 14, 2013. The Department agreed with our findings and recommendations. DPH's attached response indicates they will take appropriate corrective actions to address the recommendations.

We thank DPH management and staff for their cooperation and assistance during our review. Please call me if you have any questions, or your staff may contact Robert Smythe at (213) 253-0101.

WLW:RS:YK

Attachment

c: William T Fujioka, Chief Executive Office
Jonathan E. Fielding, M.D., M.P.H, Director, Department of Public Health
Audit Committee
Public Information Office

Attachment

JONATHAN E. FIELDING, M.D., M.P.H.
Director and Health Officer

CYNTHIA A. HARDING, M.P.H.
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June 17, 2013

TO: Wendy L. Watanabe
Auditor-Controller

FROM: for Jonathan E. Fielding, M.D., M.P.H. Cynthia A. Harding
Director and Health Officer

SUBJECT: **RESPONSE TO THE AUDITOR-CONTROLLER'S DEPARTMENT OF PUBLIC HEALTH'S MILEAGE, TRAVEL, AND AUTO DAMAGE CLAIMS REVIEW**

Attached is the Department of Public Health's (DPH) response to the findings and recommendations contained in the Auditor-Controller's Mileage, Travel, and Auto Damage Claims Review. We agree with the recommendations and will be taking appropriate corrective actions.

We appreciate the opportunity to include our response in your report and thank your audit staff for their professionalism and objectivity during this review. If you have any questions, please contact me or your staff may contact Raymond Low, Chief of Audit and Investigation Division, at (323) 869-8920.

JEF:rl

Attachment

c: Jeremy Cortez
David Dijkstra
Cynthia Harding, M.P.H

Auditor-Controller Recommendations

DPH Management:

1. **Ensure each employee's headquarters is accurate and updated timely.**

   Department of Public Health (DPH) agrees with this recommendation and will take the necessary steps to remind employees to update their headquarters information in a timely manner.

2. **Ensure employees only claim mileage on days they work.**

   DPH agrees with this recommendation and will take the necessary steps to ensure the employees only claim mileage for the days they work.

3. **Reinstruct employees on mileage claim rules, and the requirement to complete their claims accurately.**

   DPH agrees with this recommendation and will take the necessary steps to reinstruct employees on mileage claim rules and the requirement of completing their claims accurately.

4. **Require employees to submit mileage claims timely.**

   DPH agrees with this recommendation and will take the necessary steps to require employees to submit their mileage claims timely.

5. **Require supervisors to thoroughly review mileage claims to ensure that employees are only reimbursed for eligible trips and reasonable distances traveled.**

   DPH agrees with this recommendation and will take the necessary steps to require supervisors to thoroughly review mileage claims to ensure that employees are only reimbursed for eligible trips and reasonable distances traveled.

6. **DPH management revise its current policy to require a mileage permittee status review annually, and ensure that this review is completed for all mileage permittees.**

   As of the date of this response letter, the Departmental current policy allows for a review every two years. However, the approval of the two year review is pending final approval by the Auditor-Controller.

7. **DPH management ensure that mileage clerks review the Driver License Expiration report monthly.**

   DPH agrees with this recommendation and will take the necessary steps to ensure that mileage clerks review the Driver License Expiration report on a monthly basis.

8. **DPH management ensure the Mileage Unit staff select on a monthly basis a sample of Environmental Health Specialists' mileage summaries and compare them to related Daily Activity Reports (DAR) to verify the accuracy.**

   DPH agrees with this recommendation and will take the necessary steps to ensure that Mileage Unit staff select on a monthly basis a sample of Environmental Health Specialists' mileage summaries and compare them to related DAR to verify accuracy.

9. **DPH management work with the A-C to explore the feasibility of implementing MARS as soon as possible.**

   DPH agrees with this recommendation and will take the necessary steps to explore the feasibility of implementing MARS as soon as possible.

10. **Require employees to make travel reservations after they obtain approval.**

    DPH agrees with this recommendation and will take the necessary steps to require employees to make travel reservations after they obtain approval.

11. **Ensure that employees are only reimbursed for the actual cost incurred/claimed, and that their claims are accurately processed.**

    DPH agrees with this recommendation and will take the necessary steps to ensure that employees are only reimbursed for the actual cost incurred/claimed, and that their claims are accurately processed.

12. **Ensure employees submit expense claims timely.**

    DPH agrees with this recommendation and will take the necessary steps to ensure that employees submit expense claims timely.

13. **Ensure occasional drivers are not reimbursed for vehicle damage that occurred while parked at their headquarters parking lot.**

    DPH agrees with this recommendation and will take the necessary steps to ensure that occasional drivers are not reimbursed for vehicle damage that occurred while parked at their headquarters parking lot.

14. **Ensure employees submit at least two repair estimates, and require staff to verify that the estimates are from licensed repair shops.**

    DPH agrees with this recommendation and will take the necessary steps to ensure that employees submit at least two repair estimates, and require staff to verify that the estimates are from licensed repair shops.

15. **Ensure employees submit a photograph of the odometer that clearly shows odometer reading, with their vehicle damage claims.**

    DPH agrees with this recommendation and will take the necessary steps to ensure that employees submit a photograph of the odometer that clearly shows odometer reading, with their vehicle damage claims.