



MEMORANDUM

Date: December 12, 2022 File No.: 2121

To: **A. L. Ray**, Commissioner
California Highway Patrol
601 North Seventh Street
Sacramento, CA 95811

From: **Department of General Services**
Office of Audit Services

Subject: **AUDIT REPORT: COMPLIANCE WITH STATE BUSINESS MANAGEMENT POLICIES**

Attached is the final report on our compliance audit of the business management functions and services of the California Highway Patrol (CHP). The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services (DGS).

CHP's written response to our draft report is included in this final report. The report also includes our evaluation of the response. We are pleased with the actions taken or proposed and commitments made to address our recommendation.

As part of its operating responsibilities, the Office of Audit Services is responsible for following up on the audit recommendation made and will require a six-month status report on its implementation. Therefore, please submit to us on your department's official letterhead the status report by June 12, 2023.

To the extent that it is practicable, proof-of-practice and supporting documentation should explain/outline specific actions taken and include excerpts, samples, screenshots, and/or copies of documents and communications which demonstrate corrective measures employed to address the recommendation, consistent with CHP's formal response to our draft report.

The necessity of any further actions or additional support will be determined at that time. Please transmit your proof-of-practice documentation and/or status report to: DGS – Office of Audit Services, 707 3rd Street, 8th Floor, West Sacramento, CA 95605, or preferably via e-mail to Dennis.Miras@dgs.ca.gov.

We sincerely appreciated all the cooperation and assistance provided by CHP's personnel.

If you need further information on or assistance with this report, please call/e-mail me at (916) 376-5064/Dennis.Miras@dgs.ca.gov, or Susan Mitchel, Management Auditor, at (279) 799-3810/Susan.Mitchel@dgs.ca.gov.

Dennis M Miras

DENNIS M. MIRAS, CIA
Manager, Office of Audit Services

Attachment

cc: B. S. Johnson, Assistant Commissioner, Staff
C. D. King, Chief, Administrative Services Division
E. O. Beauchamp, Chief, Personnel and Training Division
R. Y. Ikemoto, Inspector General, Office of the Inspector General
E. J. Jones, Captain, Office of Risk Management
B. M. Macias, Senior Management Auditor, Office of the Inspector General

**GOVERNMENT OPERATIONS AGENCY
DEPARTMENT OF GENERAL SERVICES**

**AUDIT OF THE
CALIFORNIA HIGHWAY PATROL**

**FOR COMPLIANCE WITH STATE
BUSINESS MANAGEMENT POLICIES
REPORT NO. 2121**

OFFICE OF AUDIT SERVICES

OCTOBER 2022

**CALIFORNIA HIGHWAY PATROL
(CHP)**

**COMPLIANCE AUDIT
REPORT NO. 2121**

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STATE OF CALIFORNIA
DEPARTMENT OF GENERAL SERVICES
AUDITOR'S REPORT

DATE: December 12, 2022

TO: **A. L. Ray**, Commissioner
California Highway Patrol

This report presents the results of our compliance audit of the business management functions and services of the California Highway Patrol (CHP). These audits are routinely performed under the authority granted to the Department of General Services (DGS) by Government Code Sections 14615 and 14619. The objective of our audit was to determine compliance with policies set forth in the State Administrative Manual, and the terms and conditions of any specific delegations of authority or exemptions from approval granted by DGS.

As applicable, the scope of this audit included, but was not limited to, compliance with policies and procedures governing CHP's contracting, fleet and travel services administration, small business and disabled veteran business enterprise usage, driver safety and insurance, surplus property, and real estate programs. Our audit was conducted in accordance with U.S. generally accepted auditing standards.

While in most areas we concluded that CHP is conducting its business management functions and services in accordance with state requirements, we identified the following area for improvement. The implementation of the recommendation presented in this report will assist CHP in addressing this issue:

- Travel services policies and procedures are not ensuring that employees who travel to conduct state business make lodging travel arrangements through DGS' Statewide Travel Program.

During our review we also identified other matters requiring attention, but that did not pose a significant risk to the business management functions, which were discussed with CHP's management and are not further detailed in this report.

We are pleased with the commitment shown to improve compliance with state requirements. It should be noted that when advised of areas for improvement during our audit fieldwork, CHP's management took prompt actions to address our concerns. However, we did not perform effectiveness tests to determine whether the corrective actions were functioning as intended. CHP's management has the ongoing responsibility for ensuring that its business management policies and procedures are functioning as prescribed and are modified, as appropriate, for changes in conditions.

Your response to our one recommendation as well as our evaluation of the response are included in this report.

We sincerely appreciated the cooperation and assistance provided by CHP's personnel.

If you need further information on or assistance with this report, please call/e-mail me at (916) 376-5064/Dennis.Miras@dgs.ca.gov, or Susan Mitchel, Management Auditor, at (279) 799-3810/Susan.Mitchel@dgs.ca.gov.

Dennis M Miras

DENNIS M. MIRAS, CIA
Manager, Office of Audit Services

Staff: Susan Mitchel, Management Auditor

cc: B. S. Johnson, Assistant Commissioner, Staff
C. D. King, Chief, Administrative Services Division
E. O. Beauchamp, Chief, Personnel and Training Division
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B. M. Macias, Senior Management Auditor, Office of the Inspector General

CALIFORNIA HIGHWAY PATROL

COMPLIANCE AUDIT

FINDINGS AND RECOMMENDATIONS

The following presents our detailed findings and recommendations developed based on our review of the business management functions and services of the California Highway Patrol (CHP) for compliance with policies set forth in the State Administrative Manual (SAM), and the terms and conditions of any specific delegations of authority or exemptions from approval granted by the Department of General Services (DGS). This report presents information on an area of noncompliance with policies governing the use of the state's travel program to reserve lodging for state business travel.

This information was developed based on our fieldwork conducted over the period of November 17, 2021 through October 19, 2022. In addition to this written report, as findings were observed and developed during our audit fieldwork, CHP's management was promptly advised of any areas of concern so that they could begin taking corrective action. Further, within our October 19, 2022 "emailed" audit exit conference, CHP was provided a detailed written summary of all issues noted during our review.

To determine compliance, we reviewed policies and procedures, interviewed parties involved, tested records and transactions, and performed other tests as deemed necessary. The period covered by our testing varied depending upon the area of review and the type of transactions involved; however, the emphasis of our review and testing was with current procedures and transactions completed during the 2020-21 and 2021-22 fiscal years.

TRAVEL SERVICES PROGRAM

CHP needs to strengthen its administration over its travel services program. Current travel policies and procedures are not ensuring that all employees who travel overnight to conduct state business secure their hotel needs through the state's travel program. While the department appears to always utilize DGS' Statewide Travel Program (STP) for airfare and car rentals, our audit analyses revealed 20 (91%) of 22 employees that sought reimbursement for lodging had not booked their hotel stays through either the CalTravelStore or Concur Travel.

DGS Management Memo 14-03 and SAM Section 4117 require agencies to make all travel arrangements (airfare, hotel, commercial car rental, and rail) through DGS' STP. This program provides for government travelers' needs by obtaining the most economical rates and fares available through the use of contracted travel-related services. It offers comprehensive travel services through Concur Travel, an online booking tool that is the primary means for booking all reservations. The STP also offers traditional call-in service through the CalTravelStore, the state's onsite contracted travel agency.

This condition exists primarily due to travelers not being trained on and/or unaware of the above requirements or booking under the premise that they are saving the state money by reserving directly with the hotel establishment. Additionally, limited management and administrative oversight of travel bookings for lodging to ensure only the CalTravelStore or Concur Travel are utilized were found to be contributing factors. As a result, the department may be missing out from obtaining the most cost-effective, pre-negotiated, and leveraged travel rates offered by not utilizing STP's centralized travel management services.

Recommendation

1. Update existing, implement additional, and disseminate all travel policies and procedures to ensure that all employees required to travel on state business secure all their travel needs through either Concur Travel or the CalTravelStore, including booking of their hotel stays.

CONCLUSION

Our finding and recommendation are presented to aid CHP in administering its business management functions and services. CHP should address the reported issue to assist in ensuring compliance with applicable state laws, policies, and procedures.

DEPARTMENT OF CALIFORNIA HIGHWAY PATROL

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December 2, 2022

File No.: 001.13187.A18472.010.2022.10020

Dennis M. Miras, CIA
Manager, Office of Audit Services
State of California Department of General Services
707 3rd Street – 8th Floor
West Sacramento, CA 95605

Dear Mr. Miras:

The California Highway Patrol (CHP) has reviewed the Department of General Services Audit of the California Highway Patrol for Compliance with State Business Management Policies Report No. 2121, dated October 2022, and agree with the finding related to the CHP's travel service program and reserving hotel rooms through the state's travel program. The CHP will implement the following corrective actions immediately:

- 1) Employees will be reminded of the state's travel program requirements through a Communications Network Message.
- 2) Training will be provided to all supervisors, managers, and commanders.
- 3) The CHP's approval process for travel expense claims will be reviewed to identify areas of improvement.

If you have any questions or require any additional information, please contact Assistant Chief Jessica Saccani, at (916) 843-3500.

Sincerely,

A handwritten signature in blue ink, appearing to read "A. L. Ray".

A. L. RAY
Commissioner

cc: California State Transportation Agency
Office of Assistant Commissioner, Staff
Administrative Services Division
Office of Inspector General



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CALIFORNIA HIGHWAY PATROL (CHP)

EVALUATION OF CHP'S RESPONSE

We have reviewed the response by the California Highway Patrol (CHP) to our draft audit report. The response to the recommendation is satisfactory and we appreciate the efforts taken and/or planned by CHP to improve its business management functions and services.

As part of its operating duties, we are responsible for following up on the audit recommendation made and will require a six-month status report on its implementation. To the extent that it is practicable, proof-of-practice and supporting documentation should explain/outline specific actions taken and include excerpts, samples, screenshots, and/or copies of documents and communications which demonstrate corrective measures employed to address the recommendation, consistent with CHP'S formal response to our draft audit.