



Office of Budget and Management
Ohio Shared Services
Travel and Expense Reimbursement Audit

Audit Period: April 1, 2010 through July 31, 2010



Contents

Executive Summary	3
Background.....	3
Scope and Objectives	4
Summary of Observations and Recommendations.....	5
Appendix A – Classification of Audit Objective Conclusions	6
Classification of Audit Objective Conclusions	6



Executive Summary

Background

In 2009, OBM implemented Ohio Shared Services (OBM-OSS), the first state government shared services organization designed to process financial transactions and provide excellent customer service through their Contact Center. OBM-OSS partners with state agencies to define and analyze common transactional processes that occur at the agency level and to develop more efficient, standardized processes. OBM-OSS currently processes the following transactions: accounts payable, travel expense reimbursements, and maintenance of the state's vendor database.

In the past, state travelers submitted hard copy travel and expense reports which required several levels of review and approval within each state agency and also at OBM – State Accounting. On October 1, 2009 OBM-OSS launched the new electronic travel and expense module in the Ohio Administrative Knowledge System (OAKS). Travel and expense reimbursements for most state agencies, boards and commissions is now managed electronically and processed by OBM-OSS. Between October 1, 2009 and June 30, 2010, OBM-OSS processed approximately 16,700 travel and expense reimbursements.

The travel and expense reimbursement process was selected for audit because it is a newly developed process and there is a relatively high volume of transactions. In state fiscal year 2011, OIA will also conduct an audit of the accounts payable/voucher processing function.

During the audit, OIA identified opportunities for OBM-OSS to strengthen internal controls and improve business operations. OIA would like to thank OBM-OSS staff and management for their cooperation and time in support of this audit.

This report is solely intended for the information and use of agency management and the State Audit Committee. It is not intended for anyone other than these specified parties.



Scope and Objectives

OIA staff was engaged to perform assurance work related to the Travel and Expense Reimbursement process. This work was completed between July 28, 2010 and September 1, 2010. The scope of this audit included the following areas:

- Travel and Expense Reimbursement process

The following summarizes the objectives of the review along with a conclusion on the effectiveness of management's internal controls.

Objective	Conclusion ¹
Evaluate the design and effectiveness of controls over the travel and expense process and compliance with ORC §126.31.	Well Controlled with Improvements Needed
Evaluate the adequacy of performance metrics designed to aide management in achieving its goals and objectives.	Well Controlled with Improvements Needed

¹ Refer to [Appendix A](#) for classification of audit objective conclusions.



Summary of Observations and Recommendations

The Summary of Observations and Recommendations includes only those risks which were deemed high or moderate. Low risk observations and recommendations were discussed with individual agency management and are not part of this report. However, the low risk observations and recommendations were considered as part of the audit objective conclusions above.



Appendix A – Classification of Audit Objective Conclusions and Observations

Classification of Audit Objective Conclusions

Conclusion	Description of Factors
Major Improvements Needed	Weaknesses are present that could potentially compromise achievement of its overall purpose. The impact of weaknesses on management of risks is widespread due to the number or nature of the weaknesses.
Improvements Needed	Weaknesses are present that compromise achievement of one or more control objectives but do not prevent the process from achieving its overall purpose. While important weaknesses exist, their impact is not widespread.
Well-controlled with Improvements Needed	The processes have design or operating effectiveness deficiencies but do not compromise achievement of important control objectives.
Well-Controlled	The processes are appropriately designed and/or are operating effectively to manage risks. Control issues may exist, but are minor.