

**UNIVERSITY OF CALIFORNIA, DAVIS
AUDIT AND MANAGEMENT ADVISORY SERVICES**

**UC Davis
Mileage Reimbursement Controls Review
Audit & Management Advisory Services Project # 25-41**

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MANAGEMENT SUMMARY

Background

At the request of the UC Davis Compliance Office, AMAS conducted a review of the process UC Davis uses to reimburse mileage claims, as an addition to the fiscal year (FY) 2025 audit plan.

According to UC Davis travel policy (“PPM 300-10”), employees, volunteers and students may be eligible for reimbursement of ordinary and necessary travel expenses, including mileage, when the travel serves a defined UC Davis business purpose. A business purpose is defined as an activity that contributes to any of the University’s core functions of teaching, research, patient care, public service, or other substantial and bona fide University business activity (“business purpose”).

Mileage is ordinarily calculated based on the distance between the traveler's headquarters and the common carrier or destination. Reimbursement for mileage between the employee’s residence and their headquarters is not allowed. Additionally, the trip must be approved by someone who is not indirectly or directly reporting to the employee, nor a family member of the employee. Per PPM 300-10, Department Heads or employee supervisors are responsible for ensuring that mileage reimbursements are properly substantiated and in compliance with the policy.

Purpose and Scope

The purpose of this audit is to assess the effectiveness of UC Davis’s mileage reimbursement process by analyzing transactions, employee and approval data, and relevant university travel policies to determine if control or policy gaps are present that may expose UC Davis to financial or reputational risks.

To accomplish these objectives, we gathered employee mileage reimbursement data across UC Davis and UC Agricultural and Natural Resources¹ (“ANR”) from January 2023 to October 2024. This transaction data was integrated with employee information from UCPath and approval data from AggieExpense to create a comprehensive testing population of all individuals who submitted mileage reimbursement transactions during this period.

We compared the volume of mileage reimbursed for each employee against others in similar job positions and with comparable full-time equivalent (“FTE”) values. Through this comparison we calculated the average mileage claimed and the corresponding standard deviation for each employee. A traveler was classified as “normal” if their mileage fell within two standard deviations of the mean in their respective categories. Those who exceeded this threshold were identified as “abnormal” travelers and were

¹ ANR is a division of the UC system which shares the Aggie Expense travel reporting tool with UC Davis.

analyzed further for inconsistencies and patterns that could suggest insufficient oversight or control weaknesses.

The audit scope includes active, inactive, and terminated employees and volunteers with mileage transactions from January 2023 to October 2024. Focusing on recent data allows us to assess the current effectiveness of mileage controls and identify active employees whose travel patterns may warrant further review.

Conclusion

AMAS identified several control and policy gaps related to mileage reimbursements that affect compliance assurance, data verifiability, and operational efficiency. These include oversight inconsistencies due to mismatches between employees and their department reviewers; inadequate documentation, including vague travel purposes and incomplete origin or destination details; and instances of non-conformance with policy, including reimbursements for commuting expenses and approval for travel that was less economical than an alternative mode of travel.

While the majority of reimbursements reviewed appeared reasonable and policy-aligned, AMAS observed a higher frequency of “abnormal” travelers among approved transactions that exhibited these control weaknesses. AMAS concluded that these misaligned transactions were likely approved due to insufficient departmental oversight of mileage claims.

Observations, Recommendations, and Management Corrective Actions

A. Inadequate departmental oversight of mileage reimbursement claims has resulted in the approval of transactions that do not comply with travel policy.

AMAS observed a widespread pattern of mileage reimbursement claims being approved by individuals who were not the traveler’s immediate supervisors. Many claims lacked sufficient documentation to substantiate the travel or were not compliant with UC Davis Travel Policy (PPM 300-10) and UC Travel Policy (G-28).

According to PPM 300-10 and G-28, Department Heads are responsible for

- (i) approving travel expense claims;
- (ii) ensuring that claims are appropriately documented;
- (iii) verifying compliance with applicable policy and any fund source restrictions; and
- (iv) disapproving any claims that do not meet policy requirements.

AMAS concluded that a contributing factor to the control weakness is the volume of mileage reimbursements approved by non-supervisors. Transactions approved by supervisors were associated with significantly fewer abnormal travel patterns, suggesting that supervisor review plays a key role in maintaining compliance and oversight.

- 1) *Travelers were reimbursed for commuting from their home address to their work location, contrary to university policy which prohibits reimbursement or personal commuting expenses.*

Per G-28, employees may not be reimbursed for travel between their home and official work location (“commuting expenses”), except when travel is required for job-related functions occurring outside of the employee’s normal work schedule.

AMAS identified multiple mileage reimbursement claims for travel between the employees’ home addresses and UC Davis campus locations. In a sample of 1,483 claims involving travel to a campus location, over 30% listed the employee’s home as the origin and occurred on weekdays, indicating potential routine commuting. Additionally, several claims were submitted by employees designated as Remote Workers in UCPath who received mileage reimbursement for their commute between home and campus.

The reimbursement of ineligible commuting expenses violates university policy and creates financial risk by allowing inappropriate use of university funds.

- 2) *Mileage reimbursements were approved despite lacking sufficient detail in the “Travel Purpose” section to substantiate the business necessity of the travel.*

G-28 requires that all travel reimbursements be substantiated with a clear statement of the travel purpose, including the business benefit derived.

Additionally, campus procedures must ensure that documentation justifies each day of travel status to allow for adequate determination of business purpose.

AMAS observed that the traveler-provided "Travel Purpose" entries were often vague, inconsistent, or overly general. Examples include "July mileage," "meeting," or "site visit." In many cases, these entries lacked supporting documentation to clarify the nature or business benefit of the travel.

Ambiguous or incomplete travel purpose descriptions impair the ability to validate the claims, detect duplicate reimbursements, assess the appropriateness of travel, and identify unusual or potentially noncompliant travel patterns. This weakens internal controls and increases the risk of misuse or improper reimbursement.

- 3) *Travelers were reimbursed for the full amount of mileage driven even when alternative modes of travel (such as airfare) were more economical.*

G-28 states that transportation expenses shall be reimbursed based on the most economical mode of transportation and the most direct route, consistent with the authorized purpose of the trip. If a less economical option is used, documentation must support the business justification for that choice.

AMAS identified multiple instances in which employees were reimbursed for personal vehicle mileage, even when the cost of driving exceeded that of alternative modes of transportation, such as airfare. In these cases, reimbursement reports lacked documentation indicating that use of a personal vehicle was preapproved or that a cost comparison was conducted to justify the expense as the most economical method.

Failure to confirm that the most economical transportation method was used increases the risk of excessive or inappropriate reimbursement. This practice may result in unnecessary costs for the university and constitutes noncompliance with travel policy.

- 4) *Mileage reimbursements lacking accurate origin and destination details were approved without additional information to verify travel, such as the nearest intersection.*

According to G-28 and PPM 300-10, mileage reimbursement claims must include the full street addresses of both the origin and destination. If a specific street address is unavailable, the nearest intersection must be provided to substantiate the claim.

AMAS identified over 400 approved mileage reimbursement reports that did not meet this requirement. In these cases, travelers submitted locations that could allow for large amounts of variance (e.g., "Los Angeles, CA to Visalia, CA" or "US-50, NV") in lieu of complete street addresses. Additionally, most of these claims lacked explanatory comments or documented exceptions to justify the omission.

The absence of complete and verifiable travel details impairs the ability to validate the accuracy and legitimacy of mileage reimbursements. This increases the risk of overpayment, and noncompliance with policy, and reduces the ability to detect duplicate or potentially inappropriate reimbursements.

- 5) *Mileage reimbursements that lack accurate depictions of the route travelled were approved without requiring clarification or supporting details.*

Per G-28, mileage claims must be substantiated with documentation of the route taken, using either the UC Davis Manual Mileage Log, or the Google Maps Mileage Calculator. This documentation is necessary to support the accuracy of the claimed mileage and to confirm that the route taken was the most reasonable and direct.

AMAS observed that mileage reimbursement reports submitted using the UC Davis Manual Mileage Log frequently lacked required route information and often exceeded the distance calculated using the Google Maps Mileage Calculator when calculating between the same Origin and Destination.

Recommendation

1. AMAS recommends that Supply Chain Management review and revise existing mileage reimbursement policies to provide clearer guidance on allowable claims. In addition, training for both approvers and travelers should be updated to emphasize policy requirements, proper documentation standards, and the importance of thorough and informed review of reimbursement requests.

Management Corrective Actions

- a. By September 1, 2025, Supply Chain Management will expand policy related to:
 1. When less economical transportation may be purchased;
 2. Requirements related to indirect routes;
 3. Mileage reimbursements between home and campus.
- b. By September 1, 2025, Supply Chain Management will update and distribute training and guidance to approvers and travelers on policy requirements, emphasizing the importance of proper documentation and adherence to allowable expenses.