



Office of the Internal Auditor



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AUDIT REPORT

CAT Travel Expenses

February 8, 2018

Table of Contents:	Page
Executive Summary	
Background	1
Audit Objectives and Scope	1
Audit Opinion	1
Appendix	
Definitions	2
Distribution	3
Audit Performed By	3

Executive Summary

Background

Following Hurricane Irma, Citizens mobilized Catastrophe Response Centers (CRC) to North Miami Beach, Florida City, Naples and the Florida Keys including Key Largo and Marathon. Additionally, a satellite claims office was set up in Big Pine Key where employees were deployed to assist in ongoing claims adjustment and support activities. Employees were also deployed to third-party vendor call center sites to assist in the claims handling process.

Given the amount of travel related expenses incurred by management and staff involved in the catastrophe response, OIA scheduled a targeted audit of expense reports. Between September 10 and November 30, 2017, 478 CAT travel related expense reports were submitted of approximately \$730,000.

Audit Objectives and Scope

The objective of this audit was to evaluate the design and effectiveness of the controls over CAT travel expenses to ensure compliance with the respective corporate policies and to ensure the increased volume did not result in any control breakdowns. Expense reports submitted between September 10 and November 30, 2017 were analyzed and a detailed review was performed on a sample of those expenses.

Audit Opinion

The overall effectiveness of the processes and controls with regards to CAT travel expenses is rated as **Satisfactory**.

All expense reports submitted are routed through Finance Accounts Payable where every transaction is reviewed and measured against Citizens' Travel Expense Policy. OIA noted that this review process functioned well through the increased expense volume processing. Only minor deviations were noted for a small number of CAT travel expenses. The approval of expenses followed the regular system supported process flow and documentation requirements were met. In addition, all expenses examined supported the catastrophe response.

Throughout the audit OIA noted some process improvement opportunities to assist Finance Accounts Payable with their review of CAT expense report transactions. The opportunities were discussed with management for consideration during their planning for the upcoming storm season.

We would like to thank management and staff for their cooperation and professional courtesy throughout the course of this audit.

Appendix 1

Definitions

Audit Ratings

Satisfactory:

The control environment is considered appropriate and maintaining risks within acceptable parameters. There may be no or very few minor issues, but their number and severity relative to the size and scope of the operation, entity, or process audited indicate minimal concern.

Needs Minor Improvement:

The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate some minor areas of weakness in the control environment that need to be addressed. Once the identified weaknesses are addressed, the control environment will be considered satisfactory.

Needs Improvement:

The audit raises questions regarding the appropriateness of the control environment and its ability to maintain risks within acceptable parameters. The control environment will require meaningful enhancement before it can be considered as fully satisfactory. The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate some noteworthy areas of weakness.

Unsatisfactory:

The control environment is not considered appropriate, or the management of risks reviewed falls outside acceptable parameters, or both. The number and severity of issues relative to the size and scope of the operation, entity, or process being audited indicate pervasive, systemic, or individually serious weaknesses.

Appendix 3

Distribution

Addressee(s) Matt Gerrell, Director – Assistant Controller

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The External Auditor

Audit Performed By

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<i>Under the Direction of</i>	<i>Joe Martins Chief of Internal Audit</i>
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