

Fort Worth



1964 • 1993 • 2011

Mayor

Betsy Price

Council Members

Carlos Flores, District 2

Brian Byrd, District 3

Cary Moon, District 4

Gyna Bivens, District 5

Jungus Jordan, District 6

Dennis Shingleton, District 7

Kelly Allen Gray, District 8

Ann Zadeh, District 9

**Travel and Training Expense
Reporting Audit**

June 29, 2018



**City of Fort Worth
Department of Internal Audit**

200 Texas Street
Fort Worth, Texas 76102

Audit Staff

Patrice Randle, City Auditor

Terry Holderman, Assistant City Auditor

Sam King, Business Planner Analyst II

Chen Gong, Auditor



The Travel and Training Expense Reporting Audit was conducted as part of the Department of Internal Audit's Fiscal Year 2018 Annual Audit Plan.

Audit Objectives

The objectives of this audit were to determine whether:

- the travel and training expense reporting process is effective and efficient; and,
- expenses paid were reasonable and in accordance with existing policy.

Audit Scope

Our audit included a review for the period October 1, 2015 through September 30, 2017. Activity beyond this period (i.e., cash advances and employee reimbursements) was reviewed when deemed necessary.

Opportunities for Improvement

- Adequate review of travel expense documentation before employee reimbursement
- Proper approval of cash advances
- Timely submittal of Travel Expense Statements
- Written, comprehensive policies and procedures
- Accurate general ledger postings
- Centralized filing

Executive Summary

As a part of our FY2018 Annual Audit Plan, the Department of Internal Audit conducted a Travel and Training Expense Reporting Audit that covered the period of October 1, 2015 through September 30, 2017. Based on our audit results, travel and training expenses are being incurred to allow for employee training and development. However, internal control weaknesses, such as an inadequate review of Travel Expense Statements and supporting documentation, resulted in the City's payment of expenses that did not comply with City policy.

Audit testing resulted in the identification of \$653.03 paid to employees for unallowable (e.g., non-business related/personal, not incurred) expenses. Also, based on independent audit calculations, inaccurate per diem and mileage rates resulted in erroneous reimbursements. In some instances, travel advances were not approved by the Department Head. Per diem calculations, questioned during the audit, totaled \$2,921.51.

While the City's preferred practice is for Travel Expense Statements to be submitted within 10 days of travel completion, 65 of 106 (61%) statements reviewed were not submitted within 10 days of travel completion.

The City has established written policies to govern travel and training expenses. However, we identified opportunities to further strengthen those policies.

When reviewing general ledger activity, the Department of Internal Audit concluded that non-travel and training expenses were erroneously posted to the travel and training account. We also concluded that travel and training expenses were posted to non-travel and training accounts.

These audit findings are discussed in further detail within the [Detailed Audit Findings](#) section of this report.

Table of Contents

Background 1

Objectives 3

Scope..... 3

Methodology 3

Audit Results..... 4

Overall Evaluation 5

Detailed Audit Findings 6

Acknowledgements 19



Background

The City of Fort Worth (CFW) is committed to the development and training of its employees, and providing opportunities for professional and personal growth. Generally, employees are compensated for training time if the training is for the benefit of the City (e.g., enhancing an employee's work-related skills, attending a conference for professional development, etc.). City employees are also called upon to travel for business purposes. Finance Directive 17 (FD17) provides guidance related to business-related travel, as well as travel and training at local and out-of-town meetings.

The City requires pre-approved travel and training, including travel/cash advances. The Financial Management Services Department (FMS) developed standardized forms for cash advances and travel expense statements. It is incumbent upon the employee and the department to ensure that Travel Expense Statements (TES) are submitted accurately, and it is incumbent upon FMS to ensure proper departmental approval and sign-off prior to reimbursing employees.

Upon departmental approval, employees attend training courses, which could involve travel. Employees provide a TES upon their trip return. The TES documents travel expenses incurred. Departmental review and approval of each completed TES is required to initiate a City reimbursement. Upon receipt of the completed TES and supporting documentation, FMS performs a secondary review, and then either processes the employee reimbursement or creates an invoice to bill the employee.

Expenses incurred and reported by employees are reimbursed based on General Services Administration (GSA) per diem rates, IRS mileage reimbursement rates, billed hotel and travel-related expenses, and registration fees. In some instances, travel/cash advances are provided to the employee. However, the employee is required to return unspent funds.

The CFW uses a Tarrant County Cooperative Contract to lease and rent vehicles with EAN Holdings LLC, the parent business of car rental companies such as Enterprise Rent-A-Car, National Car Rental and Alamo Rent a Car. Vehicles leased/rented by City staff are to be used to conduct official City business.

Each year, user departments budget for developmental training. Travel and training expenses incurred are charged to the department's expense budget. The following table summarizes departmental travel and training budgets for FY2016 and FY2017.



Budgeted Travel & Training, by Department		
Department	FY 2016	FY 2017
Police	\$516,236	\$982,497
IT Solutions	207,938	256,516
City Manager' Office	205,871	262,285
Water	204,696	265,506
Transportation & Public Works	167,537	199,505
Fire	161,168	111,168
Public Events	123,000	120,400
Property Management	54,255	61,886
City Attorney's Office	51,444	51,444
Planning & Development	46,667	46,112
Financial Management Services	45,106	91,859
Code Compliance	45,070	72,834
Municipal Court	43,413	45,312
Economic Development	42,965	46,268
Park & Recreation	41,257	39,572
Library	38,500	39,675
Neighborhood Services	34,638	44,478
Aviation	27,275	34,075
City Auditor's Office	20,000	13,060
Human Resources	13,760	15,460
City Secretary's Office	5,670	4,938
Performance & Budget*	0	510,732
Total	\$2,096,466	\$3,315,582

Source: CFW PeopleSoft Financial Management System

*The Performance & Budget Department did not exist in FY2016. The Performance Office's training was included in the City Manager's Office budget, while the Budget Office's training was included in the FMS budget. In FY2017, the Performance Office and the Budget Office were combined. The Performance & Budget Department's FY2017 annual budget includes funding for departmental and a city-wide training program.



Objectives

The objectives of this audit were to determine whether:

- the travel and training expense reporting process is effective and efficient; and,
- expenses paid were reasonable and in accordance with existing policy.

Scope

The scope of this audit covered the period from October 1, 2015 to September 30, 2017. Since our audit period was based on employee reimbursement dates, activity beyond this period (e.g., employee advances and employee reimbursements) was reviewed when deemed necessary.

Methodology

To achieve the audit objectives, the Department of Internal Audit performed the following:

- reviewed FD17 for CFW travel and training expense reporting guidelines;
- interviewed personnel within the FMS to obtain an understanding of the City's travel and training expense reporting process;
- reviewed travel and training documentation to verify compliance with City policy;
- performed independent per diem calculations (based on GSA rates and conference materials) and compared our calculations to expenses noted on employee TES;
- ensured that expenses charged to CFW procurement cards were not also claimed on employee travel and training expense statements;
- verified that employees with car allowances did not also receive mileage reimbursements for local travel;
- verified that there were no outstanding travel/cash advances for current or terminated employees;
- verified the validity of general ledger postings to the travel and training expense account; and,
- reviewed internal controls related to travel and training expenses.

We conducted this audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



Audit Results

The CFW paid for business travel and training-related expenses incurred by City employees, across multiple departments. The travel and training-related expenses (which were for local and non-local training) included hotels, airfare, meals, registration and other fees associated with travel and training.

Based on our audit results, approximately \$653.03 was reimbursed to employees for unallowable expenses. The unallowable expenses generally included reimbursements for personal expenses and/or expenses that were not incurred. During the audit, some employees reimbursed the CFW for discrepancies brought to their attention by the Department of Internal Audit. It should be noted that the approximate \$650.00 in overpayments is representative of the audit sample only. A total of 305 travel and training expenditures (149 BuySpeed transactions and 156 procurement card transactions) were sampled from a total of more than 19,000 travel and training records.

There were also instances where per diem rates were miscalculated, resulting in employee overpayments (approximately \$3,000.00) and underpayments (approximately \$500.00). Cash advances were not always approved as required by City policy, and TES supporting a majority of our sample items were not submitted to the FMS in a timely manner. We also identified non-travel and training expenses posted to the travel and training expense account. Examples of mis-postings to the travel and training account included basketball team tournament fees and equipment repairs.

Support for some travel and training expenses was inadequate. For example, City policy requires managerial approval of exceptions to established policy (e.g., traveling first class versus coach). However, managerial approval was not always noted. We also concluded that City policy governing travel and training expenses could be strengthened to provide more direction and/or clarity to City employees.

During our audit, travel and training-related documents were not stored in a centralized location. The Department of Internal Audit reviewed multiple sources (Laserfiche, BuySpeed and user department records) in order to locate supporting documentation.



Overall Evaluation

High	Medium	Low
Inadequate review of Travel Expense Statements		
Lack of Department Head approval for cash advances		
	Untimely submittal of Travel Expense Statements	
	Some non-travel and training-related expenses charged to the travel expense account, and some travel and training-related expenses were charged to non-travel expense account	
	Lack of support for travel and training expenses	
	Unclear travel policies and procedures	
	Non-centralized filing	



Detailed Audit Findings

1. The City reimbursed employees for personal/unallowable expenses.

Based on our audit results, the CFW reimbursed employees for the following personal/unallowable expenses.

- An employee took a trip from Walt Disney World Swan to Universal Studios while attending a conference. Based on conversations with the employee, the trip was personal and the receipt was submitted unintentionally, resulting in a \$42.00 overpayment.

In addition, a total of \$65.62 in miscellaneous expenses (for 4/18/2016 and 4/21/2016 room service, per the hotel folio) was included on the aforementioned employee's TES. A handwritten statement on the TES indicates that the employee was seeking reimbursement for a mischarge/invalid charge on the employee's personal credit card.

Since the employee received per diem for both days, no additional reimbursements were allowable. Furthermore, since documentation does not exist to support whether the employee received a refund on his/her personal credit card, the City cannot verify whether the \$65.62 charge resulted in a double-reimbursement to the employee.

- An employee requested and received a \$301.96 travel advance, of which \$234.24 was for meals and \$67.72 was for a rental vehicle. After requesting documentation to support the vehicle rental, Internal Audit was informed that the employee did not rent a car on this trip. However, the employee did not return the unused advance. The employee was, therefore, overpaid \$67.72.
- An employee used the CFW's procurement card to purchase a \$24.89 in-room movie rental. The employee also included the \$24.89 in-room movie rental as a miscellaneous expense on the TES, and was reimbursed. Since the CFW paid for the in-room movie rental by both procurement card and travel expense reimbursement, the \$24.89 payment was duplicated. In addition, an in-room movie rental is unauthorized per FD17 (e.g., personal entertainment). As a result, the City overpaid \$49.78.
- An employee paid \$6.50 for a soft drink at the hotel. The \$6.50 expense was included in the hotel folio, charged to a City procurement card, and included in the employee's TES as a City procurement card expense. Since the employee received per diem, the \$6.50 additional expense was unallowable.
- In May 2017, an employee received a travel/cash advance of \$181.24 before traveling to Omaha, Nebraska for a conference. A travel authorization form was attached; however, the TES and supporting documentation was not available. As of the end of audit fieldwork, the TES and the supporting documentation had not been provided.
- An employee requested and received a \$135.66 travel advance to attend a career fair. Internal Audit could not locate the TES, and was subsequently informed that the trip was cancelled, and that the employee did not attend the event. Once informed by Internal Audit, the employee refunded the City \$135.66.
- An employee incurred a \$104.51 Uber fee for four personal trips during a conference. After being informed by Internal Audit, the department indicated that \$104.51 had been requested from the employee.



- An employee booked a roundtrip flight for a conference in National Harbor, Maryland. Due to bad weather, the returning flight was cancelled. The employee, therefore, purchased another ticket from another airline. The employee stated on the TES that the first airline would send a refund. However, there was no evidence to support the City's receipt of a refund for the cancelled flight. The roundtrip flight totaled \$435.40. If the amount to be refunded is half the roundtrip ticket price, the airline owed the CFW a \$217.70 refund.
- FD17 lists flight and car rental insurance as excluded travel expenses. However, the CFW paid flight insurance for two employees' travels. Travel protection coverage (\$20.00 paid by City procurement card) and a travel cancellation plan (\$35.00) were purchased and paid by the CFW.

It should be noted that during our audit planning phase, Internal Audit identified other insurance expenses (across City departments) that were paid by City procurement card, but were not included in the audit sample. Fifteen (15) transactions were for flight insurance (\$442.85) and one transaction was for car rental insurance (\$40.00).

FD17 states that internal controls are required to ensure that only valid and authorized travel expenses are incurred, recorded and paid. Such controls would include supervisory review prior to submittal. An inadequate review of TES and supporting documentation resulted in the CFW paying for unallowable reimbursements without detection.

Recommendation 1A: *The Chief Financial Officer should seek reimbursements to the City, from employees, for personal/unallowable expenses totaling \$412.86.*

Auditee's Response: Concur. The Chief Financial Officer will direct Financial Management Services ("FMS") Accounts Payable Staff to work with the applicable departmental management to collect, from employees, personal/unallowable expenses totaling \$412.86. In addition, the FMS Department provided training on Travel & Training issues noted during the Travel & Training Audit at the June 13, 2018 Fiscal Accountability Committee meeting. The topics discussed included Per Diem payments, non-reimbursable travel expenses associated with personal excursions, and the requirement to submit a final Travel Expense Statement within 10 days of completing travel.

Target Implementation Date: July 31, 2018

Responsibility: Applicable City Departments; Assistant Director of Finance – Treasury, FMS Accounts Payable Staff

Recommendation 1B: *The Chief Financial Officer should verify that the employee reimbursement to the City (totaling \$104.51 and reported as being requested during the audit) has been received and posted to the general ledger.*

Auditee's Response: Concur. The Chief Financial Officer will direct FMS Accounts Payable Staff to work with the applicable Library Department management to verify receipt of the amount totaling \$104.51 that was reported as being requested during the audit.

Target Implementation Date: July 31, 2018

Responsibility: Library Department Management, Assistant Director of Finance – Treasury, FMS Accounts Payable Staff



Recommendation 1C: *The Library Director should follow-up with the airline regarding a refund for the canceled flights.*

Auditee's Response: Concur.

- On April 6, 2017, Virgin American flight VX883 was cancelled. There were no flights out of Reagan International until the following Monday. A flight on a different airline was booked from a different city to get back to DFW.
- The ticket agent indicated the cost of the return flight along with the baggage fee would be reimbursed to the City of Fort Worth credit card.
- The City was reimbursed the \$25 baggage fee on April 28, 2017.
- No refund was found for the airline ticket.
- Alaska Airlines was contacted regarding the refund after Internal Audit made us aware the refund had not been received. Note: Alaska Airlines purchased Virgin America during this time.
- Alaska Airlines indicated a credit certificate was sent to the City in the amount of \$290 in April 2017. We do not have any emails that indicate this certificate was received.
- On June 5, 2018, I [current Library Director] requested the certificate information be resent to the City and asked if it was possible to receive a cash refund instead of a certificate.
- On June 7, 2018, Alaska Airlines replied the certificate has expired and holds no value and as such, no refund can be provided.

Target Implementation Date: Completed

Responsibility: Not Applicable

Recommendation 1D: *The City Manager should ensure that Department Heads require that travel and training expenses be verified for accuracy and allowability (including travel/cash advances) before approving the reimbursement, and that a reconciliation between advances and expenses is performed in a timely manner.*

Auditee's Response: Concur. The City Manager's Office will schedule this topic for discussion during an upcoming Department Director meeting to ensure emphasis on appropriate review of travel reports.

Target Implementation Date: August 31, 2018

Responsibility: Valerie Washington

2. Calculations/rates used to determine employee per diem and mileage reimbursements were inaccurate.

The City's travel and training policy states that meal reimbursements shall be based on GSA per diem rates, and that no GSA per diem should be claimed if meals are paid by others, included in the registration fee or "ticketed" separately at a conference event. The policy also states that personal automobiles may be used for authorized business trips, and reimbursement shall be made using the current IRS standard mileage rate. The policy further states that mileage to and from the out of town location may be based on actual odometer readings or may be estimated using mileage estimates from internet map information.



During audit fieldwork, the Department of Internal Audit performed independent per diem calculations, based on GSA rates, conference materials, maps and IRS mileage rates. Based on Internal Audit's calculations, the following employee overpayments and underpayments were identified. Internal Audit was unable to conclude whether City reimbursements that were lower than the authorized per diem rates were intended by the employee or if they were unintentional. It should be noted that in some cases, employees did not claim allowable incidentals, claimed 66% versus 100% of the authorized per diem rate for their departure date, used the wrong per diem rate (e.g., wrong year) and/or did not include a per diem for their departure date.

Department	FY2016				FY2017			
	Employee Count	Expense Type	Overpayment	Underpayment	Employee Count	Expense Type	Overpayment	Underpayment
Code Compliance	1	Per Diem	\$ 45.00	\$ -	0	N/A	\$ -	\$ -
Economic Development	1	Per Diem	65.00	-	0	N/A	-	-
Fire	4	Per Diem	200.60	-	4	Per Diem	78.05	(20.06)
Financial Management Services	1	Per Diem	1.12	-	0	N/A	-	-
Human Resources	1	Per Diem	90.00	-	2	Per Diem	32.91	-
IT Solutions	1	Per Diem	153.32	-	0	N/A	-	-
Library	0	N/A	-	-	2	Per Diem	-	(20.00)
Municipal Court	2	Per Diem	-	(21.24)	0	N/A	-	-
Neighborhood Services	3	Per Diem	6.76	(60.44)	2	Per Diem	28.31	-
Police	4	Per Diem	27.32	(87.20)	8	Per Diem *	2,241.90	(134.60)
Police	1	Mileage	12.99	-	0	N/A	-	-
Property Management	0	Per Diem	-	(23.06)	1	Per Diem	24.00	-
Public Events	3	Per Diem	52.00	(11.10)	2	Per Diem	-	(61.16)
Transportation & Public Works	1	Per Diem	-	(2.36)	1	Per Diem	-	(31.88)
Water	1	Per Diem	74.23	-	0	N/A	-	-
Total Over/Underpayments:			\$728.34	(\$205.40)			\$2,405.17	(\$267.70)
Net Overpayment:			\$522.94				\$2,137.47	

Source: Auditor-generated

*A total of \$212.00 was refunded to the City during our audit.

Recommendation 2: *The Chief Financial Officer should seek refunds totaling \$2,921.51 from employees for overpaid per diem, and should reimburse employees who were underpaid due to miscalculated per diems.*

Auditee's Response: Concur. The Chief Financial Officer will direct FMS Accounts Payable Staff to work with the applicable departmental management to collect, from employees, overpaid per diem totaling \$2,921.51. There are no known underpayments requiring reimbursement at this time. In addition, the FMS Department provided training on Travel & Training issues noted during the Travel & Training Audit at the June 13, 2018 Fiscal Accountability Committee meeting. The topics discussed included Per Diem payments, non-reimbursable travel expenses associated with personal excursions, and the requirement to submit a final Travel Expense Statement within 10 days of completing travel.

Target Implementation Date: July 31, 2018

Responsibility: Applicable City Departments, Assistant Director of Finance – Treasury, and FMS Accounts Payable Staff



3. Travel/cash advances were not properly approved.

FD17 states that travel advances shall be issued by the Accounting Division upon receipt of an approved Travel Advance Request form and a signed Travel or Local Meeting Authorization form approved by the traveler's department head. However, the Department of Internal Audit identified advances to two employees, although no Department Head signed the Travel Advance Request forms.

One advance was for \$475.91 and the other was for \$130.67. Based on our audit results, the employees spent the travel/cash advance amounts on travel-related expenses. However, processing travel/cash advances without proper approval could result in the City paying for unauthorized travel.

Recommendation 3: *The Chief Financial Officer should return travel/cash advance requests that have not been pre-authorized by the Department Head or the Department Head's designee.*

Auditee's Response: Completed. The FMS Accounts Payable staff have been instructed to return all travel/cash advance requests that have not been pre-authorized by the Department Head or the Department Head's designee.

Target Implementation Date: Completed

Responsibility: Assistant Director of Finance – Treasury and FMS Accounts Payable Staff

4. Travel Expense Statements were not submitted timely.

According to CFW Travel Expense Statement Instruction B, "... report must be submitted to the Accounts Payable Division within 10 days of completing the travel activity." FMS practice is to date-stamp each TES upon receipt.

Internal Audit obtained and reviewed a random sample of 78 travel and training transactions from within BuySpeed for FY2016. Sixty-three (63) of the 78 expenses were supported with a TES. The remaining 15 expenses were not because they were processed as direct vendor payments, were documented using employee reimbursement coversheets (instead of a TES), or the employee did not file a TES.

- Eight (8) of the 63 TES were submitted within 10 days.
- Thirty-four (34) or 54% of the TES were not submitted to the AP Division of the FMS within 10 days.
- Twenty-one (21) or 33% of the TES had no FMS AP receipt stamp.



The following chart summarizes FY2016 occurrences, by department.

Department	# of TES reviewed	# of TES submitted to AP within 10 days	# of TES submitted to AP over 10 days	# of TES with no FMS AP stamp
Aviation	0	0	0	0
City Attorney's Office	1	0	1	0
City Manager's Office	1	1	0	0
City Secretary's Office	0	0	0	0
City Auditor's Office	0	0	0	0
Code Compliance	4	1	3	0
Economic Development	1	0	0	1
Financial Management Services	2	0	1	1
Fire	10	0	5	5
Human Resources	3	2	0	1
IT Solutions	2	0	2	0
Library	0	0	0	0
Municipal Court	3	0	1	2
Neighborhood Services	3	0	2	1
Park & Recreation	1	1	0	0
Planning & Development	0	0	0	0
Police	18	2	8	8
Property Management	2	0	2	0
Public Events & Facilities	5	0	3	2
Transportation & Public Works	2	1	1	0
Water	5	0	5	0
Total	63	8	34	21

Source: Auditor-generated

Internal Audit obtained and reviewed a random sample of 71 travel and training transactions from within BuySpeed for FY2017. Forty-three (43) of the 71 expenses were supported with a TES. The remaining 28 were not because they were processed as direct vendor payments or were documented using employee reimbursement coversheets, instead of a TES.

- Five (5) of the 43 TES were submitted within 10 days.
- Thirty-one (31) or 72% of the TES were not submitted to the AP Division within 10 days.
- Seven (7) or 16% of the TES had no FMS AP receipt stamp.



The following chart summarizes FY2017 occurrences, by department.

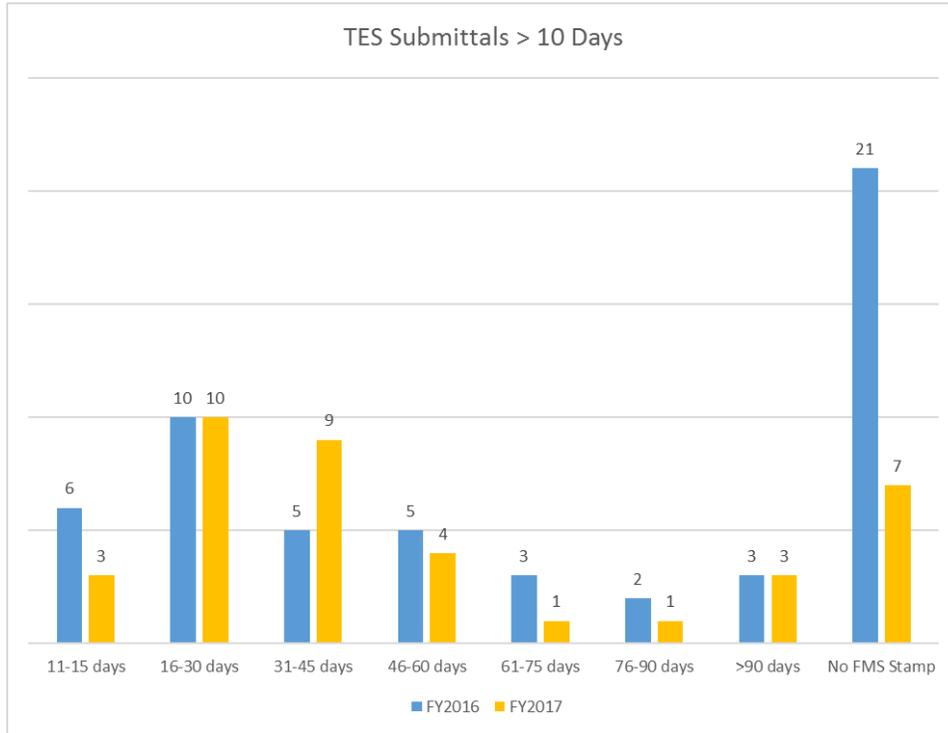
Department	# of TES reviewed	# of TES submitted to AP within 10 days	# of TES submitted to AP over 10 days	# of TES with no FMS AP stamp
Aviation	0	0	0	0
City Attorney's Office	0	0	0	0
City Manager's Office	4	1	3	0
City Secretary's Office	0	0	0	0
City Auditor's Office	0	0	0	0
Code Compliance	0	0	0	0
Economic Development	0	0	0	0
Financial Management Services	1	0	1	0
Fire	6	1	5	0
Human Resources	3	0	3	0
IT Solutions	0	0	0	0
Library	2	0	2	0
Municipal Court	0	0	0	0
Neighborhood Services	2	0	1	1
Park & Recreation	0	0	0	0
Performance & Budget	0	0	0	0
Planning & Development	1	0	1	0
Police	13	2	7	4
Property Management	4	1	3	0
Public Events & Facilities	3	0	2	1
Transportation & Public Works	2	0	2	0
Water	2	0	1	1
Total	43	5	31	7

Source: Auditor-generated

FMS staff indicated that the 10-day requirement was an attempt to encourage employees to submit the TES as soon as possible. It was noted that the TES used by the Fort Worth Police Department instructs Police employees to submit the TES to the Finance Division of the Police Department within 10 business days of trip return. This practice explains why FWPD TES were not submitted to FMS within 10 days. Internal Audit was unable to determine the cause for other department delays. Also, the TES currently used by the Police Department is located on the CFW's Forms Portal. The TES approved by Finance is located in the FMS Forms section of the City's intranet.



The following graph illustrates occurrences where the TES was not submitted within 10 days of trip return.



Source: CFW TES forms

Recommendation 4A: *The City Manager should require that Department Heads submit the TES within 10 calendar or business days (management’s preference) and include the 10-day requirement within FD17.*

Auditee’s Response: Concur. The City Manager’s Office will schedule this topic for discussion during an upcoming Department Director meeting to ensure emphasis on timely submission of travel reports.

Target Implementation Date: August 31, 2018

Responsibility: Valerie Washington

Recommendation 4B: *The Chief Financial Officer should require that any alterations to forms developed by FMS, for City-wide use, be approved by Finance prior to using.*

Auditee’s Response: Concur. The Chief Financial Officer will direct Accounts Payable staff to only accept forms that have been developed by FMS unless alterations are approved in advance of receipt by the FMS Accounts Payable Supervisor. In addition, the FMS Department is in the process of revising all travel & training related forms to streamline and improve the format. Upon implementation of the revised forms, the departments will be warned that only the FMS approved forms will be accepted unless the alterations are approved in advance of receipt by the FMS Accounts Payable Supervisor.

Target Implementation Date: September 30, 2018 for development and implementation of the revised forms



Responsibility: Assistant Director of Finance – Treasury and FMS Accounts Payable Staff

5. Expenses were erroneously posted to the general ledger.

Based on the City’s FY2016 Budget Instruction Manual, registration, transportation, hotels, meals and other related expenses (associated with required City training programs, conferences, workshops and retreats) should be charged to the Training/Workshop general ledger account.

During audit fieldwork, Internal Audit identified the following transactions charged to incorrect accounts.

FY2016

- \$18.99 was incurred at Costco for a six-month celebration. The expense was posted to the Training/Workshop account.
- \$450.00 was incurred for “BASKETBALL | Registration for 8U Boys Basketball team for TAAF state basketball tournament”. The expense was posted to the Training/Workshop account.

FY2017

- Travel and training-related expenses incurred for an employee to attend a conference were posted to the Vehicle Repair/ Maintenance Supplies account (registration fee \$679.00, airfare \$273.40, and shuttle fee \$20.00).
- An employee’s CPA license renewal fee of \$49.50 was posted to the Training/Workshop account.
- A \$363.15 emergency radar repair was charged to the Training/Workshop account.
- A purchase to publicize sealed bids (\$28.16) was posted to Training/Workshop account.
- A \$175.00 application fee, for a Universal Public Procurement Certification Council, was charged to the Training/Workshop account.

In addition, during our audit planning phase (when travel and training data was being analyzed), we identified the following.

- Sixty-nine (69) FY2016 BSO transactions for IT software maintenance, drinks, exam fees, certification fees, stainless steel, fire equipment, catering, uniforms (totaling \$25,480.38) were incorrectly charged to the Training/Workshop account.
- Fifty (50) FY2017 BSO transactions for small engine parts, equipment service, IT equipment, promotional items, office chair, catering, “2017 NRCHA Derby Sponsorship”, etc. (totaling \$51,261.64) were incorrectly charged to the Training/Workshop account.

Recommendation 5: *The City Manager should require that Department Heads ensure correct postings within the general ledger.*

Auditee’s Response: Concur. The City Manager’s Office will schedule this topic for discussion during an upcoming Department Director meeting to ensure emphasis on appropriate recording of travel and training expenses.

Target Implementation Date: August 31, 2018

Responsibility: Valerie Washington



6. Documentation supporting some travel and training expenses was unavailable/inadequate.

FD17 requires that expenditures be properly documented. However, the following exceptions were noted.

- Two employees' per diem calculations included meals. However, conference agendas were not available to support whether meals were or were not provided at the conference. Since FD17 indicates that no GSA per diem should be claimed if meals are included in the registration fee "or "ticketed" separately at a conference event", it would seem reasonable for user departments to retain documentation supporting whether conferences provides meals. Furthermore, Internal Audit was unable to locate agendas on-line because the meeting links were expired. It should be noted that the 2018 corresponding conference agenda showed that breakfast and lunch were provided.
- An employee was deployed to assist with crowd control and public order for the 2016 Republican National Convention in Cleveland, Ohio. Upon request, the user department provided Internal Audit with emails between the CFW and the City of Cleveland. Both sides held conflicting opinions on the per diem reimbursement. Additionally, the department's response contradicted information in emails sent to Cleveland. Since there is a dispute regarding whether meals were provided, the Department of Internal Audit was unable to determine the accurate per diem.
- The CFW paid an additional \$265.30 for preferred seating for six employees, and an additional \$310.42 for main cabin extra seating for two employees. While FD17 states that employees shall travel on "coach" class unless first class or business class travel is approved by the City Manager, there was no documentation to support the rationale for incurring the additional costs. Nor was there support to evidence the City Manager's approval.
- An employee requested and received a travel/cash advance of \$189.66 to cover per diem during a training course. Based on the training package, per diem was reimbursable through the Department of Homeland Security. Documentation was requested but not provided to support whether the CFW or the employee received a reimbursement from the Department of Homeland Security.

Recommendation 6: *The Chief Financial Officer should require that inadequately supported reimbursement requests are returned to Department Heads and not reimbursed.*

Auditee's Response: Completed. The FMS Accounts Payable staff have been instructed to return all inadequately supported reimbursement requests. The FMS Accounts Payable staff have been provided examples of adequate supporting documentation for their edification.

Target Implementation Date: Completed

Responsibility: Assistant Director of Finance – Treasury and FMS Accounts Payable Staff

7. The Finance Directive 17 does not address certain issues.

After reviewing FD17, the Department of Internal Audit noted that some relevant issues are not addressed, that could provide City employees with more complete and clear guidance.

- Current policy does not address whether luggage fees are reimbursable, when not authorized by a supervisor. Based on our audit results, one employee checked two pieces of luggage (for a four-day travel to Washington DC) and was fully reimbursed the \$120.00 luggage fee.
- Current policy states that vehicles shall be refueled before being returned to the rental agency and that receipts are required. However, the policy does not address the solution if the employee did not refuel the rental vehicle and was charged for fuel at a much higher rate by the rental agency. Based on our audit results, an employee returned a rental car, while in Philadelphia, PA in August 2016, before refueling. As a result, the employee was charged (by the rental agency) \$9.99/per gallon, for a total amount of \$32.97. The City fully reimbursed the employee for this expense. The average price per gallon for gas was \$2.146 for Philadelphia, PA in August 2016.
- The City's Travel or Local Meeting Authorization and Travel Advance Request Form indicates that employees should file a TES within 10 days after date of return. However, FD17 does not reference the 10-day requirement.
- FD17 prohibits mileage reimbursement for local travel if the employee receives a car allowance. However, the policy does not address whether mileage reimbursement is available to employees receiving a car allowance for non-local travel. Based on our audit results, two employees who receive a car allowance, were reimbursed for mileage when traveling to and from College Station, Texas. The mileage reimbursements totaled \$370.98.
- FD17 requires that employees traveling on official City business choose the most economical mode of transportation, and be responsible for exercising prudence, discretion, and good judgment when incurring expenses. However, the policy does not address the method to ensure that employees chose the most economical travel.

For example, an employee rented a car while attending a conference in Maryland. The cost of the rental car was \$268.40. However, if the employee had taken Uber during the travel, based on the cost estimate information obtained from Uber website, the fare would have been approximately \$104.00. Therefore, the City could have saved approximately \$178.00. In contrast, two employees were dropped off at the airport. Although the employees properly claimed roundtrip mileage reimbursement for drives between family members' homes and the airport, the cost incurred was lower than roundtrip mileage reimbursement plus the airport parking fee.

- FD17 requires that meal reimbursements be based on GSA per diem rates and be pro-rated upon the departure and return times on the day of departure and day of return. However, the policy does not reference instances where the CFW enters into a contract that establishes a per diem rate with another City to deploy employees to assist with events. It is currently unclear as to whether employees should be reimbursed at the contracted or GSA rate.

For example, Internal Audit identified a group of 22 officers traveling to Cleveland, Ohio. Cleveland agreed to reimburse at a per diem of \$51.75 per officer, per traveling day, which is 75% of Cleveland's GSA per diem rate.



- FD17 requires that a TES be submitted to obtain reimbursement. However, FD17 is unclear as to whether a TES is required when the employee's travel is totally paid by City procurement card, with no reimbursement due.

Recommendation 7: *The Chief Financial Officer should identify and make changes to portions of FD17 that are currently unclear and/or ambiguous.*

Auditee's Response: Concur. The FMS Department is in the process of re-writing the Travel & Training Policy which will be incorporated into the Financial Management Policy statements. The revised policy will be substantially more detailed and will avoid ambiguity.

Target Implementation Date: September 30, 2018

Responsibility: Chief Financial Officer and Assistant Director of Finance - Treasury

8. Documentation supporting travel and training expenses is not stored in accordance with City policy.

The City's Records Retention Schedule states that travel-related documentation should be kept within FMS for three (3) years after the fiscal year end of the date of final payment.

During our review of travel and training expenses paid with a City procurement card, documentation supporting the expenses were not always stored within Laserfiche.

- Lodging fee (\$1,703.52) incurred during 5/28/2017 - 6/21/2017 was not supported when reviewing records for 06/04/2017, 06/16/2017, 06/18/2017 and 07/02/2017.
- Lodging fee (\$522.48) incurred on 6/20/2017 was not supported when reviewing records for 06/18/2017, 07/02/2017 and 07/16/2017.
- Training expense (\$275.00) incurred on 07/27/2016 was not supported when reviewing records for 7/31/2016.
- Refreshments for a meeting (\$19.96) incurred on 5/25/2017 was not supported when reviewing records for 06/04/2017.
- Fuel for rental car (\$31.60) incurred on 6/7/2017 was not supported when reviewing records for 06/16/2017 and 06/18/2017.
- Snacks (\$29.04) purchased on 1/26/2017 for a training event could not be found in the 01/29/2017 or 01/31/2017 folder.
- Uber fee (\$35.16) incurred on 7/21/2017 could not be found in the 07/30/2017 folder.
- Conference registration fee (\$2,500.00) incurred on 4/14/2017 could not be found in the 04/23/2017 folder.

According to the City's Procurement Card Policy, Laserfiche Client is the electronic storage application for all cycle reports approved by the Procurement Card Administrator. Each departmental procurement card coordinator is responsible for gathering and sorting original receipts, travel authorizations, and any supporting documents for Cardholders within their hierarchy and submit timely cycle statements and receipts through Laserfiche Forms. The departmental procurement card administrator is also



responsible for maintaining PaymentNet and Laserfiche records and reports in accordance with the Records Retention Schedule.

Documentation supporting travel and training was not stored in a centralized location. However, travel documentation was either found in BuySpeed Online or was provided by the department.

During our review of travel expenses greater than \$250.00, Internal Audit noted that:

- there was inadequate documentation (e.g., Travel or Local Meeting Authorization and Travel Advance Request form, TES) to support 71 employees' travel;
- six employees' Travel or Local Meeting Authorization and Travel Advance Request forms could not be located in FMS AP; and,
- eleven employees' Travel and Expense Statements were not located in FMS AP.

Recommendation 8: *The Chief Financial Officer should ensure that documentation supporting travel and training expenditures are retained as required by City policy and state law.*

Auditee's Response: Completed. The FMS Accounts Payable staff have been instructed to retain all supporting documentation for travel and training expenditures in accordance with City Policy and State Law.

Target Implementation Date: Completed

Responsibility: Assistant Director of Finance – Treasury and FMS Accounts Payable Staff



Acknowledgements

The Department of Internal Audit would like to thank the Financial Management Services Department and each user department for their cooperation and assistance during this audit.