

**Post-Audit Review 16-06:
Citywide Travel Expenditures**

July 2017

City Auditor

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OFFICE OF INTERNAL AUDIT

Stan Sewell, City Auditor

July 21, 2017

To: Mayor Andy Berke
City Council Members

Subject: Post-Audit Review of Citywide Travel Expenditures (Report #16-06)

Dear Mayor Berke and City Council Members:

Attached is a summary report on the status of audit recommendations in our 2016 Citywide Travel Expenditures report. The purpose of this report is to confirm whether, and to what degree, management has implemented the recommendations made in the original audit.

The original audit concluded:

1. Travel advances and expense reimbursements were typically paid to employees timely; and,
2. Expense reports were not submitted timely and in some instances not submitted as required by policy.

The audit had 15 recommendations to improve efficiency and effectiveness of the travel reimbursement process as well as address internal control deficiencies observed. At the time of this Post-Audit Review, seven recommendations were not implemented, two were partially implemented, and six were implemented. Recommendations partially implemented and not implemented are herein reported to the Audit Committee for follow-up, as appropriate.

This Post-Audit Review consisted principally of inquiries of City personnel and examinations of various supporting documentation. It was substantially less in scope than an audit in accordance with generally accepted government auditing standards. The evidence obtained provided a reasonable basis for our conclusions; however, had an audit been performed, other matters might have come to our attention that would have been reported to you and our conclusions may have been modified.

Sincerely,

Stan Sewell, CPA, CGFM, CFE
City Auditor

Attachment

cc: Audit Committee Members
Stacy Richardson, Chief of Staff
Maura Sullivan, Chief Operating Officer
Daisy Madison, Chief Financial Officer
Jim Arnette, TN Local Government Audit

RECOMMENDATIONS NOT IMPLEMENTED (7)

| Recommendation | Actions Taken |
|---|--|
| 1 We recommended Finance update the policies to require a "Travel Request" form as support documentation for all travel advance request. | The updated policies do not require travelers to complete a travel request form (or obtain pre-approval for travel). |
| 7 We recommended Finance, with assistance from the Human Resources Department, include travel regulations as part of the New Employee Training Program. | Travel regulations are not included in the new employee orientation. Based on response from Human Resources Department, the training could be included with the new-hire on-boarding program. Human Resources stated they would contact Finance to discuss this option. |
| 10 We recommended the travel regulations require all travelers complete the "Travel Request" form and obtain department approval prior to the travel event. | The policies were not updated to require travelers to document pre-approval for travel cost through the use of the Travel Request form. The policy states "the method of advance approval of travel, if any, is left to individual departments." |
| 11 We recommended Finance update the policies to include detail procedures on "how to" properly complete the "Travel Request" form, including a list of recommended support documents (conference brochures, transportation, CONUS rates in effect, etc.) the department should maintain. | As previously stated (Recommendation 1), the travel request form is not included in the Citywide policies. Pre-approval process is left to the discretion of each Administrator. As discussed in the audit report, the process for pre-approval should be uniform across the City. Finance is the centralized source for fiscal policies and should provide the defined process. |
| 13 We recommended Finance update the travel regulation policies requiring written pre-approval for exceptions from the travel regulations. | Finance has not changed the policy. As discussed in the audit report, approval after-the-fact is not an approval to deviate, it simply serves to condone a violation. |
| 14 We recommended the departments use the approved "Travel Request" form as the mechanism to ensure expense reports are completed for all instances of travel. | As discussed in other recommendations (#10 & #11), pre-approval for travel is not mandated by the revised policies. The citywide travel regulations do not require the use of the travel request form to ensure expense reports are completed. The Finance department has no mechanism in place to ensure all instances of travel are reported by each department. |
| 15 We recommended Finance consider alternative methods for managing travel expenses. | Finance did not consider the other options outlined in the audit report. However, changes were made to the process and the policies were revised. |

RECOMMENDATIONS PARTIALLY IMPLEMENTED (2)

| Recommendation | Actions Taken |
|---|---|
| <p>3 We recommended the policy clearly define the timeframe needed to request the advance, as well as the required support documentation. The policy should include, but is not limited to, the method of payment (payroll or warrant), the earliest submission date based on method, and the support documents required.</p> | <p>All travel related payments are processed through payroll only. The policy outlines the timeframe needed to receive the request prior to the travel date. The updated policy does not require any support documentation.</p> |
| <p>6 We recommended all employees receive the appropriate level of training as related to their duties.</p> | <p>Finance held two training sessions for the revised travel policies. The training was traveler specific and did not include reviewer or approver responsibilities.</p> |

RECOMMENDATIONS FULLY IMPLEMENTED (6)

| Recommendation | Actions Taken |
|---|--|
| <p>2 We recommended Finance develop a mechanism to ensure outstanding advances are settled prior to issuance of a second advance to an employee.</p> | <p>Each accountant tracks travel advances issued to their respective departments. Delinquent expense reports are requested from the employee. If no response, the department administrator and Finance Officer are notified. All future travel advances are declined until delinquent reports are submitted to the accountant in charge.</p> |
| <p>4 We recommended Finance consider updating the "Travel Advance Request" form by including fields for the method of payment (warrant or payroll) and a submission date field. The protected submission date field should include a formula to calculate the earliest submission date using the payment method, travel begin date and the processing days (determined by Finance).</p> | <p>Since all advances are now paid through Payroll, the recommendation doesn't apply.</p> |
| <p>5 We recommended Finance develop a mechanism to periodically report Travel Regulation policy violations to both Department Administrators and the Mayor's Office.</p> | <p>If employees fail to respond to request for delinquent expense reports, Finance will contact the Department's Administrator.</p> |
| <p>8 We recommended Finance update its approval procedures to consistently apply the stated policies. If Finance determines specific documents are required, it should update the policies to reflect the proper information.</p> | <p>The revised policy outlines the support documents required to substantiate the travel expense report.</p> |

Recommendation**Actions Taken**

9 We recommended the updated policies be disseminated to all departments and training provided, as necessary.

The updated travel policy is accessible on the City's intranet. Finance held two training sessions but they were not mandatory.

12 We recommended including the "Exception Approval" form on the City's intranet.

The form is located on the City's intranet website.

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