

OFFICE OF THE CITY CONTROLLER



**SOLID WASTE MANAGEMENT DEPARTMENT
TRAVEL AND TRAVEL-RELATED EXPENSES
COMPLIANCE REVIEW
FOR THE PERIOD OF JULY 1, 1998
THROUGH SEPTEMBER 30, 1999**

Sylvia R. Garcia, City Controller

Judy Gray Johnson, Chief Deputy City Controller

Steve Schoonover, City Auditor

Report No. 00-02



SYLVIA R. GARCIA

OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

April 25, 2000

The Honorable Lee P. Brown, Mayor
City of Houston, Texas

SUBJECT: Solid Waste Management Department
Travel and Travel-Related Expenses – Compliance Review
(Report No. 00-02)

Dear Mayor Brown:

In accordance with the City's contract with McConnell, Jones, Lanier, and Murphy (MJLM), MJLM has completed a review of travel and travel-related expenses incurred by the Solid Waste Management Department (the Department) for the period of July 1, 1998 through September 30, 1999.

MJLM designed the review to determine the Department's compliance with Administrative Procedure No. 2-5 and whether expenses were supported, computed, approved, recorded and reported properly. Their report, attached for your review, noted that the Department was in compliance overall with the travel policy. However, specific instances of noncompliance were noted and MJLM made recommendations that can help the Department improve compliance with the policy. Draft copies of the report were provided to Department officials. The findings and recommendations are presented in the body of the report and the views of the responsible officials are appended to the report as Exhibit I.

We appreciate the cooperation extended to the MJLM auditors by Department personnel during the course of the review.

Respectfully submitted,


Sylvia R. Garcia
City Controller

xc: City Council Members
Albert Haines, Chief Administrative Officer
Cheryl Dotson, Chief of Staff, Mayor's Office
Everett Bass, Director, Solid Waste Management Department
Sara Culbreth, Acting Director, Finance and Administration Department



McCONNELL JONES LANIER & MURPHY_{LLP}
CONSULTANTS & BUSINESS ADVISORS

April 19, 2000

The Honorable Sylvia R. Garcia
City Controller
City of Houston
901 Bagby, 8th Floor
Houston, Texas 77002

Dear Controller Garcia:

I am pleased to present the final report of McConnell, Jones, Lanier, and Murphy's (MJLM) compliance review of the travel and travel-related expenses of the City of Houston's Department of Solid Waste Management (the Department) for the period July 1, 1998 through September 30, 1999. Our review was conducted in accordance with the Engagement Letter between the City of Houston and MJLM dated December 21, 1999.

The purpose of the review was to determine the Department's compliance with Administrative Procedure No. 2-5 (the travel policy), which is the City's policy governing the authorization and reimbursement of local and out-of-town travel and travel-related expenses. Our review included determining whether expenses were supported, computed, approved, recorded, and reported properly.

We have determined that the Department was in compliance with the travel policy during the review period. However, we noted specific instances of noncompliance and have made recommendations that can help the Department improve its compliance with the policy.

We are grateful for the cooperation of the Department's management team and staff personnel who assisted us during this compliance review.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Odysseus M. Lanier'.

Odysseus M. Lanier
Partner

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1.0 EXECUTIVE SUMMARY

McConnell, Jones, Lanier & Murphy, LLP (MJLM) performed a compliance review of the travel and travel-related expenses of the City of Houston's (the City) Department of Solid Waste Management (the Department) for the period July 1, 1998 through September 30, 1999. The purpose of the review was to determine the Department's compliance with Administrative Procedure No. 2-5 (the travel policy), which is the City's policy governing the authorization and reimbursement of local and out-of-town travel and travel-related expenses. The review also included determining whether travel expenses were supported, computed, approved, recorded, and reported properly.

This report summarizes the results of the review and consists of five sections as follows:

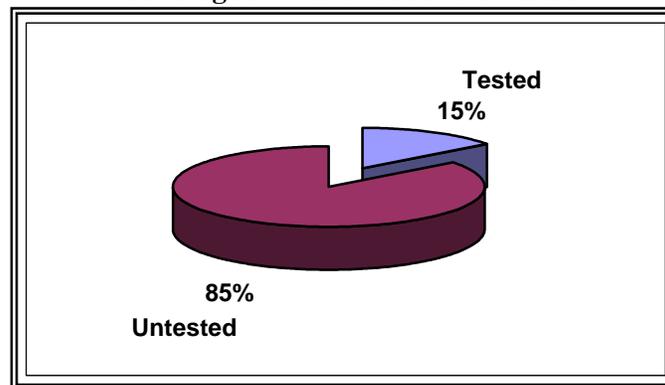
- 1.0 Executive Summary
- 2.0 Background
- 3.0 Current Situation
- 4.0 Findings and Recommendations
- 5.0 Appendix

To test the Department's compliance with the travel policy, MJLM employed various techniques and review procedures. Our methodology included randomly selecting a sample of travel vouchers for testing and developing testing criteria from the travel policy.

Review Methodology

MJLM obtained a list of all of the travel vouchers issued during the review period. From a population of 276 vouchers, 40 were randomly selected for testing. **Exhibit 1** depicts the sample coverage based on the voucher population.

Exhibit 1
Coverage of Travel Vouchers Tested



Source: MJLM Review Team

The test sample included vouchers from object codes 3910 Travel-Training and 3950 Travel-Non-Training. Most travel and travel-related expenses are charged to these object codes. Conference and seminar registration fees and professional organization membership fees are charged to object codes 3900 Education and Training and 3905 Memberships, respectively. Expenses charged to these object codes were not tested. Instead, descriptions of the charges

made to these codes were examined to determine if travel expenses had been misclassified. Based on the descriptions provided, no instances were noted where travel expenses appeared to be misclassified to object codes 3900 and 3905.

To develop compliance test criteria, MJLM obtained a copy of A.P. No. 2-5, identified 65 specific requirements in the policy, and developed compliance-related questions from the requirements. For example, section 7.2.1 of the policy establishes maximum average per diem meal rates as follows:

“The City will establish maximum average per diem rates which are reasonable for the travel locations.... Unless otherwise noted, employees will be reimbursed for actual expenses at a maximum average daily rate of \$40.00 (including taxes and tips). The maximum average daily rate of \$50.00 (including taxes and tips) has been established for the following metropolitan area: Boston, Massachusetts... Washington, D.C.”

From this requirement, MJLM developed the question: “Are actual meal charges (including taxes and tips) for the period of travel equal to or below allowed per diem rates?” These questions were applied to each voucher with “yes,” indicating compliance, “no,” indicating noncompliance, and “N/A,” indicating that the question did not apply to that particular voucher. For example, per diem meal charge questions did not apply to vouchers for conferences if meal charges were included in the registration fee. See Appendix 5.0 for a complete list of these questions. The Department could use this list of questions to develop a voucher review checklist.

CONCLUSION

Overall, the Department was in compliance with A.P. No. 2-5 during the review period. However, MJLM noted specific instances of departure from the travel policy that are discussed in the findings and recommendations section below.

Summary of Findings and Recommendations

FINDING

In 24 of 38 instances, employees arbitrarily charged either all or a portion of the per diem meal allowance on days of departure or return instead of charging *actual* meal expenses, as required by the travel policy.

Recommendation 1

Require employees to charge actual meal expenses on the day of departure and day of return.

FINDING

Travel expenses were misclassified on 15 of 40 travel vouchers.

Recommendation 2

Encourage correct classification of travel expenses by carefully reviewing travel-related object codes for misclassified expenses.

FINDING

Expense reports were completed more than 10 calendar days after the trip for 7 of 37 vouchers.

Recommendation 3

Enforce the City’s travel policy that requires the completion of an expense report no later than 10 days after completion of a trip.

FINDING

Proper approvals were not obtained on travel documents for 2 of 40 vouchers. In one of these instances, neither the Mayor nor his designee approved travel documents related to foreign travel as required by section 5.3 of the travel policy.

Recommendation 4

Comply with travel policy provisions requiring approval of travel documents, particularly as they relate to foreign travel.

FINDING

Justification for automobile rental was not provided in three of the eight instances in which it was charged on the expense report.

Recommendation 5

Enforce travel policy provisions requiring prior approval of automobile rental, and ensure that adequate justification for such rental is documented on the Travel Authorization Request.

FINDING

Mileage reimbursement requests appeared excessive in 5 of the 20 instances in which employees charged mileage for using their automobile.

Recommendation 6

Enforce the travel policy’s standard mileage provisions.

FINDING

In 5 of 39 instances in which employees submitted meal expenses, the charges should not have been reimbursed based on the time of day traveled.

Recommendation 7

Reinforce policy provisions requiring employees to charge the City only for travel expenses incurred after city business begins and before city business ends.

FINDING

For 10 of the 40 vouchers, the authority, the employee, or both did not date travel forms.

Recommendation 8

Promote date stamping of travel documents at critical processing points, and encourage employees and authorities to date travel forms.

2.0 BACKGROUND

City of Houston employees attend a variety of local and out-of-town conventions, conferences, seminars, workshops, and meetings to gain knowledge specific to their area of responsibility, enhance professional skills, and conduct City business. The City’s travel policy, revised May 1, 1999, outlines procedures for City employees to obtain approval for and reimbursement of travel expenses connected with both local and out-of-town travel. It designates those responsible for authorizing travel and sets forth the procedures and forms necessary to obtain approval for travel, travel advances, and reimbursement of travel expenses. The policy also distinguishes between travel expenses that are eligible and not eligible for reimbursement. The policy applies to all salaried and nonsalaried City employees and to all elected officials.

The City incurred \$4.6 million in travel and travel-related expenses during the review period July 1, 1998 to September 30, 1999. **Exhibit 2** presents total citywide travel and travel-related expenses incurred during this period. The City’s fiscal year runs from July 1 through June 30.

Exhibit 2
The City of Houston
Total Travel and Travel-related Expenses
July 1, 1998 through September 30, 1999

Object Code	Total
3910 Travel-Training	\$2,919,688
3950 Travel Non-Training	\$1,670,243
Total Travel Expenses	\$4,589,931

Source: City of Houston Controller’s Office

The Department of Solid Waste Management provides solid waste services to Houston’s citizens through the collection, disposal, and recycling of discarded material. The Department provides refuse collection service to more than 387,000 residential units and small commercial establishments. Each year, the Department collects more than 550,000 tons of solid waste material. Basic trash collection services consist of: 1) once-per week residential garbage and

yard waste collection; 2) once-per month heavy trash collection; 3) neighborhood depositories; and 4) dead animal collection.

In addition, 60,000 tons of recyclable material is collected each year. Recyclable materials collected curbside include newspapers, magazines, telephone books, used motor oil, glass, aluminum, plastic, and tin. Other recycling programs use yard trimmings, office paper, wood waste, Christmas trees, household hazardous waste, and rubber tires.

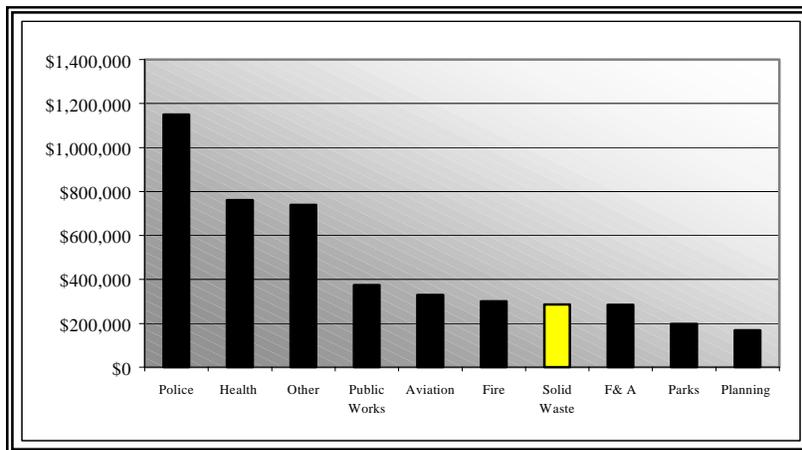
The Department incurred \$286,817 in travel and travel-related expenses during the review period. This amount represents 6 percent of the City’s total travel and travel-related expenses. **Exhibit 3** presents total travel and travel-related expenses incurred by the Department during the review period. **Exhibit 4** compares the Department’s travel and travel-related expenses to those of other City departments for the review period.

Exhibit 3
Department of Solid Waste Management
Travel and Travel-related Expenses
July 1, 1998 through September 30, 1999

Object Code	Total
3910 Travel-Training	\$119,661
3950 Travel Non-Training	\$167,156
Total Travel Expenses	\$286,817

Source: City of Houston Controller’s Office

Exhibit 4
The City of Houston
Travel and Travel-related Expenses by Department
July 1, 1998 through September 30, 1999

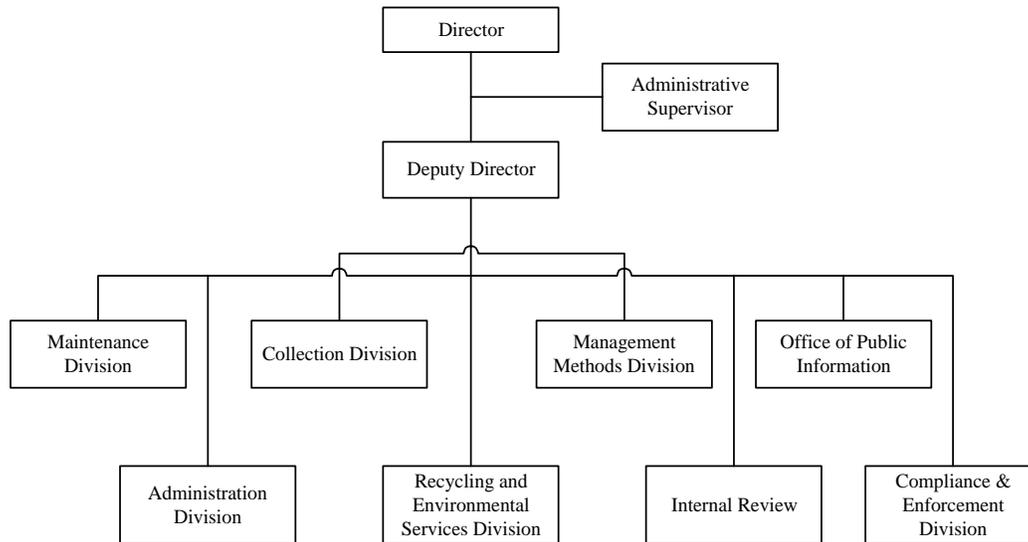


Source: City of Houston Controller’s Office

3.0 CURRENT SITUATION

The Director of Solid Waste Management is responsible for the overall management of the Department and its staff of 643 employees. **Exhibit 5** presents the Department's organization chart.

Exhibit 5
Department of Solid Waste Management Organization Chart



Source: Department of Solid Waste Management

Employees use three forms to obtain approval for travel, travel advances, and reimbursement for travel expenses:

1. Travel Authorization to Attend Conventions, Conferences, or Training-related Workshops and Business-related Meetings (TAR),
2. Request for Travel Advance (RTA), and
3. Travel Expense Report and Travel-related Log (expense report or TER&L).

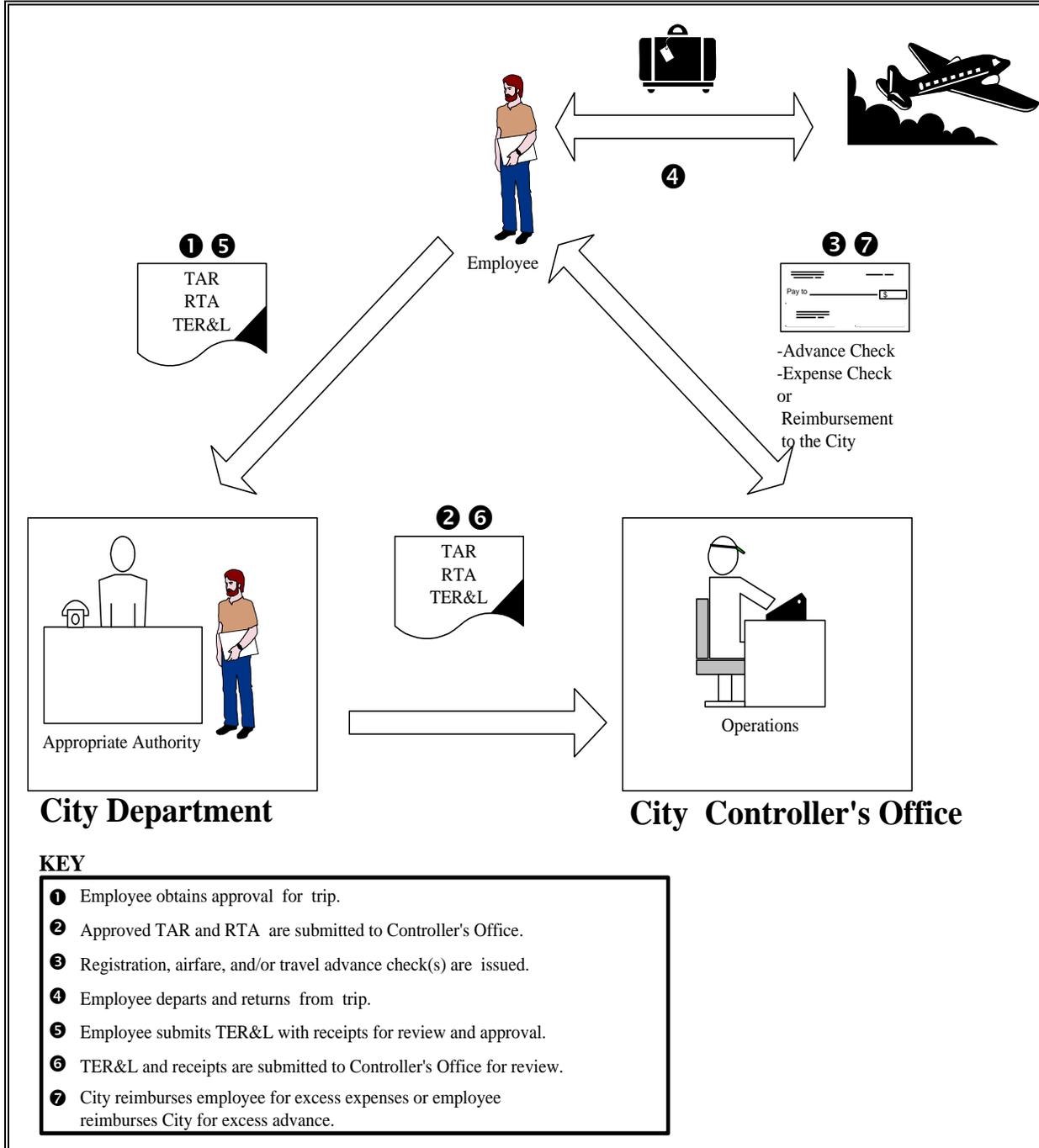
Employees must use a TAR to obtain approval for local and out-of-town travel. Effective May 1, 1999, department directors are required to submit an Appendix E, "Department Director's Personal Leave & Itinerary to Attend Conventions, Conferences, Workshops, and Business-Related Meetings" in addition to the TAR. The RTA is used to request a cash advance to pay for lodging, meals, and transportation costs while traveling. The TER&L, or expense report is used to record and request reimbursement for actual expenses incurred. Travel advances and actual travel expenses are reconciled on the RTA.

After an employee completes the TAR, it is forwarded to the appropriate authority for approval. If a travel advance is required, an RTA is also submitted for approval. The approved TAR and RTA are then forwarded to the Controller's Office for review and issuance of funds. Conference

registration fees and airfare are often paid well in advance of a trip. This practice reduces overall travel costs because many conferences and airlines offer discounts for early payment. Employees are required to submit RTAs to the Controller's Office at least five days before the trip. Once the Controller's Office has received an approved TAR and RTA, the employee receives the travel advance and departs on the trip.

Within 10 days after completion of the trip, the employee is required to complete an expense report. The employee and the appropriate authority sign the expense report and submit it to the Controller's Office for liquidation. Liquidation is the process of settling the travel advance. If actual travel expenses are less than the travel advance, the employee attaches a check to the expense report to reimburse the City for the excess. If actual travel expenses are greater than the travel advance, the Controller's Office issues the employee a check for the difference. **Exhibit 6** depicts the general flow of the travel authorization and reimbursement process.

**Exhibit 6
Travel Authorization and Reimbursement Process**



Source: MJLM Review Team

4.0 FINDINGS AND RECOMMENDATIONS

FINDING

In 24 of 38 instances, employees arbitrarily charged either all or a portion of the per diem meal allowance on days of departure or return instead of charging *actual* meal expenses, as required by the travel policy. In 23 instances the meal charges were even amounts. In one case, the per diem allowance was equally divided among breakfast, lunch, and dinner. Section 7.2.3 of the policy requires employees to charge *actual* meal expenses on days that they are travelling to or returning from their travel destination. Although employees are not required to submit receipts to support meal charges, the policy is clear that *actual* meal expenses must be charged on the day of departure and day of return.

In 4 of the 24 instances, the same amount was allocated for the same meal during each day of travel. For example, one employee charged \$15 for breakfast, \$15 for lunch, and \$20 for dinner every day for 10 days. The chances are remote that an individual's actual meal charges would be exactly even for every meal during each day of travel. While it's true that individuals typically tip an amount sufficient to cause the total amount to be even, in the 24 instances noted, tips were not a factor.

These employees allocated all or a portion of the meal per diem to the day of departure and day of return instead of charging actual expenses. In fact, in two instances the allocation of meal per diems resulted in employees inadvertently charging meal expenses before travel began or after travel ended. For example, an employee's business trip began at 12:45 p.m. on the day of departure, yet the individual charged the City for breakfast.

Recommendation 1

Require employees to charge actual meal expenses on the day of departure and day of return.

FINDING

Travel expenses were misclassified on 15 of 40 travel vouchers. Generally, the City codes travel expenses for training seminars, conferences, and schools to 3910 Travel-Training Related if the event is intended to enhance the employee's job skills. Otherwise, travel costs are charged to Travel-Non-Training Related. Consolidated city reports and comparisons of travel expenses are meaningless if departments do not code travel expenses properly and consistently. **Exhibit 7** presents examples of the types of classification errors noted during the review.

**Exhibit 7
Travel Expense Classification Errors**

Transaction Reference	Description	Expenses Coded to	Expenses should have been Coded to	Explanation
PV2199210355	The North Carolina Tarhell Chapter of the SWANA – 1998 International Road-e-o	3910	3950	Travel was to attend an annual competitive event. Expenses should have been coded to 3950 since they are not training related.
PV2199100000035	SWANA 36th Annual International Solid Waste Exposition	3910	3950	Exposition expenses should have been coded to 3950 since the event was not training related. Nine employees attended this event. Travel expenses for six were correctly coded to 3950, while the other three were incorrectly coded to 3910.
PV2199100000030	SWANA 36th Annual International Solid Waste Exposition	3910	3950	Exposition expenses should have been coded to 3950 since the event was not training related. Nine employees attended this event. Travel expenses for six were correctly coded to 3950, while the other three were incorrectly coded to 3910.
PV2199210016	International Convention and Education Forum for the Association for Office Professionals	3950	3910	Employee attended computer graphics, file management, Microsoft office, and other training seminars. Therefore, travel expenses should have been coded to 3910.
PV2100210000219	International Association of Administrative Professionals	3950	3910	Employee participated in a seminar entitled, “Five secrets to a Well Organized Office.” Therefore, travel expenses should have been charged to 3910.

Source: MJLM Review Team

Object Code Descriptions
 3910 Travel-Training
 3950 Travel-Non-Training

Recommendation 2

Encourage correct classification of travel expenses by carefully reviewing travel-related object codes for misclassified expenses.

FINDING

Expense reports were completed more than 10 calendar days after the trip for 7 of 37 vouchers. The City's travel policy states in section 9.2 that employees are required to complete a TER&L no later than 10 days after completion of a trip. In the instances noted, expense reports were completed between 1 and 16 days after 10 calendar days had expired. The purpose of the 10-day rule is to ensure that travel expenses are recorded and excess travel advances are promptly returned to the City.

Exhibit 8 presents those vouchers that were not in compliance with the 10-day rule.

Exhibit 8
Vouchers Not in Compliance with the 10-day Rule

Transaction Reference	Date Trip Completed	Date TER&L Completed	Calendar Days Overdue
JV2199210000025	10/30/98	11/25/98	16
JV2100210000091	6/8/99	7/1/99	13
PV2199210714A	9/16/98	10/7/98	11
PV2199210016	8/6/98	8/26/98	10
PV2100210000076	6/13/99	7/1/99	8
JV2199210000058	4/1/99	4/13/99	2
PV2199100000033	10/30/98	11/10/98	1

Source: MJLM Review Team

Recommendation 3

Enforce the City's travel policy that requires the completion of an expense report no later than 10 days after completion of a trip.

Timely completion and submission of the TER&L for processing is an important internal control that helps the Department ensure that travel reimbursements are promptly issued and recorded.

FINDING

Proper approvals were not obtained on travel documents for 2 of 40 vouchers. In one of these instances, neither the Mayor nor his designee approved travel documents related to foreign travel as required by section 5.3 of the travel policy. In one instance, the TAR was completed and approved *after* the trip. The employee signed the TAR 6/22/99, and the authority approved it on 6/28/99. However, the employee completed the trip on 6/8/99.

Section five of the policy establishes responsibilities for approval of travel documents and requires department directors or their designees to approve travel documents for their subordinates. When designated authorities do not approve travel documents, the intent of the travel policy is defeated, and an environment conducive to abuse is created. **Exhibit 9** summarizes these exceptions.

**Exhibit 9
Travel Documents Not Properly Approved**

Transaction Reference	TAR	RTA	TER&L	Explanation
PV2199100000666		☑	☑	Mayor or designee did not approve for foreign travel
PV2199100001994	☑			TAR was completed and approved <i>after</i> the trip.

Source: MJLM Review Team

☑-Designates the travel document that was not properly approved.

Recommendation 4

Comply with travel policy provisions requiring approval of travel documents, particularly as they relate to foreign travel.

Proper approval of expenditures by the appropriate authorities is an important internal control. If this control is not operating effectively, an atmosphere that encourages abuse may result. The Department should strictly enforce the travel policy’s authorization provisions. All travel documents should be carefully reviewed to ensure that the appropriate authority has approved them. In addition, the Department should consider placing a mayor’s designee signature line on all travel documents to expedite the approval of foreign travel.

FINDING

Justification for automobile rental was not provided in three of the eight instances in which it was charged on the expense report. Approval and justification for automobile rental is documented on the TAR. Section 7.7.2 of the travel policy provides that automobile rental should be allowed only when it can be demonstrated that it is essential to the purpose of the trip and/or is more cost-effective than other ground transportation alternatives.

Recommendation 5

Enforce travel policy provisions requiring prior approval of automobile rental, and ensure that adequate justification for such rental is documented on the TAR.

FINDING

Mileage reimbursement requests appeared excessive in 5 of the 20 instances in which employees charged mileage for using their automobile. The City’s travel policy states in section 7.7.5 that when a private automobile is used for non-local travel, the employee should maintain mileage on the TER&L mileage log. Mileage should be based on the shortest highway distance determined on a point to point basis. A standard mileage chart in the City’s travel policy is usually used to determine the reasonableness of mileage charges. Careful monitoring of mileage reimbursements, based on allowable mileage, is important to ensure that the Department only reimburses employees for reasonable mileage charges. Excessive mileage charges are summarized in **Exhibit 10**.

**Exhibit 10
Summary of Excessive Mileage Exceptions**

Transaction Reference	Mileage Reported on TER&L	Mileage Allowed per Policy	Excess Mileage Reported	Excess Charges to City*	Origin/Destination**
PV2199210152	18.2	10	8.2	\$2.05	Downtown/Hobby-O
PV2199210322	30	18.5	11.5	\$2.88	Downtown/Bush-O
PV2199210329	70	20	50	\$12.50	Downtown/Hobby-R
PV2199100000030	60	37	23	\$5.75	Downtown/Bush-R
PV2199100000033	60	37	23	\$5.75	Downtown/Bush-R
Total	238.2	122.5	115.7	\$28.93	

Source: MJLM Review Team

*Based on reimbursement rate of \$0.25 per mile

**R =Round Trip

**O =One Way

Recommendation 6

Enforce the travel policy’s standard mileage provisions.

FINDING

In 5 of 39 instances in which employees submitted meal expenses, the charges should not have been reimbursed based on the time of day traveled. Section 7.2.3 of the travel policy states that employees should only be reimbursed for meals purchased after they begin and before they end business travel. The intent of this provision is to prevent charges for meals taken while employees are engaged in activities unrelated to city business. For example, in one instance the employee’s flight departed on city business at 1:20 p.m., yet the employee charged the City for breakfast. **Exhibit 11** summarizes these exceptions.

**Exhibit 11
Summary of Meals Charged Before or After Business Travel**

Transaction Reference	Time City Business Began/Ended	Unallowable Meal Charged	Amount
PV2199210016	Began 12:45 p.m.	Breakfast	\$13.33
PV2199100000030	Began 1:20 p.m.	Breakfast	\$10.92
PV2199210132	Began 6:52 p.m.	Lunch	\$7.54
PV2199100001937	Ended 10:00 a.m.	Lunch	\$12.00
PV2199100001986	Ended 10:00 a.m.	Lunch	\$11.55
Total			\$55.34

Source: MJLM Review Team

Recommendation 7

Reinforce policy provisions requiring employees to charge the City only for travel expenses incurred after city business begins and before city business ends.

Expense reports should be thoroughly reviewed to ensure that only allowable travel expenses are reimbursed. Expenses incurred before city business begins and after city business ends should be ineligible for reimbursement.

FINDING

For 10 of the 40 vouchers, the authority, the employee, or both did not date travel forms. While, the policy does not specifically require employees or authorities to date travel forms, it is implied because the forms have a place for a date. The Department cannot successfully monitor compliance with certain travel policy provisions if travel forms are not dated. For example, the purpose of the TAR is to approve travel before expenses are incurred. There is no way to determine if travel is being approved prior to trips unless both the employee and authority date the TAR. Additionally, employees must submit expense reports within 10 days of completing a trip. Compliance with this provision cannot be monitored unless employees date the TER&L. **Exhibit 12** presents those forms not dated by the authority or employee.

**Exhibit 12
Forms Not Dated by the Authority or Employee**

Transaction Reference	Form(s) Not Dated	Not Dated by Authority	Not Dated by Employee
PV2199100000035	TAR	<input checked="" type="checkbox"/>	
PV2199100000031	TAR	<input checked="" type="checkbox"/>	
PV2199100000934	TAR	<input checked="" type="checkbox"/>	
PV2100210000219	TAR	<input checked="" type="checkbox"/>	
PV2199210355	TAR		<input checked="" type="checkbox"/>
PV2199100000034	TAR		<input checked="" type="checkbox"/>
PV2199100001818	TER&L	<input checked="" type="checkbox"/>	
PV2199100001819	TER&L	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
PV2199100001968	TER&L	<input checked="" type="checkbox"/>	
PV2199100000704	TER&L		<input checked="" type="checkbox"/>

Source: MJLM Review Team

Recommendation 8

Promote date stamping of travel documents at critical processing points, and encourage employees and authorities to date travel forms.

5.0 APPENDIX

Compliance Questions Developed from Travel Policy

Question	Description
1.	Do receipts attached to the TER&L appear authentic?
2.	Are receipt dates within travel period?
3.	Do TER&L and receipts appear reasonable given the facts?
4.	Is the TER&L mathematically accurate?
5.	If travel was outside the contiguous 48 states, did the Mayor or his designee approve it?
6.	If the department director traveled, did they submit an Appendix E to the Chief Administrative Officer or their designee?
7.	Does TAR include a clear explanation of the business purpose?
8.	Was the RTA submitted to the City Controller at least five working days prior to anticipated departure?
9.	If traveling with spouse and/or family members, has employee borne their expenses?
10.	If traveling with spouse and/or family members, has employee borne the incremental cost of lodging?
11.	Are average actual meal charges (including taxes and tips) for the period of travel equal to or below allowed per diem rates?
12.	Did employee exclude per diem charges and charge only actual for day of departure and day of return?
13.	Did employee exclude per diem charges and charge only actual for one-day business trips?
14.	Were meals charged only after the employee began business and before employee ended business travel?
15.	Are cost of meals reasonable based on the time of the day traveled?
16.	If the employee has charged the cost of a conference/convention-related meal, has a receipt showing the cost of the meal been attached?
17.	If the employee has charged the cost of a related meal, has a conference/convention brochure showing the cost of the meal been attached?
18.	During the day of the conference/convention, were other meals charged at actual and not per diem?
19.	Was the cost of other meals taken during that day less than \$40.00?
20.	Was the cost of other meals taken during that day reasonable based on travel location?
21.	Has the cost of these "exception" days been excluded from the computation of the average per diem?
22.	Are parking fees in excess of \$10.00 per parking event supported by a receipt?
23.	If parking receipts are not available, has a log showing the name and location of the parking lot and the phone number of the parking lot company been submitted with the TER&L?
24.	Has the City received the benefit of credits or adjustments made to hotel bills, parking receipts, meal receipts, etc?
25.	If parking meter charges were submitted, has employee logged the time, general location, and amount deposited in the meter?
26.	Are telephone, telex, overnight mail, and fax charges supported by an itemized bill or receipt or listed on the TER&L?

Compliance Questions Developed from Travel Policy (Continued)

Question	Description
27.	Do receipts and other documentation (e.g., brochures) support registration fees for local and out-of-town conventions, conferences, and workshops?
28.	Is the amount and purpose of tips (e.g., baggage handling) reported on the log?
29.	If employee stayed in a hotel, have tips to hotel/motel custodial personnel been excluded from reimbursable expenses?
30.	If employee flew first class, did the Mayor, Chief of Staff, Mayor's designee, or Department Director approve it?
31.	Did any of the exceptions in the travel policy apply?
32.	If the employee purchased airline tickets, was reimbursement made after the travel was completed?
33.	Was the canceled ticket stub or a certified copy of the canceled ticket prepared by the airline attached to the TER&L report?
34.	Did employee follow City policy prohibiting employees from using their position with the City to obtain free or discounted upgrades on tickets to a higher class of seating?
35.	Was car rental approved on the TAR, and was the purpose for the rental adequately justified?
36.	If a City-owned vehicle was used for in-state travel, did the Department Director approve it before trip?
37.	If a City-owned vehicle was used for in-state travel, were expenses for gas, oil, and emergency repairs supported by receipts showing the date, time, and location of purchase?
38.	If a City-owned vehicle was used for travel outside Texas, did the Mayor or the Mayor's designee approve it before the trip?
39.	If an employee used his/her car on City business, was the cost reasonable (equal to or less than the cost of round trip transportation using other modes of transportation)?
40.	Was mileage reimbursed at the approved rate?
41.	Did the employee maintain mileage in the mileage log in the TER&L report and was it reasonable based on mileage chart?
42.	Is the cost of ground transportation, taxicab, limousine, bus, subway, toll road fares, etc. recorded on the log listing dates, origination, and destination points?
43.	Does a receipt support ground transportation costing \$20 or more?
44.	Have alcoholic beverages been excluded from the TER&L?
45.	Have employee time & expense been excluded from the TER&L?
46.	If employee traveled on an airline, were excess baggage charges for personal belongings excluded from the TER&L?
47.	Have personal entertainment expenses been excluded from the TER&L?
48.	Does an original TAR support expenditure?
49.	Did the proper authority approve the TAR?
50.	Did the authority date the TAR?
51.	Did the employee sign the TAR?
52.	Did the employee date the TAR?
53.	If employee requested a travel advance was it supported by an original TAR & RTA?
54.	Did the proper authority approve the RTA?
55.	Did the employee sign the RTA?

Compliance Questions Developed from Travel Policy (Continued)

Question	Description
56.	Is expenditure supported by a TER&L?
57.	Was the TER&L approved by the proper authority?
58.	Was the TER&L dated by the authority?
59.	Was the TER&L signed by the employee?
60.	Was the TER&L dated by the employee?
61.	Has the TER&L been completed within 10 days after completion of the trip?
62.	Is TER&L report supported by related receipts?
63.	Is evidence attached to the TER&L indicating that reimbursements to the City were deposited promptly?
64.	Did City employee or authorized non-employees under contract to perform services for the City complete the TAR?
65.	Have the various travel & entertainment expenses been charged to the proper accounts in the proper period?

EXHIBIT 1



Lee P. Brown, Mayor

CITY OF HOUSTON

Department of Solid Waste Management

Post Office Box 1562 • Houston, Texas 77251-1562

611 Walker, 12th Floor • Houston, Texas 77002 • 713/837-9100

CITY COUNCIL MEMBERS: Bruce Tarro Carol M. Galloway Mark Goldberg Jew Don Boney, Jr. Rob Todd Mark A. Ellis Bert Keller Gabriel Vasquez
John E. Castillo Annise D. Parker Gordon Quan Orlando Sanchez Chris Bell Carroll G. Robinson CITY CONTROLLER: Sylvia R. Garcia

Everett A. Bass
Director

April 4, 2000

Mr. Odysseus Lanier
Managing Partner
McConnell Jones Lanier & Murphy
11 Greenway Plaza, Suite 2902
Houston, Texas 77046

Dear Mr. Lanier:

The Department of Solid Waste Management has reviewed your audit report on the compliance review of our travel and travel-related expenses for the period July 1, 1998 through September 30, 1999. We thank you for your comments and we have an open door policy for anyone to come and examine our operations at anytime. Although the report lists some audit exceptions, the review team of McConnell, Jones, Lanier & Murphy, LLP (MJLM) found the department in overall compliance with the City's travel policy and procedure. A.P. 2-5.

We concur with the audit exceptions as presented and more time will be allocated to review all travel documents presented for approval. We would like to comment on two of the findings.

Finding: Expense reports were completed more than 10 calendar days after the trip for 7 of 37 vouchers.

Comment: We do acknowledge that some of these exceptions are valid; however, the number of days overdue is questionable. Section 9.2 states that the employee is required to complete a Travel Expense Report and Travel Related Log no later than 10 days after completion of the trip. The Request for Travel Advance states that all required expense statements are submitted within ten (10) working days upon completion of the travel. The administrative procedure does not specifically state what type of days it is considering; however, the travel form does indicate working days. The department has always used working days.

*Views of Responsible
Officials*

EXHIBIT 1

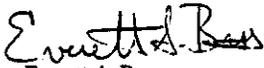
Mr. Odysseus Lanier
Page 2
April 4, 2000

Finding: Mileage reimbursement requests appeared excessive in 5 of the 20 instances in which employees charged mileage for using their automobiles.

Comment: The initiation and termination point for travel by many of the department's employees is not Houston City Hall. Most travel either begins or ends on a weekend to acquire the best airline rate on the City's behalf. We have allowed employees to receive mileage reimbursement for travel from their homes to the Houston airport on record for travel. The number of miles traveled to the airport will vary among our employees due to the vast geographical nature of the City of Houston and its surrounding areas. It is not unusual for an employee to live 30 or more miles from any one of the airports.

We consider all audits as a useful tool to help us improve our operations and we thank you again for your audit comments. I appreciate the opportunity to respond to the audit findings. Please don't hesitate to contact me at 713-837-9100 if additional information or clarification to any of my comments is required.

Sincerely,



Everett A. Bass
Director
Department of Solid Waste Management

EAB:AB

**Views of Responsible
Officials**