

**OFFICE OF THE CITY CONTROLLER**



**HUMAN RESOURCES DEPARTMENT  
TRAVEL COST COMPLIANCE AUDIT**

**Sylvia R. Garcia, City Controller**

**Judy Gray Johnson, Chief Deputy City Controller**

**Steve Schoonover, City Auditor**



OFFICE OF THE CONTROLLER  
CITY OF HOUSTON  
TEXAS

SYLVIA R. GARCIA

July 30, 2002

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

SUBJECT: Human Resources Department  
Travel Cost Compliance Audit – (Report No. 02-12)

Dear Mayor Brown:

The City Controller's Office Audit Division has completed a travel cost compliance audit of the Human Resources Department. The audit's objective was to determine if travel expenses were supported, computed, approved and reported in compliance with Administrative Procedure 2-5.

The report, attached for your review, concludes that the Department is in compliance with Administrative Procedure 2-5, except for the finding and recommendation presented in the body of the report. Draft copies of the matters contained in the report were provided to Department officials. The views of the responsible Department officials as to action being taken are appended to the report as Exhibit I.

We commend the department for taking immediate action on the recommendation identified in the report. Also, we appreciate the cooperation extended to our auditors by Department personnel during the audit.

Respectfully submitted,

  
Sylvia R. Garcia  
City Controller

xc: City Council Members  
Albert Haines, Chief Administrative Officer  
Oliver Spellman, Jr., Chief of Staff, Mayor's Office  
Lonnie Vara, Director, Human Resources Department  
Philip Scheps, Ph.D., Director, Finance and Administration Department

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## CONTENTS

LETTER OF TRANSMITTAL.....	i
SCOPE AND PURPOSE.....	1
CONCLUSION.....	1
INTRODUCTION.....	2
AUDIT FINDING AND RECOMMENDATION	
TRAVEL EXPENSE REPORT .....	2

VIEWS OF RESPONSIBLE OFFICIALS – EXHIBIT I

## SCOPE AND PURPOSE

We have completed a travel cost compliance audit of the Human Resources Department. The audit's objective was to determine if travel expenses were supported, computed, approved and reported in compliance with Administrative Procedure 2-5. The audit scope period was from July 1, 2000 through November 30, 2001.

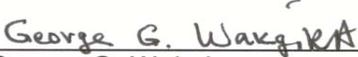
The scope of our work did not constitute an evaluation of the overall internal control structure of the Department. Our examination was designed to evaluate and test compliance with Administrative Procedure 2-5. This was a financial related audit executed in accordance with Generally Accepted Government Auditing Standards.

Departmental management is responsible for establishing and maintaining a system of internal controls to adequately comply with Administrative Procedure 2-5. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected timely. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

## CONCLUSION

Based on the results of our audit, we conclude that the Department is in compliance with Administrative Procedure 2-5, except for the finding and recommendation presented in the body of the report.

  
George G. Wakgira  
Auditor-in-charge

  
Rudy Garcia  
Audit Manager

  
Steve Schoonover  
City Auditor

## INTRODUCTION

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 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 non-salaried City employees and to all elected officials. During the scope period, the Department incurred approximately \$120,000 in travel and training-related expenses.

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.

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.

## AUDIT FINDING AND RECOMMENDATION

### TRAVEL EXPENSE REPORT

#### BACKGROUND

Employees are required to complete an expense report within 10 working days after completion of the trip. 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.

**FINDING**

Expense reports were completed more than 10 days after the completion of the trip for 11 of 37 (29%) travel expense reports tested. In the instances noted, expense reports were completed between 1 and 62 days after 10 days had expired. Four of the expense reports were still outstanding as of the end of audit fieldwork. The purpose of the 10 days rule is to ensure travel expenses are recorded and excess travel advances are promptly returned to the City.

**Table 1** presents those vouchers that were not in compliance with the 10 days rule as of the end of fieldwork.

**Table 1  
 Vouchers Not in Compliance with the 10 days Rule**

Transaction Reference	Date Trip Completed	Date TER&L Completed	Work Days Overdue
PV02800000166	08/31/01	09/17/01	1
PV02800000266	11/16/01	01/16/02	33 *
PV01800000694	05/09/01	06/14/01	16
PV02800000298	12/05/01	01/16/02	20 *
PV01800000258	11/20/01	12/08/01	3
PV02800000175	10/10/01	01/16/02	60 *
PV01800000581	05/09/01	06/14/01	16
PV01800000545	02/01/01	02/21/01	4
PV02800000264	11/16/01	01/16/02	33 *
PV01800000590	03/28/01	04/18/01	3
PV02800000286	07/25/01	11/02/01	62

\* Days overdue based on the audit fieldwork ending date of 01/16/2002.

**RECOMMENDATION**

We recommend the Department comply with the City's travel policy that requires the completion of an expense report no later than 10 working days after completion of a trip.

# EXHIBIT 1



## CITY OF HOUSTON

Human Resources  
Department

## Interoffice

Correspondence

To: Sylvia R. Garcia  
City Controller

From: Lonnie Vara  
Human Resources Director

Date: June 24, 2002

Subject: Management Response to  
Human Resources Department  
Travel Cost Compliance Audit

We have reviewed the audit report prepared by the Controller's Office and offer the following in response to the recommendation presented. As indicated in the report, the Human Resources (HR) Department is in compliance with all requirements of Administrative Procedures (AP) 2-5 except for one finding.

**Finding:** Expense reports were completed more than 10 days after the completion of the trip for 11 of 37 (29%) travel expense reports.

**Recommendation:** A recommendation is made for the HR Department to comply with the City's travel policy, requiring completion of expense reports no later than 10 days.

**Management Response:** Based on the finding, the HR Department has instituted a reporting mechanism to ensure completion as required by AP 2-5.

If we can be of further assistance, please contact Ramiro Cano, Assistant Director at (713) 837-9350 or Chas Smith, Division Manager at (713) 837-9326.

A handwritten signature in black ink, appearing to read "Lonnie Vara".

Lonnie Vara  
Human Resources Director

c: Ramiro Cano  
Chas Smith  
Bob Bowen

*Views of Responsible  
Officials*