



OFFICE OF THE CITY CONTROLLER

**LEGAL DEPARTMENT
TRAVEL AND TRAVEL-RELATED EXPENSES
COMPLIANCE REVIEW
FOR THE PERIOD OF JULY 1, 1996
THROUGH DECEMBER 31, 1997**

Sylvia R. Garcia, City Controller

Judy Gray Johnson, Chief Deputy City Controller

Steve Schoonover, City Auditor

Report No. 98-34



OFFICE OF THE CITY CONTROLLER
CITY OF HOUSTON
TEXAS

February 28, 1999

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

SUBJECT: Legal Department
Travel and Travel-Related Expenses – Compliance Review
(Report No. 98-34)

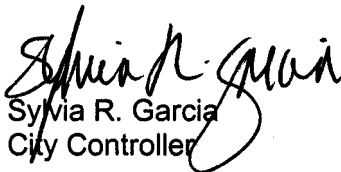
Dear Mayor Brown:

In accordance with the City's contract with Empirical Management Services (EMS), EMS has completed a review of travel and travel-related expenses incurred by the Legal Department (the Department) from July 1, 1996 through December 31, 1997.

EMS 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 with the travel policy. Also, several recommendations were made that should help 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 1.

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

Respectfully submitted,


Sylvia R. Garcia
City Controller

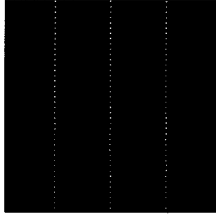
xc: City Council Members
Albert Haines, Chief Administrative Officer
Jorge Cruz-Aedo, Director, Finance and Administration Department
Anthony Hall, Jr., City Attorney

**City of Houston
Legal Department**

***Compliance Review of Travel and Travel-related Expenses
Period July 1, 1996 through December 31, 1997***

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January 29, 1999

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 Empirical Management Service's (EMS) compliance review of the travel and travel-related expenses of the City of Houston's Legal Department (the Department) for the period July 1, 1996 through December 31, 1997. Our review was conducted in accordance with agreed upon procedures as outlined in the Engagement Letter between the City of Houston and EMS dated April 23, 1998.

The purpose of this 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. We have also made recommendations that can help the Department improve 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,

Odysseus M. Lanier
President

1.0 EXECUTIVE SUMMARY

Empirical Management Services (EMS) performed a compliance review of the travel and travel-related expenses of the City of Houston's (the City) Legal Department (the Department) for the period July 1, 1996 through December 31, 1997. 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 also included determining if travel expenses were supported, computed, approved, recorded, and reported properly.

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

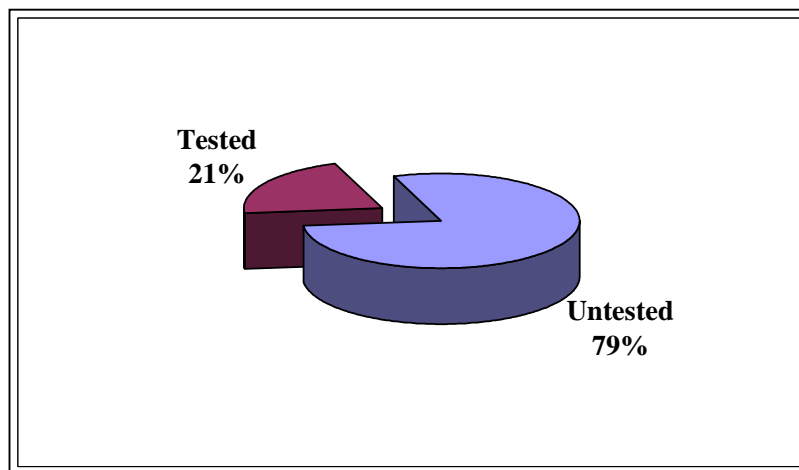
- 1.0 Executive Summary
- 2.0 Background
- 3.0 Current Situation
- 4.0 Findings and Recommendations
- 5.0 Appendix

To test the Department's compliance with the travel policy, the EMS review team employed various techniques and review procedures. Our methodology included randomly selecting a sample of travel vouchers for testing, developing testing criteria from the travel policy, and formulating a grading scale to measure the Department's degree of compliance.

Review Methodology

The EMS review team obtained a list of all of the travel vouchers issued during the review period. We randomly selected 108 vouchers for testing from a population of 524 vouchers. **Exhibit 1** depicts the sample coverage based on the voucher population.

Exhibit 1
Coverage of Travel Vouchers Tested



Source: EMS Review Team

To develop compliance test criteria, the EMS review team obtained a copy of A.P. No. 2-5 and identified 68 specific requirements in the policy. Compliance-related questions were developed from these 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).”

From this requirement, the EMS review team developed the question: “Are actual meal charges for the period of travel equal to or below the allowed per diem rate of \$40.00 per day?” Such questions were applied to each voucher with “yes,” indicating compliance, “no,” indicating noncompliance, or “N/A,” indicating not applicable. Questions were answered “not applicable” because many of them did not apply to every voucher. For example, per diem meal charge questions did not apply to vouchers for conferences if meal charges were already included in the registration fee.

Upon completion of the compliance tests, the Department received a grade based on the following formula:

$$\frac{\text{Total Yes Answers}}{\text{Total Applicable Questions}} = \text{Department Grade}$$

Exhibit 2 presents a summary of the Department’s results:

**Exhibit 2
Summary of Voucher Test Results**

Total vouchers reviewed	108
Policy requirements tested	68
Total yes answers	1,923
Total no answers	219
Total applicable questions	2,148
Department grade	90%

Source: EMS Review Team

Grades were evaluated based on the scale in **Exhibit 3**.

Exhibit 3
Legal Department
Travel Voucher Grading Scale

Grade	Conclusion
75% to 100%	Department is in compliance with the City's travel policy.
0% to 74%	Department is not in compliance with the City's travel policy.

CONCLUSION

Based on a grade of 90 percent, the Department was in compliance with A.P. No. 2-5 during the review period. Although the Department was in compliance during the review period, the EMS review team noted specific instances of departure from the travel policy. Our findings and recommendations for improvement are presented in the following section.

Findings and Recommendations

FINDING

The review team noted that ineligible travel expenses were charged on two employees' expense reports.

In December 1996, a management level employee assigned to the Legal Department was authorized, in a memo issued by the Mayor's office, "*to incur expenses relating to entertainment, travel, and individual expenses on behalf of the City of Houston.*" The term "individual expenses" was not defined. The EMS review team examined 21 of this employee's travel vouchers. In one instance, the employee charged the City for a bottle of wine. Alcoholic beverages are considered ineligible expenses by the travel policy. The City leased an apartment in Austin for this employee, in lieu of paying high hotel rates, and reimbursed the employee for business-related phone calls made from the apartment. The employee received discounts from the phone company for these calls but charged the City the full amount.

In a separate case, an employee charged the City for personal telephone calls made while on City business.

RECOMMENDATION

Clearly define all terms when authorizing special travel expenses for all employees, and attempt to recover travel expenses that should not have been charged to the City.

Employees responsible for reviewing and approving expense reports will be better able to distinguish between eligible and ineligible travel expenses if all terms, such as “*individual expenses*,” are clearly defined by the Mayor or the Mayor’s designee.

Recovering the dollar amount (\$43.23) is not as important as ensuring compliance with the travel policy. But, if it can be done cost effectively, the Department should attempt to recover these funds.

FINDING

The Department does not have an efficient method of cross-referencing and identifying transaction vouchers related to specific trips. Transaction vouchers are used to record various transactions including travel expenses. For example, one transaction voucher is used to record travel advances and another is used to reverse those travel advances once traveling employees return with actual expenses. It is difficult to identify and pull together into one package all of the transaction vouchers related to a specific trip because each transaction voucher has a unique reference number that is not cross-referenced to other vouchers.

A department employee responsible for processing payment vouchers keeps a log of every payment voucher issued by the Department. Travel-related vouchers are listed on the log, but they are not cross-referenced and easily identified. However, the log could be expanded to list and cross-reference travel-related vouchers. Supporting documentation for travel expenses would be easier to retrieve if every transaction voucher related to a specific trip were listed, identified, and cross-referenced on this log.

In addition, payment vouchers for airfare and registration fees would be easier to locate if references to these documents were made directly on the expense report. The expense report already includes a line for registration fees paid directly by the employee, although registration fees are usually paid in advance. The Legal Department pays airfare after the trip on a separate payment voucher. The travel expense report could be modified to include a reference section for registration fees paid in advance and for airfare paid after the trip. This information would not affect the amount of reimbursement but would be used to pull together, in one place, all related travel expenses.

RECOMMENDATION

Expand the travel advance log so that it lists, identifies, and cross-references all of the transaction vouchers related to a specific trip. Also, confer with the Finance and Administration Department to consider including a section on the travel expense report that documents airfare and registration fee information.

The log should include, at a minimum, the following columns:

- Employee name
- Trip date

- Trip location
- Registration payment voucher number and date
- Airline payment voucher number and date
- Travel advance payment voucher number and date
- Travel advance reversal journal voucher number and date
- Liquidation payment voucher number and date
- Liquidation cash receipts voucher number and date

The Department should confer with the Finance and Administration Department to consider redesigning the travel expense report. A section should be included that references the amount, date paid, and payment voucher number of airfare and registration fees.

FINDING

Classification of travel expenses is inconsistent within and among City departments. Consolidated reports and comparisons of travel expenses are meaningless if all City departments do not code expenses properly and consistently. Vague object code descriptions contribute to the problem.

RECOMMENDATION

Confer with the City Controller's Office to consider establishing new object code descriptions for travel and travel-related expenses, and periodically review travel-related object codes for misclassified expenses.

A simpler, more logical option is to classify amounts as either local or out-of-town travel expenses.

FINDING

The EMS review team noted that in nine instances, travel had not been preapproved and in four instances travel was approved after trips had already been taken. The travel policy requires that all employees "*obtain approval to travel on the Travel Authorization Request Form.... No reimbursement for travel-related expenses will be made without an approved request.*" The purpose of this requirement is to ensure that all travel is approved before travel expenses are incurred.

RECOMMENDATION

Deny reimbursement of travel expenses not approved before trips are taken.

Fulfilling the travel policy's paperwork requirements is often time-consuming and inconvenient, particularly for employees who travel frequently. However, prior approval of expenditures by appropriate authorities is an important internal control. If this control is eliminated because of time constraints or inconvenient paperwork requirements, an atmosphere that encourages abuse will result. The Department should strictly enforce the travel policy's reimbursement provisions and deny reimbursement of any expenditure that was not preapproved.

FINDING

The EMS review team noted three instances of unapproved expense reports and one instance in which the expense report was completed by the employee and approved by the authority *before* the expenditure was made. The expense report is designed to record and request reimbursement for expenses incurred while traveling. The travel policy states, “*The expense report must be signed by the employee and the approving authority.*” The implication is that approval by the authority will take place *after* expenses are incurred, not before.

The review team noted other minor instances of noncompliance such as minor math errors, missing receipts, and incomplete travel documentation. These minor instances of noncompliance result from oversight on the part of the individual(s) reviewing and/or processing vouchers for payment.

RECOMMENDATION

Develop a checklist to use when reviewing travel documents and related supporting documentation.

If designed properly, checklists help reviewers of travel documentation eliminate oversight of major and minor instances of noncompliance. The Appendix, in section five of this report, contains compliance questions the review team developed from the travel policy. The review team used these questions to test compliance of the vouchers selected in our sample. The Department could use these questions as a starting point for developing their own checklist.

FINDING

The EMS review team noted that 9 out of 108 expense reports were completed more than 10 days after the trip. In one case, the authority *approved* the expense report 317 days after completion of the trip. The travel policy requires employees to complete an expense report no later than 10 days after the trip. The purpose of the 10-day rule is to ensure that travel expenses are recorded and excess travel advances are returned to the City on a timely basis. The travel policy states in section 6.3.2:

“An employee may be denied a travel cash advance if he/she....

- *Has not submitted an expense report for previously completed travel.*
- *Consistently submits the travel expense report late (more than 10 days after travel is completed).”*

The Legal Department does not issue many travel advances. Only one of the exceptions noted above involved a travel advance. Therefore, this provision loses its value as an incentive to encourage employees to complete timely expense reports.

RECOMMENDATION

Confer with the Finance and Administration Department to consider expanding section 6.3.2 of the travel policy to deny future travel to employees until they submit expense reports for previously completed travel.

After the section is expanded, employees should be notified that the 10-day rule will be strictly enforced.

FINDING

The Request for Travel Advance (RTA) contains a statement requiring employees to comply with the 10-day rule. The statement on the RTA is worded differently than the one in the travel policy. The wording on the RTA reads: *“I agree to submit all required expense statements within ten (10) working days of my return...”* However, the wording in the travel policy reads: *“Employees are required to complete a Travel Expense Report and Travel-related Log, no later than 10 days after completion of the trip.”*

RECOMMENDATION

Confer with the Finance and Administration Department to consider revising the 10-day rule on the RTA to read: “I agree to submit all required expense statements no later than 10 days after completion of my trip.” As an alternative, management may consider revising the policy to read: “no later than 10 working days after completion of the trip.”

Although the discrepancy between the RTA and the travel policy may not account for every violation of the 10-day rule, it could be a contributing factor, especially if employees are confused by the discrepancy. To avoid confusion, the language in both documents should be made consistent.

FINDING

The review team noted that in nine instances, the canceled airline ticket stub was not included with the travel documentation. According to the travel policy, canceled ticket stubs should accompany the Travel Expense Report and Travel-related Log (TER&L). If a stub is not available, the policy allows a certified copy of the canceled ticket prepared by the airline to be substituted. Neither a canceled airline ticket stub nor a certified copy prepared by the airline was included with the travel documentation in these instances; therefore, the requirements of this provision were not met.

RECOMMENDATION

Submit copies of canceled airline ticket stubs to Accounts Payable to support the TER&L, and file them with other travel-related documentation.

Whoever receives the original ticket (the employee or department personnel) must assume responsibility for submitting the canceled airline ticket stub to Accounts Payable so that the intent of the policy is accomplished.

FINDING

The EMS review team noted that on 63 out of 108 vouchers, the employee or supervisor did not date the Travel Authorization to Attend Conventions, Conferences, or Training-related Workshops and Business-related Meetings form, also known as the Travel Authorization Request (TAR). The policy does not specifically require that employees and supervisors date the TAR.

However, the requirement is implied because the form has a place for a signature and a date. The purpose of the TAR is to approve travel before expenses are incurred.

RECOMMENDATION

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

FINDING

In three instances, employees charged airport parking on their expense reports possibly unaware of a benefit that allows City employees to park free at either Bush International or Hobby Airport while traveling on City business. Although the benefit is free to employees, the Aviation Department charges the Legal Department for the permit. To take advantage of this benefit, they must obtain a City Official Business Parking Permit.

RECOMMENDATION

Confer with the Finance and Administration Department to consider incorporating the free parking permit in the travel policy, and make employees aware of this benefit.

City employees should be made aware that a free parking permit exists for official City business. Section 7.3 of the travel policy, which discusses parking, should be revised to include a discussion of this permit and the requirements to obtain it.

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, last revised in November 1994, 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 for reimbursement and those that are not. The policy applies to all salaried and nonsalaried City employees and to all elected officials.

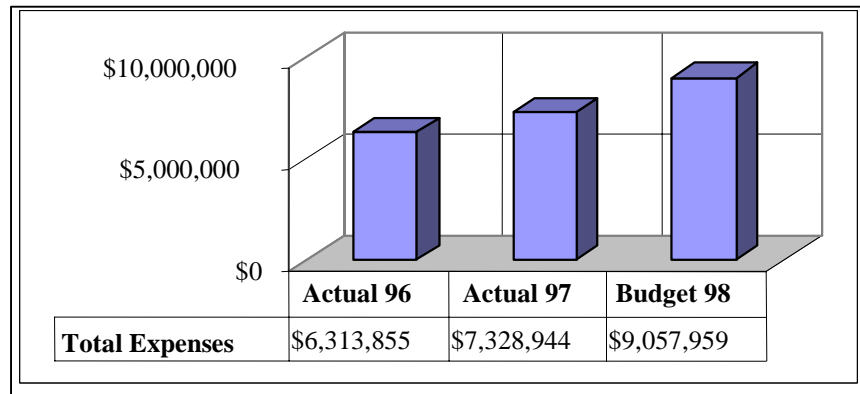
Four object codes were examined during the review of travel and travel-related expenses. Most travel and travel-related expenses are charged to object codes 30910 Travel-Training and 30950 Travel-Non-Training. Conference and seminar registration fees are considered travel-related and are charged to 30900 Education and Training. Memberships include fees for professional organizations and are charged to object code 30905 Memberships. Although not directly related to travel, this object code was included in the review to ensure that travel expenses were not being incorrectly charged to Memberships. The City charged an average of \$7.0 million in expenses to these four object codes during fiscal 1996 and 1997. **Exhibits 4 and 5** present total expenses charged to these object codes for fiscal years 1996 through 1998. The City's fiscal year runs from July 1 through June 30.

Exhibit 4
The City of Houston
Total Charges by Object Code Included in
Review of Travel and Travel-related Expenses
Fiscal Years 1996 through 1998

Object Code	Actual		Budget
	1996	1997	1998
30900 Education & Training	\$2,188,670	\$2,657,133	\$3,508,812
30905 Memberships	\$1,580,566	\$2,123,204	\$2,142,549
30910 Travel-Training	\$1,601,494	\$1,597,871	\$2,045,886
30950 Travel Non-Training	\$943,125	\$950,736	\$1,360,712
Total Expenses	\$6,313,855	\$7,328,944	\$9,057,959

Source: City of Houston Controller's Office

Exhibit 5
The City of Houston
Total of Object Codes Included in
Review of Travel and Travel-related Expenses
Fiscal Years 1996 through 1998



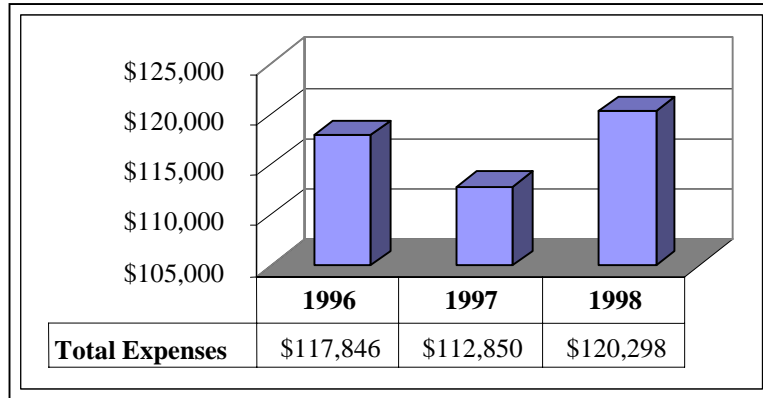
Source: City of Houston Controller's Office

Department charges to the four object codes make up slightly less than two percent of the City's charges to the object codes. The Department's travel expenses are incurred in carrying out its mission to provide the City with legal services, facilitate City operations, and protect City interests. Legal services provided by the Department include research and drafting of legal opinions; bond issue representation; deed restriction enforcement; collection of delinquent taxes; claims resolution; and preparation of City ordinances, resolutions, and contracts. In recent years, the Department's caseload has increased significantly due to a general increase in litigation within society as a whole.

Exhibit 6 presents total charges for the Legal Department to the four object codes for fiscal years 1996 through 1998. **Exhibit 7** compares the Department's and City of Houston's charges for fiscal years 1996 through 1998. **Exhibit 8** compares the Department's 1998 budgeted travel

expenses to those of Austin, Dallas, and San Antonio. To enhance comparability, only object codes 30910 Travel-Training and 30950 Travel Non-Training were used in **Exhibit 8**.

Exhibit 6
Legal Department
Total of Object Codes Included in Review of
Travel and Travel-related Expenses
Fiscal Years 1996 through 1998



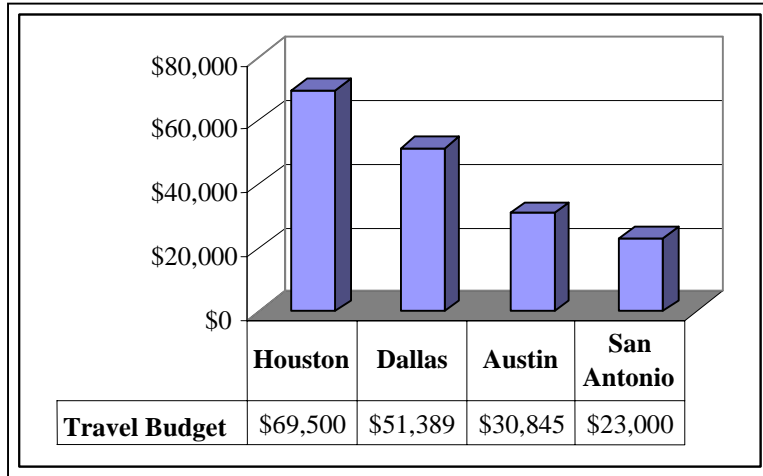
Source: City of Houston Controller's Office
Note: 1996 and 1997 are actual, 1998 is budgeted.

Exhibit 7
Legal Department and City of Houston
Total of Object Codes Included in Review of
Travel and Travel-related Expenses
Fiscal Years 1996 through 1998

	Actual 1996	Actual 1997	Budget 1998	Percentage Increase 1996 to 1998
Total Department	\$117,846	\$112,850	\$120,298	2.1%
Total City	\$6,313,855	\$7,328,944	\$9,057,959	43.5%
Department as a Percentage of City	1.9%	1.5%	1.3%	

Source: City of Houston Controller's Office

Exhibit 8
Legal Departments for
Houston, Austin, Dallas, San Antonio
Fiscal 1998 Budgeted Travel Expenses

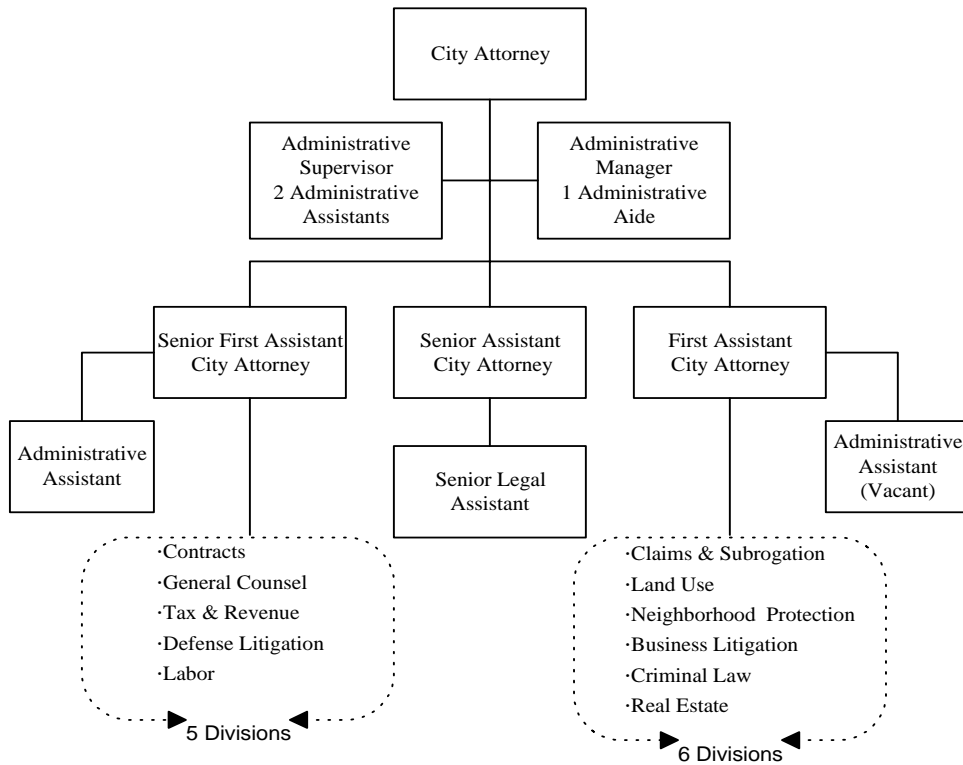


Source: City of Houston Controller's Office and Interviews with finance personnel of respective cities.

3.0 CURRENT SITUATION

The City Attorney is responsible for the overall management of the Department. The Department employs 226 persons in 11 divisions: Business Litigation, Claims/Subrogations, Contracts, Criminal Law, General Counsel, Defense Litigation, Labor, Land Use, Neighborhood Protection, Real Estate, and Tax & Revenue. **Exhibit 9** presents the Department's organizational chart.

Exhibit 9 The Legal Department Organizational Chart



Source: The Legal Department

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

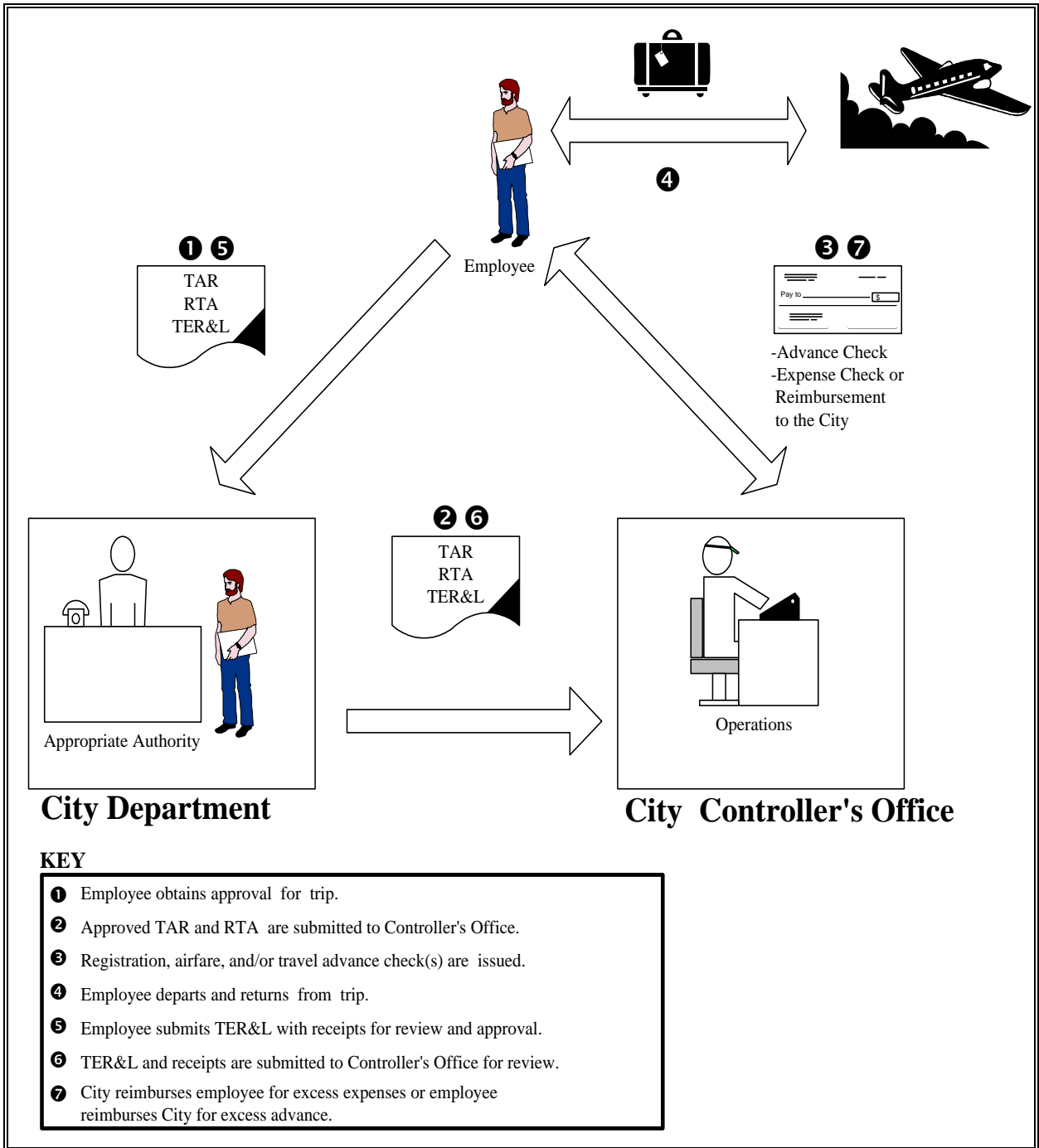
1. Travel Authorization to Attend Conventions, Conferences, or Training-related Workshops and Business-related Meetings (TAR),
2. Request for Travel Advance (RTA), and
3. Travel Expense Report and Travel-related Log (expense report or TER&L).

Employees must use a TAR to obtain approval for local and out-of-town travel. 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 10** depicts the general flow of the travel authorization and reimbursement process.

Exhibit 10
Travel Authorization and Reimbursement Process



Source: EMS Review Team

4.0 FINDINGS AND RECOMMENDATIONS

FINDING

The review team noted that ineligible travel expenses were charged on two employees’ expense reports.

In December 1996, a management level employee assigned to the Legal Department received special authorization from the Mayor’s office “to incur expenses relating to entertainment, travel, and individual expenses on behalf of the City of Houston.” The term “individual expenses” was not defined. The EMS team examined 21 of this employee’s travel vouchers. In one instance, the employee charged the City for a bottle of wine. Alcoholic beverages are considered ineligible expenses by the travel policy. The City leased an apartment in Austin for this employee, in lieu of paying high hotel rates, and reimbursed the employee for business-related phone calls made from the apartment. The employee received discounts from the phone company for these calls but charged the full amount to the City.

In a separate case, an employee charged the City for personal telephone calls made while on City business. The travel policy states, “Expenses for telephone, telex, overnight mail, and fax for City business are reimbursable.” The calls were made while on City business, but they were not made for City business because they were made to the employee’s spouse. Therefore, the cost of these calls should have been excluded from the expense report.

Exhibit 11 presents amounts due the City for ineligible expenses noted on these vouchers.

**Exhibit 11
Amounts Due to the City for Ineligible Travel Expenses**

Voucher ID	Description	Charged City	Should Have Charged City	Amount Due City
PV979003727	Phone Charges	\$11.43	\$6.86	\$4.57
PV979003841	Phone Charges	\$10.37	\$7.78	\$2.59
	Bottle of Wine	*\$15.14	\$0	\$15.14
PV979003913	Phone Charges	\$39.23	\$29.42	\$9.81
PV979003758	Phone Charges	\$4.52	\$3.39	\$1.13
PV989003238	Private Calls	\$9.99	\$0	\$9.99
Total		\$90.68	\$47.45	\$43.23

Source: EMS Review Team

* Includes tax

The management level position is presently vacant, but department personnel said it would be filled in the near future. The new position will also receive special authorization to incur travel expenses on behalf of the City. At that time, certain terms in the authorization should be modified. For example, the term “...individual expenses...” needs to be clearly defined because if it is left open to interpretation, ineligible expenses not directly related to City business might be incurred and charged to the City.

Recommendation 1

Clearly define all terms when authorizing special travel expenses for all employees, and attempt to recover travel expenses that should not have been charged to the City.

Employees responsible for reviewing and approving expense reports will be better able to distinguish between eligible and ineligible travel expenses if all terms, such as “individual expenses, are clearly defined by the Mayor or the Mayor’s designee.

The amount of the recovery is not as important as ensuring compliance with the travel policy. If it can be done cost effectively, the Department should attempt to recover these funds.

FINDING

The Department does not have an efficient method of referencing and identifying all transaction vouchers related to specific trips. This makes it difficult to pull together, into one package, all of the documentation related to such trips. Transaction vouchers are used to pay and record various transactions including travel expenses. For example, one transaction voucher is used to pay travel advances and another is used to pay airline tickets. Four types of transaction vouchers are used: payment vouchers, journal vouchers, cash receipts vouchers, and interdepartmental vouchers. Payment vouchers record expenditures, journal vouchers record accounting entries, cash receipts vouchers record cash receipts, and interdepartmental vouchers record transactions between departments. Up to five transaction vouchers might be produced for a single trip. Each voucher has a unique reference number that is used to retrieve supporting documentation from the Department’s files.

The TAR, RTA, and TER&L travel forms serve as supporting documentation for these transaction vouchers. Once a trip has been completed, the related travel forms are attached to and filed with one of the transaction vouchers, usually the payment voucher used for liquidation. **Exhibit 12** is a summary of documentation generated during the travel process.

**Exhibit 12
Summary of Travel Voucher Documentation**

Event	Travel Forms Required	Transaction Vouchers Required
Travel is approved.	Travel Authorization Request (TAR)	Payment voucher issued to pay registration fees. Payment voucher issued to pay airfare.
Travel advance is authorized.	Request for Travel Advance (RTA)	Payment voucher issued to pay travel advance.
Employee returns from trip.	Travel Expense Report & Travel-related Log (TER&L)	Journal voucher prepared to reverse travel advance and record actual expenses.
City owes employee for excess expenses.	Properly completed TAR, RTA, TER&L	Payment voucher issued to reimburse employee for excess expenses.
Employee owes City for excess travel advance.	Properly completed TAR, RTA, TER&L	Cash receipts voucher issued to record employee’s reimbursement to the City.

Source: EMS Review Team observations and interviews with City personnel.

A Department employee responsible for processing payment vouchers keeps a log of every payment voucher issued by the Department. Travel-related vouchers are listed on the log, but they are not cross-referenced and easily identified. However, the log could be expanded to list and cross-reference travel-related vouchers. Supporting documentation for travel expenses would be easier to retrieve if every transaction voucher related to a specific trip were listed, identified, and cross-referenced on this log.

In addition, payment vouchers for airfare and registration fees would be easier to locate if references to these documents were made directly on the expense report. The expense report already includes a line for registration fees paid directly by the employee although registration fees are usually paid in advance. The Legal Department pays airfare after the trip on a separate payment voucher. The travel expense report could be modified to include a reference section for registration fees paid in advance and for airfare paid after the trip. This information would not affect the amount of reimbursement but would be used to pull together, in one place, all related travel expenses.

Recommendation 2

Expand the travel advance log so that it lists, identifies, and cross-references all of the transaction vouchers related to a specific trip. Also, confer with the Finance and Administration Department to consider including a section on the travel expense report that documents airfare and registration fee information.

The log should include, at a minimum, the following columns:

- Employee name
- Trip date
- Trip location
- Registration payment voucher number and date
- Airline payment voucher number and date
- Travel advance payment voucher number and date
- Travel advance reversal journal voucher number and date
- Liquidation payment voucher number and date
- Liquidation cash receipts voucher number and date

The Department should confer with the Finance and Administration Department to consider redesigning the travel expense report. A section should be included that references the amount, date paid, and payment voucher number of airfare and registration fees.

FINDING

Classification of travel expenses is inconsistent within and among City departments. Consolidated reports and comparisons of travel expenses are meaningless if all City departments do not code expenses properly and consistently. Out of 108 vouchers tested, 28 vouchers were noted for improper or inconsistent classification. **Exhibit 13** lists object code names and descriptions according to the City's chart of accounts. All vouchers tested were selected from these object codes.

Exhibit 13
Object Code Descriptions

Object Code	Description
30900 Education & Training	Includes instructional service expenses and reimbursable expenses under approved education and training programs, as well as fees paid for training or education at local or out-of-town conferences and seminars.
30905 Memberships	Includes membership costs and other fees related to professional organizations such as engineering fees, licensing fees, CPA licenses, and AICPA dues.
30910 Travel-Training	Includes all expenses for out-of-town trips by City employees for schools and training seminars, including transportation, meals, lodging, and tips.
30950 Travel-Non-Training	Includes all expenses for out-of-town trips by employees for conferences, business meetings, and recruiting, including transportation, meals, lodging, and tips. Also includes expenses related to local and suburban transportation and passenger service.

Source: City of Houston Chart of Accounts Manual

Vague object code descriptions contribute to the classification problem. For example, according to the chart of accounts, expenses for training seminars should be charged to 30910 Travel-Training, whereas expenses for conferences should be charged to 30950 Travel Non-Training. If the difference between training seminars and conferences is not clearly defined confusion and inconsistent classification will result. **Exhibit 14** presents examples of classification errors and inconsistencies noted during the review.

Exhibit 14
Examples of Classification Inconsistencies and Errors

Voucher Id	Type of Expense	*30900	*30905	*30910	*30950	Explanation
PV979003294	Travel expenses -Employee 1 -Employee 2	●			●	Two employees attended the same City business meeting in Austin. Travel expenses for one employee were charged to Education & Training, whereas expenses for the other employee were charged to Travel Non-Training. This is inconsistent.
PV979003135A	Travel advance liquidation of advance	●			●	The advance was charged to Travel Non-Training, but excess travel expenses upon liquidation were charged to Education & Training. This is inconsistent.
PV989003288	Travel advance liquidation of advance	●			●	The advance was charged to Education & Training, but excess travel expenses upon liquidation were charged to Travel Non-Training. This is inconsistent and the reverse of the voucher above.
PV979003178	Subscription to publication entitled Toxics Law Reporter	●				This expense is not travel-related and should have been charged to #20315-Publications or 44705 Library Materials.
PV979003151	Registration fees Travel expenses	●			●	The fee for this course was charged to Education & Training, but related travel expenses were charged to Travel Non-Training. This is inconsistent.
PV979003263	Registration fees				●	The fee for this seminar was charged to Travel Non-Training, even though continuing education credits were awarded upon completion. This is inconsistent with the previous voucher.
IV972004476	Motor pool charges for mileage	●				The Legal Department's allocation of motor pool charges for January 1997 should have been charged to 30960 Motor Pool Charges.
PV979003258	Airfare Registration fees Travel expenses	● ●		●		Airfare was charged to Travel-Training while registration fees and travel expenses were charged to Education & Training. This is inconsistent with the voucher below.
PV979003410	Airfare Travel expenses	●			●	Airfare was charged to Travel Non-Training while travel expenses were charged to Education & Training. This is inconsistent with the voucher above.

Source: EMS Review Team

*Object Codes

- 30900 Education & Training
- 30905 Memberships
- 30910 Travel-Training
- 30950 Travel-Non-Training

The existing object code descriptions do not ensure consistent classification of travel and travel-related expenses within and among the City's departments.

Recommendation 3

Confer with the City Controller’s Office to consider establishing new object code descriptions for travel and travel-related expenses, and periodically review travel-related object codes for misclassified expenses.

A simpler, more logical option is to classify amounts as either local or out-of-town travel expenses. The object code descriptions in **Exhibit 15** are suggested.

**Exhibit 15
Suggested Object Code Descriptions**

Title	Description
Education and Registration Expenses	Includes registration fees, tuition, and instructional material expenses under approved education and training programs, as well as fees paid for training or education at local or out-of-town conferences and seminars.
Memberships	Includes membership costs and other fees related to professional organizations, such as engineering fees, licensing fees, CPA licenses, and AICPA dues.
Local Travel Expenses	Includes all expenses such as transportation, meals, lodging, and tips, but excludes registration fees, tuition, and instructional materials for approved local conferences, training seminars, conventions, and City business meetings.
Out-of-Town Travel Expenses	Includes all expenses such as transportation, meals, lodging, tips, transportation, and passenger service, but excludes registration fees, tuition, and instructional materials for approved out-of-town trips for conferences, training seminars, conventions, and City business meetings.

Source: EMS Review Team

FINDING

The EMS review team noted that in nine instances, travel had not been preapproved, and in four instances, travel was approved after trips had already been taken. The travel policy requires that all employees “*obtain approval to travel on the Travel Authorization Request Form.... No reimbursement for travel-related expenses will be made without an approved request.*” The purpose of this requirement is to ensure that all travel is approved before travel expenses are incurred.

Exhibit 16 presents vouchers for which no TAR was issued and **Exhibit 17** presents those TARs completed after the trip was taken.

Exhibit 16
Vouchers Not Supported by Travel Authorization Requests

Voucher ID	Description	Travel Form Used	Supporting Documentation
PV979003343	Registration fees	TER&L	None
PV969003966	Registration fees	None	Seminar brochure
PV979003491	Registration fees	TER&L	Handwritten receipt
PV979003594	ParaLegal courses	TER&L*	Letter from ParaLegal Institute
PV979003664	Registration fees	TER&L	Handwritten receipt
PV979003182	Registration fees	TER&L	Handwritten receipt
PV989003091	Travel to San Antonio	TER&L	Travel receipts
PV979003439	Two trips to Austin	One TAR for two trips. One TER&L	Travel receipts
PV989003132	Travel to Austin	TER&L	Travel receipts

Source: EMS Review Team

*This course was not approved until the employee had been enrolled for almost six weeks.

Exhibit 17
TARs Approved After the Trip

Voucher ID	Date Trip Completed	Date TAR Approved
PV979003574	2/6/97	2/10/97
PV979003577	2/14/97	2/17/97
PV989003387	12/3/97	12/5/97
PV979003439	12/19/96	12/23/96

Source: EMS Review Team

When TARs are not completed or when TARs are completed after trips are taken, the intent of the travel policy is defeated and an environment conducive to abuse is created.

Recommendation 4

Deny reimbursement of travel expenses that are not approved before trips are taken.

Fulfilling the travel policy's paperwork requirements is often time-consuming and inconvenient, particularly for employees who travel frequently. But prior approval of expenditures by appropriate authorities is an important internal control. If this control is eliminated because of time constraints or inconvenient paperwork requirements, an atmosphere that encourages abuse will result. The Department should strictly enforce the travel policy's reimbursement provisions and deny reimbursement of any expenditure that was not preapproved.

FINDING

The EMS review team noted three instances of unapproved expense reports and one instance in which the expense report was completed by the employee and approved by the authority *before* the expenditure was made. The expense report (also referred to as the TER&L) is designed to record and request reimbursement for expenses incurred while traveling. The travel policy states, “*The expense report must be signed by the employee and the approving authority.*” The implication is that approval by the authority will take place *after* expenses are incurred, not before.

The review team noted other minor instances of noncompliance such as minor math errors, missing receipts, and incomplete travel documentation. These minor instances of noncompliance result from oversight on the part of the individual(s) reviewing and/or processing vouchers for payment. Unapproved and undated travel documents, math errors, and missing or incorrect receipts could be virtually eliminated by a thorough review of travel expense supporting documentation. Checklists are excellent tools that can make such reviews possible. Checklists assist the reviewer by reducing the possibility that instances of noncompliance will be overlooked.

Recommendation 5**Develop a checklist to use when reviewing travel documents and related supporting documentation.**

If designed properly, checklists help reviewers of travel documentation eliminate oversight of major and minor instances of noncompliance. The Appendix, in section five of this report, contains compliance questions the review team developed from the travel policy. The review team used these questions to test compliance of the vouchers selected in our sample. The Department could use these questions as a starting point for developing their own checklist.

FINDING

The EMS review team noted that 9 out of 108 expense reports were completed more than 10 days after the trip. In one case, the authority *approved* the expense report 317 days after completion of the trip. The travel policy requires employees to complete an expense report no later than 10 days after the trip. The purpose of the 10-day rule is to ensure that travel expenses are recorded and excess travel advances are returned to the City on a timely basis.

Exhibit 18 summarizes the exceptions noted above.

**Exhibit 18
Vouchers Not in Compliance with the 10-day Rule**

Voucher ID	Date Trip Completed	Date TER&L Completed	Days Overdue
PV979003062	7/11/96	11/21/96	133
PV989003096	9/28/96	2/7/97*	132
PV979003696A	12/13/96	3/24/97	101
PV979003510	12/6/96	1/28/97	53
PV979003135A	7/11/96	8/22/96	42
PV979003294	10/30/96	12/6/96	37
PV989003307	9/26/97	10/28/97	32
PV979003696	3/19/97	4/1/97	13
PV989003238	9/26/97	10/7/97	11

Source: EMS Review Team

* This expense report was not approved until 8/11/97, 317 days after completion of the trip.

The travel policy states in section 6.3.2:

“An employee may be denied a travel cash advance if he/she...

- *Has not submitted an expense report for previously completed travel.*
- *Consistently submits the travel expense report late (more than 10 days after travel is completed).”*

The Legal Department does not issue many travel advances. Only one of the exceptions noted above involved a travel advance. Therefore, this provision loses its value as an incentive to encourage employees to complete timely expense reports.

Recommendation 6

Confer with the Finance and Administration Department to consider expanding section 6.3.2 of the travel policy to deny future travel to employees until they submit expense reports for previously completed travel.

After the section is expanded, employees should be notified that the 10-day rule will be strictly enforced.

FINDING

The Request for Travel Advance contains a statement requiring employees to comply with the 10-day rule. The statement on the RTA is worded differently than the one in the travel policy. The wording on the RTA reads: *“I agree to submit all required expense statements **within ten (10) working days** of my return....”* However, the wording in the travel policy reads: *“Employees are required to complete a Travel Expense Report and Travel-related Log, **no later than 10 days** after completion of the trip.”*

Recommendation 7

Confer with the Finance and Administration Department to consider revising the 10-day rule on the RTA to read: “I agree to submit all required expense statements no later than 10 days after completion of my trip.” As an alternative, management may consider revising the policy to read: “no later than 10 *working days* after completion of the trip.”

Although the discrepancy between the RTA and the travel policy may not account for every violation of the 10-day rule, it could be a contributing factor, especially if employees are confused by the discrepancy. To avoid confusion, the language in both documents should be made consistent.

FINDING

The review team noted that in nine instances, the canceled airline ticket stub was not included with the travel documentation. According to the travel policy, canceled ticket stubs should accompany the TER&L. If a stub is not available, the policy allows a certified copy of the canceled ticket prepared by the airline to be substituted. Neither a canceled airline ticket stub nor a certified copy prepared by the airline was included with the travel documentation in these instances; therefore, the requirements of this provision were not met. Employees sometimes misplace the canceled ticket stub or forget to submit it to Accounts Payable.

Recommendation 8

Submit copies of canceled airline ticket stubs to Accounts Payable to support the TER&L, and file them with other travel-related documentation.

Whoever receives the original ticket (the employee or department personnel) must assume responsibility for submitting the canceled airline ticket stub to Accounts Payable so that the intent of the policy is accomplished.

FINDING

The EMS review team noted that on 63 out of 108 vouchers, the employee or supervisor did not date the TAR. The policy does not specifically require that employees and supervisors date the TAR. However, the requirement is implied because the form has a place for a signature and a date. 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 supervisor date the TAR.

Recommendation 9

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

FINDING


In three instances, employees charged airport parking on their expense reports possibly unaware of a benefit that allows City employees to park free at either Bush International or Hobby Airport while traveling on City business. Although the benefit is free to employees, the Aviation Department charges the Legal Department for the permit. These exceptions are summarized below:

Transaction Number	Amount
PV979003113	\$18.00
PV979003214	20.00
PV979003323	9.00
Total	<u>\$47.00</u>

To take advantage of the parking benefit, employees must obtain a City Official Business Parking Permit, shown in **Exhibit 16**. This permit must be requested from the City Controller's Office by the Department Director and must be signed by the user upon completion of the trip.

**Exhibit 18
City Official Business Parking Permit**

CITY OFFICIAL BUSINESS
PARKING PERMIT


 HOUSTON AIRPORT SYSTEM

THIS PERMIT AUTHORIZES _____
NAME

OF THE _____ DEPARTMENT TO PARK AT BUSH
INTERCONTINENTAL AIRPORT / HOBBY AIRPORT WHILE ON CITY BUSINESS

FROM _____ TO _____

REQUESTED BY: _____
DIRECTOR

Nº 00006

APPROVED BY: _____
DIRECTOR OF AVIATION

I CERTIFY THAT MY PARKING IN THE AMOUNT OF \$ _____ WAS
IN THE CONDUCT OF CITY BUSINESS.

SIGNED: _____
PERMIT USER

WHITE - AVIATION YELLOW - DEPARTMENT PINK - PARKING DIVISION

Recommendation 10

Confer with the Finance and Administration Department to consider incorporating the free parking permit in the travel policy, and make employees aware of this benefit.

City employees should be made aware that a free parking permit exists for official City business. Section 7.3 of the travel policy, which discusses parking, should be revised to include a discussion of this permit and the requirements to obtain it.

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	Do TER&L totals agree with the RTA sections A & B?
6	Does RTA section B agree with RTA section C?
7	If travel was outside the contiguous 48 states, did the Mayor or his designee approve it?
8	Does TAR include a clear explanation of the business purpose?
9	Was the RTA submitted to the City Controller at least five working days prior to anticipated departure?
10	Are lodging receipts for single room occupancy?
11	Are lodging rates “government rates”?
12	If traveling with spouse and/or family members, has employee borne their expenses?
13	If traveling with spouse and/or family members, has employee borne the incremental cost of lodging?
14	Are average actual meal charges for the period of travel equal to or below allowed per diem rates?
15	Did employee exclude per diem charges and charge only actual for day of departure and day of return?
16	Did employee exclude per diem charges and charge only actual for one-day business trips?
17	Were meals charged only after the employee began business and before employee ended business travel?
18	Is cost of meal reasonable based on the time of the day traveled?
19	If the employee has charged the cost of a conference/convention-related meal, has a receipt showing the cost of the meal been attached?
20	If the employee has charged the cost of a related meal, has a conference/convention brochure showing the cost of the meal been attached?
21	During the day of the conference/convention, were other meals charged at actual and not per diem?
22	Was the cost of other meals taken during that day less than \$40.00?
23	Was the cost of other meals taken during that day reasonable based on travel location?
24	Has the cost of these “exception” days been excluded from the computation of the average per diem?
25	If employee charged parking, has a receipt or 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?
26	Are parking fees in excess of \$10.00 per parking event supported by a receipt?
27	If parking meter charges were submitted, has employee logged the time, general location, and amount deposited in the meter?
28	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

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

Compliance Questions Developed from Travel Policy

Question	Description
59	Is expenditure supported by a TER&L?
60	Was the TER&L approved by the proper authority?
61	Was the TER&L dated by the authority?
62	Was the TER&L signed by the employee?
63	Was the TER&L dated by the employee?
64	Has the TER&L been completed within 10 days after completion of the trip?
65	Is TER&L report supported by related receipts?
66	Were deposits for reimbursements to the City deposited in the bank?
67	Did City employee and not consultants or other individuals under contract to perform services for the City complete the TAR?
68	Have the various travel & entertainment expenses been charged to the proper accounts in the proper period?

EXHIBIT 1



CITY OF HOUSTON

Legal Department

Post Office Box 1562 Houston, Texas 77251-1562 713/247-2000

Lee P. Brown, Mayor

CITY COUNCIL MEMBERS: Bruce Tatro Michael J. Yarbrough Martha J. Wong Jew Don Boney, Jr. Rob Todd Ray F. Driscoll Jean Kelley Felix Fraga
John E. Castillo Annise D. Parker Joe Roach Orlando Sanchez Chris Bell Carroll G. Robinson CITY CONTROLLER: Sylvia R. Garcia

Anthony W. Hall, Jr.
City Attorney

January 13, 1999

Mr. Gilbert R. Hopkins, CPA
Empirical Management Services
8323 Southwest Freeway, Ste 510
Houston, TX 77074

RE: Travel Audit

Dear Gilbert:

I have carefully reviewed the results of the audit your firm conducted of the Legal Department's compliance with the City's travel policies. I was pleased to find that our score of 90% placed us well within the range of "In Compliance" during the period July 1, 1996 through December 31, 1997 which was established as 75% to 100% compliance. Provided below are responses to your firm's recommendations as requested.

Recommendation 1 - Clearly define all terms when authorizing special travel expenses for all employees; and attempt to recover travel expenses that should not have been charged to the City.

Response - The expenses that resulted in this recommendation being made followed a memorandum from the Mayor's Office authorizing wide discretion on the part of his Director of State Relations as to authorized expenses in her capacity as the City's lobbyist. The items challenged arguably comply with the authority given; however, the department will attempt to obtain a clearer definition of "individual expenses" for subsequent legislative sessions. We do not believe that it is cost effective to seek reimbursement of the \$43.23 in question but will concentrate on improving our review of expenses.

Recommendation 2 - Expand the travel log so that it lists, identifies, and cross-references all of the transaction vouchers related to a specific trip. Also, confer with the F&A Department to consider including a section of the travel expense report that documents airfare and registration fee information.

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Response - As an operational and management matter, maintaining the level of detail recommended cannot be justified. Other than this audit, the department has not had a single instance where the information referred to has been needed in the format sought. As the audit determined, the information can be gathered when and if needed, albeit, perhaps with a degree more work. Thus, it would not appear that the additional effort needed to maintain interrelated data is warranted at this time.

Recommendation 3 - Confer with the City Controller's Office to consider establishing new object code descriptions for travel and travel-related expenses, and periodically review travel-related object codes for misclassified expenses.

The department does not see a need for changing the object codes as they exist. While it is true that miscodings have occurred, the incidence of this is not significant within the Legal Department. A better approach is to have more review of the coding of expenses so that carelessness may be brought to the attention of the respective departments so that they may more accurately use the object codes already in place.

Recommendation 4 - Deny reimbursement of travel expenses that are not approved before trips are taken.

While the department is confident that the controls it has in place in the form of signature authority has safeguarded it from paying for unauthorized travel, we recognize the importance of following City policy. To enhance compliance, our administrative staff will require that the travel authorization form be provided prior to scheduling airline reservations rather than denying attorneys reimbursement for legitimate trips taken.

Recommendation 5 - Develop a checklist to use when reviewing documents and related supporting documentation.

A checklist may be a useful tool, however, the travel authorization form itself already provides a self-contained checklist if completed properly. The individuals who prepare and review the payment vouchers are being encouraged to be more careful and thorough in processing these documents.

Recommendation 6 - Confer with the F&A Department to consider expanding section 6.3.2 of the travel policy to deny future travel to employees until they submit expense reports for previously completed travel.

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The individual who processes the travel advances will maintain a file of outstanding items. When eight work days pass without an expense report being submitted the employee will be reminded of their obligation to settle the account. It is anticipated that this action will cure the problem. To the extent that certain personnel exhibit an inability to comply with this policy, future requests for travel advances will be denied. In this way, the City's policy may be preserved without interfering with the individual's ability to complete City related business.

Recommendation 7 - Confer with the F&A Department to consider revising the 10-day rule on the Request for Travel Advance to read: "I agree to submit all required expense statements no later than 10 days after completion of my trip." As an alternative, management may consider revising the policy to read: "no later than 10 *working days* after completion of the trip."

Response - Agreed.

Recommendation 8 - Submit copy of cancelled airline ticket stubs to accounts payable to support the TER&L, and file them with other travel related documentation.

Response - Departmental accounts payable personnel attach the stubs to the payment document as a matter of practice. On those occasions when a copy has not been attached it is likely to have been an oversight. However, it should be noted that due to changes in the airline industry since the City's travel policy was written, we have found that if our personnel lose their ticket stubs we have not been able to obtain a true copy of the original ticket from the travel agency. From this point forward we will ask the travel agent to provide us with an original document that most closely satisfies the language of the City's travel policy.

Recommendation 9 - Promote date stamping of travel documents at critical processing points and encourage employees and supervisors to date all travel documents.

Response - We will encourage that the date be completed where applicable.

Recommendation 10 - Confer with the F&A Department to consider incorporating the free parking permit in the travel policy, and make employees aware of this benefit.

Response - Agree.

Thank you for the opportunity to respond to the audit. We hope our responses are helpful and constructive.

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