

# **Final Audit Follow-Up**

**As of March 31, 2014**



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City Auditor

## **Audit of City Travel & Training**

**(Report #1309 issued March 22, 2013)**

**Report #1423**

**August 4, 2014**

### **Summary**

Applicable City departments have completed each of the 10 action plan steps established to address issues identified in audit report #1309, *Audit of City Travel and Training*. Seven of those action plan steps were completed during the period covered by this follow-up report.

Actions taken to complete the action plan steps during this period included:

- 1) For each ineligible meal payment identified by the initial audit, City management reviewed the payment and determined the amount that should be returned to the City. All such amounts identified have been repaid. *[Action Plan Step 1]*
- 2) Department of Management and Administration (DMA) Procurement Services developed and made available a travel worksheet to provide guidance and help in determining which method of travel is the most economical and efficient for a particular trip. While the City's policy, as revised, does not require that the spreadsheet be completed and submitted as a part of travel requests, the worksheet has been made available for use by departments as needed.

With respect to the calculation of mileage reimbursements, Administrative Policy and Procedure (APP) 602, the City's Travel and Training Policy, was clarified and revised to require the use of the address-to-address distances shown by MapQuest, a free on-line route mapping service. Prior to the

revision, the policy required the use of the Florida Department of Transportation mileage chart. *[Action Plan Step 2]*

- 3) Procurement Services designed and developed a meals worksheet to help departments and travelers more easily determine how many and which meals should be reimbursed. While this is a new process, and the worksheet is not required, several departments have been utilizing the form as a tool to more accurately identify the meals eligible for reimbursement. *[Action Plan Step 3]*
- 4) Effective March, 3, 2014, the City discontinued using the Runzheimer's Meal-Lodging Cost Index (Runzheimer's Index) rates in the calculation of all meal expenses and has instead begun using the U.S. General Services Administration (GSA) rates, except that the City has decided not to use the partial reimbursement method provided by GSA for the first and last days of travel. The GSA partial reimbursement method provides reimbursement of 75% of a full day's meal allowance on the first and last days of travel in recognition of the traveler's ability to eat at home before and after returning from a trip. Rather than adopting the GSA partial reimbursement method for the first and last days of travel, the City, after employee focus group and management consideration, has elected to retain the travel starting and ending times governing when the breakfast and dinner meals are reimbursable. Also, the City has determined that further policy clarification of when an employee's trip and meal

reimbursement eligibility period ends was not needed. [Action Plan Steps 7 and 8]

- 5) The City is implementing electronic payment processes and is planning to begin making electronic payments of travel reimbursements later this fiscal year. The City indicated that because of the few instances (30-50 a year) in which employees need to repay the City, the establishment of processes under which the amounts due from employees can be payroll deducted will not be pursued at this time. [Action Plan Step 9]
- 6) Procurement Services established an email address that departments may use to electronically submit scanned travel forms. Procurement Services indicated the new process has enhanced the travel submission process, especially for employees not working at City Hall, who now have a more convenient way to timely and efficiently submit travel documentation. [Action Plan Step 10]

We commend City management and staff for the timely completion and resolution of the action plan steps. We appreciate the cooperation and assistance provided by DMA and Procurement Services during this audit follow-up.

### ***Scope, Objectives, and Methodology***

We conducted the original audit and this follow-up in accordance with the International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit follow-up to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

### ***Report #1309***

The purpose of the original audit as described in report #1309 was to evaluate internal controls and compliance with the City of Tallahassee's (City) travel policies and procedures for the period January 2011 through April 2012. During the 16-month period covered by the audit, \$1,535,406 was charged to the Travel and Training category. The audit objectives were to determine whether travel expenditures were:

- 1) Only for travel related to the conduct of City business.
- 2) Properly accounted for and accurately recorded.
- 3) In compliance with the City's travel procedures, including whether the travel was conducted in an efficient and economical manner.

An additional audit objective was to identify areas where improvements could be made to the City's travel procedures.

As described in report #1309, we selected a random sample of 60 charges to the Travel and Training category and determined which of those sampled charges involved travel. For those charges pertaining to travel, we obtained the applicable travel request and expense forms and identified all costs associated with the trips. If we identified other employees traveling on the same trip, we also included and tested all costs associated with their trips. Sampled charges involving training but no travel were also tested.

Documentation supporting all sampled expenses was obtained from the City's electronic records and from applicable City departments. As needed, we interviewed individual travelers and other City staff.

In total, we tested 89 travel trips and 15 training transactions involving no travel. Tested trips and transactions represented \$113,544 (7%) of the \$1,535,406 spent on travel and training during the audit period. Of the \$113,544 tested, \$106,324 pertained to the 89 trips, and \$7,219

pertained to training registrations involving no travel.

**Report #1423**

This is our second and final follow-up on action plan steps identified in audit report #1309. The purpose of this follow-up is to report on the progress and status of the efforts to complete action plan steps due for completion as of March 31, 2014. To determine the status of the action plan steps, we interviewed staff, made observations, and reviewed relevant documentation.

**Background**

Employees travel to represent the City at meetings, professional conferences, and attend job related training. Such training provides employees opportunities to:

- Gain knowledge of current industry trends, standards, and best practices.
- Maintain professional certifications.
- Sharpen existing skills.

The benefit to the City is employees can utilize their knowledge and skills to help run a more efficient and effective City government.

Travel policies and procedures have been established through APP 602, "Travel and Training Policy." Key requirements of the City's travel policies and procedures as identified during the initial audit included:

- Expenses incurred shall be necessary to accomplish the authorized public purpose, and adequate documentation shall be maintained that supports the public purpose of the travel.
- Economics shall be the primary consideration when making travel arrangements, resulting in the lowest overall cost and shortest time away (efficiency). If the travelers select a different route or rate, for their own benefit, reimbursement shall be limited to that which best suits the interest of the City and the

traveler shall pay the difference, if a less suited method is chosen.

- Travelers must submit a signed and approved travel request form at least three days before the trip indicating the dates and times of the trip and estimating the expenses to be incurred. If a travel advance is requested, the travel request form must be submitted seven days before the trip.
- Travelers must submit a signed and approved travel expense form within 14 days after the trip stating the actual dates and times of the trip and the actual expenses incurred.
- The City reimburses mileage based on the IRS Standard Mileage Rates (\$.555 cents per mile in 2012).

During the period covered by the audit, meals were reimbursed based on the Runzheimer's Meal-Lodging Cost Index, which establishes meal reimbursement amounts based on the destination city (or closest city). Payment for meals is based on the times employees leave for and return from the trip, and excludes meals provided in registration fees and by hotels or other sources.

The travel and training budget is a small part of the annual budget. For fiscal year 2012 the budget was \$860,763, which was only 0.16% of the City's \$535 million operating budget, not including fuel.

**Previous Conditions and Current Status**

In report #1309 we concluded the following:

- 1) The stated purpose of each of the 89 travel trips reviewed was related to the conduct of City business.
- 2) Overall, travel and related expenditures were properly accounted for and accurately recorded. Of the 89 travel trips tested, we noted 17 (19%) travel expense forms with minor miscalculations or mistakes that had no financial impact.

- 3) Approximately 97% (\$102,684 of the \$106,324) of the costs of the tested travel trips were incurred following practices which were economical and in compliance with City policies and procedures. Our testing showed up to 3% (\$3,640) could have been saved in 72 instances of noncompliance if employees had chosen more economical transportation modes and not claimed and been reimbursed for ineligible meals. Additionally, we noted 54 instances of noncompliance without a dollar impact.
- 4) Each of the 15 training transactions that did not involve travel was properly approved and correctly recorded.

We also noted additional issues during our testing. Registration fees and lodging, valued at \$5,380, were paid for City employees to attend a conference sponsored by an active City vendor/contractor. Additionally, in our review of the City’s travel policy, we noted the City’s travel policy includes some areas that need to be updated, and others that need to be clarified.

We provided recommendations to City management related to those areas that needed to be addressed in regard to compliance with and improvement to the City’s travel policies and procedures. Management created an action plan consisting of 10 action plan steps, with all due for completion as of March 31, 2014. As shown in Table 1 below, all 10 steps are now complete.

**Table 1**  
**Action Plan Steps from Audit Report #1309**  
**Due as of March 31, 2014, and Current Status**

Action Plan Steps Due as of March 31, 2014	Current Status
<ul style="list-style-type: none"> <li>• City management will review each instance of reimbursement made for ineligible meals identified in the audit to determine if employees should or should not repay the City. <i>[Report #1309, Action Plan Step 1]</i></li> </ul>	<p>✓ <b>Completed.</b> For each ineligible meal payment identified by the initial audit, City management reviewed the payment and determined the amount that should be returned to the City. All such amounts due were repaid.</p>
<ul style="list-style-type: none"> <li>• Consider revising APP 602 to <i>[Report #1309, Action Plan Step 2]</i>:                             <ul style="list-style-type: none"> <li>a. Include guidance on evaluating the available options to determine the most economical and efficient method of travel that can be utilized, including rental car usage; specifically encouraging use of the State of Florida’s rental car rate unless a more economical method is available, and indicating which level of rental car is appropriate (e.g., subcompact or compact).</li> <li>b. Include guidance on the level of documentation required to show the various alternative travel methods considered.</li> </ul> </li> </ul>	<p>✓ <b>Completed.</b> Procurement Services developed and made available a travel worksheet to provide guidance and help in determining which method of travel is the most economical and efficient for a particular trip. Procurement Services indicated that while the City’s policy, as revised, does not require the worksheet be completed and submitted as a part of travel requests, the worksheet has been made available for use by departments as needed. <i>(Items a and b)</i></p> <p><u>Audit Comment:</u> As part of this follow-up audit, we recommended the City consider requiring travel requests include a completed worksheet in those instances in which the most economical and efficient method of travel may not be otherwise readily apparent.</p>

<p>c. Clarify the mileage reimbursement portion of the policy. The policy is not clear about the actual process leaving many departments unsure whether actual mileage or the mileage shown by the Florida Department of Transportation’s mileage chart should be submitted for reimbursement. <i>[This action plan step refers to the lack of specific language allowing employees to submit actual mileage driven in lieu of using the Florida Department of Transportation’s mileage chart which shows the mileage to and from the cities throughout the State of Florida.]</i></p> <p>d. Allow the breakfast meal allowance when breakfast is provided complimentary in the lodging cost.</p>	<p>Management considered our recommendation and determined that providing the new guidance and making the new travel worksheet available should be sufficient to help ensure travel is made in an economical and efficient manner.</p> <p>With respect to the calculation of mileage reimbursements, APP 602 was clarified and revised to require the use of the address-to-address distances shown by MapQuest, a free on-line route mapping service. <i>(Item c)</i></p> <p>Additionally, the City decided to keep the language in the travel policy that prohibits travelers from receiving reimbursement for meals provided as part of a hotel/conference registration (e.g., continental breakfast). <i>(Item d)</i></p>
<ul style="list-style-type: none"> <li>• Departments and Procurement Services will update their review process to ensure employees are only reimbursed for eligible meals. <i>[Report #1309, Action Plan Step 3] (The primary meal that was determined by the audit to be ineligible for reimbursement was the breakfast meal.)</i></li> </ul>	<p>✓ <b>Completed.</b> Procurement Services designed and developed a meals worksheet to help travelers more easily determine how many and which meals should be reimbursed. While this is a new process, and the worksheet is not required, several departments have been utilizing the form as a tool to more accurately identify the meals eligible for reimbursement.</p>
<ul style="list-style-type: none"> <li>• Departments implement steps to ensure travel forms are properly and timely signed and dated and submitted according to the timelines set forth in APP 602. <i>[Report #1309, Action Plan Step 4]</i></li> </ul>	<p>✓ Completed in the first follow-up period.</p>
<ul style="list-style-type: none"> <li>• Changes to travel documentation made after applicable forms and records are signed should be communicated to the employee and supervisor for written acknowledgment and confirmation that the changes are correct. <i>[Report #1309, Action Plan Step 5]</i></li> </ul>	<p>✓ Completed in the first follow-up period.</p>
<ul style="list-style-type: none"> <li>• DMA will remind departments during the annual review of critical policies (related to conflict of interest provisions) to not accept free conference registration and lodging from vendors that do or could do business with the City. <i>[Report #1309, Action Plan Step 6]</i></li> </ul>	<p>✓ Completed in the first follow-up period.</p>

<ul style="list-style-type: none"> <li>• DMA should work with management to reconsider whether the Runzheimer's Meal-Lodging Cost Index is still the best option for fair and equitable meal reimbursements, or if another index, such as the U.S. General Services Administration (GSA) rates, would be a better alternative. [Report #1309, Action Plan Step 7]</li> </ul>	<p>✓ <b>Completed.</b> Effective March, 3, 2014, the City discontinued using the Runzheimer's Index rates in the calculation of all meal expenses, and has instead begun using GSA rates. The City concluded that the use of the GSA rates can provide savings because the GSA rate information is available free-of-charge, unlike that of the Runzheimer's Index, which requires the payment of an annual subscription. Additionally, the GSA provides meal rate information for each zip code. This may better meet the City's needs, as the Runzheimer's Index provides meal rates for certain cities only.</p>
<ul style="list-style-type: none"> <li>• Should Runzheimer's continue as the preferred index, consideration should be given to [Report #1309, Action Plan Step 8]:             <ul style="list-style-type: none"> <li>a. Modifying the time periods when breakfast and dinner meals are reimbursed.</li> <li>b. Clarifying the policy when an employee's trip ends to provide guidance regarding what meals are eligible for reimbursement.</li> <li>c. Eliminating the state average requirement and establishing guidelines for how employees should be reimbursed for meals in cities not shown by Runzheimer's.</li> </ul> </li> </ul>	<p>✓ <b>Completed.</b> As noted in the previous action step, the City discontinued using the Runzheimer's Index rates and is now using GSA meal rates, except that the City has decided not to use the partial reimbursement method provided by GSA for the first and last days of travel. The GSA partial reimbursement method provides reimbursement of 75% of a full day's meal allowance on the first and last days of travel in recognition of the traveler's ability to eat at home before and after returning from a trip. Rather than adopting the GSA partial reimbursement method for the first and last days of travel, the City, after employee focus group and management consideration, has elected to retain the travel starting and ending times governing when the breakfast (travel beginning prior to 8:00 a.m.) and dinner (travel ending after 6:00 p.m.) meals are reimbursable.</p> <p>Under the City's travel policy, as revised effective March 3, 2014, travelers are to use the meal rates shown by GSA for the zip code in which the travel destination is located. Meal rates are provided by the GSA for each zip code.</p>
<ul style="list-style-type: none"> <li>• Reconsider whether paper checks are still the best reimbursement method, or whether direct deposit and payroll deduction would be a more effective and efficient method of reimbursing the employee and the City.</li> </ul>	<p>✓ <b>Completed.</b> The City is implementing electronic payment processes and is planning to begin making electronic payments of travel reimbursements later this fiscal year. The City indicated that because of the few instances</p>

<p>[Report #1309, Action Plan Step 9]</p>	<p>(30-50 a year) in which employees need to repay the City, the establishment of processes under which the amounts due can be payroll deducted will not be pursued at this time. Based on these ongoing efforts and the noted discussion, this action plan step is considered complete.</p>
<ul style="list-style-type: none"> <li>• Increase process efficiencies by working with the Departments to streamline the travel submission process, including electronically submitting travel documents. [Report #1309, Action Plan Step 10]</li> </ul>	<ul style="list-style-type: none"> <li>✓ <b>Completed.</b> Procurement Services has established an email address departments may use to electronically submit scanned travel forms. Procurement Services indicated the new process has enhanced the travel submission process, especially for employees not working at City Hall, who now have a more convenient way to timely and efficiently submit travel documentation.</li> </ul>

**Table Legend:**

- Issue to be addressed from the original audit.

- ✓ Action item addressed and resolved.

**Conclusion**

Table 1 above shows each of the 10 action plan steps established to address issues identified in our initial audit have been completed. Three of the steps were completed as of September 30, 2013, as reported in our initial follow-up report (#1410). The seven remaining steps were completed during the period covered by this second and final follow-up engagement.

We commend City management and staff for the timely completion and resolution of the action plan steps. We appreciate the cooperation and assistance provided by DMA and Procurement Services during this audit follow-up.

**Appointed Official's Response**

**City Manager:**

The City Auditor's Office has completed their audit of City Travel and Training. This audit involves multiple departments across the City of Tallahassee. I am pleased that the final follow-up indicates that the Department of Management and Administration (DMA) has completed all ten (10) action steps established to address issues identified in the audit report. Additionally, I am pleased to see that action plans recommended by the original audit have been addressed by staff in a timely manner. I would like to thank the City Auditor and all of the departments for their cooperation and follow-up on this audit.

Copies of this final audit follow-up #1423 or audit report #1309 may be obtained from the City Auditor's website (<http://www.talgov.com/auditing>) or via request by telephone (850 / 891-8397), by FAX (850 / 891-0912), by mail or in person (Office of the City Auditor, 300 S. Adams Street, Mail Box A-22, Tallahassee, FL 32301-1731), or by e-mail ([auditors@talgov.com](mailto:auditors@talgov.com)).

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