

REVIEW OF EMPLOYEE TRAVEL EXPENSES

Distribution:

Lovely Warren, Mayor
James Smith, Deputy Mayor
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Office of Public Integrity
Date: November 24, 2020

I. EXECUTIVE SUMMARY

The Office of Public Integrity (OPI) recently completed an examination of employee travel expenses. The purpose of this review was to determine the extent of compliance with the policy and procedures established in the City's administrative regulations. We noted the following findings that require management attention.

- ◆ OPI noted that Employee Travel Authorization forms and Travel Expense Reports do not always have an authorizer's signature as required by City policy. We noted that Employee Travel Authorization forms for 18 of the 112 travel expense statements examined did not contain the signature of the Bureau Head, Department Head or designee. Additionally, we noted 24 Employee Travel Expense Reports that did not contain the signature of the Bureau Head, Department Head or designee.
- ◆ OPI noted that employees do not always submit Travel Expense Reports in a timely manner. City policy requires employees to complete and submit these reports within 15 business days of returning from travel. We noted employees submitted 24 of the 112 travel statements examined subsequent to the required 15 business day submission period.
- ◆ OPI noted that Travel Summary Reports are not always saved into the City's MUNIS database as required by City policy. Of the 112 instances of travel in our sample selection, we noted 74 or 66% did not have a Travel Summary Report saved in the City's MUNIS database.

II. BACKGROUND, OBJECTIVES AND SCOPE

A. Assignment

OPI routinely examines systems and cash collection and payment processes as well as compliance with established policies. We performed the last review of City travel in December 2010.

B. Background

Administrative Regulation 5-1, Employee Travel Expenses, sets specific guidelines for employees to follow when traveling on City business. These guidelines cover all aspects of the travel process from completion of the Employee Travel Authorization form and Travel Expense Statements (for travel outside the Monroe County area), to the types of reimbursable allowances for expenses incurred by employees and the documentation required to substantiate claimed expenses. The Bureaus of Accounting

and Treasury process travel documents and prepare cash advances, if necessary.

Upon returning from travel, an employee has 15 business days to complete the actual expense portion of the Travel Expense Statement, attach all necessary receipts and submit it to the Bureau of Accounting for final review. For cash advances, the employee is responsible for submitting any unexpended funds to the Bureau of Treasury.

Primary responsibility for ensuring employee compliance with travel policies is at the departmental level while the Bureau of Accounting provides a final review. In the period of July 1, 2018 through June 30, 2019 the City paid \$354,845 for 431 travel expense statements.

C. Objectives and Scope

The objectives of the review are to determine if travel expenditures are made in compliance with the policies and procedures established in Administrative Regulation 5-1, Employee Travel Expenses. OPI selected a random sample of Travel Expense Statements paid during the period July 1, 2018 through June 30, 2019 for detail examination. We selected 112 expense statements from this period for detail testing.

OPI examined all travel requests in the selected sample for proper authorizations, compliance with per diem meal allowances, the reasonableness of tips, submission and verification of required receipts, and timely process of the travel reimbursement steps from initial preparation of the travel authorization document to the payment of the expenses incurred by the employee or the deposit of the overpaid advance returned to the City. We also determined whether employees took advantage of offered discounts, the New York State sales tax exemption, and other required guidelines established in the Administrative Regulation.

The following table summarizes the travel expense statements of those selected for detail testing:

Summary of Travel Expense Statements Examined
July 1, 2018 through June 30, 2019

<u>Department</u>	<u>Total Number of Expense Statements</u>	<u>Total Amount of Travel Expenses</u>	<u>Expense Statements Examined</u>	<u>Amount of Travel Expenses Examined</u>
BHRM	9	\$ 14,302.79	4	\$ 8,634.49
City Council	13	7,041.09	4	2,191.81
DES	57	45,642.66	12	7,598.32
DRYS	49	61,411.28	7	4,271.00
ECD/911	10	4,468.50	4	1,062.02
Finance	11	11,049.71	2	3,514.27
Fire	34	40,349.65	8	11,688.21
IT	13	18,486.81	5	5,992.78
Library	51	16,627.06	13	5,079.78
Innovation	5	2,954.85	3	2,569.60
Law	1	729.82	1	729.82
Mayor's Office	1	269.68	0	0.00
NBD	51	43,723.17	14	13,336.27
OPI	1	533.00	0	0.00
Police	<u>125</u>	<u>87,254.95</u>	<u>35</u>	<u>24,593.84</u>
	<u>431</u>	<u>\$354,845.02</u>	<u>112</u>	<u>\$91,262.21</u>

Management is responsible for establishing and maintaining a system of internal accounting and administrative control. Fulfilling this responsibility requires estimates and judgments by management to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of accurate, informative reports that are fairly stated.

Because of inherent limitations in any system of internal accounting and administrative control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any system evaluation 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.

We conducted this audit in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the International Standards for the Professional Practice of Internal Auditing. Those standards require

that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The recommendations presented in this report include the more significant areas of potential improvement that came to our attention during the course of the examination, but do not include all possible improvements that a more extensive review might develop.

III. RESULTS OF REVIEW

The results of this review indicate that, in general, internal control procedures over City travel are adequate and, travel expenditures are made in accordance with the policies and procedures established in the Administrative Regulations. However, we noted several findings that require management attention to ensure compliance with policies and procedures. The following table summarizes these findings by department:

Review of City Travel Expenses
Summary of Findings

<u>Department</u>	<u>Travel Expense Statements Examined</u>	<u>Required Authorizations Not Obtained</u>	<u>Delinquently Submitted Final Travel Statements</u>	<u>Travel Summary Report Not In MUNIS</u>
BHRM	4			4
City Council	4	3	3	4
DES	12	1	4	5
DRYS	7		1	
ECD/911	4		2	1
Finance	2			
Fire	8	1	1	2
IT	5			4
Library	13	12	12	13
Innovation	3	1	1	2
Law	1			1
NBD	14			5
Police	<u>35</u>			<u>33</u>
	<u>112</u>	<u>18</u>	<u>24</u>	<u>74</u>

A. Required Authorizations Not Always Obtained

Administrative Regulation 5-1, Employee Travel Expenses, requires specific authorizations on travel expense statements prior to travel for City business, prior to obtaining cash advances, and subsequent to travel to certify employee expenses. Supervisors should properly perform and document their review and authorization of travel and expense certifications on the travel authorization statements to ensure adequate control.

Of the 112 travel expense statements examined, OPI noted 18 Employee Travel Authorization forms that did not contain the signature of the Bureau Head, Department Head or designee. OPI also noted that 24 Employee Travel Expense Reports did not contain the signature of the Bureau Head, Department Head or designee. The following table summarizes these missing authorizations by department.

Review of City Travel Expenses
Summary of Documents without Authorizations

<u>Department</u>	<u>Expense Statements Examined</u>	<u>Authorizations Of Travel Request Absent</u>	<u>Authorizations Of Travel Expense Report Absent</u>
BHRM	4		
City Council	4	3	3
DES	12	1	4
DRYS	7		1
ECD/911	4		2
Finance	2		
Fire	8	1	1
IT	5		
Library	13	12	12
Innovation	3	1	1
Law	1		
NBD	14		
Police	35		
	<u>112</u>	<u>18</u>	<u>24</u>

◆ Recommendation

All departments should ensure compliance with required policies established in Administrative Regulation 5-1 pertaining to obtaining appropriate supervisory and departmental authorizations. Bureau of Accounting personnel should review all Employee Travel Authorization forms and Employee Travel Expense Report forms for proper authorization and return to the originating departments those that do not have the required authorizations.

B. Untimely Submission of Actual Expenditures

City policy requires that employees complete and submit an Employee Travel Expense Report within 15 business days of returning from travel. This statement requires the documentation of the necessary authorizations to travel, the estimated expenses, the actual expenses incurred during travel, and the amount of money that is due the City or the employee.

OPI examined all travel expense statements in our sample selection to determine the timeliness of employee submission of these documents. Of the 112 travel statements examined by OPI, employees submitted 98 within 15 business days post travel as required by City policy. Employees submitted the remaining 14 travel statements subsequent to the required 15 business day submission period.

Submission of expense statements within 15 business days after travel completion is important so that the Department of Finance can properly recognize the related expenses and accurately account for cash advances. Employees should return any cash advance due the City in a timely manner and as prescribed by policy.

The following table summarizes time taken for employees to submit travel expense statements:

Review of City Travel Expense Statements
Analysis of Time Taken to Submit Final Expenses to Accounting

<u>Department</u>	<u>Expense Statements Examined</u>	<u>Days Taken to Submit Final Expenses to Accounting</u>			
		<u>Within 15 Business Days Post Travel</u>	<u>16-25 Business Days Post Travel</u>	<u>26-45 Business Days Post Travel</u>	<u>46+ Business Days Post Travel</u>
BHRM	4	4			
City Council	4	4			
DES	12	9	1	1	1
DRYS	7	6	1		
ECD/911	4	4			
Finance	2	2			
Fire	8	7		1	
IT	5	3	1	1	
Library	13	11	1		1
Innovation	3	3			
Law	1	1			
NBD	14	11		1	2
Police	<u>35</u>	<u>33</u>	<u>1</u>	<u>1</u>	
	<u>112</u>	<u>98</u>	<u>5</u>	<u>5</u>	<u>4</u>

◆ Recommendation

We recommend that the Bureau of Treasury require employees to submit travel expense statements in accordance with City policy.

C. Travel Summary Reports Are Not Always Saved in City's MUNIS Database

Administrative Regulation 5-1 states, "Upon returning from any conference, workshop, training or other reimbursed travel, employees must complete a Travel Summary Report form and submit it to their Bureau or Department Head, with a copy to the Mayor's Office. The form must be attached in MUNIS along with the Travel Expense Report."

Of the 112 instances of travel in our sample selection, we noted 74 or 66% did not have a Travel Summary Report saved in the City's MUNIS database as required. The table below summarizes this information.

Review of City Travel Summary Reports
Travel Summary Reports not in MUNIS

<u>Department</u>	<u>Expense Statements Examined</u>	<u>Travel Summary Reports Found In MUNIS</u>	<u>Travel Summary Reports Not Found in MUNIS</u>
BHRM	4		4
City Council	4		4
DES	12	7	5
DRYS	7	7	
ECD/911	4	3	1
Finance	2	2	
Fire	8	6	2
IT	5	1	4
Library	13		13
Innovation	3	1	2
Law	1		1
NBD	14	9	5
Police	<u>35</u>	<u>2</u>	<u>33</u>
Totals	<u>112</u>	<u>38</u>	<u>74</u>

◆ Recommendation

Employees should complete a Travel Summary Report upon returning from any conference, workshop, training or other reimbursed travel and submit it to their Bureau or Department Head, with a copy to the Mayor's Office. The Travel Summary Report must be attached in MUNIS along with the Travel Expense Report.

IV. DEPARTMENT RESPONSE

The response of the Department of Finance to this report begins on the next page.



City of Rochester

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Rosiland Brooks
Director of Finance

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City of Rochester
Office of Public Integrity

To: Tim Weir, Director of OPI
From: Rosiland B. Harris, Director of Finance RBH
Date: November 19, 2020
Subject: Response to Employee Travel Expenses Examination

I have reviewed the Employee Travel Expense Examination report and I agree with the recommendations. I met with Kathleen Havens, the head of Accounting to ensure that the Bureau of Accounting personnel continues to review all Employee Travel Authorization forms and Employee Travel Expense Report forms for proper authorization. All reports that do not have the required authorizations will be returned to the originating departments. The Bureau of Accounting will document all requests that have been returned to the originating departments.

The Bureau of Treasury does require employees to submit travel expense statements in accordance with City policy. I will speak with the City Treasurer, Kim Jones and ask her to reiterate to all employees that they must submit travel expense statements timely.

I will speak to SMT members to remind them of the below Travel policy:

1. Travel of an individual must be authorized by the appropriate bureau and/or department head, or in the case of SMT, by the Mayor or Deputy Mayor. The individual must submit an Employee Travel Authorization form in advance.
2. A detailed statement of actual expenditures must be submitted within 15 business days after the individual returns, via an Employee Travel Expense Report.
3. A Travel Summary Report Form must be completed and submitted to the Department Head with a copy to the Mayor's Office within fifteen working days of returning from the travel, and must be attached in MUNIS along with the Travel Expense Report.

These are just a few requirements from the Travel policy. I will also ask the SMT members to revisit the Travel policy on the portal.

