

### INTERNAL AUDIT DEPARTMENT

#### INTEROFFICE MEMORANDUM

Date: July 15, 2009

To: Honorable Mayor Ron Jones

Members of the City Council Members of the Audit Committee

cc: Carol Cooper, Purchasing Administrator

From: Craig Hametner, City Auditor

Subject: Departmental Purchasing Card Programs Audit #0896 Follow-Up

Departmental Expense Reports Audit #0894 Follow-Up

This is a follow-up of the audit report "Departmental Purchasing Card Programs" issued on December 18, 2008 and the audit report "Departmental Expense Reports" issued on March 20, 2008.

## **DEPARTMENTAL PURCHASING CARD PROGRAMS AUDIT #0896**

The following are the recommendations that were made with responses:

1. There was no Statement of Auditing Standards #70 (SAS-70) Obtained from by either the Purchasing or Finance Departments

**Recommendation was:** the Purchasing and Finance Departments as Co-Administrators of the P-Card program ensure that they request SAS-70 audits from Chase on a periodic basis.

**Response was:** Purchasing and Finance concur fraud and identity thefts are damaging acts that must be guarded against. We are pleased with the system Chase has in place and the quick actions taken by Chase to mitigate such occurrences.

Finance and Purchasing are co-administrators of the P-Card Program. Finance has volunteered to request the SAS-70 from Chase on a periodic basis.

**Follow-up:** Per the Financial Services Investment and Debt Administrator, the SAS-70 has been requested from Chase on a periodic basis. Finance is waiting on the latest report and has sent several requests.

Recommendation was Fully-Implemented.

# 2. A Potential Risk Exists of an Employee Making a Purchase, Return it for a Credit Without the Credit Getting Put Back on the P-Card

**Recommendation was:** that Purchasing ensures that DPC's are aware of all purchases being made by their employees. That DPC's make monthly or quarterly reviews of items bought especially high dollar items to ensure that the item is still part of their inventory.

Response was: Purchasing concurs with IA's concern in protecting high dollar purchases of materials/items made with City funds. Beginning with the November 19, 2008 quarterly P-Card Department Coordinator Refresher course presented by Purchasing, Finance and Internal Audit, will suggest periodic reviews of quasi assets be performed by the owner department. High dollar shall be defined as any asset-like purchase over \$1000 or the aggregate of \$1000. (i.e. 6 cameras purchased at \$300 each) Depreciable assets are defined as starting at \$5000 by Directive.

**Follow-up:** Due to the scope of the FY09 audit and the issuance of the FY08 audit, DPC's were not made aware of this issue until the January 2009 DPC Training. Internal Audit witnessed that this was addressed at the DPC Training.

### Recommendation was Fully-Implemented.

# 3. Prohibited Expenditures could be Purchased because of a Vendor's MCC (Merchant Category Code)

**Recommend was:** that Purchasing ensures that DPC's obtain all original detailed receipts and that they review the receipts thoroughly to ensure that no prohibited items are purchased. A DPC should question a purchase with the employee or supervisor if the DPC feels that a purchase is questionable. This is very important since our MCCs are based on a merchant category code and not on a specific item.

**Response was:** As reflected in the current P-Card policies, Purchasing concurs that original detailed receipts must be obtained and turned in to the DPC, especially from stores that sell a wide variety of items including prohibited items. Original detailed receipts are emphasized in the P-Card written procedures and in the quarterly class by all three presenters. We shall continue to emphasize the importance of original detailed receipts in the class, adding the Wal-Mart story above as an example.

**Follow-up:** Internal Audit witnessed that this was addressed at the DPC Training. During the FY09 audit we found no prohibited expenditure items.

#### **Recommendation was Fully-Implemented.**

# 4. The P-Card Directive on Lost Receipts should include Disciplinary Action if an Employee Repeatedly Submits Lost Receipt Forms

**Recommendation was:** that the Purchasing Department emphasizes the responsibility of submitting original, detailed receipts in a timely manner to all DPC's and cardholders. Purchasing should add language to the Material Management Procurement Card Program

Directive #4 that states that employees submitting frequent Lost Receipt/Phone Transaction Report forms may result in disciplinary action, up to and including termination.

**Response was:** The P-Card Refresher Course for DPC's highlights the sparing use of this form and the danger related to consistent use by any one cardholder. Language will be added to Purchasing Directive #4 under the Cardholder Responsibilities and Manager Responsibilities that abuse of the Lost Receipt/Phone form may result in disciplinary action.

**Follow-up:** Per discussion with the Purchasing Administrator, Purchasing is currently working on revising the Purchasing Directive #4. During the FY09 audit, we found one Lost Receipt/Phone Transaction Report form used.

### **Recommendation was Not-Implemented.**

5. We Found that Several P-Cards were Issued to Temporary and Part-Time Employees; that in some Cases Employees are Issued more then One Card; that some Employees were given P-Cards with no Set Transaction Limits

#### Recommendation was:

- A. The Purchasing Department uses all available reports by PaymentNet to monitor and ensure that only active permanent full-time employees have a P-Card or the policy be changed to include part-time employees. Careful consideration is needed about giving P-Cards to temporary employees. Purchasing should add to the General Information guidelines that temporary employees will receive a P-Card only under exceptional circumstances.
- **B.** No employee has more then one P-Card issued in their name or the report corrected to show that only one card exists for each cardholder.
- **C.** Transaction/Credit limits be granted based on written approval only from a Managing Director.

#### Response was:

- A. Purchasing concurs temporary employees should not have City P-Cards. Purchasing will amend Directive #4 and any corresponding procedures to make an exception for permanent part-time employees. These exceptions will need to be made by the appropriate Managing Director. We have implemented a process with HR to determine the employment status of any new card applicant.
- B. While the canned report from the P-Card on-line system does appear to show employees with two cards, upon investigation we find no one has two active cards. Purchasing is working with Chase to purge the apparently duplicate cards.
- C. Only Managing Directors or higher can approve credit limits higher than \$5000 per month and \$2999 per transaction. This is done by email to one of the Purchasing P-Card administrators. Some of that documentation is not in the individual's folder. Purchasing will reconcile the documentation by the end of the second quarter of 2009, verifying the limits and adjusting as needed.

### Follow-up:

- A. **Recommendation was Not-Implemented.** Per discussion with the Purchasing Administrator, Purchasing is currently working on revising the Purchasing Directive #4.
- B. Recommendation was Partially-Implemented. During our FY09 audit, we found 12 cardholders with multiple active accounts on the JP Morgan Chase Cardholder Status Report. Of the 12, three cardholders did have two active card accounts while the remaining 9 were stated in error as being active on the JP Morgan Chase Cardholder Status Report. Audit furnished the cardholder names to Purchasing and two of the three cardholders did have their second account closed but one cardholder still has two open accounts.
- C. Recommendation was Not-Implemented. We generated a Chase Cardholder Listing by Hierarchy to check limits over \$5000. We verified each cardholder with limits over \$5000 for approval on file with Purchasing. We found 5 cardholders had either nothing on file to approve the increase, or a temporary increase that was never decreased to the original limit. Purchasing is aware of the cardholders and is working on fixing the limits.

# 6. There is no Reconciliation made from P-Card Applications to when Cards are Received and then given to Employees

**Recommendation was:** that reconciliations be made of all P-Cards to applications when received and picked up by employees. Also monthly reconciliations need to be made of all cards not picked up to determine if any are close to the 90 days. If a P-Card has been held for 90 days or more, the P-Card should be cancelled.

**Response was:** Purchasing and Finance recognized the potential risk of holding cards that had not been activated. In March 2008, Purchasing and Finance put into place a coordinated process to assure all potential cardholders had been trained and the P-Cards distributed within the 60 day time frame. To date, we have had to cancel one card for lack of pick up.

**Follow-up:** As part of our testing for FY09 P-Card and Expense Reports Audit, we found that Purchasing and Finance have coordinated a process and cards not picked up within 60 days are cancelled.

## Recommendation was Fully-Implemented.

# 7. Reports are not Updated and don't Present a True Picture of how many P-Cards are really Issued to Employees

**Recommendation was:** that the Purchasing Department use all available reports at least on a quarterly basis to ensure that P-Cards statuses are accurate, that all employees are active, and that the employee does not have another card already activated. The Purchasing Department should run a quick report when setting up a new employee with a P-Card to ensure that they do not already have a P-Card issued to their name.

**Response was:** As stated in the response to finding 5 part (B), the Chase reports are not accurate. When a properly approved application for a new P-Card is received the administrator runs a cardholder search to ensure that applicant does not already have an active card. This has been the practice since the inception of the program. However, that being said, checking the status of a cardholder is a step that can be rolled into the department monthly review cycle as performed by Purchasing. This will add an additional layer of due diligence.

**Follow-up:** During our FY09 P-Card and Expense Reports Audit, we found that Purchasing did not check the status on a monthly cycle because we found cardholders with multiple active accounts. During a walkthrough of a P-Card application process, we did find that Purchasing is running a cardholder search to ensure that the employee does not already have an active card.

### Recommendation was Partially-Implemented.

# 8. Chase does not Cancel P-Cards when there has not been any Activity in a 12 Month Period

**Recommendation was:** that the Purchasing Department ensures that Chase is canceling P-Cards when there has been no activity in more then a 12 month period. Purchasing can run a last activity date report to determine what employees fall into this category and review in the system if their cards have been cancelled, if not then Purchasing needs to ensure that they notify Chase about it so it can be cancelled.

Response was: This administrator clarified with Chase that inactive cards are purged from the Chase system in 18 months. (We had been told by Chase it was 12 months previously). We were also informed of a report that can be requested on a monthly basis for inactive cards at or near the 18 month date. A report will be requested from Chase on a monthly basis for those who have been inactive for 18 months. Once a card has been cancelled by the bank, a request for a new card from a cancelled cardholder will have to be signed by the Managing Director or higher and the cardholder will sign a renewal/replacement cardholder agreement.

**Follow-up:** Per Purchasing, purchasing requests a purge list every month. On this list are the people the bank is requesting to delete for inactivity. At that time, Purchasing verifies whether or not to close or request the account to remain open. During our FY09 P-Card and Expense Reports audit, we found two employees having active cards issued in 2002 but showed no activity. When further review was done, we found that both cards last activity was 06/2002 and the cards expired 06/2005. One of the employees additionally has had another card issued to them. JP Morgan Chase has not updated the records as they stated they would.

**Recommendation is no longer relevant.** Per the Purchasing Administrator, Chase no longer cancels accounts after 18 months of no activity but instead gives purchasing the option of keeping the account active. Purchasing notifies the departments and Managing Directors determine if the cards should be cancelled.

# 9. No Documentation was found at Departments when the Purchases were made by another Department

**Recommendation was:** that Purchasing ensures when employees make purchases with their P-Card and then charge the expense to another department's account number, they should communicate and provide all proper documentation among the active departments for reconciliation purposes.

**Response was:** We will add to the training on November 19, 2008 the necessity of documenting purchases made with an account from another department. Notification to all DPC's will be made via the Purchasing Link.

**Follow-up:** The Purchasing Department ensured during the November 19, 2008 training that DPC's were made aware of documenting purchases made by other departments. Purchasing continues to emphasize the importance of obtaining documentation for other department purchases during the 2009 training classes. Internal Audit witnessed that this information is conveyed to the DPC's. This is also presented in the FY09 audit which will be issued later in the year.

## Recommendation was Fully-Implemented.

# 10. In One Department Monthly Transaction Detail Reports were not Properly Reviewed, Approved, Signed and Dated by the Managing Director

**Recommendation was:** that Purchasing should ensure that all DPC's are aware that monthly Transaction Detail Reports need to be generated on a monthly basis but that they also need to be submitted to their Managing Director (or above), in a timely manner for review, approval and signature. The Managing Directors need to ensure that Transaction Detail Reports are reviewed, approved, signed and dated on a monthly basis.

**Response was:** Purchasing concurs. The Managing Director Agreement states "Each month, review and approve department's total expenditure activity." The refresher course presenters will continue to talk about the importance of accountability by each Managing Director and we will ask for documentation during the monthly reviews.

**Follow-up:** The DPC course continues to talk about the importance of accountability by each Managing Director and monthly reviews. Internal Audit witnessed that this is addressed at the DPC Training. During the FY09 audit, we found only three departments had not complied; however, due to the scope (October – December 2008) of the FY09 audit and the issuance of the FY08 audit, DPC's were not made aware of this issue until the November 2008 DPC Training.

#### Recommendation was Fully-Implemented.

#### 11. Agreements could not be found or were incomplete

**Recommendation was:** that the Purchasing Department ensures that all Managing Directors appoint and sign the DPC agreement for their areas, that a completed and signed Managing

Director agreement is on file and that they fulfill their duties to confirm that all P-Cardholder agreements are properly signed.

### Response was:

- Since March 2008, we have been working to replace cardholder agreements that are missing or miss-filed. Obviously there was an application in the beginning or the application information would not have been available. A very few are left whose cards will be cancelled if we have not received their agreement by December 31, 2008
- We created a DPC training agreement in March 2008 and are re-committing the DPC's as they attend their annual mandatory training
- We have all Managing Director agreements on file.

Additionally, since March 2008 any agreement or application that must be signed by a Managing Director and is not so signed is returned to the department.

**Follow-up:** During our FY09 P-Card and Expense Reports Audit, we found that Purchasing is working on replacing cardholder agreements, updating new and returning DPC's as they attend training, and keeping Managing Director agreements on file. We found no signed DPC agreements for 8 of the 10 DPC's in their file and one DPC had no signed Training Agreement. We issued Managing Director Memos to each department and agreements were signed and filed for the 8 DPC's.

# Recommendation was Partially-Implemented.

## 12. Outstanding Transactions are not Coded in a Timely Manner

**Recommendation was:** that Finance ensures that DPC's complete monthly reconciliation and distribution coding of P-Card charges in a timely manner.

**Response was:** Finance concurs with this finding. Beginning March, 2008, DPC's have been instructed in quarterly meetings to reconcile, track and update outstanding P-Card transactions within 3 days of the calendar month-end. DPC's are further instructed to refrain from coding the transactions that are under dispute with Chase bank. Monthly notifications are sent by Finance to each DPC who has outstanding transactions. Finance continues with follow-up until each transaction is resolved.

**Follow-up:** DPC's have been instructed in quarterly DPC meetings to reconcile, track and update outstanding P-Card transactions within 3 days of the calendar month end. Internal Audit witnessed that this is addressed at the DPC Training. For fiscal year end 08, there were no outstanding transactions not coded.

#### Recommendation was Fully-Implemented.

#### 13. Not all Cardholders are Submitting Original Detailed Receipts

**Recommendation was:** that the Purchasing Department ensures that all DPC's are aware of the importance of submitting original itemized receipts.

**Response was:** See Response #3. Due to the monthly review process, an occurrence of departments not including detailed receipts is 3.73% of all transactions tested.

**Follow-up:** Original detailed receipts are emphasized during the DPC quarterly course. Internal Audit witnessed that this is addressed at the DPC Training. Managing Director Memos and follow-ups were issued by Internal Audit during the FY08 audit to each department. Managing Directors were made aware of the importance of submitting original detailed receipts. During the FY09 audit, we found 11.7% of the 230 sampled transactions to be missing original detailed receipts.

#### Recommendation was Fully-Implemented.

### 14. Sales Taxes are Charged on Purchases

**Recommendation was:** that Purchasing ensures that all DPC's are aware of the responsibilities of assuring that taxes are not charged on purchases unless dictated by law like state hotel occupancy tax or fuel tax. The tax exempt form should be readily available for all employees and they should familiarize themselves with it and they take the form with them especially when they know they will be going to a food establishment since some vendors request the form.

Response was: Since the inception of the program we have emphasized our tax exempt status, in the procedures, the directive, and the refresher course and periodically in the Purchasing Link (a communication from Purchasing to our customers). Additionally a P-Card review was instituted in 2001 that reviews each department twice per calendar year. One criteria of the review is to question tax over one dollar and/or an aggregate of \$5.00. During the review process we encourage recovery of paid taxes and an explanation if they are not recovered. The tax exempt form is on the G:city/purchase drive and has been since we created the G:city/purchase address. This and the federal tax form are also posted on the G:City/Official Documents/Forms address.

**Follow-up:** Managing Director Memos and follow-ups issued by Internal Audit were completed during the FY08 audit on a department level. During the FY09 audit, we found \$40.35 in taxes charged from the 230 transactions reviewed. DPC's are made aware of the responsibility of assuring that taxes are not charged on purchases during the DPC training.

#### Recommendation was Fully-Implemented.

#### 15. P-Cards are not Properly Signed by the Cardholder

**Recommendation was:** that all P-Card holders sign their P-Card upon completing the training and/or receiving their card as is required by the guidelines.

**Response was:** Cardholders have always been instructed to sign and activate their cards immediately upon receipt. When the card is picked up by the card holder they are asked to sign them in front of the distributor. If the DPC is picking up the cards for the department, the DPC signs for each card and is instructed to have the cardholder sign the card in front of the DPC. This has been the practice since the inception of the P-Card program.

**Follow-up:** Managing Director Memos and follow-ups issued by Internal Audit were completed during the FY08 audit on a department level. During the FY09 audit, we found that all cardholders sampled had a signed P-Card.

## Recommendation was Fully-Implemented.

# 16. Employees did not have their P-Cards in the City of Garland (COG) Sleeve that is Provided by Purchasing

**Recommendation was:** that the Purchasing Department should update the Procurement Card Program Directive #4 to state that all P-Card holders are required to keep their P-Card in a COG sleeve. Once the update is made, Purchasing should ensure that all employees have a COG sleeve.

**Response was:** Purchasing will suggest that departments keep their cards in sleeves. Purchasing has and does make the sleeves available to all cardholders. Starting with the November 19, 2008 refresher course we will make the sleeves available to all who attend. They will be free to take as many as they choose. Additionally Finance gives the sleeves to all cardholders picking up their cards.

**Follow-up:** Managing Director Memos and follow-ups issued by Internal Audit were completed during the FY08 audit on a department level. Purchasing will continue to make COG sleeves available to all cardholders for their use but will not be enforcing this in the Procurement Card Program Directive #4.

### Recommendation was Fully-Implemented.

#### 17. P-Cards Records were not Securely Stored

**Recommendation was:** that Purchasing ensures that DPC's follow P-Card guidelines as related to the storage of all department cardholders, card numbers, and all P-Card records like receipts and invoices.

**Response was:** The security of P-Card documentation is part of the refresher training and is included in the P-Card procedures.

**Follow-up:** Managing Director Memos and follow-ups issued by Internal Audit were completed during the FY08 audit on a department level. During the FY09 audit, we found all transaction documents to be securely stored.

### Recommendation was Fully-Implemented.

#### 18. Managing Directors Need to Assess their Inventory of P-Cards on an Annual Basis

**Recommendation was**: that the City Manager should have the Managing Directors reevaluate all the P-Cards issued to their areas and determines if P-Card holders should continue having P-Cards. The Managing Directors need to assess whether or not a P-Card is needed for the requirements of the job. If Managing Directors find they have employees that do not have a need for a P-Card then the DPC should coordinate with Purchasing to have those P-Cards cancelled. This process should be performed on an annual basis.

**Response was**: the City Manager concurs with this recommendation. I will follow up with Managing Directors and set up a process for each Director to review the justification on each employee with a P-Card in their departments. This review process will start by January 1, 2009.

**Follow-up**: Per the Purchasing Administrator, Purchasing issued lists of all cardholders to Managing Directors for them to review and assess whether or not a P-Card is needed for the requirements of the job. As of April 2009, Purchasing has received feedback from approximately half of the Managing Directors and have already cancelled over 30 P-Cards due to this evaluation.

**Recommendation was Partially-Implemented.** 

### **DEPARTMENTAL EXPENSE REPORTS AUDIT #0894**

The following are the recommendations that were made with responses:

- 1. Some Departments are not:
  - Filing Expense Reports
  - Filing them in a Timely Manner
  - Submitting the Proper Expense Report Form

**Recommendation was:** that the City Manager should ensure all Departmental Managing Directors notify their employees that:

- A completed Employee Business Expense Report for all travel expenses is submitted to the Financial Services Department on the proper form within 20 working days upon return from the trip or incurring the expense
- Each individual employee files an Employee Business Expense Report for each trip or incurring a city expense
- All Employee Business Expense Reports be filed with the Financial Services
  Department and not with the department's or Accounting's petty cash.

The City Manager will contact Managing Directors of employees not complying with this recommendation.

**Response was:** The City Manager supports this recommendation. These changes will go into effect as of March 1, 2008.

**Follow-up:** The Financial Services Employee Business Expense Directive was revised on March 31, 2008. As stated in the directive, "a completed Employee Business Expense Report form shall be submitted to the Financial Services Department, whether or not a reimbursement is required, within 20 business days upon return from the trip or incurring the expense." Reviews of Expense Reports of 10 departments were made for FY09. This was also reviewed in the #0903 P-Card and Expense Reports Audit and recommendations were made.

Recommendation was Fully-Implemented.

# 2. One Department Reviewed Exceeded the GSA (General Services Administration) Meal Allowance Rate

**Recommendation was:** that the City Manager should ensure all Departmental Managing Directors notify their employees that:

- Purchased meals do not exceed the GSA Meal Allowance Rate for the entire trip
- The employee uses the prescribed Employee Expense Report and the Determination of Meal and Incidental Allowance worksheet.

**Response was:** The City Manager supports this recommendation. These changes will go into effect as of March 1, 2008.

**Follow-up:** The Financial Services Employee Business Expense Directive was revised on March 31, 2008. During the FY09 audit, we found 20 out of the 36 expense reports reviewed to be missing a Determination of Meal and Incidental Allowance worksheet; however, we found no expense reports exceeding the GSA Meal Allowance Rate.

### **Recommendation was Partially-Implemented.**

## 3. Departments are not Submitting Detailed Original Receipts

**Recommendation was:** that the City Manager should ensure all Departmental Managing Directors notify their employees that:

 Detailed original receipts are attached to the Employee Expense Report that is submitted to Financial Services.

**Response was:** The City Manager supports this recommendation. These changes will go into effect as of March 1, 2008.

**Follow-up:** The Financial Services Employee Business Expense Directive was revised on March 31, 2008. During the FY09 audit, Internal Audit continued to stress the importance of having detailed original receipts attached to Employee Expense Reports. This was also reviewed in the #0903 P-Card and Expense Reports Audit and recommendations were made.

#### Recommendation was Fully-Implemented.

# 4. Documentation for Prepaid Expenses are not getting Submitted with the Expense Report

**Recommendation was:** that the City Manager should ensure all Departmental Managing Directors notify their employees that:

 Original detailed receipts of the prepaid expenses (airline, car rental, lodging, registration and other miscellaneous expenses) are attached to the Employee Expense Report.

**Response was:** The City Manager supports this recommendation. These changes will go into effect as of March 1, 2008.

**Follow-up:** The Financial Services Employee Business Expense Directive was revised on March 31, 2008. During the FY09 audit, Internal Audit continued to stress the importance of having documentation for prepaid expenses attached to Employee Expense Reports. This was also reviewed in the #0903 P-Card and Expense Reports Audit and recommendations were made.

### Recommendation was Fully-Implemented.

# 5. Departments are not using the City's Assigned Travel Agent – Colwick for their Transportation Needs

**Recommendation was:** that the City Manager should ensure all Departmental Managing Directors notify their employees that:

- Public transportation such as a bus, train, airline, mass transit or other mode of transportation reservations should be made well in advance through the City's assigned travel agency
- Colwick is added to the directive as being the City's assigned travel agent.

The City Manager will be notified of all the individuals that are not complying with this recommendation so he can personally get with their Managing Directors.

**Response was:** The City Manager supports this recommendation. These changes will go into effect as of March 1, 2008.

**Follow-up:** The Financial Services Employee Business Expense Directive was revised on March 31, 2008. The directive states "reservations shall be made through the City's assigned travel agent, which is Colwick Travel."

## Recommendation was Fully-Implemented.

- 6. Prudent Use of Government Resources Dictates that the Concept of Per Diem Should be Re-Evaluated; Therefore, the Employee Business Expense Directive and Expense Report Form Should be Reviewed For Changes to Ensure that an Employee Shall Incur No Financial Loss Nor Realize Any Financial Gain
- **A. Recommendation was:** that the City Manager should consider:
  - Eliminating paying per diem without itemized receipts. Employees should be reimbursed for out of pocket expenses based on actual charges up to the GSA allowance
  - Revising the deadline for submitting expense reports to Financial Services from 10 working days to 20 working days
  - Disallowing the carryover of per diems.

**Response was:** The City Manager supports this recommendation. These changes will go into effect as of March 1, 2008.

**Follow-up:** The Financial Services Employee Business Expense Directive was revised on March 31, 2008. The directive states:

- To document the actual cost of meals, the original detailed receipt for meals and gratuities shall be attached to the Employee Expense Report form
- A completed Employee Business Expense Report form shall be submitted to the Financial Services Department, whether or not a reimbursement is required, within 20 business days upon return from the trip or incurring the expense
- The GSA allowance shall not be carried over from one day to the following day during travel.

### Recommendation was Fully-Implemented.

- **B.** Recommendation was: that the Managing Director of Financial Services should consider:
  - Revising the expense report form to prevent the City from paying excess reimbursements and add a signature line for a Department Head and/or Managing Director
  - Providing training to at least the Department Reps on the revised directive which covers the following:
    - how to use the new form
    - how to handle per diems (GSA Allowance Rate)
    - required documentation to be submitted

Department Reps could then take the information to the rest of their staff.

**Response was:** I concur with the audit recommendations. Based on direction from the City Manager, Financial Services will revise the Travel Expense Form to comply with the revised Travel Directive by March 31, 2008. In addition, Departmental Reps will be trained on the revised Directive as part of ongoing quarterly PAF Rep training.

**Follow-up:** The Financial Services Employee Business Expense Directive was revised on March 31, 2008 and the Employee Expense Report form was revised and a signature line for the Department Head/Managing Director was added. The Financial Services' Investment and Debt Administrator provides training on Expense Reports throughout the year.

#### **Recommendation was Fully-Implemented.**