

OFFICE OF THE CITY CONTROLLER



**PARKS AND RECREATION DEPARTMENT
TRAVEL COST COMPLIANCE AUDIT**

Sylvia R. Garcia, City Controller

Judy Gray Johnson, Chief Deputy City Controller

Steve Schoonover, City Auditor



OFFICE OF THE CONTROLLER
CITY OF HOUSTON
TEXAS

SYLVIA R. GARCIA

August 15, 2002

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

SUBJECT: Parks and Recreation Department
Travel Cost Compliance Audit – (Report No. 02-23)

Dear Mayor Brown:

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

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

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

Respectfully submitted,


Sylvia R. Garcia
City Controller

xc: City Council Members
Albert Haines, Chief Administrative Officer
Oliver B. Spellman, Jr., Chief of Staff, Mayor's Office
Roy E. Wilson, Acting Director, Parks and Recreation Department
Philip Scheps, Ph.D., Director, Finance and Administration Department

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EXECUTIVE SUMMARY

- Expense reports were completed more than 10 days after the completion of the trip for 4 of the 30 (13%) travel expense reports tested.
- Request for Travel Advances were submitted to the City Controller less than 5 working days prior to the anticipated date of departure for 4 of the 30 (13%) vouchers tested.
- Six of the 30 travel vouchers tested included Travel Authorization to Attend Conventions, Conferences, or Training-related Workshops and Business-related Meetings that requested car rentals. Four of the 6 (67%) vouchers did not contain justifications for the car rentals.

SCOPE AND PURPOSE

We have completed a travel cost compliance audit of the Parks and Recreation Department. The audit's objective was to determine if travel expenses were supported, computed, approved and reported in compliance with Administrative Procedure 2-5. The audit scope period was from July 1, 2000 through December 31, 2001.

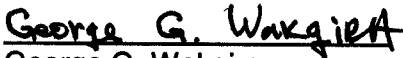
The scope of our work did not constitute an evaluation of the overall internal control structure of the Department. Our examination was designed to evaluate and test compliance with Administrative Procedure 2-5. This was a financial related audit executed in accordance with Generally Accepted Government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

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

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

CONCLUSION

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


George G. Wakgira
Auditor-in-charge


Rudy Garcia
Audit Manager


Steve Schoonover
City Auditor

INTRODUCTION

City of Houston employees attend a variety of local and out-of-town conventions, conferences, seminars, workshops, and meetings to gain knowledge specific to their area of responsibility, enhance professional skills, and conduct City business. The City's travel policy outlines procedures for City employees to obtain approval for and reimbursement of travel expenses connected with both local and out-of-town travel. It designates those responsible for authorizing travel and sets forth the procedures and forms necessary to obtain approval for travel, travel advances, and reimbursement of travel expenses. The policy also distinguishes between travel expenses that are eligible and not eligible for reimbursement. The policy applies to all salaried and non-salaried City employees and to all elected officials. During the scope period, the Department incurred approximately \$ 120,000 in travel, training-related and non-training-related, expenses.

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

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

Employees must use a TAR to obtain approval for local and out-of-town travel.

An employee completes a TAR prior to the date of departure. If the travel involves a car rental, it must be justified on the TAR. The TAR is, then, 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 at least 5 working days prior to the anticipated date of departure. Conference registration fees and airfare are often paid well in advance of a trip. This practice reduces overall travel costs because many conferences and airlines offer discounts for early payment. Employees are required to submit RTAs to the Controller's Office at least five days before the trip. Once the Controller's Office has received an approved TAR and RTA, the employee receives the travel advance and departs on the trip.

AUDIT FINDINGS AND RECOMMENDATIONS

I. TRAVEL EXPENSE REPORTS

BACKGROUND

Employees are required to complete an expense report within 10 working days after completion of the trip. The employee and the appropriate authority sign the expense report and submit it to the Controller's Office for liquidation. Liquidation is the process of settling the travel advance. If actual travel expenses are less than the travel advance, the employee attaches a check to the expense report to reimburse the City for the excess. If actual travel expenses are greater than the travel advance, the Controller's Office issues the employee a check for the difference.

FINDING

Expense reports were completed more than 10 days after the completion of the trip for 4 of 30 (13%) travel expense reports tested. In the instances noted, expense reports were completed between 5 and 26 days after 10 days had expired. The purpose of the 10 days rule is to ensure travel expenses are recorded and excess travel advances are promptly returned to the City.

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

Table 1
Vouchers Not in Compliance with the 10 days Rule

Transaction Reference	Date Trip Completed	Date TER&L Completed	Work Days Overdue
PV013601367	10/01/00	10/31/00	12
PV013601121	09/19/00	10/10/00	5
PV013601435	10/15/00	11/07/00	7
PV013602777	01/22/01	03/13/01	26

RECOMMENDATION

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

II. REQUESTS FOR TRAVEL ADVANCE

BACKGROUND

The City of Houston's policy, Administrative Procedure (A.P.) No. 2-5, Section 6-3.1, states that the RTA must be signed by the appropriate Approving Authority before being submitted to the Controller's Office and requests for cash advance shall be submitted to the City Controller at least five working days prior to the anticipated date of departure.

FINDING

RTAs were submitted to the City Controller less than 5 working days prior to the anticipated date of departure for 4 of the 30 (13%) vouchers tested. The purpose of the 5 days rule is to allow the Controller's Office adequate time to process and deliver the cash advance to the employee.

Table 1 presents those RTAs that were submitted to the City Controller less than 5 working prior to anticipated date of departure.

Table 1
RTAs Not in Compliance with the 5 Working Days Rule

Transaction Reference	Date of Anticipated Departure	Date RTA Submitted To City Controller	Work Days Prior to Anticipated Departure
PV013600009	03/11/01	03/08/01	3
PV013600305	07/07/00	07/03/00	4
PV013600304	07/28/00	07/24/00	4
PV013602899	07/28/00	07/24/00	4

RECOMMENDATION

We recommend the Department comply with the City's travel policy that requires the submission of an RTA at least 5 working days prior to the date of anticipated departure.

III. CAR RENTALS

BACKGROUND

The City of Houston's policy, A.P. No. 2-5, Section 7-7.2, states that the rental of an automobile must be authorized by the Approving Authority on the TAR and car rental should be allowed only when it can be demonstrated that rental is essential to the purpose of the trip and/or is more cost effective than other ground transportation

alternatives. This City policy is implemented by including a brief statement of justification on the TAR.

FINDING

Six of the 30 travel vouchers tested included TARs that requested car rentals. Four of the 6 (67%) vouchers did not contain justifications for the car rentals. The purpose of this policy is to ensure that a car rental is approved only when it is essential to the purpose of the trip.

Table 1 presents those vouchers that included TARs that did not include justifications for car rentals.

Table 1
Vouchers Not in Compliance with the Car Rental Justification Rule

Transaction Reference	Car Rental Approved?	Purpose Justified On TAR?
PV013601435	Yes	No
PV013603135	Yes	No
PV01360000123	Yes	No
PV013601174	Yes	No

RECOMMENDATION

We recommend the Department comply with the City's travel policy by providing evidence of justification of the purpose of the car rental on the TAR. Compliance can be demonstrated by including a brief statement of justification for the car rental on the TAR.

EXHIBIT 1



CITY OF HOUSTON

Parks and Recreation
Department

Interoffice

Correspondence

To: Sylvia Garcia, City Controller

From: Roy Wilson, Acting Director
Parks and Recreation Department

Date: July 19, 2002

Subject: **TRAVEL COST COMPLIANCE AUDIT-
DEPARTMENT'S RESPONSE**

Following is the department's response to the audit of Travel Cost Compliance conducted by the Controller's Office.

1. Finding #1: Travel Expense Reports

"Expense reports were completed more than 10 days after the completion of the trip for 4 of 30 (13%) travel expense reports tested."

Department's Response

The Accountant Manager of the Financial Services Section has instructed staff to ensure that expense reports are completed timely (no more than 10 days after the completion of travel). If Accounts Payable Section has not received the expense report within 5 days after the completion of travel, the section will alert the Accountant Manager to handle who will follow up with the Deputy Director of the Division in which the employee works.

2. Finding #2: Requests for Travel Advance (RTA)

"RTAs were submitted to the City Controller less than five working days prior to the anticipated date of departure for four of the 30 (13%) vouchers tested."

Department's Response

The Accountant Manager for the Financial Services Section has instructed staff to not process RTAs that are submitted less than five working days prior to the commencement date of travel.

3. Finding #3: Car Rentals

"Six of the 30 travel vouchers tested included TARs that requested car rentals. Four of the six (67%) vouchers did not contain justifications for the car rentals."

Department's Response

The Accountant Manager for the Financial Services Section has instructed staff to not process Requests for Travel Authorization (RTA) that do not include a justification for rental car cost.

**Views of Responsible
Officials**

EXHIBIT 1

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If you have any questions and or concerns about this response, please call Maggie Mottesheard at 713 845-1304.



Roy E. Wilson, Acting Director
Parks and Recreation Department

REW/CJ

CC: Steve Schoonover, City Auditor
Maggie Mottesheard
Cheryl Johnson

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**Views of Responsible
Officials**