



Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP
City Auditor

HIGHLIGHTS

Highlights of City Auditor Report #1309, a report to the City Commission and City management

WHY THIS AUDIT WAS CONDUCTED

The purpose of this audit was to evaluate internal controls and compliance with the City of Tallahassee's (City) travel policies and procedures. Specifically, our 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, and 3) in compliance with the City's travel procedures, including whether the travel was conducted in an efficient and economical manner.

WHAT WE RECOMMENDED

Key recommendations made to improve compliance with the policy were:

- 1) Revise the policy to improve some areas and clarify others.
- 2) Improve the review process to ensure employees are only reimbursed for eligible meals, and ensure the most economical and efficient method of travel was utilized, or documented appropriately.
- 3) Reconsider whether paper checks are still the best travel reimbursement method, or whether direct deposit and payroll deduction would be a more effective and efficient method of reimbursing the employee and the City.
- 4) Work with departments to increase process efficiencies and streamline the travel submission process, including electronic submission of required travel documentation.
- 5) Communicate any changes made to signed travel documentation to the employee and supervisor.

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March 22, 2013

AUDIT OF CITY TRAVEL AND TRAINING

Overall, the travel and training transactions tested were approved, materially accurate, properly accounted for, and accurately reported.

WHAT WE CONCLUDED

Based on our testing, we concluded:

- 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. We determined approximately 97% of the travel trips were conducted efficiently, economically, and in compliance with City policies and procedures. Our testing showed 1% could have been saved if ineligible meals had not been claimed and reimbursed, and up to 2% could have been saved by using more economical modes of travel.
- 3) Each of the 15 training transactions that did not involve travel was properly approved and correctly recorded.
- 4) All tested Purchase Card (PCard) transactions on the travel expense forms tested were accurately recorded.
- 5) In one trip, we noted registration fees and lodging, valued at \$5,380, were paid for City employees to attend a conference sponsored by an active City vendor/contractor. Even though the employees attending the conference did not directly benefit financially, we believe the receipt of such by the City is improper and could give the appearance of a conflict of interest.

Policy compliance was separated into noncompliance without a dollar impact and noncompliance with a dollar impact. Noncompliance without a dollar impact included late submission of travel forms and incomplete signatures on the travel forms. Noncompliance with a dollar impact included: a) ineligible meals paid, b) most economical travel method not being used, and c) available registration discounts not being taken or explained as to why not taken. Documented policy exceptions were considered to be in compliance.

We would like to thank all City management staff involved in this audit, especially Procurement Services for their complete cooperation and support during this audit.

Office of the City Auditor

Audit Report



Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP
City Auditor

Audit of City Travel & Training

Report #1309

March 22, 2013

Executive Summary

The purpose of this audit 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, \$1,535,406 was charged to the Travel and Training category. Specifically, we tested travel transactions 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.

We reviewed the training expenditures to ensure they were properly approved and appropriately recorded in the travel and training category.

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

Based on our review of 89 travel trips and 15 training transactions (involving no travel), we determined 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. All tested PCard transactions on the travel expense forms tested were accurately recorded.

- 3) Of the 89 travel trips reviewed, we determined approximately 97% (\$102,684 of the \$106,324) of the travel trips were conducted efficiently, economically, and in compliance with City policies and procedures. Our testing showed 1% (\$871) could have been saved in 49 instances if ineligible meals had not been claimed and reimbursed, and up to 2% (\$2,769) could have been saved in 26 instances if employees had chosen more economical modes of travel. Additionally, we noted 54 instances of noncompliance without a dollar impact. Ineligible meals typically included instances where meals were reimbursed to the employee when a free meal was already provided to the employee by the hotel where the employee was staying. Such meal reimbursement is not allowed under current City travel policies.
- 4) Each of the 15 training transactions that did not involve travel was properly approved and correctly recorded.

We noted an additional issue 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. Trapeze Software Group, a City vendor providing StarMetro's non-emergency transit scheduling and tracking software covered the lodging and registration fees for four StarMetro employees to attend Trapeze's 2011 Users Conference in Boca Raton, Florida.

It is our opinion the City should have paid all conference registration and lodging fees associated with the 2011 Trapeze User Conference. Even though the employees attending the conference did not directly benefit financially, we believe the receipt of such by the City is improper and could give the appearance of a conflict of interest.

We identified the following areas where improvements could be made to the City's travel procedures.

- 1) Reconsider whether the Runzheimer's Meal-Lodging Cost Index is still the best option for fair and equitable meal reimbursements, or if another index would be a better alternative. For example, we estimated that the City could reduce travel expenditures by approximately 2% using the US General Services Administration (GSA) rates.
- 2) Should Runzheimer's continue as the preferred index, consideration should be given to modifying the times when breakfast and dinner meals are reimbursed.
- 3) Clarify the policy regarding when an employee's trip ends to provide guidance regarding what meals are eligible for reimbursement.
- 4) Should Runzheimer's continue as the preferred index, eliminate from the City travel policy the requirement to use the state average for cities not identified in Runzheimer's as the index no longer provides that information, and establish guidelines for how employees should be reimbursed for meals in those cities.
- 5) Clarify the mileage reimbursement portion of the policy. The policy is not clear that actual mileage may be submitted on the travel expense form.
- 6) Reconsider whether paper checks are still the best travel reimbursement method, or whether direct deposit and payroll deduction would be a more effective and efficient method of reimbursing the employee and the City.
- 7) Procurement Services should work with departments to increase process efficiencies and streamline the travel submission process, including electronic submission of required travel documentation.
- 8) Improve the review process to ensure employees are only reimbursed for eligible meals. Additionally, management should review each instance of reimbursements made for ineligible meals to determine if employees should repay the City.
- 9) Travelers and supervisors should evaluate available options to determine the most economical and efficient method of travel to be utilized.
- 10) Include guidance on the level of documentation required to show the various alternative travel methods considered.
- 11) Departments should implement steps to ensure travel forms are properly and timely signed, dated, and submitted according to the timelines set forth in Administrative Policies and Procedures (APP) 602.
- 12) Communicate any changes made to signed travel documentation to the employee and supervisor.
- 13) Include guidance on 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, compact).

Additional recommendations for changes to the policy not significant enough to include in the audit report have been provided to management in separate correspondence for their review and disposition.

Management has provided their planned action steps to address the audit report recommendations in Appendix A.

We would like to thank and acknowledge the full and complete cooperation and support of all City departments, especially Procurement Services, during this citywide audit.

Scope, Objectives, and Methodology

The purpose of this audit was to evaluate internal controls and compliance with the City of Tallahassee’s (City) travel policies and procedures.

Specifically, our 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.

We reviewed the training expenditures to ensure they were properly approved and appropriately recorded in the travel and training category.

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

The scope of the audit included a review of disbursements to or on behalf of City employees and officials and other authorized individuals for expenses incurred while traveling during the period of January 1, 2011, through April 24, 2012. All travel except that by elected officials (Mayor and City Commissioners) and their staffs, and the Office of the City Auditor was included.

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. Documentation supporting those 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 representing \$113,544 (7%) of the \$1,535,406 spent on travel and training during the audit period. Training expenditures that involved no travel totaled \$7,219.

To address the audit objectives we reviewed related laws, rules, and policies and procedures; selected and tested samples of travel expenditures and reviewed the circumstances and costs associated with the related travel trips; performed analytical procedures; interviewed applicable staff; and made observations as necessary.

Additionally, we reviewed the purchase card (PCard) transactions on 10 of the 89 travel trips to determine whether the PCard amount on the travel expense form matched the amount on the PCard statements and was correctly expensed to the travel and training category.

Travel costs shown for the 89 trips on the final expense forms totaled \$106,324 and consisted of the following:

**Table 1
Itemized Travel Expenses**

Cost Category	Total Amount Tested	Percent of Amount Tested
Registrations	\$ 39,557	35%
Lodging	\$ 30,721	27%
Meals	\$ 18,310	16%
Airfare and baggage	\$ 8,491	7%
Mileage/Reimbursement	\$ 4,133	4%
Gas	\$ 2,379	2%
Car Rental	\$ 1,038	1%
Parking/Tolls	\$ 882	1%
Miscellaneous (1)	\$ 813	1%
Total Travel Costs	\$106,324	94%
Training - no travel	\$7,219	6%
Total	\$113,544	100%

Note: (1) Miscellaneous included training books, gratuities, Internet access, and copies.

We conducted this audit 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 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.

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, and
- 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.

The City of Tallahassee Municipal Code (Part II, Chapter 2, Article III, Section 2-62) states “the reimbursement of city officers and city employees for travel on official city business shall be as established by city policy. The provisions of Florida Statute Section 112.061 shall be inapplicable to such reimbursement.” With the exception of per diem reimbursement amounts, the City follows Florida Statute 112.061, “Per diem and travel expenses of public officers, employees, and authorized persons.”

Travel policies and procedures have been established through Administrative Policies and Procedures (APP) 602, “Travel and Training Policy.” Key requirements of the City’s travel policies and procedures include:

- 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 over-all cost and shortest time away (efficiency). If the traveler selects a different route or rate, for his or her 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 3 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 7 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).
- Meals are 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, hotels, or other sources. Meals are reimbursed based on the following time schedule:

Table 2
Time Requirements for Meal Reimbursement

Meal	Times Reimbursed
Breakfast	Employee departs for a trip prior to 8:00 a.m., and when the employee arrives back from a trip prior to noon. (1)
Lunch	Employee departs for a trip between 8:01 a.m. and 12:59 p.m.; and when the employee arrives back from a trip between 12:01 p.m. and 6:00 p.m. (1)
Dinner	Employee departs for a trip between 1:00 p.m. and 6:00 p.m., and when the employee arrives back from a trip between 6:01 p.m. and midnight. (1)

Note (1): In town travel and one-day trips are typically not eligible for meal reimbursement.

Reimbursements for meals, mileage, and other incidentals are reimbursed directly to the employee. All other expenses are normally paid directly to the merchant through a City PCard, or a check, if necessary (examples include registration fees, airfare, lodging).

The City spent \$2,638,156 for travel and training over the last four fiscal years, for an annual average of \$659,539.

Although travel and training expenses increased in each of the three years, as shown in Appendix E, over the last 10 years travel expenses have significantly declined. During fiscal year 2009 the travel expenses (\$570,194) were 57% less than the 2003 expenses (\$1,335,355). In the most recent fiscal year, 2012, the expenses (\$776,945) are 42% less than what they were 10 years earlier.

The travel and training budget is a small part of the annual budget. For fiscal year 2012 the budget was \$860,763 which is only 0.16% of the City’s \$535 million operating budget, not including fuel. For comparison, the travel and training budget for 2003 was \$1,604,170. (See Appendix E)

Management from multiple departments (such as PRNA, Police, and Fire) reported due to reduced budgets, many employees have shared hotel rooms to reduce travel costs, and even paid a portion or all of the travel costs in order to continue to obtain professional training related to their positions.

Answers to the Audit Objectives

Objective 1: Determine whether travel and related expenditures were incurred only for travel that related to the conduct of City business.

We determined the stated purpose of each of the 89 travel trips reviewed was related to the conduct of City business.

Examples of purposes for trips included attend meetings to conduct City business, attend professional conferences, and obtain training related to employees’ job responsibilities.

Objective 2: Determine if travel and related expenditures were properly accounted for and accurately recorded.

Overall, we determined 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. These 17 instances had no financial impact and are considered miscellaneous errors. (See Appendix B)

Of the 15 training transactions that did not involve travel, we determined each was properly approved and correctly recorded.

All tested PCard transactions on the travel expense forms tested were accurately recorded.

As part of our review, we tested the PCard transactions on 10 of the 89 travel trip samples to determine whether the PCard amount on the travel expense form matched the amount on the PCard statements and was correctly expensed to the travel and training category. We determined all reviewed PCard transactions listed on the travel forms matched the amount billed on the employee’s PCard, and all of those expenses were assigned to the correct expense account.

Objective 3: Determine whether travel and related expenditures complied with the City’s travel policies and procedures.

Of the 89 travel trips reviewed, we determined approximately 97% (\$102,684 of the \$106,324) of the travel trips tested were conducted efficiently and economically and in compliance with City policies and procedures.

Our testing showed 1% (\$871) could have been saved in 49 instances if ineligible meals had not been claimed and reimbursed, and up to 2% (\$2,769) could have been saved in 26 instances if employees had chosen more economical modes of travel. Ineligible meals typically included instances where meals were reimbursed to the employee when a free meal was already provided to the employee by the hotel where the employee was staying. Such meal reimbursement is not allowed under current City travel policies.

Noncompliance with a dollar impact includes travel that could have been conducted more economically and ineligible meals that were claimed and reimbursed.

In our testing, some trips had multiple occurrences of noncompliance including both with and without a dollar impact. For example, one trip where the travel documentation was submitted late the employee may have also been reimbursed for ineligible meals and/or mileage.

We determined approximately 97% (\$102,684 of the \$106,324) of the travel trips tested were conducted efficiently and economically and in compliance with City policies and procedures.

To comply with the City’s travel policy, employees are required to make economics the primary consideration when making travel arrangements, resulting in the lowest overall cost and shortest time away (efficiency). If the traveler selects a different route or rate, for his or her 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.

The number and amount of instances of noncompliance with dollar impact by department is shown in Appendix C, and includes costs for ineligible meals, rental car costs, mileage costs, and extra registration costs.

Employees were reimbursed for ineligible meals, including meals provided by hotels and meals included in registration fees, or for dinner meal allowances paid to employees that returned from their trip prior to the time when a meal would have been allowed (after 6 p.m.).

APP 602 states in section 602.09(J)(2): “If a meal is provided as part of the hotel/conference registration (e.g. continental breakfast), it will be excluded from the meals to be (reimbursed).” We identified 49 (7%) ineligible meals totaling \$871 (5%) of the 710 meals tested totaling \$18,310 reimbursed to employees.

If it is the City’s intent in the future to allow employees to claim the breakfast meal allowance when they are staying at a hotel/motel that provides a complimentary breakfast as part of the room cost, then the City should revise the current policy. It is our understanding that state travel rules allow employees to claim the breakfast meal allowance in such circumstances.

Table 3, on the next page, shows the number and amount of ineligible meals paid to employees of the departments. Note that one trip could have multiple instances of ineligible meals. For instance, if an employee attending a meeting out of town stayed three nights in a hotel that provided breakfast, and the employee was reimbursed three breakfast meals, then that one trip would have three ineligible breakfast meals.

**Table 3
Ineligible Meals Reimbursed by Department in the 89 Travel Trips Tested**

Department	Number of Travel Trips	Total Number of Meals Reimbursed	Total Cost of Meals Reimbursed	Number of Ineligible Meals Reimbursed (1)	Cost of Ineligible Meals Reimbursed
Aviation	1	3	\$61	0	\$0
City Attorney	3	24	\$612	0	\$0
Communications	5	33	\$868	0	\$0
Department of Management and Administration	6	70	\$1,336	20	\$313
Economic and Community Development	3	20	\$503	6	\$121
Electric Utility	12	62	\$1,828	9	\$156
Energy Services	1	0	\$0	0	\$0
Environmental Policy and Energy Resources	3	11	\$282	0	\$0
Equity & Workforce Development	1	5	\$147	0	\$0
Executive Services	2	4	\$95	0	\$0
Fire	4	20	\$575	1	\$19
Fleet Management	7	39	\$848	3	\$46
Growth Management	2	26	\$731	2	\$42
Parks, Recreation, and Neighborhood Affairs	3	30	\$782	0	\$0
Planning	1	7	\$192	0	\$0
Police	13	201	\$5,498	0	\$0
Public Works	2	20	\$554	0	\$0
Solid Waste	3	20	\$534	1	\$19
StarMetro	6	42	\$1,103	3	\$81
Treasurer-Clerk	2	15	\$415	0	\$0
Underground Utilities	7	45	\$1,068	0	\$0
Utility Business and Customer Services	2	13	\$279	4	\$73
Total	89	710	\$18,310	49 (7%)	\$871 (5%)
Percent of total travel trips tested, \$106,324			17%		1%

Note 1: Ineligible meals typically included instances where meals were reimbursed to the employee when a free meal was already provided to the employee by the hotel where the employee was staying.

Monies could have been saved by utilizing the most economical rental cars on the State of Florida contract instead of being reimbursed for mileage, and by not purchasing rental car insurance.

Throughout the audit, we noticed employees used different means of travel, including airplane, personal vehicles, rental cars, and City vehicles. Of 89 travel trips tested, approximately 4% (\$4,133 of \$106,324) of the expenditures were mileage reimbursements when employees drove their own vehicle; and 1% was for car rentals (\$1,038 of \$106,324).

There were 15 instances where employees were paid mileage for driving their own vehicle. In each instance, the City could have saved money by renting a car using the state contract. Had a City vehicle from the fleet pool been available, this may have resulted in additional savings. The fee for using a fleet pool vehicle varies depending on which vehicle is used. Such fees are paid through interfund transfers and are not itemized on the travel documents. Additionally, Fleet management staff stated pool vehicles are limited in number, and are primarily to be used by employees during the day, not for out of town travel for extended periods of time that may occur when attending conferences and trainings.

In the reviewed trips, departments that paid the employees mileage could have saved up to \$1,530 (average of \$102) by renting a vehicle using the state contract. The amount of savings will vary depending on several factors, such as whether or not travelers were charged a fee for parking personal vehicles at the rental car location while out of town, or the rental vehicle's gas mileage. For our analysis, we did not include fees for parking personal vehicles, and conservatively calculated fuel expenses based on 20 miles per gallon of gasoline, and a gasoline price of \$3.80 per gallon. Actual gas mileage by the rental vehicle could result in increased cost savings, while fees for parking personal vehicles could result in reduced savings.

We identified seven instances where employees paid above the most economical rate for rental cars. In three travel trips (involving Planning, PRNA, and StarMetro), the employee did not use the state rental car contract, and in two travel trips (involving Electric Utility and PRNA), employees rented a vehicle class more expensive than the most economical vehicle offered. Exceptions to the policy were not, but should have been, noted on the travel forms.

Additionally, there were two instances where employees unnecessarily paid for rental car insurance (Planning and StarMetro). The City is self-insured and therefore, additional insurance is not needed. The City could have saved an additional \$534 by renting the most economical vehicle under the state contract rate and by not purchasing vehicle insurance.

The City could have saved \$686 (2%) of the \$39,557 paid for registration fees by employees timely registering for conferences or taking advantage of membership pricing. There were three instances in PRNA totaling \$531 where employees did not take advantage of early bird discount pricing for conference registration fees. If there are instances where early discount registration is available, and it is not possible to take advantage of the discount, the traveler should make a notation on the travel form, providing sufficient explanation. Additionally, there was one instance in Solid Waste where the employee could have saved \$155 by becoming a member of the association hosting the conference and thereby paid less overall for the membership and the conference registration. City policy limits the departments to pay for no more than two (2) professional memberships per employee. In this instance, the employee was not a member of any professional associations.

We noted 54 instances of noncompliance without a dollar impact. Noncompliance without a dollar impact includes travel forms turned in late (31) and signatures that were either incomplete or incorrectly signed (23). (See Appendix B)

Of the 89 travel trips tested, 31 (35%) final travel expense forms were submitted to Procurement Services after the 14-day policy deadline. The number of days the travel expense forms were submitted late ranged from 15 days to 69 days, with the average being 31 days late for the 32 forms.

Employees and supervisors did not consistently sign and date the signature portion of the travel expense forms. Of the 89 travel trips tested, 23 (26%) travel forms included incomplete signatures, or instances where the supervisors signed before the employee completed the travel forms. Additionally, subsequent changes were being made to the travel forms after the employee and supervisor signed the travel forms, and those changes were not verified by the employee and/or supervisor. There was no evidence on the travel forms that the employee and supervisor were notified and concurred with the changes.

Exceptions to the policy do occur and are allowed. In each of the instances we identified where the most economical method was not used, there was not sufficient information to support the mode of travel utilized.

In order to prevent reimbursement of ineligible meals, ensure the most economical and efficient method of travel is utilized, and ensure completed travel expense forms are properly approved and timely submitted, we recommend:

- 1) Departments and Procurement Services improve their review process to ensure employees are only reimbursed for eligible meals. This can be accomplished by reviewing the specific hotel’s website, and requiring all departments submit the detailed conference itinerary and registration forms, along with the conference backup information already being submitted. Additionally, City management should review each instance of reimbursements made for ineligible meals identified in our testing of reimbursements to determine if employees should repay the City. In those instances where a hotel or conference provides a meal and the employee incurred

additional meal cost, such justification should be documented on the travel expense form.

- 2) Travelers and supervisors evaluate available options to determine the most economical and efficient method of travel to be utilized.
- 3) 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.
- 4) Changes to travel documentation made after being signed should be communicated to the employee and supervisor for written acknowledgment and confirmation that the changes are correct.
- 5) Alternatively, should the City now determine employees should be entitled to the breakfast meal allowance when provided complimentary in the lodging cost, the travel policy should be amended accordingly.

In order to ensure travel is conducted in the most economical and efficient manner, we recommend Procurement consider revising APP 602 to:

- 1) Include guidance on 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, compact).
- 2) Include guidance on the level of documentation required for the various alternative travel methods considered.

Other Issue Related to Travel

During our testing, we noted an additional issue related to City policy #706 (APP 706), “Personnel Policies and Procedures.” Section C of APP 706 addresses conflicts of interest. In this instance we concluded any conflict of interest concerns should be directed to City Management and not the employees.

Registration fees and lodging, valued at \$5,380, were paid for City staff to attend a conference sponsored by an active City vendor/contractor.

During our testing, we noted an instance where an active City vendor, Trapeze Software Group, that provides StarMetro's non-emergency transit scheduling and tracking software, provided lodging and registration for four StarMetro employees to attend Trapeze's 2011 Users Conference in Boca Raton, Florida.

In March 2010, the City released Request for Proposal (RFP) 0077-10-BM-RC soliciting companies to propose vehicle scheduling and tracking software programs. The RFP requested vendors include in their proposal information regarding the training available to the City. Specifically, section 7.0 stated, "The Respondent should state the training support and service they will provide...."

Trapeze's proposal states "As part of the Trapeze Customer Care program, registered users are invited to the Annual User Conference. Registration fees, travel, and accommodations are the responsibility of the participants."

Two of the committee members on the City's RFP selection committee that selected Trapeze as the software vendor to be used by StarMetro attended the User Conference where Trapeze covered the registration and lodging.

Based on the information in the RFP and Trapeze's proposal, it is our opinion the City should have paid all conference registration and lodging fees associated with the 2011 Trapeze User Conference. Even though the employees attending the conference did not directly benefit financially, we believe the receipt of such by the City is improper and could give the appearance of a conflict of interest.

In order to ensure the City treats all vendors equally, we recommend StarMetro not accept free conference registration and lodging, from vendors that do or could do business with the City. Each situation should be carefully considered so the City does not appear to be favoring one vendor over another vendor.

Additional Recommendations to Improve the City's Travel Policy

In our review of the City's travel policy, we noted the policy includes some areas that need to be updated, and others that need to be clarified.

We recommend the travel policy be updated in the following areas:

- 1) 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.

As stated in the Background Section the City follows Florida Statute 112.061, "Per diem and travel expenses of public officers, employees, and authorized persons," with the exception of per diem reimbursement amounts. Instead of following the state's per diem reimbursement amounts, in 1986, the City chose to use a different available per diem index (Runzheimer's) in order to provide employees with rates that were more closely related to meal costs in the different cities across the country. At that time, management reported there were few per diem index options readily available. Currently the City pays an annual subscription fee to access the Runzheimer's travel cost index. The costs in fiscal years 2011 and 2012 were \$4,250 and \$4,300, respectively.

Now, the GSA per diem reimbursement rates are available online and at no cost to the City. The GSA rates allow for greater accuracy in calculating meal costs because users may search by zip code or city name, whereas Runzheimer's has meal indexes for only a few selected cities. For cities not found in Runzheimer's index, travelers use the city in Runzheimer's closest to their destination even though actual meal costs between the two may not be the same. Table 4 below shows a cost comparison of the

daily per diem rate (three meals) between Runzheimer’s and GSA.

**Table 4
Daily Meal Comparison**

City	Runzheimer's	GSA
Tallahassee	\$61.74	\$ 41.00
Miami	\$76.82	\$ 61.00
Atlanta	\$81.22	\$ 51.00
Washington D.C.	\$64.27	\$ 66.00

As shown in Appendix D of this report, we conducted a comparison of meals using the Runzheimer’s Rate to GSA. The City reimbursed employees \$18,310 for meals in the travel trips we reviewed. We did not include a comparison to the State of Florida rate because the state rate is a set amount regardless of the city which could require the employees to pay out of pocket for meals while performing City business.

If the City reimbursed per diem using the GSA rate, the City would have paid \$15,991, a savings of \$2,319 or 13% of per diem reimbursements tested.

In comparing the \$2,319 in savings using the GSA rate to the total costs of the travel trips reviewed using the Runzheimer’s Index, we estimated the savings would be approximately 2% (\$2,319 of \$113,544) of the total tested in the travel and training category.

The total costs in the travel and training category during the audit review period of January 2011 – April 2012 was \$1,535,406. By multiplying the 2% savings using the GSA rate of travel trip costs reviewed to the total of all travel expenses, we estimated the total savings by using the GSA rate would have been approximately \$33,000. Additionally, the City would save monies by not paying the annual subscription fee to access the Runzheimer’s Index.

2) Should Runzheimer's continue as the preferred index, consideration should be

given to modifying the times when breakfast and dinner meals are reimbursed. Currently, breakfast meals are paid when the departure time is prior to 8:00 a.m. Establishing an earlier departure time would more effectively coincide with the time frame of the meal missed, since employees traditionally leave their residence to travel to work prior to 8:00 a.m. Using GSA would eliminate beginning and ending travel times used in meal calculations because travelers are only paid a portion of the meal reimbursements on the first and last travel days of each trip.

- 3) Should Runzheimer's continue as the preferred index, clarify the policy when an employee’s trip ends to provide guidance regarding what meals are eligible for reimbursement. The policy includes in its meal reimbursement a time table of when meals should be reimbursed based on the return trip times, but the policy does not indicate whether the return trip ends when the employee lands at the airport, returns the rental car, would have returned to their headquarters/place of employment, or arrives home. An alternative would be to reimburse travelers a portion of the daily per diem rate for the first and last day, removing the dependency on the departing and arriving times. For example, the GSA rate reimburses travelers 75% of the per diem rate on the first and last day of the trip.
- 4) Should Runzheimer's continue as the preferred index, eliminate from the City travel policy the requirement to use the state average for cities not identified in Runzheimer’s, as the index no longer provides that information, and establish guidelines for how employees should be reimbursed for meals in those cities.
- 5) Clarify the mileage reimbursement portion of the policy. The policy is not clear that actual mileage may be submitted on the travel expense form. The current process for mileage reimbursement allows travelers to be advanced mileage based on the Florida

Department of Transportation (DOT) mileage chart, but departments are unaware that instead of the DOT mileage plus the allowed vicinity mileage, they may submit actual mileage incurred for reimbursement when travelers return.

- 6) 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. Payroll deduction would be effective when employees are required to pay back a portion of the travel advance received prior to the trip.
- 7) Increase process efficiencies by working with the Departments to streamline the travel submission process, including electronically submitting travel documents. This could reduce the time it takes paper to travel between departments and replaced travel forms can be eliminated.

Additional written and verbal recommendations for changes to the policy have been provided to management for their review, consideration, and disposition.

Conclusion

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. All tested PCard transactions on the travel expense forms tested were accurately recorded.
- 3) We determined approximately 97% (\$102,684 of the \$106,324) of the travel trips were conducted efficiently, economically, and in compliance with City

policies and procedures. Our testing showed that 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.
- 5) We noted an additional issue 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.
- 6) In our review of the City’s travel policy, we noted the policy includes some areas that need to be updated, and others that need to be clarified.

Additional recommendations for changes to the policy not significant enough to include in the audit report have been provided to management in separate correspondence for their review and disposition. Management has developed an action plan to address these recommendations in Appendix A.

We would like to thank and acknowledge the full and complete cooperation and support of all City departments, especially Procurement Services, during this citywide audit.

Appointed Officials' Response

City Manager: We appreciate the City Auditor's thorough work on the Audit of Citywide Travel. I am pleased to see that overall travel and related expenditures were properly accounted for and accurately recorded. We have reviewed the various recommendations and will thoroughly evaluate these. It should be noted that many of these recommendations were already under evaluation or in process of implementation prior to this audit, i.e. automation of travel forms, electronic fund transfers for travel advances, reevaluation of the Runzheimer's index, etc.

I also appreciate the Auditor's comments on making sure that travel is planned in the most economical manner possible, as encouraged in the travel policy. Although it is always our intent to ensure that travel is done at the least cost possible, many factors contribute to when decisions are made to approve travel and therefore in many instances we may not be able to take full advantage of early training registrations, lower car rental rates, etc. We will continue to stress the importance to departments of the need to be cognizant of minimizing travel costs via planning ahead whenever reasonably possible.

I would like to thank again the City Auditor as well as staff that was involved with this audit.

City Attorney: I appreciate the professionalism and thoroughness of the audit staff throughout the course of this audit. The findings and recommendations are fair and reasonable. On behalf of the City Attorney's Office, we always welcome receiving constructive feedback on ways we can be better stewards of the public's money.

City Treasurer-Clerk: We appreciate the efforts of the City Auditor in conducting the Audit of Citywide Travel and find the resulting report and recommendations to be straightforward and clear. We will continue to strive for full compliance with the City's policy on travel and training and will follow the changes, if any, made by Procurement Services and DMA as part of the action plan.

Appendix A – Management’s Action Plan

Action Steps	Responsible Employee	Target Date
<p>1) City management will review each instance of reimbursements made for ineligible meals identified in our testing of reimbursements to determine if employees should or should not repay the City.</p>	<p>1) DMA 2) ECD 3) Electric 4) Fire 5) Fleet 6) Growth Management 7) Public Works 8) Solid Waste 9) StarMetro 10) UBCS</p>	<p>We will follow up on 9/30/2013</p>
<p>2) Consider revising APP 602 to:</p> <ul style="list-style-type: none"> 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). b. Include guidance on the level of documentation required to show the various alternative travel methods considered. c. Clarify the mileage reimbursement portion of the policy. The policy is not clear about the actual process leaving many departments unsure when actual mileage should be submitted, i.e., before or after the trip. d. Should the City now determine employees should be entitled to the breakfast meal allowance when provided complimentary in the lodging cost, the travel policy will be amended accordingly. 	<p>Andre Libroth</p>	<p>9/30/2013</p>
<p>3) Departments and Procurement Services will improve their review process to ensure employees are only reimbursed for eligible meals.</p>	<p>Andre Libroth</p>	<p>5/31/2013</p>

<p>4) 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.</p>	<p>Andre Libroth</p>	<p>5/31/2013</p>
<p>5) Changes to travel documentation made after being signed should be communicated to the employee and supervisor for written acknowledgment and confirmation that the changes are correct.</p>	<p>Andre Libroth</p>	<p>Reported as completed</p>
<p>6) DMA will remind departments during the annual review of critical policies (related to Conflict of Interest) not to accept free conference registration and lodging from vendors that do or could do business with the City.</p>	<p>Andre Libroth</p>	<p>9/30/2013</p>
<p>7) 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.</p>	<p>Andre Libroth</p>	<p>12/31/2013</p>
<p>8) Should Runzheimer's continue as the preferred index, consideration should be given to:</p> <ul style="list-style-type: none"> a. Modifying the time periods when breakfast and dinner meals are reimbursed. b. Clarifying the policy when an employee's trip ends to provide guidance regarding what meals are eligible for reimbursement. c. Eliminating the state average requirement and establishing guidelines for how employees should be reimbursed for meals in cities not located in Runzheimer's. 	<p>Andre Libroth</p>	<p>12/31/2013</p>
<p>9) 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.</p>	<p>Andre Libroth</p>	<p>12/31/2013</p>
<p>10) Increase process efficiencies by working with the Departments to streamline the travel submission process, including electronically submitting travel documents.</p>	<p>Andre Libroth</p>	<p>12/31/2013</p>

Appendix B – Noncompliance Without a Dollar Impact

Department	Instances of Late Travel Forms	Incomplete Signatures	Totals	Miscellaneous Errors (1)
Aviation	1	0	1	0
City Attorney	2	0	2	0
Communications	0	1	1	0
Department of Management and Administration	3	0	3	5
Economic and Community Development	1	1	2	0
Electric Utility	2	2	4	5
Energy Services	1	0	1	0
Environmental Policy and Energy Resources	2	1	3	2
Equity & Workforce Development	1	0	1	0
Executive Services	1	2	3	0
Fire	1	2	3	0
Fleet Management	2	7	9	0
Growth Management	2	1	3	0
Parks, Recreation, and Neighborhood Affairs	0	1	1	0
Planning	0	0	0	0
Police	3	0	3	0
Public Works	0	0	0	0
Solid Waste	2	2	4	0
StarMetro	6	0	6	2
Treasurer-Clerk	1	0	1	0
Underground Utilities	0	1	1	1
Utility Business and Customer Services	0	2	2	2
Totals	31	23	54	17

Note 1: Includes errors with math, travel dates and travel times

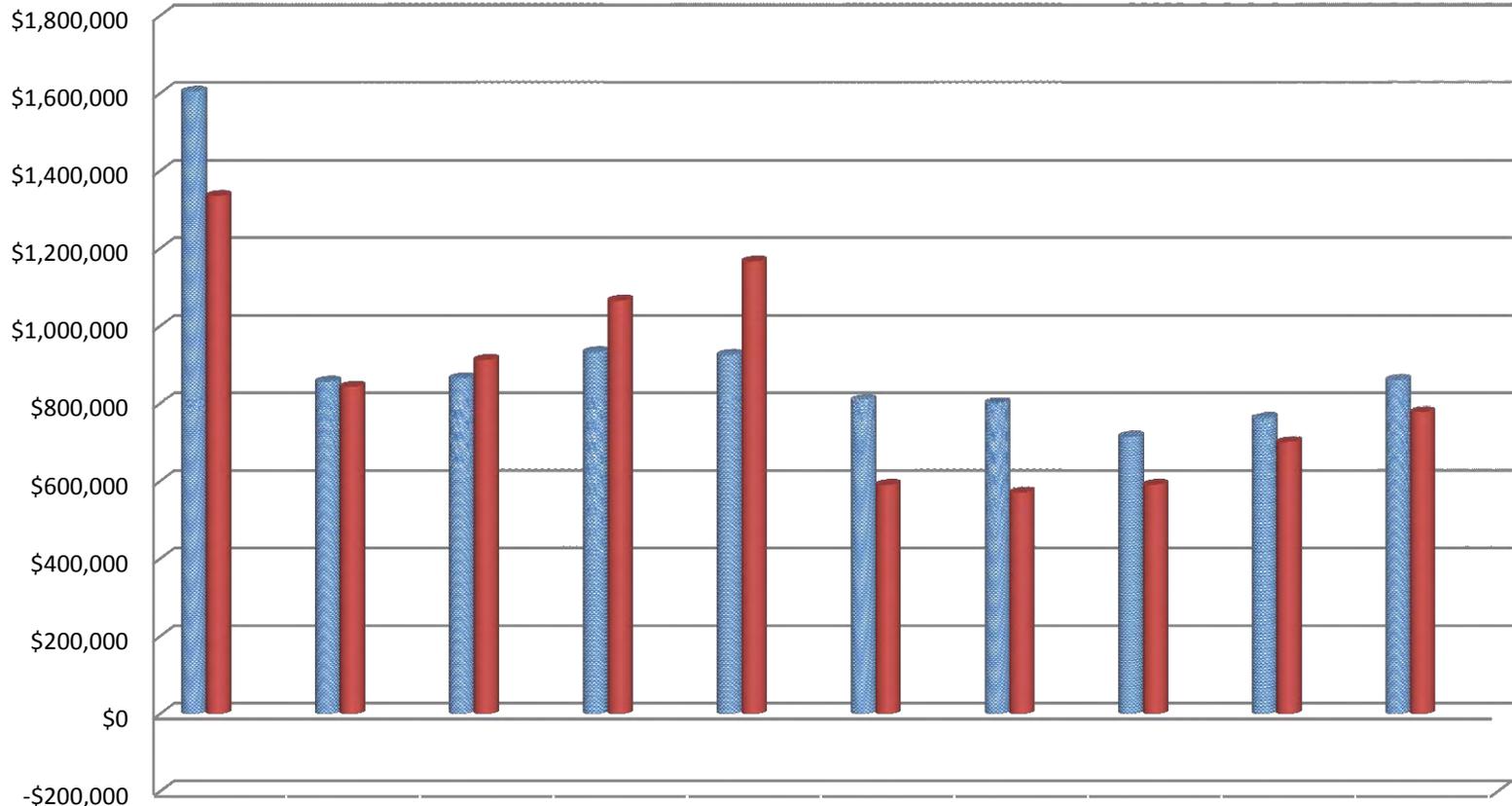
Appendix C – Noncompliance With a Dollar Impact

Department	Ineligible Meals		Rental Car Contracts		Rental versus Mileage		Extra Registration Costs Paid		Total	
	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar	Number	Dollar
Aviation	0	\$0	0	\$0	1	\$57	0	\$0	1	\$57
City Attorney	0	\$0	0	\$0	1	\$222	0	\$0	1	\$222
Communications	0	\$0	0	\$0	1	\$214	0	\$0	1	\$214
Department of Management and Administration	20	\$313	0	\$0	0	\$0	0	\$0	20	\$313
Economic and Community Development	6	\$121	0	\$0	0	\$0	0	\$0	6	\$121
Electric Utility	9	\$156	1	\$31	0	\$0	0	\$0	10	\$187
Energy Services	0	\$0	0	\$0	1	\$106	0	\$0	1	\$106
Environmental Policy and Energy Resources	0	\$0	0	\$0	3	\$245	0	\$0	3	\$245
Equity & Workforce Development	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Executive Services	0	\$0	0	\$0	1	\$42	0	\$0	1	\$42
Fire	1	\$19	0	\$0	1	\$109	0	\$0	2	\$128
Fleet Management	3	\$46	0	\$0	0	\$0	0	\$0	3	\$46
Growth Management	2	\$42	0	\$0	0	\$0	0	\$0	2	\$42
Parks, Recreation, and Neighborhood Affairs	0	\$0	2	\$166	0	\$0	3	\$531	5	\$697
Planning	0	\$0	2	\$112	0	\$0	0	\$0	2	\$112
Police	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Public Works	0	\$0	0	\$0	1	\$70	0	\$0	1	\$70
Solid Waste	1	\$19	0	\$0	1	\$109	1	\$155	3	\$283
StarMetro	3	\$81	2	\$225	2	\$208	0	\$0	7	\$515
Treasurer-Clerk	0	\$0	0	\$0	2	\$146	0	\$0	2	\$146
Underground Utilities	0	\$0	0	\$0	0	\$0	0	\$0	0	\$0
Utility Business and Customer Services	4	\$73	0	\$0	0	\$0	0	\$0	4	\$73
Total	49	\$871	7	\$534	15	\$1,530	4	\$686	75	\$3,621

Appendix D – Comparison of Meal Reimbursement Rates

Department	Audit Period Travel and Training Expenses	Number of Travel Trips Sampled	Total Cost of Travel Trips Tested	Amount Reimbursed for Meals using City’s Current Meal Rate	Amount that would have been Reimbursed using GSA Meal Rate
Aviation	\$93,824	1	\$866	\$61	\$77
City Attorney	\$26,763	3	\$3,963	\$612	\$572
Communications	\$15,811	5	\$6,995	\$868	\$833
Department of Management and Administration	\$221,062	6	\$21,196	\$1,336	\$1,343
Economic and Community Development	\$26,221	3	\$1,067	\$503	\$444
Electric Utility	\$198,444	12	\$11,599	\$1,828	\$1,353
Energy Services	\$20,022	1	\$703	\$0	\$0
Environmental Policy and Energy Resources	\$29,893	3	\$2,352	\$282	\$244
Equity & Workforce Development	\$5,606	1	\$1,098	\$147	\$151
Executive Services	\$11,760	2	\$1,748	\$95	\$153
Fire	\$111,290	4	\$1,688	\$575	\$386
Fleet Management	\$40,042	7	\$2,374	\$848	\$709
Growth Management	\$34,454	2	\$4,070	\$731	\$681
Parks, Recreation, and Neighborhood Affairs	\$59,793	3	\$5,263	\$782	\$471
Planning	\$7,303	1	\$1,273	\$192	\$203
Police	\$206,238	13	\$19,822	\$5,498	\$5,190
Public Works	\$13,554	2	\$2,734	\$554	\$396
Solid Waste	\$14,346	3	\$4,562	\$534	\$496
StarMetro	\$38,320	6	\$3,292	\$1,103	\$981
Treasurer-Clerk	\$37,153	2	\$3,368	\$415	\$348
Underground Utilities	\$244,592	7	\$4,749	\$1,068	\$752
Utility Business and Customer Services	\$53,402	2	\$1,579	\$279	\$214
Total in departments with no samples selected	\$25,513				
Total	\$1,535,406	89	\$106,324	\$18,310	\$15,991

Appendix E – Travel & Training Budget vs. Expenditures FY 2003 - 2012



■ Budget	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
■ Expense	\$1,604,170	\$856,446	\$864,904	\$932,781	\$925,388	\$808,606	\$799,489	\$715,500	\$761,466	\$860,763
% Budget Difference from Prior Year		-47%	1%	8%	-1%	-13%	-1%	-11%	6%	13%
% Expense Difference from Prior Year		-37%	8%	17%	9%	-49%	-3%	4%	19%	11%

Copies of this audit report #1309 may be obtained from the City Auditor's website (<http://talgov.com/auditing/index.cfm>) 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).

Audit conducted by:
Patrick A. Cowen, Senior Auditor
Beth Breier, CPA, CISA, Audit Manager
Sam M. McCall, Ph.D., CPA, CGFM, CIA, CGAP, City Auditor