



Office of the City Auditor

Audit of Citywide Travel Vouchers

Report Date: August 8, 2013



Office of the City Auditor

"Promoting Accountability and Integrity in City Operations"

Lyndon Remias, CPA, CIA
Timothy Bell, CICA

City Auditor
Senior Auditor

www.vbgov.com/cityauditor

Office of the City Auditor
2401 Courthouse Drive, Room 344
Virginia Beach, VA 23456

Telephone: 757.385.5870

Fax: 757.385.5875

Fraud, Waste, and Abuse Hotline 757.468.3330



Office of the City Auditor Transmittal Letter



Date: August 8, 2013
To: James K. Spore, City Manager
Subject: Audit of Citywide Travel Vouchers

I am pleased to present the report of our audit of the Citywide Travel Vouchers Review. Our audit focused on the City's travel voucher reimbursement forms to ensure payments are made in accordance with policies and procedures.

Overall, based on our audit, the processes and controls governing management and oversight of the City's travel voucher reimbursement payments were good based on the small number of exceptions. However, we believe that management's implementation of our recommendations will further enhance the process and improve efficiency of the City's travel reimbursement process.

Findings considered to be of insignificant risk have been discussed with management. The results of this audit will be provided to City Council through the City's Audit Committee.

The Office of the City Auditor reports to City Council through the City's Audit Committee and is organizationally independent of all other City Departments. This report is intended solely for the information and use of the Audit Committee, City Council, City Manager, and appropriate management. It is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We would like to thank the staff of the Department of Finance for their courteous and prompt assistance during our audit.

If you have any questions about this report or any audit-related issue, I can be reached at 385-5872 or via email at lremias@vbgov.com.

Respectfully submitted,

Lyndon S. Remias, CPA, CIA
City Auditor

cc: City Council Members
Audit Committee Members
David Hansen, Deputy City Manager, City Manager's Office
Patricia Phillips, Director, Department of Finance



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Purpose

To determine whether internal controls are in place and operating as intended to ensure travel voucher reimbursement payments are proper.

Scope and Objectives

The objective of our audit were to determine whether travel reimbursement vouchers, payment vouchers, mileage claims were completed in accordance with the City's established internal control procedures. The audit covered the travel related payments from January 1, 2012 to December 31, 2012.

We reviewed policies and procedures related to the administration and processing of travel reimbursement payments that were in place at the time of our fieldwork. We also reviewed other documentation, such as ProCard transactions, as needed. Fieldwork concluded on June 6, 2013.

Methodology

To accomplish our objectives, we performed the following procedures:

- Reviewed travel-related policies and procedures including:
 - Administrative Directive 4.06- Member Allowable Travel and Related Cost
 - Administrative Directive 4.05- Food, Beverage and Refreshment Expense Guidelines
 - Administrative Directive 4.08- Purchasing and Payment Requirements
 - Small Purchase/Travel Card Procedures Manual
- Obtained an extract of travel related payments for the period under review.
- Examined travel reimbursement vouchers (see Appendix II), payment vouchers, and/or mileage claim forms (see Appendix III) along with the supporting documentation.
- Examined additional information (i.e., ProCard transactions, etc.) as needed.
- Assessed traveler and approval compliance with travel reimbursement policy and procedures by testing against attributes.
- Made recommendations as appropriate to ensure compliance, increase efficiency and reduce risk to the City.



Standards

We conducted this performance audit in accordance with 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 that the evidence obtained during this audit provides a reasonable basis for our findings and conclusions based on our audit objectives.

The Office of the City Auditor reports to City Council through the Audit Committee and is organizationally independent of all City Departments. This report will be distributed to the City's Audit Committee, City Council, City Manager, and appropriate management within the City of Virginia Beach. This report will also be made available to the public.



Background

The City established the Administrative Directive 4.06, Member Allowable Travel and Related Costs to provide the City with clear reference on the procedures for reporting travel expenses within the course of official duty for the City of Virginia Beach. The failure to meet the requirements of the directive may be considered unsatisfactory work performance and is subject to disciplinary policies and procedures. This audit serves as an educational tool to prevent future errors by travelers and supervisors.

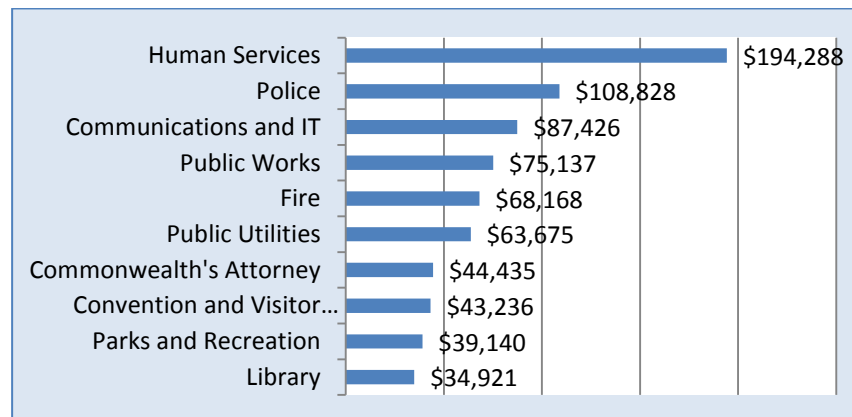


City Per Diem Rates	
Breakfast	\$8
Lunch	\$10
Dinner	\$17
Note: City Mileage Rate is \$0.42 per mile	

Travel expenses may include all necessary expenses associated with official City business. Allowable expenses include transportation, lodging, meals and other expenses not paid by any other organization. All claims for reimbursement must be recorded on the standard Travel Expense Reimbursement Voucher form. Submissions should include signature of traveler and approver, Official Mileage Chart, and receipts required to process the reimbursement. By signing the Travel Expense Reimbursement Voucher, the member is certifying the accuracy of all information and the legitimacy of the travel and expenses incurred on the authorized trip and not already paid on the City's procurement card. The approval signature certifies that travel was necessary and that the requested reimbursements have been reviewed authorized and are with the Administrative Directive's requirements. The Accounts Payable Division of the Finance Department processes the Travel Expense Reimbursement Vouchers for payment to the travelers.

For Calendar Year 2012, there were a total of \$946,901 in travel related expenses claimed on 4,801 travel vouchers, payment vouchers and mileage claims (these travel expenses are not those claimed on the City's procurement cards). A limited number of travel expenses are reimbursed through Petty Cash funding. Below, Table 1 shows the departments with the most travel reimbursements.

Table 1. Departments with the most Travel Expense Reimbursement claims for Calendar Year 2012





Findings and Recommendations

For our sample, we chose travelers who were reimbursed for more than \$400 in total travel claims for the year. We reviewed the highest reimbursement claim for each traveler. If an exception was found, then we reviewed all of that traveler's claims for the year. Table 2 shows the number of travel transactions we reviewed:

Table 2. Audit Scope

	Number
Total Departments/Divisions Reviewed:	38
Total Transactions Reviewed:	1,065
Total Travelers Reviewed:	674
Total Dollar Amount of Transactions Reviewed:	\$552,609

In our review of the City's Travel Expense Reimbursements, we noted 30% of the transactions did not follow one or more aspects of the travel administrative directives. While no audit can guarantee finding fraud, no fraudulent transactions were discovered during this audit. Table 3 below provides a summary of the audit exception type and frequency found during our review. Exceptions of monetary value resulted in overpayments of \$523.55, a fraction (0.095%) of the total dollar amount of transactions reviewed.

Table 3. Summary of Audit Exceptions

#	Condition	Number of Transactions	Number of Travelers	Number of Departments**
Conditions With Monetary Overpayments				
1.	Calculations on travel voucher or mileage claim not correct	5	5	5
2.	Per Diem claimed for conference-provided meals	5	5	2
3.	Wrong mileage rate used on mileage claims	4	2	2
4.	Miles claimed not calculated correctly	3	2	1
5.	Wrong per diem amount for meals claimed	2	1	1
6.	Double-dipping: per diem claimed on meal paid on procurement card	1	1	1
7.	Mileage trip double counted on claim	1	1	1
8.	Receipt(s) were paid twice	1	1	1
Conditions With Non-Monetary Considerations				
9.	Traveler did not use travel reimbursement form with statement on top to not include expenses paid with the Procurement Card	201	157	26
10.	Travel voucher or mileage claim not submitted promptly (within 30 calendar days)	35	20	3



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#	Condition	Number of Transactions	Number of Travelers	Number of Departments**
11.	Hotel bill does not show the traveler paid for the lodging, i.e. zero-balanced final bill	16	16	8
12.	Rental car bill does not show the traveler paid for the rental car, i.e. zero-balanced final bill	4	4	4
13.	Meal receipts do not show actual payment	8	8	6
14.	No receipt provided for various travel expenses	10	5	5
15.	Odometer readings not in sequence	10	9	4
16.	Receipts are not original	9	7	4
17.	Expenses on travel voucher not coded to proper object codes	5	5	3
18.	Amount coded to travel-related account in InSITE included non-travel related expenses	5	5	5
19.	Travel claim missing important information (i.e., traveler paid for other travelers' lodging but did not provide their names)	3	3	3
20.	Official Mileage Chart missing	3	3	2
21.	Traveler did not use automated mileage claim form	3	2	2
22.	Invoice or brochure for registration provided but no proof registration was paid	2	2	2
23.	No purpose or reason given for the travel	2	2	2
24.	License plate number missing on mileage claim	2	1	1
25.	Overstatement of miles driven and paid	1	1	1
26.	Excessive dollar amounts paid for dinners (i.e., dinners over \$67 in \$36 Federal Per Diem area)	1	1	1
27.	Standard travel reimbursement form not used	1	1	1
28.	Traveler used copy of another traveler's invoice as own	1	1	1
29.	No explanation provided for missing receipt	1	1	1
30.	Traveler claimed more than one checked baggage	1	1	1
Totals		346	225*	29*

*Some travelers and departments have more than one exception.

**See Appendix I for breakdown of exceptions by department.

Recommendation(s)

- 1.1 Ensure all City Departments are notified of exceptions found and/or receive additional training to minimize future errors in travel expense recording and reporting.
- 1.2 Work with City departments to reclaim overpayments of reimbursements of significant amounts found during the audit.



Conclusion

In our opinion, except as noted, internal controls are in place and operating as intended to ensure travel expense reimbursement claims are proper. However, we did note that internal controls could be enhanced through the implementation of our audit recommendations.

Acknowledgements

We would like to thank the Department of Finance for their responsiveness to our requests during the review and their receptiveness to questions and comments. We offer our assistance should concerns regarding implementation of these recommendations or other audit issues arise.



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APPENDIX I Schedule of Travel Voucher Exceptions by Department

Department	Total	E1	E2	E3	E4	E5	E6	E7	E8	E9	E10	E11	E12	E13	E14	E15	E16	E17	E18	E19	E20	E21	E22	E23	E24	E25	E26	E27	E28	E29	E30	E31	E32	E33	E34
Agriculture	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Circuit Court	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
City Attorney	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
City Manager	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Real Estate Assessor	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
City Treasurer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
CoMIT	28	16	-	-	-	-	1	1	-	-	2	-	-	1	-	1	-	-	-	-	-	-	-	-	3	1	-	1	-	-	-	1	-	-	
Commonwealth Attorney	5	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	
Cultural Affairs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Conv and Visitors Bureau	7	4	-	-	-	-	-	-	1	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Emergency Communications	3	-	-	-	-	-	1	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Economic Development	10	8	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Emergency Medical Service	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Finance	19	11	-	-	-	6	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	
Fire	12	7	1	-	1	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	
General District Court	5	2	-	-	-	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	
Housing and Neigh Pres	2	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Human Services	119	58	1	-	1	-	6	3	-	-	1	3	-	24	-	1	-	-	1	-	3	3	-	-	4	2	1	-	4	-	1	-	2	-	
Human Resources	3	2	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Juvenile Dom Rel Court	2	1	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Library	11	9	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-	-	-	-	
Juvenile Probation	4	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2	-	-	-	-	
Museums	3	2	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Office of Volunteer Resources	2	1	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Parks and Recreation	27	13	1	-	1	-	-	-	-	-	-	-	-	10	-	-	-	-	-	-	-	-	-	2	-	-	-	-	-	-	-	-	-	-	
Planning	4	4	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Police	17	8	1	-	-	1	-	2	-	-	1	-	1	-	-	-	-	1	-	-	-	1	-	1	-	-	-	-	-	-	-	-	-	-	
Public Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public Utilities	13	11	-	-	-	1	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Public Works	34	27	-	1	-	-	2	-	-	2	-	1	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Sheriff	1	-	-	-	-	-	-	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Strategic Growth	1	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	346	201	5	-	2	4	10	9	16	1	3	8	3	2	35	-	5	2	1	1	-	4	5	1	1	10	3	1	1	5	1	3	1	2	

LEGEND- EXCEPTION AND DEFINITION		
E1	Traveler did not use most recent form with ProCard statement	E13 Invoice or brochure for registration provided but not proof registration was paid
E2	Travel-related account in Insite included non-travel related expenses	E14 Travel or mileage claim not submitted promptly
E3	Excessive dollar amount paid for hotel nights	E15 Invoice or bill changed by traveler
E4	No purpose or reason given for the travel	E16 Calculations on travel voucher or mileage claim not correct
E5	Rental car bill does not show the traveler paid for the rental	E17 Wrong per diem amount for meals claimed
E6	No receipt provided for travel expense	E18 Same receipt(s) paid twice
E7	Receipts provided are not original or are photocopies	E19 Traveler claimed more than one checked baggage
E8	Hotel bill does not show traveler paid for the lodging	E20 Unusual activity with receipts
E9	Excessive Dollar amount paid for dinner(s)	E21 Wrong mileage rate used on mileage claims
E10	Travel claim missing important information	E22 Expenses on travel voucher not coded to proper travel object codes
E11	Meal receipts do not show actual payment	E23 Double dipping: per diem claimed on meal paid on ProCard
E12	Miles claimed not calculated correctly	E24 Traveler used copy of another traveler's invoice as own
E25	Odometer readings not in sequence	
E26	Official Mileage Chart missing	
E27	Standard Travel Reimbursement form not used	
E28	Overstatement of miles driven and paid	
E29	Per Diem claimed for conference-provided meal	
E30	No explanation provided for missing receipt	
E31	Traveler did not use automated mileage claim form	
E32	Mileage trip double counted on claim	
E33	License plate number missing on mileage claim	
E34	InSite amount different from documentation	



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APPENDIX II

Travel Expense Reimbursement Voucher with Procurement Card Statement

(DF-8 Rev. 05/11)		City of Virginia Beach							
Travel Expense Reimbursement Voucher									
Traveler Name (printed): _____ Traveler Address: _____				By my signature, I attest that the expenses below are for official business for the City of Virginia Beach, abide by the travel policies and procedures and are the correct expenditures to the department. I also attest that no expenses paid on a City Procurement Card are included in this request for reimbursement.					
Dates of Travel: _____ Was a Travel Advance Issued to this Traveler? _____ Amount of the Travel Advance Issued? _____ Amount of the Travel Advance Remitted? _____				Traveler Signature: _____ Traveler Name (printed) _____ Approver Signature: _____ Approver Name (printed) _____ Approver Telephone Number: _____ Approval Date: _____					
Directions: Complete and submit this form within 20 business days of your travel. Include all necessary documentation. Travel not submitted within appropriate timeframes may be denied reimbursement.									
Date	Purpose/location of Trip/ Method of Transportation; Expenses/ Other Details	Private Car- Mileage Driven	Dollar Amount of Car Mileage	Train, Taxi Bus Air, Tolls, Parking	Meals #of Meals Amt		Lodging	Other	Totals
			0.00						0.00
			0.00						0.00
			0.00						0.00
			0.00						0.00
			0.00						0.00
			0.00						0.00
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			0.00						0.00
			0.00						0.00
			0.00						0.00
			0.00						0.00
			0.00						0.00
TOTALS:		0	0.00	0.00	0	0.00	0.00	0.00	0.00
Fund	Alias	Budget Unit	Object Code	Project/ Grant	Activity	Location	Dept. Prog	Shared Prog	Amount
									0.00
									0.00
									0.00
									0.00
									0.00
Total									0.00
<u>Meal Allowance</u>					If turning in receipts for meals, you must include receipts for all meals during that same day.				
	Breakfast	\$8.00			Receipts must be Itemized Receipts (not credit card receipts)				
	Lunch	\$10.00			If you have included mileage, attach your mileage sheet.				
	Dinner	\$17.00							



APPENDIX III
Office Mileage Chart

Date 20__		Destination	License	Odometer Start	Odometer Finish		Less Home to Workplace Miles	Reimbursable Miles
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
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						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
						0.00		0.00
TOTALS:								0.00
Fund	Budget Unit	Alias	Object Code	Project Grant	Project Activity	Location	Departmental Program	Shared Program

Note: Carry the total mileage forward to the Travel Reimbursement Voucher, column C.



FINANCE DEPARTMENT
757-385-4681
FAX (757) 385-4302

VBgov.com
MUNICIPAL CENTER
BUILDING 1
2401 COURT HOUSE DRIVE
VIRGINIA BEACH, VA 23456

City of Virginia Beach

INTER-OFFICE MEMORANDUM

DATE: August 12, 2013
TO: Mr. Lyndon Remias, City Auditor
FROM: Ms. Patricia Phillips, Director of Finance
SUBJECT: Audit of Citywide Travel Vouchers

Thank you for your review of citywide travel vouchers. I am pleased that the audit found that we have good processes and internal controls in place based on the small amount of exceptions found. Overall, City employees are complying with travel policies and using good judgment when traveling on city business. We share the desire to improve efficiency and reinforce internal controls through implementation of the report's recommendations.

We are in the process of notifying all departments and providing pointers for avoiding the types of exceptions found. In addition, a section on travel policies and procedures will continue to be included in future training sessions offered by the Comptroller's Office.

As noted in the report, exceptions of monetary value resulted in overpayments totaling \$523.55, which is a fraction (0.00094) of the total dollar amount of transactions reviewed (\$552,609). Several overpayments totaling \$93.77 have already been reclaimed. Donna Vaughan is currently working with your office to reclaim all overpayments of \$10.00 or more.

There was one exception that I would like to clarify regarding claims not being submitted promptly. The report found that 35 travel or mileage claims were not submitted within 30 days. This represents about 6.5% of the total travel mileage claims submitted. Admin directive 4.08 (section 5 G) states that local mileage travel reimbursements must be submitted within a reasonable timeframe, preferably no longer than six months. This allows several months of reimbursements to be included on one voucher. This is

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advantageous in that it reduces the number of high-volume low-dollar vouchers to be keyed. While we support departmental review of mileage claims on a timely basis, we are not in total agreement that the additional cost of such control balances with the benefits.

We are pleased that the audit had few and mostly procedural findings; however, we understand the potential for fraud and abuse is present and the risk varies with the ethics of the individual traveler. We will continue to carefully audit and monitor travel reimbursements and appreciate the effort that went into the audit report.

PAP/lb