



Travel and Per Diem

Internal Audit

October 2017

# **Bernalillo County Internal Audit Travel and Per Diem**

## **Executive Summary**

### **SUMMARY OF PROCEDURES**

REDW performed internal audit procedures over the County's travel and per diem reimbursement processes. Our internal audit focused on evaluating travel requests, required approvals, per diem calculations and supporting reconciliations prior to reimbursement.

We performed the following procedures:

- Tested a selection of travel and per diem expenses to determine if the travel request was approved prior to travel in accordance with policy, expenses were in line with the Travel Cost Guidelines, and per diem was calculated accurately.
- Tested a selection of travel and per diem expenses to determine if the expenses were supported, a reconciliation of expenses was performed after travel occurred by the Travel Liaison and Travel Coordinator, the reconciliation was performed timely in accordance with County policy, and the employee was reimbursed for the correct amount.
- Tested a selection of travel advances to determine if the advances were properly approved prior to travel and were calculated in accordance to the County's Travel Cost Guidelines.
- Tested a selection of travel credit card expenses to determine if the travel expenses were in accordance with the County's Travel Procedures, receipts were provided to support the expense, reconciliations were performed by the travel credit card reconciler, the credit card holder was on the internal credit card listing, and there was an Bernalillo County Credit Card Program Application on file.

Additionally, we performed inquiries with the travel coordinator, travel liaisons and various County staff and management to obtain an understanding of any issues or concerns regarding the travel and per diem approval and reimbursement process. We evaluated a sample of travel/registration requests, with no cost to the County, to determine if there were any process improvement opportunities which could be implemented to gain efficiencies.

## SUMMARY OF OBSERVATIONS AND RECOMMENDATIONS

During the course of the audit we identified areas which appeared to be functioning properly. These areas included travel/registration forms being properly filled out and approved, per diem was calculated correctly, travel advances were granted in accordance with County policies, and travel credit card expenses properly supported.

As a result of our testing, the following moderate risk observations were identified:

- 1) ***Supporting documentation of travel expenses not on file:*** There were six instances identified where there was no supporting documentation for the travel expenses incurred, including the submission of a travel/registration reimbursement form.
- 2) ***Travel/Registration Reimbursement Form not submitted timely:*** There were eight instances identified where the travel/registration reimbursement form was not submitted to the Travel Coordinator 10 business days after the travel occurred.

\* \* \* \* \*

Further detail of our purpose, objectives, scope, and procedures are included in the internal audit report.

We received excellent cooperation and assistance from individuals performing travel and per diem processes during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico  
December 7, 2017

# **Bernalillo County Internal Audit Travel and Per Diem**

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# **Bernalillo County Internal Audit Travel and Per Diem Report**

## **INTRODUCTION**

We performed the internal audit services described below solely to assist Bernalillo County in evaluating the processes in place for travel and per diem. Our services were conducted in accordance with the Consulting Standards issued by the American Institute of Certified Public Accountants and the terms of our Professional Services Contract agreement for internal audit services. Since our procedures were applied to samples of processes, it is possible that significant issues related to the areas tested may not have been identified.

Although we have included management's responses in our report, we do not take responsibility for the sufficiency of these responses or the effective implementation of any corrective action.

An entrance conference was held on October 17, 2017, and fieldwork began October 23, 2017. An exit conference was held on November 17, 2017.

## **PURPOSE AND OBJECTIVES**

The County has travel and per diem processes in place to ensure that all employees traveling on behalf of the County follow the policies and procedures that the County has implemented and deemed appropriate for travel. Such policies and procedures include proper travel approvals, correct calculation of per diem, appropriate expenses outlined within the County's Travel Cost Guidelines, supporting documentation for all travel expenses, proper calculation and approval of travel advances, and travel reconciliations performed after the employee has returned from their travel. Our internal audit evaluated these processes for travel and per diem expenses.

## **SCOPE AND PROCEDURES PERFORMED**

**In order to gain an understanding of the processes and laws/regulations, we interviewed the following personnel:**

- Dinah Esquivel, Director of Procurement
- Lynnette Tafoya, Travel and Wireless Coordinator

**In order to gain an understanding of the processes we read relevant portions of:**

- Administrative Instruction (AI) No. BD 09 – Travel, revised April 24, 2015
- Bernalillo County Travel Procedures, revised October 20, 2016
- Travel Cost Guidelines, revised April 21, 2015

**We performed the following testwork:**

***Travel Requests and Approvals:*** Obtained a listing of all travel and per diem expenses reimbursed from October 2016 through September 2017. We selected a sample of 60 expenses and tested to determine if the related Travel/Registration Forms (TRF) were approved by the appropriate reviewers, the expenses listed on the TRF were in accordance with the County’s Travel Cost guidelines, and the estimated per diem was calculated correctly.

***Travel Expense Reimbursements:*** Using the sample of 60 expenses from above, we tested to determine if the travel expenses incurred were supported by appropriate documentation (e.g. itemized receipts, airline tickets, hotel receipts, etc.), a reconciliation of the travel expenses to the underlying support documentation was performed by the Travel Liaison and Travel Coordinator in accordance with the policy requirements, and the employee was reimbursed for the correct amount, if applicable.

***Travel Advances:*** Using the sample of 60 expenses from above, we tested 37 expenses to determine if a travel advance had been granted prior to travel, the travel advance was properly approved and calculated in accordance with the County’s Travel Cost Guidelines.

***Travel Credit Cards:*** Obtained a listing of all travel credit card expenses from October 2016 through September 2017. We selected a sample of 20 credit card travel expenses and tested to determine if the expenses were in accordance with the County’s Travel Procedures and Travel Cost Guidelines, the expenses were supported by receipts, a reconciliation was performed by the credit card reconciler and the expenses were reviewed/approved by the Travel Liaison and Travel Coordinator. Additionally, we determined if the credit card holder was included on the listing of credit card holders, and that a Bernalillo County Credit Card Program Application was on file for the cardholder.

***Travel Approval Efficiencies:*** Performed inquiries with the travel coordinator, travel liaisons and various County staff to obtain an understanding of any bottlenecks or concerns regarding the travel and per diem approval and reimbursement process. Additionally, we selected 10 TRFs with no cost to the County and verified that these followed the same process as travel requests with a cost to the County.

**OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT RESPONSES**

During the course of the audit we identified areas which appeared to be functioning properly. These areas included TRFs being properly filled out and approved, per diem was calculated correctly, travel advances were granted in accordance with County policies, and travel credit card expenses properly supported.

As a result of our testing, REDW identified the following observations:

***1) Supporting documentation of travel expenses not on file***

The County's Travel Procedures state that a completed Travel/Registration Reimbursement form must include all supporting itemized receipts for travel expenses, or an affidavit of lost receipts explaining why a receipt cannot be submitted and the nature of the travel expense must be provided. There were six out of 60 travel expenses tested that did not have a completed Travel/Registration Reimbursement form and supporting receipts on file. Due to the lack of support, we were unable to tell if the employees were accurately reimbursed for their travel expenses.

**Potential Risk: Moderate** – Without supporting documentation, there is a risk that employees are reimbursed for inappropriate travel expenses. This risk was determined to be moderate due to the number of exceptions identified in our population.

**Recommendation:** Support for all travel expenses including receipts and invoices should be stored in the SAP software with a completed Travel/Registration Reimbursement form as evidence of the reconciliation. The importance of obtaining and maintaining support for travel expenses should be communicated with the staff responsible for uploading the documentation to ensure all travel expenses are properly supported. A process should be implemented to ensure that all travel expenses are supported by reconciliations, including the true-up of any travel advances.

**Management's Response:** Management agrees with the finding. It is the responsibility of the department Travel Liaison to submit TRRFs timely. To ensure true-up of travel advances occurs, effective December 18, 2017, the Travel Coordinator will begin sending a biweekly email alert to Travel Liaisons which, will include the travelers name, the respective submittal due date of the TRRF and other pertinent information; a copy of the email will also be sent to the Department Director.

***2) Travel/Registration Reimbursement Form not submitted timely***

The County's Travel Procedures state that a designated Travel Liaison must submit a Travel/Registration Reimbursement form to the Travel Coordinator within 14 business days after the travel/event. Out of the 60 travel expenses tested:

- Eight Travel/Registration Reimbursement forms were not submitted to the Travel Coordinator within 14 business days after travel. The Travel/Registration Reimbursement forms ranged from being 26 days to 8½ months delinquent.
- One Travel/Registration Reimbursement form did not have completion dates entered for both the payee and department director.

**Potential Risk: Moderate** – If the Travel/Registration Reimbursement forms are not completed timely, there may be a risk that the County is not reimbursing employees timely, or are reimbursing employees for inappropriate travel expenses.

**Recommendation:** Automating the Travel/Registration Reimbursement form in SAP, similar to the TRF form, could provide an easier, more efficient way for the travel liaisons to submit the Travel/Registration Reimbursement forms timely. Management should work with the IT

Department to determine an automated process, including a notification to alert the travel liaison when a Travel/Registration Reimbursement form is due. Additionally, the Travel Coordinator should determine the best process for communicating the timing requirements to the travel liaisons (e.g. send a monthly email to remind travel liaisons of the policy).

**Management's Response:** Management agrees with the finding. Implementation of an electronic TRRF process in SAP is a future phase and is contingent upon budget availability and ERP resources. However, effective December 18, 2017, the Travel Coordinator will begin sending a biweekly email alert to Travel Liaisons, which will include the travelers name, the respective submittal due date of the TRRF and other pertinent information; a copy of the email will also be sent to the Department Director.

## **PROCESS IMPROVEMENT OPPORTUNITIES**

As a result of our testing, REDW identified the following best practice process improvement opportunities:

### ***1) One TRF for local conferences***

If multiple employees are attending the same local conference, consider allowing all employees attending to be included on one TRF form for efficiency purposes.

### ***2) Reduce required approvals for no cost travel***

The County's Travel Procedures require five levels of approval, even if there is no cost associated with the request. The County should consider updating the Travel Procedures to reduce the number of required approvals for these instances to have only the traveler's department manager and Travel Coordinator approve the request.

### ***3) myBLC portal***

If a training does not have a fee associated with it, consider tracking through the myBLC portal instead of using the TRF. Additionally, the County should have employees upload training certificates into myBLC, a virtual file room, for an easier way to track certificates.

\* \* \* \* \*

This report is intended for the information and use of the Bernalillo County, the audit committee, members of Bernalillo County Commission and others within the organization.

We discussed and resolved other minor observations with management and received excellent cooperation and assistance from individuals performing travel and per diem requests during the course of our interviews and testing. We sincerely appreciate the courtesy extended to our personnel.

REDW LLC

Albuquerque, New Mexico  
December 7, 2017