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**CITY OF SAN ANTONIO**  
**OFFICE OF THE CITY AUDITOR**



Audit of Finance

Travel and Employee Expense Reimbursements

Project No. AU19-011

February 11, 2020

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor

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## Executive Summary

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As part of our annual Audit Plan approved by City Council, we conducted an audit of the Finance Department, specifically Travel and Employee Expense Reimbursements. The audit objectives, conclusions, and recommendations follow:

**Determine if staff travel and expense reimbursements are in compliance with policies and appropriately supported and approved.**

Staff travel and expense reimbursements are supported by appropriate documentation and are properly approved. Additionally, Finance is monitoring expenses on a monthly basis to ensure reimbursements are processed timely and are accurately reported.

However, there are opportunities to improve the travel and expense reimbursement process, which include training, centralized recordkeeping, and policies and procedures.

We recommend that Finance Department Management ensure:

- Employees with SAP travel roles attend required training,
- Recordkeeping for supporting documentation is centralized to facilitate reviews, and
- Policies and procedures are updated to reflect currently accepted practices.

Finance Department Management agreed with the audit findings and has developed positive action plans to address them. Management's verbatim response is in Appendix B on page 6.

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## Background

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The City of San Antonio's *Administrative Directive 8.31 Travel* establishes procedures for the processing of travel and employee expenses incurred in connection with official City business. Additionally, the Directive identifies departmental Travel Approvers and Travel Coordinators as responsible for the processing of expenses, while Central Travel Administrators within Finance's Disbursements and Receivables Division provide assistance as needed.

Examples of travel-related expenses eligible for reimbursement include local and out-of-town conventions, conferences, workshops, trainings, and meetings. Examples of miscellaneous expenses eligible for reimbursement include work-related mileage, professional dues and certifications, membership renewals, and business lunches.

Currently, travel is reimbursed in accordance with the U.S. General Services Administration and U.S. Department of State's established per diem rates. Mileage is reimbursed in accordance with the Internal Revenue Service's established mileage rates.

In an effort to monitor expenses, the Central Travel Administrators generate monthly reports to identify:

- Expense reports that have not been processed for final payment,
- Expense reports missing reported totals,
- Balances owed to the City by employees, and
- Upcoming expenses

The reports are then distributed to the 24 Department Fiscal Administrators (if applicable) so they can address issues at the department level.

The following table illustrates the total expenditures for FY 2016-2019.

Fiscal Year	# of Trips/ Expenses Reimbursed	Total Expenses
FY 2016	6,901	2,230,510.95
FY 2017	7,564	2,542,435.35
FY 2018	7,346	2,408,934.69
FY 2019 <sup>1</sup>	4,918	1,759,584.70
<b>Totals</b>	<b>26,629</b>	<b>8,941,465.69</b>

*Note 1: Reported totals through June 21, 2019.*

## Audit Scope and Methodology

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The audit scope for this audit included travel and employee expense reimbursements, employees authorized to receive payments, and SAP user access for travel roles from October 2015 through June 2019.

To establish our testing criteria we reviewed *Administrative Directive 8.31 Travel*, Travel Expense Processing Guides, and Accounts Payable Best Practices. Additionally, we interviewed Finance management and staff to review their processes and identify controls associated with the expense reimbursement process and expense monitoring efforts.

As part of our testing procedures we reviewed a sample of staff travel and expense reimbursements to confirm they were in compliance with policies, appropriately supported, and approved. We also confirmed Finance was monitoring travel and employee expenses on a monthly basis. Additionally, we performed data analysis over travel and employee expenses to identify potential anomalies such as expenses created and approved by the same employee, duplicate expenses, and employees that owe the City money yet have subsequently been paid.

Furthermore, we reviewed training documentation to ensure employees with SAP travel roles had attended training. We also confirmed only active employees were authorized to receive payments. Lastly, we reviewed SAP user access listings for travel roles to ensure access was appropriate and users did not have access to conflicting roles.

We relied on computer-processed data in SAP to validate the accuracy of travel and employee expense reimbursements. Our reliance was based on performing direct tests on the data rather than evaluating the system's general and application controls. Our direct testing included comparing SAP travel reports to supporting documentation for expense reimbursements. We do not believe that the absence of testing general and application controls had an effect on the results of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that 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 provides a reasonable basis for our findings and conclusions based on our audit objectives.

## Audit Results and Recommendations

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### A. Training

Employees with access to SAP travel processing roles are not attending required training. We reviewed training documentation for a two-year period and determined 146 out of 228 (64%) of employees had not attended required training.

*Administrative Directive 8.31 Travel* states attendance at a formal class for training management is mandatory prior to being granted SAP roles. Currently, Finance lacks adequate controls to ensure employees are completing required training courses. Without verifying employees have attended required training, there is an increased risk that unallowable or erroneous expense advances/reimbursements are paid to employees.

#### Recommendation

The Deputy Chief Financial Officer should implement a process to ensure employees are attending required trainings and follow-up on instances where training requirements have not been met.

### B. Expense Processing

#### B.1 Decentralized Recordkeeping

Recordkeeping for employee travel and expense is decentralized, making it difficult to ensure timely and thorough reviews. Supporting documentation is maintained by the Travel Coordinators. Currently, there are 134 Travel Coordinators citywide for 40 departments.

We reviewed supporting documentation for 96 employee travel and expenses totaling approximately \$224,000 and determined 49 sample items (51%) were not processed in accordance with *Administrative Directive 8.31 Travel*. Examples of non-compliance included late expense submissions, incorrect per diem rate application, and reimbursements being granted prior to completion and approval of required forms.

Decentralized recordkeeping can increase the risk for inadequate oversight resulting in reimbursements not being processed in accordance with policies and procedures.

## B.2 Outdated Policies and Procedures

Additionally, 21 out of 96 (22%) expenses sampled received larger than necessary advances totaling roughly \$27,000. These expenses were properly supported, however, advances were granted for large expenses traditionally pre-paid with a departmental purchase card such as hotel, training registration, and airfare. Currently, the Directive does not provide guidance in regards to which expenses should be pre-paid, and which should be paid via an employee advance.

Outdated policies and procedures increase the risk for unallowable or excessive advances/reimbursements to be paid to employees.

### **Recommendation**

The Deputy Chief Financial Officer should ensure:

- Recordkeeping for supporting documentation is centralized to facilitate reviews, and
- Policies and procedures are updated to reflect currently accepted practices.

## **Appendix A – Staff Acknowledgement**

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Gabriel Trevino, CISA, ITILv3, Audit Manager  
Abigail Medina, CPA, CIA, Auditor in Charge  
Sophia Konstantinidis, Auditor

## Appendix B – Management Response



### CITY OF SAN ANTONIO

SAN ANTONIO TEXAS 78283-3966

January 28, 2020

Kevin W. Barthold, CPA, CIA, CISA  
City Auditor  
San Antonio, Texas

RE: Management's Corrective Action Plan for the Audit of Finance Travel and Employee Expense Reimbursements

Finance Department has reviewed the audit report and has developed the Corrective Action Plans below corresponding to report recommendations.

Recommendation					
#	Description	Audit Report Page	Accept/ Decline	Responsible Person's Name/Title	Completion Date
1	<p><b>Training:</b> The Deputy Chief Financial Officer should implement a process to ensure employees are attending required trainings and follow-up on instances where training requirements have not been met.</p>	3	Accept	Melanie S. Keeton Assistant Director	February 29, 2020
<p><b>Action plan:</b> The Finance Department will require all travel coordinators and approvers to attend a training session no later than February 29, 2020 in tandem with the issuance and release of the updated Travel Administrative Directive. We will additionally institute a required refresher course every two years in order to maintain the role. In the event the required training is not attended the individual's travel roles may be suspended.</p> <p>The Finance Department has additionally worked with the Human Resources Department to incorporate travel in the employee's training records to track attendance for the required training. We have additionally worked with ITSD to modify the SAP User Access Form to require training prior to the issuance of the travel coordinator and approver roles. The updated User Access Form will be in place by January 31, 2020.</p>					

Recommendation					
#	Description	Audit Report Page	Accept/Decline	Responsible Person's Name/Title	Completion Date
2	<p><b>Expense Processing:</b> The Deputy Chief Financial Officer should ensure recordkeeping for supporting documentation is centralized to facilitate reviews. In addition, policies and procedures should be updated to reflect currently accepted practices.</p>	3	Accept	Melanie S. Keeton Assistant Finance Director	February 29, 2020
<p><b>Action plan:</b> With the implementation of SAP in 2005, the City implemented decentralized operations across the City. Fiscal Shared Services was instituted in 2007 to centralize processes and procedures, such as travel, while still providing departments the flexibility to handle their operations. The revised Administrative Directive includes language regarding the retention of travel support within a central location in each department. Finance has worked with ITSD to create a method to allow departments the ability to load and retain both travel authorization approvals and expense documents supporting travel within SAP. A memo will be sent out effective February 1, 2020 to all travel coordinators and approvers to begin using this storage feature in SAP.</p> <p>Finance has been revising its Travel Administrative Directive using the Government Finance Officers Association (GFOA) best practice tool as a reference guide. We have additionally taken into account recommendations and findings from various travel/expense reimbursement training courses, COSA FAQs, waivers and prior requests or questions received from departments. The Administrative Directive is scheduled to be completed with all training by February 29, 2020.</p>					

We are committed to addressing the recommendations in the audit report and the plan of actions presented above.

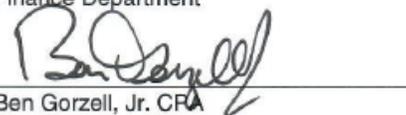
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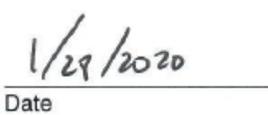
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Troy Elliott, CPA  
Deputy Chief Financial Officer  
Finance Department



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Date



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Ben Gorzell, Jr. CPA  
City Financial Officer  
City Manager's Office



\_\_\_\_\_  
Date

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