



Internal Audit Report

Mayor and City Council Expenses 4th Review period 2022



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Auditor's Conclusion

March 22, 2023

Internal Audit has completed the Mayor and City Council expense review for the three months beginning August 01, 2022, and ending October 31, 2022. We conducted this engagement at the request of the Management and Finance Committee.

The audit objectives were:

- Determine whether recorded expenses are incurred in accordance with Council policy.
- Determine whether expenses are supported by adequate supporting documentation in accordance with Council policy.

To these ends, Internal Audit

- Reviewed the Rules of Order and Procedure for the City Council,
- Sampled expenses,
- Examined supporting documentation for sampled expenses,
- Applied other methods as necessary.

Based on our engagement procedures, we conclude that the reviewed Mayor and City Council expenses complied with the *Rules of Order and Procedure* for the scope period examined. We identified one issue and one area for consideration; we have detailed this in the Issue Details section of the report.

Michelle Crawford

Michelle D. Crawford, M.Acct., CIA, CFE, CRMA
City Auditor

Audit Profile

Audit Team

Michelle Crawford, M.Acct., CIA, CFE, CRMA – City Auditor

Laiba Saqib, MPAcc – Lead Auditor

Scope

Our scope period included all Mayor and City Council transactions from August 1, 2022, through October 31, 2022.

Background

The Management and Finance Committee requested an annual audit of the Mayor and City Council Expenses related to Council business in accordance with their Rules of Order and Procedure in effect for the period under audit. Internal Audit performed quarterly reviews of the related expenses.

Issue Details

For the scope period, there were 102 recorded transactions totaling \$63,468.40¹. We judgmentally sampled and reviewed 51 transactions (50%), totaling \$62,559.71. Below is a summary of our review.

Transactions		Description
Number of items in compliance	Compliance percentage	
49 out of 51	96%	Travel and Expense (TnE) Reports are completed within 30 days of travel.
0 out of 2	0%	Personal expenses are reimbursed to the City within 30 days of travel.
51 out of 51	100%	Adequately documented and properly approved.
51 out of 51	100%	Complied with allowable purchases.
51 out of 51	100%	Complied with economy class travel rules.

We identified one issue and one area of consideration, described below.

Issue 1 - Inadequate Policies, Procedures, and Training

Council administrative staff lack comprehensive policies, procedures, and training programs. This has led to errors and inefficiencies in work performed by the administrative staff. For example:

- *Trip Cancellation:* In two instances, council administrative staff did not cancel a business trip promptly, resulting in the airline withholding a refund or credit totaling \$515.90. This error occurred despite council members informing the administrative staff of the cancellation four days before travel. Failing to cancel trips promptly can cause the City to incur unnecessary financial expenses and exposes the City to reputational risks.
- *Travel and Expense (TnE):* The administrative staff made errors in completing the TnE Reports, which in one case led to a delay in the process. Examples of errors included:
 - Administrative staff incorrectly calculated the TnE Report total and were preparing to issue a reimbursement not owed due to the incorrect calculation. A supervisor detected the error before disbursing the funds; however, it could have resulted in an improper reimbursement. Due to the errors, the TnE was completed over two months after the travel occurred.
 - A TnE Report did not include an itemized list of expenses as required.

¹ The dollar amount includes multiple refunds and credits which offsets the total dollar amount of expenses in the full population.

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- A flight credit was applied but not adequately documented on the TnE Report.

Inadequate policies, procedures, and training may result in misunderstandings or inaccurate or incomplete records. Clear and documented policies and procedures provide a framework for consistency and efficiency. Proper training ensures those practices are well understood.

Recommendation

We recommend that the council administrative supervisor establish clear policies and procedures, including detailed instructions on properly documenting expenses. The supervisor should also develop a comprehensive training program to ensure that staff understands their duties and compliance with the Council Rules of Order and Procedure.

Management Response:

The policies and procedures currently in place will be reviewed for accuracy and clarity, and any necessary updates will be made to ensure staff has the appropriate training needed to meet all expectations related to these concerns.

Targeted Implementation Date: September 30, 2023

Issue Owner: Council Administrative Supervisor

Issue Contributor: Executive Assistant to City Manager

Issue Final Approver: Deputy City Manager

Area of consideration - Reimbursement not paid in accordance with Council Rules

Our review determined that a Council Member did not reimburse the City promptly as required for certain expenses incurred during travel. The Council's Rules of Order and Procedure state, "Council Members and the Mayor should reimburse the City within thirty (30) days."

Reimbursing the City late can negatively impact the City's reputation. Therefore, City Council should adhere to Council's Rules and reimburse the City within thirty (30) days. Additionally, administrative staff should ensure compliance with Council's Rules.

Due to the dollar amounts involved and as the 30-day period was a new policy change as of 4/25/22, we do not believe a written recommendation is necessary. However, additional reminders for City Council and training for administrative staff should be considered. We addressed training for administrative staff in the above recommendation.