



# Travel Expense Reports Audit Report

Office of the General Auditor

Audit & Ethics Committee

Item 6a

July 27, 2021

# Travel Expense Reports Audit Report

## Opinion

- Less Than Satisfactory

## Audit Scope

- Compliance with Metropolitan Policy
- Propriety of Expenditures
- Appropriate Review and Approval
- Timely Submission
- User Security Access Controls and Disaster Recovery

# Travel Expense Reports Audit Report



April 1, 2019 through June 30, 2020

- 5,331 expense reports, \$3.3 Million
- Statistical Sample of 67
- 90% Confidence Interval; 10% Margin of Error

# Policies and Guidance

## C-03

- Description of the expenditure
- Reason for the expenditure
- Supporting documentation

## C-04

- Reasonable, necessary, significant and meaningful link to MWD purpose, policies and interests
- Manager approval to ensure accuracy and appropriateness

## Administrative Code

- § 6331 – Failure to provide proper and timely accounting may subject directors and employees to recognition of taxable income

## Travel Guide

- Procedures for preparation/approval

# Travel Expense Reports Audit Report

## Test Criteria

- Documentation
  - Who?
  - What?
  - When?
  - Where?
  - Why?
- Reasonable, necessary, significant and meaningful link to MWD purpose, policies and interests

# **Travel Expense Reports Audit Report**

## **49% Missing or Inadequate Description of Expense**

- Business purpose not described (e.g. “business”, “working out of town”)
- Expenditures without location, vendor name, etc.
- Missing points of origin and destination for cab fares, mileage

## **19% Missing Receipts/Documentation**

- Receipts for expenditures in excess of \$25
- Authorization for per diem expenditures (\$200 per day)

## **Ineffective Review and Approval**

# Recommendations

## Review and revise

Review, revise and consolidate expense reporting policies

## Conduct

Conduct training for preparers and approvers

## Establish

Establish accountability for those who do not comply

# Travel Expense Reports Audit Report

## Perspective

- Expense reports are not financially material to MWD
- Easy to develop a casual attitude toward their preparation and review; it occurs with regularity in many organizations
- Metropolitan is not immune

# Questions

