

Travel Expenditures



Objective

Determine the effectiveness of controls for employee travel reimbursements and compliance with City policy and procedures, including whether travel reimbursements contained errors or instances of fraud.

Background

It is the City of Sioux Falls policy to reimburse city employees for expenses incurred while traveling on City business. Examples of City business travel include conferences, training opportunities, meetings, etc. The City of Sioux Falls Travel Policy, established by Executive Order No. 149 and revised in March 2019, provides guidance for requesting and processing travel. From April 1, 2019 through March 31, 2020, \$1,065,882 was spent in training and travel expenses. 908 individual travel claims were reimbursed during that period.

Future Opportunities

- We recommend amending the current travel request form to include a signature and "submitted" date to be completed by the traveler or travel coordinator. Signature line for the Mayor for trips over \$1000 should be removed if no longer required.
- We recommend amending the City Travel Policy to require an online map screenshot including total mileage amounts to either compare to the odometer readings or in place of the odometer readings for personal mileage.
- We recommend amending the City Travel Policy language to, "One baggage fee is allowable and payable by the City. Additional baggage fees are eligible for reimbursement if required by the employee to perform their designated job duties and pre-authorized prior to travel."

What We Found

- Travel Expense Reimbursement Claim processed without a Travel Request form.
- Ineligible per diems paid to traveler resulting in overpayment (of \$6.50).
- Travel reimbursement processed without a Travel Reimbursement Claim form.
- Reimbursement of a tip over 15%.
- Expense Claim missing required receipts.
- Travel card expenses on the informational expenses tab in Munis were not updated and moved to the actual expenses column.
- Missing travel justification form.
- City Travel Policy does not explicitly state that itemized receipts are required for expense reimbursement.
- Unable to verify compliance with the City Travel Policy requiring Travel Reimbursement Claim Forms be completed/filed in 30 days from travel end date.
- Lack of segregation of duties and consistent process to prevent fraud and errors in travel expense reimbursements.

What We Recommend

Recommendation 1: We recommend that Management create a final review step conducted by an individual other than the travel coordinator entering/processing the claim. This review should be completed prior to posting the AP batch. Currently, there is no secondary reviewer resulting in manual data entry issues, missing required documentation, and non-compliance with the City Travel Policy creating an opportunity for fraud.

Recommendation 2: We recommend that management provide a refresher training to travel coordinators on how to process travel reimbursement claims annually.

Recommendation 3: We recommend a separate policy be written and implemented to provide direction on reimbursements paid directly to employees while not in travel status (what expenses are eligible, when are tips eligible, and what is the appropriate process/procedure for non-travel employee expense reimbursement). The section describing allowable tips in the City Travel Policy on page 8 does not identify specifically what types of expenses are allowable and provides no additional details. This section of the policy is also meant to provide direction on tips reimbursed directly to employees who are not on a trip and not traveling outside the city.

Recommendation 4: We recommend City Travel Policy should be amended to explicitly state that reimbursement for expenses incurred on a personal card or city travel card requires an itemized receipt that details the date/time the expense was incurred and details of the expense to a level of detail that allows the city to ensure the character of the expense was work-related.

Recommendation 5: We recommend management amend the Travel Reimbursement Claim form to create a required "submitted to travel coordinator date" field next to the traveler's signature certifying the expenses.

Recommendation 6: We recommend the individual who posts the AP batch be a different individual than the person processing and entering the expense claim details in Munis. This individual posting the batch could be the same individual who conducts a final review of the claim details to verify accuracy and eligibility (as described in Recommendation #1). This will ensure proper segregation of duties, following best practices fraud for prevention.