



City of Phoenix

Mission Statement

To improve the quality
of life in Phoenix
through efficient
delivery of outstanding
public services.

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Project Number

1240003

This report can be made
available in alternate
format upon request.

Citywide Travel Reimbursement Process

August 16, 2023

Report Highlights

Travel Reimbursements

Overall, pre- and post-travel approvals and expense claims were processed according to City policy. City employees could be more timely in submitting their post-travel documentation. Once the Finance Department received the travel claims, they were processed timely.

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Purpose

Our purpose was to review the travel reimbursement process to ensure policies are being followed and employees are being reimbursed properly.

Background

The City of Phoenix (City) updated the travel reimbursement process and introduced a new, online, cloud-based travel management system called Concur. The City implemented Concur in phases. In October 2020, the Aviation Department became the first department to use the system. As of March 2022, all City departments use Concur.

The new system has automated workflows. Once the department liaison or traveler enters pre-travel requests with supporting documentation, the request is routed through various approval levels. At the end of the travel, the traveler enters expenses and receipts into Concur for review and approval by the Finance Department Travel Section. Concur includes automated workflow for review and approval of pre- and post-travel, based on requirements in the City's Administrative Regulation (A.R.) 3.41 – *Business, Conference and Training Travel and Related Expenses*. This A.R. lists requirements for timeliness in submitting, approving, and processing travel expenses. At a minimum, all travel must be approved by the employee's division head and the department head. The A.R. includes an approval matrix which shows, based on factors such as travel location or travel expense amount, if an individual in the City Manager's Office must also approve the travel.

Concur processed \$2.2 million in travel expenses from February 1, 2021, to April 30, 2023.

Results

Overall, staff approved and processed cash advances in compliance with A.R. 3.41. The A.R. should be updated to reflect the current process of 10 business days to release cash advances prior to the travel date.

Cash advances may be approved if the estimated expense for an event is too high to expect the traveler to finance it and wait for reimbursement upon return. We obtained post travel reports from Finance for all City departments. The total cash advanced from February 1, 2021, through April 30, 2023, was \$98,296. We selected a sample of 20 cash advances to validate that:

- Cash advances were approved.
- Advances were provided no more than five business days in advance.
- Settlement was made based on actual expenses.
- Funds were returned to the City if actual expenses were less than the estimated amount.

In our testing, we found that all transactions were appropriate. Cash advances were approved and settlements were made based on actual expenses (with funds being returned when actual expenses were less than the advance). The largest cash advance of \$3,898.68 was for a Police Officer attending the FBI's Hazardous Device Bomb training for over six weeks. We found that 15 of 20 (75%) cash advances were given out more than five days in advance. Finance staff stated that, because the cash advance check is now mailed to the employee, advances are given out up to 10 days in advance. We found that 6 of 20 (30%) were given out 11 to 13 days before travel. The A.R. has not been updated to reflect Finance's current 10-day process. This can cause confusion to employees on when to obtain the cash advance funds.

The employee travel transactions we tested were processed in compliance with City policy.

Per A.R. 3.41, Finance is responsible for approving and processing travel that employees have entered into Concur. We selected and reviewed all expenses greater than \$4,000 and found that the City Manager's Office approval was obtained, and expenses were in compliance with the travel Approval Matrix defined in A.R. 3.41. In addition, we judgmentally selected a sample of 20 transactions to validate the following compliance requirements.

Testing Results

Audit Test	In Compliance
Airfare was not booked as first-class	✓
Pre-approval was obtained	✓
Lodging was not higher than the City's Lodging Rate Schedule	✓
Meals were not greater than City rates	✓
Unallowable expenses were not included in meals	✓
Gratuities limits were followed (20%)	✓

All transactions tested complied with A.R. 3.41.

Employees often took longer than the required 10 business days to submit post-travel documentation. Concur provides automated reminders.

A.R. 3.41 requires that employees report trip expenses no later than 10 business days after returning to work for either (a) reimbursement or (b) settlement of a business

meeting, training, or conference expense. Employees upload expense receipts to Concur for Finance to determine whether a settlement to the City or a reimbursement to the employee is needed. Of the 1,479 travel trips that ended between July 1, 2022, and June 23, 2023, 34% were submitted within 10 days of the travel end date. The Concur system provides automated email reminders to employees to submit their documentation. The reminders are provided at regular intervals until the documentation is submitted.

Finance staff processed post-travel requests timely.

Finance has a goal to process post-travel transactions within 10 business days of the employee submitting the request. Of the 1,479 travel trips that ended between July 1, 2022, and June 23, 2023, more than 99% were processed timely.

Recommendation

- 1.1 Update *A.R. 3.41 – Business, Conference and Training Travel and Related Expenses* to align with processes in the new Concur system.

Department Response to Recommendation

Rec. 1.1: Update A.R. 3.41 – Business, Conference and Training Travel and Related Expenses to align with processes in the new Concur system.

Response: Finance will update A.R. 3.41 – Business, Conference and Training Travel and Related Expenses to align with processes in the new Concur system.

Target Date:
6/30/24

Explanation, Target Date > 90 Days: This target date allows for adequate availability of Finance resources due to current ongoing projects, and allows for time to accommodate the Citywide process of revising an A.R.

Scope, Methods, and Standards

Scope

We reviewed travel transactions in Concur from February 1, 2021, through April 30, 2023.

The internal control components and underlying principles that are significant to the audit objectives are:

- Monitoring Activities
 - Management should establish and operate monitoring activities to monitor the internal control system and evaluate results.
- Control Activities
 - Management should implement control activities through policies.

Methods

We used the following methods to complete this audit.

- We reviewed policies and procedures related to business travel and training.
- We interviewed appropriate staff.
- We tested travel transactions for appropriate approvals, supporting documentation, and authorizations.

Unless otherwise stated in the report, all sampling in this audit was conducted using a judgmental methodology to maximize efficiency based on auditor knowledge of the population being tested. As such, sample results cannot be extrapolated to the entire population and are limited to a discussion of only those items reviewed.

Data Reliability

We assessed the reliability of Concur data by (1) performing electronic testing, (2) reviewing existing information about the data and the system that produced it, and (3) interviewing agency officials knowledgeable about the data. We determined that this data was sufficiently reliable for the purposes of this audit.

Standards

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. Any deficiencies in internal controls deemed to be insignificant to the audit objectives but that warranted the attention of those charged with governance were delivered in a separate memo. We are independent per the generally accepted government auditing requirements for internal auditors.