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Office of the County Auditor

Shelly A. Banks, C.P.A.

Cook County Auditor

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January 26, 2016

The Honorable Toni Preckwinkle, President
And Board of Cook County Commissioners
118 N. Clark Street, Room 537
Chicago, Illinois 60602

Dear President Preckwinkle and Board of Commissioners:

We have conducted an audit of Countywide Travel Expenditures for the period ended November 30, 2014. We conducted our audit in accordance with the [Cook County Auditor Ordinance](#).

Our objectives for this examination were to verify that internal controls are in place to ensure compliance with County travel policies and procedures. The scope of our work consisted of gathering, reviewing and testing applicable and adequate supporting documentation to reach a conclusion on our objectives.

Please refer to the following audit report for the results of the audit. The audit report contains 4 audit findings. The [Executive Summary](#) provides an overview of the audit with the main finding areas.

We express our appreciation for the assistance the staff of the various departments extended to Afaf Qayyum during the course of our audit. We have discussed our findings with the staff of both the Office of the Comptroller and the Bureau of Administration and would be pleased to discuss our recommendations in greater detail in order to assist them with the implementation of our recommendations.

Respectfully Submitted,

Shelly A. Banks, CPA
Cook County Auditor

cc: Lawrence Wilson, Comptroller
John Schick, Deputy Comptroller
Martha Martinez, Chief Administrative Officer
Jerry Pray, Senior Industrial Engineer



COOK COUNTY GOVERNMENT
OFFICE OF THE COUNTY AUDITOR

Travel Expenditures

Internal Audit Report

Report Date:
January 2016

Issued By:
Shelly A. Banks, County Auditor

Audit Conducted By:
Afaf Qayyum, Field Auditor IV

EXECUTIVE SUMMARY

We have examined the accounting records and supporting documentation for travel expenditures in various County agencies for the period ended November 30, 2014.

The Bureau of Administration (BOA) is responsible for policy regarding County transportation expenditure reimbursement and travel regulation and formally adopted a policy and procedures manual in fiscal year 2009. The payroll division in the Office of the Comptroller is responsible for reviewing and processing payment to employees via biweekly payroll checks. Supervisors of traveling employees are responsible for approving all travel assignments and each employee is responsible for preparing accurate and complete travel vouchers.

The scope and objectives of the Travel Expenditures Audit were designed to assess the internal control procedures of the Office of the Comptroller and various County agencies.

We noted the following findings in regards to the internal control structure:

- A standardized travel voucher does not exist to reduce opportunities for errors and to ensure an accurate reporting of all travel expenditures.
- Procedures for Countywide travel do not fully define all the current processes and requirements nor contain all necessary controls over the travel reimbursement process.
- Government rates were not obtained in all cases of hotel bookings and garage parking, and per diem rates were not properly applied.
- Departments are not consistently granting authorization to employees prior to traveling

The findings noted were presented to the Office of the Comptroller and the Bureau of Administration. Please refer to the [Findings](#) section for more detail on the findings with the management responses, corrective action plans and estimated completion dates.

BACKGROUND

In Fiscal Year 2014, the adjusted appropriation budget for travel across all Cook County departments (excluding the hospital system) was more than \$1.9 million. We looked at 5 County departments that accounted for nearly half (47%) of the total travel expenditure appropriation in FY14: the State's Attorney Office, Office of the Public Defender, Office of the Public Guardian, Building and Zoning, and Department of Revenue.

There are several duties that require employees to travel to conduct official County business both in-state and out-of-state such as: interview clients for active litigation and cases, investigations, and tax audits. Other excursions include conferences and training, though departments have limited this activity due to budget constraints.

In August of 2014, the County transitioned to a new payroll system, "JD Edwards EnterpriseOne" (E1). A new process was implemented in which department timekeepers no longer entered employee mileage reimbursement on the department level. Instead, the Comptroller's Office processed all travel related payroll entries. Travel expenditures are classified primarily under 2 payroll codes and are listed on an employee's pay stub as "mileage reimbursement" or "other reimbursement."

Approximately 3 years ago, the BOA developed the online Transportation Expense Voucher System (TEVS). The system allows employees to enter information online to generate an electronic copy as

opposed to a manual carbon copy. As of December 1, 2015, County employees are required to use TEVS to generate vouchers for transportation reimbursement, and handwritten vouchers will no longer be accepted by the Comptroller's Office after January 1, 2016.

AUDIT SCOPE AND OBJECTIVES

Our audit was designed to assess the internal controls of the Comptroller's Office and departments processing travel expenditures to verify compliance with County travel policies and procedures. The scope of our work consisted of reviewing travel vouchers and policies and procedures established by both individual departments and County administrators. Our objectives were to:

- Ensure that travel expenditures, including lodging, transportation, and special expenditures, are ordinary and necessary to complete County business
- Verify each voucher has supporting documentation, proper authorization, and all fields are completed in compliance with the Cook County Travel Regulations.
- Payment is accurately disbursed to County employees and properly coded
- Evaluate the adequacy of the expenditure reporting process
- Ensure travel expenditures paid through payroll system are also recorded in the general ledger

AUDIT RESULTS

Based on our analysis and evaluation of the internal controls and the operations surrounding travel expenditures, we have noted 4 findings as detailed in the Findings Section. In regards to the other audit objectives, our review determined the following conclusions:

- All travel expenditures, coded under 890 and 892 in the payroll system, were correctly coded to the travel budget account in the general ledger for each department.

FINDINGS

Finding #1:

A standardized travel voucher does not exist to reduce opportunities for errors and to ensure an accurate reporting of all travel expenditures. A voucher is in place for transportation expenses but it does not cover all travel; therefore, departments process all other travel expenditures on a 29A form. Errors and omissions on the mileage and other transportation vouchers were found in each of the five departments sampled. The errors ranged from wrong employee paid, inaccurate calculations, incomplete data, lack of supporting documentation, no record of the purpose of travel, and unsupported claims.

Recommendation:

We recommend that the Bureau of Administration in coordination with the Comptroller's Office implement a standardized travel voucher to report all travel for Countywide usage to be incorporated into the Cook County Travel Regulations Policy as a requirement. A redesigned travel voucher will reduce errors and omissions by simplifying the travel reporting process, providing guidance to travelers on what to report, and including edits checks to reduce errors.

The following are recommended controls for the standardized travel voucher form:

- Require purpose of the travel and justification
- Capture employee headquarters and residence, destination
- Capture dates and times of travel

- Require GSA rates and section for justification for any exceptions
- Separate sections to enter specific type of travel expenditures with detail
- Approval signatures
- Traveler certification

In addition, we recommend that BOA coordinate with BOT on the expansion of the Transportation Expense Voucher System (TEVS) to provide for the electronic reporting of all travel related expenses in one system.

Management Response - Joint BOA & Comptroller:

We concur with this finding and recommendation. BOA established a new Transportation Expense Voucher System (TEVS) on December 1, 2015 to allow County employees to prepare and submit electronic reimbursement vouchers for mileage, taxi and public transportation reimbursement. BOA, with the assistance of Comptroller's office, plans to update the TEVS to include a fillable pdf form for requesting travel authorization as well as a travel reimbursement form to be completed once the travel event concludes. These forms will include the controls as recommended by the County Auditor.

Estimated Completion Date:

November 30, 2016

Finding #2:

Procedures for Countywide travel do not fully define all the current processes and requirements as well as contain all necessary controls over the travel reimbursement process. Policies and procedures exist in the BOA within the Cook County Transportation Expense Reimbursement and Travel Regulations Policy and in the Comptroller's Office Payroll Procedures Manual for processing travel expenditures.

The BOA recently implemented improvements to the TEVS for additional controls, for which BOA is currently updating in the Policy Manual. BOA should also add the requirement for utilizing a standard travel voucher as detailed in Finding #1.

The Comptroller's Office last documented update to the travel expenditures occurred 9/7/10 via a memo to all County departments and officials. The Comptroller's Office currently requires a "Travel Reimbursement Cover Sheet" which is not being used by all departments and contains outdated fields. With the use of a standard Travel Expense Voucher (Finding #1), the Comptroller's Office will be able to eliminate the current cover sheet that contains outdated procedures. In addition, since BOA now requires the use of TEVS to generate electronic vouchers for transportation reimbursement, the Comptroller's Procedures Manual will need to be updated to reflect the new requirements and processing of transportation vouchers.

Recommendation:

We recommend that the BOA and the Comptroller's Office update their policies and procedures to include current practices as well as recommended controls to improve the process. The updated policies and procedures should be communicated Countywide.

Management Response - Joint BOA & Comptroller:

We concur with this finding and recommendation. BOA is currently working with the Vehicle Steering Committee on updating the Countywide Transportation and Travel Expense Reimbursement Policy and procedures manual ("manual") to include best practices and controls. Once the policy and manual is updated, a Countywide communication and distribution will occur. The Comptroller's Office will update

its internal payroll procedures and processes and implement these into its payroll operation to reflect the new requirements and processes.

Estimated Completion Date:

November 30, 2016

Finding #3:

Government rates were not obtained in all cases of hotel bookings and garage parking, and per diem rates were not properly applied. In over 20% of the vouchers reviewed, hotel rates secured by the travel agencies on behalf of County departments were often times above the General Services Administration (GSA) rates. Also, employees did not always use the government discounted parking. The Cook County Travel Regulations Policy Section VII requires the use of the GSA rates for hotels and per diem. Per diem policies were not followed in regards to subtracting the value of meals provided by a conference from per diem or incorrectly claiming per diem for travel without an overnight stay.

Recommendation:

We recommend that the following controls be implemented:

- The travel voucher should state the requirement for using GSA rates and require a justification for any exceptions.
- Travel agencies should be required to obtain the government rate or obtain written approval from the department for any exceptions. Prior to approving payment on travel agency invoices, department management should verify that government rates were secured.
- Hours traveled should be indicated in the travel voucher.
- Conference programs should be required as an attachment to determine if meals were provided.

Management Response - Joint BOA & Comptroller:

We concur with this finding and recommendation. BOA plans to update the TEVS to include a fillable pdf form for requesting travel authorization as well as a travel reimbursement form to be completed once the travel event concludes. These forms will include the controls as recommended by the County Auditor. The BOA is currently working with the Vehicle Steering Committee on updating the Countywide Transportation and Travel Expense Reimbursement Policy and manual to include best practices and controls. Also, BOA plans to coordinate with the Bureau of Finance on establishing cost reducing measures to be included in the policy and manual.

Estimated Completion Date:

November 30, 2016

Finding #4:

Departments are not consistently granting authorization to employees prior to traveling. According to the Cook County Travel Regulations Policy, Section II, part B. "All travel subject to these regulations shall be authorized in advance by the Department Head in accordance with current County directives" and part C, "Each Department shall develop a system for the prior authorization and control of travel..." Departments have different interpretations of what qualifies as a prior authorization, and most departments did not have any prior authorization support submitted with the reimbursement request.

Recommendation:

We recommend that BOA expand the policy for prior authorization to include specific guidelines on what constitutes prior authorization and to require that prior authorization support is submitted with the reimbursement voucher to the Comptroller's Office. We also recommend that the Comptroller's Office ensure that prior authorization support is submitted with the voucher prior to processing for payment.

As stated in the Cook County Travel Regulations Policy, prior authorization is required to ensure travel is conducted in the most efficient and economical manner to the County.

Management Response - Joint BOA & Comptroller:

We concur with this finding and recommendation. BOA is currently working with the Vehicle Steering Committee on updating the Countywide Transportation and Travel Expense Reimbursement Policy and procedures manual ("manual") to include best practices and controls and plans to include a section on the travel request form and reimbursement form for the department's/agency's signature as authorization. The Comptroller's Office will ensure that a department's/agency's authorization is provided along the necessary support (e.g. mileage logs, receipts, invoices) to process a payment.

Estimated Completion Date:

November 30, 2016