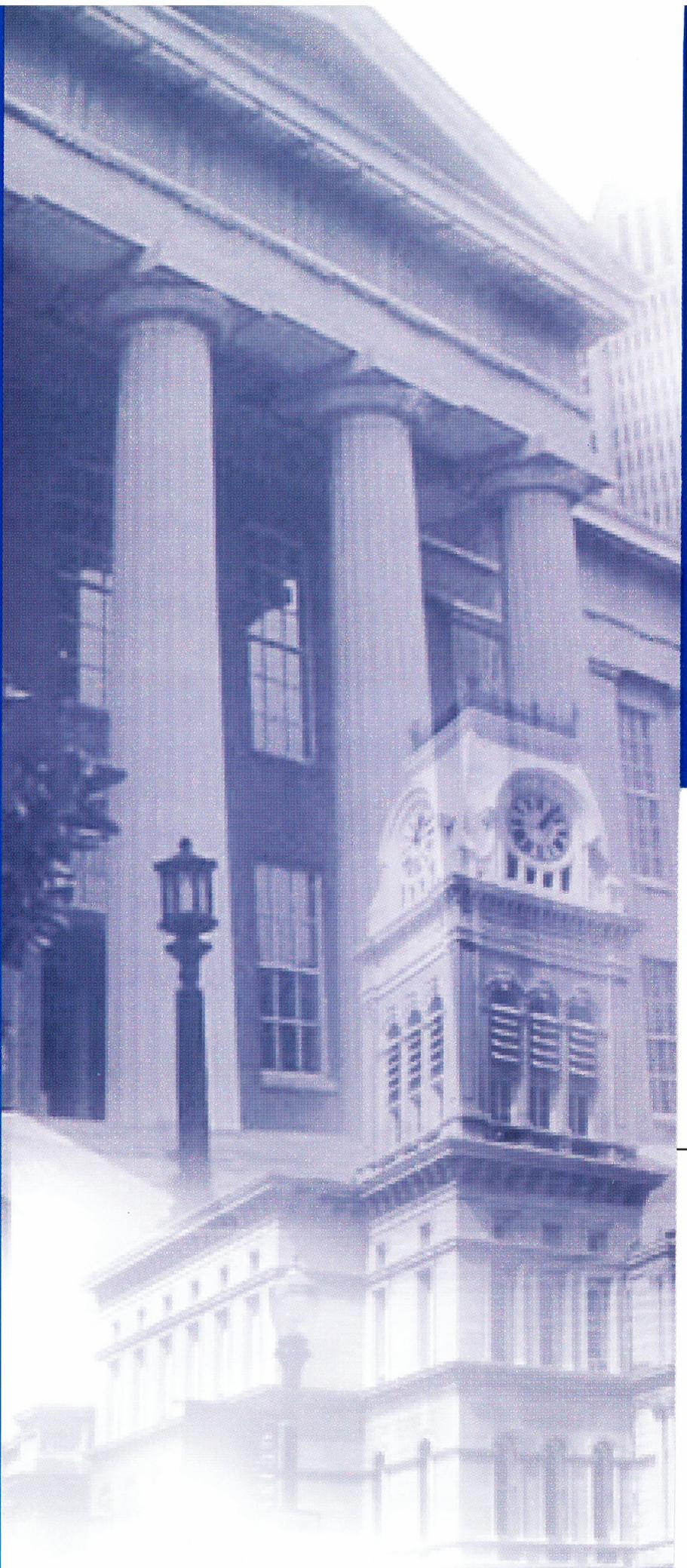




Greg Fischer
Mayor

Louisville Metro Council

The Office of Internal Audit provides independent, objective assurance and consulting services that adds value to and improves Louisville Metro Government.



Office of Internal Audit

Louisville Metro Government

Enterprise Travel Policy

Audit Report

Louisville Metro Government

Enterprise Travel Policy

May 2014



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Executive Summary

PROJECT TITLE

Enterprise – Travel Policy Review

OBJECTIVE AND SCOPE

The objective was to perform an assurance review of operating policies, procedures and records related to the travel policy. The primary focus was the operational and fiscal administration of the activity. This includes how activity is processed, recorded and monitored. An objective of the review is determining if the activity was in compliance with Louisville Metro Local and Out of Town Travel Policies and Procedures. Determining the worthiness or relevance of travel activity was not an objective. The objective is to obtain reasonable assurance that the risks are adequately mitigated through the internal control structure.

This was an assurance review based on Louisville Metro Local and Out of Town Travel Policies and Procedures and related activity. The review included travel activity from fiscal year 2013. The details of the scope and methodology of the review are addressed in the Observations and Recommendations section of this report.

INTERNAL CONTROL ASSESSMENT

Needs Improvement

RESULTS

Opportunities exist for improving the internal control structure for activity related to the travel policy. Examples include the following.

- **Travel Authorization.** Issues were noted with the process for travel authorization.
 - There were instances in which travel occurred that was not authorized in accordance with the policy.
- **Travel Expenditure Reporting.** Issues were noted with the process for travel expenditure reporting.
 - There were instances in which requests for local travel reimbursements and reconciliations of out of town travel expenses were not submitted to the Office of Management and Budget within the timeframe specified within the policy.
 - There were instances in which reimbursements and advances were not made in accordance with the policy.
- **General Administration.** Issues were noted with the general administration of the travel policy.
 - The Louisville Metro Local and Out of Town Travel Policies and Procedures have not been revised since 2006.
- **Travel Policy Exceptions.** Issues were noted with the process for approving exceptions to the travel policy.
 - The policy does not specify when a request for an exception to the travel policy should be submitted.
 - The current process for requesting and approving exceptions to the travel policy is inefficient.



OFFICE OF INTERNAL AUDIT
LOUISVILLE, KENTUCKY

GREG FISCHER
MAYOR

INGRAM QUICK, CHIEF AUDIT EXECUTIVE

JIM KING
PRESIDENT METRO COUNCIL

Transmittal Letter

May 7, 2014

The Honorable Greg Fischer
Mayor of Louisville Metro
Louisville Metro Hall
Louisville, KY 40202

Subject: Audit of Louisville Metro Government's Enterprise Travel Policy

Introduction

An audit of Louisville Metro Government's enterprise travel policy was performed. This included a review of operating policies, procedures and records related to the travel policy. The primary focus was the operational and fiscal administration of the activity. This includes how activity is processed, recorded and monitored. An objective of the review is determining if the activity was in compliance with Louisville Metro Local and Out of Town Travel Policies and Procedures. Determining the worthiness or relevance of travel activity was not an objective. The objective is to obtain reasonable assurance that the risks are adequately mitigated through the internal control structure.

The audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

As a part of the review, the internal control structure was evaluated. The objective of internal control is to provide reasonable, but not absolute, assurance regarding the achievement of objectives in the following categories:

- Achievement of business objectives and goals
- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulations
- Safeguarding of assets

There are inherent limitations in any system of internal control. Errors may result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personnel factors. Some controls may be circumvented by collusion. Similarly, management may circumvent control procedures by administrative oversight.

Scope

The operating policies, procedures and records related to the Louisville Metro Local and Out of Town Travel Policy were reviewed. The primary focus was the operational and fiscal administration of the activity. This included how activity was processed, recorded and monitored. The objective was to obtain assurance that the risks are adequately mitigated. Determining the worthiness or relevance of travel activity was not an objective and was not part of the review.

A thorough understanding of Louisville Metro's policies and procedures governing travel activity was obtained in order to evaluate the internal control structure. This was achieved through interviews of key personnel and an examination of supporting documentation. All Louisville Metro departments with travel activity during fiscal year 2013 were identified and analyzed in an effort to judgmentally select a sample of data for testing. Tests of sample data were performed on travel activity occurring during the review period, fiscal year 2013, in an effort to determine compliance with policies and procedures and effectiveness of controls. Activity reviewed included Louisville Metro financial system records, time card reports, manual activity logs, and other documentation required for travel authorization and reconciliation.

Opinion

It is our opinion that the internal control structure for the enterprise travel policy and related travel activity needs improvement. The internal control rating is on page 6 of this report. The rating quantifies our opinion regarding the internal controls, and identifies areas requiring corrective action. Opportunities to strengthen the internal control structure were noted. Examples include the following.

- **Travel Authorization.** Issues were noted with the process for travel authorization.
 - There were instances in which travel occurred that was not authorized in accordance with the policy.
- **Travel Expenditure Reporting.** Issues were noted with the process for travel expenditure reporting.
 - There were instances in which requests for local travel reimbursements were not submitted to Payroll Department within the timeframe specified within the policy.
 - There were instances in which reconciliations of out of town travel expenses were not submitted to the Office of Management and Budget within the timeframe specified within the policy.
 - There were instances in which reimbursements and advances were not made in accordance with the policy.

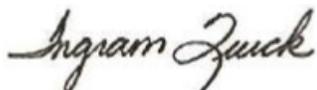
- **General Administration.** Issues were noted with the general administration of the travel policy.
 - The Louisville Metro Local and Out of Town Travel Policies and Procedures have not been revised since 2006.
 - There were instances in which expenditure activity was charged to an account within Louisville Metro’s financial system that did not appear to be an appropriate description of the activity.

- **Travel Policy Exceptions.** Issues were noted with the process for approving exceptions to the travel policy.
 - The policy does not specify when a request for an exception to the travel policy should be submitted. As a result, it is likely that a request may be submitted after the travel has already taken place.
 - The current process for requesting and approving exceptions to the travel policy is inefficient.

Corrective Action Plan

Representatives from the Office of Management and Budget have reviewed the results and are committed to addressing the issue noted. The corrective action plan is included in this report in the Observations and Recommendations section. We will continue to work with Office of Management and Budget to ensure the actions taken are effective to address the issue noted.

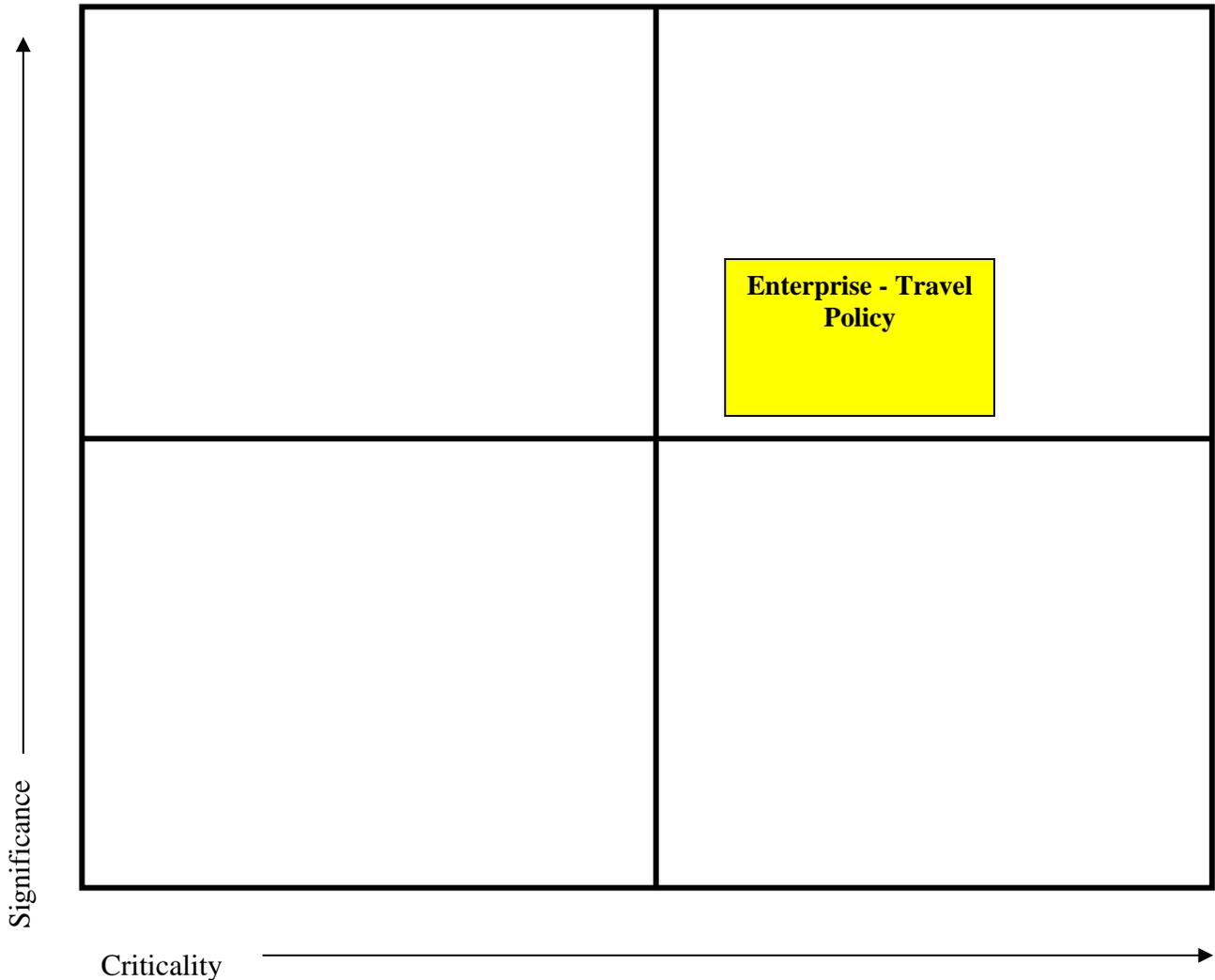
Sincerely,



Ingram Quick, CIA, CFE
Chief Audit Executive

cc: Louisville Metro Council Government Accountability and Ethics Committee
Director of the Office of Management and Budget
Louisville Metro External Auditors
Louisville Metro Council President

Internal Control Rating



<u>Legend</u>			
<u>Criteria Issues</u>	Satisfactory Not likely to impact operations.	Needs Improvement Impact on operations likely contained.	Inadequate Impact on operations likely widespread or compounding.
Controls	Effective.	Opportunity exists to improve effectiveness.	Do not exist or are not reliable.
Policy Compliance	Non-compliance issues are minor.	Non-compliance issues may be systemic.	Non-compliance issues are pervasive, significant, or have severe consequences.
Image	No, or low, level of risk.	Potential for damage.	Severe risk of damage.
Corrective Action	May be necessary.	Prompt.	Immediate.

Background

Louisville Metro Government employment often requires work related travel for various reasons, including the attendance of industry specific conferences and trainings as well as travel that may be part of an employee's normal job duties. The operational and fiscal administration of travel activity is guided by the Louisville Metro Government Local and Out of Town Travel Policies and Procedures.

The Louisville Metro Government Local and Out of Town Travel Policies and Procedures place the responsibility for ensuring travel is properly authorized, reconciled, and recorded on a combination of the individual departments and the Office of Management and Budget.

In fiscal year 2013 there was approximately \$141,000 in local travel expenditures; approximately \$321,000 in out of town travel expenditures; and approximately \$50,000 in air fare expenditures.

This was a scheduled audit.

Summary of Audit Results

I. Current Audit Results

See Observations and Recommendations section of this report.

II. Prior Audit Issues

The Office of Internal Audit has not conducted any prior reviews of the Enterprise Travel Policy.

III. Statement of Auditing Standards

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and with the International Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors.

IV. Statement of Internal Control

An understanding of the internal control structure was obtained in order to support the final opinion.

V. Statement of Irregularities, Illegal Acts, and Other Noncompliance

The review did not disclose any instances of irregularities, any indications of illegal acts, and nothing was detected during the review that would indicate evidence of such. Any significant instances of noncompliance with laws and regulations are reported in the Observations and Recommendations section of this report.

VI. Views of Responsible Officials / Action Plan

A draft report was issued to the Office of Management and Budget (OMB) on April 8, 2014.

The views of OMB officials are included as corrective action plans in the Observations and Recommendations section of the report. The plans indicate a commitment to addressing the issues noted.

LMCO §30.36(B) requires Louisville Metro Agencies to respond to draft audit reports in a timely manner. It specifically states that

“The response must be forwarded to the Office of Internal Audit within 15 days of the exit conference, or no longer than 30 days of receipt of the draft report.”

The OMB response was provided within this required timeframe.

Observations and Recommendations

Scope

An audit of Louisville Metro Government's enterprise travel policy was performed. A thorough understanding of Louisville Metro's policies and procedures governing travel activity was obtained in order to evaluate the internal control structure. This was achieved through interviews of key personnel and an examination of supporting documentation. This included a review of operating policies, procedures and records related to the travel policy. The primary focus was the operational and fiscal administration of the activity. This includes how activity is processed, recorded and monitored. An objective of the review is determining if the activity was in compliance with Louisville Metro Local and Out of Town Travel Policies and Procedures. Determining the worthiness or relevance of travel activity was not an objective. The objective was to obtain reasonable assurance that the risks are adequately mitigated through the internal control structure.

Tests of sample data were performed on travel activity occurring during the review period, fiscal year 2013, in an effort to determine compliance with policies and procedures and effectiveness of controls. Activity reviewed included 20 transactions related to out of town travel and 38 transactions related to local travel. The documentation reviewed included Louisville Metro financial system records, time card reports, manual activity logs, and other documentation required for travel authorization and reconciliation. The review would not reveal all weaknesses because it was based on a selective review of data.

Observations

Issues were noted with Louisville Metro Government's enterprise travel policy. As a result, the effectiveness of the internal control structure needs improvement. Opportunities to strengthen the controls include the following.

- 1) Travel Authorization
- 2) Travel Expense Reporting
- 3) General Administration
- 4) Travel Exception Policy

Details of these begin on the following page.

1) Travel Authorization

Some issues were noted with Enterprise-wide authorization of travel activity. Examples include the following.

- **Travel Authorization.** The Out of Town Travel Policies and Procedures require that travel authorization be obtained prior to taking a trip. Further, both the local and out of town travel policies require that the travel request and authorization be accompanied by documentation that is reflective of the estimated costs of the trip. Issues were noted regarding the authorization of travel.
 - There were two instances in which local travel mileage was reimbursed without evidence of proper authorization or the submission of supporting documentation.
 - The Out of Town Travel Policies and Procedures require authorization from three approvers for each trip. There were seven instances in which at least one of the three required approvals was not formally documented prior to travel by way of approval signature and date.
 - In three of the seven instances at least one of the required approvals was not obtained, either prior to or after travel.
 - The internal OMB procedures for processing travel activity and the Louisville Metro Local Travel policy require the person authorizing travel to be a properly authorized person. A “properly authorized person” must have their status as an authorized approver formally documented by way of a Signature Authorization Form. The Signature Authorization Form is maintained on file with the Office of Management and Budget.
 - There were 23 instances in which proof of authorization, by way of an approver signature was not provided.
 - Twenty of these instances are likely the direct result of the use of an unauthorized internally developed form, as the format and data collected on the unauthorized form is not consistent with the requirements detailed in the policy.
 - There were seven instances in which authorization for travel was given by a travel approver who did not have a Signature Authorization Form on file with the Office of Management and Budget as required by Metro’s local travel policy.

Recommendations

Appropriate department personnel should consider implementing the recommendations below to address the issues noted. Specifics include the following.

- ✓ Revise the Louisville Metro Local Travel Policy to require that a copy of the travel authorization be collected and reviewed prior to the disbursement of the related payroll. Proof of authorization should be maintained with the

corresponding Metro Time Card Report. In the event proof of authorization cannot be provided, an employee may not be reimbursed for travel expenditures

- ✓ Revise the Louisville Metro Out of Town Travel Policy to require that a copy of the travel authorization be submitted with the corresponding travel expense report. In the event proof of authorization cannot be provided, an employee may be subject to the following:
 - May not be reimbursed for travel expenditures.
 - May be responsible for repaying any applicable travel advances.
- ✓ The Louisville Metro Local and Out of Town Travel Policies should clearly and accurately note the required approval(s) for authorization of travel. Further, the applicable staff should be aware of the policy in regards to the required approvals. It is more likely that staff will be aware of authorization standards after the following:
 - All applicable staff receives proper training regarding processing travel activity.
 - All applicable staff has access to updated policies and procedures to guide them in processing travel activity.
- ✓ Appropriate personnel should evaluate the necessity and the value added by the continued use of the Signature Authorization Form as it relates to the authorization of travel.
- ✓ If a Signature Authorization Form is to continue to be necessary for authorization of travel activity, it should be noted within the Louisville Metro Local and Out of Town Travel Policies that a travel approver must be authorized by way of the Signature Authorization Form before he/she can approve travel. All applicable personnel should be made aware of this requirement.

The Office of Management and Budget's Correction Action

OMB has reviewed these findings with IA and agrees with the items noted. We are currently working to review our policies and procedures as recommended throughout the auditor's report.

We are revising the current Local Travel Policy to require that employees complete the local travel authorization form and have it approved by their supervisor prior to inputting the mileage into PeopleSoft for reimbursement. The completed form must be maintained with the employee time card report and be signed by both the employee and their immediate supervisor.

Current procedures already require the submission of the authorization document prior to out of town travel, unless it is an emergency or unusual circumstance (e.g. LMPD travel). Emergency travel is not outlined in the policy; however we are revising the policy to include these types of situations. In the event of a routine travel, the form is required and OMB may not reimburse employees if they do not submit the authorization form. We are reviewing timelines for submission of routine travel authorizations (e.g. all forms submitted to OMB at least 10 business days prior to the commencement of the travel) and

determining if employee's may not be reimbursed if the forms are not submitted within the required time frame.

OMB is reviewing Metro's travel policies and procedures to benchmark ourselves against other cities to determine if our procedures for travel approval are adequate. Upon completion of this review, we will determine our internal approval levels and update the policy and procedure accordingly. After the policy has been updated, training will be provided to agencies.

2) Travel Expense Reporting

Some issues were noted with Enterprise-wide travel expense reporting. Examples include the following.

- **Timeliness.** The Louisville Metro Local and Out of Town Travel Policies and Procedures require submission of applicable documentation including local travel expenditure reimbursement requests, proof of authorization and/or expenditure documentation (i.e. receipts) within the specified timeframe.
 - The Louisville Metro Local Travel Policies and Procedures notes that requests for local travel reimbursements greater than \$10.00 should be submitted to the Office of Management and Budget at least monthly.
 - There were 3 instances in which requests for local travel reimbursements greater than \$10.00 were not submitted to the Office of Management and Budget within 30 days of the last day of travel.
 - The Louisville Metro Out of Town Travel Policies and Procedures note that the expense report, including the reconciliation of travel expenses, is due to the Office of Management and Budget no later than 10 business days after completion of travel when an advance has been issued and no later than 30 business days after completion of travel for all other travels.
 - There were five instances in which expense reports were not submitted to the Office of Management and Budget within the timeframe specified within the policy.
 - There was one instance in which expense reports did not have an approval signature date. Because there was no signature approval date, it could not be determined whether the expense report was submitted within the timeframe specified within the policy.
- **Out of Town Travel Expense Reimbursement/Advance.** The Louisville Metro Policy for Out of Town Travel allows for a travel advance to be issued to an employee for expenditures related to a per diem, lodging, and transportation when appropriate. Alternatively, the employee may be reimbursed for such expenditures if he/she pays for travel with personal funds. Per diem advances or reimbursements must be issued in accordance with the per diem allowance per the policy.
 - There were six instances in which the per diem amount reimbursed to the employee was more or less than the amount allowed by Metro policy. Of the six instances, five were instances in which the employee received less than the amount allowed by Metro policy.
- **Local Travel Expense Reimbursement.** Local travel expenses, including local travel mileage and parking fees, are reimbursed to the employee through payroll. The Louisville Metro Timecard Report is the official record of support for payroll disbursements, including time worked and local travel expenses incurred. As such, it is imperative that the local travel expenditures per the Timecard Report are properly authorized in accordance with policies and procedures.

- There were five instances in which the local travel expenses reported on the Timecard Report did not agree to the authorized local travel expenses.

Recommendations

Appropriate department personnel should consider implementing the recommendations below to address the issues noted. Specifics include the following.

- ✓ Appropriate department personnel should consider enforcing the consequences noted within the policy regarding untimely submissions of required documentation. Further the consequences should be explicitly stated within the policy.
- ✓ The Louisville Metro Local and Out of Town Travel Policies should clearly and accurately note the supporting documentation required for reimbursement of expenses. Further, the applicable staff should be aware of the policy in regards to reimbursement. It is more likely that staff will be aware of authorization standards for reimbursing expenses after:
 - All applicable staff receives proper training regarding processing travel activity.
 - All applicable staff has access to updated policies and procedures to guide them in processing travel activity.

The Office of Management and Budget's Correction Action

The current policy and procedure for both local and out of town travel outlines the time frames for submission of documentation and the consequence that may be applied if they are not followed. We are reviewing the policies for both travels and will be adjusting the time frames and who should receive the reports for audit purposes. We will continue to review those who fail to submit documentation on a case by case basis and make recommendation of consequences to the offending employees, such as no longer providing advances or reimbursing travel for an employee that continues to be delinquent in submitting documentation.

Previously, AP did not correct reimbursement requests that were submitted for a lower amount than could have been claimed by the employee. AP has changed their operating procedures and is now notifying employees of errors on their reimbursement requests and correcting the amount that may need to be reimbursed.

Policies and procedures are provided to all employees on the MetroNet. Any employee who is required to travel as part of their job must adhere to the policies and they are available for review. OMB is available to answer questions on travel as needed and will evaluate the need to provide training once additional staff resources are identified.

3) General Administration

Some issues were noted with the general administration of enterprise-wide travel activity. Examples include the following.

- **Policies and Procedures.** The policies and procedures should reflect the most current guidelines and procedures for processing local and out of town travel. The Louisville Metro Local and Out of Town Travel Policies and Procedures have not been revised since 2006. As a result, the policies and procedures do not serve as an appropriate tool to guide personnel in processing travel activity, because aspects of the policies and procedures are no longer applicable.
 - The Out of Town Travel Policies and Procedures note that authorization for out of town travel must include formal approval from the Department Director, Cabinet Secretary, and a Finance Department Representative. However, the authorization requirements per the policy and procedures do not agree to the authorization requirements per the form used to request and authorize travel (Travel Authorization Request Form). The more recently issued Travel Authorization Request Forms require formal approval from the Division Manager, Department Director, and a Finance Department Representative. This discrepancy increases the level of confusion within the process and further increases the likelihood that a traveler may not obtain the correct level of authorization.
 - Further, the Cabinet Secretary position no longer exists within Louisville Metro Government.
- **Erroneous Account Posting.** Account codes are used to classify expenditure activity in the financial system. These codes are used for budgetary and management purposes, such as providing information on the costs of local travel, out of town travel and airfare expenses.
 - There were eight instances in which expenditure activity was charged to an account that did not appear to be an appropriate description of the activity. In these instances, an account was available that was more descriptive of the goods or services purchased.
 - There were two expenditures reviewed that were erroneously charged to the local travel account. The expenditures were both for conference and/or luncheon fees.
 - There were six expenditures reviewed that were erroneously charged to the out of town travel account. There was one expenditure for marketing supplies and five expenditures for airfare. All airfare should be charged to the account which is specifically intended for airfare expenses.
- **Adequacy of Authorization and Reconciliation Forms.** The Local Travel Policy requires the use of an Excel-based form (Local Travel Report Form) to request and authorize local travel. The Out of Town Travel policy recommends the use of Excel-based forms (Travel Authorization Request Form and Travel Expense Report) for requesting, authorizing, and reconciling travel activity.
 - Although the Local Travel Report Form is required for requesting and authorizing reimbursement for local travel mileage, some departments do not use the required

form. Instead some departments use an internal form to track local mileage. Use of the internal form has not been approved by the Office of Management and Budget. Further the use of the internal form is not in accordance with the policies and procedures. The format and data collected on the internal form is not consistent with the requirements included within the Local Travel Report Form. Use of an unapproved internal form increases the risk that data collected may not be accurate and/or properly authorized.

Recommendations

Appropriate department personnel should consider implementing the recommendations below to address the issues noted. Specifics include the following.

- ✓ Revise the Louisville Metro Local and Out of Town Travel Policies to ensure the policies and procedures reflect the most current guidelines and procedures for processing local and out of town travel. The policies and procedures should be reviewed at least annually, going forward, so that changes in the process are documented. The policies and procedures should serve as an appropriate tool to guide personnel in processing travel activity.
- ✓ A periodic, at least monthly, reconciliation should be performed to detect expenses that are not charged to the correct account. Consider the following in performing the reconciliation(s):
 - In an effort to detect erroneous expenditures charged to the local travel account, the reconciliation may consist of a comparison of the local travel mileage reimbursement paid by way of payroll to the amount charged to the local travel account for the same period. Any difference should be investigated.
 - In an effort to detect erroneous expenditures charged to the out of travel account and the airfare account, the reconciliation(s) may consist of a comparison of manually tracked out of town and/or airfare disbursements to the respective out of town and airfare accounts for the same period. Any difference should be investigated.
 - All reconciliations should be subject to a formal review, evidenced by way of the reviewer signature and the date of review.
- ✓ In an effort to prevent erroneous postings to accounts, an account code listing with descriptions should be available for appropriate personnel. The listing should include a detailed account description that clearly defines the purpose of each account as well as examples of expenditures to be charged to each account.
- ✓ Revise the Louisville Metro Local and Out of Town Travel Policies to explicitly require the use of intended forms, in an effort to streamline the process for requesting, authorizing, and reconciling travel activity. Any internally developed forms used by various departments should be approved by the appropriate personnel within the Office of Management and Budget to ensure that the format and data provided on the internal form is adequate.

The Office of Management and Budget's Correction Action

As indicated in the responses included herein we are currently reviewing and revising our local and out of town travel policies and will take into advisement the recommendation of IA. Upon completion of this review, revised travel forms will be posted and distributed to employees for their use. Forms developed by a department will not be accepted as documentation for reimbursement purposes.

With this policy review we are revising the travel forms and will require agencies to provide a cost center number for the travel. The travel transactions will be coded to the appropriate account and we will be establishing five accounts (airfare, hotel, registration, misc., and per diem) that will be hard coded to the form and will ensure that amounts are booked to the appropriate account. This will ensure auditability and transparency.

4) Travel Exception Policy

Some issues were noted regarding the policy regarding approval of travel exceptions.

- The Louisville Metro Out of Town and Local Travel Policy regarding the process for requesting and approving exceptions to the travel policy was evaluated in an effort to determine if the policy adequately addresses risk related to the approval of exceptions to the travel policy. Issues related to the approval of exceptions to the travel policy are detailed below.
 - **Timeliness of Request.** The Louisville Metro Out of Town and Local Travel Policies do not specify when a request to travel without regard to one or more of the limitations set forth in the policies and procedures must be submitted for consideration. As a result, it is likely that a request may be submitted after the travel has already taken place. It also increases the likelihood that the request may be submitted for consideration within a timeframe that doesn't allow the approver to consider all risk associated with approval of the request.
 - **Efficiency of Approval.** The current process for requesting and approving exceptions to the travel policy requires all requests for exceptions to eventually be routed to the Chief Financial Officer (CFO) for approval, although many of the requests are for common exceptions that require minimal professional judgment and/ or have little impact on travel expenses such as excess lodging requests, car rental requests, and overnight stay requests. In an effort to reduce the time for processing such requests, it may be most beneficial to allow the approval of some common exceptions to be routed to an Accounts Payable Supervisor. Any requests outside of those deemed routine or common should be routed to the CFO, as a higher level of professional judgment may be required.

Recommendations

Appropriate personnel should consider the following recommendations concerning the Louisville Metro Out of Town and Local Travel Policy regarding the process for requesting and approving exceptions to the travel policy.

- ✓ Requests to travel without regard to one or more of the limitations set forth in the policies and procedures should be submitted for consideration prior to departure. The appropriate personnel should explicitly define acceptable situations where requests to travel without regard to one or more of the limitations set forth in the policies and procedures may be submitted for consideration after travel has occurred.
- ✓ Appropriate personnel should consider revising the Travel Exception Form to include the date of travel, date of the request, and date of approval, so that compliance with the recommended time requirement can be easily assessed.
- ✓ Appropriate personnel should consider the necessity of all exception requests being routed to the CFO for approval. Many requests are for common exceptions that require minimal professional judgment and/or have little impact on travel expense such as excess lodging requests, car rental requests, and overnight stay requests. In an effort to reduce the time for processing such requests, it may be

most beneficial to allow the approval of some common exceptions to be routed to an accounts payable supervisor. In the event common requests are approved by someone other than the CFO, it is imperative that the following additional recommendations be considered:

- “Common” exception requests should be clearly defined within the policies and procedures.
 - Any exception request that is not explicitly described as “common” per the policies and procedures should be routed to the CFO for approval.
 - An Exception Approval Checklist or detailed desktop procedures should be developed by management to guide the approval of common exception requests.
- ✓ Appropriate personnel should consider requiring the submission of additional documentation with the travel exception form, on an as needed basis. For instance, for travel exceptions regarding permission to obtain a rental car or cancellation of travel, it may be necessary to provide detail of the cost savings of using a rental car as opposed to local transportation or proof of the cancellation cause, such as an obituary. The policy should be clear as to when additional supporting documentation is required and what will serve as adequate documentation.

The Office of Management and Budget’s Correction Action

As indicated in the responses included herein we are currently reviewing and revising our local and out of town travel policies and will take into advisement the recommendation of IA. Part of this review is determining what items should still be treated as a travel exception and the process for requesting and approving exceptions to the travel policy. The exception form will be a required part of the travel authorization request and we will review other cities for best practices in determining what qualifies as an exception and the approval level for the exception request.

Office of Internal Audit

Phone: 502.574.3291

www.louisvilleky.gov/InternalAudit/