

**OFFICE OF THE CITY CONTROLLER**



**MUNICIPAL COURTS ADMINISTRATION DEPARTMENT  
TRAVEL COST COMPLIANCE AUDIT**

**Sylvia R. Garcia, City Controller**

**Judy Gray Johnson, Chief Deputy City Controller**

**Steve Schoonover, City Auditor**



SYLVIA R. GARCIA

OFFICE OF THE CITY CONTROLLER  
CITY OF HOUSTON  
TEXAS

July 10, 2002

The Honorable Lee P. Brown, Mayor  
City of Houston, Texas

SUBJECT: Municipal Courts Administration Department  
Travel Cost Compliance Audit – ( Report No. 02-16)

Dear Mayor Brown:

The City Controller's Office Audit Division has completed a travel cost compliance audit of the Municipal Courts Administration Department. The audit's objective was to determine if travel expenses were supported, computed, approved and reported in compliance with Administrative Procedure 2-5.

Based on the results of our audit, we conclude that the Department is in compliance with Administrative Procedure 2-5, except for the finding and recommendation presented in the body of the report.

We commend the department for taking immediate action on the recommendation identified in the report. Also, we appreciate the cooperation extended to our auditors by Department personnel during the audit.

Respectfully submitted,

  
Sylvia R. Garcia  
City Controller

xc: City Council Members  
Albert Haines, Chief Administrative Officer  
Oliver B. Spellman, Jr., Chief of Staff, Mayor's Office  
Barbara Sudhoff, Director & Chief Clerk, Municipal Courts Administration Department  
Philip Scheps, Ph.D., Director, Finance and Administration Department

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## SCOPE AND PURPOSE

We have completed a travel cost compliance audit of the Municipal Courts Administration Department. The audit's objective was to determine if travel expenses were supported, computed, approved and reported in compliance with Administrative Procedure 2-5. The audit scope period was from July 1, 2000 through November 30, 2001.

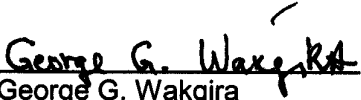
The scope of our work did not constitute an evaluation of the overall internal control structure of the Department. Our examination was designed to evaluate and test compliance with Administrative Procedure 2-5. This was a financial related audit executed in accordance with Generally Accepted Government Auditing Standards.

Departmental management is responsible for establishing and maintaining a system of internal controls to adequately comply with Administrative Procedure 2-5. The objectives of an internal control system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or theft, and that transactions are executed in accordance with management's authorization and are recorded properly.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected timely. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with procedures may deteriorate.

## CONCLUSION

Based on the results of our audit, we conclude that the Department is in compliance with Administrative Procedure 2-5, except for the finding and recommendation presented in the body of the report.

  
George G. Wakgira  
Auditor-in-charge

  
Rudy Garcia  
Audit Manager

  
Steve Schoonover  
City Auditor

## **INTRODUCTION**

City of Houston employees attend a variety of local and out-of-town conventions, conferences, seminars, workshops, and meetings to gain knowledge specific to their area of responsibility, enhance professional skills, and conduct City business. The City's travel policy outlines procedures for City employees to obtain approval for and reimbursement of travel expenses connected with both local and out-of-town travel. It designates those responsible for authorizing travel and sets forth the procedures and forms necessary to obtain approval for travel, travel advances, and reimbursement of travel expenses. The policy also distinguishes between travel expenses that are eligible and not eligible for reimbursement. The policy applies to all salaried and non-salaried City employees and to all elected officials. During the scope period, the Department incurred approximately \$40,000 in travel, training-related and non-training-related expenses.

Employees use three forms to obtain approval for travel, travel advances, and reimbursement for travel expenses:

1. Travel Authorization to Attend Conventions, Conferences, or Training-related Workshops and Business-related Meetings (TAR),
2. Request for Travel Advance (RTA), and
3. Travel Expense Report and Travel-related Log (expense report or TER&L).

Employees must use a TAR to obtain approval for local and out-of-town travel.

After an employee completes the TAR, it is forwarded to the appropriate authority for approval. If a travel advance is required, an RTA is also submitted for approval. The approved TAR and RTA are then forwarded to the Controller's Office for review and issuance of funds. Conference registration fees and airfares are often paid well in advance of a trip. This practice reduces overall travel costs because many conferences and airlines offer discounts for early payment. Employees are required to submit RTAs to the Controller's Office at least five days before the trip. Once the Controller's Office has received an approved TAR and RTA, the employee receives the travel advance and departs on the trip.

## **AUDIT FINDING AND RECOMMENDATION**

## TRAVEL EXPENSE REPORTS

### BACKGROUND

Employees are required to complete an expense report within 10 working days after completion of the trip. The employee and the appropriate authority sign the expense report and submit it to the Controller's Office for liquidation. Liquidation is the process of settling the travel advance. If actual travel expenses are less than the travel advance, the employee attaches a check to the expense report to reimburse the City for the excess. If actual travel expenses are greater than the travel advance, the Controller's Office issues the employee a check for the difference.

### FINDING

Expense reports were completed more than 10 days after the completion of the trip for 4 of 26 (15%) travel expense reports tested. In the instances noted, expense reports were completed between 5 and 14 days after 10 days had expired. The purpose of the 10 days rule is to ensure travel expenses are recorded and excess travel advances are promptly returned to the City.

**Table 1** presents those vouchers that were not in compliance with the 10 days rule as of the end of fieldwork.

**Table 1**  
**Vouchers Not in Compliance with the 10 days Rule**

Transaction Reference	Date Trip Completed	Date TER&L Completed	Work Days Overdue
P1010500043	07/12/00	08/15/00	14
P1020500050	07/20/01	08/10/01	5
P1010500015	05/22/01	06/12/01	5
P1010500236	06/08/01	07/05/01	9

### RECOMMENDATION

We recommend the Department comply with the City's travel policy that requires the completion of an expense report no later than 10 working days after completion of a trip.

# EXHIBIT 1



**CITY OF HOUSTON**  
Municipal Courts Administration  
Department

**Interoffice**

Correspondence

To: Sylvia Garcia  
City Controller

From: Barbara Sudhoff *BS*  
Director and Chief Clerk

Date: June 25, 2002

Attn: Steve Schoonover, City Auditor

Subject: **MUNICIPAL COURTS  
ADMINISTRATION'S RESPONSE TO  
THE CITY CONTROLLER'S TRAVEL  
COST COMPLIANCE AUDIT**

This memorandum is provided in response to the City Controller's audit of Travel Cost Compliance relative to the Municipal Courts Administration Department. Overall, we concur with the report and the findings set forth therein.

Additionally, we acknowledge the finding on page 3 of the report regarding the 10-day time frame to complete travel expense reports (referenced on Table 1 of page 3 entitled, "Vouchers Not in Compliance with the 10 days Rule"), and are taking corrective action to comply.

Please contact me at (713) 247-5680 if you need additional information.

BS\ss\memsgbs2

**Views of Responsible  
Officials**