



MEMO

OFFICE OF THE INTERNAL AUDITOR

To: All County Council Members and Executive Culver
From: Steve Roser
Date: October 23, 2015
Re: Scheduled follow-up for the Travel and Expense Audit (report dated October 17, 2014)

Message:

The Office of the Internal Auditor (IA) performed a second scheduled follow-up for the Travel and Expense Audit (report dated October 17, 2014). The report contained four findings. IA reviewed the May 2015 travel reports submitted by all departments and determined that the four findings remained unaddressed (please see Memo dated June 30, 2015). The current follow-up involved testing of County travel reports submitted for the month of August 2015. We determined that the four findings continue to remain unaddressed as follows:

Local Travel

Departments submitted very small amounts for local mileage reimbursement making it necessary to process payments of less than \$15. Three of seven local travel expense reports for August 2015 required the County to process payments ranging from \$2.80 to \$12.32.

Entertainment Expense

Entertainment expense is expressly forbidden in the current Personnel Manual although travel forms have provision for entertainment expense reimbursement. The County reported entertainment expense of \$32.56 expensed via purchase card. We (again) strongly recommend adoption of new travel expense rules for the County Personnel Manual.

Per Diem Limitations

Forms remain unchanged and contain allowable meals in excess of \$72 (current industry practice ranges from \$51 to \$75 depending on the city). However, management requires receipts for meal reimbursement within the \$72 limit. Breakout is as follows:

| | |
|-----------|----------|
| Breakfast | \$ 14.50 |
| Lunch | \$ 18.50 |
| Dinner | \$ 39.50 |

Please note that the draft copy of a proposed new personnel manual addressed the problem.

Unreported Travel Expenses

Breakout of travel expenses for August 2015 is as follows:

For the Month Ended August 31, 2015:

| | |
|---|-------------|
| Travel Reported via Expense Reports | \$ 973.11 |
| Purchase Card Hotel Expense | \$ 5,215.62 |
| Hotels Reported via Expense Reports | None |
| Travel Expense Booked to Munis Accounts | \$ 8,917.07 |

IA assessed risk for Wicomico County for its current practices related to internal control over travel expense is as follows:

| | | |
|---------------------|--------|------------------------|
| Likelihood of fraud | High | |
| Impact of fraud | Medium | (especially over time) |

We plan to discuss with Council and Administration the future of any additional follow-up for the October 2014 Travel Audit. Please let me know if you have any questions.