

**Audit of the Department's Employees'
Travel and Travel Related Expenses
Report Number A-1213DJJ-009
September 9, 2013**

By

**The Office of the Inspector General
Bureau of Internal Audit**

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Wansley Walters, Secretary

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**STATE OF FLORIDA
DEPARTMENT OF JUVENILE JUSTICE**

INTEROFFICE MEMORANDUM

DATE: September 9, 2013
TO: Wansley Walters, Secretary
FROM: Robert A. Munson, Inspector General *RMunson*
SUBJECT: Final Report - #A-1213DJJ-009, *Audit of the Department's Employees' Travel and Travel Related Expenses*

Please find the enclosed copy of our final audit report *Audit of the Department's Employees' Travel and Travel Related Expenses*. The Bureau of Internal Audit will conduct a follow-up review to determine the status of corrective actions taken to address the reported findings.

We would like to thank the Office of Administration for the assistance extended to our staff in the audit process. Please feel free to contact Michael Yu, Auditor Director, at 850-717-2468 if you have any questions.

RM/my

Attachment

Cc: Christy Daly, Deputy Secretary
Alex Kelly, Chief of Staff
Fred Schuknecht, Director of Administration
Melinda M. Miguel, Chief Inspector General, Executive Office of the Governor
David W. Martin, CPA, Auditor General
Kathy DuBose, Director, Legislative Auditing Committee

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Rick Scott, Governor

Wansley Walters, Secretary

The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.

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**Office of Inspector General
Bureau of Internal Audit
Audit of the Department's Employees'
Travel and Travel Related Expense
Audit No. A-1213DJJ-009**

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EXECUTIVE SUMMARY

The Office of the Inspector General (OIG), Bureau of Internal Audit (BIA) has performed an audit of the Department's employees' travel and travel related expenses. The audit was conducted at the request of management. The purpose of the audit was to assist management in safeguarding the Department's assets by assessing the adequacy of internal controls related to the Department's employee travel and travel related expenses. The audit objectives were to determine whether:

- travels are authorized properly;
- resources are used in an efficient, effective, and economical manner, and in compliance with applicable laws, rules and regulations, and the Department's policies; and,
- adequate internal controls are in place to prevent and detect material errors and irregularities.

The Department's employees and other authorized persons travel to participate in meetings, work groups, conferences, training, and other mission critical events. Travel and travel expenditures are essential to the delivery of the Department's mandate and to the achievement of its objectives.

The Department's travel policy, FDJJ – 1407.01, outlines procedures for employees and other authorized persons to obtain approval for and reimbursement of travel expenses connected with employees' travel. It designates those responsible for authorizing travel and establishes the procedures and forms necessary to obtain approval for travel and travel expense reimbursement. The policy also distinguishes between travel expenses that are eligible and not eligible for reimbursement. The policy applies to all Department employees and other persons authorized by the Department.

The audit revealed that departmental travel and travel related expenses were generally in compliance with law, rules, and Department policies. Travels were authorized properly, resources generally were used in an efficient and effective manner, and adequate internal controls were in place to prevent and detect material errors and irregularities. However, the audit indicated that improvements are needed in selecting the most economical method of travel, determining travel reimbursement rates, and ensuring reimbursement claims are filed properly and in a timely manner.

We recommend the Department revise its travel procedures to ensure that the most economical method of travel is selected; provide training to staff, supervisors, and travel voucher reimbursement reviewers to ensure that reimbursement claims are properly filed, reviewed, and approved; and, strengthen the travel reimbursement process by adding random supervisory reviews of the processed travel vouchers.

Audit of the Department's Employees' Travel and Travel Related Expenses Audit # A-1213DJJ-009

INTRODUCTION

The Office of the Inspector General conducted an audit of the Department's Employees' travel and travel related expenses for the period July 1, 2011 through April 30, 2013, and related activities through the end of fieldwork. The audit was conducted under the management's request and in accordance with *Standards for the Professional Practice of Internal Auditing*, published by the Institute of Internal Auditors.

Background

The Department's employees and other authorized persons attend a variety of in state and out of state conferences, conventions, seminars, workshops, and meetings to gain knowledge specific to their area of responsibility, enhance professional skills, and conduct DJJ business. During fiscal years 2011-12 and 2012-13, the Department spent \$1,093,617 and \$1,326,950, respectively, on employee travel.

DJJ's travel policy (FDJJ – 1407.01) outlines procedures for employees and other authorized persons to obtain approval for and reimbursement of travel expenses connected with employee travel. It designates those responsible for authorizing travel and sets forth the procedures and forms necessary to obtain approval for travel 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 DJJ employees and other persons authorized by DJJ.

The Department travel expenditures must be in compliance with Florida Statutes, the Department of Financial Services' (DFS) rules and regulations, and the Department's policies. All DJJ employee travel must be authorized in advance and the authorized travelers are required to select the most economical method of travel. Additionally, the approving supervisor is responsible for ensuring that the traveler selects the most economical method.

Except certain types of travel such as direct care of children, conducting statutory duties, conducting audits and investigations (those types of travel have the Secretary's pre-approval), all other travel must be requested on a DFS *Authorization to Incur Travel Expenses* (DFS Form AA-13) and approved in advance by the Deputy Secretary or Chief of Staff. A mission critical statement for travel must be provided on the form.

All travel reimbursement requests must include evidence of approval by the official authorizing the travel. The *State of Florida Voucher for Reimbursement of Travel*

Expenses, DFS Form AA-15, must be submitted with all necessary supporting documentation before reimbursement of travel expenses are paid to travelers.

Objective, Scope, and Methodology

The purpose of the audit is to assist management in safeguarding the Department's assets by assessing the adequacy of internal controls related to the Department's employee travel and travel related expenses. The audit objectives are to determine whether:

- travels are authorized properly;
- resources are used in an efficient, effective, and economical manner, and in compliance with applicable laws, rules and regulations, and the Department's policies; and,
- adequate internal controls are in place to prevent and detect material errors and irregularities.

The scope of the audit included the travels by the Department employees and other persons authorized by the Department that occurred from July 1, 2011 through April 30, 2013, and related activities through the end of fieldwork. To achieve the audit's objectives, we:

- reviewed applicable laws, rules, and the DFS *Reference Guide for State Expenditure*;
- reviewed the Department travel policy FDJJ – 1407.01;
- interviewed the Finance & Accounting management;
- interviewed staff who review and process travel reimbursement claims;
- reviewed selected employees' Voucher for Reimbursement of Travel Expenses, and,
- interviewed relevant travelers for clarification when errors or irregularities were found in the reimbursement claims.

RESULT OF AUDIT

The audit revealed that departmental travel and travel related expenses were generally in compliance with law, rules, and Department policies. Travels were authorized properly, resources generally were used in an efficient and effective manner, and adequate internal controls were in place to prevent and detect material errors and irregularities. However, the audit indicated that improvements are needed in selecting the most economical method of travel, determining travel reimbursement rates, and ensuring reimbursement claims are filed properly and in a timely manner.

Details of Findings and Recommendations

Finding 1: There was lack of evidence to indicate that authorized travelers always select the most economical method of travel.

The Department's travel policy and procedure requires each DJJ authorized traveler to select the most economical method of travel for each trip. The policy also states that it is the responsibility of the approving supervisor to ensure that the traveler selects the most economical method. Florida Statutes also require that travel be conducted by the most efficient and economical means possible.

The most economical method of travel refers to the most cost effective mode of transportation, such as using a state vehicle, privately owned vehicle (POV), or common carrier, etc. The following conditions must be considered in determining the method of travel:

- The nature of business;
- The most efficient and economical means of travel (considering time of the traveler, cost of transportation and per diem or subsistence required); and
- The number of persons making the trip, and the amount of equipment or material transported.

Pursuant to the Department's travel policy, when driving is feasible for a trip, a state vehicle should be the first choice. If a state vehicle is not available, the traveler's next option should be a rental car. The traveler may request authorization to travel by POV when a rental car is available. However, if approved, reimbursement should be only the amount that would have been expended for the public transportation designated, or current state motor pool charges, whichever is less.

When both state vehicle and rental cars are not available and the traveler has to use their POV, the travel will be reimbursed for mileage at \$0.445 per mile, a rate established in Section 112.061(7), Florida Statutes.

During our audit, we applied a statistical sampling and selected 188 travel reimbursement vouchers for review (Juvenile Probation Officers' travel for their daily work was not included in the sample). For the 188 vouchers we reviewed, we noted that:

- Thirty-four travel vouchers where the travelers used POV or rental car. Among the 34 travelers, 26 were Department employees and eight were other persons authorized by the Department. Among the 26 Department employee vouchers, 23 provided no statement or other documentation indicating that a state vehicle was not available for use by the traveler. Pursuant to Department directive, non-

department employee travelers did not have access to state vehicle; therefore, they are excluded from this part of the finding.

- Eighteen of the 34 travel vouchers were reimbursed for using their POV at the \$0.445 per mile rate. Fifteen of the 18 vouchers being reimbursed for using POV did not have a cost analysis to determine if the POV or the rental car was less costly to the Department. One voucher was reimbursed for using a POV at the common carrier (rental car) rate plus gasoline, which was not in compliance with Florida Statutes and the Department's travel policy.

In order to ensure that the most economical method of travel is selected, authorized travelers need to provide evidence that reasonable effort has been made to obtain a state vehicle, and provide rental car versus POV cost analysis, if a POV is used. Without the evidence that an attempt has been made to obtain a state vehicle and a rental car versus POV cost analysis has been conducted, the most economical method of travel might not be identified and selected.

We recommend that the Department revise its travel procedures to require authorized **employee** travelers provide:

- Evidence of reasonable effort (such as an email correspondence to the state vehicle pool managing staff) has been made to obtain a state vehicle when a rental car is used for travel;
- Cost analysis of rental car versus POV in addition to evidence that a reasonable effort has been made to obtain a state vehicle when a POV is used for travel.

Finding 2: Some reimbursement rates were not determined consistently. Other errors, omissions, and irregularities related to travel expense reimbursements also exist.

Reimbursement Rate

Travel reimbursement rates should be determined consistently. During our review of travel reimbursement vouchers, we noted that four authorized travelers who attended training at the Pat Thomas Academy, a state institution in Havana, Florida, were reimbursed for per diem on the last day of their travel. However, the majority of the attendees in the same training were reimbursed for meals on the last day of their travel. We also noted that when attending a conference provided at a private lodging establishment, one traveler was reimbursed for per diem and another traveler was reimbursed for meal allowance for their last travel day at the conference. Those travel reimbursement rates appeared to be determined inconsistently.

Errors, omissions, and irregularities related to travel expenses reimbursement

During our review of the selected travel reimbursement vouchers, we noted the following errors, omissions, and irregularities:

- One traveler claimed and was reimbursed the full per diem (\$80) on the last day of travel. The return time stated on the vouchers was not consistent with the return time indicated on the daily vehicle usage log. As a result, the traveler has been over reimbursed for \$20. When interviewed, the traveler stated that the return time on the voucher was a mistake.
- One traveler overstated the map mileage claimed compared with the Official Road Map, published by the Department of Transportation. According to the Official Map, the trip should be 474 miles. However, the traveler claimed 548 map miles. As a result, the amount of travel expense for reimbursement was overstated by \$32.93.
- Twenty-two dollars was reimbursed to a traveler who made a Class C travel. Class C travel is not being reimbursed by the state.
- One traveler claimed and was reimbursed full per diem (\$80) on the last day of travel. The return time indicated on the voucher was 12:30 PM. The traveler should have claimed and been reimbursed for \$60.
- One traveler claimed and was reimbursed \$10 for a tip, exceeding the five dollar limitation, without justifying the expense.

Accurately determining the reimbursement rate, properly filing reimbursement claims, and detecting errors, omissions, and irregularities are important in terms of complying with reimbursement rules and policies. We recommend the Department provide training to staff, supervisors, and/or travel voucher reimbursement reviewers to ensure that reimbursement claims are properly filed, approved, and reviewed. We also recommend the Department strengthen the reimbursement process by adding random supervisory reviews of the processed vouchers to reduce the errors, omissions, and irregularities related to travel expenses reimbursement.

Finding 3: Some Vouchers for Reimbursement of Travel Expenses were not completed by the travelers or approved by the supervisors in a timely manner. The Mode of Transportation was not indicated on some of the vouchers.

In order to comply with Florida Statute 215.422 (commonly referred to as the "prompt payment law", the Department travel policy requires that the authorized traveler must

complete and submit their Vouchers for Reimbursement of Travel Expenses to the Bureau of Finance and Accounting within five days following completion of a travel event, when a common carrier or P-Card is used. The policy also requires the traveler's supervisor to sign the travel voucher no later than five working days after the travel voucher is prepared.

During our review of selected travel vouchers, we noted that some travel vouchers were not completed by the travelers or approved by the supervisors in a timely manner. The delays are shown in the table below:

Voucher Sample Index #	Date of Return	Traveler Signature Date	Date Approved by Supervisor	Date Submitted to F & A	Approximate Days of Delay	Comments
8	8/10/2012	8/20/2012	8/20/2012	8/22/2012	7	Not completed in a timely manner by traveler
7	2/10/2012	2/14/2012	3/20/2012	3/20/2012	32	Not approved in a timely manner by supervisor
30	5/19/2012	None	6/1/2012	6/1/2012	8	The cause of delay can't be determined
60	11/9/2011	11/21/2011	11/18/2011	11/21/2011	7	Not completed in a timely manner by traveler
77	2/23/2012	3/8/2012	3/8/2012	3/13/2012	14	Not completed in a timely manner by traveler
85	12/11/2012	12/12/2012	1/15/2012*	1/16/2013	31	Not approved in a timely manner by supervisor

* This appears to be an error.

Pursuant to the Department's Travel Procedures, the DJJ authorized traveler must indicate on the Voucher for Reimbursement of Travel Expenses the Mode of Transportation for a travel event. This includes complimentary transportation provided by another traveler.

We noted that 13 of the selected travel reimbursement vouchers had no indication of the mode of transportation, as required by the above procedure. Although no expenses occurred related to these transportations, the lack of the indication of mode of transportation is not in compliance with the Department's travel procedures.

Submitting the Voucher for Reimbursement of Travel Expenses to the Bureau of Finance and Accounting is an important step to ensure compliance with the "prompt payment law" and the Department policy.

We recommend the Department provide training to staff and supervisors to ensure that travel vouchers are submitted to Finance and Accounting in a timely manner and the mode of transportation is indicated on the Voucher for Reimbursement of Travel Expenses.

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APPENDIX
Management Response




STATE OF FLORIDA
DEPARTMENT OF JUVENILE JUSTICE

INTEROFFICE MEMORANDUM

DATE: September 5, 2013

TO: Michael Yu
Director of Internal Audit

FROM: Fred Schuknecht
Director of Administration 

SUBJECT: Travel and Travel Related Expenditures
Audit No. A-1213DJJ-009

The Division of Administration agrees with the preliminary and tentative finding and recommendations cited in the above referenced audit report. The Division recommends enhancing the current Departmental Travel Directive to include a required mode of transportation cost analysis as well as a "Best Practices for DJJ Business Travel" list.

Finding 1: There was lack of evidence to indicate that authorized travelers always select the most economical method of travel.

The Department's travel policy and procedure requires each DJJ authorized traveler to select the most economical method of travel for each trip. The policy also states that it is the responsibility of the approving supervisor to ensure that the traveler selects the most economical method. Florida Statutes also require that travel be conducted by the most efficient and economical means possible.

Response: *We agree with this finding. The Bureau of Finance and Accounting has Travel Training for both Travelers and Supervisors on the CORE website. We have requested that this training be a mandatory annual or bi-annual training for all departmental travelers and supervisors once the new training site is in place.*

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Rick Scott, Governor

Wansley Walters, Secretary

The mission of the Department of Juvenile Justice is to increase public safety by reducing juvenile delinquency through effective prevention, intervention, and treatment services that strengthen families and turn around the lives of troubled youth.

Finding 2: Some reimbursement rates were not determined consistently. Other errors, omissions, and irregularities related to travel expense reimbursements also exist.

Reimbursement Rate

Travel reimbursement rate should be determined consistently. During our review of travel reimbursement vouchers, we noted that four authorized travelers who attended training at the Pat Thomas Academy, a state institution in Havana, Florida, were reimbursed for per diem on the last day of their travel. However, the majority of the attendees in the same training were reimbursed for meals on the last day of their travel. We also noted that when attending a conference provided at a private lodging establishment, one traveler was reimbursed for per diem and another traveler was reimbursed for meal allowance for their last travel day at the conference. Those travel reimbursement rates appeared not being determined consistently.

Response: *We agree with this finding with the following caveat:*

Chapter 112.061 Florida Statutes states “ (a) All travelers shall be allowed for subsistence when traveling to a convention or conference or when traveling within or outside the state in order to conduct bona fide state business, which convention, conference, or business serves a direct and lawful public purpose with relation to the public agency served by the person attending such meeting or conducting such business, either of the following for each day of such travel at the option of the traveler:

- 1. Eighty dollars per diem; or*
- 2. If actual expenses exceed \$80, the amounts permitted in paragraph (b) for subsistence, plus actual expenses for lodging at a single-occupancy rate to be substantiated by paid bills therefor.”*

While there may have been inconsistencies between program areas as to allowance on the final day of travel, the amounts claimed on the reimbursement voucher were not in violation of state rules, regulations or departmental policy.

Of the five travel reimbursement vouchers cited for omissions or irregularities only two had a potential financial impact for a combined total of \$44.00 and were reimbursed due to an oversight by the accounting staff. Within the past 3 months Finance and Accounting has cross-trained and exchanged the duties of two equivalent, staff, to allow for a new perspective on the reimbursement auditing process.

Finding 3: Some Vouchers for Reimbursement of Travel Expenses were not completed by the travelers or approved by the supervisors in a timely manner. The Mode of Transportation was not indicated on some of the vouchers.

In order to comply with Florida Statute 215.422 (commonly referred to as the “prompt payment law”, the Department travel policy requires that the authorized traveler must complete and submit their Vouchers for Reimbursement of Travel Expenses to the Bureau of Finance and Accounting within five days following completion of a travel event, when a common carrier or P-Card is used.

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The policy also requires the traveler's supervisor to sign the travel voucher no later than five working days after the travel voucher is prepared.

Response: We agree with this finding. The Bureau of Finance and Accounting has Travel Training for both Travelers and Supervisors on the CORE website. We have requested that this training be a mandatory annual or bi-annual training for all departmental travelers and supervisors once the new training site is in place. While we agree that face to face training is the most effective means of learning, the department's budget limitations preclude the Bureau from conducting on-site interactive training sessions with department staff. Additionally, a reminder of travel requirements will be sent out to all supervisors and managers based on the findings of this audit.