City of Ocala

OFFICE OF THE INTERNAL CITY AUDITOR
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To: The Honorable Suzy Heinbockel, President of the Council
The Honorable Mary Sue Rich, President Pro Tem
The Honorable Daniel Owen
The Honorable John McLeod
The Honorable R. Kent Guinn, Mayor
Matthew Brower, City Manager

Date: March 16, 2012

Re: External Audit Assistance – Travel Expenses

Internal Audit assists the external financial auditors, Purvis Gray and Company, LLP, with specific audit procedures for the Financial Statement Audit for the Fiscal Year Ending September 30, 2011. We have completed procedures for Travel Expenses. These expenditures include intra-county mileage paid to employees using personal vehicles, vehicle or commercial carrier travel to conferences/seminars/other city business, registration fees, and per diem reimbursement for meals and incidentals. The objective was to determine if travel expenses are appropriately paid, comply with the City's Travel Policy, and recorded appropriately in the general ledger. Travel expenses are paid through accounts payable and procurement cards. Travel expenses were approximately $304,000 for FY 2011.

Internal Audit reviewed the testing results with Management. We concur with Management's decision to revise the Travel Policy and Travel Authorization Form which is currently underway. Consideration should be given to:

- Evaluating the need for travel advances for mileage and meals/incidental per diem payments
- Determining proper documentation for travel authorization and expense reimbursement
- Segregating seminar registration from the travel policy where no other expense will be incurred (registration fees only)
- Consider contracting with rental car companies for reduced rates and elimination of fees
- Encourage air travel with airlines without additional fees (such as, charge for first checked bag)

We appreciate the assistance of Finance personnel, especially Debbie Crews, Accounting Specialist. We will begin quarterly travel expense testing within 90 days of implementation of the revised travel policy.

Generally Accepted Government Auditing Standards and the Institute of Internal Auditors Standards require that we plan and perform our audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. The evidence obtained provides a reasonable basis for our observations and conclusions.

Jeanne Covington

Jeanne Covington, Internal Auditor

c: John Lege, Chief Financial Officer
Mary Ann Davis, Controller