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To: The Honorable Mary Sue Rich, President of the Council
The Honorable John McLeod, President Pro Tem
The Honorable Suzy Heinbockel
The Honorable Jay Musleh
The Honorable Daniel Owen
The Honorable Kent Guinn, Mayor
Matthew Brower, City Manager

Date: February 21, 2013

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, 2012. We have completed procedures for Travel Expenses. These expenditures include intra-county mileage paid to employees using personal vehicles; commercial carrier costs or personal vehicle mileage for travel to conferences, seminars, or for other city business; registration fees; tolls; parking; and per diem reimbursement for meals and incidentals.

Council adopted the City's revised Travel Policy in July 2012 and management implemented policy the on August 1, 2012. The objective of the review was to determine that employee travel expenditures are appropriately paid, comply with the City's Travel Policy in effect at the time of the transaction, and the expenditures are appropriately recorded in the City's general ledger. Travel and training registration expenses, which are paid through accounts payable and procurement cards, totaled approximately $327,000 for FY 2012.

Based upon the audit procedures, we conclude that travel expenditures comply with the City's Travel Policy in effect at the time of the transaction and expenditures are appropriately recorded in the City's financial records.

Internal Audit continues to work with Management to identify opportunities to strengthen internal controls over travel expenditures and find efficiencies in the travel reimbursement process. We anticipate completing the review of the first quarter of Fiscal Year 2013 travel expenditures by April 15, 2013.

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 City Auditor

c: Cindy Kelley, Interim Chief Financial Officer and Assistant City Manager
Mary Ann Davis, Controller