

Lancaster County Employee Travel Expenses Audit Report

For the period of January 1, 2016 through June 30, 2016



Brian K. Hurter, CPA
Lancaster County Controller

**Lancaster County Employee Travel Expenses Audit
For the period of January 1, 2016 through June 30, 2016**

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Controller
Brian K. Hurter, CPA

May 1, 2017

Dennis Stuckey, Chairman
Lancaster County Board of Commissioners
150 North Queen Street, Suite 715
Lancaster, PA 17603

Dear Commissioners:

Attached is the audit report of the County of Lancaster employee travel expense reimbursements. This audit was initiated on July 1, 2016 and a memo (**Exhibit A**) was sent to the selected row offices and departments. Our examination procedures were performed for transactions in the period of January 1, 2016 through June 30, 2016. The audit covered daily mileage, parking, toll, and overnight meal reimbursements. The relevant audit notes detail the objectives of our audit and our sample of row offices and departments. We provided County-wide recommendations and updates to the County-wide travel policy to ensure more efficient and economical travel related reimbursements. We do not express an opinion or provide any assurance on the information examined because the limited procedures executed do not provide us with sufficient evidence to express an opinion. We did, however, note some instances that warrant mention and recommendations for correction and/or improvement, and they are described in the Findings and Observations section of this report.

We met with most of the audited departments, which resulted in very productive conversation and feedback regarding travel expenses and reimbursement procedures. We acknowledge the cooperation and assistance we received from all County of Lancaster personnel involved in this audit. Their help was instrumental to the performance of this audit.

This report is intended for the information and use of the Lancaster County Board of Commissioners and all County of Lancaster personnel and is not intended and should not be used by anyone other than these specified parties without consent. However, public policy dictates that this report is a matter of public record and its distribution is not limited.

Sincerely,

Brian K. Hurter, CPA
Lancaster County Controller
mw

cc: Elected Officials and Department Heads for the following departments: Adult Probation & Parole, Behavioral Health & Developmental Services, County Wide Communications, Children & Youth Agency, District Attorney, Drug & Alcohol, Juvenile Probation, Magisterial District Courts, Office of Aging, Property Assessment, Prothonotary, Public Defender, Recorder of Deeds, Register of Wills, Sheriff, Treasurer, and Youth Intervention Center



**Lancaster County Employee Travel Expenses
Relevant Audit Notes
For the period January 1, 2016 through June 30, 2016**

Note A – COUNTY TRAVEL POLICY

The current Policy & Procedure Manual for all County of Lancaster employees was revised August 26th, 2015. Section B-6 was established August 29th, 2011, and relates to business expenses. This section is commonly known as the County of Lancaster travel policy. Additionally, this section of the Policy & Procedure Manual is in place to provide a uniform system for reporting and reimbursement of business expenses incurred by employees. The travel policy applies to all County of Lancaster employees. Some departments and offices also provide their employees with more specific policies and procedures related to travel.

Note B – OBJECTIVES OF AUDIT

The overall objectives of the audit were to determine whether personal vehicle miles traveled for official County business indicate:

- Inefficient/uneconomical driving habits
- Fraud or abuse
- Adherence to the County travel policy

Travel related receipts for parking, tolls, and overnight meals related to official County business were also examined for:

- Fraud or abuse
- Adherence to the County travel policy

Additionally, the audit reviewed the number and types of County owned/leased vehicles currently placed into service. An analysis was conducted regarding the proposed use of rental vehicles instead of personal vehicles for business trips to promote additional cost savings. This analysis is summarized in **Note F** of this report.

Note C – DEPARTMENTS INVOLVED IN AUDIT

After a review of travel account activity on PeopleSoft, the County's financial system, a sample of departments were selected based on the total dollar amount of reimbursements received during the scope of the audit. The following departments were selected:

- Adult Probation & Parole
- Behavioral Health/Developmental Services
- Board of Commissioners

Lancaster County Employee Travel Expenses
Relevant Audit Notes (*Continued*)
For the period January 1, 2016 through June 30, 2016

Note C – DEPARTMENTS INVOLVED IN AUDIT (*Continued*)

- Children & Youth Agency
- Controller
- Coroner
- County Wide Communications
- District Attorney
- Drug & Alcohol
- Juvenile Probation
- Magisterial District Courts
- Office of Aging
- Property Assessment
- Prothonotary
- Public Defender
- Recorder of Deeds
- Register of Wills
- Sheriff
- Treasurer
- Youth Intervention Center

Note D – SCOPE AND PROCEDURES OF AUDIT

The period of review is January 1, 2016 through June 30, 2016.

After a sample of departments were selected, we selected the ten employees from the population with the highest reimbursements in the audit scope. After those employees were selected, we also selected one employee from each department who travels consistently for business. In conjunction with the two aforementioned procedures, we selected additional individuals from the population to ensure a sample of at least 5% total per department.

Once the sample was compiled and the preliminary procedures were conducted, we recalculated all mileage submitted by those individuals. The audit mileage recalculations were based on the shortest distance rather than the shortest time from “Location A” to “Location B” via MapQuest or Google Maps. After the data was collected, we compared our mileage calculation to the mileage submitted and then allowed for +/- 5 miles per day, for instances when the shortest distance was not the shortest time or the individual took an alternate route due to construction, weather, etc.

Lancaster County Employee Travel Expenses
Relevant Audit Notes (*Continued*)
For the period January 1, 2016 through June 30, 2016

Note E – MILEAGE RATE FOR 2016

The Internal Revenue Code (IRS) and U.S. General Services Administration’s (GSA) mileage rate for 2016 was \$.54 per mile.

Note F – RENTAL CAR ANALYSIS

In April 2015, the County of Lancaster Purchasing Department established a Temporary Rental Vehicle Policy that provides procedures and responsibilities for the reservation, rental, operation, and return of temporary rental vehicles used by employees of the County of Lancaster for business travel. This policy has not yet been approved by the Board of Commissioners, but employees are welcome to utilize this policy and rent a vehicle for long distance travel in an effort to be more efficient with the County of Lancaster resources.

According to the Temporary Rental Vehicle Policy, rental vehicles must be of the Compact, Intermediate, or Standard class, unless a department director has given approval for a larger class vehicle. For 2016, the daily rates were:

Compact vehicle:	\$29.12
Intermediate/Standard vehicle:	\$30.94
<i>(“Full size option”)</i>	

For purposes of this analysis, we used the daily rate for the Intermediate/Standard vehicle. The rental car savings chart shows the cost savings for that option for the period of January 1, 2016 through June 30, 2016. If employees chose to use the cheaper option (Compact vehicle), the cost savings would be greater. Likewise, if employees were given approval by the department director to use a larger vehicle, this would result in a greater expense and less savings.

We selected five departments from the sampled population that have employees who travel daily or fairly consistently to complete their required job duties. The five departments were: Adult Probation & Parole, Behavioral Health and Developmental Services, Children & Youth Agency, Juvenile Probation, and Office of Aging. Additionally, these five departments received some of the highest total reimbursements for the audit period. The total reimbursements for these five departments was \$377,097.27, which is 77.4% of the total travel reimbursements for the period of January 1, 2016 through June 30, 2016.

**Lancaster County Employee Travel Expenses
Relevant Audit Notes (Continued)
For the period January 1, 2016 through June 30, 2016**

Note F – RENTAL CAR ANALYSIS (Continued)

Rental Car Savings:

	APPS	BH/DS/EI	CYA	JP	OOA	Total
<i>Intermediate/ Standard (\$30.94)</i>	\$ 374.52	\$ 1,771.18	\$ 11,899.34	\$ 84.85	\$ 89.83	\$ 14,219.72

We used a trip optimizer available via Enterprise to determine these rental car savings. As noted above, we used the Intermediate/Standard vehicle. We estimated the vehicle receiving 25 miles per gallon (MPG), and gas was based on \$2.389 per gallon.

For the 6 month audit period, cost savings would have totaled \$14,219.72 for these 5 departments. Assuming the sampled employees travel the same amount during the entire year, annual savings for the County of Lancaster would be at least \$28,000.

The savings were determined by analyzing only the sampled employees from the selected departments. Annual savings would be greater if all County of Lancaster employees who received reimbursements during the audit scope had been reviewed. For the period of January 1, 2016 through June 30, 2016, there were 860 individuals and vendors that received payment in regards to travel. The rental car analysis only captured data for 108 individuals, or 12.6%.

During our analysis, we were made aware that the Juvenile Probation department has already implemented rental car usage for its employees. Employees in this department are encouraged to utilize a rental car if business travel is 100 miles or greater. As seen in the chart above, this explains why the savings were minimal.

**Lancaster County Employee Travel Expenses
Audit Findings and Observations
For the period January 1, 2016 through June 30, 2016**

This section of the report presents the findings and observations that resulted from our in-depth examination. In addition to the findings and observations, we provided audit results. Following the audit results, we provide recommendations to correct or better the described occurrences.

Finding 1 – Employee was reimbursed for same expense twice

Description:

An employee was reimbursed twice in the amount of \$119.70 for the same travel expenses. Upon informing the individual of this, the employee reimbursed the County for the overpayment.

Finding 2 – Non-travel expense incorrectly coded to travel account on PeopleSoft

Description:

2a. An expense was charged to 7323 – Mileage Reimbursement when it should have been charged to 7227 – Other Oper Supplies (per discussion with employee who submitted expense). When this entry was recoded to the proper account, it removed this department from the sample.

2b. An expense was charged to 7323 – Mileage Reimbursement when it should have been charged to 7328 – Staff Development (per bottom of the expense report voucher). This entry was recoded to the proper account.

Finding 3 – Employee incorrectly calculated mileage and is due additional monies

Description:

An employee had multiple mileage reimbursement sheets, and the employee transferred each sheet subtotal to a mileage cover sheet to report an overall total. When the employee was transferring the mileage subtotals to the expense voucher cover sheet, the employee did not transfer one of the subtotals correctly. This employee is technically owed for 18 additional miles at \$.54 each, which totals \$9.72, however this individual is no longer employed by the County, so no further action will occur.

**Lancaster County Employee Travel Expenses
Audit Findings and Observations (Continued)
For the period January 1, 2016 through June 30, 2016**

Finding 4 – Employee incorrectly calculated reimbursement total and was reimbursed in excess

Description:

An employee submitted an expense voucher with total reimbursement expenses of \$413.96, yet requested and received a reimbursement in the amount of \$416.08 which is an overpayment of \$2.12. The \$416.08 was listed as the total on a separate portion of the expense voucher. Since this amount is immaterial, no further action will be pursued.

Finding 5 – Employee was reimbursed for excess travel amount

Description:

An employee received a check in the amount of \$464.62. This check was from 2 vouchers (#1200172 for \$57.50 and #1200230 for \$407.12). For voucher #1200230, there was only backup totaling \$349.62, which is a difference from the \$407.12 of \$57.50. Upon discussion with the department head, it was discovered this was due to an entry error which resulted in an overpayment of \$57.50. After further discussion with the department head, the employee elected to have the overpayment subtracted from a March 2017 expense reimbursement form.

Finding 6 – Employee was reimbursed for alcoholic drinks (Unallowable expense)

Description:

An employee was reimbursed \$9.50 for two alcoholic drinks (\$4.50 and \$5.00 on two different receipts) which is against County policy. When this was brought to the attention of the employee, the employee stated they forgot the policy. After meeting with the Controller's Office to discuss the audit, the employee reimbursed the County for the overpayment.

**Lancaster County Employee Travel Expenses
Audit Findings and Observations (*Continued*)
For the period January 1, 2016 through June 30, 2016**

Finding 7 – Audit Mileage Calculation (+/- 5 miles per day difference)

Description:

We found that approximately 80% of the sampled population had at least one day with a mileage calculation difference of +/- 5 miles. As stated in the audit notes, we compared our mileage calculation to the mileage submitted and then allowed for a difference up to +/- 5 miles per day, for instances when the shortest distance was not the shortest time or the individual took an alternate route due to construction, weather, etc. As noted in the **Results** section, we have greater concerns regarding some departments, however the Controller's Office believes this should be reviewed on a County-wide basis.

We further reviewed some departments who had employees with a mileage calculation that differed from the audit calculation upwards of a 10% variance. The Controller's Office discussed these specific employees with the appropriate department head or elected official, who could take further action if deemed necessary. Our conclusion of this finding is detailed in the **Audit Summary of Facts**.

Finding 8 – Day Trip Meals Reimbursement

Description:

Employee meals that are related to overnight travel are reimbursed differently than meals related to day trip travel. Per the Internal Revenue Code, most meal reimbursements for non-overnight travel are to be treated as taxable income and reported as such. The County of Lancaster issued a memo to elected officials and department heads explaining how they and their employees should properly submit reimbursements for day trip meals versus reimbursements for overnight meals. Day trip meals should be submitted with an employee's Time and Attendance Report and processed through Payroll, while overnight meals should be submitted on a Travel Expense Report through Accounts Payable. There was one noted occurrence during the audit period when an individual received day trip meal reimbursements through Accounts Payable and not through Payroll. This occurrence was brought to the attention of the department head and will be properly handled in the future.

Lancaster County Employee Travel Expenses
Results
For the period January 1, 2016 through June 30, 2016

This section of the report presents the results that were derived from our in-depth examination. Please refer to **Note D** of the audit report for more detail on the audit procedures. Following the results for each individual department, we present the audit recommendations.

***Only reimbursements through Accounts Payable checks were reviewed. Reimbursements through Payroll checks were not reviewed as a part of this audit.*

Adult Probation and Parole:

A sample of 14 employees were selected out of 100 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$28,013.35 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$5,308.12 or 18.9% belongs to the 14 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 150 to 1,250 miles. According to the department head, the department currently utilizes seven County owned/leased vehicles in addition to employees using their own vehicles.

A review of the additional expenses that were submitted for these employees did not show any reimbursements for unallowable expenses.

Our analysis showed that the employees in this department did not always take the shortest route and/or some employees did not submit adequate information on the expense report to accurately audit the points of travel. In addition, we found two of the employees submitted their mileage reimbursements in excess of 10% of our audit calculation of the total mileage. For instance, one employee submitted reimbursement for 1,211 miles and our audit calculation showed 1,065 miles, with a difference of 146 miles or 12.1%.

Behavioral Health and Developmental Services:

A sample of 32 employees were selected out of 146 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$112,517.73 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$45,936.17 or 40.8% belongs to the 32 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 206 to 4,929 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

Lancaster County Employee Travel Expenses
Results (Continued)
For the period January 1, 2016 through June 30, 2016

Behavioral Health and Developmental Services (Continued):

A review of the additional expenses that were submitted for these employees showed three employees received miscellaneous reimbursements for five expenses totaling \$169.35 over the audit period. These reimbursements are not necessarily unallowable expenses, but rather the expenses should have been coded to another account on PeopleSoft besides the travel accounts since the expenses were not related to travel.

After the analysis and discussions with individuals in the department, we found that a number of Behavioral Health and Developmental Services employees had errors or omissions concerning mileage on their travel vouchers. Our analysis showed that the employees in this department did not always take the shortest route and/or some employees did not submit adequate information on the expense report to accurately audit the points of travel. In addition, we found one of the employees submitted their mileage reimbursements in excess of 10% of our audit calculation of the total mileage. This employee submitted reimbursement for 1,855 miles and our audit calculation showed 1,298.5 miles, with a difference of 556.5 miles or 30.0%.

Commissioner's Office:

A sample of 1 employee was selected out of 21 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$2,407.29 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$243.30 or 10.1% belongs to the 1 sampled employee. Additionally, 2016 mileage reimbursements in the sample were 274 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

A review of the additional expenses that were submitted for this employee did not show any reimbursements for unallowable expenses.

Our analysis showed that the employee in this department did not always take the shortest route and/or the employee did not submit adequate information on the expense report to accurately audit the points of travel.

Controller:

A sample of 1 employee was selected out of 8 possible employees that were reimbursed through the PeopleSoft travel accounts. Of the \$2,356.18 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$458.16 or 19.4% belongs to the 1 sampled employee. Additionally, 2016 mileage reimbursements in the sample were 542 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

Lancaster County Employee Travel Expenses
Results (*Continued*)
For the period January 1, 2016 through June 30, 2016

Controller (*Continued*):

A review of the additional expenses that were submitted for this employee did not show any reimbursements for unallowable expenses.

Our analysis showed that the employee in this department did not always take the shortest route and/or the employee did not submit adequate information on the expense report to accurately audit the points of travel.

County Wide Communications:

A sample of 5 employees were selected out of 30 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$4,005.88 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$1,531.96 or 38.2% belongs to the 5 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 78 to 587 miles. According to the department head, the department currently utilizes a number of County owned/leased vehicles in addition to employees using their own vehicles.

A review of the additional expenses that were submitted for these employees did not show any reimbursements for unallowable expenses.

Our analysis showed that the employees in this department did not always take the shortest route and/or one employee did not submit adequate information on the expense report to accurately audit the points of travel.

Children and Youth Agency:

A sample of 43 employees were selected out of 151 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$185,012.59 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$79,878.79 or 43.2% belongs to the 43 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 78 to 9,971 miles. According to the department head, the department currently utilizes three County owned/leased vehicles in addition to employees using their own vehicles.

A review of the additional expenses that were submitted for these employees showed one employee received reimbursements for two client meals totaling \$26.38 over the audit period that were coded to one of the travel accounts. These reimbursements are not necessarily unallowable expenses, rather the expenses should have been coded to the Client Meals account on PeopleSoft.

Lancaster County Employee Travel Expenses
Results (*Continued*)
For the period January 1, 2016 through June 30, 2016

Children and Youth Agency (*Continued*):

Our analysis showed that the employees in this department did not always take the shortest route and/or some employees did not submit adequate information on the expense report to accurately audit the points of travel. In addition, we found seven of the employees submitted their mileage reimbursements in excess of 10% of our audit calculation of the total mileage. For instance, one employee submitted reimbursement for 10,481 miles and our audit calculation showed 7,972.5 miles, with a difference of 2,508.5 miles or 23.9%. This specific employee often put only town names and not exact addresses.

District Attorney:

A sample of 12 employees were selected out of 54 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$21,034.81 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$10,777.91 or 51.2% belongs to the 12 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 56 to 1,272 miles. According to the department head, the department currently utilizes a number of County owned/leased vehicles in addition to employees using their own vehicles.

A review of the additional expenses that were submitted for these employees did not show any reimbursements for unallowable expenses. However, we did find one time when a day trip meal was reimbursed through Accounts Payable and not Payroll. In addition, a review of the reimbursements showed that an expense report was submitted twice for the same expenses, and this is noted as a finding.

Our analysis showed that the employees in this department did not always take the shortest route and/or some employees did not submit adequate information on the expense report to accurately audit the points of travel. In addition, we found one employee submitted their mileage reimbursements in excess of 10% of our audit calculation of the total mileage. This employee submitted reimbursement for 593 miles and our audit calculation showed 518.1 miles, with a difference of 74.9 miles or 12.6%.

Lancaster County Employee Travel Expenses
Results (Continued)
For the period January 1, 2016 through June 30, 2016

Drug & Alcohol:

A sample of 1 employee was selected out of 3 possible employees that were reimbursed through the PeopleSoft travel accounts. Of the \$1,603.08 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$1,317.24 or 82.2% belongs to the 1 sampled employee. Additionally, 2016 mileage reimbursements in the sample were 1,724 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

A review of the additional expenses that were submitted for this employee showed that the employee was reimbursed twice for unallowable expenses. We recommend that Drug & Alcohol employees review the current County of Lancaster travel policy so they understand allowable and unallowable expenses.

Our analysis showed that the employee in this department did not take the shortest route and/or the employee did not submit adequate information on the expense report to accurately audit the points of travel.

Juvenile Probation:

A sample of 4 employees were selected out of 41 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$10,933.66 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$2,440.49 or 22.3% belongs to the 4 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 706 to 1,272 miles. According to the department head, the department currently utilizes one County owned/leased vehicle in addition to employees using their own vehicles.

A review of the additional expenses that were submitted for these employees did not show any reimbursements for unallowable expenses.

Our analysis showed that the employees in this department did not always take the shortest route and/or some employees did not submit adequate information on the expense report to accurately audit the points of travel.

Lancaster County Employee Travel Expenses
Results (Continued)
For the period January 1, 2016 through June 30, 2016

Magisterial District Courts:

A sample of 10 employees were selected out of 54 possible employees that were reimbursed through the PeopleSoft travel accounts. Of the \$6,470.55 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$3,383.41 or 52.3% belongs to the 10 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 38 to 1,752 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

A review of the additional expenses that were submitted for these employees showed one employee received reimbursements four times for supplies totaling \$54.34 over the audit period. These reimbursements are not necessarily unallowable expenses, rather the expenses should have been coded to another account on PeopleSoft besides the travel accounts, since they are not related to travel.

Our analysis showed that the employees in this department did not always take the shortest route and/or some employees did not submit adequate information on the expense report to accurately audit the points of travel.

Office of Aging:

A sample of 15 employees were selected out of 63 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$40,619.94 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$14,313.97 or 35.2% belongs to the 15 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 837 to 2,795 miles. According to the department head, the department currently utilizes one County owned/leased vehicle in addition to employees using their own vehicles.

A review of the additional expenses that were submitted for these employees showed one employee receiving a reimbursement for groceries for a client in the amount of \$6.20 that was coded to one of the travel accounts. This expense is not necessarily an unallowable expense, rather it should have been coded to another account on PeopleSoft besides the travel accounts, since it is not related to travel.

Lancaster County Employee Travel Expenses
Results (*Continued*)
For the period January 1, 2016 through June 30, 2016

Office on Aging (*Continued*):

After the analysis and discussions with the department head, we found that a number of Office on Aging employees had concerning mileage submissions on their travel vouchers. Our analysis showed that the employees in this department did not always take the shortest route and/or some employees did not submit adequate information on the expense report to accurately audit the points of travel. Per discussions with the department head, the employees do not always put the street address or house numbers due to HIPAA and confidentiality regulations.

We were also informed that no back-up exists for the travel to reflect the actual route taken by these employees. In addition, we found six of the employees submitted their mileage reimbursements in excess of 10% of our audit calculation of the total mileage. For instance, one employee submitted reimbursement for 1,343 miles and our audit calculation showed 638.1 miles, with a difference of 704.9 miles or 52.5%. This particular employee only listed town names on the travel expense vouchers and never listed if travel was one way or round trip.

Property Assessment:

A sample of 1 employee was selected out of 12 possible employees that were reimbursed through the PeopleSoft travel accounts. Of the \$7,853.68 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$912.17 or 11.6% belongs to the 1 sampled employee. Additionally, 2016 mileage reimbursements in the sample were 1,515 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

A review of the additional expenses that were submitted for this employee did not show any reimbursements for unallowable expenses.

When conducting the audit, it was discovered that the employee only submitted odometer readings and not exact addresses on the expense reports. Per discussions with the department director, it is common practice for Property Assessment employees, specifically Appraisers, to list the township or borough they are traveling in, and then list odometer readings. Typically, Appraisers go to many properties in a specific geographical area throughout a given day, and often do not have an exact address for these stops. As a result, the mileage could not be compared to an audit calculation of mileage. We believe the Property Assessment employees should maintain a daily log of parcel numbers. By maintaining a log of parcel numbers, the travel can be tied into an actual site address from the County of Lancaster Property Assessment website. This will provide more accurate mileage reimbursements and better use of County of Lancaster resources.

Lancaster County Employee Travel Expenses
Results (*Continued*)
For the period January 1, 2016 through June 30, 2016

Prothonotary:

A sample of 1 employee was selected out of 1 possible employee that was reimbursed through the PeopleSoft travel accounts. Of the \$557.31 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$557.31 or 100% belongs to the 1 sampled employee. Additionally, 2016 mileage reimbursements in the sample were 152 miles that were actually driven in July 2015. According to the department head, the department currently utilizes zero County owned/leased vehicles.

A review of the additional expenses that were submitted for this employee did not show any reimbursements for unallowable expenses.

When reviewing the mileage submitted by the employee, we had no findings.

Public Defender:

A sample of 5 employees were selected out of 22 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$5,516.53 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$1,686.40 or 30.6% belongs to the 5 sampled employees. Additionally, 2016 mileage reimbursements in the sample ranged from 150 to 500 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

A review of the additional expenses that were submitted for these employees did not show any reimbursements for unallowable expenses.

Our analysis showed that the employees in this department did not always take the shortest route and/or some employees did not submit adequate information on the expense report to accurately audit the points of travel.

Recorder of Deeds:

A sample of 1 employee was selected out of 1 possible employee that was reimbursed through the PeopleSoft travel accounts. Of the \$832.22 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$832.22 or 100% belongs to the 1 sampled employee. Additionally, 2016 mileage reimbursements in the sample were 227 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

**Lancaster County Employee Travel Expenses
Results (*Continued*)
For the period January 1, 2016 through June 30, 2016**

Recorder of Deeds (*Continued*):

A review of the additional expenses that were submitted for this employee did not show any reimbursements for unallowable expenses.

When reviewing the mileage submitted by the employee, we had no findings.

Register of Wills:

A sample of 1 employee was selected out of 1 possible employee that was reimbursed through the PeopleSoft travel accounts. Of the \$163.08 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$163.08 or 100% belongs to the 1 sampled employee. Additionally, 2016 mileage reimbursements in the sample were 302 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

A review of the additional expenses that were submitted for this employee did not show any reimbursements for unallowable expenses.

Our analysis showed that the employee in this department did not always take the shortest route and/or the employee did not submit adequate information on the expense report to accurately audit the points of travel.

Sheriff:

A sample of 6 employees and vendors were selected out of 11 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$35,477.58 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$33,991.10 or 95.8% belongs to the 6 sampled employees and vendors. According to the department head, the department currently utilizes twenty County owned/leased vehicles for Sheriff Office purposes only. The only time deputies use their own vehicles are for the 19-week basic academy or bi-annual updates.

A review of the additional expenses that were submitted for these employees did not show any reimbursements for unallowable expenses.

When reviewing the mileage submitted by the employees, we had no findings.

Lancaster County Employee Travel Expenses
Results (Continued)
For the period January 1, 2016 through June 30, 2016

Treasurer:

A sample of 1 employee was selected out of 3 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$511.74 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$272.60 or 53.3% belongs to the 1 sampled employee. Additionally, 2016 mileage reimbursements in the sample were 440 miles. According to the department head, the department currently utilizes zero County owned/leased vehicles.

A review of the additional expenses that were submitted for this employee did not show any reimbursements for unallowable expenses.

When reviewing the mileage submitted by the employee, we had no findings.

Youth Intervention Center:

A sample of 2 employees were selected out of 5 possible employees or vendors that were reimbursed through the PeopleSoft travel accounts. Of the \$1,247.22 that was reimbursed to this department from January 1, 2016 – June 30, 2016, \$688.84 or 55.2% belongs to the 2 sampled employees. Additionally, only one of the sampled employees received 2016 mileage reimbursements in the sample and those miles were 634 miles. According to the department head, the department currently utilizes two County owned/leased vehicles in addition to employees using their own vehicles.

A review of the additional expenses that were submitted for these employees did not show any reimbursements for unallowable expenses.

When reviewing the mileage submitted by the employees, we had no findings.

Lancaster County Employee Travel Expenses
Audit Recommendations
For the period January 1, 2016 through June 30, 2016

In the preceding sections of this report, we listed findings and observations and results from our in-depth examination. This section of the report presents the recommendations we have provided to correct or better the described occurrences listed in the Audit Findings and Observations and to help the County produce more efficient travel arrangements and reimbursements. Following the audit recommendations, we present the Audit Summary of Facts.

1. Any and all employees being reimbursed by the County of Lancaster for travel expenses should be aware of the County of Lancaster travel policy and the appropriate PeopleSoft expense codes for their departments.
2. Each department that submits travel reimbursements must utilize the updated expense report attached as **Exhibit B** to this audit report to receive reimbursement. Any other form that departments wish to utilize must be approved by the Controller's Office so that it can be determined to be sufficient enough for payment.
3. When applicable, take the most efficient, direct route and exercise sensible judgment when traveling.
4. Require all employees County-wide to provide the exact "To/From" address rather than just a town name or general area (when applicable) to provide a more accurate capture of miles driven. For instances where the exact address is not known or would be in violation of HIPAA or another law, providing a street address or business within a close vicinity would be sufficient. This will provide more accurate records and allow the Controller's Office to more efficiently audit mileage in the future.
5. Require all County of Lancaster employees to provide a description of either "one-way" or "round trip" when they are traveling to/from home so records can be more accurately audited in the future.
6. County of Lancaster employees should submit travel expense reports on a timely basis. Employees should not combine multiple travel expense reports, so if an expense report is filled it should be submitted to the Controller's Office for reimbursement. In all situations, expense reports should be submitted within 60 days of travel.

Lancaster County Employee Travel Expenses
Audit Recommendations (*Continued*)
For the period January 1, 2016 through June 30, 2016

7. If not already being completed in the Human Services departments, department heads and staff should consistently be working to restructure their cases and visitations so that excess and unnecessary travel is not being conducted.

8. If not already being completed, supervisors should compare mileage reimbursements with departmental vehicle usage and rental car schedules to verify employees are not being reimbursed for County-owned/leased vehicles usage or rental car expenses.

9. Departments should consult with the Purchasing Department regarding the use of rental vehicles for any travel in excess of 100 miles per day. Additionally, employees should use the Enterprise Trip Optimizer (provided by the Purchasing Department) to ensure rental vehicle usage is more efficient for specific travel. This method provides a more effective usage of County resources.

Lancaster County Employee Travel Expenses
Audit Summary of Facts
For the period January 1, 2016 through June 30, 2016

We believe there could be more effective controls in place to ensure that the County of Lancaster is not reimbursing for non-business related mileage. More effective controls can also ensure that the County of Lancaster is not reimbursing for mileage that is the result of inefficient/uneconomical driving habits. Based on our audit, we found many departments had employees who either did not always take the shortest route or provide the exact addresses on their travel expense reports, which caused our audit mileage recalculation to be different. Our audit mileage recalculation was based on the most direct (shortest) route that could have been taken. From the sampled individuals in the population, this appears to be a County-wide issue. For the six month scope of the audit, the County of Lancaster spent \$486,937.31 in travel expenses. We believe that implementing the recommendations in this audit report will help to resolve the issues and assist the County of Lancaster in better utilizing its resources.

In the audit we noted other findings with issues relating to: an employee being reimbursed twice for the same expenses, non-travel expenses incorrectly coded to travel accounts, incorrectly calculated mileage, incorrectly calculated reimbursement total, reimbursement for excess travel amount, and reimbursement for unallowable expenses. We have developed recommendations to help address these concerns. In addition to the recommendations, we have worked with the Human Resources Department to prepare suggested changes to the current Travel Policy, which should also help to address these concerns.

We recommend that the Board of Commissioners consider acting on the Temporary Rental Vehicle Policy that has been developed by the County of Lancaster Purchasing Department. The Temporary Rental Vehicle Policy suggests that County of Lancaster employees utilize rental vehicles when business travel is over 75 miles per day. As noted in our audit recommendations, the Controller's Office suggests that employees utilize the rental vehicles for any business travel over 100 miles to factor in for the value of the employee's time. Each day that the employee utilizes a rental vehicle requires the employee to pick up the vehicle, drop the vehicle back off, and refuel the gasoline. As discussed in **Note F**, implementation of the Temporary Rental Vehicle Policy to only a small selection of the audit population would annually save the County of Lancaster over \$28,000. County-wide implementation would result in greater annual savings.

Many County of Lancaster departments require their employees to use their own vehicles for extensive driving throughout the County. For example, during the period of January 1, 2016 through June 30, 2016, the County reimbursed Children and Youth Agency employees over \$175,000 in travel reimbursements. We believe County officials should conduct a study on what other third class counties utilize in regards to County-owned/leased vehicles or rental cars and determine if there is a more efficient option for the employees to use. As stated above, one option could be the utilization of rental cars if the employee knows they will travel a distance of 100 miles or farther in the day.

Lancaster County Employee Travel Expenses
Audit Responses and Controller's Summary – May 1, 2017
For the period January 1, 2016 through June 30, 2016

This section of the report presents responses from the Lancaster County Controller's Office.

Through discussion with the elected officials and department heads, we have incorporated some changes to the draft audit reported that we issued on January 13, 2017.

In response to Finding 7 (+/- 5 miles), this was a finding for many departments, and the Controller did not have a great concern with this finding. However, we took this finding a step further and determined that some employees within the departments had a variance of 10% from our mileage calculation. We left the decision up to the department head if they wanted to do a further analysis or investigation into these employees. We hope when the audit recommendations are implemented, that this will allow the travel expense reports to be more consistent within Lancaster County and allow for a more effective audit analysis to be conducted.

The Controller reported certain observations and findings along with recommendations for improvement as a result of the examination performed over the transactions regarding mileage, parking, toll, and overnight meal reimbursements. We met with many elected officials and department heads to discuss the audit, recommendations, and application of the new expense report. These discussions provided us with productive conversation and feedback regarding travel expenses and employee reimbursement procedures. Several offices have already begun to implement changes to their internal procedures as a result of the audit findings. The sections detailing the observations, findings, results, and recommendations preceded this section of the audit report. We believe when these recommendations are implemented it will provide a better use of County resources and transparency of how County funds are utilized with regards to travel expense reimbursements.

COUNTY OF LANCASTER
OFFICE OF THE CONTROLLER

MEMORANDUM

TO: Board of Commissioners, Controller, Coroner, District Attorney, Prothonotary, Recorder of Deeds, Register of Wills, Sheriff, Treasurer, Property Assessment, Public Defender, Youth Intervention Center, Children & Youth Agency, Behavioral Health/Developmental Services, Office of Aging, Drug & Alcohol, County Wide Communications, Adult Probation & Parole, Juvenile Probation & Parole, Magisterial District Courts

FROM: Brian K. Hurter, Controller CPA

DATE: July 1, 2016

SUBJECT: Mileage/Parking/Tolls/Food (Travel Expenses) Audit

My office will be conducting an in-depth audit of all County mileage and travel reimbursements in the upcoming weeks. The audit will also include parking, toll, and food reimbursements. The objectives of our audit are to determine whether personal vehicle miles traveled for official County business and any travel reimbursements indicate: inefficient/uneconomical driving habits and fraud or abuse. We will be reviewing the number and types of County owned/leased vehicles currently placed into service to determine ways to reduce travel costs, as well as individual travel reimbursements. Currently the County is reviewing using rental vehicles instead of personal vehicles for business trips for cost savings, therefore the audit will include an analysis on such costs. We will be compiling the number of employees who are reimbursed in your department and the amount of reimbursement per individual. Additionally, we will be selecting a sample of employees who have received reimbursements during the January 1, 2016 through June 30, 2016 time period. Once our sample is compiled and preliminary procedures have been conducted, a member of my staff will be contacting you and any selected employees from your office to receive a copy of their schedule for the selected days. At the conclusion of our audit we will issue a report with our findings. If you have any questions regarding this memo, please let me know.

