

**Travel Cards: Our Review
Found Issues with Record Retention;
the New Financial System
will Help but not Solve the Issue**

February 2023



**Milwaukee County Office of the Comptroller
Audit Services Division**

**Scott B. Manske, CPA
Milwaukee County Comptroller**

**Jennifer L. Folliard, Director of Audits
Molly R. Pahl, Deputy Director of Audits**

Audit Team
Bruce Landrum, Jr.
Joseph Williams, CIA
Tevin Roundtree
Mario Stillo

Review Team
Paul Grant, CPA
Lolita Davis-Spears

Administrative Support
Cheryl A. Hosp

The County’s credit card program began in 2000 with the purchasing card. The travel card was added in 2001. The program was established to reduce paperwork and increase efficiency.

From 2018 to May 31, 2021 there were 88 T cards in use with over \$1.1 million in charges and 8,184 transactions. The period of our testing concluded with the transition of the T card program to the Payroll Division in June of 2021



Listing of Travel Cards by Department with Total Charges and Total Transactions During 2018 to May 31, 2021

Department	Cards	Charges	Transactions	Department	Cards	Charges	Transactions
County Board	2	\$12,900	60	OAAA	2	\$18,765	122
Corporation Counsel	1	\$456	7	Transportation	2	\$19,388	101
Risk	1	\$2,072	10	Zoo	2	\$29,506	117
Highway	2	\$2,342	17	Parks	2	\$32,753	110
Register of Deeds	3	\$2,932	23	Das Fiscal	4	\$36,478	133
Airport	1	\$3,462	26	IMSD	5	\$66,440	471
Human Resources	2	\$4,930	9	BHD	2	\$86,581	207
CEX – Gov’t Affairs	3	\$7,037	125	District Attorney	1	\$154,494	825
Fleet	2	\$10,327	32	DHHS	12	\$205,792	1,813
Medical; Examiner	1	\$11,031	37	Sheriff	20	\$286,838	2,605
MC DOT	2	\$11,391	95				

The County’s travel policies that were in place during our testing were Chapter 56.05 of the Ordinances, Administrative Manual Procedure 5.11 and a Manual issued by Procurement in 2018.

56.05. Travel authorization and expense reimbursement policy.

- (1) *General rules.* The purpose of this section shall be to establish an orderly procedure for the authorization and reimbursement of business related travel for elected officials, officers and employes of the county. An individual traveling on official business is expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business. Traveling expenses which will be reimbursed are confined to those expenses essential to the transacting of official county business. Generally, personal expenses are not reimbursable.

**Milwaukee County
Purchasing/Travel Card
Small Dollar Purchasing Tool**



**Policy & Procedure
Manual
For
Purchasing/Travel Card**

Rev.
August 2018

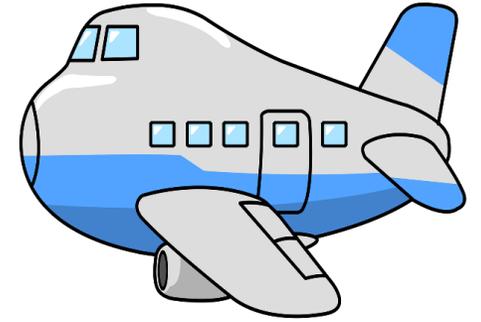
Procedure	<u>REVISION DATE</u>	<u>CHAPTER TITLE</u>	<u>CHAPTER NO.</u>
ADMINISTRATIVE MANUAL MILWAUKEE COUNTY	January 20, 2010	Fiscal Transactions	5
	<u>ORIG ISSUE DATE</u>	<u>SECTION TITLE</u>	<u>SECTION NO.</u>
	March 6, 1972	Travel Preparation Guidelines and Expense Reporting	5.11

5.11 TRAVEL PREPARATION GUIDELINES AND EXPENSE REPORTING

- 1. **PURPOSE.** To establish an orderly procedure in accordance with Milwaukee County Ordinance 56.05 for the authorization and reimbursement of business related travel for elected officials, officers, employees of Milwaukee County and municipal police officers.

We identified the major guidelines for travel from the Ordinance, AMOP and Manual

- Travel expenses include: lodging, meals, transportation, registration fees and incidental expense while traveling for County business.
- Meals while on business outside the County are reimbursed provided they are within the IRS per diem rate.
- Deviations from travel policy to be approved by the Department of Administrative Services.
- Personal and Entertainment Expenses are not reimbursable.
- Receipts are required for transportation, lodging, meals, registration fees.
- Alcohol is not reimbursable.
- Meal costs incurred while on official County business within Milwaukee County are not reimbursable.
- The T card may be used to pay for the travel costs of an individual or agency providing services to Milwaukee County.
- A single transaction may not exceed \$2,000.
- A department is required to maintain a monthly purchasing log and the monthly statement from U.S. Bank must be signed by the Cardholder Approving Supervisor.



The two largest categories of expense were Airlines and Hotels which accounted for more than half of the \$1.1 million placed upon the travel card from 2018 to May 31, 2021. The table below shows the spending by vendor type for any category in excess of \$1,000.

Listing of Travel Cards Expenses by Vendor During 2018 to May 31, 2021 (in excess of \$1,000)

<u>Category</u>	<u>Examples of Expense or Vendors</u>	<u>Amount</u>	<u>Transactions</u>
Airline	United, Southwest	\$ 391,766	1,793
Hotels	Marriott, Hyatt, Hilton	\$ 290,798	1,481
Business Expenses	UWM, Wisconsin Jail Association	\$ 193,602	537
Eating/Drinking	Subway, IHOP, Wendy's	\$ 68,527	2,389
Office Services	Defensive Edge Training, Travel Insurance Policy	\$ 58,331	162
Other Travel	Uber, Taxi Services	\$ 33,821	501
Vehicle Expense	Kwik Trip, Exxon	\$ 20,147	749
Rental Cars	Avis, Budget	\$ 16,452	125
Wholesale Trade	Pick-N-Save, Walmart	\$ 13,947	224
Other	Newsstands, GARE Racial Equity	\$ 12,102	149
Office Supplies	The Experience Management, Equity Summit 2018 Pay	\$ 11,926	22
MRO Supplies (Direct Marketing)	American Public Works	\$ 3,015	15
Book Sellers	Calibre Press	\$ 2,768	4
Misc Personal Svcs.	Coffee shop, Union Taxi Coop	\$ 2,635	10

We created a judgment sample of 135 transactions to review compliance with the Ordinance, AMOP and Manual. We found 58 possible violations in our judgment sample. There were an additional 21 that were unknown due to a lack of receipts and insufficient data in the U.S. Bank System to make a determination.

Type of Potential Violations by Number and Amount from 2018 to May 31, 2021		
<u>Type</u>	<u>Number</u>	<u>Amount</u>
Potentially Unallowable Expense	4	\$506
Registration within Milwaukee Co. or Virtual	18	\$15,051
Membership Dues	4	\$4,020
Food within Milwaukee County	4	\$145
Local Hotel without Documentation	7	\$1,976
Lack of Itemized Receipt	2	\$43
Purchasing Card Expense (Non-Travel)	14	\$6,459
<u>Over Transaction Limit of \$2,000*</u>	<u>5</u>	<u>\$18,483</u>
Sub-Total	58	\$46,683
<u>Unknown due to lack of Receipts</u>	<u>21</u>	<u>\$13,502</u>
Total	28	\$60,185

Unallowable items

There were 4 items that lacked documentation to classify them as allowable County items. They included clothing for residents of the Youth Detention Center and a staff development event at an escape room.

Membership Dues and Virtual Training

Membership dues and virtual training were the largest group of transactions with 22 placed on the T card when no travel occurred.

Food within Milwaukee County

There were 4 purchase of food within Milwaukee County which is not allowed. In one transaction it was stated it was for pizza for youth in the detention facility but no documentation was provided.

Food at Airport and Local Parking Fees

We found both food purchased at the Airport and parking fees for travel to local meetings placed upon the T card. The County has not been consistent in its reimbursement for these items.

Single Transaction Limit of \$2,000

The spending limit on the travel card is \$2,000 and we found one department had 5 instances with purchases in excess of \$2,000 without documented approval from Procurement.

Itemized Receipts

Two transactions lacked itemized receipts which prevents confirmation that prohibited items, like alcohol, were not purchased.

Local Hotel with no documentation

There were 7 transactions where a local hotel was paid for by the T card without documentation of why the County was paying for the hotel.

Purchasing Card item (non travel)

There were 14 transactions for times that should have been placed upon a P card since there was no travel involved. Items such as advertising, rental of a car dolly, and purchase of a jump starter. Most departments, and all of those with potential violations, have both a P and a T card.

The 2018 Manual established record retention policies. We reviewed compliance and found 28 were missing receipts, 46 were missing required signed U.S. Bank Statements and 57 were missing required Purchasing logs as shown in the table below. 24 of the 135 judgment samples did not complete all three steps.

Administrative Violations by Department and Type From 2018 – May 31, 2021					
Department or Division	Transactions in Sample	Missing Receipts	Missing Signature on Bank Statement	Missing Log	Missing all three
Airport	2	0	1	0	0
DAS-Information Management Systems	5	0	0	0	0
DAS-Risk Management	1	1	1	1	1
DAS-Fiscal Affairs	9	3	6	5	3
Department of Health & Human Services	29	4	7	29	4
Behavioral Health Division	14	2	0	0	0
District Attorney	3	3	3	1	1
Office of Emergency Management	7	2	2	2	2
DOT-Fleet Management	2	0	2	2	0
County Executive – Gov’t Affairs	5	4	4	5	4
House of Correction	15	0	1	0	0
Human Resources	2	0	0	0	0
MC Dept of Transportation (DOT) Dir Ofc	3	3	3	3	3
Medical Examiner	1	0	0	1	0
Sheriff	19	1	1	1	1
Office of African American Affairs	1	0	0	0	0
Parks	9	1	9	1	1
DOT- Transportation Services	2	0	0	0	0
<u>Zoo</u>	<u>6</u>	<u>4</u>	<u>6</u>	<u>6</u>	<u>4</u>
TOTAL	135	28	46	57	24

With the transition of the T card program to the Payroll Division, a new AMOP and manual have been released. We reviewed them both to see what changes to the program were occurring to include in our recommendations. Major changes include:

- Instructions on the submittal into the Infor XM system including notion of the explanation warning box for uncommon items.
- Expense reports within the Infor XM system are forwarded for review first to the traveler's manager then the department head and finally to the Payroll Division for review.
- Deviations from travel policies are to be approved by the Department of Administrative Services, Central Business Office.
- Most economical fare must be selected regardless of carrier or airport.
- The new Infor XM receives electronic transactions from the U.S. Bank system which are then assigned by the Card Coordinator to the relevant employee.
- All receipts are now uploaded into the Infor XM at the time of the submittal of the expense report. If an item is missing a receipt the item is flagged within Infor XM.
- Infor XM has a note function that allows for comments to be included with a T card expense.
- Paper copies of the monthly purchasing log and the signed U.S. Bank statement are still required to be maintained by the department.

We made five recommendations for the Payroll Division.

Recommendation #1 *The Payroll Division work with the DAS CBO on an annual basis to determine if any new allowable categories should be added to the T Card based upon use and request for exemptions within the year.*

Recommendation #2 *The Payroll Division work with the DAS CBO to determine if meal expenses at Milwaukee Mitchell Airport en route to travel and local parking are allowable expenses and if so, update the manual to provide clarity to employees.*

Recommendation #3 *The Payroll Division meet annually with the Procurement Division to discuss proper card usage for transactions and to maintain consistency between the two card programs.*

Recommendation #4 *The Payroll Division design and require a training program for the Card Coordinators, Card Approving Supervisors and the Departments Heads to ensure that proper review of purchases at the departmental level is occurring and purchases are appropriate.*

Recommendation #5 *The Payroll Division work to design a review process to periodically verify the completion of the purchasing log and signature on the U.S. Bank statement and add additional training to the current training program to ensure proper record retention of the purchasing log and U.S. Bank statement.*

Travel Cards: Our Review Found Issues with Record Retention; the New Financial system will Help but not Solve the Issue.

Audit Team

Bruce Landrum, Jr.
Joseph Williams, CIA
Tevin Roundtree
Mario Stillo

Review Team

Paul Grant, CPA
Lolita Davis-Spears

Administrative Support

Cheryl A. Hosp