



INTERNAL AUDIT REPORT FOR

Travel and Training Expenditures

Gwinnett County Government
Audit Plan Year 2024

October 1, 2024

GWINNETT COUNTY
INTERNAL AUDIT DIVISION

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Background & Scope

Gwinnett County (the County) constitutional officers, department directors, elected officials and employees may incur reasonable travel and training costs that are necessary for business and adhere to the County's Business Expenditure Policy (the Policy) dated September 19, 2017. Expenditures may include professional development seminars, governmental conferences, and related travel. Travelers are encouraged to use procurement cards (P-cards) for booking conferences, seminars, and travel reservations, but the County will also reimburse travelers for reasonable out-of-pocket costs associated with trips. The County may provide travel advances to help defray out-of-pocket costs. Department administrators and liaisons enter trip information into the SAP travel module to determine the amount to be advanced, which must then be approved by supervisors or designees. All travelers are required to complete Travel and Business Expense Reports (Reports) with required receipts within 15 days of trips. The Reports must be signed by employees and approved by supervisors or their designees. Most departments use the SAP travel module to approve, process and record transactions. The Department of Financial Services (DoFS) helps in processing approved travel requests, submitting Reports, and completing trip settlements. Travel and training costs totaled approximately \$4 million during the audit period January 1, 2023, through March 31, 2024. The County's Policy and related control activities are designed to reasonably ensure compliance with the following key guidelines for travel and training related transactions:

- Employees incur travel-related expenses for valid business purposes only. They must also be reasonable and necessary.
- Supervisors or delegates approve all incurred transactions for payment based on proper documentation such as itemized receipts or invoices.
- Travelers comply with all lodging, transportation and other travel requirements contained in the Policy.

The purpose of this audit was to assess compliance with key guidelines and when appropriate evaluate the adequacy and effectiveness of management's control activities that are designed to provide reasonable assurance of achieving the objectives. Internal Audit (IA) conducted this audit in accordance with the *International Standards for the Professional Practice of Internal Auditing* (Standards). The Standards require that we plan and perform the audit to identify and evaluate sufficient information to support engagement results. We interviewed employees, observed certain control activities, and reviewed business documents on a sample basis for the audit period. We believe the evidence provided a reasonable basis for our assessment. See **Exhibit A** for a summary of our audit procedures.

We last reviewed travel and training expenditures for the period April 2019 through October 2020. See audit report dated April 2, 2021, at IA audit reports website for comparative purposes:

<https://www.gwinnettcountry.com/departments/countyadministrator/internalaudit/auditreports>.

Assessment

Travel and training expenditures appeared reasonable. We found no evidence of abuse or significant instances of non-compliance with key provisions of the Policy. Some Report packages lacked sufficient supervisory approvals or supporting documentation, but these exceptions were infrequent or limited to a few agencies. Lodging rates frequently exceeded federal General Services Administration (GSA) rates without explanations, but expenditures were within budget. We communicated these observations to management. Overall, compliance rates were favorable, and we had no recommendations to improve compliance activities that required written corrective actions plans from management.

Recommendations

None

Other Considerations

IA selected a sample of 831 expenditure transactions for approximately 384 trips taken by employees during the audit period and reviewed related documentation for evidence of compliance with key Policy guidelines. See **Exhibit B** for our sampling approach. We observed opportunities to improve certain business activities that may, in our opinion, produce good outcomes. The advisory comments are for consideration only, and management is not required to provide written responses with corrective action plans.

Supervisory Approvals

Supervisory oversight of expenditures is considered the “control” to identify errors in the related reporting process. Approvers should be supervisors who can evaluate the appropriateness of each expenditure. No employee shall approve their own expenditures under any circumstances. Three (3%) percent of sample transactions had no supervisory approvals. Four agencies accounted for almost all exceptions. Insufficient oversight may be economically and reputationally risky. IA suggests agencies utilize automated workflows to ensure expenditures are approved by someone with sufficient authority and business knowledge. Elected officials and executive leadership positions may require special oversight processes due to their high levels within the County. The DoFS reviews Board of Commissioners’ travel and training expenditures for compliance with key travel guidelines. A summary of results should be reported to members on an annual basis. Other elected officials could have their chief administrative officials review Reports for compliance. Also, management should update the Policy to require pre-approval of all international travel. Travel requests would include detailed justifications for trips abroad.

Cost Savings

The Policy contains several guidelines to help ensure employees obtain the overall best value when traveling. Among other guidelines, employees are encouraged to evaluate comparable room rates within a reasonable distance of the event for potential cost savings. Rooms provided at the event facility are acceptable.

Lodging rates exceeding GSA rates must be justified and documented in all circumstances. Forty-four percent (44%) of lodging expenditures in our sample exceeded comparable GSA rates, and Report packages lacked any justifications. Noncompliance was widespread across agencies and departments, most likely because employees stayed at event facilities. Employees also began using new modes of travel and lodging that were not contemplated in the Policy. They included Uber and Airbnb lodging which may or may not be the best value. The County could use the following means to help employees select the most economical travel alternatives:

- Obtain the services of a dedicated travel agent to obtain the best value in travel arrangements.
- Establish preferred vendor accounts with national hotel and rental car providers such as Hyatt Regency, Hilton Hotels, Hertz, and Enterprise for example.
- Some agencies and departments require employees to complete a pre-approval authorization form with justifications. Approval workflows should include pre-approval requirements for traditionally costlier travel.
- The State of Georgia's Department of Administrative Services offers an application that can be used to assist travelers in selecting the most cost-effective ground transportation. Employees could use a similar tool.
- Agencies and departments participated in out-of-state seminars that necessitated lodging, meals, and transportation costs. We realize access to effective technical training may require in-person participation at distant locations, but employees should prioritize local or virtual training opportunities if available. They should also justify travel costs when requesting approval for professional education.

Exhibit A: Summary of Audit Procedures

IA performed the following procedures to substantiate compliance and evaluate the effectiveness of related control activities:

- Reviewed policies and procedures for key compliance requirements.
- Completed walkthroughs with liaisons to confirm understanding of relevant travel and training program processes.
- Reconciled WORKS P-card data, SAP travel module details, and SAP general ledger (GL) transactions for completeness.
- Selected sample of 831 applicable expenditure transactions for the period. See **Exhibit B** for our sampling approach. Sought evidence of supervisory approvals, itemized receipts, and business justifications for the transactions. Also, compared transaction details to key Policy guidelines, including a list of disallowable expenditures, to assess compliance. Accounted for travel advances when applicable.
- Confirmed receipt of refunds for errors, cancellations, or disallowed expenditures when applicable.
- Reviewed GL, petty cash, and WORKS transactions during the audit period to confirm employees did not use petty cash funds for travel and training.

Exhibit B: Sampling Approach

We used sampling procedures to select travel and training expenditures for review. Our sampling objectives were to select representative samples of the population with the smallest sample sizes necessary for evaluating compliance and control effectiveness. Based on our risk assessment and engagement objectives, we used a nonstatistical sampling approach. We judgmentally selected samples based on their dollar values to cover at least 10% of the cumulative dollar value of expenditures for the period. We also ensured samples adequately covered agencies and departments. We believe the sample sizes and selection methods provided sufficient evidence for our evaluation.

Total Travel & Training Expenditures for Audit Period			Samples		
Agencies and Departments	# of Trans.	Amount	# of Trans.	# of Trips	Amount
BOARD OF COMMISSIONERS	468	\$ 79,344	62	31	\$ 30,833
CHILD ADVOCACY & JUVENILE SERVICES	235	25,686	19	8	7,967
CLERK OF COURT	96	30,410	22	8	11,281
CLERK OF RECORDERS COURT	41	13,257	11	4	4,878
COMMUNICATIONS	20	7,910	5	5	3,370
COMMUNITY SERVICES	384	85,681	25	11	18,654
CORRECTIONS	382	47,251	13	10	4,426
COUNTY ADMINISTRATION	152	35,750	9	7	3,217
DISTRICT ATTORNEY	732	233,112	58	33	93,134
FINANCIAL SERVICES	513	126,376	32	12	20,665
FIRE & EMERGENCY SERVICES	804	242,934	67	27	47,036
GENERAL DEPARTMENT USAGE	277	181,231	2	2	2,701
HUMAN RESOURCES	327	141,764	38	11	26,913
INFORMATION TECHNOLOGY	350	156,484	22	12	17,195
JUDICIARY	332	80,047	6	5	9,144
JUVENILE COURT	175	20,081	15	7	2,271
LAW	49	6,874	14	8	1,853
NON-DEPARTMENT	2	14,958	2	1	14,958
PLANNING & DEVELOPMENT	732	181,887	46	22	25,697
POLICE SERVICES	3,110	854,644	110	44	154,721
PROBATE COURT	108	26,579	21	5	6,060
RECORDERS COURT	13	7,142	7	6	6,223
SHERIFF	2,099	436,090	61	32	40,943
SOLICITOR GENERAL	305	56,358	37	13	15,381
SUPPORT SERVICES	146	35,646	23	10	8,665
TAX COMMISSIONER	182	42,674	13	8	4,773
TRANSPORTATION	336	104,864	21	9	7,107
VOTER REGISTRATIONS AND ELECTIONS	200	28,484	5	3	7,083
WATER RESOURCES	1,819	624,618	65	30	45,155
Totals	14,389	\$3,928,137	831	384	\$ 642,304

Data Sources: WORKS and SAP (Unaudited for Financial Reporting Purposes)