

MUNICIPAL AUDITING REPORT

CITY OF ROANOKE

City Council Expenditures

September 4, 2013

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Audit Plan Number: 14002

*Municipal Auditing Department
Chartered 1974*

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BACKGROUND

On April 21, 2008, the City Council passed a resolution approving a travel and expense policy. The policy established that Members of City Council are subject to the City's Administrative Procedures. It also addressed aspects of budgeting, travel, business meals, and outreach that are unique to the roles served by the Mayor and Members of Council. The policy included a requirement that the Municipal Auditing Department review Council expenditures annually for compliance with provisions of the policy. A revised policy was adopted in September 2011 that provided for acknowledging special accomplishments and extraordinary services to the City.

Management accounts for general expenditures necessary to conduct the City Council's business within **Unit 1110**. These general expenditures encompass items such as the costs of advertising notices for public meetings, hosting special events, installing and replacing technology, and hiring appointed officers. The cost of benefits and salaries for Members of Council are also reported in this unit.

Each Member of City Council is provided a budget for individually incurred costs for training, travel, business meals, and communications [email & phone]. Management has established a unique accounting unit for each Member of Council as shown in the following table:

Unit #	Unit Title	Actual FY13
1110	City Council	\$ 230,593
1111	Mayor Bowers	\$ 11,021
1117	Vice Mayor Rosen	\$ 2,592
1112	Council Member Lea	\$ 4,783
1113	Council Member Trinkle	\$ 1,388
1116	Council Member Price	\$ 5,611
1154	Council Member Bestpitch	\$ 735
1158	Council Member Ferris	\$ 416
	Total for Dept 200	\$ 257,139

The City Clerk's Office serves as administrative support to Members of City Council. This includes securing travel arrangements, preparing required forms, obtaining required approvals, and ensuring Council Members are generally informed as to policies and the status of their spending. The City Clerk is also responsible for reviewing Council Members' monthly purchasing card statements and verifying receipts have been submitted to document the items or services purchased.

OBJECTIVES

1. To determine if Members of City Council substantially complied with the Travel and Expense Policy adopted September 6, 2011.
2. To determine if Council expenditures were appropriately classified and in accordance with the adopted budget for the Fiscal Year ending June 30, 2013.

SCOPE

Our review encompassed all City Council expenditures for the period from July 1, 2012, through June 30, 2013.

METHODOLOGY AND RESULTS

1. We reviewed the changes in expenditures from 2012 to 2013, and also compared budgeted expenditures to actual expenditures in 2013.

City Council's actual expenditures were 2.2% lower than in Fiscal 2012; a \$5,801 reduction. Total overall expenditures of \$257,139 in Fiscal 2013 came within the Council's original adopted budget of \$260,931.

2. We reviewed all budget transfers to verify each had appropriate supporting documentation and appeared reasonable and appropriate.

There were five budget transfers, one of which was from the City's contingency fund to cover expenses related to hosting a visiting delegation from Wonju. The other four transfers were between City Council budget units and as such did not represent any net increase or decrease to the overall City Council Budget. Based on the supporting documentation and dialogue with the City Clerk's Office, all transfers appeared to be reasonable and appropriate. Ultimately, the transfer from contingency funds was not necessary as expenditures for the year came in under the originally adopted budget.

3. We reviewed a sample of "Training and Development" expenditures for each Council Member to verify that the proper forms were completed, signed and approved.

We noted that three Council Members incurred no training and development expenses in Fiscal 2013 and so were not subjected to testing. We selected 11 separate expenditures for the remaining four Members of Council and found that in all cases the

required forms had been properly completed with appropriate supporting documentation attached.

4. We selected a sample of “Business Meals and Travel” expenditures for each Council Member and verified compliance with the following requirements:
 - a. An itemized receipt was attached detailing the purchase.
 - b. The purpose of the meal / travel was documented.
 - c. The names of people whose meals were paid by the City were documented.
 - d. Meal costs did not exceed 200% of the GSA’s allowable meal per diem.
 - e. Proper travel forms were completed, signed and approved.
 - f. Supporting documents for registrations, banquets or other commonly attended functions were on file.

Council Members incurred \$4,671 of expenditures for business meals and travel in fiscal year 2013. These expenditures were accompanied by properly signed and approved travel forms, had proper supporting documentation, and were within the guidelines of the City of Roanoke Travel Policy.

5. After filtering out all expenditures for personnel and benefits, internal services, and postage, we reviewed all remaining expenditures posted to the main City Council budget unit [1110]. Our review encompassed fees for professional services, administrative supplies, expendable equipment, and food purchases. We determined the services or goods purchased in each case and considered the purpose based on notations recorded in the files and inquiries with employees in the City Clerk’s Office.

We reviewed 114 expenditures and concluded that all appeared reasonable and appropriate to the functions of City Council.

6. We reviewed the City Clerk’s correspondence with Council Members in order to verify that she provided each Member a monthly report of detailed expenditures on a timely basis.

We determined that the City Clerk’s Office provided Members of City Council a summary report of expenditures by the 15th of each month. We have recommended that the City Clerk consider using a more detailed report of expenditures [AC500].

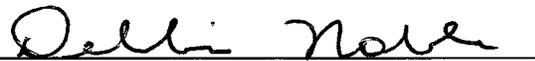
7. We requested that each Member of City Council sign a statement certifying that all of his or her expenditures were, to the best of his or her knowledge, in accordance with City policy and necessary to fulfill his or her duties.

All Council Members provided confirmation that their expenses were necessary to fulfill their duties and in accordance with City policy, to the best of knowledge.

CONCLUSION

We conclude that Members of City Council substantially complied with the Travel and Expense Policy and expenditures were classified correctly in accordance with the 2013 adopted budget.

We would like to thank the City Clerk and her staff, as well as the Members of City Council, for their assistance and cooperation in completing this review.



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**Exhibit 1
Council Members
Budget to Actual Expenditures
For Fiscal Year 2013**

Unit #	Council Member	Telephone / Internet / Fax	Cellular Phone	Dues and Memberships	Training & Development	Business Meals & Travel	Total Expenditure	Final Budget	% of Final Budget
1111	Mayor Bowers	\$ 901	\$ 1,044	\$ 5,269	\$ 3,103	\$ 704	\$ 11,021	\$ 11,776	93.6%
1113	Vice Mayor Rosen	\$ 816	\$ 572	\$ -	\$ 907	\$ 297	\$ 2,592	\$ 2,875	90.2%
1112	Council Member Lea	\$ 723	\$ 1,571	\$ -	\$ 1,651	\$ 838	\$ 4,783	\$ 4,702	101.7%
1113	Council Member Trinkle	\$ 620	\$ 295	\$ -	\$ -	\$ 473	\$ 1,388	\$ 1,500	92.6%
1116	Council Member Price	\$ 444	\$ -	\$ -	\$ 4,407	\$ 759	\$ 5,611	\$ 6,726	83.4%
1154	Council Member Bestpitch	\$ -	\$ -	\$ -	\$ (340)	\$ 1,075	\$ 735	\$ 1,000	73.5%
1158	Council Member Ferris	\$ -	\$ 230	\$ -	\$ (340)	\$ 526	\$ 416	\$ 1,400	29.7%
Total Expenditures by Object:		\$ 3,504	\$ 3,713	\$ 5,269	\$ 9,388	\$ 4,671	\$ 26,546	\$ 29,979	88.5%

Note: This presentation reflects the data available at July 30, 2013, adjusted for misclassified expenditures identified through our review procedures.

Exhibit 2
City Council Unit [1110]
Budget to Actual Expenditures
For Fiscal Year 2013

	Final Budget	Actual Expenditure	(Under)/Over Budget	% of Budget
Council Salaries and Benefits	\$ 165,934	\$ 162,017	\$ (3,917)	97.6%
Fees for Professional Services	\$ 2,800	\$ 8,936	\$ 6,136	319.1%
Administrative Supplies	\$ 5,005	\$ 2,368	\$ (2,637)	47.3%
Expendable Equipment	\$ 7,000	\$ 6,304	\$ (696)	90.1%
Dues and Memberships	\$ 8,245	\$ 7,907	\$ (338)	95.9%
Training and Development	\$ 3,122	\$ -	\$ (3,122)	0.0%
Food	\$ 5,040	\$ 2,681	\$ (2,359)	53.2%
Printing	\$ 500	\$ -	\$ (500)	0.0%
Special Events	\$ 6,988	\$ 7,331	\$ 343	104.9%
Business Meals and Travel	0	\$ 5,874	\$ 5,874	(over)
Gratuities	\$ 5,008	\$ 3,734	\$ (1,274)	74.6%
Postage	\$ 1,000	\$ 303	\$ (697)	30.3%
Internal Printing	\$ 500	\$ -	\$ (500)	0.0%
Internal Services	\$ 23,136	\$ 23,138	\$ 2	100.0%
Total for City Council [1110]:	\$ 234,278	\$ 230,593	\$ (3,685)	98.4%

Note: This presentation reflects the data available at July 30, 2013, adjusted for misclassified expenditures identified through our review procedures.

**CITY OF ROANOKE, VIRGINIA
REVISED
TRAVEL AND EXPENSE POLICY FOR CITY COUNCIL
September 6, 2011**

The purpose of this policy is to establish guidelines for the Members of City Council for the expenditure of City funds for travel and other expenses. Council recognizes the responsibility of its Members to represent the City on various occasions, and it is the intent of this policy to guide Council Members as to the appropriateness of incurring expenses for such occasions. Council also acknowledges the need for an equitable policy, one that is in keeping with its obligation to be accountable to the citizens of the City of Roanoke.

The following provisions relating to travel and other reimbursable expenses shall apply to the Members of City Council:

1. Members of City Council shall be subject to City Administrative Procedures pertaining to purchasing, travel, and business expenses, except as otherwise provided in Subsection 7.
2. Documentation: It shall be the duty of the City Clerk's Office to prepare the required documents for travel and business expenses for Members of Council as prescribed by administrative procedures. The Member of Council for whom forms are prepared shall review them for accuracy and personally sign the forms. The Director of Management and Budget shall review these forms for completeness and compliance with City policy before signing as approver.
3. Budgeting: Each Member of City Council shall be allocated funds for phone and internet services, dues and memberships, training, business meals, gratuities, and postage through the City's annual budgeting process. Budget transfer requests must be justified in writing and shall require approval by a simple majority of the other Members of City Council.
4. Meals with Members of Council, Council-Appointed Officers, or members of City boards and commissions will be reimbursed to the extent funding is available. Meals that are principally related to understanding and promoting the mutual interests of the citizens of Roanoke shall qualify for reimbursement to the extent funding is available. The names of the persons who dined, the purpose of the meeting and an itemized receipt must be provided to the City Clerk's Office for appropriate processing.

5. **Boards and Commissions:** Travel is authorized for Members to attend meetings of the Virginia Municipal League and the National League of Cities, and for service on committees or as officers of such organizations. In addition, the Mayor is authorized to attend the annual conference of the U. S. Conference of Mayors. Travel is also authorized for Council Members to attend meetings of organizations or groups to which they have been appointed by Council to represent the City. All other travel by Members of Council shall be approved in advance by the Council. If advance approval by Council is not feasible, advance approval from the Mayor shall be obtained. The City Clerk shall sign all travel vouchers submitted by Council Members certifying that the travel has been approved by Council and is in compliance with this policy.
6. **Community Events:** As government dignitaries, Members of City Council are expected to represent the City at events hosted by charities and other public service oriented organizations. The cost of admission to such events will be paid by the City to the extent provided for within each Council Member's budget. A printed invitation or announcement of the event indicating the date, sponsoring organization and costs must be provided to the City Clerk's Office for payment or reimbursement.
7. **Rewards and Special Recognition:** Roanoke City Council believes that, under certain circumstances, it is appropriate to recognize hard work, exceptional achievements and certain critical events relating to its employees and citizens. In this regard, Council's appreciation may be expressed through the provision of a tangible reward or a non-monetary expression of gratitude or sympathy. Therefore, City Council may elect to approve the expenditure of City funds for recognitions that generally fall within the following categories:
 - 1) Exceptional performance of an employee, individual, or group;
 - 2) Retirement of an employee or individual who has rendered exceptional service, extraordinary longevity, etc.;
 - 3) Serious illness or death;

- 4) Other: It is acknowledged that occasions may arise that are worthy of recognition by City Council which are not otherwise addressed in this Policy. In such cases, the City Clerk may expend funds for such purpose, after having obtained the informal concurrence of a majority of the members of City Council.
8. The City Clerk's Office shall provide an overview of appropriate administrative procedures and a copy of this policy to the Members of Council, as well as any future revisions.
9. The City Clerk's Office shall provide Members of Council with a monthly report of detailed expenditures.
10. The Municipal Auditing department shall review Council expenditures annually for compliance with this policy.