

MUNICIPAL AUDITING REPORT CITY OF ROANOKE



City Council Expenditures

December 12, 2016

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*Municipal Auditing Department
Chartered 1974*

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BACKGROUND

On April 21, 2008, City Council passed a resolution approving the Travel and Expense Policy for City Council. This policy established that Council Members are subject to the City's Administrative Procedures, while also addressing aspects of travel, business meals, outreach and budgeting that are unique to their roles. The guidelines also included a requirement that Municipal Auditing review Council expenditures annually for compliance with provisions of the policy. During September 2011, City Council adopted revisions to the guidelines that provide for the acknowledgement of rewards and special recognitions.

General expenditures necessary to conduct City Council business are accounted for in a centralized City Council cost center. These general expenditures encompass items such as advertising notices for public meetings, hosting of special events, installing and replacing technology, and hiring appointed officers.

Each Council Member is provided a separate budget for personnel costs, as well as individually incurred discretionary costs related to training, travel, business meals, and communications. All City Council costs centers are encompassed under the City Council Department [Dept 200]. Management has established a unique accounting unit for each Council Member as follows:

Unit	Unit Title	Adopted FY2016 Budget	Ending FY2016 Budget*	Actual FY2016 Expenditures*
1110	City Council	\$ 72,405	\$ 65,368	\$ 61,639
1111	Mayor Bowers	\$ 48,040	\$ 36,380	\$ 35,177
1113	Vice Mayor Trinkle	\$ 25,505	\$ 27,998	\$ 27,966
1112	Council Member Lea	\$ 24,672	\$ 25,328	\$ 25,326
1116	Council Member Price	\$ 26,445	\$ 29,159	\$ 29,068
1117	Council Member Rosen	\$ 29,997	\$ 33,427	\$ 33,424
1154	Council Member Bestpitch	\$ 29,037	\$ 31,988	\$ 31,930
1158	Council Member Ferris	\$ 29,037	\$ 30,052	\$ 30,040
	Total for Department 200	\$ 285,138	\$ 279,700	\$ 274,570

*Per AC532 Report, November 3, 2016

The City Clerk's Office serves as administrative support to Members of City Council. This includes securing travel arrangements, preparing required forms, obtaining 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, 2016.

SCOPE

Our review encompassed all City Council expenditures for the period from July 1, 2015 through June 30, 2016.

METHODOLOGY AND RESULTS

1. We reviewed 100% of budget transfers to verify each appeared reasonable and those related to Council travel were properly approved.

There were 13 budget transfers during the year including those that:

- *Moved funds in relation to mandatory city-wide budget reallocations[one (1) transfer]*
- *Provided additional funds to or reallocated funds amongst Council Members for business meals, as well as training and travel [ten (10) transfers]*
- *Re-allocated personal services costs at year-end [one (1) transfer]*
- *Additional year-end discretionary budget adjustments [one (1) transfer]*

Budget transfers appeared reasonable. However, supporting documentation to reflect approval by a simple majority of Council was not on file for seven (7) transfers related to Council business meals, training and travel.

Management Response:

The City Clerk received verbal approval from Council Members for the business meals, training and travel budget amendments. However, it is often logistically difficult to obtain their written approval. She asked to work with Municipal Auditing to develop a form which could be signed by Council Members as they are on-site for various meeting. Municipal Auditing will help develop a form to streamline the approval process.

2. We compared actual expenditures to final amended budgets.

Total actual expenditures of \$274,570 were \$5,130, or 1.8%, less than the final amended budget of \$279,700. Line item variances were immaterial in amounts.

3. We reviewed 100% of "Training and Development" expenditures for each Council Member and verified compliance with the following requirements:
- a. Proper forms were completed
 - b. Forms were signed by Council Member
 - c. Forms were signed by Management and Budget
 - d. Expenditures appeared related to City of Roanoke business
 - e. Proper supporting documentation accompanied travel forms
 - f. Expenditures were within City of Roanoke Travel and Purchasing Card Policy guidelines

Training and Development expenditures totaled approximately \$14,624 for Fiscal Year 2016. These disbursements were accompanied by properly signed and approved travel forms, were related to City business, had proper supporting documentation, and were substantially within the guidelines of the City of Roanoke Travel and Purchasing Card Policies.

4. We selected a 100% of "Business Meals and Travel" expenditures for each Council Member and the City Council cost center. These were verified for compliance with the following requirements:
- a. Proper forms were completed
 - b. Forms were signed by Council Member
 - c. Forms were approved by Management and Budget
 - d. Expenditures appeared related to City of Roanoke business
 - e. Proper supporting documentation accompanied travel forms
 - f. Expenditures were within City of Roanoke Travel and Purchasing Card Policy guidelines

Business Meals and Travel expenditures totaled approximately \$6,458 for Fiscal Year 2016. These disbursements were accompanied by properly signed and approved travel forms, were related to City business, had proper supporting documentation, and were within the guidelines of the City of Roanoke Travel and Purchasing Card Policies.

5. We reviewed 100% of expenditures posted to the City Council cost center (excluding postage and internal services) and verified compliance with the following requirements:
- a. Invoices were on file
 - b. Expenditures appeared reasonable
 - c. Expenditures were posted to the correct line item
 - d. Monthly Purchasing Card statements were signed by the City Clerk

We reviewed 120 expenditures totaling approximately \$35,728. These disbursements appeared reasonable and supporting invoices were on file. Additionally, monthly Purchasing

Card statements were reviewed and signed by the City Clerk and posted to the correct line item.

- 6. We reviewed the City Clerk's correspondence with Council Members in order to verify each member was provided with 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 timely for 12 of the 12 months (100%).

- 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 their knowledge.

CONCLUSION

Members of City Council substantially complied with the Travel and Expense Policy and expenditures were materially classified correctly in accordance with the adopted budget for the Fiscal Year ending June 30, 2016.

We would like to thank staff from the City Clerk's Office, Department of Management and Budget and Department of Finance, 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 2016**

Council Member	Personal Services	Telephone / Internet / Fax	Telephone - Cellular (1)	Administrative Supplies	Dues and Memberships	Internet Services	Training & Development	Business Meals & Travel	Total Expenditure	Final Budget	\$ Under Budget	% Under Budget
Mayor Bowers	\$ 30,786	\$ 559	\$ 485	\$ 7	\$ -	\$ -	\$ 100	\$ 3,240	\$ 35,177	\$ 36,380	\$ 1,203	3.3%
Vice Mayor Trinkle	\$ 23,339	\$ 360	\$ 894	\$ -	\$ -	\$ 378	\$ 2,939	\$ 55	\$ 27,965	\$ 27,998	\$ 33	0.1%
Council Member Bestpitch	\$ 27,845	\$ -	\$ 362	\$ -	\$ 10	\$ -	\$ 2,969	\$ 744	\$ 31,930	\$ 31,988	\$ 58	0.2%
Council Member Ferris	\$ 27,954	\$ -	\$ 604	\$ -	\$ -	\$ -	\$ 1,322	\$ 160	\$ 30,040	\$ 30,052	\$ 12	0.0%
Council Member Lea	\$ 21,628	\$ 238	\$ 604	\$ -	\$ -	\$ 393	\$ 1,773	\$ 690	\$ 25,326	\$ 25,328	\$ 2	0.0%
Council Member Price	\$ 21,831	\$ 173	\$ 604	\$ -	\$ -	\$ -	\$ 5,521	\$ 939	\$ 29,068	\$ 29,159	\$ 91	0.3%
Council Member Rosen	\$ 32,199	\$ 187	\$ 623	\$ -	\$ -	\$ 390	\$ -	\$ 25	\$ 33,424	\$ 33,427	\$ 3	0.0%
Total:	\$ 185,582	\$ 1,517	\$ 4,176	\$ 7	\$ 10	\$ 1,161	\$ 14,624	\$ 5,853	\$ 212,930	\$ 214,332	\$ 1,402	0.7%

Per AC532 Report, as of November 3, 2016

(1) Includes both direct payments for cellular services and stipends paid to Council Members

Exhibit 2
City Council Unit
Budget to Actual Expenditures
For Fiscal Year 2016

Line Item	Actual Expenditures	Final Budget	\$ Under/(Over) Budget	% Under/(Over) Budget
Fees for Professional Services	\$ 367	\$ 2,780	\$ 2,413	86.8%
Administrative Supplies	\$ 3,357	\$ 4,764	\$ 1,407	29.5%
Expendable Equipment	\$ 205	\$ -	\$ (205)	n/a
Dues and Memberships	\$ 8,581	\$ 9,101	\$ 520	5.7%
Training and Development (1)	\$ -	\$ 1,276	\$ 1,276	100.0%
Food	\$ 3,147	\$ 5,040	\$ 1,893	37.6%
Printing	\$ 248	\$ 750	\$ 502	66.9%
Special Events	\$ 11,159	\$ 14,200	\$ 3,041	21.4%
Business Meals and Travel	\$ 605	\$ -	\$ (605)	n/a
Gratuities	\$ 8,058	\$ 5,008	\$ (3,050)	(60.9%)
Postage	\$ 90	\$ 500	\$ 410	82.0%
Internal Printing	\$ -	\$ 250	\$ 250	100.0%
Internal Services	\$ 25,822	\$ 25,822	\$ -	0.0%
Flexible Overhead Reductions	\$ -	\$ (4,123)	\$ (4,123)	n/a
Total:	\$ 61,639	\$ 65,368	\$ 3,729	5.7%

Per AC532 Report, as of November 3, 2016

(1) City Council ended the year with a \$1,276 surplus in the travel contingency.

**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.