



**Audit Title:** AEDC Reimbursements Audit

**Identified Date:** 9/11/2024

**Audit Owner:** COA Mayor and Council

**Identified Issue:**

The City of Amarillo (COA) Council has raised concerns regarding AEDC employee reimbursements and the use of personal credit cards for expenditure payments.

**Scope:**

COA Internal Audit (IA) was tasked by the Mayor and City Council to perform an audit of all AEDC employee expenditures reimbursements for the past three (3) fiscal years – 2024, 2023, and 2022.

**Process:** Examine actual employee expenditure reimbursements to determine whether expenditures are within policy.

**Detailed Description:**

1. IA extracted employee reimbursement data for all 3 years under review from our financial system.
2. IA identified all reimbursement transactions and obtained supporting documentation for each. IA reviewed support for appropriateness.
3. IA reviewed any trends in approvals, entries, or deviations in processes.

**Internal Audit Approach:**

During audit planning process, IA utilizes policies, procedures, control listings, and any other documents from the business units or area being audited to determine our approach or scope for the audit. Policies, procedures, and other documents will provide a backbone of items that IA can audit against.

**During the audit IA identified the following items:**

1. IA obtained and reviewed the 2017 AEDC Policies and Procedures. The below extracts provided guidance on our audit approach:

**9.6.e. Travel by Air**

*Where practical, Amarillo EDC employees should perform due diligence to obtain the most reasonable cost for official business travel by air. Amarillo EDC employees may personally retain frequent flyer mileage credits accrued from official business travel.*

### **9.3. Amarillo EDC Purchase Card**

*Each employee is issued a purchase card. This is a company credit card to be used for company-related expenditures. All expenditures must be substantiated and there must be receipts and invoices which document the nature and amount of the expenditure.*

### **9.4. Personal Expenditures Eligible for Reimbursement**

*In order for any personal expenditure to be considered reimbursable, the expenditure must be in connection with the performance of services as an employee. All personal expenditures incurred during the normal course of business which reflect the mission of the organization are eligible for reimbursement upon review and approval by the President/CEO.*

2. IA noted that the above policy statement does not provide guidance on whether employees are allowed to utilize personal credit or reward cards. The policy does not prohibit the use of personal credit or reward cards. However, it does provide support on employees retaining their mileage rewards.
3. IA did not identify any reimbursements of reward points or mileage paid back to the COA or AEDC for rewards received from personal credit or reward card programs.
4. IA was not able to validate rewards earned by employees based on the available support.
5. IA noted that all reimbursements follow an approval process where the invoicing or related support is approved through signatures and dates. There is no documented approval process indicating spend thresholds for approvals. IA noted that employee expenditures are approved by one of the AEDC management team.
6. IA noted that reimbursements for the President/CEO are approved by a member of the AEDC Board.

#### **Conclusion:**

IA conclusion based on our audit is that employee reimbursements was approved by AEDC management or a member of the AEDC Board. All reimbursements had documentation to support the reimbursements.

#### **IA Recommendations:**

- 1) COA and AEDC Management should update Policies and procedure to document the process of paying any employee reimbursements for AEDC.
- 2) IA recommends that AEDC follow COA procurement policies that prohibits the use of personal credit or reward cards except in the case of emergencies.

**Audit Coverage:**

Below summaries for each year under audit provides details of our audit coverage. IA had 100% coverage of all reimbursements.

**FY2022**

K. Carter	\$ 93,390.56
M. Kitten	14,532.68
A. Bailey	22.49
H. Shankle	3,320.10
P. Simpson	<u>248.32</u>
<b>Total</b>	<b>\$111,514.15</b>

**FY2023**

K. Carter	\$214,040.41
M. Kitten	66,687.86
A. Bailey	98.28
B. Ochoa	363.74
H. Shankle	42,349.08
P. Simpson	<u>718.98</u>
<b>Total</b>	<b>\$324,258.35</b>

**FY2024**

K. Carter	\$171,628.33
M. Kitten	69,315.09
D. Nelson	17,061.88
A. Bailey	58.27
A. Arias	1045.96
C. Harper	395.00
B. Ochoa	102.46
H. Shankle	40,629.57
P. Simpson	<u>138.86</u>
<b>Total</b>	<b>\$300,375.42</b>