

UTAH STATE SENATE

Lodging, Meal and Transportation Reimbursements

Findings and Recommendations
For the Period February 1, 2013 through July 31, 2013

Report No. 13-LEG-8S-b



OFFICE OF THE
UTAH STATE AUDITOR

UTAH STATE SENATE

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AUDIT TEAM:

Van Christensen, CPA, Audit Director
Leslie Larsen, CPA, Audit Supervisor



OFFICE OF THE
UTAH STATE AUDITOR

REPORT NO. 13-LEG-8S-b

May 20, 2014

The Honorable Wayne Niederhauser, President
Utah State Senate
Utah State Capitol Building
350 North State Street, Suite 320
Salt Lake City, Utah 84114-0115

Dear President Niederhauser:

We have performed the procedures described below to certain aspects of the Utah State Senate's internal control and compliance for the period February 1, 2013 through July 31, 2013. The purpose of these procedures is to assist the Senate in evaluating its internal control over and compliance with policy for lodging, meal, and transportation reimbursements. We performed the following procedures at the Senate:

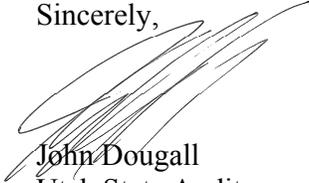
1. We reviewed the internal control over reimbursement procedures.
2. We tested a sample of reimbursements to senators for propriety, reasonableness, and compliance with lodging, meal, and transportation reimbursement policy.

Our procedures were more limited than would be necessary to express an audit opinion on compliance or on the effectiveness of the Senate's internal control or any part thereof. Accordingly, we do not express such opinions. Alternatively, we have identified the procedures we performed and the findings resulting from those procedures. Had we performed additional procedures or had we made an audit of the effectiveness of the Senate's internal control, other matters might have come to our attention that would have been reported to you.

Our findings resulting from the above procedures are included with this report. We recognize that the Legislature recently modified its expense reimbursement policies which also resulted in changes to its compensation arrangement. We believe this was an important change as past policy allowed for reimbursement of expenses that might not be incurred. Although Article VI, Section 9, of the Utah Constitution allows the Legislature to "provide by law for the expenses of its members" it also clearly states that the "Legislature shall not increase the salaries of its members on its own initiative." Therefore, it would be improper for the Legislature to reimburse for any expense that had not been incurred since this could result in an unconstitutional increase in salary by the Legislature. In addition, the Office of the State Auditor would have a financial and constitutional concern if the Legislature were to return to a policy of reimbursing for expenses not incurred, which in the past resulted in amounts being paid to legislators in excess of their salaries as outlined by the citizens' Legislative Compensation Commission.

By its nature, this report focuses on exceptions, weaknesses, and problems. This focus should not be understood to mean there are not also various strengths and accomplishments. We appreciate the courtesy and assistance extended to us by the personnel of the Senate during the course of the engagement, and we look forward to a continuing professional relationship. If you have any questions, please call Leslie Larsen, Audit Supervisor, at 801-808-0379.

Sincerely,



John Dougall
Utah State Auditor

cc: Ric Cantrell, Chief Deputy, Utah State Senate
Leslie McLean, Secretary of the Senate

UTAH STATE SENATE
FOR THE PERIOD FEBRUARY 1, 2013 THROUGH JULY 31, 2013

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UTAH STATE SENATE

FINDINGS AND RECOMMENDATIONS FOR THE PERIOD FEBRUARY 1, 2013 THROUGH JULY 31, 2013

1. IMPROPER REIMBURSEMENT AND INADEQUATE REIMBURSEMENT DOCUMENTATION

We reviewed lodging, meal, and transportation reimbursement requests submitted by members of the Utah State Senate for two pay periods between February 1, 2013, the date the new Legislative Reimbursement Policy took effect, and July 31, 2013 for adequate documentation, proper approval, and compliance with policy. We noted the following problems:

- One senator was reimbursed twice for lodging in the amount of \$192. We believe this occurred because the secretary entered the reimbursement in the payroll system and then pulled the documentation in order to obtain verbal approval. After approval, the documentation was inadvertently placed in the subsequent pay period documentation and entered again.
- One senator was reimbursed \$124 for mileage; however, a Certification of Mileage Form was not included to substantiate the reimbursement. The reimbursement policy states that a legislator may not be reimbursed for mileage without a signed statement that the mileage claimed is accurate.
- Two senators received mileage reimbursements for less than what was documented on their Certification of Mileage Form. Apparently, the changes in the amounts were verbally requested by the senators, but the changes were not indicated on the Certification Forms.

One Senate employee enters the reimbursement information into the payroll system and a second employee performs a detailed review of the payroll information to supporting documentation. The problems noted above were not detected by the detailed review, indicating the review may not be sufficient.

Recommendation:

We recommend that Senate leadership:

- **Ensure reimbursements are entered properly in the payroll system.**
- **Ensure reimbursements are not made without adequate supporting documentation.**
- **Require Senate members to document any mileage changes on their mileage form and sign the form to indicate the information is accurate and complete.**

UTAH STATE SENATE

FINDINGS AND RECOMMENDATIONS FOR THE PERIOD FEBRUARY 1, 2013 THROUGH JULY 31, 2013

We also recommend that Senate leadership ensure that Senate staff perform an adequate detailed review, which includes a reconciliation of reimbursement information entered in the payroll system to supporting documentation, to ensure reimbursements are adequately documented and comply with policy.

2. UNCLEAR POLICY REGARDING THE DISTANCE A LEGISLATOR MUST TRAVEL IN ORDER TO QUALIFY FOR LODGING REIMBURSEMENT

The legislative policy for lodging reimbursement does not specifically address the distance a legislator must travel to qualify for lodging reimbursement. Legislative practice clearly appears to be that all legislators qualify for lodging reimbursement regardless of the distance they travel. However, Legislative policy Section 2.1 (3)(b) states that the maximum lodging reimbursement is the rate identified in Utah Administrative Rule R25-7-8. Utah Administrative Rule R25-7-8 states that “employees traveling less than 50 miles from home base are not entitled to lodging reimbursement.” As such, it could be implied that a legislator must travel more than 50 miles from their home base in order to qualify for lodging reimbursement.

Recommendation:

We recommend that the Legislature clarify its lodging reimbursement policy to align with existing practice. One possibility would be to change the reference from R25-7-8 to R25-7-8(2).



PRESIDENT
WAYNE NIEDERHAUSER

NINTH DISTRICT

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UTAH STATE SENATE

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October 18, 2013

Leslie Larsen, CPA, CFE
Office of the Utah State Auditor
Utah State Capitol Complex
East Office Building, Suite E310
Salt Lake City, Utah 84114-2310

Dear Ms. Larsen:

We are in receipt of the Utah State Auditor finding/recommendations and your review of the Senate internal control and compliance with lodging, meal, and transportation reimbursement policy for the period February 1, 2013 through July 31, 2013.

After discussion and review with Senate staff responsible to organize, implement and dispense Senate reimbursements, my conclusion and supervisory response are to verify Senate policy - which has been discussed, provided in writing, and clearly ordered and emphasized to senators and staff:

- The Senate exceptions to policy are to be documented in writing. Senate staff administering reimbursements will attach and file documentation with each reimbursement.
- Accounting controls require a reimbursement level of input and a subsequent separate level of approval. Input and approval will not be made without adequate supporting documentation.
- Senators are required to document and sign mileage changes on their mileage form. Senate staff will not reimburse without signed documentation verifying any change.
- Senators and Senate staff are to be judicious in adherence to policy guidelines.

Should you have questions, please contact me.

Sincerely,

Wayne L. Niederhauser, President
Utah State Senate



SENATOR
WAYNE L. NIEDERHAUSER
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UTAH STATE SENATE

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May 14, 2014

Leslie Larsen
Utah State Capitol Complex
East Office Building, Suite 310
Salt Lake City, Utah 84114

Dear Ms. Larsen,

This letter is in response to your Findings and Recommendations for the period February 1, 2013 through July 31, 2013, Item 2.

The Senate Legislative Expense Oversight Committee met on January 14, 2014, to modify policy 2.1 (3)(b) to reference R25-7-8(2) rather than R25-7-8, as per your recommendation.

Thank you for your policy advice and your diligent work to save taxpayer dollars.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne Niederhauser", with a long horizontal flourish extending to the right.

Wayne Niederhauser
President of the Utah State Senate