

**Audit of**  
**Travel Expenses at Selected Departments**  
**April 16, 2021**

**Report #2021-02**



## **MISSION STATEMENT**

The School Board of Palm Beach County is committed to providing a world class education with excellence and equity to empower each student to reach his or her highest potential with the most effective staff to foster the knowledge, skills, and ethics required for responsible citizenship and productive careers.

Donald E. Fennoy II, Ed.D.  
Superintendent of Schools

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**Audit of**  
**Travel Expenses at Selected Departments**  
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# Audit of Travel Expenses at Selected Departments

## EXECUTIVE SUMMARY

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Pursuant to the *Office of Inspector General's (OIG) 2019-2020 Work Plan*, we have audited the Travel Expenses at Selected Departments. The primary objectives of this audit were to (1) assess the adequacy of procedures for approving employees' travel requests and related expenses, and (2) determine the extent to which departments have complied with *School Board Policies* and District procedures governing travel expenses.

During Fiscal Years 2019 and 2020, the District incurred a total of \$5,271,203 in out-of-county, out-of-state, and out-of-country travel expenses (Travel Expenses), including \$3,083,618 (58%) expended by District departments and \$2,187,584 (42%) by schools.

Thirteen departments had more than \$50,000 in Travel Expenses each, with a cumulative total of \$2,188,209 (or 71% of all District departments' Travel Expenses) spent on travel during the audit period. We selected 100 high dollar transactions proportionally from these 13 departments for detailed review. These 100 transactions totaled \$816,695, for 850 employees' travel, and represented 37% of the total travel expenses for the 13 departments and 26% for all District departments. This audit produced the following major conclusions:

### 1. Procedures for Processing Employee Travel Requests and Expenditures Appeared Adequate

*School Board Policy 6.01 – Authorized Travel Expense Reimbursement* and the District's *Purchasing Manual* provide guidance related to travel. The District encourages employees to avoid unnecessary travel and arrange travel in the most economical means possible.

Our review of the District's procedures for approving employee travel requests, and authorizing and processing payments of travel-related expenses concluded that the procedures appeared adequate.

*Management's Response: Management Concurs. (Please see page 8.)*

### 2. Unnecessary Travel Expenses

*School Board Policy 6.01 – Authorized Travel Expense Reimbursement, Section 4(e)(iv)* states,

*“Travel using aircraft or other common carriers shall be by the most economical class of transportation. ...”*

Moreover, **Section 112.061(7)(c), Florida Statutes**, states,

*“... In the event transportation other than the most economical class as approved by the agency head is provided by a common carrier on a flight check or credit card, the charges in excess of the most economical class shall be refunded by the traveler to the agency charged with the transportation provided in this manner.”*

Our review noted that additional fees totaling \$248 were incurred for two sample transactions for seat upgrades and priority seating without documented justifications. Travel using transportation means other than the most economical one should be approved only with properly documented justification.

**Management’s Response:** *Management Concurrs. Noted the two samples with findings did not come through normal Accounts Payable Travel Process. (Please see page 8.)*

**OIG Comment:** Details of the two transactions were forwarded to the respective department and school for review and appropriate actions.

### **3. Lack of Approval for Inter-Departmental P-Card Funding Changes**

P-Card transactions are assigned a default funding source, typically a supplies account, for purchases. The P-Card site administrator must manually change the funding source of a transaction if the expenditure is funded by another account within the department, such as travel. In some cases, travel is funded through various grants administered by other departments.

We noted six (totaling \$12,103) of the 85 sample transactions paid by P-Cards were paid with budget funds unrelated to the travelers’ departments. However, three (totaling \$5,888) of these six funding changes did not have any evidence of authorization from the funding departments to use their budget funds.

The Purchasing Department should update the P-card Procedures requiring the transaction initiating department to obtain prior written authorization from the funding department before changing the transaction’s funding account.

**Management’s Response:** *Management Partially Concurrs. Management believes the indicated travel in Table 4 had proper approval. Since there are a limited number of boxes on TDEs once the Chief or Deputy Superintendent approve the form with the funding included, it is considered approved for the departments under their review. Extended Learning receives grants and manages travel and conferences for both Department and School personnel. Leadership decides, in advance, which District employees will take part in these education opportunities. The P-Card Procedures have been updated to include this clarification.*

*(Please see page 8.)*



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FLORIDA

OFFICE OF INSPECTOR GENERAL  
3318 FOREST HILL BLVD., C-306.  
WEST PALM BEACH, FL 33406  
(561) 434-7335 FAX: (561) 434-8652  
www.palmbeachschools.org  
Hotline: (855) 561-1010

TERESA MICHAEL, CIG, CIGI, CFE  
INSPECTOR GENERAL

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## MEMORANDUM

**TO:** Honorable Chair and Members of the School Board  
Donald E. Fennoy II, Ed.D., Superintendent of Schools  
Chair and Members of the Audit Committee

**FROM:** Teresa Michael, Inspector General

**DATE:** April 16, 2021

**SUBJECT:** Audit of Travel Expenses at Selected Departments

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### PURPOSE AND AUTHORITY

Pursuant to the *Office of Inspector General's (OIG) 2019-2020 Work Plan*, we have audited the Travel Expenses at Selected Departments. The primary objectives of this audit were to (1) assess the adequacy of procedures for approving employees' travel requests and related expenses, and (2) determine the extent to which departments have complied with *School Board Policies* and District procedures governing travel expenses.

### SCOPE AND METHODOLOGY

We conducted this audit in accordance with *Generally Accepted Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on the audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions.

During Fiscal Years 2019 and 2020, \$1.8 million (82%) of the \$2.2 million in travel expenses incurred by schools were made on P-Cards. (Please see Table 1). Review of P-Card transactions and disbursement records at schools is part of the audit scope for the Annual Internal Funds Audits of schools. This audit focused on travel expenses incurred by District departments during July 1, 2018, through June 30, 2020, and included interviewing District staff and reviewing:

- *Section 112.061, Florida Statutes* – Per diem and travel expenses of public officers, employees, and authorized person; statewide travel management system
- *School Board Policy 6.01* – Authorized Travel Expense Reimbursement
- *Internal Accounts Manual, Chapter 21* – Travel
- *Purchasing Manual, Chapter 24* – P-Card
- *District Bulletin #PD 16-212 COO* – Enterprise/National Car and Commercial Vehicle and Truck Rental Contract 16C-905A (State Contract No. 78111808-15-1)

- *OIG’s Audit of Alternative Education Department’s Travel Expenses* (Report #2008-06)
- Supporting documentation for travel expenses

Draft audit finding were sent to management for review and comments. Management responses are included in the Appendix. We appreciate the courtesy and cooperation extended to us by staff during the audit. The final draft report was presented to the Audit Committee at its April 16, 2021, Meeting.

## BACKGROUND

The District is committed to the development and training of its employees. Each year, the District allocates funds to provide Professional Development Training for staff. These funds provide opportunities for employees to obtain growth in their professions by attending conferences, workshops and other types of trainings. Travel and training expenses incurred are charged to the respective department’s budget accounts. Additionally, the District assists with travel expenses of scholastic and sports teams competing nationally.

### Travel Expenditures

During Fiscal Years 2019 and 2020, the District incurred a total of \$5,271,203 in out-of-county, out-of-state, and out-of-country travel expenses (Travel Expenses<sup>1</sup>), including \$3,083,618 (58%) expended by District departments and \$2,187,584 (42%) by schools. (Please see Table 1.)

**Table 1**  
**Travel Expenses**  
**During Fiscal Years 2019 and 2020**

Departments/ Schools	Travel Expenses		
	FY-2019	FY-2020	Grand Total
<i>Departments</i>			
P-Cards	\$1,424,470.93	\$908,117.60	\$2,332,588.53
Checks	\$328,757.46	422,272.13	751,029.59
<b>Total Departments</b>	<b>\$1,753,228.39</b>	<b>\$1,330,389.73</b>	<b>\$3,083,618.12</b>
<i>Schools</i>			
P-Cards	\$1,153,012.26	\$633,759.42	\$1,786,771.68
Checks	231,187.96	169,624.76	400,812.72
<b>Total Schools</b>	<b>\$1,384,200.22</b>	<b>\$803,384.18</b>	<b>\$2,187,584.40</b>
<b>Grand Total</b>	<b>\$3,137,428.61</b>	<b>\$2,133,773.91</b>	<b>\$5,271,202.52</b>

Sources: PeopleSoft Accounts Payable System and SchoolCash database

<sup>1</sup> In-County Travel Expenses are primarily mileage reimbursements to staff. This audit focused on out-of-county and out-of-state travel. During the audit period, there were no out-of-country expenses incurred by District Departments.

**Table 2**  
**Travel Expenses by Destinations**  
**During Fiscal Years 2019 and 2020**

Destination	Travel Expenses		
	FY-2019	FY-2020	Grand Total
<b>Out-of-County</b>	<b>\$1,820,481.52</b>	<b>\$1,273,079.44</b>	<b>\$3,093,560.96</b>
<b>Out-of-State</b> <sup>Note</sup>	<b>\$1,316,947.09</b>	<b>\$860,694.47</b>	<b>\$2,177,641.56</b>

Source: PeopleSoft Accounts Payable System and SchoolCash database

Note: Out-of-State account includes Out-of-County (foreign travel) expenses

**Sampling Methodology**

Travel Expenses for all District departments during Fiscal Years 2019 and 2020 totaled \$3,083,618. Thirteen departments had more than \$50,000 in Travel Expenses each, with a cumulative total of \$2,188,209 (or 71% of all District departments' Travel Expense) spent on travel during the audit period. (Please see Table 3). We selected 100 high dollar transactions proportionally from these 13 departments for detailed review. These 100 transactions totaled \$816,695, for 850 employees' travel, and represented 37% of the total travel expenses for the 13 departments and 26% for all District departments.

**Table 3**  
**Departments With Greater than \$50,000**  
**Travel Expenses During Fiscal Years 2019 and 2020**

Department	Department Totals		Audit Samples		
	# of Payments	\$	# of Payments	\$	# of Traveling Employees
Teaching and Learning (#9048)	1,227	\$956,372.58	44	\$682,339.80	448
Choice and Career Options (#9044)	654	\$236,572.76	11	\$20,945.80	11
Extended Learning (Afterschool Programming) (#9012)	382	\$158,853.23	7	\$18,498.38	18
Exceptional Student Education (#9032)	467	\$106,929.79	5	\$7,201.99	5
Recruitment and Retention (#9267)	473	\$106,474.52	5	\$8,325.11	24
Deputy Superintendent (#9052)	346	\$94,293.60	4	\$16,000.00	4
School Food Services (#9151)	354	\$89,454.82	4	\$8,383.30	6
Multicultural Education (#9083)	317	\$88,961.27	4	\$10,649.48	23
Safe Schools (#9018)	289	\$83,761.21	4	\$9,736.12	4
Federal/State Programs (#9031)	166	\$73,680.59	3	\$8,615.00	5
Professional Development (#9264)	240	\$72,345.20	3	\$3,000.00	3
Early Childhood Education (#9033)	217	\$61,064.75	3	\$3,454.60	3
School Transformation (#9030)	151	\$59,444.57	3	\$19,545.00	26
<b>Total for 13 Sample Departments</b>	<b>5,283</b>	<b>\$2,188,208.89</b>	<b>100</b>	<b>\$816,694.58</b>	<b>580</b>
<b>Total for all District Departments</b>		<b>\$3,083,618.12</b>			

Source: PeopleSoft Accounts Payable Invoices

## CONCLUSIONS

This audit produced the following major conclusions:

### 1. Procedures for Processing Employee Travel Requests and Expenditures Appeared Adequate

*School Board Policy 6.01 – Authorized Travel Expense Reimbursement* and the District's *Purchasing Manual* provide guidance related to travel. The District encourages employees to avoid unnecessary travel and arrange travel in the most economical means possible. Employee travel can include in-county, out-of-county, out-of-state, and out-of-country travels for various reasons including attending conferences, training workshops, and assisting others.

Employees must complete the *Leave/Temporary Duty Elsewhere Application (TDE) Form (PBSD0032) (TDE Form)* before incurring travel-related purchases. The Principal or Department head approval certifies that funds are available in the specified accounts. For out-of-county, out-of-state, and out-of-country travel, additional approvals are required by Regional/Instructional Superintendents and appropriate Chief Officer. Travel outside of the United States also requires approval by the School Board.

Payment in advance of travel related expenses (such as registrations, flights, and hotel reservations) is permitted by using a District-issued Purchasing Card (P-Card)<sup>2</sup> or by District/School check once travel is properly approved. After travel has occurred, the employee must complete an *Out-of-County Travel Reimbursement Claim Form (PBSD 0096)* to account for all travel expenses including those paid in advance by the District, and incidental expenses and per diem reimbursement claims by the employee. All costs must be supported with paid invoices and receipts.

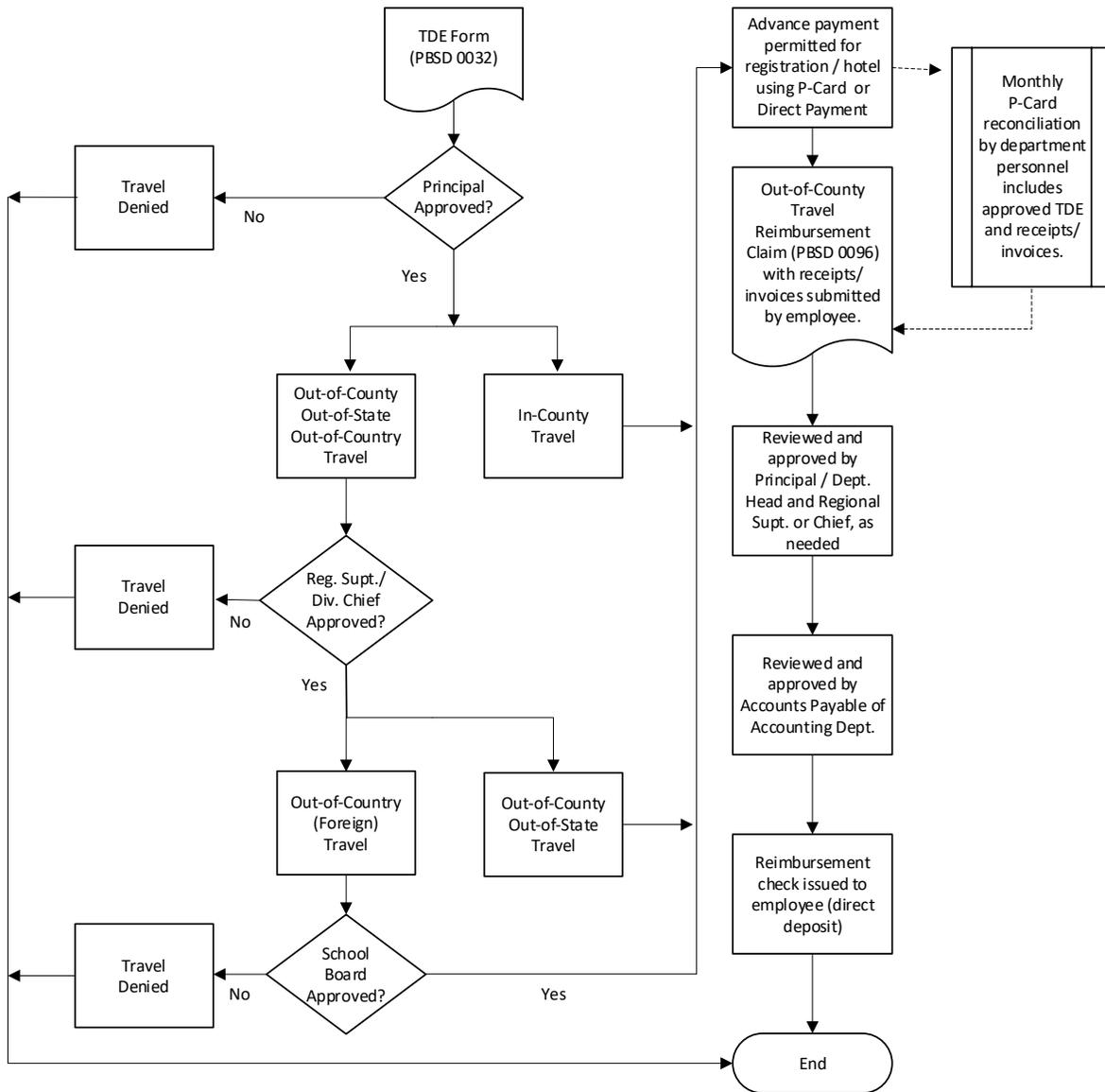
Figure 1 provides an overview of the supervisory review and authorization procedures for travel-related expenses.

Our review of the District's procedures for approving employee travel requests, and authorizing and processing payments of travel-related expenses concluded that the procedures appeared adequate.

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<sup>2</sup> In 2004, the School District implemented the use of Purchasing Cards (P-Cards) in order to expedite small dollar purchases of materials, supplies, and make travel arrangements. If the travel arrangement is greater than \$1,000 (per vendor, per day), District procedures require the P-Card holder to obtain Purchasing Department's approval of the P-Card transaction and a temporary increase of the card's spending limit. As of June 30, 2020, 807 P-Cards were issued to schools and departments.

**Figure 1**  
**Supervisory Review and Approval of Travel-Related Expenses**



*Management’s Response: Management Concur. (Please see page 8.)*

**2. Unnecessary Travel Expenses**

**School Board Policy 6.01 – Authorized Travel Expense Reimbursement, Section 4(e)(iv.)** states,

*“Travel using aircraft or other common carriers shall be by the most economical class of transportation. ...”*

Moreover, *Section 112.061(7)(c), Florida Statutes*, states,

*“... In the event transportation other than the most economical class as approved by the agency head is provided by a common carrier on a flight check or credit card, the charges in excess of the most economical class shall be refunded by the traveler to the agency charged with the transportation provided in this manner.”*

Our review noted that two (totaling \$8,791) of the 100 sample expenditures included \$248 in additional fees for seat upgrades and priority seating without documentation of justification.

### **Recommendation**

Travel using transportation means other than the most economical one should be approved only with properly documented justification.

**Management’s Response:** *Management Concur.* Noted the two samples (#8 and #50) with findings did not come through normal Accounts Payable (AP) Travel Process:

- a. *Sample 8 – One employee did not show the priority receipt included with travel claim (since added separately) and the other employee did not file a travel claim (which means they did not request per diem for meals, which exceeded the priority seating fee). When AP staff reviews documentation for travel, claims are reduced by any excessive travel costs indicated on receipts.*
- b. *Sample 50 – Travel claim was processed as a reimbursement to a school (a Miscellaneous Payment PBSB 1275) not through AP staff that typically reviews Travel, the department head should have reduced the claim prior to submitting with their approval.*

*(Please see page 8.)*

**OIG Comment:** Details of the two transactions were forwarded to the respective department and school for review and appropriate actions.

### **3. Lack of Approval for Inter-Departmental P-Card Funding Changes**

District procedures require each P-Card holder to reconcile monthly their bank statement with original receipts and invoices. The reconciliations are coordinated by the P-Card site administrator and approved by the principal or department head. Each P-Card is assigned a default funding source, typically a supplies account, for purchases. The site administrator must manually change the funding source of a transaction if the expenditure is funded by another account within the department, such as travel. Procedures in the online PeopleSoft Job Aid, *Reconciling P-Card Charges*, requires the P-Card Site Administrator to update and approve changes to the funding strip, based on the nature/type of the expenses, when the funding source differs from the default funding account.

Most funding changes remain within the originating department. However, travel is often funded through various grants administered by other departments. The 100 sample transactions selected for review included 85 P-Card payments and 15 check payments. We noted six P-Card transactions, totaling \$12,103, were paid with budget funds unrelated to the travelers' departments. However, (three totaling \$5,888) of these six funding changes did not have any evidence of authorization from the paying departments to use their budget funds. (Please see Table 4.)

**Table 4**  
**P-Cards Purchases Funded by Different Department**  
**Without Written Authorization**

P-Card Holder	P-Card Holder Dept. #	Funding Department	Funding Dept. #	Transaction Date	Total Travel Expenses
Egret Lakes Elementary	2101	Extended Learning	9012	3/25/2019	\$2,000
Teaching and Learning	9048	Extended Learning	9012	3/8/2019	\$2,000
School Transformation	9030	Extended Learning	9012	5/4/2019	\$1,888
<b>Total</b>					<b>\$5,888</b>

Source: P-Card Month-End Reconciliation package

The funding source is stated on the approved *TDE Form*, which was approved by the traveler's supervisor and not the budget fund's owner. However, there was no requirement to obtain and document authorization from the funding department before posting expenditures to the budget account of the funding department. Budget owner would be aware of expenditures incurred by other department/schools being posted to their accounts only if they monitor their budgets regularly. The lack of control in the approval process when funding for travel was changed from one department to another department could potentially allow unrelated expenses to be charged to a department without the knowledge of the department head resulting in budget overruns.

**Recommendation**

The Purchasing Department should update the P-card Procedures requiring the transaction initiating department to obtain prior written authorization from the funding department before changing the transaction's funding account.

**Management's Response:** *Management Partially Concur.* Management believes the indicated travel in Table 4 had proper approval. Since there are a limited number of boxes on TDEs once the Chief or Deputy Superintendent approve the form with the funding included, it is considered approved for the departments under their review. Extended Learning receives grants and manages travel and conferences for both Department and School personnel. Leadership decides, in advance, which District employees will take part in these education opportunities. The P-Card Procedures have been updated to include this clarification.

(Please see page 8.)

Management's Response  
Office of the CFO



THE SCHOOL DISTRICT OF  
PALM BEACH COUNTY, FL

CHIEF FINANCIAL OFFICE  
3300 FOREST HILL BOULEVARD, C-316  
WEST PALM BEACH, FL 33406

PHONE: 561-434-8584 / FAX: 561-357-7585  
[WWW.PALMBEACHSCHOOLS.ORG/CFO](http://WWW.PALMBEACHSCHOOLS.ORG/CFO)

MICHAEL J. BURKE  
CHIEF FINANCIAL OFFICER

Donald E. Fennoy II, Ed.D.  
SUPERINTENDENT

MEMORANDUM

TO: Teresa Michael, Inspector General

FROM: Michael J. Burke, Chief Financial Officer *MJS*

DATE: February 11, 2021

SUBJECT: Response Audit of Travel Expenses at Selected Departments



Management reviewed the Audit Report related to Travel Expenses at Selected Departments and has the following responses to recommendations.

- 1) **Procedures for Processing Employee Travel Requests and Expenditures Appeared Adequate**  
Management Concurs
- 2) **Travel using transportation means other than the most economical one should be approved only with properly documented justification.**  
Management Concurs – Noted the two samples (#8 and #50) with findings did not come through normal Accounts Payable (AP) Travel Process:
  - a. Sample 8 - One employee did not show the priority receipt included with travel claim (since added separately) and the other employee did not file a travel claim (which means they did not request per diem for meals, which exceeded the priority seating fee). When AP staff reviews documentation for travel, claims are reduced by any excessive travel costs indicated on receipts.
  - b. Sample 50 - Travel claim was processed as a reimbursement to a school (a Miscellaneous Payment PBSD 1275) not through AP staff that typically reviews Travel, the department head should have reduced the claim prior to submitting with their approval.
- 3) **Purchasing Department should update the P-Card Procedures requiring the transaction initiating department to obtain prior written authorization from the funding department before changing the transaction's funding account.**  
Management Partially Concurs – Management believes the indicated travel in Table 4 had proper approval. Since there are a limited number of boxes on TDEs once the Chief or Deputy Superintendent approve the form with the funding included, it is considered approved for the departments under their purview. Extended Learning receives grants and manages travel and conferences for both Department and School personnel. Leadership decides, in advance, which District employees will take part in these education opportunities. The P-Card Procedures have been updated to include this clarification.

MJB/mw:NS

The School Board of Palm Beach County, Florida  
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An Equal Education Opportunity Provider and Employer