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City Auditor Laura Doud Releases Audit of Harbor Department's Travel Expenses
Audit Reveals Decentralized System and Limited Oversight Resulted In Excessive Travel Expenses

Long Beach, CA – Long Beach City Auditor Laura Doud released today the findings of an audit of the travel expenses of the Long Beach Harbor Department. The audit was initiated due to questions that were raised during the 2014 City budget proceedings concerning the amount and cost of international travel incurred by the Harbor Department's Commissioners. The audit period covered a sample of international trips involving Harbor Commissioners taken between October 1, 2011 and June 30, 2013 to assess the reasonableness of travel records and reimbursements.

"The Harbor Department participates in a tremendous amount of overseas trips often with very complicated travel arrangements. This audit reveals that having numerous people within the department involved in the process reduces the ability to ensure costs are competitive, documentation is complete and reimbursements are appropriate," commented City Auditor Laura Doud.

The audit notes that a harbor the size of Long Beach's that relies heavily on international trade can expect to incur significant travel expenses while it builds global relationships and promotes the advantages of the port. However, the scope of the audit did not assess whether the individual trips audited were necessary or if they resulted in additional business to the Harbor. The audit did look for evidence that business was conducted on the trips but this proved to be difficult as information on meetings was not complete and often lacked detail of participants and objectives.

For the past two fiscal years, the Harbor Department has averaged \$600,000 annually in travel expenses. Although the type of travel taken by Harbor representatives can be very complicated to arrange, the department has not dedicated one particular administrative unit to oversee the process. Instead, several parties are involved in making travel arrangements with no evidence of coordination between the parties to ensure costs are consistent among the travelers. Documentation concerning planning, booking, business conducted, and expense review is extremely limited, providing little evidence of the department's efforts to contain costs. These factors contributed to ineligible expenses being reimbursed and large expenses rarely questioned.

The Harbor Department's decentralized system and limited oversight of travel expenses resulted in a variety of issues that the audit categorized into the following groups:

1. Travel costs of spouses subsidized by Harbor
2. Costs reimbursed for early arrivals or late departures
3. Trade representative expenses not questioned
4. High travel expenses
5. Documentation of actual business incurred is limited
6. Additional violations of administrative directives
7. Increase review of credit card statements needed

Examples of these issues as well as recommendations for each are provided in the attached audit report.

“It is essential that the Harbor Department accept and implement the recommendations of the audit and ensure that travelers adhere to the established policies and procedures. I encourage management to take swift corrective action to strengthen the system and improve travel operations,” concluded City Auditor Doud.

The full report with a detailed explanation of the City Auditor’s recommendations and management comments can be viewed on the City Auditor’s website, www.CityAuditorLauraDoud.com.

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