

MEMORANDUM

TO: Habib F. Balian
FROM: Crandal Jue
DATE: November 17, 2011
SUBJECT: 20-Month Review of Staff-Incurred Expenses

During the first few weeks of November, staff conducted an informal review of staff-incurred expenses for the 20-month period from January 1, 2010 through August 31, 2011. The review covered approximately \$150,000 worth of expenses, including purchases of office equipment, materials for community events, gas and parking reimbursements, business meals, out-of-state travel, and other Authority related matters. Most expenses were purchased using agency-issued credit cards; however, just under \$10,000 was paid out of pocket by employees and later reimbursed.

Although original receipts were provided for nearly all expenses, limited explanations were included in the files when the review began. Through the review process, staff was asked to go back in their records and provide sufficient detail for those expenses when insufficient detail was initially provided. Staff was asked to only add detail in those instances where they clearly recalled the details. In all, there were only a handful of instances where additional detail regarding the expense item was not able to be provided by the employee.

Over the 20-month period it is important to note 13 instances when staff reimbursed the Authority for an expense, mostly because of a mistaken use of an Authority-issued credit card. These instances totaled just over \$2,000. All of instances were identified within the 20-month period, and no additional instances were identified through this recent review effort.

Over the 20-month period, it is also important to note that the \$150,000 worth of expenses reviewed equates to less than 2% of the Authority's annual administrative budget (and that all expense categories in which these expenses were assumed remained under the total budget amount approved by the board).

Nearly 45% of the total expenses reviewed for the 20-month period (just over \$67,000) were incurred for purchasing office supplies and equipment, mostly related to the Authority's move to a new office and the increase in staff following project funding. Materials and food for Authority-sponsored events (community and industry related), as well as Authority meetings accounted for an additional 20% or \$30,000. Nearly 10% related to gas and parking expenses, and just over 26% related to travel to DC and attendance at conferences. An average of three trips per year were conducted during the 20-month period, for meetings and conferences. Most trips included the CEO and at least two board members, and nearly all were conducted in one or two day increments. Together, travel expenses averaged less than \$20,000 a year during the two-year period, well within the travel budget set by the board.

As was requested by Board Member Fasana earlier this month, the Finance Department will conduct a similar annual audit at the end of FY12 to review employee-incurred expenditures, and to confirm that staff is meeting all requirements set by the Board of Directors.

Executive Officer:

Habib F. Balian
Chief Executive Officer