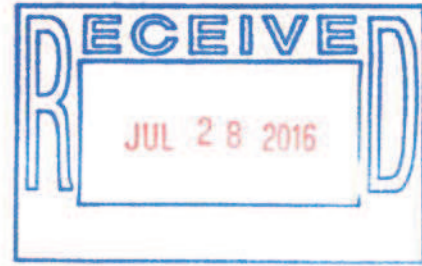


July 13, 2016

Ms. Pamela Reece, Deputy City Manager
Town of Normal
11 Uptown Circle
Normal, IL 61761



Re: Mr. Scott Preston Travel Expense Analysis

Submitted Electronically

Dear Ms. Reece:

Pursuant to your request and in accordance with our engagement letter, CliftonLarsonAllen LLP has performed analysis of various travel expenses of Mr. Scott Preston as well as a review of travel policies. This letter serves to share the results of our work.

The procedures outlined in this report do not constitute an audit performed in accordance with generally accepted auditing standards or an attestation service, as those terms are defined by the American Institute of Certified Public Accountants. Accordingly, we do not express an opinion or provide any assurance on such information.

Sincerely,

Bethany M. Hearn, CPA/ABV/CFF, ASA

INTRODUCTION

CliftonLarsonAllen LLP ("CLA") was engaged by the Town of Normal (the "Town") to review documentation related to the travel expenses of Mr. Scott Preston ("Mr. Preston"), Town council member. As part of the review, CLA examined Town policies guiding staff reimbursement and specific travel and training reimbursement transactions.

PROCEDURES

We reviewed supporting documentation related to the travel expenses Mr. Preston submitted for reimbursement. We were provided documents and data including but not limited to the following:

- Scanned PDF images of supporting documentation of seven out-of-town trips taken by Mr. Preston
- Scanned PDF images of supporting documentation of an out-of-town trip taken by Ms. Sonja Reece (Council Member) which corresponded to one of Mr. Preston's trips
- Town credit card listing
- Town policies:
 - Credit Card use
 - Mileage reimbursement
 - Conference and Training
- Town Travel Advance/Reimbursement request form
- Example New Council Member orientation agenda

We reviewed the Town policies and created a matrix to define the key provisions. We then examined the documents supporting Mr. Preston's travel expenses and compared those to the policy provisions attempting to determine appropriateness and reasonableness of the incurred expenses. In addition to recording and examining the primary elements of amount and nature of the expenses, we created timelines of each trip to augment our understanding of the nature of Mr. Preston's travel habits. We reviewed supporting documentation from seven different trips taken by Mr. Preston in 2014, 2015 and 2016 along with one trip taken by Ms. Sonja Reece in 2014.

OBSERVATIONS

The Town's policies are explicitly directed at employees; however, we learned from Mr. Andrew Huhn, Town Finance Director, that Town council members are expected to follow the policies as well and are presented them during one-on-one new council member orientation meetings conducted by the City Manager.

Though the Town's travel policy indicates that personnel will "...ordinarily be authorized to attend only one interstate conference or training activity per year", Mr. Preston often attended two or three in a given year. Mr. Preston's seven trips took place between June 2014 and March 2016. Five of the trips were to Washington, D.C., one was to Austin, Texas, and one was to Nashville, Tennessee.

In most instances, Mr. Preston provided some type of receipt supporting his expenses though in some cases he provided only a copy of his personal credit card statement. Many of the receipts submitted, primarily those related to food items, were not itemized and therefore we were unable to make an

assessment of reasonableness. The table below summarizes Mr. Preston's trip expenses by the type of substantiating documentation provided.

Trip	Total Expenditures	Supported by Itemized Receipts	Supported by Unitemized Receipts	Supported by Credit Card Statement	Not Supported by Receipts
Washington DC (purpose unknown)	953.29	765.15	155.14	-	33.00
Washington DC - travel with Congressman Schock	1,796.85	1,499.92	296.93	-	-
Austin TX (NLC Conference 2014)	607.79	427.45	71.34	109.00	-
Washington DC (OneVoice and NLC Conference 2015)	2,752.97	1,998.32	479.69	262.55	12.41
Washington DC (Chamber of Comm. Small Bus. Conf.)	4,056.62	3,973.13	19.50	-	63.99
Nashville TN (NLC Congress of Cities Conference 2015)	3,388.97	2,709.54	188.90	-	490.53
Washington DC (NLC Congressional City Conference 2016)	4,066.52	3,443.76	93.79	407.97	121.00
GRAND TOTAL	\$ 17,623.01	\$ 14,817.27	\$ 1,305.29	\$ 779.52	\$ 720.93

We learned from discussions with Town management, that Mr. Preston often made his travel arrangements at the last minute which was substantiated in the supporting documentation. Flight arrangements were found to have been made within days of expected travel though registration for the conferences was made well in advance. We observed one instance where Mr. Preston made his flight arrangements at the airport on the day of travel. While we were unable to determine what the exact costs of these flights might have been had Mr. Preston made them sooner, it is generally understood that last minute flights are often more costly.

According to the Town's policy, a per diem of \$40 per day for meals and other incidental travel expenses is provided for out of state travel. The \$40 is explained as \$5 for breakfast, \$10 for lunch and \$25 for dinner. The policy further states that receipts will be required for all meal reimbursements that exceed the per diem amount. There is no additional clarification regarding what other incidental travel expenses are covered or whether there is a maximum dollar amount that will be reimbursed for a given meal.

Mr. Preston's eating habits were difficult to assess as the Town's policies don't require that the meal attendees be noted. There were several charges that were in excess of \$100 but it is unclear whether Mr. Preston was entertaining for business purposes, joined by other Town personnel or paying for non-Town personnel. Mr. Preston often took advantage of more expensive types of dining including room service. Based on the documentation provided, on at least one occasion, Mr. Preston had room service lunch at the Four Seasons even though he registered for and the Town paid for his participation in an NLC conference luncheon on the same day. This instance was during the March 2015 NLC conference in Washington, D.C. We noticed that Mr. Preston often ate lunches at restaurants away from the conference locations. Since we were not provided detailed historical conference agendas and were unable to find any through online research, we could not determine whether lunchtime meals were included as part of the various conference packages and whether Mr. Preston's restaurant lunch charges were reasonable. There were a few occasions where Mr. Preston incurred meal expenses for four or more meals on the same day. There was one instance where meal expenses were for eight meals on the same day, March 7, 2015, totaling \$295.70. The table below summarizes the total meal costs Mr. Preston incurred while on his various trips by date. While the Town's policies do not indicate that an itemized receipt is required as support, we have noted the amounts of Mr. Preston's meal expenses

supported by various types of documentation including un-itemized receipts, un-itemized receipts, or credit card statement. As well we have noted the amounts not supported by any receipt documentation.

Trip	Date	No. of Food Expenditures	Total Food Cost	Costs Supported by Itemized Receipts	Costs Supported by Unitemized Receipts	Costs Supported by Credit Card Statement	Costs Not Supported by Receipts
Washington DC (purpose unknown)	06/09/14	0	-	-	-	-	-
Washington DC (purpose unknown)	06/10/14	1	1.50	-	1.50	-	-
Washington DC (purpose unknown)	06/11/14	0	-	-	-	-	-
Washington DC (purpose unknown)	06/12/14	0	-	-	-	-	-
Trip Subtotal		1	1.50	-	1.50	-	-
Washington DC - travel with Congressman Schock	07/12/14	0	-	-	-	-	-
Washington DC - travel with Congressman Schock	07/13/14	2	109.93	-	109.93	-	-
Washington DC - travel with Congressman Schock	07/14/14	1	132.91	-	132.91	-	-
Washington DC - travel with Congressman Schock	07/15/14	1	54.09	-	54.09	-	-
Washington DC - travel with Congressman Schock	07/16/14	1	22.18	22.18	-	-	-
Trip Subtotal		5	319.11	22.18	296.93	-	-
Austin TX (NLC Conference 2014)	11/19/14	0	-	-	-	-	-
Austin TX (NLC Conference 2014)	11/20/14	0	-	-	-	-	-
Austin TX (NLC Conference 2014)	11/21/14	4	91.25	15.25	48.00	28.00	-
Austin TX (NLC Conference 2014)	11/22/14	2	68.34	-	23.34	45.00	-
Trip Subtotal		6	159.59	15.25	71.34	73.00	-
Washington DC (OneVoice and NLC Conference 2015)	03/03/15	0	-	-	-	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/04/15	0	-	-	-	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/05/15	2	46.22	-	46.22	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/06/15	3	77.11	-	64.70	-	12.41
Washington DC (OneVoice and NLC Conference 2015)	03/07/15	8	295.70	83.97	211.73	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/08/15	2	74.73	-	74.73	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/09/15	4	139.01	14.03	-	124.98	-
Washington DC (OneVoice and NLC Conference 2015)	03/10/15	1	12.25	12.25	-	-	-
Trip Subtotal		20	645.02	110.25	397.38	124.98	12.41
Washington DC (Chamber of Comm. Small Bus. Conf.)	06/08/15	1	19.00	19.00	-	-	-
Washington DC (Chamber of Comm. Small Bus. Conf.)	06/09/15	1	19.50	-	19.50	-	-
Washington DC (Chamber of Comm. Small Bus. Conf.)	06/10/15	4	60.63	60.63	-	-	-
Trip Subtotal		6	99.13	79.63	19.50	-	-
Nashville TN (NLC Congress of Cities Conference 2015)	11/04/15	2	29.08	22.00	-	-	7.08
Nashville TN (NLC Congress of Cities Conference 2015)	11/05/15	2	159.61	-	93.00	-	66.61
Nashville TN (NLC Congress of Cities Conference 2015)	11/06/15	2	85.00	-	32.00	-	53.00
Nashville TN (NLC Congress of Cities Conference 2015)	11/07/15	5	259.36	7.46	63.90	-	188.00
Nashville TN (NLC Congress of Cities Conference 2015)	11/08/15	1	34.00	-	-	-	34.00
Trip Subtotal		12	567.05	29.46	188.90	-	348.69
Washington DC (NLC Congressional City Conference 2016)	03/05/16	3	152.63	18.12	19.51	-	115.00
Washington DC (NLC Congressional City Conference 2016)	03/06/16	2	91.47	17.19	74.28	-	-
Washington DC (NLC Congressional City Conference 2016)	03/07/16	1	14.86	-	-	14.86	-
Washington DC (NLC Congressional City Conference 2016)	03/08/16	3	181.71	181.71	-	-	-
Washington DC (NLC Congressional City Conference 2016)	03/09/16	3	37.04	18.01	-	19.03	-
Trip Subtotal		12	477.71	235.03	93.79	33.89	115.00
GRAND TOTAL		62	\$ 2,269.11	\$ 491.80	\$ 1,069.34	\$ 231.87	\$ 476.10

As evidenced in the table on the following page, we observed instances where Mr. Preston took multiple taxi rides in a day including seven on March 7, 2016. The documentation provided did not state the purpose of the taxicab rides for any of the trips or the number of people in the cab for the majority of them. The Town's policies do not require documentation related to the purpose of taxicab rides or

provide a limit on the number or dollar amount of taxi rides while traveling. The table below shows the number and total costs of Mr. Preston's taxi rides by date for his various trips.

Trip	Date	No. of Taxi Expenditures	Total Taxi Cost	Costs Supported by Itemized Receipts	Costs Supported by Credit Card Statement	Costs Not Supported by Receipts
Washington DC (purpose unknown)	06/09/14	0	-	-	-	-
Washington DC (purpose unknown)	06/10/14	0	-	-	-	-
Washington DC (purpose unknown)	06/11/14	1	25.10	25.10	-	-
Washington DC (purpose unknown)	06/12/14	2	32.06	32.06	-	-
Trip Subtotal		3	57.16	57.16	-	-
Washington DC - travel with Congressman Schock	07/12/14	3	50.40	50.40	-	-
Washington DC - travel with Congressman Schock	07/13/14	0	-	-	-	-
Washington DC - travel with Congressman Schock	07/14/14	0	-	-	-	-
Washington DC - travel with Congressman Schock	07/15/14	2	34.86	34.86	-	-
Washington DC - travel with Congressman Schock	07/16/14	1	21.23	21.23	-	-
Trip Subtotal		6	106.49	106.49	-	-
Austin TX (NLC Conference 2014)	11/19/14-11/22/14	0	No Taxi Rides Taken	-	-	-
Trip Subtotal		0	-	-	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/03/15	0	-	-	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/04/15	0	-	-	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/05/15	0	-	-	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/06/15	0	-	-	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/07/15	3	40.23	40.23	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/08/15	1	18.31	18.31	-	-
Washington DC (OneVoice and NLC Conference 2015)	03/09/15	4	70.10	22.53	47.57	-
Washington DC (OneVoice and NLC Conference 2015)	03/10/15	4	71.65	71.65	-	-
Trip Subtotal		12	200.29	152.72	47.57	-
Washington DC (Chamber of Comm. Small Bus. Conf.)	06/08/15	1	25.28	25.28	-	-
Washington DC (Chamber of Comm. Small Bus. Conf.)	06/09/15	0	-	-	-	-
Washington DC (Chamber of Comm. Small Bus. Conf.)	06/10/15	5	101.32	101.32	-	-
Trip Subtotal		6	126.60	126.60	-	-
Nashville TN (NLC Congress of Cities Conference 2015)	11/04/15	1	30.00	-	-	30.00
Nashville TN (NLC Congress of Cities Conference 2015)	11/05/15	0	-	-	-	-
Nashville TN (NLC Congress of Cities Conference 2015)	11/06/15	0	-	-	-	-
Nashville TN (NLC Congress of Cities Conference 2015)	11/07/15	0	-	-	-	-
Nashville TN (NLC Congress of Cities Conference 2015)	11/08/15	1	28.00	28.00	-	-
Trip Subtotal		2	58.00	28.00	-	30.00
Washington DC (NLC Congressional City Conference 2016)	03/05/16	1	22.38	22.38	-	-
Washington DC (NLC Congressional City Conference 2016)	03/06/16	0	-	-	-	-
Washington DC (NLC Congressional City Conference 2016)	03/07/16	7	195.68	139.50	56.18	-
Washington DC (NLC Congressional City Conference 2016)	03/08/16	2	22.07	22.07	-	-
Washington DC (NLC Congressional City Conference 2016)	03/09/16	2	43.09	43.09	-	-
Trip Subtotal		12	283.22	227.04	56.18	-
GRAND TOTAL		41	\$ 831.76	\$ 698.01	\$ 103.75	\$ 30.00

Mr. Preston did not submit the Town Travel Advance/Reimbursement Request Form for six of the seven trips. It appears in some instances that Mr. Preston attempted to exclude expenses for another person or persons, however his calculations do not appear to be correct. For example, on March 7, 2015 the meal totaled \$76.00 including tax and tip. He only excluded the cost of the non-reimbursable items instead of excluding the tax and tip associated with that cost resulting in \$9.33 more. For a trip that combined business for the Chamber of Commerce and the Town, he did not provide clear documentation to determine which organization was responsible for expenses. It appears he submitted expenses for reimbursement of meals for days associated with the Chamber of Commerce conference to the Town for reimbursement. After this conference, Mr. Preston moved to another more expensive hotel. He attempted to calculate the difference but he used 3 nights without including tax at the less expensive hotel as the reimbursable amount instead of 2 nights including tax. Including both the room rate and tax to calculate the reimbursable amount the difference should have been \$700.74 instead of the \$343.00 he calculated. There appears to be a second airline ticket charged for March 7, 2016 in the amount of \$249.00 in addition to the round trip ticket. In another instance, the original cost for flights and a \$75 same day flight change fee were submitted for June 8 to 11, 2015 travel, even though the revised cost of the flight was \$26.00 less than the original cost.

Town management made inquiries to the National League of Cities ("NLC") regarding Mr. Preston's attendance at various NLC events. In response, the NLC registration manager provided information about when Mr. Preston first picked up his conference badges. The table below compares the dates of the NLC conferences attended by Mr. Preston to the dates of his flight arrival and the date he picked up his conference badge.

Conference	Date of Conference	Date of Mr. Preston's flight to conference	Date Mr. Preston retrieved his conference participant badge
NLC City Summit-2014 (Austin, TX)	11/19/2014 - 11/22/2014	11/19/2014	11/21/2014
NLC Congressional City Conference-2015 (Washington, D.C.)	03/07/2015 - 03/10/2015	03/03/2015*	03/09/2015
NLC City Summit-2015 (Nashville, TN)	11/04/2015 - 11/07/2015	11/04/2015 (Arrive 11:21 pm)	11/05/2015
NLC Congressional City Conference-2016 (Washington, D.C)	03/05/2016 - 03/09/2016	03/04/2016	03/07/2016
<i>*Mr. Preston attended the "One Voice" Conference in Washington D.C. prior to the NLC Conference. The One Voice Conference began on March 3. We have no information regarding whether Mr. Preston attended the OneVoice Conference or when he signed in.</i>			

Based on the date Mr. Preston received his participant badge there are three instances in which it appears he did not attend the full conference the Town paid for. Additionally, within his supporting documentation, there appears to be no discussion regarding days attended or missed for the conferences. The Town might consider the time period after his arrival in the destination city and before his attendance at the conferences as non-business related and deem such meal and transportation expenses during such times as non-reimbursable.

The matrix and timelines created as part of the analysis of Mr. Preston's various trips are included with this report.

CONCLUSIONS

The Town's policies have not been updated in over ten years and are somewhat unspecific. Because of this, it makes it difficult to evaluate if travel and training expenses are complying with the policies. Further, it was clear from review of Mr. Preston's travel support documents and the Town's travel and training expenses that a disconnect exists between policies and practice which may be setting precedents that are not captured in any formal way. The following is a summary of our conclusions related to Mr. Preston's travel and training expenses:

- Booking flights last minute likely led to higher flight costs
- Extra fees for flight changes were often paid, in one instance the change fee was \$200
- Instances where he chose not to take advantage of conference lodging options at the time of conference registration and ended up paying more
- Hotel reimbursement request calculated incorrectly resulting in a \$357.74 overstatement
- There may be a second ticket charged for March 7, 2016 in the amount of \$249.00
- The original cost for flights and a \$75 same day flight change fee were submitted for June 8 to 11, 2015 travel, even though the revised cost of the flight was \$26.00 less than the original cost
- Choice and frequency of dining did not appear to be the most economical
- Often utilized room service even when conference meals were already paid for
- Often had meals and drinks beyond just breakfast, lunch and dinner
- No documentation was provided related to other parties attending meals to substantiate whether or not the total cost of the meal was a Town expense
- Based on the time he picked up his conference materials, Mr. Preston may not have immediately attended or fully participated in conferences the Town paid for
- Itemized receipts were not always provided

Unfortunately, because Mr. Preston's documentation did not allow us to fully understand the nature of his travel, such as who he was traveling with or his specific daily agendas, and because the Town's policies lack specificity, we were not able to accurately quantify the instances of policy non-compliance.