

Ethics Line Case 27: Zoo's coding of construction project expenses remains incomplete

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Background

On 12/3/09, the Metro Ethics Line received a report that horticulture expenses on certain construction projects were coded incorrectly, including expenses related to the Predators of the Serengeti project. An investigation was completed regarding this report. A review of transactions found that horticulture expenses related to construction projects were not coded to those projects.

Scope and Methodology

I reviewed Zoo expenses related to horticulture services from 1/1/2008 to 12/10/2009 to determine patterns in spending and coding. In order to determine if recent transactions were miscoded, I analyzed in more depth transactions coded as horticulture expenses with a value greater than \$1,000 and an accounting date between 9/1/2009 and 11/30/2009.

We performed 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 our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Results

Horticulture expenses were inconsistently coded to the projects for which they were incurred. Some expenses were charged to projects, others were not. This practice continued with recent expenses.

Between March and August 2009, \$32,730 in horticulture expenses were charged to the Predators of the Serengeti project. However, during the same time period, other related expenses were not charged to the project. As of September 2009, there have been no horticulture charges to the Predators of the Serengeti project. This is unexpected, because horticulture work was ongoing on the exhibit in September 2009.

I reviewed a total of 26 horticulture transactions that have occurred since 09/01/2009 totaling \$50,397. More than half of the transactions related to the Predators of the Serengeti exhibit, but had not been coded to the project. The most recent was \$2,406 for an excavator rental, paid on 10/5/2009. The transactions were coded to the horticulture department code and were not assigned a project code. I also found two transactions for the Red Ape Reserve exhibit totaling \$3,100 which had not been coded to a project. Below is a table summarizing results.

	No. of Transactions	Value of transactions
<i>Not charged to Predators of the Serengeti</i>	14	\$32,075
<i>Not charged to Red Ape Reserve</i>	2	\$ 3,100
<i>Other / Could not be Determined</i>	10	\$15,222
Transactions reviewed	26	\$50,397

For project planning, budgeting and monitoring to be effective, the information gathered needs to be relevant and reliable. Without accurate coding, management will not be able to determine the full cost of projects.

Recommendation

Metro should correct deficiencies in expense coding.

Management Response

Management agreed with the recommendation. Management stated it is actively working on finalizing clear project coding guidance to ensure appropriate categorization and tracking of expenses by expense type and by project code.