

Internal Audit Department  
NeighborWorks® America

**Audit Review of**  
**Travel Expense Reimbursement**  
**(Nexonia Application)**

Project Number: NW.FIN.TVLXPNS.2018

Audit Review of Travel Expense Reimbursement (Nexonia Application)

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August 27, 2018

To: NeighborWorks America Board/Audit Committee

Subject: **Audit Review of Travel Expense Reimbursement (Nexonia Application)**

Attached is our draft audit report for the Travel Expense Reimbursement (Nexonia Application) review. Please contact me with any questions you might have.

Thank you.

Frederick Udochi  
Chief Audit Executive

Attachment

cc: J. Bryson  
T. Chabolla  
R. Bond  
R. Simmons

**Function Responsibility and Internal Control Assessment  
 Audit Review of Travel Expense Reimbursement (Nexonia Application)**

<b>Business Function Responsibility</b>	<b>Report Date</b>	<b>Period Covered</b>
Finance	August 27, 2018	October 01, 2017 to April 30, 2018
<b>Assessment of Internal Control Structure</b>		
Effectiveness and Efficiency of Operations		<b>Generally Effective<sup>1</sup></b>
Reliability of Financial Reporting		<b>Generally Effective</b>
Compliance with Applicable Laws and Regulations		<b>Not Applicable</b>

This report was reissued February 15, 2024 in accordance with a recommendation by the Government Accountability Office (GAO-23-105944, June 14, 2023).

<sup>1</sup> **Legend for Assessment of Internal Control Structure:** **1. Generally Effective:** The level and quality of the process is satisfactory. Some areas still need improvement. **2. Inadequate:** Level and quality of the process is insufficient for the processes or functions examined, and require improvement in several areas. **3. Significant Weakness:** Level and quality of internal controls for the processes and functions reviewed are very low. Significant internal control improvements need to be made.

## Executive Summary of Observations, Recommendations and Management Responses

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p><b>Observation 1</b></p> <p><b>Insufficient Description Provided for Transportation Origins and Destinations.</b></p> <p>We did observe several instances where partial or sometimes no descriptive information was provided for transport services, specifically cab services, to show the locations of origins and final destinations. Even though these costs were well under \$75 and required no receipts, full descriptions would provide a basis for evaluating the costs and provide complete information for record purposes.</p> <p><b>Risk Rating:</b> (b) (5)</p>		<p><b>Recommendation 1</b></p> <p>We recommend that full information as to the origin and destination of travel be provided by all staff in their T&amp;E expense reports. This would enable explicit evaluations of travel costs to be made and facilitate the completeness of travel expense records. We also strongly recommend that this action be incorporated into the policies and procedures of the Corporation in order to formalize this practice.</p>	<p><b>Yes</b></p>	<p>We will update our travel policy to include this recommendation and we will make the cab fare origination and destination as a required field in Nexonia.</p>	<p><b>9/30/2019</b></p>	<p>Internal Audit Accept Management's Response.</p>

## Risk Rating Legend

### Risk Rating: High

A serious weakness which significantly impacts the Corporation from achieving its corporate objectives, financial results, statutory obligations or that may otherwise impair the Corporation's reputation.

### Risk Rating: Moderate

A control weakness which could potentially undermine the effectiveness of the existing system of internal controls and/or operational efficiency, integrity of reporting and should therefore be addressed.

### Risk Rating: Low

A weakness identified which does not seriously detract from the system of internal control and or operational effectiveness/efficiency, integrity of reporting but which should nonetheless be addressed by management.

<b>Management Responses to The Audit Review of:  Travel Expense Reimbursement (Nexonia Application)</b>		
<b># Of Responses</b>	<b>Response</b>	<b>Recommendation #</b>
1	Agreement with the recommendation(s)	1
0	Disagreement with the recommendation(s)	0

## Background

Nexonia is a software-as-a-service (SaaS) expense reporting application that is cloud based and a component of the Corporations financial management system. It is a third party tool recommended by NetSuite, in lieu of using its own Expense Management module, due to Nexonia's superior mobile app capabilities. The expectation with this change was that this would automate expense reporting processes and facilitate the push of approved expense items to NetSuite for efficient reimbursement processing.

Nexonia was deployed into production on 10/3/2016 as part of the internally formerly branded ERP system named WeConnect<sup>2</sup>. This review was undertaken to obtain assurance in respect of the timeliness and accuracy of the Travel Expense Reporting Records. Accurate travel expense items and application controls are essential to proactively mitigate accounting issues such as reclassification of P&L accounts and ultimately to improve corporate productivity.

## Objective

The objective of this review was to obtain reasonable assurance:

- That travel expense reimbursements processed through Nexonia are undertaken in accordance with corporate policies and procedures.
- That reimbursements are properly documented and recorded.
- That Travel & Entertainment (T&E) expenses charged to corporate credit cards as well as expenses reimbursed through the companies accounting systems are reasonable, supported, recorded accurately, submitted timely, appropriately approved and in compliance with the corporations Policy and Procedures (P&P)

## Scope

All employees travel expense transactions posted to accounts between October 2017 and April 2018. This also included a separate review of Officers Time and Expense reports.

## Methodology

In order to conduct this audit review, we performed the following procedures:

Travel & Expense (T&E):

- Reviewed and analyzed all current applicable policies.
- Identified members for the selected employee group (Officers).

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<sup>2</sup> WeConnect is the internal brand name for NeighborWorks America's ERP Solution Business Suite, the systems comprise the WeConnect environment are: NetSuite (core Financial) - embedded with third party tools AvidXchange for ACH Payments and Pyango for Fund Accounting, Nexonia (Employee Travel Expense Reporting), UltiPro Time and Payroll, UltiPro HR (Self Service), Adaptive Insights (Financial Planning and Reporting), NEST (Procurement) and Fluxx (Grants Management).

- Used each selected employee's assigned vendor number, query all Travel and Expense (T&E) expenses submitted during the assigned time period.
- Selected a sample of all invoices/expense report submitted over \$500. If an employee did not submit a T&E expense report over \$500 select the two highest T&E expense reports submitted by the employee.
- Reviewed each expense associated with expense reports selected for the following:
  - Completed supporting documentation
  - Valid business expense
  - Proper expense classification
  - Appropriate approval
  - Timely payment and recording of expenses
  - Verify criteria outlined in P&P
- Obtained assurance that the Budget to Actual expenses and Exception Reports are reviewed by appropriate management periodically.
- Compiled results and discussed with auditee and Internal Audit (IA) management.
- Discussed noted exceptions from aforementioned verifications with management.

Below are the observations and recommendations that resulted from our testing.

## **Observations and Recommendations**

**Internal audit also reviews Officers Travel and expense reports on a quarterly basis and included this function as part of our review. We reviewed the Officers T&E transactions for the period 10/1/2017 to 4/30/2018. The majority of transactions reviewed were made in accordance with corporate policies and procedures. Overall we have one observation which was evident on the whole population:**

### **Observation 1**

#### **Insufficient Description Provided for Transportation Origins and Destinations.**

We did observe several instances where partial or sometimes no descriptive information was provided for transport services, specifically cab services, to show the locations of origins and final destinations. Even though these costs were well under \$75 and required no receipts, full descriptions would provide a basis for evaluating the costs and provide complete information for record purposes. It was not clear or evident if this was a requirement of the corporate policies and procedures but has been a corporate policy in previous financial systems. The practice of having cab fare expenditures without a description of the origins and final destinations does not provide a clear and transparent use of funds.

### **Recommendation 1**

We recommend that full information as to the origin and destination of travel be provided by all staff in their T&E expense reports. This would enable explicit evaluations of travel costs to be made and facilitate the completeness of travel expense records. We also strongly recommend that



this action be incorporated into the policies and procedures of the Corporation in order to formalize this practice.

## **Conclusion**

The Nexonia application system is a critical tool in providing automated front-end (user manipulated data entry) and back end (data transfer/storage) functions featuring Employees Travel Expense Processing. The recommendation made is to further enhance the internal control structure. The recommendation here addresses the desired action of improving the system performance as well as employee performance in achieving the timeliness and accuracy of Travel Expense Reporting and Reimbursement Management.

We hope that the recommendation presented here would be adopted accordingly in order to provide the compatible framework for business process improvement as well as monitoring the Nexonia application in order to maintain security, integrity and accessibility to employee travel expense data. We would like to take this opportunity to thank the staff of Human Resources and Payroll for their cooperation throughout this review.