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Via Fax 215-2936 and email

Mr. John E. Owings
Knox County Law Director
Knox County, Tennessee
400 Main Street, Suite 612
Knoxville, Tennessee 37902

Dear Mr. Owings:

Mayor Ragsdale's office made available to me, certain public records of Knox County regarding the P-card program, for review. I have asked the Mayor to respond to some questions that I had and Mr. Van de Vate has indicated that they will respond to those questions in the next 10 days. In reviewing Knox County Travel Policy Handbook (KCTPH) dated October 1, 2000, I had some questions that I thought were more appropriately asked of your office.

Would you give me your thoughts and opinions to the following?

1. Is the KCTPH applicable to all travel, lodging, meals and related expenses and does it apply to all Knox County employees?
2. Section 1.2.7 of the KCTPH states that ... "Expenses for meals will be allowed only when overnight travel is required outside the county." In addition Section 2.3.2 states that ... "The reimbursement for meals while on in-state or out-of-state travel will be based upon the appropriate daily (per diem) allowance contained in the Travel Regulations reimbursement rate schedule." Further Section 1.4.9a states that "Expenditures for entertainment (employee or others)...will not be allowed. Charges for alcoholic beverages will not be allowed in any circumstance." I observed a number of meals being charged to P-cards for both local and out of Knox County restaurants. Can you explain if any charges to the P-card are permitted for any local restaurant? For restaurant charges outside Knox County, should the employee document compliance with per diem rates and KCTPH?
3. The same as 2 above as to direct charges to an employee's P-card for hotel expenditures. I saw a number of charges for hotel expenditures and no documentation as to whether or not the charge was at or less than Level I, II and III rates. Can charges be made to P-cards for hotel expenditures and if so is the employee required to document compliance with per diem?
4. A Travel Expense Recap/Reimbursement Request form (TER) is used as an "expense report" to document business purpose, amounts, approvals and compliance with KCTPH. Reimbursement and payments are made for valid TER by the Department of Finance. Section 1.4.7 makes reference to Corporate Charge Card program and further states that ... "Charges made on cards issued through this program are the liability of the employee. The county accepts no liability for such charges other than the reimbursement of the authorized travel in accordance with the provision of the regulations prescribed herein." which

includes preparation of the appropriate TER. Is a TER required for any and all travel expenses charged on a P-card?

5. If you assume that charges to an employee P-card are the employee's liability and reimbursed only when Knox County is satisfied with compliance with appropriate regulations. If the employee fails to provide a receipt, proper explanation of business purpose of the charge and or failure to complete TER, can Knox County recover these amounts from the employee?
6. If travel expenses are charged to P-cards for purposes that are both personal and Knox County business, should the employee pro rate these charges and reimburse the county for any personal use?
7. Should any employee approve their own monthly Distribution of Procurement Card Expense form for payment or should it be approved by that employee's supervisor?
8. County Mayor Ragsdale received an annual Travel Allowance of \$ 20,000 for unreimbursed Travel Expenses. Is Knox County's policy, similar to other local governments and public organizations, which provide an Unaccounted for Expense allowance for local expenses and other costs related to entertaining and travel incidental to the duties and functions of his office? If the answer is in the affirmative, should there be any charges whatsoever to the Mayor's P-card related to any restaurants, gasoline, food or drink purchased locally?

Sincerely,

Lewis F. Cosby