



December 12, 2025

Brad Anderson
Sr. Assistant Legal Counsel
Clean Water Services
2550 SW Hillsboro Hwy
Hillsboro, OR 97123

**Re: Forensic Accounting Investigation of Training, Travel and Meal Expenditures by
Clean Water Services (the “District”)**

Dear Mr. Anderson,

I. Scope of Work

In response to Resolution and Order No. 25-5 dated April 8, 2025 (“CWS RO 25-5”) the District retained our firm to conduct a forensic investigation of the training, travel and meal expenditures of the District, to analyze spending trends and to determine whether reviewed transactions comply with Government Service Administration (“GSA”) per diem expenditures and District policies, for the following periods:

- Fiscal Year 2021-22 (“FY 2022”)
- Fiscal Year 2022-23 (“FY 2023”)
- Fiscal Year 2023-24 (“FY 2024”)
- Fiscal Year 2024-February 2025 (“FY 2025 (first 8 months)”)

A draft of this report was provided to District management on November 7, 2025. Management responded on December 1, 2025 with a summary of actions taken since January 1, 2025, along with comments addressing our conclusions and recommendations in Section VIII of this report. This report has since been updated to include Section IX, which presents our assessment of management’s responses.

This report is to be used solely for the purpose set out above, and by the parties outlined above. We hereby disclaim liability to all other third parties.

II. Background – Travel Policies and Allowable Expenses

This report and its conclusions are based on the District’s Travel/Training Policy in place during the period reviewed. It is our understanding that the District has a revised Travel and Training Policy effective July 1, 2025.¹

¹ We understand there was also a prior revision effective May 1, 2025.

The District's Travel/Training Policy establishes guidelines for how employees must conduct and document travel, with specific provisions that distinguish between local/regional travel and overnight travel. We understand that most of the District travel-related expenses are incurred in connection with employee attendance at training events. A summary of key terms of the Travel/Training Policy, relevant to our investigation, are summarized below.

A. Local Travel & Regional Travel

Section II of the Travel/Training Policy relates to Local and Regional Travel ("Local Travel"). Local Travel is defined as non-overnight business travel that normally takes place within a 75-mile radius (one-way) of the employee's primary workplace.

1. Meal Reimbursements

Meal reimbursements for local travel will be reimbursed if they are part of a professional organization and/or business meeting with the primary purpose being to conduct District business. To qualify for reimbursement, a receipt must be submitted along with the names of participants and the stated purpose of the meeting.

Meals for internal meetings are encouraged to be purchased with a District P-Card, a corporate charge card issued to authorized District employees for making business related purchases or payments. An employee's purchase may be eligible for reimbursement if along with the receipt, information is also provided with the name of participants, purpose of the meeting and the reason for District provided food or meal.

Meals as part of a registration for training shall be paid for by the District.

Finally, as part of awards, retirement and/or recognition events, meals are generally not eligible for reimbursement unless the employee is accepting an award or recognition on behalf of the District.

2. Transportation

Employees will be reimbursed for the use of their personal vehicle on District business at the current IRS mileage rate, provided the mileage exceeds their normal daily commute for local travel.

3. Other Travel Expenses

Parking fees as well as taxi and shuttle services, including tips are eligible for reimbursement if related to District business.

B. Overnight Travel

Section III of the Travel/Training Policy relates to Overnight Travel. The Travel/Training Policy requires employees to submit an approved Travel/Training Request Form to the department Travel/Training Coordinator at least 14 days in advance of travel.² The Travel/Training Request Form requires the employee to prepare an estimate of the expenses related to the business trip,

² Travel/Training Policy (III)(a)

including training registration costs, lodging, transportation (including airfare, rental car and shuttle expenses) and per diem amounts for meals and incidentals.

The approval requirements for overnight travel vary based on the distance traveled. Travel inside Oregon, Washington and Idaho requires prior approval by the employee's supervisor and director or designee. Travel outside Oregon, Washington and Idaho requires additional approval by the SAGE³ member. Finally, travel outside the United States requires approval by the CEO or their designee.⁴

Within 60 days of completing the travel/training, the employee is required to summarize the actual costs incurred on the District's Travel/Training Reconciliation Form. The completed form, along with all receipts and appropriate approvals, must then be submitted to the Travel Coordinator for processing.

An employee must submit a Travel/Training Reconciliation Form in order to be reimbursed for expenses paid personally. Since local trainings typically do not involve reimbursable travel expenses, employees generally have no need to voluntarily submit a Reconciliation Form. Likewise, we observed that employees, particularly executives, who are able to use their P-Card to cover all training, travel, and meal expenses, do not have a personal need to prepare a Reconciliation Form if they have no out-of-pocket costs. However, per the Travel/Training Policy, employees with District issued P-Cards "should refrain from charging lodging and meals otherwise eligible for meal allowances, unless specifically approved by the CEO."⁵ Reimbursements for such expenses should be requested through the Travel Reconciliation Form.

In addition to providing support for employee reimbursements, the Travel/Training Reconciliation Form serves as a mechanism for the District to monitor compliance with the Travel/Training Policy.

1. Lodging

Lodging options arranged by a conference or seminar sponsor are normally discounted and considered acceptable for District employees, unless the cost is exorbitant in comparison to other acceptable lodging available in the area. The department Travel/Training Coordinator is to use a P-Card to secure lodging reservations only, with the employee responsible for payment upon arrival. The employee may request the estimated cost of lodging as part of their travel advance or may request reimbursement upon return through the Travel Reconciliation Form.⁶

2. Meal Allowances

Meal allowances are calculated at the Federal per meal per diem rate for the destination city as established by the U.S. General Services Administration ("GSA Meal Per Diem Rate"). If a meal or meals are provided with the business meeting, workshops, seminar, travel, etc. or through a conference registration fee, the per diem allowance for that meal or meals is deducted from the

³ Strategic Advisory Group to the Executive ("SAGE") is the CWS leadership group that sets policy and overall direction per February 7, 2025 Clean Water Services Board of Directors Learning.

⁴ Travel/Training Policy (III)(a)(1) and (III)(a)(2)

⁵ Travel/Training Policy (III)(c)(3)

⁶ Travel/Training Policy (III)(b)(1) and (III)(b)(3)

total per diem allowance. As stated previously, employees with P-Cards are to refrain from charging meals otherwise eligible for meal allowances, unless specifically approved by the CEO.⁷

3. Air Travel

Employees are encouraged to book air travel through the department Travel/Training Coordinator, which is normally billed directly to the District through a District-approved travel agency. If an employee chooses to purchase airline tickets personally, reimbursements may be requested as part of the travel advance or reimbursed through the Travel Reconciliation Form. District reimbursement will not exceed the amount of the fare that could have been purchased through the District's travel contract or travel agent. In connection with air travel, employees may request reimbursement for a maximum of 2 personal checked bags per flight.⁸

4. Other Travel Expenses

Other travel expenses eligible for reimbursement include parking fees, taxi/shuttle services (including tips), rental vehicle (including fuel), mileage to and from the airport and airport parking fees.⁹

5. Incidental Expense Allowance

Incidental expenses are reimbursed at the Federal incidental per diem rate for the destination city as established by the U.S. General Services Administration and includes baggage handling tips and fees, hotel service fees and tips and laundry costs.¹⁰

III. District Training, Travel and Meal Expense Investigation Steps

Our investigation included performing the following steps on a test basis over the fiscal years 2022 through fiscal year 2025 (first 8 months).

A. Local Travel & Regional Travel

1. Meal Reimbursements

- a. Confirm that all local business-related meal reimbursements are supported by a receipt and include documentation of participant names and the stated purpose of the meeting.
- b. Verify that meal reimbursements for internal meetings are supported by a receipt and include the names of participants, the stated purpose of the meeting and the reason for District provided food or meal.
- c. Confirm that reimbursements for meals were not submitted for awards, retirement, or recognition events, except when the employee was accepting an award or recognition on behalf of the District.

⁷ Travel/Training Policy (III)(c)(1)(a), (III)(c)(2) and (III)(c)(3)

⁸ Travel/Training Policy (III)(d)(1), (III)(d)(1) and (III)(d)(5)

⁹ Travel/Training Policy (III)(f)

¹⁰ Travel/Training Policy (III)(e)

2. Transportation

- a. Confirm that mileage reimbursements were calculated using the current IRS mileage rate and that mileage claimed was reduced by the employee's normal daily commute.

3. Other Travel Expenses

- a. Confirm that reimbursements for parking, taxis, or shuttle services are supported by original receipts and that no personal expenses were included.

B. Overnight Travel

1. Eligibility for Overnight Travel

- a. Confirm training occurred at least 75 miles (one-way) from the primary workplace.
- b. Confirm that the Request Form was submitted at least 14 days in advance of travel and was approved by the required authority.

2. Lodging

- a. Confirm if lodging was at the location arranged by the conference or seminar sponsor.
- b. Compare daily lodging rates (excluding taxes) to applicable GSA Lodging Per Diem Rates for the destination city.
- c. Confirm employee submitted receipt for reimbursement and no personal travel is included.

3. Meal Allowances

- a. Confirm the meal per diem allowance is calculated at the GSA Meal Per Diem Rate for the destination city, and that the allowance is reduced for any meals provided with the conference, through the registration fee or as part of a business meeting.
- b. Identify any P-Card meal charges and confirm approval by the CEO.

4. Air Travel

- a. Confirm airfare is booked through the District-approved travel agency.
- b. If airfare is purchased by the employee personally, confirm submission of receipt, identify service class (i.e. economy, premium economy, business or first) and confirm reimbursement does not exceed the fare that could have been purchased through the District's travel contract or travel agent.

5. Other Travel Expenses

- a. Confirm receipts are submitted to document other travel expenses including parking fees, taxi/shuttle services (including tips), rental vehicle (including fuel) and airport parking fees.
- b. Also confirm receipts are provided for up to two checked bags per flight (allowable under Air Travel).
- c. Confirm support is submitted for mileage to and from the airport.

6. Incidental Expense Allowance

- a. Confirm the incidental allowance is calculated at the GSA Incidental Per Diem Rate for the destination city and that reimbursements are not requested for incidental expenses such as baggage handling tips and fees, hotel service fees and tips and laundry costs.

IV. Financial Reports Relied Upon in our Analysis and Investigation Steps

We relied upon the following financial reports from the District's accounting system, for each of the fiscal years, for our investigation:

- AP Distribution by Vendor ("AP Report"): report includes employee charges on Procurement Cards ("P-Card") as well as reimbursement checks to employees.
- PCard Expense Report Details ("P-Card Report"): report includes all P-Card charges, not limited to training, travel and meal expenditures.
- Travel-Training Plan History ("Travel-Training Report"): report includes all costs by unique Training ID, which is internally called the OLM Number.

We also received CWS Account Analysis Actuals - Subledger Detail Report for each fiscal year, but did not rely upon it since the data was available in the AP and P-Card Reports.

District employee conference and training registration fees, airfare, and lodging deposits are typically paid in advance using a P-Card. These transactions are reflected in both the AP Report and the P-Card Report. Employees are subsequently reimbursed by check for the remaining lodging costs, meal allowances, and any other eligible reimbursable expenses. Such reimbursements are recorded in the AP Report.

The Travel-Training Report provides a summary of total expenses by category, showing amounts paid by both P-Card and check for each OLM number.

As part of our investigation, we sampled transactions, both randomly and through specific identification, from the Travel-Training Report and a P-Card Report for each fiscal year. For each sampled transaction from the Travel-Training Report, we obtained the corresponding Travel/Training Reconciliation Form package, which includes the form itself and all supporting documentation for the expenditures related to that training event.

Because the Travel-Training Report summarizes expenses by category for each OLM Number and does not provide transaction-level detail, it was necessary to trace each expenditure to the underlying AP Report in order to verify compliance of individual transactions.

For transactions selected from the P-Card Report, we obtained the documentation submitted by the employee with their monthly P-Card statement and analyzed it for compliance with the Travel/Training Policy.

For our analysis, we have defined training, travel and meal expenses by the following general ledger accounts.

Account Description	Sub-Account	Account Code
Training & Education		52480
Travel Expense		52485
Private Mileage		52487
Other Materials and Services	Food	Food-52495

The Training & Education account (52480) primarily consists of training registration fees. The Travel Expense account (52485) includes lodging, airfare, meal allowance per diems, and other transportation and travel-related expenses. The Private Mileage account (52487) reflects reimbursements for employees' use of personal vehicles at the IRS reimbursement rate. Finally, the Food sub-account within Other Materials and Services (52495) captures business and internal meeting meal expenses.

The AP Report does not include sub-account detail; therefore, transactions involving direct payments to vendors and reimbursements to employees recorded in the general ledger sub-account Food-52495 are not included in our transaction analysis. However, if a meal cost was paid with a P-Card, the cost would be included in our analysis of P-Card Report expenses. Based on our review, most meal costs outside of those covered by per diems were paid with employee P-Cards. As a result, we do not believe the population of direct vendor payments and employee reimbursements for Food expenses are material to total training, travel and meal expenses.

V. Analysis of Spending Trends Related to Training, Travel and Meal Expenses

Total training, travel and meal expenses by fiscal year are summarized in the following table.

Account Description	Account Code	FY 2022	FY 2023	FY 2024	FY 2025 (8 months)	Total
Training & Education	52480	\$145,304	\$239,835	\$280,735	\$242,813	\$908,687
Travel Expense	52485	\$48,916	\$230,717	\$290,967	\$240,408	\$811,008
Private Mileage	52487	\$19,045	\$44,952	\$63,620	\$32,987	\$160,604
Other Materials and Services	Food-52495	\$42,751	\$68,268	\$76,410	\$35,969	\$223,397
Total		\$256,016	\$583,772	\$711,732	\$552,177	\$2,103,697

A. Scope Step 1: Training, Travel and Meal Expenses Summarized by Disbursement Type

Charges for training, travel, and meal expenses, by disbursement type, are summarized in the table below.

Disbursement Type	FY 2022	FY 2023	FY 2024	FY 2025 (8 months)	Total
P-Cards	\$149,607	\$359,107	\$394,510	\$294,204	\$1,197,427
Employee Reimbursements	\$44,816	\$194,700	\$275,704	\$189,818	\$705,039
Third-Party Payments	\$61,188	\$28,671	\$41,514	\$68,155	\$199,529
Petty Cash	\$405	-	\$5	-	\$410
Total	\$256,016	\$582,479	\$711,732	\$552,177	\$2,102,404

In each year, more training, travel, and meal expenses were paid through P-Cards than through reimbursements to employees. This outcome is expected, as registration fees, airfare, and lodging deposits are generally paid using a P-Card. In addition, business and internal meeting meals are primarily charged to P-Cards. Employee reimbursements mainly consist of final lodging payments, meal allowances, mileage reimbursements, and other allowable expenses.

B. Scope Step 2: Training, Travel and Meal Expenses Summarized by Department and Program

Total training, travel and meal expenses by department are summarized below.

Training, Travel and Meal Expenses by Department					
Department	FY 2022	FY 2023	FY 2024	FY 2025 (8 months)	Total
Water Resource Recovery Operations & Services	\$65,663	\$127,942	\$163,955	\$53,628	\$411,188
Office of the CEO	\$29,979	\$101,422	\$128,420	\$100,732	\$360,553
Business Operations & Strategy	\$31,285	\$38,567	\$62,982	\$90,697	\$223,530
Utility Operations & Services	\$28,225	\$59,293	\$76,277	\$45,220	\$209,015
Research & Innovation	\$17,643	\$63,381	\$69,004	\$9,002	\$159,030
Natural Systems Enhancement & Stewardship	\$16,563	\$52,083	\$48,123	\$29,126	\$145,895
Regulatory Affairs	\$12,224	\$56,264	\$45,710	\$30,028	\$144,226
Water & Engineering Technology	\$0	\$0	(\$0)	\$115,392	\$115,392
Enterprise Asset & Technical Services	\$4,835	\$16,809	\$39,651	\$25,639	\$86,935
Digital Solutions	\$19,462	\$25,746	\$22,853	\$13,654	\$81,716
Regional Utility Services	\$12,020	\$20,817	\$19,508	\$15,321	\$67,666
Finance & Accounting	\$9,954	\$12,094	\$10,854	\$17,566	\$50,469
Human Resources	\$4,139	\$7,520	\$21,920	\$3,656	\$37,235
Unknown	\$2,729	\$599	\$1,785	\$1,169	\$6,282
Legal Services	\$890	\$1,233	\$686	\$1,348	\$4,157
Total	\$255,611	\$583,772	\$711,727	\$552,177	\$2,103,288
2025 Annualized				\$828,266	
% Change from Prior Year		128%	22%	16%	

Training, travel, and meal expenses have increased each year over the period reviewed, with the Water Resource Recovery Operations and Services Department incurring the highest level of expenses. Based on cancellations reflected in the District's accounting records during fiscal year 2022, it appears that travel costs were lower in that year at least in part due to reduced activity and cancellations resulting from pandemic-related impacts.

The Water Resource Recovery Operations and Services Department has the largest number of full-time employees ("FTEs") in the District, which results in higher overall training, travel, and meal expenses. The table below summarizes the number of FTEs by Department.

Department	Full-Time Employees (FTE)			
	FY 2022	FY 2023	FY 2024	FY 2025
Water Resource Recovery Operations & Services	123	128	119	103
Office of the CEO	24	34	39	24
Business Operations & Strategy	15	20	21	38
Utility Operations & Services	94	93	95	79
Research & Innovation	8	7	16	-
Natural Systems Enhancement & Stewardship	29	30	30	28
Regulatory Affairs	36	39	45	44
Water & Engineering Technology				51
Enterprise Asset & Technical Services	25	32	34	33
Digital Solutions	17	17	20	22
Regional Utility Services	34	34	35	34
Finance & Accounting	15	17	16	17
Human Resources	6	10	10	10
Legal Services	3	4	3	3
Total	429	465	483	486

To provide a more meaningful comparison across departments, the table below summarizes total training, travel, and meal expenses per FTE for each department.

Training, Travel and Meal Expenses by Department per FTE				
Department	FY 2022	FY 2023	FY 2024	FY 2025 (8 months)
Water Resource Recovery Operations & Services	\$534	\$1,000	\$1,378	\$521
Office of the CEO	\$1,249	\$2,983	\$3,293	\$4,197
Business Operations & Strategy	\$2,086	\$1,928	\$2,999	\$2,387
Utility Operations & Services	\$300	\$638	\$803	\$572
Research & Innovation	\$2,205	\$9,054	\$4,313	n/a
Natural Systems Enhancement & Stewardship	\$571	\$1,736	\$1,604	\$1,040
Regulatory Affairs	\$340	\$1,443	\$1,016	\$682
Water & Engineering Technology	-	-	-	\$2,263
Enterprise Asset & Technical Services	\$193	\$525	\$1,166	\$777
Digital Solutions	\$1,145	\$1,514	\$1,143	\$621
Regional Utility Services	\$354	\$612	\$557	\$451
Finance & Accounting	\$664	\$711	\$678	\$1,033
Human Resources	\$690	\$752	\$2,192	\$366
Legal Services	\$297	\$308	\$229	\$449
Total per FTE	\$596	\$1,255	\$1,474	\$1,136

n/a = FTE not available

For each fiscal year 2022 through 2024, the Research and Innovation Department has incurred the largest training, travel and meal expenses per FTE.

The District also requested that we summarize total training, travel and meal expenses by employee incurring the expense (i.e. the individual attending the training). However, we were unable to summarize these expenses by employee since the District's financial reports do not include sufficient information.

C. Scope Step 3: Travel-Training Report Summaries

As previously discussed, the Travel-Training Report summarizes training, travel and meal expenses based on the actual costs for out-of-town travel included on Travel/Training Reconciliation Forms. It should be noted that the total expenses shown in the Travel-Training Report are less than the District's overall Travel-Training Expenses, as Travel/Training Reconciliation Forms are not prepared for every training event. Travel/Training Reconciliation Forms are not required for local or online training and therefore are infrequently prepared. We also observed numerous training and travel expenditures by executives and Board Members that do not appear to be supported by a Travel/Training Reconciliation Form.

The table below summarizes expenses by category from the Travel-Training Report.

Travel-Training Report Expenses					
Cost Category	FY 2022	FY 2023	FY 2024	FY 2025 (8 months)	Total
Registration Cost	\$28,194	\$92,582	\$139,273	\$123,493	\$383,542
Hotel Cost	\$13,392	\$61,263	\$135,138	\$107,658	\$317,451
Airline Major Travel Cost	\$9,454	\$29,943	\$39,038	\$40,146	\$118,580
Food Cost	\$3,689	\$12,014	\$21,948	\$26,009	\$63,659
Other Expenses	\$1,432	\$14,776	\$38,238	\$21,506	\$75,953
Total	\$56,160	\$210,578	\$373,635	\$318,812	\$959,185

Total Travel-Training Report expenses increased each year; however, based on cancellations due to COVID that we observed in the District's accounting records, fiscal year 2022 travel expenses appear lower at least in part due to reduced travel activity resulting from pandemic-related impacts.

Based on the Travel-Training Report, the table below summarizes the number of trainees with Travel-Training expenses in each fiscal year and the average cost per participating employee trainee.

Travel Training Costs	\$56,160	\$210,578	\$373,635	\$318,812
# of Trainees	60	110	137	126
Avg Cost/Trainee	\$936	\$1,914	\$2,727	\$2,530

Since many employees submit more than one Travel-Training Reconciliation per year, the average cost per training is also presented in the below table.

	FY 2022	FY 2023	FY 2024	FY 2025 (8 months)
Travel Training Costs	\$56,160	\$210,578	\$373,635	\$318,812
# of Trainings	113	251	316	236
Avg Cost/Training	\$497	\$839	\$1,182	\$1,351

The Travel-Training Report does not include sufficient information to summarize training courses by location.

As previously discussed, the amounts summarized above are based on incomplete data since the Travel-Training Report does not include local training, travel and meal expenses.

D. Scope Step 4: P-Card Report Summaries

The P-Card Report does not provide sufficient detail to summarize charges by location; however, as shown in the table below, P-Card training, travel, and meal expenses are summarized by general ledger account.

Travel, Training and Meal P-Card Expenses							
Account Description	Account Code	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total	% of Total
Training & Education	52480	\$75,765	\$187,954	\$228,507	\$168,980	\$661,205	55%
Travel Expense	52485	\$31,091	\$102,885	\$89,593	\$89,255	\$312,824	26%
Other Materials and Services (Food)	Food-52495	\$42,751	\$68,268	\$76,410	\$35,969	\$223,397	19%
Private Mileage	52487	-	-	-	-	-	-
Total		\$149,607	\$359,107	\$394,510	\$294,204	\$1,197,427	100%

Over the investigation period, the majority of P-Card charges were in the training and education account for training registration fees.

VI. Transaction Testing of Training, Travel and Meal Expenses

A. Scope Step 5: Analysis of P-Card Sample

P-Card transactions were randomly and specifically selected by employee and statement period with the intention to capture a cross-section of card activity across multiple individuals and reporting cycles. For each selected employee and statement period, only training, travel, and meal-related charges were reviewed. These transactions included those coded to account 52480 (Training & Education), account 52485 (Travel Expenses), and account 52495 (Food – Other Materials and Services). The purpose of this sampling was to test compliance with the Travel/Training Policy. However, this review was limited in scope and not designed to identify every exception.

Our sample included P-Card charges totaling \$127,200. However, in this population of charges, we identified six charges during an 11-month period of fiscal year 2024 (August 2023 through June 2024) related to the purchase of three MacBook Air laptops and associated AppleCare coverage, totaling \$6,900, as detailed in the table below.

P-Card Expenses Expense Type: Computer Equipment < \$5000-52385			
Merchant Name	Expense Date	Item Description	Amount
APPLE.COM/US	08/25/23	Apple Care for Diane's new Mac.	\$229.00
APPLE.COM/US	08/25/23	Diane's New MacBook Air	\$2,099.00
CDW GOVT #RQ95532	06/06/24	MacBook Air 15inch - Diane's replacement Macbook	\$2,131.01
CDW GOVT #RS97070	06/12/24	Apple Care for Diane's MacBook Pro.	\$195.48
CDW GOVT #RV94097	06/18/24	Extra MacBook Air 15inch - Dianes backup, per Dan Hyatts request.	\$2,048.34
CDW GOVT #RW50690	06/19/24	AppleCare Dianes backup MacBook Air 15 inch	\$195.48
Total			\$6,898.31

Each of these charges was made for the benefit of the District's then-CEO, Diane Taniguchi-Dennis. Although these charges were outside the original scope of our investigation, we determined that they warranted disclosure to the District's Board.

After setting aside the computer equipment charges noted above, our remaining population of P-Card charges for review included training, travel and meal expenses totaling \$120,300. This sample population represents approximately 10 percent of total P-Card charges in these categories during the period. The results are summarized in the table below.

Account Description	Total
Total P-Card Sample	\$127,172
Less: Computer Equipment Sample	(\$6,898)
Sub-total: Travel, Training & Meal Sample	\$120,274
Total P-Card: Travel, Training & Meal	\$1,197,427
Travel, Training & Meal Sample as % of Total	10%

1. Receipt Submission

Of the 389 P-Card transactions reviewed, we observed 18 transactions, or 4.6% that were not supported with a receipt.¹¹ Submitting a receipt is a requirement of the District's Procurement Card (P-Card) Policy which was originally approved on June 12, 2023.

¹¹ This does not include the 8 refunded transactions that were not supported with a receipt, since those transactions are lower risk in nature.

P-Card Sample				
Receipt Status	Sample (\$)	Count	% of Total	
			Sample (\$)	Count
Receipt Provided	\$118,960	371	93.5%	95.4%
No Receipt Provided	\$8,212	18	6.5%	4.6%
Total P-Card Sample	\$127,172	389	100.0%	100.0%

2. Prior Approval

During our review of P-Card charges, we observed that approved Travel/Training Request Forms are not consistently included with completed Travel Reconciliation Forms and supporting receipts. The Travel/Training Policy does not require prior approval for business meals or internal meeting meals. While some internal meeting meal receipts included supervisor approval, many did not.

We understand that historically, the Finance Department only received the Travel/Training Reconciliation Form, and that inclusion of an OLM number on the Travel/Training Reconciliation Form indicated a Travel/Training Request Form had been completed and approved. However, we observed that sometimes approved Travel/Training Request Forms were included with the Travel Reconciliation Packages, and other times they were maintained with the P-Card receipts.

Given the inconsistency in where approval documents are maintained, an analysis of prior approval in relation to P-Card charges for training and travel expenses may result in incorrect conclusions regarding prior approval.

Furthermore, as described earlier in this report, the Travel/Training Policy also specifies varying approval levels for overnight travel. Travel within Oregon, Washington, and Idaho must be approved by the employee's supervisor or director, while domestic travel outside those states must be approved by the employee's SAGE member. For all SAGE members, except the CEO, the CEO was to sign and approve their travel request as the supervisor/SAGE member. The Travel/Training Policy does not provide an approval process for the CEO.

It is our understanding based on discussions with the District's CFO, that the District's Finance Department now requires the Travel/Training Request and Reconciliation Forms be submitted together to initiate reimbursement. Furthermore, a copy of the Travel/Training Request Form is also maintained with the P-Card transactions paying registration fees, lodging deposits and air travel. Finally, we understand that the CEO's Travel/Training Request and Reconciliation Forms are now reviewed and signed by the CFO.

3. GSA Meal Per Diem Rate Analysis

From the P-Card sample, meal charges were compared to the applicable GSA Meal Per Diem Rate when the number of attendees was documented. GSA Meal Per Diem Rate analysis was not performed on purchases of drinks and snacks, as these did not constitute defined meals. The table below summarizes the results of our GSA Meal Per Diem Rate analysis for the transactions where sufficient information was available, including both business and internal meetings.

Comparison of Meal Charges to GSA Rates							
P-Card Holder	Job Title	SAGE Member	Total Meal Charges Analyzed	Meal Charges Exceeding GSA Limit A	GSA Meal Limit	Amount in Excess of GSA B	% Above GSA Limit B/A
Liang, Shijie (Jack)	Chief Business Ops Officer	x	\$1,282	\$1,199	\$500	\$699	58.3%
Le, Anh C	Executive Asst to CEO/ Management Analyst		\$2,023	\$2,023	\$1,099	\$924	45.7%
Gall, Joseph P (Joe)	Chief Util Relations Officer	x	\$45	\$45	\$32	\$13	28.7%
Ragsdale, Katherine L	Executive Assistant		\$637	\$289	\$224	\$65	22.4%
Duffe, Kristine D	Administrative Assistant /Procurement Specialist		\$748	\$247	\$192	\$55	22.3%
McCandless, Catherine J (Cathy)	Executive Assistant		\$429	\$429	\$336	\$93	21.6%
Jockers, Mark P	Chief of Staff	x	\$354	\$354	\$288	\$66	18.6%
Sahlfeld, Brandi L	Administrative Assistant		\$4,685	\$2,190	\$1,862	\$328	15.0%
Gutierrez, Janette L (Jana)	Administrative Assistant		\$488	\$293	\$256	\$37	12.7%
Kinnear, Jared N	Reuse Manager		\$50	\$50	\$48	\$2	4.0%
Bustamante, Norma	Legal Assistant		\$30	-	-	-	-
Total			\$10,771	\$7,119	\$4,837	\$2,282	32.1%

The P-Card sample includes 13 meal charges made by Jack Liang totaling \$1,282. Our review of supporting records found that two of these charges, totaling \$83, were within the applicable GSA meal limits based on the number of diners. However, the remaining 11 charges, totaling \$1,199 (94% of Jack Liang's meal expenses), exceeded the GSA meal rate. The combined GSA limit for these 11 meals was \$500, resulting in excess charges of \$699, meaning 58.3% of the total meal expenses were above the allowable rate.

Overall, in connection with the P-Card sample, we analyzed meal charges totaling \$10,771. Of this amount, \$7,119, or 66%, exceeded the applicable GSA meal limits. Had these charges been in compliance with the GSA meal limits, the District's total expenditure for these meals would have been limited to \$4,837, representing a reduction of at least 32.1%.

According to the Travel/Training Policy, employees with District-issued P-Cards are to refrain from charging meals during overnight travel that would otherwise be eligible for a meal allowance, unless specifically approved by the CEO.¹² During the course of our investigation, we did not identify any documented instances of explicit CEO approved meal charges.

However, we noted meal charges from overnight travel that may have been allowed as "business meetings" under the Travel/Training Policy. While the Travel/Training Policy permits charging such meals to P-Cards, the term "business meeting" is not defined. Employees attending these meals are not eligible to receive a GSA Meal Per Diem Rate allowance for the same meal. The table below provides illustrative examples of overnight travel meal charges from the P-Card Report. These examples are not intended to be exhaustive, but rather to highlight the nature of the business meal charges observed.

¹² Travel/Training Policy (III)(c)(2) and (3)

P-Card Holder	Job Title	SAGE Member	Merchant Name	Expense Date	Item Description	Amount
Jockers, Mark P	Chief of Staff	x	CRESCENT CITY BREWHOUSE	10/09/22	CRESCENT CITY BREWHOUSE-WEFTEC dinner w/ CWS employee Greg A. + 2 spouses	\$221.13
Jockers, Mark P	Chief of Staff	x	COMMANDERS PALACE	10/10/22	COMMANDERS PALACE-WEFTEC dinner w/ CWS Employees, Joe G, Matt B, Ting L+ 2 spouses	\$414.85
Liang, Shijie (Jack)	Chief Business Ops Officer	x	BAYSIDE CAFE	02/12/23	BAYSIDE CAFE-Diane T-D and Jack Liang lunch at NACWA	\$85.71
Liang, Shijie (Jack)	Chief Business Ops Officer	x	BANGKOK 9	02/13/23	BANGKOK 9-Diane T-D and Jack Liang lunch at NACWA	\$88.01
Liang, Shijie (Jack)	Chief Business Ops Officer	x	FAIRMONT SONOMA MIS REST	02/15/23	FAIRMONT SONOMA MIS REST-Lunch meeting with Diane T-D, Logan O, Jack Liang and Reuse dept at NACWA conference	\$198.01
Liang, Shijie (Jack)	Chief Business Ops Officer	x	THE GIRL & THE FIG	02/15/23	THE GIRL & THE FIG-Lunch for Diane T-D, Jack Liang and Logan O at NACWA	\$119.49
Liang, Shijie (Jack)	Chief Business Ops Officer	x	LAHACIENDASONOMABAR	02/16/23	LAHACIENDASONOMABAR-Diane T-D and Jack Liang lunch meeting	\$89.32
Liang, Shijie (Jack)	Chief Business Ops Officer	x	FAIRMONT SONOMA MIS REST	02/17/23	FAIRMONT SONOMA MIS REST-Diane T-D, Jack Liang, Booky Oren lunch meeting at NACWA	\$48.08
Liang, Shijie (Jack)	Chief Business Ops Officer	x	THE GIRL & THE FIG	02/17/23	THE GIRL & THE FIG-Diane T-D, Jack Liang, Facilities lunch meeting at NACWA	\$116.80
Jockers, Mark P	Chief of Staff	x	TST* CHLOE - WASHINGTON	04/24/23	TST* CHLOE - WASHINGTON-Mark Jockers, Pam Treese, Tracy Rainey -Wash DC dinner	\$108.10
Liang, Shijie (Jack)	Chief Business Ops Officer	x	HILTON DC F&B	04/25/23	HILTON DC F&B-Lunch for travel, left off of Per Diem on travel form NACWA Conference	\$80.80
Liang, Shijie (Jack)	Chief Business Ops Officer	x	PAR*ROTI RESTAURANTS - L'	04/25/23	PAR*ROTI RESTAURANTS - L'-lunch during travel, per diem left off Travel form, NACWA for Jack Liang	\$88.83
Liang, Shijie (Jack)	Chief Business Ops Officer	x	MAMMA'ILARDOS	04/26/23	MAMMA'ILARDOS-lunch during travel, per diem left off Travel form NACWA Conference	\$18.11
Liang, Shijie (Jack)	Chief Business Ops Officer	x	HILTON DC F&B	04/27/23	HILTON DC F&B-lunch during travel, per diem left off Travel form NACWA Conference	\$70.50
Ritatore, Daniel L	Community Engagement Manager		TST* DOUGH ZONE - PINE ST	09/12/23	dinner upon arriving to Seattle, WA location of the IAP2 annual conference	\$25.17
Ritatore, Daniel L	Community Engagement Manager		THREE GIRLS BAKERY	09/13/23	breakfast first day of the IAP2 annual conference. conference did not provide breakfast first day.	\$18.58
Liang, Shijie (Jack)	Chief Business Ops Officer	x	TST* SHANG NOODLE - WABAS	10/01/23	Lunch Meeting: Mark Jockers & Jack Liang while attending WEFTEC	\$80.35
Jockers, Mark P	Chief of Staff	x	GAOS KABOB (CHICAGO)	10/03/23	Jack Liang, Mark Jockers dinner in Chicago	\$83.15
Le, Anh C	Executive Asst to CEO*		HILTON CANNON AND BELLE	02/11/24	NACWA Austin - Dinner - Dir Roy Rogers, Diane Taniguchi-Dennis, Jack Liang, Anh Le	\$233.42
Le, Anh C	Executive Asst to CEO*		TERRY BLACKS BARBECUE	02/12/24	NACWA Austin - Dinner - Dir Roy Rogers, Diane Taniguchi-Dennis, Jack Liang, Anh Le	\$226.03
Le, Anh C	Executive Asst to CEO*		TST* ACENAR	02/12/24	NACWA Austin - Lunch - Dir Roy Rogers, Diane Taniguchi-Dennis, Jack Liang, Anh Le	\$148.01
Liang, Shijie (Jack)	Chief Business Ops Officer	x	TERRY BLACKS BARBECUE	02/12/24	Working Dinner at NACWA 2024 Winter Conference: Diane Taniguchi-Dennis, Roy Rogers and Jack Liang	\$93.16
Liang, Shijie (Jack)	Chief Business Ops Officer	x	PBS AUSTIN CONGRESS	02/13/24	Lunch at NACWA 2024 Winter Conference: Roy Rogers and Jack Liang	\$83.13
Le, Anh C	Executive Asst to CEO*		MAI THAI RESTAURANT	02/14/24	NACWA Austin - Dinner - Dir Roy Rogers, Diane Taniguchi-Dennis, Jack Liang, Logan Olds, Anh Le	\$177.55
Liang, Shijie (Jack)	Chief Business Ops Officer	x	TOPGOLF AUSTIN 009-2	02/15/24	Working Dinner at NACWA 2024 Winter Conference: Diane Taniguchi-Dennis, Roy Rogers and Jack Liang	\$114.89
Le, Anh C	Executive Asst to CEO*		888 VIETNAMESE RESTAURANT	02/16/24	NACWA Austin - Lunch - Dir Roy Rogers, Diane Taniguchi-Dennis, Jack Liang, Anh Le	\$114.00
Le, Anh C	Management Analyst*		TST* GRAYLYNN	07/25/24	Dinner - NACWA - Taniguchi-Dennis, Liang, Dir. Rogers, Le	\$125.34
Le, Anh C	Management Analyst*		atrium bar & bistro	07/26/24	Lunch - NACWA - Taniguchi-Dennis, Chair Harrington, Le	\$70.00

* Anh Le was hired as CEO Diane Taniguchi-Dennis' Executive Assistant on 10/18/23; promoted to Management Analyst on 3/18/24.

For the above meal charges to be compliant with the Travel/Training Policy, the expenditures would have needed to either qualify as “business meeting” meals or been approved by the CEO. However, the Travel/Training Policy does not define a clear process or criteria for determining what constitutes a business meeting or for obtaining CEO approval.

With respect to local business and internal meetings, the Travel/Training Policy in effect prior to the January 1, 2025 implementation of the Meals and Refreshments Policy did not require that meal costs for such meetings be limited to the applicable GSA rate.

4. GSA Lodging Per Diem Rate Analysis

The Travel/Training Policy does not require lodging expenses to comply with GSA Lodging Per Diem Rates. Furthermore, lodging charges on P-Card's are primarily for lodging deposits, which are incomplete for comparison to GSA Lodging Per Diem Rates. However, in a later section of this report, we compared lodging charges from our Travel-Training Report sample to the applicable GSA Lodging Per Diem Rates.

5. General Ledger Coding

In our review of the nearly 400 P-Card transactions covering \$115,000, we did not identify any charges incorrectly coded to training, travel or meal expenses. However, we did identify \$31,000 of food-related expenses that were not recorded to the expected Travel Expense account (52485) or the Other Materials and Services (Food) sub-account (52495). These transactions were identified based on the inclusion of “lunch” in the *Item Description* and are not intended to be all-inclusive.

Other Food/Meal Expenses Not Recorded to Travel or Other Materials & Services (Food)						
Account Code	Account Description	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total
52240	Professional Services	\$4,294	\$3,613	\$2,165	-	\$10,073
52495	Other Materials & Services	\$2,927	\$2,971	\$2,017	\$408	\$8,323
52310	Operating Supplies	\$1,291	\$2,643	\$3,480	-	\$7,414
52495 (PROJECT)	Other Materials & Services (PROJECT)	\$891	\$3,661	\$163	-	\$4,715
52360	Safety Equipment	-	-	\$254	-	\$254
52610	Repair & Maintenance Services	-	-	\$111	-	\$111
52330	Repair & Maintenance Supplies	-	-	\$84	-	\$84
Total		\$9,403	\$12,888	\$8,274	\$408	\$30,974

It is our understanding that the District now requires all food costs be coded to a new general ledger account *Food* (account # 52496).

6. Meals for Retirement Events

Prior to the implementation of the M&R Policy, food and meals provided for retirement events were generally not permitted to be reimbursed by the District under the Travel/Training Policy.¹³ However, Section IV of the Travel/Training Policy allows for reasonable exceptions to the policy supported by appropriate documentation, in compliance with Oregon State Ethics law, and

¹³ Travel/Training Policy (II)(b)(4)

authorized by the CEO or their designee.¹⁴ Our P-Card sample included \$1,674 of expenses for Mark Jockers' retirement party in January 2024, though the receipts do not include explicit CEO approval of the charges.

Effective January 1, 2025, the M&R Policy defines retirements as qualified events in which food and beverage expenses are allowed and the July 1, 2025 revised Travel and Training Policy no longer makes reference to retirement parties as non-reimbursable events.

B. Scope Step 6 & 7: Analysis of AP Report Based on Sample from Travel-Training Report

A sample of transactions were randomly and specifically selected from the Travel-Training Report with the intention to capture a cross-section of training activity across multiple training courses and individuals, with a focus on trainings that included travel expenses.

In response to our request, we received a Travel/Training Reconciliation Package for each of the transactions in our sample, including the Travel/Training Request and Reconciliations Forms, as well as additional documents submitted by the employee in support of their training related expenses. Since the Travel-Training Report only summarizes total costs by training and does not include transaction details, we traced the supporting receipts and other documents to the underlying transactions included in the AP Report, which includes the P-Card charges as well as the amount reimbursed to the employee. Our sample of Travel-Training activities included \$191,300, or approximately 20 percent, of training, travel and meal charges on the Travel-Training Report, as summarized in the table below.

Description	Total
Travel-Training Report Sample	\$191,269
Total Travel-Training Report Expenses	\$959,185
Travel-Training Report Sample as % of Total	20%

The purpose of this sampling was to test compliance with the Travel/Training Policy. However, this review was limited in scope and not designed to identify every exception.

1. Travel/Training Request Form

Our sample included 115 unique OLM numbers, or training events, for which we requested supporting Travel Reconciliation Packages. As part of our investigation, we assessed whether the Travel Reconciliation Package included a complete Travel/Training Request Form. For a form to be complete, we required it to include the employee's signature, prior approval by the supervisor and a submission date confirming it had been submitted.

From the sample, we noted 64 Travel Reconciliation Packages that did not have a complete Travel/Training Request Form. However, of these 64 training events missing a complete Travel/Training Request Form, 51, or 80%, were supported with a Travel/Training Reconciliation Form. It is possible a Travel/Training Request Form had been prepared but was not included in

¹⁴ Travel/Training Policy (IV)(a)

the Travel/Training Reconciliation Package.

From the remaining 13 travel events that did not have a complete Travel/Training Request Form, 12 of the travel events only included registration fees, indicating that the training was local or online and therefore a Travel/Training Request Form is not required. However, since an OLM number is assigned to the training event, presumably a Travel/Training Request Form was prepared and possibly included with the P-Card receipt, and therefore not included in the Travel Reconciliation Package.

The final travel event lacking a complete Travel/Training Request Form was for an Operations Analyst to attend the Pacific Northwest Clean W-PNCWA during fiscal year 2023. The registration fee and airfare were paid with a P-Card belonging to an Administrative Assistant, and no additional expenses were identified that would require reimbursement to the employee. Since an OLM number was assigned, presumably a Travel/Training Request Form was prepared and included with the Administrative Assistant's P-Card receipts, instead of the Travel Reconciliation Package.

2. Travel/Training Reconciliation Form

We also assessed whether the Travel Reconciliation Package included a complete Travel/Training Reconciliation Form. For the form to be complete, we required it to include the employee's signature as well as proof of submission documented with a submission date.

Among the 115 Travel Training Reconciliation Packages we requested, 17 or 27% did not have a complete Travel/Training Reconciliation Form. However, among those 17 training events with an incomplete Travel/Training Reconciliation Form, 15 had only registration fees, indicating that the training was either a local or online training for which a Travel/Training Reconciliation Form is not required.

The final 2 transactions for which there were no completed Travel/Training Reconciliation Forms include the Operations Analyst's attendance at the Pacific Northwest Clean W-PNCWA during fiscal year 2023, which was previously discussed and did not include any reimbursements to the employee, and charges related to a Principal Engineer's attendance at the PNCWA Annual Conference and Exhibition during fiscal year 2022. The Principal Engineer was reimbursed \$815 for lodging, meal allowance and transportation costs. It is unclear how the reimbursement was substantiated since the Travel/Training Reconciliation Package does not include either a Travel/Training Reconciliation Form or supporting receipts.

3. General Ledger Coding

We confirmed the general ledger coding for the sampled transactions to expected accounting based on the transaction detail and noted the following exceptions: \$75 of baggage fees and \$234 of Uber expenses in fiscal year 2025 recorded as Private Mileage (52487) instead of Travel Expense (52485). Additionally, in fiscal years 2024 and 2025, we observed \$435 and \$72, respectively, of P-Card charges by Jack Liang, and \$144 of P-Card charges by Anh Le in fiscal year 2024, that were recorded as Other Materials and Services (52495) instead of Travel Expense (52485).

4. Mileage Reimbursements

As part of our investigation, we confirmed whether mileage reimbursements were consistent with the then-current IRS mileage rate. Of the 115 travel events reviewed, 43 included mileage reimbursements. In our review, we identified 13 reimbursements containing calculation errors, with the largest errors equal to \$0.63, and the total of all errors equaling \$5.22.

While reviewing mileage reimbursements, we noticed inconsistencies in support for mileage reimbursements. Most employees included an online map to document the mileage reimbursement request, but some did not. We also observed variation in how employees calculated mileage to and from the airport: some reduced the total miles by their normal daily commute, consistent with the local travel section of the Travel/Training Policy,¹⁵ while others claimed the full mileage. The overnight travel section of the Travel/Training Policy does not define how mileage to and from the airport should be calculated.

5. GSA Meal Per Diem Rate Analysis

In our sample, we recalculated the GSA Meal Per Diem Rate based on the dates and location of travel. Of the 94 travel events that included travel expenses, we identified 11 with errors in the GSA Meal Per Diem calculation. All of the errors resulted from incorrect GSA Meal Per Diem Rates being used, with most of the errors resulting in underpayment to the employee. The aggregate underpayment totals \$98 in the selected sample.

6. GSA Lodging Per Diem Rate Analysis

In our sample, 52 travel events included lodging rates higher than the GSA Lodging Per Diem Rate. However, the Travel/Training Policy does not limit lodging rates to the GSA Lodging Per Diem Rate and permits employees to stay at hotels arranged by the conference or seminar sponsor. The District's policy is consistent with the Clackamas County Travel Program Manual, which likewise allows employees to stay at the lodging establishment reserved by the conference.

7. Employee Reimbursements Without Support

In our sample, we identified \$1,883 of employee reimbursements that were not supported by receipts. Of the unsupported reimbursements, \$105 is for baggage fees, and \$6 for tolls. The remaining \$1,772 are related to a single Principal Engineer during fiscal year 2022 and include lodging and transportation charges related to the employee's attendance at the PNCWA Annual Conference and Exhibition which was discussed previously, as well as the WateReuse Symposium 2022.

8. Employee Air Travel Booked with P-Card

We observed employees using their District provided P-Card to book air travel directly with the airline, instead of through the District's travel contract or travel agent and offer the following examples.

During October 2024 a Management Analyst attended the WEFTEC conference in New Orleans,

¹⁵ Travel/Training Policy (II)(c)(2)

Louisiana. The employee booked their airfare directly through Alaska Airlines, using their District provided P-Card, for a total fare of \$933. Airfare for the other 25 District attendees ranged between \$331 and \$786. The employee's Travel Reconciliation Form does not include documentation of the fare that could have been purchased through the District's travel contract or travel agent.

Similarly, a Business Practice Leader used their own District provided P-Card to book a round-trip flight to Dallas Texas to attend the 2025 Utility Management Conference during February 2025. The fare totaled \$397 and included \$80 for a seat upgrade. The employee's Reconciliation Form does not include documentation of comparable fares available through the District's travel contract or travel agent.

The Travel/Training Policy does not include guidance on fares purchased by employees with District provided P-Cards. Section III of the Travel/Training Policy encourages employees to book through the Travel/Training Coordinator, but otherwise assumes the employee books the travel independently, therefore requiring reimbursement. Employees purchasing air travel independently with their District provided P-Card does not allow for a Reconciliation to the rate available through the District's travel contract or travel agent.

9. Training/Travel Charges Not in Travel-Training Report

We identified multiple instances of executives and Board members attending training that required overnight travel but that is not included in the Travel-Training Report. We assume the travel events are not included because neither a Travel/Training Request nor Reconciliation Form was submitted.

As an example, Chief Business Operations Officer Jack Liang attended the Origami Conference in San Diego California during 2022, incurring at least \$849 of expenses on his P-Card, as shown in the table below.

P-Card Holder: Liang, Shijie (Jack) Expense Type: Travel Expense-52485			
Merchant Name	Expense Date	Item Description	Amount
LYFT RIDE THU 11AM	05/19/22	LYFT RIDE THU 11AM-Lyft charge for Jack Liang for Origami Conference in San Diego	\$19.99
HILTON HOTEL SAN DIEGO	05/19/22	HILTON HOTEL SAN DIEGO-Hotel for Jack Liang for Origami Conference - San Diego	\$828.69
Total			\$848.68

Jack Liang's travel to San Diego for the Origami Conference does not appear in the Travel-Training Report, and it is therefore assumed that a Travel/Training Reconciliation Form was not prepared or submitted. Submitting a Travel/Training Reconciliation Form would allow the Travel Coordinator to confirm compliance with the Travel/Training Policy and would allow for completeness of the Travel-Training Report.

Since the Travel/Training Policy applies to executives, the above transactions illustrate an

example of non-compliance.

C. Scope Step 8: Comparison of the District's Travel/Training Policy to the Clackamas County Travel Program, Clackamas Water Environment Services Authorization for Food Purchase and City of Portland Travel Policy

As part of our investigation, we were asked to compare policies of other similar public municipal entities to the District's Travel/Training Policy and Meals and Refreshments Policy. Based on areas of non-compliance observed in the District's Travel/Training Policy, we offer the following recommendations to improve policy clarity as well as improve financial reporting.

1. Travel/Training Request and Reconciliation Forms – Local Training

As previously discussed, the District's policy requires a Travel/Training Request Form to be submitted for pre-approval for all overnight travel. Each Travel/Training Request Form is assigned a unique transaction number (an "OLM Number") as part of the accounting process. Expenses associated with an OLM Number are captured in the Travel-Training Report, with costs categorized by type (e.g., registration, hotel, airline, food, and other). The Travel/Training Policy does not require a Request Form for local training; therefore, such expenditures are generally not assigned an OLM Number and are not included in the Travel-Training Report unless a Request Form is voluntarily submitted.

We recommend that the District require Travel/Training Request and Reconciliation Forms for local training as well. Such a requirement would be consistent with the Clackamas County Travel Program Manual, as excerpted below:

Travel and Training Authorization Form

The Travel and Training Authorization Form is used to authorize and estimate anticipated travel expenses and must be completed by all travelers, including those travelers requiring only conference registration expense approvals.

Requiring these forms for all training courses would improve the completeness of reporting for training and travel-related expenses, enhance compliance monitoring, and promote greater transparency.

2. Travel/Training Request and Reconciliation Forms – Executives and Board Members

The District's current Travel/Training Policy does not explicitly state who it applies to. To address this, we recommend the District revise the Travel/Training Policy to explicitly require all individuals traveling on behalf of the District to follow the Travel/Training Policy, including the CEO and Board members. Any update should also establish a clear approval process for the CEO and Board members.

Including the CEO and Board members would align the District's policy with the Clackamas County Travel Program Manual that states the following:

The Travel Program applies to:

- All elected officials of Clackamas County;
- All County employees, unless otherwise stated in County bargaining agreements signed by the Board of County Commissioners (BCC);
- Board of County Commissioners (BCC)-appointed committee members and officials;
- Volunteers serving County programs, or attending meetings or conferences on behalf of Clackamas County.

Requiring all individuals traveling for official District business to submit Travel/Training Request and Reconciliation Forms would enhance compliance monitoring, promote transparency, and ensure completeness in the reporting of training and travel-related expenses.

3. Business and Internal Meeting Meal Expenses

Prior to January 1, 2025, the District's Travel/Training Policy governed business meals which were allowed if the participants and purpose were identified. The Travel/Training Policy also allowed for meals at internal meetings if support was provided for the expense, including the identity of the participants, purpose and reason for the District providing the food or meal.

The District's Travel/Training Policy did not define allowable purposes or discourage meetings from being held over meal periods. The local meal section of the Travel Policy also did not state whether per diem limitations applied.

Effective January 1, 2025 the District implemented a new Meals and Refreshments Policy (the "M&R Policy") that applies to all employees and provides expanded guidance with regards to District provided food and meals that are not travel-related.

The M&R Policy includes the expectation that "employees are generally expected to provide their own food and beverages while attending meetings, including offsite meetings and training, for which no out-of-town, overnight travel is required. Every effort should be made to schedule regular meetings and training outside of mealtimes."

Additionally, the M&R Policy also provides expanded guidance in that food and beverages may be provided at internal meetings when furnished for the employer's convenience and as a necessary and integral part of the business meeting and not a matter of personal convenience. Furthermore, a list of qualified events is identified in the M&R Policy with the requirement that the event should take place over an extended period of time and the agenda include a working meal to satisfy the business function of the meal.

In comparison, Clackamas Water Environment Services ("CWES") has an Authorization for Food Purchase form that is required to be filled out prior to a food order being placed. The CWES Authorization form has more specific criteria than the District's M&R Policy including the following:

- a. CWES requires that the training or workshop must last at least four hours and cross over a routine meal period. In comparison, the District's M&R Policy requires the event take place over an undefined "extended period of time." Defining an "extended period of time" would provide clarity to District employees when determining whether District provided food/meal is permitted.

- b. The CWES form also requires documentation to justify the time of day requirement. The CWES requirement is stronger than the District's M&R Policy requirement that "every effort should be made to schedule...outside of mealtimes."
- c. Both the CWES and District policies limit the average cost per person to the local per diem. However, CWES clarifies that the delivery and gratuity/tip are included when calculating the average cost per person.
- d. Furthermore, CWES limits gratuity/tips to 18% of the food cost; no such limit exists in the District M&R Policy.
- e. Finally, CWES requires a sign-in sheet with attendee signatures, as compared to the M&R Policy that requires the names of the person(s) with whom the meal/refreshment was consumed.

The District's local meal expenses decreased in the first eight months of fiscal year 2025, presumably in part due to the implementation of the M&R Policy. Adding clarifying language similar to that included in the CWES Policy could further assist District employees in interpreting the M&R Policy.

In addition, the District may wish to consider expanding the applicability of the M&R Policy beyond all employees to also include elected and appointed officials, if applicable, similar to the recommendation for the Travel/Training Policy.

4. Potentially Unnecessary or Non-Reimbursable Expenses

An additional recommendation relates to potentially unnecessary or non-reimbursable travel expenses such as \$100 incurred for a hotel upgrade by an Information Technology Apps Manager when staying at the New Yorker Hotel in June 2024, and \$80 incurred by a Business Practice Leader for a seat upgrade on a flight from Dallas to Portland in February 2025. Finally, some hotel invoices included valet parking fees, for which it is unclear if self-parking was available.

The City of Portland Travel Policy includes the following language with regard to *Incurring and Recording Travel-related Expenses*, "In compliance with the City's ethics rules, all travelers should exercise good judgement, regard for economy, and recognition of proper use of public monies while traveling or incurring expenses in connection with City business."

The District could include similar language in its Travel/Training Policy to emphasize the importance of being prudent when spending public monies. The District should also affirmatively require that District employees book the lowest available rate for travel expenses.

VII. Analysis of local meals attended by Diane Taniguchi-Dennis and/or Jack Liang

A. Identifying local meals attended by Diane Taniguchi-Dennis and/or Jack Liang

To identify local meals¹⁶ attended by Diane Taniguchi-Dennis and/or Jack Liang transactions

¹⁶ Local meals exclude catered events, in-house department/training meetings, as well as snacks and refreshments including but not limited to coffee, tea, soda, ice and cookies etc.

were identified for investigation from P-Card charges and AP reimbursements recorded to the Food-52495 account based on the following criteria:

- i. Where the item description lists attendees including either Ms. Taniguchi-Dennis and/or Mr. Liang.
- ii. Amounts charged by or reimbursed to Ms. Taniguchi-Dennis and/or Mr. Liang.
- iii. Amounts charged by or reimbursed to the following colleagues or assistants that were identified by the District as possibly purchasing local meals for or with Ms. Taniguchi-Dennis and/or Mr. Liang: Anh Le, Catherine McCandless/Jacoby, Katherine Ragsdale/Cheney, Mark Jockers, Elena Mercer, Amy Granier, Stephanie Morrison or Kristine Duffe.

From the population of transactions reviewed, local meal expenditures incurred by Ms. Taniguchi-Dennis and/or Mr. Liang were identified based on the attendees listed in the item descriptions or as documented in the supporting accounting records.

B. Local meals attended by Diane Taniguchi-Dennis and/or Jack Liang

As a result of our analysis, we identified and reviewed \$10,651 in local meal charges associated with 116 meals involving Ms. Taniguchi-Dennis and/or Mr. Liang, as summarized in the tables below.

Local Meals Including Diane Taniguchi-Dennis and/or Jack Liang (\$)						
Attendee(s)	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total	% of Total
Diane Taniguchi-Dennis	\$349	\$859	\$723	-	\$1,931	18%
Jack Liang	\$187	\$690	\$2,640	-	\$3,517	33%
Both	\$466	\$2,395	\$2,342	-	\$5,203	49%
Total Local Meals	\$1,002	\$3,944	\$5,705	-	\$10,651	100%

No. of Local Meals Including Diane Taniguchi-Dennis and/or Jack Liang						
Attendee(s)	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total	% of Total
Diane Taniguchi-Dennis	5	7	11	-	23	20%
Jack Liang	1	10	31	-	42	36%
Both	4	24	23	-	51	44%
Total Local Meals	10	41	65	-	116	100%

The number of local meals, as well as the associated expenditures involving Ms. Taniguchi-Dennis and/or Mr. Liang increased in each fiscal year from 2022 through 2024, before declining to zero during the first eight months of fiscal year 2025. Nearly half of these expenditures, totaling \$5,203, included the attendance of both Ms. Taniguchi-Dennis and Mr. Liang, while the remaining meal charges involved only one of them.

We further analyzed local meal charges for which documentation specified the total number of attendees, allowing comparison of total meal costs to the applicable GSA Meal Per Diem Rate.

Based on this analysis, \$8,977, or approximately 84%, of local meal expenditures involving Ms. Taniguchi-Dennis and/or Mr. Liang exceeded the GSA Meal Per Diem Rate, as summarized in the table below.

Local Meals Above GSA Including Diane Taniguchi-Dennis and/or Jack Liang						
Attendee(s)	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total	% of Total
Diane Taniguchi-Dennis	\$338	\$859	\$602	-	\$1,799	20%
Jack Liang	\$187	\$677	\$2,014	-	\$2,877	32%
Both	\$118	\$2,094	\$2,089	-	\$4,301	48%
Local Meals Above GSA	\$642	\$3,630	\$4,704	-	\$8,977	100%
Total Local Meals	\$1,002	\$3,944	\$5,705	-	\$10,651	
Local Meals Above GSA %	64%	92%	82%	-	84%	

For the meal charges that exceeded the GSA Meal Per Diem Rate, the amount by which the expenditures surpassed the allowable limit increased each fiscal year. On average, meal charges during the period analyzed were 44% higher than the applicable GSA Meal Per Diem Rate.

	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total
GSA Meal Per Diem Rate [A]	\$512	\$2,512	\$3,220	-	\$6,244
Meal Charge Above GSA [B]	\$130	\$1,118	\$1,484	-	\$2,733
Local Meals Above GSA	\$642	\$3,630	\$4,704	-	\$8,977
% Above GSA [B/A]	25%	45%	46%	-	44%

C. Local meal charges attributed to Diane Taniguchi-Dennis and Jack Liang

For each local meal attended by Ms. Taniguchi-Dennis and/or Mr. Liang, we calculated the average meal cost per attendee. Using this average, we estimated the portion of District funds attributable to meals consumed by Ms. Taniguchi-Dennis and Mr. Liang. Based on this analysis, we identified \$3,668 in local meal expenditures incurred by the District for the benefit of Ms. Taniguchi-Dennis and Mr. Liang, the majority of which exceeded the GSA Meal Per Diem Rate, as summarized in the table below.

Total Local Meals Allocated Based on Average Cost						
Attendee	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total	% of Total
Diane Taniguchi-Dennis						
GSA Compliant Meals	\$39	\$69	\$71	-	\$178	11%
Meals Above GSA	\$107	\$646	\$764	-	\$1,516	89%
Total: Diane Taniguchi-Dennis	\$146	\$715	\$835	-	\$1,695	100%
Jack Liang						
GSA Compliant Meals	\$28	\$82	\$125	-	\$235	12%
Meals Above GSA	\$40	\$665	\$1,033	-	\$1,738	88%
Total: Jack Liang	\$68	\$747	\$1,159	-	\$1,973	100%
Total Local Meals Allocated	\$214	\$1,461	\$1,993	-	\$3,668	

Of the local meal expenditures analyzed, 89% of Ms. Taniguchi-Dennis' meal charges exceeded the applicable GSA Meal Per Diem Rate. Ms. Taniguchi-Dennis participated in at least 59 local meals that, in total, exceeded the GSA Meal Per Diem Rate by \$565, or approximately 59%, as summarized in the table below.

Local Meals Above GSA Allocated to Diane Taniguchi-Dennis					
Diane Taniguchi-Dennis	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total
GSA Meal Per Diem Rate [A]	\$80	\$411	\$460	-	\$951
Meal Charge Above GSA [B]	\$27	\$235	\$304	-	\$565
Total Local Meal Charges Above GSA	\$107	\$646	\$764	-	\$1,516
% Above GSA [B/A]	33%	57%	66%	-	59%
# of Local Meals Above GSA	5	25	29	-	59

Similarly, 88% of Mr. Liang's local meal charges exceeded the applicable GSA Meal Per Diem Rate. Mr. Liang attended at least 72 local meals that, in total, exceeded the GSA Meal Per Diem Rate by \$594, or approximately 52%, as summarized in the table below.

Local Meals Above GSA Allocated to Jack Liang					
Jack Liang	FY 2022	FY 2023	FY 2024	FY 2025 (8months)	Total
GSA Meal Per Diem Rate [A]	\$32	\$428	\$684	-	\$1,144
Meal Charge Above GSA [B]	\$8	\$237	\$349	-	\$594
Total Local Meal Charges	\$40	\$665	\$1,033	-	\$1,738
% Above GSA [B/A]	26%	55%	51%	-	52%
# of Local Meals Identified	2	27	43	-	72

Based on the transactions analyzed, both the frequency and total dollar amount of local meal expenditures allocable to Ms. Taniguchi-Dennis and Mr. Liang increased each year from 2022 through 2024.

D. Other local meals attended by Diane Taniguchi-Dennis and/or Jack Liang

We identified an additional \$708 in local meal expenditures attended by Ms. Taniguchi-Dennis and/or Mr. Liang for which the number of attendees was not documented; therefore, an average cost per diner could not be calculated. Additionally, we identified \$109 in local meal expenditures associated with Ms. Taniguchi-Dennis for which the District was unable to locate the corresponding receipts, and the number of attendees was also not documented. As a result, these expenditures were excluded from the analysis.

Mr. Liang also incurred a \$216 charge at Top Golf in November 2023 for a team-building event attended by seven employees, as indicated on the receipt. This expenditure was not included in our analysis because it included both food and activity costs.

Our analysis of local meal expenditures for Ms. Taniguchi-Dennis and Mr. Liang is therefore limited to transactions with sufficient documentation identifying their attendance and the total number of diners. It is possible that the District incurred additional local meal expenditures benefiting Ms. Taniguchi-Dennis or Mr. Liang that were not included in this analysis due to

incomplete documentation.

Meal descriptions in the available records most frequently referred to a “meeting,” making it difficult to determine the specific purpose of each expenditure.

VIII. Conclusion and Recommendations

Based on our observations and review of the District’s Travel/Training Policy, including revisions effective July 1, 2025, we propose the following recommendations to enhance the clarity of the policy, as well as improve financial reporting and oversight.

We recommend the District revise the July 1, 2025 Travel and Training Policy to state that it applies to all individuals traveling on behalf of the District, including the CEO and Board members. Any update should also establish a clear approval process for the CEO and Board members. We understand that the CFO now approves the CEO’s travel, though that is not explicitly stated in the revised policy.

The Travel/Training Request and Reconciliation Forms provide a mechanism for the District to monitor compliance with the Travel/Training Policy and therefore should be required for all employees and Board members when attending training and/or traveling for District business, including both local training and training requiring overnight travel. The July 1, 2025 Travel and Training Policy should make specific reference to the forms and that they are required for Local, Regional, National and International Training and Travel.

We recommend revising the July 1, 2025 Travel and Training Policy section *Air Travel Guidance (b)* to require all travel be billed directly to the District through a District-approved travel agency. As a result, the District would eliminate *Air Travel Guidance (g)* and *(h)* and the *Employee Booked Travel* section of the revised July 1, 2025 Travel and Training Policy.¹⁷

We recommend revising the July 1, 2025 Travel and Training Policy *Lodging (a)* section to require lodging booked through a conference or seminar sponsor be at the lowest available rate for the event.

The Travel/Training Policy in effect during our review did not allow employees to use District issued P-Cards for lodging expenses incurred at the time of travel; however, the revised July 1, 2025 Travel and Training Policy *Lodging (d)* section allows for the use of the District issued P-Card, in accordance with the P-Card policy. We recommend returning to the prior Travel/Training Policy that required employees to use their personal cards to pay their lodging balance, as that allows the District to review all charges as part of the Travel/Training Reconciliation process.

We recommend revising the *Meals (a) (vi)* section of the revised July 1, 2025 Travel and Training Policy to define a “business meal” and clarify if employees dining together while traveling for District business qualifies as a business meal.

We recommend revising the *Other Travel Expenses Eligible for Reimbursement (5)* section of the revised July 1, 2025 Travel and Training Policy to clarify if mileage to and from the airport should

¹⁷ FA103 Travel and Training Policy (Rev. July 1, 2025)

be reduced for the employee's daily commute mileage.

The reconciliation process should ensure that all training, travel and meal expenses are recorded in the Travel-Training Report so that the District has greater transparency of such expenses.

With regards to the District's January 1, 2025 M&R Policy, we recommend the District require an Authorization for Food Purchase Form consistent with CWES. We also recommend that the District update the M&R Policy consistent with CWES requirements discussed in a previous section of this report.

IX. Assessment of Management's December 1, 2025 Response

On December 1, 2025, District management provided responses to our Conclusions and Recommendations presented in the preceding section of this report. Management's response includes updates to the Travel/Training Policy effective September 5, 2025, as well as planned revisions. This section summarizes our assessment of management's response, using the numbering references included therein.

1. Management has addressed our recommendation regarding CEO and Board travel by adding clarifying language that the Travel/Training Policy applies to the CEO and Board and by planning updates to establish a clear approval process for CEO and Board members.
2. The District's plan to update the Travel/Training Policy to require Travel/Training Request and Reconciliation Forms for all training, including online training, addresses our second recommendation and will improve the completeness of the Travel-Training Report, enabling greater transparency of total travel and training expenses.
3. If the District determines it is not practicable or appropriate to require all air travel to be billed directly through the District-approved travel agency, then a quote from the District-approved travel agency should be printed and included with the Travel/Training Request and Reconciliation Forms to ensure that reimbursement does not exceed the rate available to the District.
4. Management's plan to update the Travel/Training Policy to require that conference and seminar travel be booked at the lowest possible rate should clarify that this requirement refers to the lowest available rate arranged by the conference or seminar sponsor.
5. If the District determines it is practicable and appropriate to allow non-executive staff to check out travel P-Cards, then limiting their use to lodging charges, without any extras, will reduce the need to address inappropriate charges through the Travel/Training Reconciliation process.
6. Management's plan to revise the Travel/Training Policy to remove "business meals" as an exception, thereby allowing reimbursement only at the per diem rate, addresses our recommendation regarding the need to define a "business meal."

7. Management's plan to update the Travel/Training Policy to clarify that mileage to and from the airport should be reduced by the employee's daily commute mileage addresses our recommendation and will ensure consistent reimbursement for all employees.
8. Management's intention to update the Travel/Training Policy to require all employees attending training, including online training, and/or traveling on behalf of the District to submit a Travel/Training Request Form addresses our recommendation and will improve the transparency of training expenses.
9. Management has addressed our recommendation by intending to update the Meals and Refreshment Policy to require the Authorization for Food Purchase Form be completed prior to purchasing food for an event. Furthermore, the District's plan to update the Policy to better define key terms will enhance clarity and promote consistent application of the Meals and Refreshment Policy.
10. While not a recommendation, we understand that the District has recalled P-Cards from all executive employees. We expect that this change will significantly improve compliance with the Travel/Training Policy and the Meals and Refreshment Policy, as it will allow greater monitoring because all travel, training, and meal expenses will require approval under the relevant District policy and review under the reimbursement and reconciliation processes.

Yours Sincerely,



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