



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Selected Employee Travel Expenses

Department of Health



Report 2012-S-94

May 2014

Executive Summary

Purpose

To determine whether the use of travel monies by selected government employees complied with rules and regulations and is free from fraud, waste and abuse.

Background

New York State's executive agencies spend between \$100 million and \$150 million each year on travel expenses. These expenses, which are discretionary and under the control of agency management, include car rentals, meals, lodging, transportation, fuel and incidental costs such as airline baggage and travel agency fees. As part of a statewide audit initiative to determine whether the use of travel monies by selected government employees was appropriate, we audited a total of \$588,029 in travel expenses for 17 Department of Health (Department) employees. We selected these employees based primarily on high rental car expenses. One employee was selected because of questionable travel practices the Department had identified associated with this employee.

Key Findings

- Travel expenses totaling \$466,301 for 14 of the 17 Department employees selected for review were appropriate and adhered to State travel rules and regulations. However, for three employees, we identified numerous problems with travel practices and related expenses that we attributed to inadequate Department oversight. Of the \$121,727 in travel expenses we examined for the three employees, we found problems with costs totaling \$14,870.
- Specifically, the Department overpaid \$3,939 due to errors in applying travel rules and other wasteful spending, and paid \$10,931 in travel expenses that were inadequately supported, lacked appropriate approvals or represented misuse of travel cards.
- The Department also incurred substantial costs for two of the three employees' long-term use of rental vehicles for job-related travel. We concluded that stronger oversight and management of these costs might have saved the Department more than \$15,000. For the third employee, we found that mileage reported on the rental car company receipt exceeded expected work-related mileage by more than 2,000 miles.

Key Recommendations

- Strengthen oversight of travel expenses to improve the Department's ability to guard against fraud, waste and abuse.
- Investigate the questionable travel expenses identified in this report and pursue recovery if appropriate.

Other Related Audits/Reports of Interest

[Department of Labor: Selected Employee Travel Expenses \(2012-S-75\)](#)

[Department of Transportation: Selected Employee Travel Expenses \(2012-S-93\)](#)

State of New York
Office of the State Comptroller

Division of State Government Accountability

May 22, 2014

Howard A. Zucker, M.D.
Acting Commissioner
Department of Health
Empire State Plaza
Albany, NY 12237

Dear Dr. Zucker:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Department of Health entitled *Selected Employee Travel Expenses*. The audit was performed pursuant to the State Comptroller's authority as set forth in Article V, Section 1, of the State Constitution and Article II, Section 8, of the State Finance Law.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

Office of the State Comptroller
Division of State Government Accountability

Table of Contents

Background	4
Audit Findings and Recommendations	6
Incorrect Application of Travel Rules, Lack of Approvals and Unnecessary Costs	6
Potentially Unnecessary and Wasteful Costs Associated With Rental Vehicles	8
Discrepancies Between Time and Travel Records	10
Recommendations	10
Audit Scope and Methodology	10
Authority	11
Reporting Requirements	11
Contributors to This Report	12
Agency Comments	13

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Background

New York State's executive agencies spend between \$100 million and \$150 million each year on travel expenses incurred by State employees in the course of performing their duties. These expenses, which are discretionary and under the control of agency management, include car rentals, meals, lodging, transportation, fuel and incidental costs such as airline baggage and travel agency fees.

The mission of the Department of Health (Department) is to protect, improve and promote the health, productivity and well-being of all New Yorkers. Toward this end, the Department employs about 5,000 people in a variety of positions in offices and health care institutions around the State. Some of these positions involve travel to conduct site visits and investigations. The Department spent \$13.3 million on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$7.3 million (55 percent) was for reimbursements to employees for travel expenses and direct payments to vendors. The remaining \$6 million related to charges on State-issued travel cards.

This audit at the Department is part of a statewide initiative to determine whether the use of travel monies by selected government employees complied with rules and regulations and is free from fraud, waste and abuse. We examined a total of \$588,029 in travel expenses for 17 Department employees. We selected these employees based primarily on high rental car expenses. One employee was selected because of questionable travel practices the Department had identified associated with this employee.

The Office of the State Comptroller (OSC) sets rules and regulations for payment of expenses employees incur while traveling on official State business. OSC's Travel Manual (Travel Manual) helps agencies and employees understand and apply the State's travel rules and regulations, and provides instructions for reimbursing expenses. In general, when traveling on official State business, only actual, necessary and reasonable business expenses will be reimbursed.

According to the Travel Manual:

- Only actual, necessary and reasonable business expenses will be reimbursed.
- All authorized travel must be in the best interest of the State.
- Employees must obtain appropriate approvals prior to traveling.
- Employees are required to maintain an accurate record of travel that includes departure and return times and mileage.
- The official station is the employee's usual work location. It is designated by the agency and must be in the best interest of the State.
- Employees are in travel status when they are more than 35 miles from both their home and official station.
- Agencies, supervisors and travelers are responsible for ensuring the most economical means of travel is used in the best interest of the State. When a rental vehicle is necessary or prudent, agencies should use the Office of General Services centralized passenger vehicle rental contract.

- Agencies are responsible for recovering any overpayments or improper charges to the travel card, as well as ensuring the bill is reconciled correctly.
- Receipts are required for actual lodging costs and for miscellaneous expenses, such as tolls and parking, of \$75 or more.
- Employees must submit accurate and timely travel vouchers, and supervisors are responsible for reviewing and certifying them timely.

In February 2009, the OSC Bureau of State Expenditures issued a letter to State agency commissioners reminding them of New York State travel rules and provisions of the Travel Manual. The letter called attention to three key areas: review and certification of vouchers, exceeding lodging rates, and personal use of State travel cards. The letter emphasized that travel cards are to be used only for travel costs incurred when conducting State business. Personal purchases using the card are prohibited, even if the user intends to reimburse the State.

In addition, Public Employee Federation collective bargaining agreement provisions, specifically those applicable to the Professional, Scientific and Technical Services Unit, require all employees to keep daily time records showing actual hours worked and absences and leave credits earned and used, which are subject to review and approval by the supervisor.

Audit Findings and Recommendations

Travel expenses totaling \$466,301 for 14 of the 17 Department employees selected for review were appropriate and adhered to State travel rules and regulations. However, we identified numerous concerns with the travel practices and related expenses for three employees that we attributed to inadequate Department oversight. Of the \$121,727 in travel expenses we examined for these three employees, we identified exceptions with \$14,870 (12 percent). We summarize the exceptions, by employee, in the following table.

Employee Job Title	Travel Costs During Audit Period	Costs Associated With Exceptions
Intermediate Care Facility Mental Retardation Survey Coordinator (Coordinator)	\$39,487	\$11,076
Public Health Representative 3 (Representative 3)	\$38,948	\$387
Public Health Representative 1 (Representative 1)	\$43,292	\$3,407
TOTAL	\$121,727	\$14,870

These exceptions represent overpayments of travel expenses due to incorrect application of the “lesser of mileage rule” or other travel rules and discrepancies between time and travel records. We attributed our findings to poor Department monitoring of the three employees’ travel practices, related expenses and, in some cases, time and attendance. We also concluded the Department might have avoided more than \$15,000 in travel costs had it better monitored employee travel arrangements and considered alternatives to rental vehicles. Where possible, we have estimated the amount of errors or questioned expenses associated with our findings.

We recommend the Department investigate the questionable travel expenses identified and pursue recovery where appropriate. Department officials generally agreed with our findings and recommendations and stated they will remind travelers and supervisors of OSC travel rules.

Incorrect Application of Travel Rules, Lack of Approvals and Unnecessary Costs

Incorrect Application of “Lesser of Mileage Rule”

The Travel Manual states that employees who travel to or from home and an alternate work location that is less than 35 miles from their home or official station are not in travel status, but are considered traveling in proximity to the home or official work station. In these cases, reimbursement for transportation is based on the “lesser of mileage rule,” using the lesser of (1) the mileage between the home and alternate work location or (2) the mileage between the

official station and the alternate work location.

We identified instances where the Department incurred unnecessary expenses due to incorrect application of the “lesser of mileage rule.” There were 45 occasions on which Representative 1 did not apply the “lesser of mileage rule” to travel vouchers. Department personnel did not detect this error and incorrectly treated the employee as being in travel status, resulting in overpayments totaling \$2,471. For example, on one day trip, Representative 1 reported having traveled from home to an alternate (other than official station) work site 47 miles away. However, the official station and the alternate work site were only 27 miles apart. Correct application of the rule would have resulted in reimbursement of 27 miles for each trip to and from these locations. Instead, Representative 1 claimed and the Department reimbursed 47 miles for each trip.

Similarly, there were six instances in which the Coordinator was paid full mileage from home to an alternate work location less than 35 miles from the official station instead of the amount that should have been paid under the “lesser of mileage rule.” These instances totaled \$851 in excess mileage and meal reimbursements.

Potential Misuse of State Travel Card and Missing Receipts

We identified 10 instances, totaling \$517, in which Representatives 1 and 3 used the State travel card for fuel purchases and tolls on days they did not report work-related travel. In these instances, Representatives 1 and 3 subtracted the purchase amounts from their claims for reimbursement, and the Department did not pay them. Nevertheless, these instances represent inappropriate uses of the travel card. Two of Representative 3’s fuel purchases occurred in one day and totaled \$121. In another example, Representative 3 purchased gas using the card on three separate days during a nine-day travel period during which there was no work-related travel. In addition to the inappropriate card use, the Department reimbursed Representative 1 a total of \$456 for six fuel purchases that each exceeded \$75 but lacked the required receipts.

Lack of Required Approvals

We identified several instances where the Department paid travel expenses for the Coordinator that were not properly approved; lacked required support; or were submitted and reviewed long after the dates of travel. Details of these problematic reimbursements are as follows:

- We identified \$3,214 in travel card charges on the Coordinator’s vouchers that were rejected by a second-level reviewer, but still paid to the credit card vendor and not recovered from the employee.
- For two trips, the Coordinator did not submit appropriate support for travel card charges totaling \$1,857. This included \$981 for hotel and rental vehicle charges that lacked accompanying receipts, and \$876 for hotel, rental vehicle and fuel charges that lacked both a voucher and related receipts.
- For five of 55 trips we tested, Department personnel did not approve the Coordinator’s travel vouchers totaling \$2,944 until five to 10 months after the date of travel. In four of these cases, the Coordinator did not submit the voucher until five to eight months after

the date of travel. In the remaining case, the supervisor took eight months to review the voucher after receiving it. Prompt submission and approval of travel vouchers provides better assurance that both the traveler and the approver can recall and validate the travel expenses in question.

Other Unnecessary Expenses

We also identified lodging, mileage and gas expenses for the Coordinator totaling \$617 that were wasteful. For example, on one Monday through Thursday trip, the Coordinator ended the workday at 4:30 p.m. on Wednesday, but incurred a hotel charge of \$129 for that night rather than drive home. The hotel charge of \$129 was unnecessary because the Coordinator did not perform additional site visits the next day near the travel site; instead, travel records indicate that the Coordinator traveled back to his official station the next morning. This expense appears to have been incurred more as a convenience for the employee than as a result of a business need.

Potentially Unnecessary and Wasteful Costs Associated With Rental Vehicles

We identified circumstances that suggest Representatives 1 and 3 and the Coordinator may have had access to rental cars for personal purposes. Representative 3 trained and supervised public health program personnel, among other duties, and during our audit period incurred about \$38,948 in travel expenses, including more than \$21,000 for costs related to use of a rental vehicle. Although Representative 3 resided in Rye, New York and worked out of the Department's New Rochelle office, the Department designated the Empire State Plaza in Albany, about 145 miles away from New Rochelle, as the official station. According to this employee's supervisor, Representative 3 should have required a vehicle for work-related travel about one day per week. The supervisor also said Representative 3 should not need a rental vehicle on weekends or holidays.

From early April 2008 to mid-September 2009, Representative 3 typically traveled about three to four days a week for work and used a personal vehicle for that travel. Representative 3 claimed personal car mileage and related costs on travel vouchers that showed the destinations. Beginning in mid-September 2009, and continuing for nearly 18 months through March 2011, Representative 3 rented a vehicle from a company about three miles from Representative 3's residence in Rye, New York and continued a regular pattern of travel. Representative 3 retained the same vehicle (often a Lincoln Town Car) from week to week during this period. Representative 3 had the rental vehicle on weekends, and also had access to it on workdays with no reported travel. Based on our review, we identified the following concerns that warrant follow-up by the Department:

- Because Representative 3's supervisor expected little work-related travel for this position, we question why Representative 3 was regularly traveling at Department expense, which averaged over \$1,000 per month in the period we reviewed.
- According to the "Miles Driven" information on rental car receipts, Representative 3 traveled four to 584 miles weekly, averaging about 150 miles per week. We question why a

rental car arrangement, which is generally more likely to be cost-effective in higher-mileage travel situations, was allowed to continue for nearly 18 months for Representative 3, given the limited actual and expected travel associated with this position. Also, during the 527 days the vehicle was rented (during our audit period), Representative 3 had access to the vehicle on at least 188 days (37 percent) with no job-related travel. These days included weekends and leave days.

- The Department did not designate an official station for Representative 3 that was the usual work location. Instead, the official station was Albany, 145 miles away from the usual New Rochelle Office this employee worked from when not traveling.

Management should assess whether employees' travel arrangements are, and continue to be, reasonable and necessary. We acknowledge that the Department cannot compel an employee to use his or her personal vehicle for job-related travel. Nonetheless, if Representative 3 had used a personal vehicle instead of a rental vehicle for the period in question, the Department could have avoided more than \$15,000 in travel costs. Also, use of pool vehicles, public transportation, or some combination of various transportation options could have mitigated material portions of those costs. Under these circumstances, we question why the Department did not pursue more cost-effective travel options for Representative 3.

We identified similar rental vehicle access in our analysis of the travel expenses of Representative 1, who was supervised by Representative 3. Representative 1 incurred about \$43,000 in travel expenses paid by the Department during our audit period, in a position that involved regular travel. About \$25,000 related to costs for long-term use of a rental vehicle for roughly the same period of time as for Representative 3. Of the 531 days in the rental period we examined, Representative 1 had access to the rental vehicle on at least 180 days, or 34 percent, with no job-related travel. These days included weekends and leave days. As with Representative 3, Department management should have considered available alternatives to assess whether this type of long-term rental arrangement was necessary and cost-effective.

Finally, we questioned the rental vehicle arrangements for the Coordinator, which included rentals on days when there was no apparent reason to rent a vehicle in advance. In one instance, the Department's travel unit questioned why the Coordinator rented the vehicle on the weekend prior to the next scheduled workday, Monday. The Coordinator claimed a need to be on the road Monday morning prior to the rental car company's opening. However, the documentation we reviewed showed the Coordinator to be near home at 11:00 a.m. on that Monday, despite the rental car office having opened at 7:30 a.m.

Department travel vouchers require detailed destination information only when employees claim reimbursement for personal vehicle mileage. In contrast, when a rental vehicle is used, the Department does not require destination information on the accompanying travel vouchers. Therefore, these three employees did not report the destinations and related mileage of their rental cars. Consequently, the Department had limited assurance that the rental vehicles were used for business use only. Moreover, we believe the risk for misuse was high, particularly when the vehicle rentals included weekends and employees' days on leave.

Discrepancies Between Time and Travel Records

For two of the three employees, there were discrepancies between time and attendance records and travel records for the same time periods. Consequently, there is considerable risk that these employees were compensated for time they did not work. In total, we questioned 34.75 hours and related compensation of \$1,943. Details of the discrepancies are as follows:

- In eight instances, time-stamped fuel receipts indicated Representative 1 was at a location inconsistent with information reported on the travel vouchers. On one occasion, for example, Representative 1 reported having left home at 9:00 a.m. and arriving at a second location at 11:00 a.m. However, a receipt showed a fuel purchase at 10:37 a.m. at a gas station about three miles from Representative 1's home. It was unlikely that Representative 1 took more than an hour and a half to travel three miles.
- In 12 instances, time-stamped toll and hotel receipts indicated that the Coordinator began the workday later and/or ended it earlier than what was reported on the time and attendance record.

Recommendations

1. Strengthen oversight of travel expenses to improve the Department's ability to guard against waste and abuse. Actions should include, but not be limited to:
 - verifications of the necessity and legitimacy of travel expenses and appropriate use of travel cards;
 - awareness of employee travel patterns, locations and modes of travel;
 - timely reviews of travel vouchers; and
 - periodic evaluations of official station designations.
2. Investigate the questionable travel and related expenses identified in this report and pursue recoveries, as appropriate.
3. Review the pertinent time and attendance and travel records of Representative 1 and the Coordinator. Adjust leave accruals and/or compensation for these employees, as warranted.

Audit Scope and Methodology

The objective of our audit was to determine whether the use of travel monies by selected government employees complied with rules and regulations and is free from fraud, waste and abuse. We audited selected travel expenses for 17 Department employees for the period April 1, 2008 to March 31, 2011.

To accomplish our objective, we analyzed travel expenses incurred by and on behalf of Department employees for the three State fiscal years ended March 31, 2011. We audited a total of \$588,029 in travel expenses for 17 Department employees. We selected these employees based primarily

on high rental car expenses. Further, we selected one employee whose travel practices the Department had previously questioned. We also became familiar with the internal controls related to travel and assessed their adequacy related to the limited transactions we tested.

As part of our examination, we obtained Department data to verify support for the travel expenses we reviewed. This included determining whether the expenses incurred were approved and for legitimate business purposes, and whether they complied with OSC and Department guidance. We also matched time sheet and travel records to determine whether employees were working on days for which they claimed travel expenses. We communicated our findings to Department personnel and considered information they provided through July 18, 2013.

We conducted our performance 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.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds and other payments. In addition, the Comptroller appoints members to certain boards, commissions and public authorities, some of whom have minority voting rights. These duties may be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

Authority

The audit was performed pursuant to the State Comptroller's authority under Article V, Section 1, of the State Constitution and Article II, Section 8, of the State Finance Law.

Reporting Requirements

We provided a draft copy of this report to Department officials for their review and comment. We considered the Department's response in preparing this final report and have attached it in its entirety to the report. Department officials agreed with our recommendations and have taken steps to begin addressing them.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of Health shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons why.

Contributors to This Report

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Vision

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To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Agency Comments

Howard A. Zucker, M.D., J.D.
Acting Commissioner of Health

NEW YORK
state department of
HEALTH

Sue Kelly
Executive Deputy Commissioner

May 12, 2014

Mr. John Buyce, CPA, CIA, CGFM
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY 12236-0001

Dear Mr. Buyce:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Draft Audit Report 2012-S-94 entitled, "Selected Employee Travel Expenses."

Thank you for the opportunity to comment.

Sincerely,



Sue Kelly
Executive Deputy Commissioner

Enclosure

cc: Michael J. Nazarko
Diane Christensen
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**Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report 2012-S-94 Entitled
Selected Employee Travel Expenses**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2012-S-94 entitled, "Selected Employee Travel Expenses."

Recommendation #1:

Strengthen oversight of travel expenses to improve the Department's ability to guard against waste and abuse. Actions should include, but not be limited to:

- verifications of the necessity and legitimacy of travel expenses and appropriate use of travel cards;
- awareness of employee travel patterns, locations and modes of travel;
- timely reviews of travel vouchers; and
- periodic evaluations of official station designations.

Response #1:

The Department's travel auditing process has been moved to the Office of General Services (OGS) Business Services Center (BSC) Travel Unit for audit and approval of all department travel expense reports. The Department has and will continue to instruct travelers and supervisors to adhere to the OSC travel rules and regulations. We will emphasize the supervisor's role in the approval process and also the timeliness of travel voucher review. Both traveler and supervisor will be reminded to attend any BSC travel training as offered. We have met with the BSC and discussed the need for additional training of DOH travelers. BSC has agreed to provide this training. Official station designations are made in the best interest of the state and not the employee. We will review the official station that is questioned in this report for appropriateness.

Recommendation #2:

Investigate the questionable travel and related expenses identified in this report and pursue recoveries, as appropriate.

Response #2:

The investigation of the questionable travel and related expenses identified in this report is underway at this time. We will pursue any recoveries as warranted.

Recommendation #3:

Review the pertinent time and attendance and travel records of Representative 1 and the Coordinator. Adjust leave accruals and/or compensation for these employees, as warranted.

Response #3:

The time and attendance records along with the applicable travel records of Representative 1 and the Coordinator will be reviewed. The appropriate actions will be taken as deemed necessary.