



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 20, 2019

Howard A. Zucker, M.D., J.D.
Commissioner
Department of Health
Empire State Plaza
Corning Tower Building
Albany, NY 12237

Re: Final Report 2017-BSE01-02

Dear Commissioner Zucker:

Our office examined¹ travel expenses incurred by an employee of the New York State Department of Health (Department) during the period of February 23, 2012 through December 31, 2017. The employee certified 820 Travel and Expense Reports (expense reports) as just, true and correct for this period. These expense reports accounted for \$164,606 in expenses: \$90,963 of which was reimbursed to the employee, and \$73,643 of which was charged directly to the employee's State-issued travel credit card (TCard). The objective of our examination was to determine if the travel expenses the employee claimed were appropriate and made in accordance with the State's travel rules and regulations.

A. Results of Examination

We found \$9,760 of the employee's expenses were not appropriate. This includes lodging, meal, and fuel expenses for which there was no business purpose, meal allowance expenses the employee was not entitled to receive, meal per diem expenses that exceeded the maximum allowable rates, and inflated transportation reimbursements. The employee claimed these inappropriate expenses by: (i) claiming travel expenses on days his certified time records indicate he was absent from work; (ii) certifying expense reports with overlapping dates and conflicting locations; (iii) claiming expenses for which he did not have a reasonable business purpose; (iv) recording incorrect departure and/or return times on expense reports to enable reimbursements he was not entitled to; (v) claiming expenses that exceeded the maximum allowable rates; (vi) submitting inaccurate information to improperly increase his transportation reimbursements; and

¹We performed our examination in accordance with the State Comptroller's authority set forth in Article V, Section 1 of the State Constitution, as well as Article II, Section 8(1) and (7), and Article VII, Section 111 of the State Finance Law.

(vii) purchasing fuel with his TCard on days he did not have a rental vehicle in his possession and purchasing more fuel than necessary for his official business travel.

We also found the employee incurred \$37,795 in questionable travel expenses. This includes: (i) \$19,978 in excessive personal mileage reimbursements; (ii) \$10,225 in expenses for which we question the employee's business purpose; (iii) \$6,216 in rental vehicle expenses for which the employee did not provide justification or evidence to support the business need for the rental; (iv) \$706 in meal allowances for which we could not determine if the employee was eligible to claim; (v) \$418 in fuel expenses for which we could not determine if the employee had a rental vehicle at the time of the purchases; and (vi) \$252 in expenses for which we could not determine the appropriateness of the expenses based on travel dates and locations the employee entered on expense reports. Furthermore, we question why the employee claimed varying mileage, ranging from 88 to 120 miles, for travel between the same two locations.

Finally, we found the employee's supervisor did not effectively monitor the employee's travel expenses. As a result, the employee filed his expense reports late 59 percent of the time and routinely accounted for a single travel event on multiple expense reports. These practices made it difficult for the employee's supervisor to effectively evaluate the appropriateness of the travel expenses.

We shared a draft report with Department officials and considered their comments (Attachment A) in preparing this final report. Department officials generally agreed with our recommendations, and stated they are reviewing the employee's travel expenses and will handle or refer as appropriate. Upon completion of this review, we ask that the Department notify our Office of further actions planned to address the report recommendations.

B. Background and Methodology

The Department's mission is to protect, improve and promote the health, productivity and well-being of all New Yorkers. In carrying out its mission, the Department required the employee to work at different locations throughout the State.

State employees are eligible for reimbursement of actual, necessary and reasonable expenses for official business travel. State employees submit expense reports to account for travel expenses. The New York State Finance Law requires employees to certify each travel expense report is just, true and correct and the balance is due and owing. State employees also certify that they will use the TCard for business purposes only.

To accomplish our objectives, we reviewed the employee's expense reports, TCard charges, time and attendance records, turnstile access records and other records related to the employee. We also reviewed the New York State travel rules and regulations, the Office of the State

Comptroller's (OSC) Travel Manual, the Department's Travel Manual and the United States General Services Administration per diem rates.

C. Details of Findings

1. Inappropriate Expenses

Unsupported Travel Days

During the period of our examination, the employee certified 48 expense reports consisting of \$4,782 in expenses to which he was not entitled. In these instances, the employee claimed to have traveled for business purposes, but his certified time records indicated he was absent from work. For example, the employee indicated on his timesheets that he was absent from work on a Wednesday through Friday; however, during this time period he had a rental vehicle in his possession, charged fuel expenses to his TCard and claimed meal reimbursements.

We also found the employee submitted four expense reports with overlapping dates and conflicting locations, resulting in \$268 in inappropriate reimbursements. For example, the employee filed two expense reports (one for overnight and one for a day trip) claiming expenses for the same two days. As a result, the employee claimed duplicate personal mileage reimbursements totaling \$88 and meal allowances totaling \$42 he was not entitled to receive. Separately, the employee claimed \$138 in duplicate personal mileage reimbursements by submitting two expense reports with the same date.

Non-business Expenses

We found the employee incurred \$1,117 in lodging expenses and \$1,093 in meal allowances for which he did not have a business purpose. The employee incurred these expenses on nights he was teaching a college class located approximately 43 miles from one of his alternate work locations. We found several instances where the employee worked at the alternate work location during the day, taught classes at the college at night, and subsequently lodged at a hotel in the vicinity of the college, and/or claimed meal allowances. In these instances, the employee did not work at his alternate work location the next day, but rather traveled back to his official station in Albany. Therefore, the employee did not have a business purpose to incur these expenses. In fact, in several instances he would have had to leave his alternate work location before his normal work end time to arrive at the college on time for class, indicating he could have simply traveled back to his residence and avoided the cost associated with the overnight stay. The employee's travel patterns appear to be for the convenience of the employee, rather than the benefit of the State. We also found an instance where the employee was reimbursed \$130 for travel to and from his alternate work location; however, according to his class schedule, the employee was teaching class at the same time he claimed to have traveled to the alternate work location.

Unearned Meal Reimbursements

Under the State's travel rules and regulations, when traveling on official business, employees are reimbursed a fixed dollar amount for meals based on rates set by the United States General Services Administration (GSA) for specific locations. Employees are also eligible for extra meal reimbursements when they depart for their trip more than one hour before their normal work start time, and/or when they return from their trip more than two hours after their normal work end time. During our examination period, the employee's expense reports disclosed his normal work start and end times as 8:30 a.m. and 4:30 p.m., respectively.

We found the employee obtained \$1,622 in meal allowance reimbursements he was not entitled to receive. The employee did so by:

- Recording inaccurate departure and/or return times on 84 expense reports that enabled him to claim extra meal reimbursements to which he was not entitled. For example, the employee represented that he returned to his residence from travel at 6:30 p.m., but a fuel receipt he included with the expense report placed him approximately eight miles from his residence at 3:39 p.m. that day.
- Claiming higher meal allowance rates than the GSA rates for the travel destination on five expense reports. For example, the employee claimed, and was reimbursed, a meal allowance of \$61 when the GSA rate was only \$50.

Misleading Trip Information

The Department requires employees traveling by car to use the most economical transportation option: either a rental or personal vehicle. Employees must use a trip calculator (calculator) to determine the most economical option by entering values such as the trip duration, distance to be traveled and location where a rental vehicle will be picked up. When the cost of the rental vehicle is the most economical option but an employee chooses to use a personal vehicle, the Department limits reimbursement for transportation to the cost of the rental vehicle, as determined by the use of the calculator.

We found the employee certified 16 expense reports where he entered misleading information in the calculator that resulted in \$463 in transportation reimbursements he was not entitled to receive.

For example, the employee entered Albany, NY as the pickup location for a rental vehicle in the calculator, along with the contractual daily surcharge for pickup at this location. As another example, the employee represented the necessary duration for the rental vehicle as four days for business that would take place on Monday and Tuesday. The employee justified the need for two additional rental days by claiming: (i) he had to leave his residence before the rental agency

opened on Monday, and (ii) he needed to rent a vehicle prior to Sunday, because the rental agency was not open that day.

Our examination of the employee's travel patterns and expense reports showed he entered misleading information in the calculator in these instances to receive a higher transportation reimbursement. Specifically, we found:

- Every time the employee actually used a rental vehicle during our examination period, he picked up the rental vehicle at a location approximately nine miles from his residence, not in Albany, which is approximately 44 miles from his residence. There is no contractual daily surcharge for vehicles rented in this alternate location. By representing the pickup location as Albany in the calculator, the employee increased the amount of reimbursable transportation costs by the value of the daily surcharges.
- The employee's travel documentation contradicted the employee's claim that he needed to depart for his trip before the rental agency opened on Monday. Specifically, the employee's Statement of Automobile Travel shows a departure from his residence on Monday at 3:30 p.m., well after the rental agency opened. Therefore, there was no business need to obtain the rental vehicle prior to Sunday for this trip, and the employee should have represented the cost of the rental vehicle in the calculator based on only two days. By incorrectly representing his departure time, as well as the need for a rental vehicle as four days, the employee increased the amount of reimbursable transportation expenses by the cost of the rental vehicle for an additional two days.

Fuel for Non-business Travel

According to the OSC Travel Manual, employees are allowed to use a TCard to purchase fuel for a rental vehicle when traveling on official State business. We found the employee certified seven expense reports in which he accounted for \$170 in inappropriate fuel expenses on his TCard. In these instances, the employee did not have a rental vehicle in his possession at the time of the fuel purchases. Therefore, we conclude the fuel purchases were not for official State business.

We also found two certified expense reports where the employee accounted for the purchase of \$115 more in fuel than necessary for official business travel. For example, when the employee had a rental vehicle, he used his TCard to purchase 16 gallons of fuel on a Saturday for a trip he intended to take on the following Monday. However, the employee purchased an additional 17 gallons of fuel at the beginning of his trip on Monday. The employee did not account for the business use of the initial 16 gallons of fuel purchased before his departure for business purposes on Monday. This leads us to conclude he used the initial fuel purchased for personal purposes.

2. Questionable Expenses

Personal Mileage

As we previously described in this report, when the cost of the rental vehicle is the most economical option but an employee chooses to use a personal vehicle, the Department limits reimbursement for transportation to the cost of the rental vehicle, as determined by the use of the calculator. During calendar years 2015, 2016 and 2017, we found the employee received a waiver from the Department which exempted him from using the calculator when filing his expense reports for personal mileage reimbursements. In these instances, the Department reimbursed the employee for the total miles he traveled, rather than limiting his reimbursement to the cost of a rental vehicle. We question \$19,978 of the employee's personal mileage reimbursements, which represents the excess amount the Department reimbursed the employee for personal mileage expenses as a result of the calculator waiver.

The Department also requires employees driving a personal vehicle to submit a Statement of Automobile Travel to report mileage. The Department limits the reimbursement amount for the mileage to the most direct route, regardless of the actual miles driven. We found the employee claimed varying mileage, ranging from 88 to 120 miles, for trips between his residence and the same work location.

Conflicting Employment Schedule

As we discussed previously under the Unreasonable Expenses section, we found the employee stayed overnight on nights he would teach only to travel back to Albany the next morning. We also found a pattern where the employee generally stayed overnight on teaching nights; however, on non-teaching nights he would often travel back to his residence. Accordingly, we question whether the employee would have incurred \$5,358 in lodging expenses and \$4,867 in meal allowances had he not taught class subsequent to working at his alternate work location. Again, these expenses appear to have been incurred for the convenience of the employee rather than to the benefit of the State.

Rental Vehicle

According to the OSC Travel Manual, the use of a rental vehicle should be necessary and prudent. We found the employee incurred \$6,216 in rental vehicle expenses for which we could not determine the business purpose. For example, the employee incurred expenses on days he was at work but not in travel status.

Meals

We question \$106 in meal allowances claimed by the employee. The employee claimed these meal allowances on days he indicated on his certified time records he was absent from work for

part of the day. Because the employee's timesheets do not indicate what time of the day he was absent, we cannot determine whether he was entitled to the meal allowances.

We also question \$600 in meal allowances where the employee entered incorrect dates on his expense reports. As a result, we could not determine whether he was entitled to the meal allowances.

Fuel

The Department requires employees to submit receipts for all TCard charges. We found instances where the employee purchased fuel with his TCard but failed to submit receipts for the purchases with his expense reports. As a result, we question \$418 in fuel expenses incurred by the employee because we could not determine if he had a rental vehicle in his possession at the time of the purchases.

Overlapping Expense Reports

We found the employee submitted two expense reports with overlapping travel dates and conflicting locations. As a result, we could not determine whether the expense reports were accurate and could not verify the appropriateness of \$252 in expenses.

3. Oversight

According to State travel rules and regulations, agencies are responsible to ensure that only actual, necessary and reasonable expenses are reimbursed for official travel. The Department's Travel Manual requires employees to: (i) maintain an accurate record of expenses, including departure and return times, and mileage; (ii) claim reimbursement for only actual, allowed expenses within reimbursement rates; and (iii) submit expense reports no later than 30 days from the end of travel.

The employee's supervisor did not effectively monitor the employee's travel expenses. The supervisor:

- Allowed the employee to file his expense reports late 59 percent of the time, with the latest expense report filed six months after the travel event.
- Allowed the employee to account for a travel event on multiple expense reports, making it difficult to view the totality of the travel event. For example, the employee accounted for fuel, meals and lodging on one expense report, with the related rental car charges on another expense report.
- Did not sufficiently review the expense reports to identify the anomalies identified above.

Recommendations

1. *Review the \$9,760 in inappropriate travel expenses incurred by the employee and recover as appropriate.*
2. *Review the \$37,795 in questionable travel expenses to determine the appropriateness of those expenses. For expenses deemed inappropriate, recover as appropriate.*
3. *Ensure employees submit expense reports within 30 days from the end of travel.*
4. *Train supervisory staff on how to properly review expense reports prior to approving and submitting them for payment.*

We thank the management and staff of the Department of Health for the courtesies and cooperation extended to our auditors during this examination. Since your response to the draft report is in agreement with this report, there is no need for a further response unless you feel otherwise. If you choose to provide a response, we would appreciate receiving it by April 19, 2019.

Sincerely,

Bernard J. McHugh
Director of State Expenditures

Encl: Attachment A

cc: Diane Christensen
Jessica Lynch



**Department
of Health**

ANDREW M. CUOMO
Governor

HOWARD A. ZUCKER, M.D., J.D.
Commissioner

SALLY DRESLIN, M.S., R.N.
Executive Deputy Commissioner

March 1, 2019

Mr. Bernard J. McHugh, Director
Office of the State Comptroller
Bureau of State Expenditures
110 State Street
Albany, New York 12236-0001

Dear Mr. McHugh:

Enclosed are the Department of Health's comments on the Office of the State Comptroller's Draft Audit Report 2017-BSE01-02 entitled DOH Traveler Inappropriate Payments.

Thank you for the opportunity to comment.

Sincerely,

A handwritten signature in black ink, appearing to read "Sally Dreslin". The signature is fluid and cursive.

Sally Dreslin, M.S., R.N.
Executive Deputy Commissioner

Enclosure

cc: Marybeth Hefner
Diane Christensen
Andrew Ruby
Jeffrey Hammond
Jill Montag
Ryan Cox
Jessica Lynch
Lori Conway

**Department of Health
Comments on the
Office of the State Comptroller's
Draft Audit Report 2017-BSE01-02 entitled,
DOH Traveler Inappropriate Payments**

The following are the Department of Health's (Department) comments in response to the Office of the State Comptroller's (OSC) Draft Audit Report 2017-BSE01-02 entitled, "DOH Traveler Inappropriate Payments."

Recommendation #1

Review the \$9,760 in inappropriate travel expenses incurred by the employee and recover as appropriate.

Response #1

Thank you for the detailed information shared on this employee's travel. We are very concerned about these serious allegations. We are reviewing, and will handle or refer as appropriate.

Recommendation #2

Review the \$37,795 in questionable travel expenses to determine the appropriateness of those expenses. For expenses deemed inappropriate, recover as appropriate.

Response #2

Thank you for the detailed information shared on this employee's travel. We are very concerned about these serious allegations. We are reviewing, and will handle or refer as appropriate.

Recommendation #3

Ensure employees submit expense reports within 30 days from the end of travel.

Response #3

We agree with the recommendation and strive to ensure employees submit expense reports within 30 days. Fiscal management staff actively manage outstanding travel expense card charges. Aging reports are run monthly, and staff work with travelers daily who have unreconciled travel charges. When an employee gets to 60 days overdue, supervisors are notified and included in efforts to obtain outstanding reconciliations. When reconciliations are 90 days overdue, travel cards are often suspended, however we do consider the circumstances. If employees are actively attempting to reconcile, along with supervisor, or if a credit is expected, we will hold off on suspension, while continuing to monitor and assist with the reconciliation.

Recommendation #4

Train supervisory staff on how to properly review expense reports prior to approving and submitting them for payment.

Response #4

We agree with the recommendation and strive to continually train staff on travel. The Department's internal default website has an Employee Center with a Travel icon linking to all applicable travel information including self-serve trainings. The Department has also presented live travel training in 2018. Formal training was presented in Albany, and remotely to all Regional and Local District Offices. Travel rules were also explained with an emphasis on supervisor responsibilities, and questions were answered, to a large gathering of field staff and supervisors assigned to the Metropolitan Area Regional Office. In addition, when new travel card applications are received, the traveler and their supervisor are sent notice of the Department's Travel website information, and electronic copies of travel information.