



Travel Fraud Indicators



Presented By:

Internal Audit Section

Arkansas Department of Health



Purpose

To become more thoughtful about the travel reimbursement (TR-1) process.

You are a steward of the Tax Payers money, that means your money too. As a travel administrator or travel supervisor, it is your responsibility to make sure travel is reimbursed according to policy and procedures protecting against fraudulent practices.



Prevent Fraudulent Activities

- Know and follow policy and procedures
 - It is the responsibility of the traveler, the Travel Administrator / Supervisor and the ADH Accounts Payable Office to know and understand the ADH travel policies and procedures and to verify that any travel signed and submitted is correct and complete.
- Test and verify documentation through sampling
 - Quarterly random sample testing is currently being completed by ADH Internal Audit. Upon suspicion of questionable activities, the Travel Administrator / Supervisor should perform an additional investigation to determine validity of travel. (More regarding the sampling is discussed later in this presentation.)
- Report discrepancies and concerns
 - It is very important to report any findings that you feel are not correct. Later in this presentation you will be advised who you should contact.



Travel Administrator / Supervisor Responsibilities

- If approving travel, the travel administrator / supervisor must know the workload and schedule of the employee
- Know the ADH Travel Policy and forms
- If an immediate supervisor is not a travel supervisor, request them to review travel and initial prior to submitting to the travel administrator / supervisor for approval



Travel Administrator / Supervisor Responsibilities

- It is permissible for the travel administrator / supervisor to be more restrictive regarding travel than the ADH Travel Policy
- Remember that the travel administrator / supervisor and the traveler are accountable for what they sign
- Review all of the travel prior to signing / approving

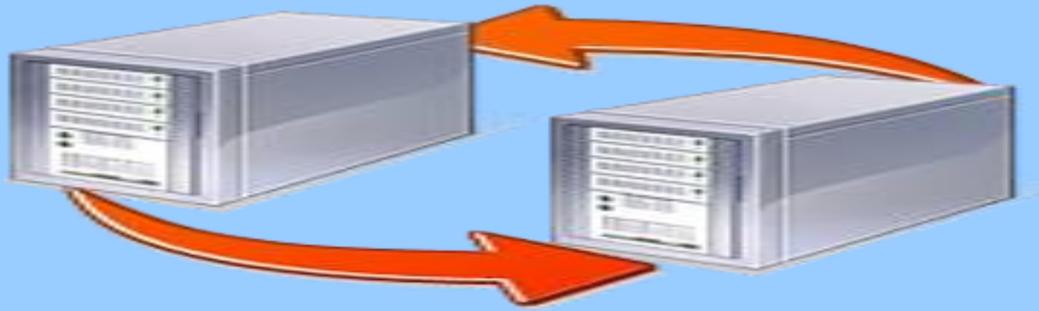


**ADH Travel Policy & Procedures can be found
using the link following link:**

<http://adhfilehold/fh/filehold/webclientportal/libraryform.aspx>

OR

Access the Intranet using the following instructions:



-
- **Go to the Agency Intranet Page**
 - **Click on Policy and Procedures tab**
 - **Click on the + next to Library**
 - **Click on the + next to Manuals**
 - **Click on the + next to Finance**
 - **Click on Finance Policies and Procedures**
 - **Click on the Document Name Finance Policies and Procedures; Get a Copy; Open – Travel Policy is on page TRA-1**
 - **To get Forms – Click on Finance Forms for Pringing**



Review

- Know the forms and how to fill them out.
- Original receipts in the name of traveler is required.
- Meal receipts are not required unless the travel supervisor has requested the receipts for supporting documentation when there are concerns about the reimbursements claimed for meals.
 - It is the responsibility of the travel supervisor to maintain the receipts for an audit, and
 - to ensure that the TR-1 reflects these receipts.

STOP!



WARNING!

It is considered fraudulent activity if the maximum allowable rate is claimed for meals when the maximum allowable rate was not spent.



Meals can be reimbursed for actual expenses only, not to exceed the maximum allowable amount found in ADH travel policy and procedures.



Funding for Travel

- **When an employee travels for a specific programmatic activity, they need to code their travel to that specific program's funding.** (i.e., If a WIC funded employee attends a meeting that is dedicated to discussing Family Planning issues, the employee needs to code that travel to Family Planning funding.)

Not Allowed!



-
- Meals at official station
 - Private entertainment, gifts, any alcohol, gratuities, tips (except for meals), valet services, etc...
 - Travel cost incurred by someone other than the traveler (One traveler cannot pay the expenses of another traveler per State policy.)
 - Lodging and meals within 50 miles of official work station or residence

Not Allowed

(Cont.)



- **Meals without an overnight stay**
- **Purchasing items on State contract or normally purchased items**
- **Ground transportation from hotel to restaurant and/or official station/home to airport**
- **Rental Cars without prior approval**
- **Payment for apparent personal items**

Not Allowed!



- Receiving rebates, coupons, rewards, gifts, points, frequent flier miles, cash cards, etc. for airfare that is purchased by the State of Arkansas using an Agency Travel Card or reimbursing a traveler for airfare.
 - The items must accrue to the agency and be utilized for official state related business.
 - No personal gain is permitted and misuse could result in disciplinary action.

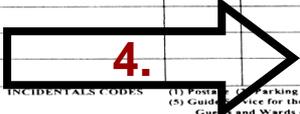
ARKANSAS ADMINISTRATIVE STATEWIDE INFORMATION SYSTEM
TRAVEL EXPENSE REIMBURSEMENT FORM
(SUBMIT ORIGINAL ONLY)

Direct Deposit Warrant

VENDOR NUMBER _____
DEPARTMENT Arkansas Department of Health
NAME OF PAYEE _____
PLACE OF RESIDENCE/ADDRESS WARREN, AR 71671
COST ASSIGNMENT FOR TRIP _____ COST CENTER _____

OFFICIAL STATION **1.** Little Rock
PRIVATE VEHICLE LICENSE NO. N/A state car

DATE	NAME OF TOWN VISITED	DESCRIPTION	COMMON CARRIER	HOTEL ROOM	MEALS	PER DIEM or STIPEND	TAXI	INCIDENTALS	CODES OTHER THAN MILEAGE	TELEPHONE	TOTAL PER DAY	WORK CENTER	FROM	TO	MILEAGE DRIVEN	RATE PER MILE	AMOUNT CLAIMED
08/20/07	MONTICELLO			* stayed with friends	\$31.61						\$31.61		State Car				
08/21/07	MONTICELLO				\$42.51						\$42.51		State Car				
08/22/07	EL DORADO				\$42.20						\$42.20		State Car				
08/23/07	EL DORADO				\$19.49						\$19.49		State Car				
SUB-TOTALS											135.81		TOTALS FOR MILEAGE				



INCIDENTALS CODES (1) Postage (2) Parking Fee (3) Registration Fee (4) Emergency Car Repairs (5) Guide Service for the Blind (6) Minor Purchases (7) Meals for State Car and Wards of the State (8) Other (Explain) _____

Comments: STAYED WITH FRIENDS NO MOTEL

EXPENDITURE SUB-TOTAL 135.81
MILEAGE SUB-TOTAL _____
PAGE TOTAL 135.81
GRAND TOTAL 135.81
Last Page Only

Date	Tax Rate
08/20/07	9.00%
08/21/07	9.00%
08/22/07	8.25%
08/23/07	8.25%

Date	Departure Time	Return Time
08/20/07	0730	
08/23/07		1600

AUG 28 REC'D

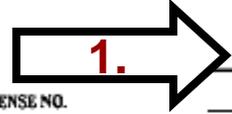
Mileage Reimbursement Rate for use of Privately Owned Vehicle 0.43

(1) This copy of the TR-1 shows that the traveler's official station is in Little Rock.
(2) Their residence is in Warren. **(3)** The traveler "stayed with friends" in Monticello and El Dorado. The mileage between Little Rock (Official Station) and Monticello is 91 miles and between Little Rock and El Dorado is 116 miles. The mileage between Warren (Residence) and Monticello is 17 miles and between Warren and El Dorado is 50 miles. **(4)** The traveler should not have received reimbursement for their meals (in the amount of \$135.81) because they were 50 miles or less from their residence.

ARKANSAS ADMINISTRATIVE STATEWIDE INFORMATION SYSTEM
 TRAVEL EXPENSE REIMBURSEMENT FORM
 (SUBMIT ORIGINAL ONLY)

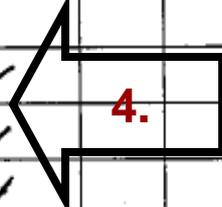
VENDOR NUMBER _____
 DEPARTMENT Arkansas Department of Health
 NAME OF PAYEE _____
 PLACE OF RESIDENCE/ADDRESS : HSV, AR 71909
 COST ASSIGNMENT FOR TRIP: COST CENTER _____

OFFICIAL STATION Little Rock
 PRIVATE VEHICLE LICENSE NO. _____



INTERNAL ORDER _____

DATE	NAME OF TOWN VISITED	DESCRIPTION	COMMON CARRIER	HOTEL ROOM	DETAILED EXPENDITURES OTHER THAN MILEAGE						TOTAL PER DAY	FROM	TO	MILEAGE DRIVEN	RATE PER MILE	
					MEALS	PER DIEM or STIPEND	TAXI	INCIDENTALS	CODE	TELEPHONE						
05/20/08	Hot Springs	Home Health				\$39.96						\$39.9				
05/21/08	Hot Springs	Home Health				\$52.92						\$52.9				
05/22/08	Hot Springs	Home Health				\$52.92						\$52.9				
05/23/08	Hot Springs	Home Health				\$23.76						\$23.7				



Stayed with family

- (1) This copy of the TR-1 shows that a traveler's official station is in Little Rock
- (2) Their residence is in Hot Springs Village.
- (3) The traveler "stayed with family" in Hot Springs. The mileage between Little Rock (Official Station) and Hot Springs is 53 miles. The mileage between Hot Springs Village (Residence) and Hot Springs is 14 miles.
- (4) The traveler should not have received reimbursement for their meals (in the amount of \$169.56) because they were 50 miles or less from their residence.



Test and Verify Documentation through Sampling

- The Office of Internal Audit generates a random sample list of reimbursed TR-1(s) each quarter.
- This list along with copies of the paid TR-1 and supporting documentation is audited and verified that the claims paid to each traveler in the sample listing are correct.
- If there is a question, the internal auditor contacts the appropriate person and asks for clarification of the expense payment.



Test and Verify Documentation through Sampling (Cont)

The samples generated by Internal Audit help to protect against fraudulent activities, however, it is your responsibility to request or perform any additional investigation on any employee that is suspected of misconduct.

Receipt Verification



Hotels:

- Verify the arrival (check-in date and time) and the departure (check-out date and time). First night charged should reflect the same date as the arrival date.
- Verify that the correct rate was charged on the receipt.
- On a random basis, call / fax the hotel and verify dates and amounts claimed by traveler.
- Compare hotel invoices / receipts from separate travelers that stayed in same hotel to make sure there are no discrepancies.

Receipt Verification (Cont.)



- Does invoice look professional and as expected? (Example - abbreviations used when you would expect the full words.)

All Other Receipts:

- Be aware of duplicate reimbursements (Example – registration fee claimed on TR-1 and also paid by direct billing.)
- Verify the city, date and time of purchases for ice, postage, etc.
- Verify that the receipt is for official state business.

Hillsboro Inn
301 W. Hillsboro
El Dorado, AR 71730
Phone: (870) 862-6621

-Not a working #



Room: 125 NS/KING
Check-in: 05/28/2008 Nights: 1
Check-out: 05/29/2008 Guests: 1
Rate: \$45.00 Tax: \$6.41
Vehicle:

Date	CHARGES			PAYMENTS			Balance
	Room	Tax	Total	Credit	Cash	Total	
05/29/2008	\$50.00	\$7.13	\$57.13	\$57.13	\$0.00	\$57.13	\$0.00
TOTAL	\$50.00	\$7.13	\$57.13	\$57.13	\$0.00	\$57.13	\$0.00

AMOUNT TENDERED: \$57.13 VISA/MC
TOTAL: \$57.13
CHANGE: \$0.00

Check-out time: 11:00 AM

Check-in time: 3:00 PM

This is a copy of a hotel receipt. (1) the check-in date (05/28/08). (2) The rate of \$45.00 at the top of the receipt does not match the charged amount of \$50.00 plus tax. (3) Also note the phone number was not a working number. When Internal Audit tried to verify this, they discovered that this hotel had been torn down about three months prior to this stay. This was determined to be a forged receipt.

DAYS INN AND SUITES - ARKADELPHIA

1.

13 Valley Drive
Arkadelphia, AR 71923
HOTEL PHONE: (870) 246-3031
HOTEL FAX: (870) 246-3743

Loyalty Member #:

FOLIO. 2543 ROOM. 115
ARRIVE 12/07/04
DEPART 12/08/04
TODAY 12/08/04
GUEST 1
RATE. \$49.00

ROOM #	SH	DATE	CD	DESCRIPTION	AMOUNT	BALANCE
115	C	12/07/04	E	ROOM RENT	\$49.00	\$49.00
115	C	12/07/04	F	CITY TAX	\$1.55	\$50.55
115	C	12/07/04	F	STATE TAX	\$3.90	\$54.45
115	A	12/08/04	N	VISAMC	\$54.45	\$0.00

*****TOTAL DUE.....\$0.00

ROOM RENT \$49.00 ROOM TAX ... \$5.45 VISA/MASTR. \$54.45

THANK YOU FOR STAYING AT THE DAYS INN AND SUITES-POCAHONTAS!

2.

SIGNATURE X _____

3.

Please contact the manager about any issue with your stay. Days inn Worldwide or affiliates
May contact you about goods and services unless you call 877-212-2733 or write to Box 27970,
Minneapolis, MN 55427-0970 to opt out. View our Days Inn website about privacy.

This is a copy of a hotel receipt. (1) The letterhead shows Arkadelphia, however (2) the Thank You for Staying notice shows Pocahontas. (3) On the last line of the small print Minneapolis is spelled incorrectly. This was determined to be a forged receipt.

ARKANSAS ADMINISTRATIVE STATEWIDE INFORMATION SYSTEM
TRAVEL EXPENSE REIMBURSEMENT FORM
(SUBMIT ORIGINAL ONLY)

VENDOR NUMBER _____

DEPARTMENT _____

Arkansas Department of Health **HUMAN SERVICES**

NAME OF PAYEE _____

PLACE OF RESIDENCE/ADDRESS _____

COST ASSIGNMENT FOR TRIP: _____

CUSTOMER _____

WBS ELEMENT _____

DATE	NAME OF TOWN VISITED	DESCRIPTION	COMMON CARRIER	HOTEL ROOM	DETAILED EXPENDITURES OTHER THAN MILEAGE					TELEPHONE	TOTAL PER DAY	WO CEN
					MEALS	PER DIEM or STIPEND	TAXI	INCIDENTALS	CODE			
10/30/06	Alma AR	DBP sample collection & TA		\$61.55	\$17.62			\$6.30	8A		\$85.47	
10/31/06	Fort Smith AR	DBP sample collection & TA		\$68.55	\$38.87			\$4.68	8A		\$112.10	
11/01/06	Dardanelle AR	DBP sample collection & TA		\$49.50	\$38.61			\$2.04	8		\$90.15	
11/02/06	Dardanelle AR	DBP sample collection & TA			\$6.85						\$6.85	
11/06/06	Magnolia AR	DBP sample collection & TA		\$66.30	\$17.21						\$83.51	
11/07/06	DeQueen AR	DBP sample collection & TA		\$60.86	\$38.88						\$99.74	
11/08/06	Fort Smith AR	DBP sample collection & TA		\$68.55	\$38.92						\$107.47	
11/09/06	Fort Smith AR	DBP sample collection & TA			\$7.00						\$7.00	
SUB-TOTALS				\$375.31	\$203.96			\$13.02			\$592.29	

INCIDENTALS CODES

(1) Postage (2) Parking Fee (3) Registration Fee (4) Emergency Car Repairs
(5) Guide Service for the Blind (6) Minor Purchases (7) Meals for State
Guests and Wards of the State (8) Other (Explain) Ice for sample preservation; 8A see attached

Comments: _____

Approved By: _____

Printed _____

Travel At _____

Date _____

MEAL TAX RATES

Date	Tax Rate

TRAVEL STATUS TIMES (Military Time)

Date	Departure Time	Return Time
10/30/06	1430	
11/02/06		0905
11/06/06	1400	
11/09/06		0915

- (1) This TR-1 shows that the traveler stayed in Alma on October 30, 2006.
- (2) The travel status time is showing that they started their trip at 1430 hours (2:30 PM).
- (3) They also show that they purchased something (as designated with an 8a incidental code) on that day.

ALWAYS LOW PRICES.

Always

SUPER CENTER

WE SELL FOR LESS

MANAGER BRET WALTERS

(501) 868 - 4659

LITTLE ROCK, AR

ST# 5244 OP# 00001315 TE# 04 TR# 09928

SHRIMP 007012000058 1.64 P

MILK DUDS SN 001070053104 F 2.00 X

WHOPPERS 001070002660 F 2.00 X

SCREWDRIVERS 082342009955 1.00 X

RAYOVAC BATT 072689879032 3.87 X

SCREWDRIVERS 082342005420 0.88 X

SUBTOTAL 11.39

TAX 1 6.000 X 0.68

TAX 2 1.500 X 0.17

TAX 4 2.000 X 0.03

TOTAL 12.27

VISA TEND 12.27

ACCOUNT #8321
APPROVAL #030599
TRANS ID -0166304004338487
VALIDATION -D8D!
PAYMENT SERVICE - E

*Item 5.75
TAX \$.55
TOT 6.30*

CHANGE DUE

ITEMS SOLD 6

TC# 1897 5753 8356 2067 6477



Get 300+ generic scripts at \$4 each,
up to a 30 day supply. Select states.
10/30/06 18:07:23

CUSTOMER COPY

CHANGE

TOTAL

TAX

1.

3.

2.

This is the receipt for the item(s) bought on October 30, 2006. (1) The items bought were screwdrivers and batteries (must have an approval letter from the CFO). (2) Please note that these items were bought at 1807 hours (6:07 PM) in (3) Little Rock, however the traveler showed on their TR-1 that they stayed in Alma on October 30, 2006.

VENDOR NUMBER

DEPARTMENT

Arkansas Department of Health **HUMAN SERVICES**

NAME OF PAYEE

PLACE OF RESIDENCE/ADDRESS

COST ASSIGNMENT FOR TRIP:

COST CENTER

WBS ELEMENT

DATE	NAME OF TOWN VISITED	DESCRIPTION	COMMON CARRIER	HOTEL ROOM	DETAILED EXPENDITURES OTHER THAN MILEAGE						TOTAL PER DAY	WORK CENTER
					MEALS	PER DIEM or STIPEND	TAXI	INCIDENTALS	CODE	TELEPHONE		
09/19/05	Russellville AR	Sampling		\$57.98	\$21.67			\$2.81	8	\$82.46		
09/20/05	Alma AR	Sampling		\$61.55	\$30.73			\$2.58	8	\$94.86		
09/21/05	DeQueen AR	Sampling		\$60.86	\$30.52			\$6.01	8	\$97.39		
09/22/05	DeQueen AR	Sampling			\$6.00					\$6.00		
10/10/05	Russellville AR	T.A. Casa and Pre C.P.E. Plainview		\$57.98	\$17.93					\$75.91		
10/11/05	Russellville AR	TA Casa and Pre CPE Plainview			\$37.76					\$37.76		
SUB-TOTALS					\$705.82	\$401.50		\$14.98		\$1,122.30		



INCIDENTALS CODES

(1) Postage (2) Parking Fee (3) Registration Fee (4) Emergency Car Repairs
 (5) Guide Service for the Blind (6) Minor Purchases (7) Meals for State
 Guests and Ward of the State (8) Other (Explain) For ice for sample preservation

Comments:

Approved By:

Printed name and title of traveler

Tax

Date

Title

MEAL TAX RATES

Date	Tax Rate

TR-1 (R 4-05)

TRAVEL STATUS TIMES (Military Time)

Date	Departure Time	Return Time
09/19/05	1000	
09/22/05		0830
10/19/05	1400	
10/11/05		1930
10/17/05	0900	
10/21/05		1100
10/24/05	0930	
10/27/05		1600



- (1) This TR-1 shows that the traveler stayed in Russellville on September 19, 2005 and Alma on September 20, 2005.
- (2) The travel status time is showing that they started their trip at 1000 hours (10:00 AM) on September 19, 2005.
- (3) They also show that they purchased ice on September 19th and 20th, 2005.

2.

CLINTON C STOP
CLINTON AR
DEALER # 4234126
09/20/05 06:18PM

ACCT/CARD #:
AUTH # 100104
INVOICE # CJH1990

ITEM	QTY	PRICE	AMT
GROC	0001	\$0.99	0.99
ICE	0002	\$1.19	2.38
B/RCUP	0001	\$1.00	1.00
B/RCUP	0001	\$1.00	1.00
BRFOUN	0001	\$0.50	0.50
		TAX	0.53
CREDIT		TOTAL	\$6.40

1.

I will pay the total according to the terms of a _____ at the card issuer.

(1) This is a copy of the receipt for the ice that was purchased on September 20, 2005. (2) Please note that the ice was purchased in Clinton on September 20, 2005 at 6:18 PM (the traveler stayed in Russellville on September 19, 2005 and Alma on September 20, 2005). This should have set off an alarm when the travel administrator / supervisor was verifying the travel. Did the traveler stay in Russellville, then go to Clinton for ice, then go back through Russellville on their way to Alma?

Mileage



- **Supervisors should have processes in place to verify mileage claimed.**
 - **Verify mileage shown on TR-1 with the ADH Mileage Chart.**
 - **Travel logs are encouraged to ensure accountability.**
- **If a state vehicle is used:**
 - **Verify mileage reported on vehicle logs with odometer readings.**
 - **Verify mileage driven is appropriate with the job duties performed and is for official business only.**

Employee/Supervisor

- **Employees should keep supervisors informed of unique workload issues.**
- **Supervisors should be aware of the workload of employees.**
- **Communication is the KEY!**



Elements of Fraud

Below are several signs to watch for that may cause fraudulent activities.

- **Financial Problems**
 - Receiving “collection” calls at the workplace.
- **Rationalization**
 - Feel that something is owed to them.
- **Opportunity**
 - Knowing that items are not being verified by the supervisor.



Warning Signs (Employee Behavior)

- **Items that vary from the expected**
 - Examples: customer complaints, unexpected phone calls, excessive travel, refusal to take leave, anything that would be perceived as deviation from the norm



Reporting Discrepancies & Concerns



- All ADH employees have a responsibility to report occurrences of ethical violations, fraud, waste, or abuse of ADH resources.
- All ADH employees shall be protected against any form of retaliation, as stated in the Arkansas Whistleblower Act (ACA §21-1-601–609).

Reporting Discrepancies & Concerns



-
- Report any items that fail any testing or verifying.
 - Unacceptable reasons for not reporting:
 - Tendency to accept any explanation
 - Don't want to believe or find Fraud
 - Too busy to adequately test and follow procedures
 - Don't want to know.



Reporting Discrepancies & Concerns

- **Failure to report could result in disciplinary action.**
- **The disciplinary action will be determined based on the severity of the actions by the appropriate authorities.**

Reporting Discrepancies & Concerns



- **Report discrepancies and concerns to any of the following:**
 - **Center / Branch / Section Chief**
 - **Chief Financial Officer**
 - **Deputy Director for Administration**
 - **Internal Audit Manager**
 - **Chief Operating Officer**
 - **Director**

Any reporting of discrepancies or concerns will be confidential!



It is the traveler's responsibility to submit accurate TR-1s.

It is the travel administrator/supervisor's responsibility to verify that the TR-1s are accurate and truthful.



**When this review is completed, please
take the post assessment in order to
receive your certificate!!!**

**If there are any questions regarding
this training, please contact one of
the auditors in Internal Audit.**