



# 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
  - Monthly random sample testing is currently being completed by the Centers as directed by Internal Audit. Upon suspicion of questionable activities, the Travel Administrator / Supervisor should perform 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**

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- 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**

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- 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**



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

<http://appl-02/information/Documents/General%20Travel.doc>

**OR**

**Access the Intranet using the following instructions:**



- 
- **Go to the Agency Intranet Page**
  - **Click on Policy and Procedures (left side)**
  - **Click on ADH Policy and Procedures (left side)**
  - **Click on Administration**
  - **Click on Finance**
    - **Click on Travel (This gives you the travel policy)**
    - **Click on Forms and Instructions (This gives you the travel forms and the instructions)**



# Review

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- 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!**

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



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

# 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**

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 LICENSE NO. **1.** Little Rock  
PRIVATE VEHICLE LICENSE NO. N/A State car

DATE	NAME OF TOWN VISITED	DESCRIPTION	COMMON CARRIER	HOTEL ROOMS	MEALS	PER DIEM or STIPEND	TAXI	INCIDENTALS	CODE	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	State Car			
08/21/07	MONTICELLO			* Stayed with Friends	\$42.51						\$42.51		State Car	State Car			
08/22/07	EL DORADO			* Stayed with Friends	\$42.00						\$42.00		State Car	State Car			
08/23/07	EL DORADO				\$19.49						\$19.49		State Car	State Car			
SUB-TOTALS											\$135.81		TOTALS FOR MILEAGE				

**4.**

Comments: STAYED WITH FRIENDS NO MOTEL

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

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	1600
08/21/07		
08/22/07		
08/23/07		

AUG 28 2007

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.

Direct Deposit  Warrant

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 \_\_\_\_\_

DETAILED EXPENDITURES OTHER THAN MILEAGE												FROM	TO	MILEAGE DRIVEN	RATE PER MILE
DATE	NAME OF TOWN VISITED	DESCRIPTION	COMMON CARRIER	HOTEL ROOM	MEALS	PER DIEM or STIPEND	TAXI	INCIDENTALS	CODE	TELEPHONE	TOTAL PER DAY				
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

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- The Office of Internal Audit generates a random sample list of reimbursed TR-1(s) each month.
- This list along with copies of the paid TR-1 and supporting documentation is provided to each Center.
- The Center Designee audits and verifies the claims paid to each traveler.
- A verification log is completed by the Center Designee and returned to Internal Audit by the end of each month.



## **Test and Verify Documentation through Sampling (Cont)**

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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

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## 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.

Budget Inn  
408 Highway 65/82 South  
Lake Village, AR 71653  
Phone: (870) 265-5341

Room: 109  
Check-in: 7/26/2007  
Check-out: 7/27/2007  
Rate: \$59.95  
Vehicle: V

2. Nights: 1  
Guests: 1  
Tax: \$7.19

1.

Date	CHARGES			PAYMENTS			Balance
	Room	Tax	Total	Credit	Cash	Total	
7/27/2007	\$59.95	\$7.19	\$67.14	\$67.14	\$0.00	\$67.14	\$0.00
TOTAL	\$59.95	\$7.19	\$67.14	\$67.14	\$0.00	\$67.14	\$0.00

AMOUNT TENDERED: \$67.14 Visa  
TOTAL: \$67.14  
CHANGE: \$0.00

This is a copy of a hotel receipt.

(1) Please note that the billed for date (07/27/07) does not match (2) the check-in date (07/26/07). This was determined to be a forged receipt when the hotel was called to verify the stay.

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) Please note that the billed for date (05/29/08) does not match (2) the check-in date (05/28/08). (3) The rate of \$45.00 at the top of the receipt does not match the charged amount of \$50.00 plus tax. (4) 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

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

1.

Folio. 2543 ROOM. 115  
ARRIVE 12/07/04  
DEPART 12/08/04  
TODAY 12/08/04  
# GUEST 1  
Loyalty Member #: 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	MEALS	PER DIEM or STIPEND	TAXI	DETAILED EXPENDITURES OTHER THAN MILEAGE		TELEPHONE	TOTAL PER DAY	WO CEN
								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	
<b>SUB-TOTALS</b>				<b>\$375.31</b>	<b>\$203.96</b>			<b>\$13.02</b>			<b>\$592.29</b>	

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 \_\_\_\_\_

1.000

MEAL TAX RATES

Date	Tax Rate

TRAVEL STATUS TIMES (Military Time)

Date	Departure Time	Return Time
10/30/06	1430	
11/02/06		0900
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 D

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

TAX 2 1.500 X

TAX 4 2.000 X

TOTAL 12.27

VISA TEND 12.27

ACCOUNT #8321

APPROVAL #030599

TRANS ID -0166304004338487

VALIDATION -D8D!

PAYMENT SERVICE - E

CHANGE DUE

*Item 575  
TAX \$ .55  
TOT 6.30*

# 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

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.

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

VENDOR NUMBER \_\_\_\_\_

DEPARTMENT \_\_\_\_\_

Arkansas Department of Health **HUMAN SERVICES**

NAME OF PAYEE \_\_\_\_\_

OFFICER

PLACE OF RESIDENCE/ADDRESS \_\_\_\_\_

PRIVATE

COST ASSIGNMENT FOR TRIP: \_\_\_\_\_

COST CENTER \_\_\_\_\_

WBS ELEMENT \_\_\_\_\_

DATE	NAME OF TOWN VISITED	DESCRIPTION	COMMON CARRIER	HOTEL ROOM	DETAILED EXPENDITURES OTHER THAN MILEAGE					TELEPHONE	TOTAL PER DAY	WORK CENTER
					MEALS	PER DIEM or STIPEND	TAXI	INCIDENTALS	CODE			
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	
<b>SUB-TOTALS</b>				\$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 \_\_\_\_\_

Title \_\_\_\_\_

Date \_\_\_\_\_

Title \_\_\_\_\_

MEAL TAX RATES

Date	Tax Rate

TR-1 (R 405)

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 19<sup>th</sup> and 20<sup>th</sup>, 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

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- **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

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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)

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- **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

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- **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

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- **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

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- **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.**



**Please return to A-TRAIN to take the post-assessment in order to receive your certificate. Instructions for completing the post-assessment were e-mailed to you when you registered for this course.**

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