

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

Division of State Government Accountability

Selected Employee Travel Expenses

New York State Homes and Community Renewal



Report 2012-S-99

June 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. The audit covers the period April 1, 2008 to October 31, 2012.

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 \$192,215 in travel expenses for five New York State Homes and Community Renewal (HCR) employees. We selected these employees because their rental car expenses ranked among the highest in the State.

Key Findings

- Travel expenses totaling \$112,233 for three of the five HCR employees selected for review were appropriate and adhered to State travel rules and regulations. However, we identified unnecessary and questionable travel expenses totaling \$12,446 for two employees. The travel reimbursements for these two employees may have potential tax implications.
- HCR officials could not provide documentation to support hours worked by one other employee. This employee routinely picked up rental cars late in the morning; however, officials could not account for the hours the employee purportedly worked prior to pickup of the rental car. The employee received wages totaling \$12,834 for 378 hours of work that we could not verify.

Key Recommendations

- Investigate the questionable travel expenses and wages identified in this report and pursue recovery if appropriate.
- Strengthen oversight of travel expenses to improve the Department's ability to guard against fraud, waste, and abuse.
- Discontinue the practice of reimbursing employees for their commuting costs.
- Work with the Comptroller's Division of Payroll, Accounting and Revenue Services to take any necessary corrective action related to the potential taxable status of the two employees' commuting expenses.

Other Related Audit/Report of Interest

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

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

June 4, 2014

Mr. Darryl C. Towns
Commissioner and Chief Executive Officer
New York State Homes and Community Renewal
Hampton Plaza
38-40 State Street
Albany, NY 12207

Dear Commissioner Towns:

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 New York State Homes and Community Renewal 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
Payment of Toll Charges Potentially Not Incurred	6
Payment of Personal Gasoline Charges	7
Potential Taxable Fringe Benefits	8
Payment for Hours Potentially Not Worked	9
Recommendations	10
Audit Scope and Methodology	10
Authority	11
Reporting Requirements	11
Contributors to This Report	12
Agency Comments	13

State Government Accountability Contact Information:

Audit Director: John Buyce

Phone: (518) 474-3271

Email: StateGovernmentAccountability@osc.state.ny.us

Address:

Office of the State Comptroller
 Division of State Government Accountability
 110 State Street, 11th Floor
 Albany, NY 12236

This report is also available on our website at: www.osc.state.ny.us

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.

New York State Homes and Community Renewal (HCR) consists of all the State's major housing and community renewal agencies, including the Affordable Housing Corporation, the Division of Housing and Community Renewal, Housing Finance Agency, State of New York Mortgage Agency, Housing Trust Fund Corporation, and others. The employees sampled worked for the Division of Housing and Community Renewal (Division), which is responsible for the supervision, maintenance, and development of affordable low- and moderate-income housing in New York State. The Division spent \$2,157,604 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$770,710 (or 36 percent) was for reimbursements to employees for travel expenses, direct payments to vendors, and cash advances; and \$1,386,894 (or 64 percent) related to charges on State-issued travel cards.

This audit at HCR is part of a statewide initiative to determine whether the use of travel monies by selected government employees complies with rules and regulations and is free from fraud, waste, and abuse. We examined a total of \$192,215 in travel costs for five Division employees. We selected these employees because their rental car expenses ranked among the highest in the State. Of the five employees, four are Housing and Community Rent Specialist 1s (Rent Specialist 1) and one is a Rent Inspector 2. The five employees are responsible for conducting inspections of New York City housing units that participate in State housing programs.

The Office of the State Comptroller (OSC) sets rules and regulations for payment of expenses employees incur while traveling on official State business. The Comptroller'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, agencies are responsible for ensuring:

- all authorized travel is in the best interest of the State,
- all charges are actual, reasonable, and necessary,
- receipts are maintained for expenses that are \$75 or more, and for certain per diems as described in the Manual,
- all expenses comply with travel rules and regulations,
- the most economical method of travel is used in the best interest of the State,
- compliance with Internal Revenue Service (IRS) regulations,
- the official station of each employee is designated in the best interest of the State,
- employees obtain appropriate approvals prior to traveling, and exceptions or waivers are

justified and necessary,

- when employees are on assignment at a work location more than 35 miles from both their official station and their home, they are considered in travel status and are eligible for reimbursement of travel expenses in accordance with this manual,
- no transportation costs will be allowed between any employee's home and his or her official station, and
- supervisors and travelers are responsible for knowing the staff's official stations and the effect on their travel reimbursement.

Further, the Travel Manual states, and Division Travel Policy reiterates, it is the traveler's responsibility to claim reimbursement only for actual allowed expenses. The Manual states all reasonable and necessary parking and toll charges will be reimbursed whether paid in cash or with a personally issued E-ZPass. Division policy also states supervisors are responsible for knowing their staff's official stations and the effect on their travel reimbursement.

Regardless of an employee's official station, an employer's decision to pay an employee's normal commuting costs usually gives rise to a taxable fringe benefit that must be reported to the IRS. In addition, the IRS's Office of Federal, State and Local Governments Fringe Benefit Guide states that reimbursements are also taxable, and no deduction is allowed, even when an employee has no regular or main place of business. In such cases, the employee's drive between the residence and the first business stop, as well as between the last business stop and home, is considered to comprise the normal commute.

Audit Findings and Recommendations

Travel expenses totaling \$112,233 for three of the five Division employees selected for review were appropriate and adhered to State travel rules and regulations. However, two employees (both Rent Specialist 1s) submitted travel vouchers with expenses that may not have been incurred. Further, there were inappropriate reimbursements for commuting costs. Some of the payments in question may be subject to taxation. Of the \$79,982 we examined for the two Rent Specialist 1s, we identified problems with \$12,446. We recommend the Division investigate the questionable travel expenses identified in this report and pursue recovery where appropriate.

Also, Division officials could not provide documentation to support hours worked for another of the five employees. This employee was also a Rent Specialist 1. Our comparison of the employee's time sheets and her travel documentation found this employee routinely picked up her rental cars late in the morning; however, officials could not account for her hours worked prior to pickup. In total, we could not verify the employee worked 378 hours, totaling \$12,834 in wages.

Payment of Toll Charges Potentially Not Incurred

We identified circumstances that suggest two employees, both Rent Specialist 1s, submitted travel vouchers for and were reimbursed for \$12,071 in toll charges that they did not incur. For the period April 1, 2009 through June 29, 2012, we compared the travelers' travel vouchers and corresponding receipts with their personal E-ZPass statements. It appears they submitted and were paid for tolls at the regular cash toll rate while using their E-ZPass account, which discounts the tolls. In addition, we questioned numerous trips where tolls were potentially not incurred at all.

Division management did not effectively monitor these two employees' travel practices and related expenses and did not therefore sufficiently guard against waste and abuse. As a result, the Division spent \$12,071 on toll charges we concluded were potentially abusive and wasteful. In response to our audit findings, Division management indicated they would look into travelers' and supervisors' responsibilities in conducting and managing travel.

Rent Specialist 1 - #1

This employee told us that she had an E-ZPass transponder, and no other person used it. Also, the employee advised Division officials that she took various routes to her home in Valley Cottage, New York, including a route that did not require tolls. For the period reviewed, the excess reimbursement for this employee may be as much as \$5,754. Specifically, we found:

- On 449 days, the employee claimed 893 tolls costing \$3,322 in which E-ZPass records and/or gas receipts indicate she most likely took a route that did not require tolls.
- The employee generally put the same route on every travel voucher regardless of the route actually traveled. As a result, there were 209 days where the employee's E-ZPass statement and/or gas receipts indicate she took a different route to and/or from her

home in Valley Cottage to housing inspections in New York City than the route her travel voucher otherwise suggested. The actual route she took generally cost less than the route suggested by her travel voucher. These instances represent potential unnecessary reimbursements totaling about \$1,602.

- More than 1,500 instances where this employee received a discounted E-ZPass toll rate, but charged the State for the full toll rate. For example, she paid the discounted E-ZPass rate of \$4.75 for the Tappan Zee Bridge, but claimed and received reimbursement for the full cash rate of \$5. The overcharges totaled \$830. A total of \$760 of the \$830 in overcharges involved toll booths that are E-ZPass only lanes and do not have an attendant to collect cash.

Rent Specialist 1 - #2

This employee stated he has an E-ZPass transponder, but does not use it for work purposes. He regularly rented a car, leaving his house in Monticello, New York, around 9 a.m. or 10 a.m. to conduct daily site visits. This employee stated his travel route into New York City varies depending on the time of day, but he typically takes one route. His return route also varies depending on where his site visits are located, but he generally takes a similar path home. Contrary to what this employee stated, he did use his E-ZPass transponder for work purposes. For the period reviewed, the excess toll reimbursement for this employee may be as high as \$6,692. Specifically, we found:

- On 554 days, the employee claimed 1,371 tolls costing \$4,827 in which E-ZPass records and/or gas receipts indicate he most likely took a route that did not require tolls.
- The employee generally put the same route on every travel voucher regardless of the route actually traveled. As a result, there were 262 days where the employee's E-ZPass statement and/or gas receipts indicate he took a different route to and/or from his home in Monticello to housing inspections in New York City than the route his travel voucher otherwise suggested. The actual route he took generally cost less than the route suggested by his travel voucher. These instances represent potential unnecessary reimbursements totaling about \$979.
- For the period April 1, 2008 through January 23, 2009, this employee claimed 274 tolls at the E-ZPass rate on his vouchers. This was contrary to his statement that he did not use his E-ZPass for work purposes. Further, after January 23, 2009, this employee received the discounted rate on 606 tolls by using E-ZPass, but charged the State for the full toll rate. For example, he paid the discounted E-ZPass rate of \$6 for the George Washington Bridge toll, but claimed and was reimbursed the full cash rate of \$8. The overcharges totaled \$511.

Subsequent to OSC's auditor inquiries, this employee stopped claiming reimbursements for toll expenses.

Payment of Personal Gasoline Charges

We found Rent Specialist 1 - #2 claimed reimbursement for \$375 in personal gasoline charges

to which he was not entitled. The employee generally rented a vehicle for business purposes every week during our scope period. When a rental vehicle is used, the Division reimburses the employee for gasoline purchases necessary for the rental vehicle for business travel during the rental period. However, we found 14 instances where gasoline was purchased and expensed to the Division after the rental car had already been returned. For example, time-stamped receipts showed the employee returned a rental car on Friday, May 1, 2009 at 5:07 p.m. Yet the employee claimed and received reimbursement for gasoline purchased the next day (Saturday), May 2, at 7:13 a.m.

The Division's travel unit expressed concern about Rent Specialist 1 - #2's gasoline charges in notes and other documents attached to his travel vouchers. Yet the employee's supervisor approved these vouchers as they were. As a result of this poor supervision, the employee was reimbursed for \$375 in personal gasoline charges.

Potential Taxable Fringe Benefits

Some of the travel expenses the Division reimbursed these same two Rent Specialist 1s were wasteful and may be subject to taxes that were not previously withheld or paid. In addition, because the Division provided rental cars for some of the employees' transportation to and from work, the related expenses may represent additional taxable amounts.

Division and travel unit officials stated the employees are in travel status, even though each has an official station at the Division's Beacon Street office in Manhattan. Per Division policy, employees are not required to have their own cars and may rent a car to conduct inspections. The number of daily inspections varies, although all occur within New York City limits.

Both Rent Specialist 1s rent a car near their homes in Valley Cottage and Monticello, respectively, for their inspections, and use the rental car to drive to and from work in one of the five New York City boroughs. We estimated daily commutes for both as follows:

- Rent Specialist 1 - #1: 42 miles from her home in Valley Cottage and daily tolls of \$18.50.
- Rent Specialist 1 - #2: 164 miles from his home in Monticello and daily tolls of \$10.50.

According to management, they allowed the employees to be in travel status and paid for commuting costs. However, it appears they are unaware of the possible fringe benefit implications. The supervisor approved the travel vouchers when employees were not eligible per the OSC and Division Travel Manuals. As a result, the Department reimbursed:

- Rent Specialist 1 - #1 \$13,185 in tolls, and also allowed this employee to use a rental car for 901 daily commutes of 42 miles each day, totaling 37,842 miles for the period April 1, 2009 through June 29, 2012.
- Rent Specialist 1 - #2 \$8,200 in tolls, and also allowed this employee to use a rental car for 984 daily commutes of 164 miles each day, totaling 161,376 miles for the period April 1, 2008 through October 31, 2012.

The Department did not report these miles and tolls as taxable benefits for either of the two Rent Specialist 1s. In addition, e-mails and other documents attached to Rent Specialist 1 - #2's travel vouchers indicated that the employee used the rental vehicle for personal travel. In fact, the notes indicate that the travel unit requested Rent Specialist 1 - #2's records from the car rental company because of concerns that he drove the rental vehicle for personal use. There may be tax implications for any personal mileage Rent Specialist 1 - #2 drove with the rental car. We have referred this matter to the Comptroller's Division of Payroll, Accounting and Revenue Services to determine the implications of the work arrangements and to work with the Department to take any corrective action needed.

Payment for Hours Potentially Not Worked

Division Time and Attendance policy requires employees to record actual hours worked on their time sheets, including any adjustments to their schedules. The Policy also states employees are expected to start their day at the regular start time. Tardiness caused by transportation problems affecting individual employees will not be excused. In addition, Section 12.17 of the Public Employees Federation agreement (Maintenance of Time Records) states "All employees in this unit shall be required to keep daily time records showing actual hours worked and shall maintain a daily record of absences and leave credits earned and used in accordance with the Attendance Rules on forms to be provided by the State, subject to review and approval by the supervisor." Further, any falsification of attendance and/or time records may be subject to disciplinary action.

We found one employee regularly picked up her rental car after her start time. Of the 212 times the employee rented a car from April 1, 2008 through October 31, 2012, she picked up the car at least one hour after her start time 157 times (74%), as follows:

# of Hours After Start Time	# of Instances	% of Instances
1 Hour	55	26%
2 Hours	76	36%
3 Hours	26	12%
TOTALS	157	74%

In every instance, the employee recorded her normal start time on her time sheet, although she was one to three hours late. In total, we could not verify the employee worked 378 hours, totaling \$12,834 in wages.

According to Division officials, the employee can work from home writing reports and scheduling inspections. However, Division officials were unable to provide any documentation to show this employee was actually working during the 157 instances in question. Thus, we continue to question the accuracy of the employee's time sheets. In response to our preliminary findings, officials agreed that there may be more effective ways to structure this employee's workday. They also noted that they will review time and attendance rules to determine if any adjustments may

be made for field employees, particularly the one in question.

Recommendations

1. Investigate the questionable travel expenses and wages identified in this report and pursue recovery if appropriate.
2. Strengthen oversight of travel expenses to improve the Department's ability to guard against fraud, waste, and abuse, including improvement in:
 - verification of legitimacy of travel expenses, and
 - awareness of employee travel patterns, locations, and modes of travel.
3. Discontinue the practice of reimbursing employees for their commuting costs.
4. Work with the Comptroller's Division of Payroll, Accounting and Revenue Services to take any necessary corrective action related to the potential taxable status of the two employees' commuting expenses and the one employee's personal use of the rental vehicle.
5. Formally assess time and attendance rules for field employees. Update and clarify such rules to ensure that field employees actually work the hours for which they are paid.

Audit Scope and Methodology

We audited selected travel expenses for five Division employees for the period April 1, 2008 to October 31, 2012. The objectives of our audit were 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.

To accomplish our objectives, we analyzed travel expenses incurred by and on behalf of State employees for the three years ended March 31, 2011. As a result of this analysis, we examined the travel expenses for five Division employees whose expenses ranked among the highest in the State for rental cars. We examined the employees' travel expenses, including reimbursements and credit card charges. As part of our examination, we obtained vouchers, receipts, and credit card statements for all selected transactions. We then verified that documentation supported the charges and showed the expenses incurred were for legitimate business purposes.

We reviewed the Division's internal policies and procedures and determined if the travel expenses selected for examination were approved and complied with this guidance, as well as with OSC procedures. We also became familiar with the internal controls related to travel, and assessed their adequacy related to the limited transactions we tested. Finally, we matched time sheet and travel records to ensure the travelers were working on days for which they requested travel reimbursement, and reviewed E-ZPass records, where applicable, to match against travel vouchers.

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 Division officials for their review and formal comment. We considered the Division's response in preparing this final report and attached it in its entirety to the end of the report. Division officials generally agreed with our recommendations and stated they will further review the matters contained in the report.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of New York State Homes and Community Renewal 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 recommendation contained herein, and if the recommendation was not implemented, the reasons why.

Contributors to This Report

Melissa Little, Audit Manager
Nadine Morrell, Audit Supervisor
Sharon Salembier, Audit Supervisor
Richard Podagrosi, Examiner-in-Charge
Mary Roylance, Examiner-in-Charge
Christian Butler, Staff Auditor
Jason Dessureault, Staff Auditor
Matt Luther, Staff Auditor
Mark Womeldorph, Staff Auditor
Anthony Cartusciello, Senior Assistant Counsel
Joseph Fiore, Chief Investigator
Frank Smith, Investigator

Division of State Government Accountability

Andrew A. SanFilippo, Executive Deputy Comptroller
518-474-4593, asanfilippo@osc.state.ny.us

Tina Kim, Deputy Comptroller
518-473-3596, tkim@osc.state.ny.us

Brian Mason, Assistant Comptroller
518-473-0334, bmason@osc.state.ny.us

Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

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

Agency Comments



NEW YORK STATE
DIVISION OF HOUSING
& COMMUNITY
RENEWAL

HOUSING
TRUST FUND
CORPORATION

STATE OF
NEW YORK MORTGAGE
AGENCY

NEW YORK STATE
HOUSING FINANCE
AGENCY

NEW YORK STATE
AFFORDABLE HOUSING
CORPORATION

STATE OF
NEW YORK MUNICIPAL
BOND BANK AGENCY

TOBACCO SETTLEMENT
FINANCING
CORPORATION

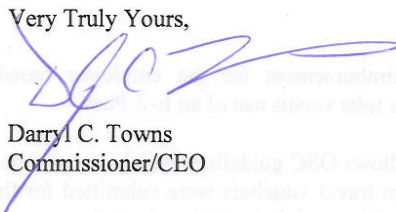
May 5, 2014

Melissa Little
Audit Director
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

Dear Ms. Little:

Thank you for the opportunity to review draft report 2012-S-99 Selected Employee Travel Expenses. We have responded to all of the recommendations contained in the report and offer our detailed responses below.

Very Truly Yours,


Darryl C. Towns
Commissioner/CEO

cc: Kevin G. Kelly
Sharon Devine
Gary Connor
Jason Kim
Richmond McCurnin

ANDREW M. CUOMO
GOVERNOR

DARRYL C. TOWNS
COMMISSIONER/CEO

38-40 State Street, Albany, NY 12207

nysher.org

**NYS Homes and Community Renewal
Response to Draft Audit Report – 2012-S-99**

General Statement

New York State Homes and Community Renewal (HCR) travel guidelines have been established to ensure:

- compliance with policies set by OSC and NYS Finance Law
- that all approved travel is essential to the conduct of HCR business, and
- That all employee business travel is conducted in an efficient and fiscally prudent manner.

HCR's review of OSC Travel Audit Report 2012-S99 has carefully considered whether reimbursement has been provided only for actual allowed expenses. Following are responses to the recommendations in OSC Report 2012-S99.

Recommendations

1. Investigate the questionable travel expenses and wages identified in this report and pursue recovery if appropriate.

Response: Payment of Toll Charges Potentially Not Incurred

Rent Specialist 1 - #1

These findings cite potential excess reimbursement for the employee based on toll rate differences when making cash payment for tolls versus use of an E-Z Pass.

HCR travel policy on receipts currently follows OSC guidelines which do not require receipts for expenses less than \$75. As a result, when travel vouchers were submitted for the employee in question, there was no immediate means of determining whether the toll payment was made via cash or E-Z Pass.

Rent Specialist 1 - #2

Findings for this employee also focus on cost differentials between cash payment versus use of E-Z Pass on bridges and/or toll roads. A question is also raised as to whether on certain days, a route taken may have not required/incurred tolls even though charged on those days.

Although HCR has attempted to analyze OSC provided data detailing travel costs and voucher charges, we remain unable to determine how or if data provided ties out to amounts represented as overcharged or not incurred.

However, repeating HCR's above stated comment that reimbursement should always be based on actual costs incurred; HCR will also utilize all available means to further review findings applicable to this matter.

Payment of Personal Gasoline Charges

In this section of the audit, gasoline charges for Rent Specialist 1 - #2 are represented as having been incurred after business travel had concluded and the rental car used for that purpose had been returned.

HCR will review this matter closely to determine if payment was indeed made for personal versus business gasoline charges and whether recoupment of any such payment is appropriate.

Payment for Hours Potentially Not Worked

This section of the audit report questions hours worked for an employee based on the time of day when rental cars were picked up for business travel. The report includes prior HCR comments that field inspectors often complete paperwork and reports from home prior to picking up rental cars. Among other reasons, this is partly due to the time when rental car agencies open for business, including providing for pickup of persons renting cars.

HCR maintains the position on this finding that the employee did begin work at the time indicated in standard/regular hours. However and as also noted in the report, in such cases where employees initiate the workday from home, HCR will further investigate reasonable methods of documenting the employee's commencement of work.

2. Strengthen oversight of travel expenses to improve the Department's ability to guard against fraud, waste, and abuse, including improvement in:
 - Verification of legitimacy of travel expenses, and
 - Awareness of employee travel patterns, locations, and modes of travel.

Response:

HCR acknowledges and agrees with the report recommendation that reimbursement should always be based on actual costs incurred. As reasonable supervisory review of travel vouchers plays a pivotal role in avoiding errors, omissions and overcharges, on a prospective basis for all cases involving toll charges, supervisory staff will ask travelers to clearly identify whether tolls were incurred via E-Z Pass or on a cash basis. For travel vouchers submitted, supervisory staff will conduct quality control samplings in which they will compare voucher charges against E-Z Pass and/or cash toll costs posted for all toll roads, bridges and tunnels by the respective Authorities.

Although HCR cannot formally require that employees maintain an E-Z Pass account, it will be recommended as it can potentially reduce agency costs and can also serve as an effective record if/when charges are questioned.

HCR will review this matter further. Consideration of a revised receipts policy is also under review by HCR.

3. Discontinue the practice of reimbursing employees for their commuting costs.

Response:

The Division of Housing and Community Renewal (DHCR) will ensure that the official stations of our employees are reviewed and properly reflected. In addition DHCR will ensure that our managers are aware of the State Travel rules and we will work to enforce them. Employees will not be reimbursed for any expenses that would be deemed to be commuting costs.

4. Work with the Comptroller's Division of Payroll, Accounting and Revenue Services to take any necessary corrective action related to the potential taxable status of the two employees' commuting expenses and the one employee's personal use of the rental vehicle.

Response:

We are reviewing the possibility of changing the two employees' official work station to their home office location. We need to be sure we have a proper understanding of all the issues you have raised and the implications on the Agency and staff. If the decision is to make the employees home office their official work station; supervisory staff will be provided training on current state travel rules, regulations and how to closely monitor field staff's travel status and commuting expenses. Supervisors will also communicate and reinforce that rental cars are to be used for business purposes only.

5. Formally assess time and attendance rules for field employees. Update and clarify such rules to ensure that field employees actually work the hours for which they are paid.

Response:

Time and attendance rules are set and updated by the Department of Civil Service. Field employees follow the same rules as all other employees. We will reinforce to supervisors of field employees to ensure that timesheets are accurate and reflect the hours worked.