

East Irondequoit Central School District

Conference and Travel Expenditures

NOVEMBER 2019



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

East Irondequoit Central School District

Audit Objective

Determine whether meal, travel and conference expenditures were reasonable.

Key Findings

The District:

- Could have saved \$14,000 if it used government rates to reimburse for travel expenditures.
- Could have saved \$2,600 on rental cars by using New York State (NYS) contracts.
- Does not require proof of attendance at conferences.

Key Recommendations

- District officials should consider following the government travel reimbursement rates.
- When possible, District officials should use NYS contracts for renting cars.
- The Board should require proof of attendance for conferences.

District officials disagreed with certain aspects of our findings and recommendations and indicated they plan to initiate corrective action. Appendix B includes comments on issues raised in the District's response.

Background

The East Irondequoit Central School District (District) serves the eastern portion of the Town of Irondequoit in Monroe County.

A nine-member Board of Education (Board) is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools is the chief executive officer and is responsible, along with other administrative staff, for the District's day-to-day management under the Board's direction. The Deputy Superintendent oversees the District's Business Office operations.

Quick Facts

Employees	700
Enrollment	3,000
2018-19 General Fund Budgeted Appropriations	\$80.7 Million

Audit Period

July 1, 2017 – January 31, 2019

Conference and Travel Expenditures

How Should Conference and Travel Expenditures Be Authorized and Supported?

New York State General Municipal Law¹ allows school districts to pay for actual and necessary expenditures for travel costs incurred for attendance at conferences, conventions or schools by authorized officials, including board members and employees. Spending lavishly on deluxe hotels, extravagant meals and expensive transportation methods is not considered a necessary expenditure and therefore is not an appropriate use of public funds. Each school district should provide clear and specific guidance in its travel policy and procedures regarding reasonable dollar limits for actual and necessary conference expenditures.²

An effective and easy way to ensure that travel and conference expenditures stay within reasonable limits is to adopt the federal lodging, meal and mileage guidelines as the general maximum travel rates. The United States General Services Administration (GSA) publishes rates for lodging and meals that federal officers and employees cannot exceed. These rates vary by state and region (e.g., New York City hotel and meal rates are higher than Binghamton rates). Most major hotel chains set aside rooms at the federal rate. Other measures, such as a certification of attendance and/or completion before reimbursements are made, can also assure that only actual and necessary expenditures are incurred.

The District's travel policy and regulation includes descriptions of expenditures that are reimbursable, including lodging, meals, mileage for use of personal vehicles, parking and tolls. The regulation also discusses when different modes of transportation are necessary such as air travel and rental cars. Many collective bargaining agreements (CBAs) or individual employment contracts (contracts) specify if travel is allowed. A request for conference attendance must be submitted and approved by the travelers' supervisor. Travelers must submit a travel expense report itemizing all costs and supporting those costs with itemized receipts. Proof of conference or training attendance/completion is not required.

Furthermore, District officials should track travel and conference expenses to ensure the District is receiving adequate consideration for the money. A valid claim of travel expenses should include sufficient information for the claims auditor to determine that it represents a lawful and proper charge. The required documentation for travel claims generally should include: a copy of the approval form, a certification of attendance or completion form, original receipts for actual and necessary expenses claimed and cross-references to other claims if the total is spread among multiple vouchers or payment methods and other support necessary to comply with District policies.

1 New York State General Municipal Law Section 77-b

2 See the publication Travel and Conference Expense Management https://www.osc.state.ny.us/localgov/pubs/lgmg/travel_expense.pdf

The District's Travel Practices Did Not Minimize the Risk of Excessive Spending

The Board-adopted travel policy authorizes the Superintendent or Superintendent's designee to define the necessary conference expenditures to be reimbursed within the policy's parameters. We found that the policy has limited parameters. In order to supplement the Board's policy, the Deputy Superintendent developed a travel regulation.

The District's travel regulation was incomplete and allowed for reimbursements to regularly exceed the recommended GSA rates. In contrast the GSA rates are clear, accepted in the continental United States, updated annually and can prevent any issues with employees owing taxes on non-wage income from travel expense reimbursements. As a result of these advantages, the GSA established rates are used by the federal government, other government entities, including New York State, and many private organizations.

The District's travel regulation specifies that the District will reimburse employees for actual meal expenses up to \$79 per day or \$96 per day for conferences in New York City (NYC) and conferences sponsored by 11 different accredited organizations³ or for travel in certain high-cost cities. However, aside from NYC, a high-cost city was not defined in the travel regulation. We reviewed travel to 19 different cities. The District reimbursed 12 cities as high cost⁴ and one city as low cost. For the remaining six cities, the designation could not be determined because the vouchers did not specify if the location was a high- or low-cost city.

The regulation also states that if meals are provided at conferences, those amounts should be deducted from the employees' reimbursement. We found that the travel documentation submitted did not include adequate information about the conference and there was no indication if meals were provided. Therefore, we could not verify if meals should have been deducted from the reimbursements we reviewed.

Furthermore, in many cases we could not determine if District officials complied with the regulation because several officials would go out to lunch and/or dinner together. Frequently, one person would pay for the group meal and submit that receipt for reimbursement while another person would pay for the next meal and submit that information for reimbursement. Additionally, when these group meals occurred, officials did not document who ordered what and in some cases who the meals were for at all. Therefore, we could not determine if a particular person had exceeded the established daily limit or if non-employees participated in the group meal. Instead, District officials averaged the cost of all of the meals from

³ Some examples include: Association of School Business Officials, Government Finance Officers Association, International Baccalaureate and National School Boards Association.

⁴ We made this determination based on the amount reimbursed to officials.

one bill and allocated that cost to all in attendance for that meal. Therefore, it is possible that some officials exceeded the \$96 daily limit or that meals for non-employees were included on the invoice.

In addition to reviewing meal reimbursements, we reviewed lodging reimbursements. The District’s travel regulation specifies that employees are authorized to stay in the conference hotel. If rooms are not available in the block specified for the conference then, “The District will pay for the average nightly equivalent to that of the block of conference rooms.” For other travel situations, the District allows employees to be reimbursed as follows:

- Employees traveling to meetings of business-related organizations that are held at a specific hotel or for which meeting organizers have designated specific hotels for housing will be reimbursed for the cost of staying in such a hotel or a hotel in the area at the same or lower cost.
- If an employee is traveling on District business other than to a conference, the District will reimburse the employee at the average rate for a hotel of “medium quality” in the general vicinity of the location at which the District’s business is to be conducted.

We found that District employees did not document if they were staying in a conference hotel or how they determined that the hotel they were in was of medium quality or otherwise met the standards set by the District’s regulation. We found that the hotel rates the District paid were often higher than those established by GSA.

We reviewed meal and lodging expenditures totaling approximately \$43,000 and found that the District could have saved approximately \$14,000, or 33 percent, if it followed meal and lodging rates established by GSA. Some examples from our testing include:

Figure 1: Lodging Rates Exceeding the GSA Rate

Location	Number of Nights	Total Room Charges Paid by District ^a	Average District Cost per Night	GSA Lodging Rate per Night	Difference per Night	Amount Over GSA Rates
Lake Placid, NY	33	\$9,933	\$301	\$126	\$175	\$5,775
Kissimmee, FL	14	\$3,668	\$262	\$93	\$169	\$2,366
Atlanta, GA	5	\$1,395	\$279	\$140	\$139	\$695
Saratoga, NY	6	\$1,314	\$219	\$124	\$95	\$570
Las Vegas, NV	5	\$960	\$192	\$106	\$86	\$430
Total		\$17,270				\$9,836

^a Exclusive of out-of-state taxes paid

We were unable to reasonably determine the combined overages for meals because of the District's lack of tracking. However, there were several specific instances where we were able to compare meals to the per diem amount per person. For example:

- The Kissimmee, FL GSA rate was established at \$59 per day. However, we found that the Deputy Superintendent was reimbursed for meals totaling \$96 per day, resulting in an overage of \$37 per day.
- The Saratoga, NY GSA rate was established at \$64 per day. However, we found that the Deputy Superintendent and Chief Information Officer were reimbursed for meals totaling \$96 per day, resulting in an overage of \$64.

We noted other instances where District practices did not minimize the risk of excessive expenditures of public funds. For example:

- Trip cancellations, failure to use flight vouchers, flight changes for personal reasons and early bird check-ins cost the District approximately \$5,585.
- The District rented a car in San Francisco for \$1,157 that was driven a total of 50 miles or \$23 per mile. This price included \$210 of added insurance and \$29 for fuel surcharges.
- The District did not use available NYS contracts for rental cars. We reviewed seven rental car payments totaling \$4,600 and found that the District could have saved \$2,600 if the cars were rented using NYS contracts. For example, the District paid \$1,216 for added insurance protections that are included with the NYS contracts. Furthermore, District officials usually added the fuel service option to their contracts for a cost of \$277 rather than stopping to fill up the gas tank before returning the vehicle.
- The District's regulation required employees submit quotes for air travel. We reviewed the documentation for 34 flights totaling approximately \$15,400 and did not find any quotes.
- District officials did not require travelers to submit proof of attendance at conferences or trainings. We did not see proof of attendance attached to any of the claims reviewed.
- District officials could not determine how much they spent on travel.

Occasionally, exceptions to GSA maximum lodging and meal rates are warranted to accommodate special circumstances. However, District officials should review these situations on a case-by-case basis to ensure that travel expenditures are reasonable and in the District's best interest.

What Do We Recommend?

The Board should:

1. Adopt a detailed conference and travel policy that requires the prudent use of taxpayer money when traveling on District business. Some ways this may be accomplished include:
 - Ensuring meal and lodging reimbursements are no greater than the GSA rates,
 - Requiring proof of attendance at conferences, and
 - Including provisions for trip cancellations.

District officials should:

2. Update the travel regulation with specific guidance, based on the new Board policy, and ensure the regulation promotes the prudent and economical use of District funds.
3. Use State contracts for travel when possible.
4. Require travelers to submit the necessary information to demonstrate how travel expenses comply with Board policy and regulation.

Appendix A: Response From District Officials



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September 10, 2019

Mr. Edward V. Grant, Jr., Chief Examiner
The Powers Building
16 West Main Street, Suite 522
Rochester, New York 14614-1608

Dear Mr. Grant:

Following a careful review of your audit report (2019-M-132) we are prepared to offer our response.

As a community of learners, we view professional development as a vital means of improving the skills of our leadership and staff and helping them stay up to date on the latest issues and practices in education. Appropriate travel to support this, consistent with the need to be accountable to our taxpayers, is recognized in our policies and regulations.

There is merit in some of what you suggest, but we respectfully disagree in other areas.

Use of GSA Rates is Not Always Possible or Realistic

The methodology in your report assumes that General Services Administration (GSA) reimbursement rates should be used in almost all cases. It quantifies the “savings” as if they are simply there for the asking. Nothing could be further from the truth. For example, more than half of all the savings on lodging that you cite in the report is for use of the GSA rate in Lake Placid at the 2017 New York State School Boards Association convention. In fact, hotel rooms in Lake Placid were completely booked during the convention. Attendees paid the going rate at whatever hotel they could find.

See
Note 1
Page 10

At other conferences, taking advantage of GSA rates would require using hotels that are quite a distance from the location of the conference and do not have access to shuttles. Time and the cost of traveling to and from the conference site become issues. The board anticipated this by including the following language in its policy:

“In the interest of efficiency, the employee should stay in conference hotels that provide quick and ready access to convention and meeting halls and other conference events.”

See
Note 2
Page 10

Similarly, the cost of eating at large conferences can easily exceed GSA rates. We do not believe that the GSA rates are adequate in those situations.

See
Note 3
Page 10

It can reasonably be assumed that the combination of the GSA lodging and meal rates would create an unreimbursed expense for employees. It is unfair to expect employees to both give up their own time and pay out of pocket to obtain necessary professional development. Again, the board anticipated this with the following policy language:

“The employee should not be required to subsidize the cost of his or her attendance at the conference.”

The District does believe that GSA rates can be realistic under certain circumstances. We intend to review them to determine situations in which they could reasonably be applied.

District System of Tracking of Travel Expenses is Appropriate

In your report you state that “District officials could not determine how much they spent on travel.” This is not accurate. In fact, we are not aware that any District official was ever asked how much we spend on travel.

See
Note 4
Page 10

You also say that you “...were unable to reasonably determine the combined overages for meals because of the District’s lack of tracking.”

Our system of approvals for attendance at conferences and for reimbursement of conference expenses is set up in a way that allows us to determine if a reimbursement is a legitimate claim: Was the conference authorized, the expense allowable and the documentation appropriate? It was never designed for your staff to be able to research a standard that does not even exist in our regulations.

See
Note 5
Page 10

We do believe that the reimbursement process can be streamlined in the interest of efficiency and are looking at the use of technology to accomplish this.

There Are Several Suggestions With Which We Agree

Proof of attendance is a reasonable safeguard to ensure that employees are attending conferences for which the District has paid.

There are understandable reasons why district officials have found it necessary in the past to cancel their attendance or otherwise alter their plans. We will provide guidelines for how cancellations are to be handled.

We were unaware that there is a state contract for car rentals until informed of this by your auditors. We now require that it be used for District travel.

Cost/Benefit Analysis

We are committed to reasonable improvements in our process to safeguard District assets and improve accountability. Our travel regulation is more extensive than any other school district of which we are aware. It is reviewed and updated approximately once per year.

To be responsible stewards of taxpayer funds it is necessary to understand which changes bring with them a benefit that will save more than they cost. It doesn’t make sense to “spend a dollar to save a dime”.

See
Note 6
Page 11

We do believe that there are efficiencies that can improve consistency in travel. We intend to designate a business office employee to become the District “expert” on travel and to handle all reimbursement claims. Departments and employees will be encouraged to consult in advance of making spending decisions.

District Response to OSC Travel Audit (2019-M-132) – Page 3

A number of changes in response to your findings have already been incorporated in our regulation. Our corrective action plan will provide more detail.

Sincerely,

Mary E. Grow
Superintendent of Schools

Appendix B: OSC Comments on the District's Response

Note 1

No documentation was provided for our review to illustrate that any other hotels were contacted for pricing options. In fact, when comparing invoices from different hotels staff stayed at while in Lake Placid, one was \$109 less per night than most of the other rooms booked (\$205 per night vs. \$314 per night), indicating that there may have been more cost-effective options in the area. Additionally, one room was the most expensive at \$350 per night.

Note 2

The law states, “conference travel shall be....made utilizing a cost-effective and reasonable method of travel.” There was no indication that District officials reviewed alternative options to the lodging that was utilized. A quick Internet search for Lake Placid hotels revealed that the hotel utilized by most District officials for this event was one of the most expensive options in the immediate area. Furthermore, in Lake Placid there were less expensive hotels that were closer to the conference site as illustrated in Note 1. Additionally, a quick search for hotels within one mile of the conference center in Kissimmee FL (where District officials rented a car) found 11 hotel properties.

Note 3

GSA rates are utilized by federal government employees, New York State government employees and many other government entities and contractors. Generally these people are able to stay within GSA rates even in more expensive cities and while attending conferences. Additionally, there can be provisions to allow for exceptions to the rates in those rare circumstances when it can be clearly documented they do not adequately reimburse employees for reasonable and necessary travel expenses.

Note 4

During our audit fieldwork, we asked District officials how much was spent on travel and were told that there was no easy way to provide this information due to how travel is coded in their accounting system. Additionally, upon reviewing the draft report and during the exit conference, District officials did not indicate that they were able to provide this information.

Note 5

The District's regulation states, “The District will reimburse actual meal expenses up to \$96 per day....” However, the documentation maintained by the District did not allow us to verify that this standard was followed. Additionally, as stated in our report, the District reimbursed expenses that were specifically disallowed by their policy. Our testing also identified instances when the conference approval form was signed after the conference travel had already taken place.

Note 6

Using GSA rates and requiring documentation to support exceptions is a cost-effective standard used by governments across the State and the country.

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We reviewed the District's policies and regulations related to conference and travel expenditures.
- We interviewed District officials to gain an understanding of the travel procedures and internal controls over conference and travel expenditures.
- We used our professional judgment to select travel claims paid by check and credit card during our audit period to determine the adequacy of supporting documentation, validity and necessity of travel expenditures, cost savings opportunities and compliance with the District's written travel policy and regulation.
- We followed up with District officials regarding any discrepancies and reviewed documentation and information that were subsequently provided.
- We compared daily meal allowances and hotel costs to GSA rates and calculated potential cost savings had District officials obtained these rates.
- We compared rental vehicle costs to State contract rates and calculated a potential cost savings had the District used the State contract.

We conducted this performance audit in accordance with GAGAS (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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-1(3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/localgov/pubs/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/localgov/academy/index.htm

Contact

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