



STATE OF ARKANSAS

## Department of Finance and Administration

OFFICE OF ACCOUNTING

1509 West Seventh Street, Suite 403

Post Office Box 3278

Little Rock, Arkansas 72203-3278

Phone: (501) 682-1675

Fax: (501) 682-1086

<http://www.dfa.arkansas.gov>

# NEWSLETTER

April 10, 2017

## TRAVEL

During fiscal year 2016, travel and related expenses were reported by state agencies in the amount of \$95.8 million.

Meals, lodging and transportation for state employees accounted for 70% of the total.

## TRAVEL AND RELATED COSTS

State law authorizes the Director of the Department of Finance and Administration to establish rules and regulations for travel and related activities. These rules and regulations are found in the Financial Management Guide under Travel Regulations.

The Travel Regulations are the minimum requirements that state agencies must follow. It is the responsibility of the administrative head of each agency, board, commission, or institution to implement these rules and regulations and maintain adequate records documenting travel and related expenses.

An agency can enact their own policies and procedures regarding travel that are more restrictive than the State's rules and regulations. However, an agency's policies cannot relax the State's rules and regulations.

---

*No travel expenses shall be authorized or allowed without the approval of the board, commission, or administrative head of any agency. ACA 19-4-902(b)*

---

## TRAVEL MUST BE AUTHORIZED AND APPROVED

By state law, it is the agency that is responsible for authorizing travel and approving travel expenses. All travel authorizations must be documented. The approving administrator should ensure that the requested travel complies with state travel regulations. Required receipts for travel expenses must be maintained for audit.

In large agencies, the administrative head may designate a travel administrator with responsibility for administering travel policies and maintaining travel records. This designation must be in writing.



*Plan ahead!*

## **ARKANSAS LEGISLATIVE AUDIT**

Arkansas Legislative Audit (ALA) conducts internal control and compliance engagements to examine accounting practices and internal controls of a state agency. The engagement checks to determine if the state agency is complying with its own policies and procedures as well state laws and regulations. The engagement results are summarized as findings in a report to the Legislative Joint Audit Committee. Findings are observations of a condition or situation. Findings include a basis or criteria for the observation, the perceived cause of the condition or situation (if it can be determined), and recommendations to help resolve the issue. An agency can respond to the findings with their own observations and whether they agree or disagree with the views of ALA.

## **RECENT FINDINGS**

ALA issued an internal control and compliance report for the Department of Labor for fiscal year ended June 30, 2015, dated September 30, 2016. It was the position of ALA that the Department did not comply with state travel regulations and had inadequate internal controls over travel approvals and reimbursements. Among the findings listed were:

- Travel costs and mileage reimbursements considered by ALA to be unallowable or questionable under state travel regulations
- Travel not being approved in advance of the trip

Travel costs were considered questionable for trips that did not appear to be properly documented and considered unallowable if they appeared to be in excess of reimbursement limits

ALA recommended that the Department of Labor establish procedures to ensure that all travel is for authorized business purposes and comply with state travel regulations.

## **RESPONSE**

Management addressed the findings by taking the following actions to improve internal controls over travel:

- All internal controls relating to travel processes were placed in writing
- Submission of an out-of-state travel request form that itemizes anticipated expenses for approval
- Once approval is obtained, review of the trip by the Fiscal Manager, who has the responsibility make bookings, reservations, registrations, and other travel arrangements

## **RESOURCES**

The Travel Portal ([www.dfa.arkansas.gov/travel](http://www.dfa.arkansas.gov/travel)) provides useful information on state travel regulations, such as:

- Current mileage reimbursement rate
- Policies regarding reimbursement of air travel, ground transportation, and lodging
- Use of travel cards and fuel cards
- Travel forms and links to websites providing useful travel information

In addition to the state travel regulations, state employees should always refer their agency's travel policy and procedures.