



KATE WITEK, AUDITOR OF PUBLIC ACCOUNTS
STATE CAPITOL, SUITE 2303
LINCOLN, NEBRASKA 68509
(402) 471-2111

Advisory Letter to Educational Service Units (ESUs)
Evaluation of Travel Policies and Travel Disbursements
For Fiscal Year Ended June 30, 2000 or August 31, 2000 and
For the Period July 1, 2000 or September 1, 2000 Through April 30, 2001

Report Highlights

Comments and Recommendations

- Travel Policies
- Mileage/Travel Expense Reimbursements
- Lack of Supporting Documentation
- Mileage Reimbursements
- Vehicle Travel Logs
- Personal Travel Expenses
- Federal Rates
- Untaxed Commuting Per Diem
- Golf Tournament Expenses

There are 18 educational service units (ESUs) in Nebraska providing supplemental services to school districts in the State's elementary and secondary education systems. ESUs provide educational services, administer certain funds, and provide technical training and technology infrastructure. An elected board governs each ESU.

Based on the procedures we performed, we developed comments and recommendations and other relevant information that we believe should be considered by the ESU Boards. The Advisory Letter summarizes the results of our evaluation. In addition to the Advisory Letter, each ESU was issued a separate management letter, which outlined the specific comments and recommendations for their consideration and any responses to that letter.

We noted certain internal control matters related to the activities of the ESUs and other operational matters relating to one or more ESUs. We noted ESU policies and procedures pertaining to travel disbursements ranged from non-existent to comprehensive. We were able to identify areas in which travel policies could be improved or expanded to provide consistent application. With improved policies and procedures, each ESU would have greater assurance travel disbursements are reasonable and necessary. We also noted certain areas where the ESUs could improve to ensure all travel disbursements are reasonable and necessary expenses. These areas are noted in the Advisory Letter in the Summary of Comments and Recommendations and are summarized as follows:

- We observed a lack of comprehensive, written travel policies and procedures which would provide ESU employees with a detailed resource on allowable costs and reimbursement procedures.
- ESUs did not have policies and procedures in place to ensure employee reimbursements for commuting expenses were taxed as income to the employee, according to IRS regulations.

- We noted a lack of supporting documentation for lodging, meals, conferences/training, and credit card use.
- We noted requests for mileage reimbursements that did not include documentation identifying the purpose of travel or start and stop times and locations of each trip. We also observed reimbursements where mileage claimed was not representative of actual map miles. We also noted instances where administrators were not required to use expense reimbursement forms when making requests for reimbursements.
- Some ESUs owned vehicles but did not use or adequately complete travel logs to maintain accountability over vehicle usage. When travel logs were used, the logs were often not reviewed.
- We noted the use of additional rental cars and increased airline ticket costs relating to spouses; personal expenses which were not supported on hotel bills; personal expenses which were not reimbursed by employees when paid by the ESU; and personal gifts for staff and outside speakers charged to the ESU credit card.
- One ESU's policy was to make reimbursements at the federal rate, but at the time of our evaluation ESU staff was unaware of the current federal rate and did not know how to obtain current federal rate data.
- We noted one instance in which a commuting per diem was being paid, but not reported as taxable income.
- We noted an ESU sponsored an annual golf tournament for current and former School Superintendents and Administrators. Each participant was charged a fee to cover the costs of green fees, prizes, and lunch. However, the total of fees collected was less than the tournament costs paid by the ESU.

A list of the ESUs and each headquarter city is included in the Advisory Letter. The Advisory Letter and the 18 management letters, including the Boards' responses can be found at www.auditors.state.ne.us.

