

## Employee Reimbursements – List of Top Audit Findings (Alpha Order)

1/6/2016

Audit Finding	Explanation
Airfare – Non-Compliance with the Fly America Act	Airfare that is paid on federal funds must comply with the Fly America Act. Please see: <a href="http://www.controller.iastate.edu/travelinformation/foreigntravel-airfare.htm">http://www.controller.iastate.edu/travelinformation/foreigntravel-airfare.htm</a> and <a href="http://www.controller.iastate.edu/travelinformation/airfarerestrictions.htm">http://www.controller.iastate.edu/travelinformation/airfarerestrictions.htm</a> .
Airfare – Unallowable Class of Service	Airfare should be the least expensive class of service that meets the traveler’s schedule. Business Class and First Class are not allowable unless the traveler is able to document that it was the least expensive class of service available, which would be extremely rare.
Alcohol – Funding Restrictions	Alcohol is only allowable from agency (206) funds, or from general support Foundation (497) funds in appropriate hosting situations. If only ISU employees are attending, only 206 funds may be used. Please see <a href="http://www.controller.iastate.edu/accounting/allowability.pdf">http://www.controller.iastate.edu/accounting/allowability.pdf</a> for more information. When the funding source does not allow alcohol, the amount claimed must be reduced not only by the alcohol, but by the pro-rated tax and tip. Please see <a href="http://www.controller.iastate.edu/travelinformation/alcoholadjustment.pdf">http://www.controller.iastate.edu/travelinformation/alcoholadjustment.pdf</a> .
Business Travel Combined with Personal Travel	When faculty or staff travel for ISU business in conjunction with vacation time, the following standards must apply: <ul style="list-style-type: none"> <li>• The business portion of the travel must be justified.</li> <li>• The traveler must provide a written quote for the cost of the business portion of the trip (i.e., what the cost of the flight would have been without the vacation days).</li> <li>• When vacation or personal requirements cause indirect routing, the reimbursement must be capped at the lower of the actual cost or the quote or the written quote for the business portion of the trip.</li> <li>• University or federal policy requirements for travel must be met for those segments of the trip identified as business-related.</li> </ul> <p>All other expenses (e.g., lodging, car rental, parking, etc.) must be pro-rated to exclude personal days and meals should not be claimed for personal days.</p> <p>Please see <a href="http://www.controller.iastate.edu/travelinformation/faq-airtravel.htm">http://www.controller.iastate.edu/travelinformation/faq-airtravel.htm</a> and <a href="http://www.controller.iastate.edu/travelinformation/faq-mileage.htm">http://www.controller.iastate.edu/travelinformation/faq-mileage.htm</a> for more information.</p>

Audit Finding	Explanation
Communication Technology Allowance (CTA) – Months Covered	CTA allowances can only be submitted for one six-month period at a time. Also, CTA allowances cannot go back more than 90 days from the date the CTA form was finalized. Please see <a href="http://www.controller.iastate.edu/controller/cta.htm">http://www.controller.iastate.edu/controller/cta.htm</a> , <a href="http://www.controller.iastate.edu/controller/ctaproc.pdf">http://www.controller.iastate.edu/controller/ctaproc.pdf</a> , and <a href="http://www.controller.iastate.edu/templates/ctaform.pdf">http://www.controller.iastate.edu/templates/ctaform.pdf</a> . Also, please remember to put the dates claimed in the Business Purpose section.
Food for Meetings – Inadequate Business Purpose Provided	A business purpose must explain why it is appropriate to use ISU funds. Please provide a “why” instead of just a “what.” For example, “Dinner” is only a “what” and provides no explanation as to “why” it is an appropriate expenditure. A more descriptive business purpose would be something like “Dinner with visiting speaker Ana Hernandez and ISU professors Hank Mantle and Olga Kaminsky to discuss ideas for future research collaboration.”
Foreign Currency Conversions – Documentation of Conversion Rates Not Provided	All receipts denominated in a foreign currency must be converted to U.S. Dollars. Please show the calculations on the individual receipts to expedite the audit process. Many travelers print a conversion from <a href="http://www.oanda.com">www.oanda.com</a> for each expenditure. Please see <a href="http://www.controller.iastate.edu/travelinformation/foreigntravel-currencies.htm">http://www.controller.iastate.edu/travelinformation/foreigntravel-currencies.htm</a> for other examples of acceptable documentation to be attached to support the conversion rates used.
Group Meal Receipt – Meal Itemization not Provided	Please attach both the itemized receipt and the customer copy. A customer copy of the credit card slip showing only the meal total and tip is not sufficient. The itemized receipt is required to provide the detail of what was purchased, and the customer copy is required to document the amount paid for the tip. If an itemized receipt is no longer available, the payee must complete a Certificate of Missing Receipt, which is found at: <a href="http://www.controller.iastate.edu/travelinformation/cert_missing_receipt.pdf">http://www.controller.iastate.edu/travelinformation/cert_missing_receipt.pdf</a> This information is discussed in more detail at <a href="http://www.controller.iastate.edu/travelinformation/allowableexpenses.htm">http://www.controller.iastate.edu/travelinformation/allowableexpenses.htm</a> .
Lodging Receipt – Receipt is not itemized	An itemized hotel receipt is required, regardless of the dollar amount. For additional information please see <a href="http://www.controller.iastate.edu/travelinformation/faq-lodging.htm">http://www.controller.iastate.edu/travelinformation/faq-lodging.htm</a>
Meals – Per Diem Claimed for Domestic Travel	For domestic travel there is no “per diem” or entitlement to the maximum allowable amounts. If the traveler did not spend the maximum, the traveler should not claim the maximum. Also, when a meal already is covered by a conference registration fee, it should not be claimed by the traveler. Please see <a href="http://www.controller.iastate.edu/travelinformation/allowableexpenses.htm">http://www.controller.iastate.edu/travelinformation/allowableexpenses.htm</a> .

Audit Finding	Explanation
Meals Taxed In Error	Meals on trips not requiring overnight travel are required to be reported to the IRS as taxable income unless the <b>primary</b> purpose of the meal was to discuss business with a non-ISU employee. The Employee Reimbursement System automatically records non-overnight meals as taxable. If the primary purpose of the meal was to discuss business, you should override the default setting by changing the taxable meals indicator for that meal to <b>No</b> , and stating the reason for the overriding the default setting in the Other Comments box at the bottom of the screen. Please see <a href="http://www.controller.iastate.edu/travelinformation/faq-meals.htm">http://www.controller.iastate.edu/travelinformation/faq-meals.htm</a> for more information.
Merchandise Receipt – Only charge receipt is provided	An itemized receipt is required for such items on both Travel and Non-travel reimbursements, regardless of the amount. A credit card charge slip is not sufficient documentation. Please see <a href="http://www.controller.iastate.edu/ertutorial/receipts.htm">http://www.controller.iastate.edu/ertutorial/receipts.htm</a> for more information.
Mileage Claimed Over 800 Miles Round-Trip Without a Flying Vs. Driving Comparison	Please see: <a href="http://www.controller.iastate.edu/travelinformation/faq-mileage.htm">http://www.controller.iastate.edu/travelinformation/faq-mileage.htm</a> . Please note on the reimbursement if one of the situations apply for an exception to be granted. Please contact Dave Baker at 294-1940 for instructions on completing the comparison after the trip has occurred.
Moving and House-Hunting Expenses	Moving and house-hunting expenses are potentially taxable and need to be reimbursed on a KFS Disbursement Voucher (DV) instead of an Employee Reimbursement.

Audit Finding	Explanation
Per Diem Issues – Meals and Lodging	<p>Iowa State University allows the per diem method for foreign travel, but not for domestic travel.</p> <p>Several common errors:</p> <ul style="list-style-type: none"> <li>• Inconsistent use of per diem. The traveler is allowed to use the actual rate for lodging and a per diem rate for meals and incidental expenses, or vice versa. The traveler must remain consistent within that expense category for the entire trip.</li> <li>• Missing lodging receipts when claiming per diem. Lodging receipts are required, even when using the per diem method.</li> <li>• Using the wrong rates. Use the rates for the month traveled rather than the rates for the month the reimbursement is completed. In addition, each city has separate rates for lodging and meals and incidental expenses. Any city not listed for per diem under a country takes the "Other" rate published for that country. An unlisted suburb of a listed city takes the "Other" rate, not that of the location of which it is a suburb.</li> <li>• Failure to note the amount of meals claimed is a per diem or percentage of the per diem allowed. A toggle box appears to the right of the Foreign Per Diem link to allow you to click <b>Yes</b> if you are electing to use the per diem method for meals.</li> </ul> <p>The following links discuss per diem issues in more detail:</p> <p><a href="http://www.controller.iastate.edu/travelinformation/foreigntravel-perdiems.htm">http://www.controller.iastate.edu/travelinformation/foreigntravel-perdiems.htm</a></p> <p><a href="http://www.controller.iastate.edu/travelinformation/foreigntravel-perdiems.htm#mpd">http://www.controller.iastate.edu/travelinformation/foreigntravel-perdiems.htm#mpd</a></p>
Proof of Payment Missing for Expenses Paid on Behalf of Another Person	<p>The information provided (e.g., hotel receipt, registration receipt, etc.) must show that the individual requesting the reimbursement incurred the expense as well as what was purchased. If the individual who is requesting reimbursement is not listed on the paid receipt (e.g., lodging receipt, registration receipt, etc.) the person requesting reimbursement must provide proof of paying for the expense.</p> <p>Acceptable proofs of payment include, but are not limited to: a paid receipt with the payee's name listed, copy of a cancelled check, or copy of a credit card statement with all information blackened but the charge and the name of the person requesting reimbursement. The name on the statement cannot be hand-written.</p>
Purchases from online stores (e.g., amazon.com) – Payment Information Missing	<p>When providing documentation for a purchase from online stores, please provide the pages that show the items received, the payment information, as well as the business purpose.</p>

Please contact Dave Baker (294-1940) or Jane Houk (294-5180) if you have questions.