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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

July 31, 2013

Aaron Podolefsky, Ph.D.
President
SUNY College at Buffalo
Cleveland Hall 517
1300 Elmwood Avenue
Buffalo, NY 14222

Re: Report 2012-S-136
Selected Employee Travel Expenses

Dear Dr. Podolefsky:

According 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, we recently audited the travel expenses of one employee of the State University of New York College at Buffalo (College).

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.

The mission of the College is to inspire a lifelong passion for learning, and to empower a diverse population of students to succeed as citizens of a challenging world. The College spent \$3,704,562 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$2,912,850 or about 79 percent, was for reimbursements to employees for travel expenses, direct payments to vendors, and cash advances; and \$791,712, or 21 percent, related to charges on State-issued travel cards.

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 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.

The audit at the College 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. Auditors focused their audit efforts on the highest-cost travelers in the State, each of whom incurred over \$100,000 in travel expenses during the three year period ended March 31, 2011, as well as on other outliers. As a result of this analysis, we examined the travel expenses for one College employee whose expenses were among the highest in the State and had outliers in the areas of lodging and air fare. The employee was an athletic coach who was responsible for team travel expenses associated with in-state and out-of-state sporting events, including transportation, meals and lodging. This coach also incurred expenses for recruiting trips. The employee's travel costs totaled \$139,424 over the three year period.

Results of Audit

We concluded that the documented travel expenses incurred by the employee during the audit period were compliant with State travel rules and regulations. We were unable to examine about \$12,000 of expenses incurred prior to July 1, 2008 because the College was not required to, and did not, maintain these older records. Nothing came to our attention that would lead us to believe these older expenses were problematic.

As part of our ongoing oversight of State expenditures, OSC staff continuously monitor travel card expenses to ensure they comply with State travel rules and regulations; are incurred while traveling on official State business; are reasonable, actual and necessary; and are free from fraud, waste, and abuse. Such ongoing oversight identified that the employee covered in our initial scope period may have incurred more recent travel expenses that could have been unrelated to official State business. As a result, we examined an additional 320 travel card charges totaling \$48,621 made by this College employee during the period October 20, 2011 through October 19, 2012.

Our examination found that the College had also questioned certain of these 320 charges and, as a result, the employee had reimbursed the College \$2,504 for 12 inappropriate expenses. Also, we could not verify whether charges totaling \$1,616 were valid because the College was unable to provide necessary supporting documentation. We are continuing to work with College officials to obtain additional information regarding those expenses.

Audit Scope, Objectives and Methodology

We audited selected travel expenses for one College employee for the period July 1, 2008 to March 31, 2011. The period of April 1, 2008 through June 30, 2008, was not included in our scope period because the College was not required to and did not maintain travel records prior to July 1, 2008. In addition, we examined more recent travel card expense incurred by this same employee for the year ended October 19, 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 period July 1, 2008 through March 31, 2011. Our analysis identified one College employee whose expenses were among the highest in the State, totaling over \$100,000, and had outliers in the areas of lodging and air fare.

As part of our examination, we obtained vouchers, receipts, and credit card statements for all transactions. We then verified that documentation supported the charges and showed the expenses incurred were for legitimate business purposes. We reviewed the College's internal policies and procedures and determined 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 timesheet and travel records to ensure the traveler was working on days for which travel reimbursement was requested, 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.

Reporting Requirements

We discussed the results of our audit with College officials who agreed with our conclusions and waived the opportunity to provide formal written comments to be included in this final report.

Major contributors to this report were Melissa Little, Nadine Morrell, Sharon Salembier, Karen Bogucki, Richard Podagrosi, Heather Pratt and Matt Luther.

Please convey our thanks to the management and staff of the College for the courtesies and cooperation that they extended to our auditors during this review.

Sincerely,

John F. Buyce, CPA
Audit Director

cc: James Thor, College at Buffalo
Michael Abbott, University Auditor
Thomas Lukacs, Division of the Budget