



New York State Office of the State Comptroller
Thomas P. DiNapoli

Division of State Government Accountability

Selected Employee Travel Expenses

State University of New York System Administration Office



Executive Summary

Purpose

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. The audit covers the period April 1, 2008 to March 31, 2011.

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. As part of a statewide audit initiative to determine whether the use of travel money by selected government employees was appropriate, we audited travel expenses for the highest-cost travelers in the State, each of whom incurred over \$100,000 in travel expenses during the three year audit period, as well as other outliers. As a result of this analysis, we selected one State University of New York System Administration Office (System Administration) employee for audit whose expenses ranked among the highest in the State in the area of lodging. In total, we examined \$188,074 in travel costs associated with this employee.

Key Findings

- Most of the expenses we examined were appropriate. However, the employee selected for audit had charges totaling \$5,021 that were either for non-reimbursable expenses (\$200 hotel room smoking charge) or lacked adequate assurance that the charges were for the most reasonable and economical method of travel (\$4,821 in car service charges).

Key Recommendation

- Recover the \$200 hotel room smoking charge from the hotel or the employee.

Other Related Audits/Reports of Interest

[SUNY College at Cobleskill: Selected Employee Travel Expenses \(2012-S-143\)](#)

[SUNY College at Oneonta: Selected Employee Travel Expenses \(2012-S-145\)](#)

**State of New York
Office of the State Comptroller**

Division of State Government Accountability

July 31, 2013

Dr. Nancy L. Zimpher
Chancellor
State University of New York
State University Plaza
Albany, NY 12246

Dear Chancellor Zimpher:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the State University of New York System Administration Office entitled *Selected Employee Travel Expenses*. The audit was performed pursuant 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.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller
Division of State Government Accountability*

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State Government Accountability Contact Information:

Audit Director: John Buyce

Phone: (518) 474-3271

Email: StateGovernmentAccountability@osc.state.ny.us

Address:

Office of the State Comptroller
 Division of State Government Accountability
 110 State Street, 11th Floor
 Albany, NY 12236

This report is also available on our website at: www.osc.state.ny.us

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 State University is to provide high-quality educational services to the people of New York. The System Administration Office (System Administration) spent \$3,040,827 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$2,253,530 (or 74 percent), was for reimbursements to employees for travel expenses, direct payments to vendors, and cash advances; and \$787,297 (or 26 percent) related to charges on State-issued travel cards.

The audit at the State University of New York System Administration Office (SUNY System Administration) 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, as well as on other outliers. As a result of this analysis, we examined the travel expenses for one System Administration Office employee whose expenses ranked among the highest in the State. In total, we examined \$188,074 in travel costs associated with this employee.

The Office of the State Comptroller sets rules and regulations for payment of expenses employees incur while traveling on official State business. The Comptroller's Travel Manual (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.

According to the Travel Manual, agencies are responsible for ensuring:

- all authorized travel is in the best interest of the State,
- all charges are actual, reasonable and necessary,
- all expenses comply with travel rules and regulations,
- the most economical method of travel is used in the best interest of the State,
- compliance with Internal Revenue Service (IRS) regulations,
- the official station of each employee is designated in the best interest of the State,
- employees obtain appropriate approvals prior to traveling, and exceptions or waivers are justified and necessary, and
- adequate funds are available for travel.

Audit Findings and Recommendation

We examined the travel expenses for one System Administration employee whose expenses ranked among the highest in the State in the area of lodging. In total, we examined \$188,074 in travel costs associated with this employee. The employee serves as an administrative director responsible for coordinating Board of Trustee meetings, strategic planning sessions and campus tours. The majority of travel expenses for the employee included lodging, transportation expenses and meal reimbursements for the State University of New York (SUNY) Board of Trustees and other SUNY administrative support staff. We found that most of the \$188,074 in travel expenses we examined for the employee selected for audit were documented and adhered to State travel rules and regulations, with some exceptions totaling \$5,021. The exceptions were an instance of non-compliance with travel policy regarding a \$200 non-reimbursable expense (hotel room smoking charge) and the reasonableness of car service charges totaling \$4,821.

Non-Reimbursable Expenses

Certain travel expenses are non-reimbursable, such as hotel room smoking charges. The employee we sampled incurred a \$200 smoking charge for a room she stayed in during April 2010. System Administration paid for the charge, but noted a credit would be requested from the hotel. However, System Administration never received credit from the hotel or the employee for this smoking charge. Because this charge is a non-reimbursable expense, System Administration should recover the \$200 from the hotel or the employee who incurred it.

Reasonable and Economical Methods of Travel

The Travel Manual states that agencies should ensure that most economical method of travel is used in the best interest of the State. The employee we sampled used their credit card to purchase car services (51 transactions) totaling \$8,793 for the Chancellor, Board of Trustees, job candidates and other officials on SUNY-related business. The majority of the car service transactions we reviewed ranged from \$80 to \$150. However, 11 of these transactions, totaling \$4,821 (55 percent) of the total spent on car services, were for car services costing \$350 or more per day. For example, a \$735 charge was incurred for one day when the Chancellor traveled round-trip from Manhattan to Stony Brook. Four other transactions, representing two consecutive round-trip day trips by one Board member, totaled \$690 and \$674 respectively. These transactions did not have supporting documentation indicating special circumstances to justify the expenditures or that less expensive methods of transportation were considered. When asked about these charges, SUNY System Administration officials stated that the car service vendors they used between 2009 and early 2010 were expensive; and noted that SUNY System Administration discontinued doing business with them. We did not identify similarly high charges after January 2010.

Recommendation

1. Recover the \$200 hotel room smoking charge from hotel or the employee.

Audit Scope and Methodology

We audited selected travel expenses for one System Administration employee for the period April 1, 2008 to March 31, 2011. 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 three years ended March 31, 2011. As a result of this analysis, we examined the travel expenses for one System Administration employee whose expenses ranked among the highest in the State. We examined this employee's travel expenses, including reimbursements and credit card charges.

As part of our examination, we obtained vouchers, receipts, and credit card statements for all selected transactions. We then verified that documentation supported the charges and showed the expenses incurred were for legitimate business purposes. We reviewed System Administration Office's internal policies and procedures and determined that 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 travelers were working on days for which they requested travel reimbursement, 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.

Authority

The audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

Reporting Requirements

A draft copy of this report was provided to University officials for their review and comment. The University's response was considered in preparing this final report and is attached in its entirety to this report. University officials agreed with our recommendation and, as a result, have recovered the money from the individual.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the State University of New York shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and if the recommendation was not implemented, the reasons why.

Contributors to This Report

John Buyce, Audit Director
Melissa Little, Audit Manager
Karen Bogucki, Audit Supervisor
Nadine Morrell, Audit Supervisor
Sharon Salembier, Audit Supervisor
Mary Roylance, Examiner-in-Charge
Jason Dessureault, Staff Examiner

Division of State Government Accountability

Andrew A. SanFilippo, Executive Deputy Comptroller
518-474-4593, asanfilippo@osc.state.ny.us

Elliot Pagliaccio, Deputy Comptroller
518-473-3596, epagliaccio@osc.state.ny.us

Jerry Barber, Assistant Comptroller
518-473-0334, jbarber@osc.state.ny.us

Vision

A team of accountability experts respected for providing information that decision makers value.

Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

Agency Comments



July 19, 2013

Ms. Melissa Little
Audit Manager
Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, New York 12236-0001

Dear Ms. Little:

This is in response to your draft report of *Selected Employee Travel Expenses*, State University of New York, System Administration Office (2012-S-100). The audit determined that the travel monies used by selected SUNY employees generally complied with the rules and regulations and was free from fraud, waste and abuse. Our response to the recommendation is as follows.

Recommendation: Recover the \$200 hotel room smoking charge from hotel or employee.

Response: System Administration received reimbursement of \$200 directly from the employee who incurred the hotel smoking charge. Check has been received and deposited. No further incidents have occurred.

Thank you for the opportunity to respond to the draft report. If you have any questions, please let me know.

Sincerely,

A handwritten signature in blue ink, reading "Kellie Dupuis".

Kellie Dupuis
Executive Director of Business
Operations and Procurement

Copy: Mr. Howard
Mr. Hutzley
Mr. Abbott