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

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Division of State Government Accountability

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# **Selected Employee Travel Expenses**

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## **State University of New York at Binghamton**

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Report 2012-S-127

September 2013

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## Executive Summary

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### 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 June 14, 2009 to March 31, 2011.

### Background

New York State's 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 lodging, meals, car rentals, 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 high cost travelers in the State as well as other outliers. 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 audit period, as well as on other outliers. As a result of this analysis, we selected seven State University of New York at Binghamton (University) employees for audit with travel expenditures totaling \$839,204; six whose travel expenses exceeded \$100,000 and one individual with risk indentified in the area of air fare. However, we were only able to audit the expenses incurred for these seven employees from June 14, 2009 and March 31, 2011 totaling \$548,262 because the University, as allowed by New York State record retention policies, had purged documentation prior to June 14, 2009.

### Key Findings

- Most of the travel expenses we examined were appropriate. However, University officials failed to ensure that lodging expenses were within allowable rates in 24 instances allowing a total of \$2,258 to be spent in excess of federal per diem lodging rates.
- University officials also did not enforce OSC and University guidelines requiring travel advances to be repaid on a timely basis. As a result, employees were allowed to pay back \$36,880 of unused travel advances in installments long after the ten day accounting and reconciliation requirement.

### Key Recommendations

- Ensure that travelers obtain prior written approval from the finance office to exceed the federal per diem rates for the county of lodging.
- Ensure that employees comply with the Travel Manual and University guidelines for travel advances.

### Other Related Audits/Reports of Interest

[SUNY Purchase: Selected Employee Travel Expenses \(2012-S-149\)](#)

[SUNY College of Optometry: Selected Employee Travel Expenses \(2012-S-148\)](#)

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

**Division of State Government Accountability**

September 4, 2013

Harvey G. Stenger, PhD  
President  
State University at Binghamton  
4400 Vestal Parkway East  
Binghamton, NY 13902

Dear President Stenger:

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 *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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This report is also available on our website at: [www.osc.state.ny.us](http://www.osc.state.ny.us)

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## Background

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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 rental cars, meals, lodging, transportation, fuel, and incidental costs such as airline baggage and travel agency fees.

The mission of the State University of New York at Binghamton (University) is to be a premier public university dedicated to enriching the lives of people in the region, state, nation and world through discovery and education and to be enriched by partnerships with those communities. The University spent \$8,439,273 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$5,247,402 (or 62 percent) was for reimbursements to employees for travel expenses, direct payments to vendors and cash advances; and \$3,191,871 (or 38 percent) related to charges on State-issued travel cards.

The audit at the University 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 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 selected seven University employees for audit with travel expenditures totaling \$839,204; six whose travel expenses exceeded \$100,000 and one individual with risk identified in the area of air fare. However, we were only able to audit the expenses incurred for these seven employees from June 14, 2009 and March 31, 2011 totaling \$548,262 because the University, as allowed by New York State record retention policies, had purged documentation prior to June 14, 2009.

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 to travel.

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## Audit Findings and Recommendations

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Most of the travel expenses we examined were appropriate. However, University officials failed to ensure that lodging expenses were within allowable rates in 24 instances allowing a total of \$2,258 to be spent in excess of federal per diem lodging rates. University officials also did not enforce OSC and University guidelines requiring travel advances to be repaid on a timely basis. As a result, employees were allowed to pay back \$36,880 of unused travel advances in installments long after the ten day accounting and reconciliation requirement.

### Excessive Lodging Expenses

To ensure that taxpayer funds are used wisely, the Travel Manual provides direction for reimbursement of lodging costs based on federal per diem rates for each county of lodging. On occasion, travelers may be unable to find a hotel at a rate that does not exceed the maximum federal lodging per diem rate for the location of travel. If that occurs, the Travel Manual states that the traveler must obtain prior approval to exceed the federal rate from their finance office.

We found 24 instances in which three of the selected University employees exceeded the maximum federal lodging per diem rate for the location of travel. These 24 instances resulted in a total of \$2,258 being spent in excess of the federal per diem rate. For example, one employee was reimbursed \$219 a night for lodging, when the per diem rate for that location was \$128 a night (\$91 or 71 percent over the per diem). In all 24 instances a justification letter for the excessive charge was present in the file, but the justification letters were written by the traveler without evidence that he/she attempted to seek lodging at the allowable rate in the location of travel. Instead, for example, several justification letters just stated that the selected hotel was the closest to the destination. In addition, there was no evidence for the 24 instances that the finance office approved the higher lodging rate prior to the trip.

University officials explained that verbal, not written, approval was given by the employees' supervisors in each of the 24 instances. However, as a result of the audit, they will change their policies to require prior written approval to exceed the federal lodging per diem rate.

### Travel Advance Abuse

The Travel Manual states that agencies should encourage use of the corporate travel card and are expected to provide each traveler with a credit card. This enables travelers to charge travel expenses directly to the State and to avoid the need for advance payment to the traveler. When use of the card is not viable, agencies have the discretion to issue a travel advance to the traveler to pay expenses while on official State business. Agencies must have procedures to ensure timely accounting of travel advances, including timely submission of travel vouchers. The amount of the advance is limited to what can be reasonably estimated to be the traveler's expected business expenses. If necessary, recovery of funds may include deductions from the employee's salary or other monies due to him/her. University travel guidelines allow for travel advances up to \$2,500. An accounting and reconciliation is required within ten days of the last day of the trip.

We reviewed 136 travel advances issued to five of the seven employees selected for audit totaling \$144,551. The remaining two employees did not receive travel advances during our audit scope period. We found that four of the five employees had received 37 travel advances ranging from \$200 to \$3,200 and totaling \$36,880 (25 percent of \$144,551) during our review period that were not reconciled in accordance with the Travel Manual and/or University guidelines. Instead of being reconciled timely, within ten days of the last day of travel, these travel advances were reconciled from 1 to 255 days beyond the University's ten day requirement. In fact, 15 of the 37 travel advances totaling \$19,420 were not reconciled from 39 to 255 days beyond the ten day requirement.

It also appears that over half, 8 of the 15, overdue advances received by two of the four employees may not have been based on reasonably estimated business expenses because the actual amounts used were significantly less than the amounts advanced. Less than half of the advance amount received by the traveler was used in these eight instances as follows:

Traveler	Advance Amount	Amount Vouchered	Amount Not Used by Employee	Percentage Not Used	# Days Overdue Before Paid
1	\$1,000	\$270	\$730	73%	56
1	\$2,500	\$115	\$2,385	95%	39
1	\$1,380	\$350	\$1,030	75%	48
1	\$2,070	\$300	\$1,770	86%	42
1	\$2,070	\$875	\$1,195	58%	51
2	\$200	\$71	\$129	65%	150
2	\$500	\$13	\$487	97%	95
2	\$500	\$22	\$478	96%	75
	<b>\$10,220</b>	<b>\$2,016</b>	<b>\$8,204</b>	<b>80%</b>	<b>70</b>

To add perspective, one employee who was advanced a total of \$53,475 during our audit period only used \$24,097 (43 percent) of these advanced funds.

Instead of having the employee account for and reconcile (i.e. submit a travel voucher for the advance amount expended and repay the remaining balance not spent) within ten days, University officials allowed two of the four employees to pay back their travel advances in installments – similar to the payback of a loan. The two employees paid back the travel advance monies not used in two to four installments. One employee repaid two advances, each in three installments. The third installment for each of these two advances exceeded \$1,000 (a significant portion

of the travel advance) allowing the employee to keep the unused travel advance monies for approximately five weeks after the repayments and reconciliations were due. We question the need and the appropriateness of allowing travel advances to be paid back in installments. The travel advances are for a specific travel event and should not be used for other business purposes or for the employee's personal expenses. Therefore, the unused travel advance amounts should be returned within the ten days and not be kept and allowed to be paid back in installments like a loan.

In response to our findings, University officials said that the requirement that an accounting and reconciliation is required within ten days of the last day of the trip is a guideline and exceptions are made when circumstances warrant it. They also stated that 5 of the advances were not reconciled timely because of small disputed differences.

## Recommendations

1. Ensure that travelers obtain prior written approval from the finance office to exceed the federal per diem rates for the county of lodging.
2. Ensure that employees comply with the Travel Manual and University guidelines for travel advances, including provisions to:
  - account for and reconcile each travel advance received within ten days of the last day of travel, and
  - limit the travel advance amount to what can be reasonably estimated to be the traveler's expected business expenses.

## Audit Scope and Methodology

We selected seven University employees for audit with travel expenditures totaling \$839,204. However, we were only able to audit the expenses incurred for these seven employees from June 14, 2009 to March 31, 2011, totaling \$548,262, because the University, as allowed by New York State documentation policies, had purged documentation prior to June 14, 2009. 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 audit scope period. Our analysis identified six University employees whose expenses ranked among the highest in the State and one employee with risk identified in the area of 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 University internal policies and procedures and determined whether travel expenses selected for examination were



approved and complied with this guidance, as well as with OSC procedures. Finally, we matched the timesheet and travel records to ensure the travelers were working on days for which they requested travel reimbursement.

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

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This 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

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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 generally agreed with our audit recommendations and indicated they will implement them.

Within 90 days after the final release of this report, as required by Section 170 of the Executive Law, the President of the State University of New York at Binghamton 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 recommendations contained herein, and if the recommendations were not implemented, the reasons why.

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## Contributors to This Report

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**John Buyce**, Audit Director  
**Melissa Little**, Audit Manager  
**Abe Fish**, Audit Supervisor  
**Judy Grehl**, Examiner-in-Charge  
**Gayle Clas**, Staff Examiner  
**Andrew Davis**, Staff Examiner

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## Division of State Government Accountability

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### 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



Office of the Vice President  
for Administration

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July 3, 2013

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

Dear Ms. Little:

We have completed our review of the New York State Office of the State Comptroller draft of the audit "Selected Employee Travel Expenses" for the period covering April 1, 2008 to March 31, 2011. The following letter is our response to this draft and to the recommendations indicated in the report.

The first item we would like to address is the statement on page 1 (and 5) which states that "most of the travel expenses we examined were appropriate." We feel it would be more representative to quantitatively note the total percentage of items in compliance found during the audit. This would give the reader a more concise illustration of how our exceptions relate to the audit as a whole.

Additionally, we feel that use of the word "abuse" on the title on page 5 is not fairly representative of the exceptions found during the audit. We feel that a title on page 5 of "Travel Advance Issues" or "Travel Advance Findings" would more accurately portray the items noted in the report.

The draft audit report identified two (2) recommendations for Binghamton University. The following is our campus' comments pertaining to each recommendation:

**RECOMMENDATIONS:**

1. "Ensure that travelers obtain written approval from the finance office to exceed the federal per diem rates for the county of lodging."

Campus Response: We agree that prior and written approval should be obtained. The current wording of the OSC Travel Manual suggests that travelers receive "prior approval" to exceed the federal per diem rates for the county of lodging, and does not suggest the approval be "written." We had always interpreted a prior verbal approval to be within state guidelines. Following the recommendations of this audit, The Business Office now requires a supervisory review and signature on the "Request and Authorization for Travel" form for lodging expenses that exceed the federal per diem rates. This form

\*  
Comment  
1

\*  
Comment  
2

\* See State Comptroller's Comments, page 14.

must be completed prior to the traveler taking the trip and must include evidence on the attempt to seek lodging at the allowable rate.

2. “Ensure that employees comply with the Travel Manual and University guidelines for travel advances, including the provisions to:

- Account for and reconcile each travel advance received within ten days of the last day of travel,
- Not exceed the University’s maximum travel advance amount per trip,
- Limit the travel advance amount to what can be reasonably estimated to be the traveler’s expected business expenses.”

Campus Response: The majority of exceptions found during this audit relate to Athletics travel. Athletics travel is different in many respects from typical travel due to the unpredictability of travel requirements and the number of travelers. The complexity of Athletics travel requires the need for procedures and controls outside the University’s standard travel policies. These exceptions to standard policies are consistently monitored by University staff. Our top priority for Athletics travel is the health and safety of University athletes and coaches; and our procedures allow us to ensure these priorities are met.

Our University guidelines were intended to ensure that OSC policy was adhered to regarding the timely collection of travel advances. After the findings of this audit, we intend to be more diligent regarding the timely collection of advances. The written campus policy of reconciling travel advances within 10 business days may be an unreasonable time frame. We will reassess our policies and procedures to ensure they are practical for Campus usage. For team travel we will still need the flexibility to provide multiple advances even if the traveler already has an advance outstanding. We do agree that there were a limited number of advances that were not reconciled within 20 business days and we will take steps to correct that in the future or deny the traveler future advances.

In regards to not exceeding the maximum travel advance amount, neither the OSC Travel Manual nor University guidelines specifically note a maximum travel advance amount per trip. The OSC Manual states that the “amount is limited to what can be reasonably estimated to be the traveler’s expected business use.” The University guidelines note the maximum of “\$400 except for certain circumstances as noted” in which no maximum is given. For the advances above \$400, we believe the specific circumstances of each situation were reasonable and that we did not provide any unreasonably large travel advances.

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Comment  
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We would also like to address the last sentence in the second paragraph on page seven (7), which states that “No explanation was given as to why the one travel advance was allowed to exceed the \$2,500 limit.” To this issue, our response is that we do not recall being asked about this specific travel advance in question. After conducting research on this issue, we have prepared the following explanation for your review.

There were two separate advances, one made for \$2,500 and the other for \$700. These advances covered different periods of time for post-semester meal money for student athletes. There were no team travel advances in excess of \$2,500. Please see further details below:

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Comment  
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“There were two separate advances issued for this time frame. The first advance was issued on TL00362 for \$2,500.00 for the period of May 15 – May 17, 2010. The purpose of this advance was for post-session meal money. The second advance was issued on a separate advance, TL00363, for \$700.00. These were issued for different dates, but with the same reasoning. The dining halls are not open for the students after school is out of session, so it is up to the coaches to provide meals and nourishment for the athletes during this timeframe. The student athletes are still required to be on campus for their practices for upcoming games and in preparation for the America East Conference Baseball Tournament, held at Binghamton University from May 25-May 28, 2010. In this instance, the coach submitted the receipts and paperwork to reconcile the advances to the Athletic Financial Operation Office (business office) for processing. Both travel advances were reconciled on the same travel voucher.”

Since we are successfully able to explain the two travel advances of \$2,500 and \$700, we would respectfully ask that mention of these travel advances be removed or changed in the final audit report.

With regards to the last bullet on limiting the travel advance to what can reasonably be expected, we do not believe we issued any travel advances that were unreasonable. Binghamton University calculates the team travel advance amount based on the number of players and coaches on the trip, the travel destination's food per-diem, and the number of days that travel will occur. The uncertainty and complexity surrounding how long an athletic team will compete for in a tournament reflects our estimates, and this is consistent with policy exceptions for team travel.

Finally, we believe that your chart of travel advance repayments is misleading because the chart indicates the majority of advance repayments came more than a month after the end date of the trip. In all but 3 instances, over 90% of advances were returned within 10 days, as required by our policy. We will be more diligent regarding the repayment of these advances. We feel our amended chart below gives a better presentation of this finding.


\*  
Comment  
5

\*  
Comment  
6

Traveler	Advance Amount	Amount Vouchered	Amount Not Used By Employee	Percentage Not Used	<u>Amount Returned Prior To Voucher Due Date</u>	<u>Percentage Returned Prior To Voucher Due Date</u>	<u>Amount Returned AFTER Voucher Due Date</u>	<u>Percentage Returned AFTER Voucher Due Date</u>	# Days Overdue Before Voucher Complete
1	\$1,000	\$270	\$730	73%	<u>\$690</u>	<u>94.5%</u>	<u>\$40</u>	<u>5.5%</u>	56
1	\$2,500	\$115	\$2,385	95%	<u>\$0</u>	<u>0%</u>	<u>\$2,385</u>	<u>100.0%</u>	39
1	\$1,380	\$350	\$1,030	75%	<u>\$995</u>	<u>96.6%</u>	<u>\$35</u>	<u>3.4%</u>	48
1	\$2,070	\$300	\$1,770	86%	<u>\$0</u>	<u>0%</u>	<u>\$1,770</u>	<u>100.0%</u>	42
1	\$2,070	\$875	\$1,195	58%	<u>\$0</u>	<u>0%</u>	<u>\$1,195</u>	<u>100.0%</u>	51
2	\$200	\$71	\$129	65%	<u>\$119</u>	<u>92.2%</u>	<u>\$10</u>	<u>7.8%</u>	150
2	\$500	\$13	\$487	97%	<u>\$485</u>	<u>99.6%</u>	<u>\$2</u>	<u>0.4%</u>	82
2	\$500	\$22	\$478	96%	<u>\$476</u>	<u>99.6%</u>	<u>\$2</u>	<u>0.4%</u>	75
Totals:	\$10,220	\$2,016	\$8,204	80%					

We always welcome an independent third-party review of the business operations at Binghamton University. We would be pleased to further discuss our responses to the issues raised in the draft audit report with you or your staff. Overall, I consider Binghamton University's performance on this audit to be excellent. Please feel free to contact me with any further questions or concerns.

Sincerely,



James VanVoorst  
Vice President for Administration

Cc: President Stenger  
Provost Donald Nieman  
Senior Vice Provost Michael McGoff  
Mr. John Cordi  
Mr. Mark Hall  
Mr. Patrick Elliott  
Mr. Donald Paukett

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## State Comptroller's Comments

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1. The format and wording in this report is consistent with the many other travel audits issued this year. The total amount reviewed as well as the amounts questioned for non-compliance with State and/or University guidelines are clearly stated.
2. Employees inappropriately benefitted by keeping the unused travel advance monies for longer periods than University guidelines allowed (from 1 to 255 days longer). This constitutes "abuse" of the funds.
3. University guidelines set a \$2,500 limit for travel advances. In fact, the next few paragraphs respond to our finding of an advance in excess of the \$2,500.
4. University officials responded that this was actually two travel advances – one for \$2,500 and one for \$700. As a result, we will delete this finding and corresponding portion of the audit recommendation.
5. University officials do not believe they issued any travel advances that were unreasonable. However, the chart on page six clearly shows that an average of 80 percent of the monies for the eight advances was not used which calls to question whether the advances were based on a reasonable estimate. For example, in one instance, \$2,500 was advanced but only \$115 (5 percent) was spent. In another instance, \$500 was advanced but only \$13 (3 percent) was used.
6. The focus of this chart is on the reasonableness of the amount of the travel advance and is accurately presented as University officials have not changed anything in the chart regarding the amount advanced versus the amount used.