

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

April 10, 2013

Major General Patrick A. Murphy
Adjutant General of New York State
Division of Military and Naval Affairs
330 Old Niskayuna Road
Latham, NY 12110

Re: Selected Employee Travel Expenses
Report 2012-S-130

Dear Major General Murphy:

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 two generic travel cards at the Division of Military and Naval Affairs (Division).

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 Division's mission is to maintain a well trained military force ready to respond to civil emergencies, natural disasters and threats to the nation's security. The Division spent \$3,364,042 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$2,872,331, or about 85 percent, was for reimbursements to employees for travel expenses, payment to vendors for the New York City Homeland Security Task Force and \$491,711, or 15 percent, related to charges on State-issued travel cards.

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 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 Division 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 two generic travel cards that were identified as high risk in the area of car rentals. The total travel costs for the two travel cards were \$118,843.

Results of Audit

We found that the travel expenses for the two generic travel cards selected for audit were documented and adhered to State travel rules and regulations. The rental car charges were necessary to transport Division personnel to various points in and around New York City for the Homeland Security Task Force as part of a Division program to provide security and quick responses if needed.

Audit Scope, Objectives and Methodology

We audited selected travel expenses for two Division travel cards 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. Our analysis identified two generic travel cards whose expenses were deemed high risk in the area of rental car purchases. We examined the travel cards' expenses for the three State Fiscal Years ending March 31, 2011.

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 Division'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 Division 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, Scott Heid, Richard Podagrosi and Andrew Davis.

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

Sincerely,

John F. Buyce, CPA
Audit Director

cc. Thomas Halabuda, Division of Military and Naval Affairs
Thomas Lukacs, Division of the Budget