

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 28, 2013

Virginia Schaefer Horvath, Ph.D.
President
State University of New York
College at Fredonia
138 Fenton Hall
Fredonia, NY 14063

Re: Selected Employee Travel Expenses
Report 2012-S-138

Dear Dr. Horvath:

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 five employees of the State University of New York College at Fredonia (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 includes providing accessible higher education to the diverse citizenry of New York State, offering baccalaureate and master degree programs, developing students intellectually, socially and emotionally, developing and supporting beyond the campus and providing an awareness of global interdependence and cultural diversity. The College spent \$3,773,634 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$2,255,552 or about 60 percent, was for reimbursements to employees for travel expenses, direct payments to vendors, and cash advances; and \$1,518,082, or 40 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 College is part of the New York State Comptroller's Office statewide initiative to determine whether the use of travel monies by selected State 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 College employees whose expenses were among the highest in the State totaling over \$100,000 each, and another three employees who incurred high costs for air and train fares. The five employees' travel costs totaled \$838,267.

Results of Audit

We found that the travel expenses for the five College employees selected for audit were documented and adhered to State travel rules and regulations. The five employees selected were athletic coaches, professors or administrative staff whose travel expenses were incurred when participating in athletic team travel, international education and study abroad programs and conferences. The expenses were incurred primarily for lodging, transportation and meals.

Audit Scope, Objectives and Methodology

We audited selected travel expenses for five College employees 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 State 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 College employees whose expenses ranked among the highest in the State, totaling over \$100,000 each, for a total of \$689,762. An additional three employees incurred comparatively high costs for air and train fares, totaling \$148,505. We examined the employees' travel expenses, including reimbursements and credit card charges, for the three State fiscal years ending March 31, 2011.

As part of our examination, we obtained travel 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 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.

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, Richard Podagrosi, Heather Pratt, Andrew Davis and Amanda Halabuda.

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: Amy Beers, SUNY Fredonia
Thomas Lukacs, Division of the Budget
Michael Abbott, University Auditor