

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 26, 2013

Dr. David R. Smith
President
SUNY Upstate Medical Center
750 East Adams Street
Syracuse, NY 13210

Re: Selected Employee Travel Expenses
Report 2012-S-147

Dear Dr. Smith:

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 people who received travel payments from the State University of New York (SUNY) Upstate Medical Center (Center).

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 Center's mission is to improve the health of the communities it serves through education, biomedical research and health care. The Center spent \$2,422,363 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$1,608,998, or about 66 percent, was for reimbursements to employees or other persons for travel expenses, direct payments to vendors, and cash advances. The remaining \$813,365, or about 34 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 Center 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 individuals with outliers in the area of mileage, and one of these individuals also had reimbursements over \$100,000. In total, we examined \$175,618 in travel costs associated with these two individuals.

Results of Audit

We found the travel expenses for the two individuals selected for audit were documented and adhered to State travel rules and regulations. The two individuals were not employees of the Center; rather they were couriers transporting medical specimens to various locations. Each individual was reimbursed for tolls and mileage associated with transporting the packages.

Audit Scope, Objectives and Methodology

We audited selected travel expenses for the two couriers for the Center 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 the Center, for two selected individuals, 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 two couriers for the three years ended March 31, 2011. Our analysis identified two individuals, paid by the Center for travel, whose expenses appeared risky in the areas of mileage; one of these individuals also had reimbursements over \$100,000. We examined these individuals' travel expenses for the three State fiscal years ending March 31, 2011.

As part of our examination, we obtained vouchers and documentation for all transactions. We then verified that documentation supported the charges and showed the expenses incurred were for legitimate business purposes. We reviewed the Center'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. In this case, since these individuals were not State employees, retrieval of the time records was difficult. Therefore, we selected a judgmental sample of time records to review based on availability of records and courier travel routes. In addition, we met with staff responsible for approving the couriers' vouchers to ensure they verified the couriers' trips. Although, some documents were not available, we satisfied ourselves that the individuals were employees of the temporary staffing agency contracted by the Center to provide courier services and that expenses reimbursed were reasonable and legitimate.

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 Center 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, Rick Podagrosi, Heather Pratt, and Amanda Halabuda.

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

Sincerely,

John F. Buyce, CPA
Audit Director

cc: Paul Wroebel, Audit Director
Thomas Lukacs, Division of the Budget