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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

January 10, 2013

Thomas H. Mattox
Commissioner
Department of Taxation and Finance
W.A. Harriman Campus
Building 9
Albany, NY 12227

Re: Report 2012-S-95
Selected Employee Travel Expenses

Dear Commissioner Mattox:

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 three employees of the Department of Taxation and Finance (Department).

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 Department is to efficiently collect tax revenues in support of State services and programs while acting with integrity and fairness in the administration of the tax laws of New York State. The Department spent \$21,680,276 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$12,505,166, or about 58 percent, was for reimbursements to employees for travel expenses, direct payments to vendors, and cash advances; and \$9,175,110, or 42 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 Department 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 three Department employees with outliers in the areas of train fare, fuel and other miscellaneous travel expenses. These employees travel costs totaled \$91,686.

Results of Audit

We found that the travel expenses for the three Department employees selected for audit were documented and adhered to State travel rules and regulations. We found minor instances of non-compliance with travel procedures (absence of original receipts) for one employee who separated from the Department in February 2011. We performed further audit testing and determined that these instances did not result in fraud, waste, or abuse and that these expenses were for legitimate business purposes. We have communicated these findings in writing to officials as matters of lesser significance.

Audit Scope, Objectives and Methodology

We audited selected travel expenses for three Department 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 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 three Department employees whose expenses appeared risky in the areas of fuel, train fares, and miscellaneous travel expenses. 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 vouchers, receipts, and credit card statements for all transactions from April 1, 2009 to March 31, 2011. We could not review documentation for the 2008 State Fiscal Year as the Department purges travel records after three years. Agencies can purge travel records after three years as long as it notifies New York State Archives of its intent, which the Department did. We then verified that documentation supported the charges and showed the expenses incurred were for legitimate business purposes. We determined the travel expenses selected for examination were approved and complied with OSC procedures. 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 Department 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, Heather Pratt, Richard Podagrosi and Andrew Davis.

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

Sincerely,

John F. Buyce, CPA
Audit Director

cc: James Brunt, Department of Tax and Finance
Thomas Lukacs, Division of the Budget