

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

June 4, 2013

Mr. Anthony J. Annucci
Acting Commissioner
Department of Corrections and Community Supervision
Building 2
1220 Washington Ave.
Albany, NY 12226-2050

Re: Selected Employee Travel Expenses
Report 2012-S-78

Dear Mr. Annucci:

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 23 employees of the Department of Corrections and Community Supervision.

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.

In April 2011, the Department of Correctional Services and the Division of Parole merged into the Department of Corrections and Community Supervision (Department). The mission of the Department is to improve public safety by providing a continuity of appropriate treatment services in safe and secure facilities where offenders' needs are addressed and they are prepared for release, followed by supportive services under community supervision to facilitate a successful completion of their sentence. The Department spent \$18,087,231 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$11,542,562, or about 64 percent, was for reimbursements to employees for travel expenses, direct payments to vendors, and cash advances; and \$6,544,669, or 36 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 eight former Parole employees and 15 former Corrections employees (23 Department employees) whose travel costs totaled \$1,663,939.

Results of Audit

We found that travel expenses totaling \$1,654,613 (or 99.4 percent of the expenses reviewed for the 23 selected employees) adhered to State travel rules and regulations. Officials could not locate 66 vouchers totaling \$9,326; therefore we could not audit these expenses. Officials believe the vouchers were inadvertently destroyed.

Audit Scope, Objectives and Methodology

We audited selected travel expenses for 23 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 23 Department employees whose expenses were over \$100,000 or showed risks in the area of fuel or mileage. We examined the employee's 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 for April 1, 2009 to March 31, 2011. We could not review documentation for the 2008 State Fiscal Year as both Parole and Corrections purged 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 Parole and Corrections did. We verified that documentation supported the charges and showed the expenses incurred were for legitimate business purposes. We reviewed the Department'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. The Department of Correctional Services and Division of Parole's policies and procedures were reviewed separately and applied to the relevant individual's review because these two entities were not merged during our scope period. 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 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, Danielle Rancy, Amanda Halabuda, Panika Gupta, 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: Peter Berezny, Department of Corrections and Community Supervision
Thomas Lukacs, Division of the Budget