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**New York State Office of the State Comptroller**  
Thomas P. DiNapoli

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Division of State Government Accountability

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# **Selected Employee Travel Expenses**

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## **Office of Mental Health**

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Report 2012-S-76

June 2013

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## Executive Summary

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### Purpose

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. The audit covers the period April 1, 2008 to March 31, 2011.

### 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. As part of a statewide initiative to determine whether the use of travel money by selected government employees was appropriate, we audited travel expenses for the highest-cost travelers in the State as well as other outliers. As a result, we examined the travel costs of one Office employee whose expenses exceeded \$100,000. In total, we examined \$121,697 in travel costs associated with this one employee.

### Key Finding

- Most of the expenses we examined were appropriate. However, the Office did not maintain sufficient records of the employee's fleet vehicle usage to ensure the vehicle was used appropriately.

### Key Recommendation

- Follow established travel fleet management guidelines to ensure adequate monitoring of fleet vehicle use to guard against fraud, waste or abuse.

### Other Related Audits/Reports of Interest

[Department of Taxation and Finance: Selected Employee Travel Expenses \(2012-S-95\)](#)

[Office of General Services: Selected Employee Travel Expenses \(2012-S-92\)](#)

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**State of New York  
Office of the State Comptroller**

**Division of State Government Accountability**

June 4, 2013

Kristin M. Woodlock, RN, MPA  
Acting Commissioner  
Office of Mental Health  
44 Holland Avenue  
Albany, NY 12229

Dear Commissioner Woodlock:

The Office of the State Comptroller is committed to helping State agencies, public authorities and local government agencies manage government resources efficiently and effectively and, by so doing, providing accountability for tax dollars spent to support government operations. The Comptroller oversees the fiscal affairs of State agencies, public authorities and local government agencies, as well as their compliance with relevant statutes and their observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving operations. Audits can also identify strategies for reducing costs and strengthening controls that are intended to safeguard assets.

Following is a report of our audit of the Office of Mental Health entitled *Selected Employee Travel Expenses*. The audit was performed pursuant 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.

This audit's results and recommendations are resources for you to use in effectively managing your operations and in meeting the expectations of taxpayers. If you have any questions about this report, please feel free to contact us.

Respectfully submitted,

*Office of the State Comptroller  
Division of State Government Accountability*

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**State Government Accountability Contact Information:****Audit Director:** John Buyce**Phone:** (518) 474-3271**Email:** [StateGovernmentAccountability@osc.state.ny.us](mailto:StateGovernmentAccountability@osc.state.ny.us)**Address:**

Office of the State Comptroller  
Division of State Government Accountability  
110 State Street, 11th Floor  
Albany, NY 12236

This report is also available on our website at: [www.osc.state.ny.us](http://www.osc.state.ny.us)

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## Background

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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 Office of Mental Health (Office) is to promote the mental health of all New Yorkers with a particular focus on providing hope and recovery for adults with serious mental illness and children with serious emotional disturbances. The Office spent \$3,445,707 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$1,481,303, or about 43 percent, was for reimbursements to employees for travel expenses and direct payments to vendors, and the remaining \$1,964,404 related to charges on State-issued travel cards.

The audit at the Office 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, as well as on other outliers. As a result, we examined the travel costs of one Office employee whose expenses exceeded \$100,000. In total, we examined \$121,697 in travel costs associated with this one employee.

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.

According to the Travel Manual, agencies are responsible for ensuring:

- all authorized travel is in the best interest of the State,
- all charges are actual, reasonable and necessary,
- all expenses comply with travel rules and regulations,
- the most economical method of travel is used in the best interest of the State,
- compliance with Internal Revenue Service (IRS) regulations,
- each employee's official station is designated in the best interest of the State,
- employees obtain appropriate approvals prior to traveling, and exceptions or waivers are justified and necessary, and
- adequate funds are available for travel.

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## Audit Findings and Recommendation

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We examined the travel costs of one Office employee whose expenses totaled \$121,697. The employee is a Facilities Planner with expertise in building and code inspection, and his travel expenses were associated with building and code inspections at various facilities across the State. Most of the travel expenses we examined were appropriate. However, we found the Office did not maintain sufficient records of the fleet vehicle usage for this employee, as required by the Division of Budget to reduce fraud and increase the ability to audit.

### Monitoring of Fleet Vehicle Use

The Office has no guarantee that the fleet vehicle assigned to the employee we examined was used for work purposes only and not used for personal business.

Budget and Policy Reporting Manual D-750 (Reporting Manual) outlines the policies and procedures required by the Division of the Budget for managing State vehicles. It sets forth policy and financial guidelines, and defines the responsibilities of agency management. Specifically, the Reporting Manual states “Each agency’s Director of Finance (or comparable individual) shall be responsible for managing the agency’s fleet. This includes the development and maintenance of a formal written fleet management policy, which shall incorporate, at a minimum, the guidelines outlined below... The policy must address actions being taken to reduce fraud and increase the ability to audit usage to ensure policy compliance with respect to overall vehicle operations. This shall include, but not be limited to the following: 1) mileage and destination record-keeping procedures...”

The Office maintains a fleet of vehicles for employees to use for official State business. In this case, the employee we reviewed had a designated car assigned to him; the vehicle was used during the week and kept at the employee’s residence on the weekend. The Office has created logs specifically to record and track the mileage for each of its fleet vehicles. However, logs were not maintained for this vehicle, therefore limiting the agency’s assurance that the vehicle was used for work purposes only. Office officials explained that the employee’s supervisor believed keeping a log would be unnecessary as the employee maintained gas receipts, E-ZPass records, work assignment records, and was the only one using the car. Officials noted the employee has begun maintaining mileage logs and will continue to do so in the future.

### Recommendation

1. Follow established travel fleet management guidelines to ensure adequate monitoring of fleet vehicle use to guard against fraud, waste or abuse.

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## Audit Scope and Methodology

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We audited selected travel expenses for one Office employee 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 one Office employee whose expenses ranked among the highest in the State. We examined this employee's travel expenses, including reimbursements and credit card charges. As part of our examination, we obtained vouchers, receipts, and credit card statements for all selected transactions. We then verified that documentation supported the charges and showed the expenses incurred were for legitimate business purposes. We reviewed the Office'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. We found this employee also had charges for gas made to a State issued gas card. We did not review gas card charges Statewide, however, we did review those charges specific to the one individual selected if the charges related to vouchers submitted by the employee. Finally, we matched timesheet and travel records to ensure the traveler was working on days for which he 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.

## Authority

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The audit was performed pursuant to the State Comptroller's authority under Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law.

## Reporting Requirements

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We provided a draft copy of this report to Office officials for their review and formal comment. We considered their comments in preparing this report and have included them in their entirety at the end. In their response, the officials agreed with our recommendation and indicated that they have already taken steps to implement it.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Mental Health shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendation contained herein, and if the recommendation was not implemented, the reasons why.



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## Contributors to This Report

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**John Buyce**, Audit Director  
**Melissa Little**, Audit Manager  
**Nadine Morrell**, Audit Supervisor  
**Sharon Salembier**, Audit Supervisor  
**Heather Pratt**, Examiner-in-Charge  
**Amanda Halabuda**, Staff Examiner

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## Division of State Government Accountability

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Andrew A. SanFilippo, Executive Deputy Comptroller  
518-474-4593, [asanfilippo@osc.state.ny.us](mailto:asanfilippo@osc.state.ny.us)

Elliot Pagliaccio, Deputy Comptroller  
518-473-3596, [epagliaccio@osc.state.ny.us](mailto:epagliaccio@osc.state.ny.us)

Jerry Barber, Assistant Comptroller  
518-473-0334, [jbarber@osc.state.ny.us](mailto:jbarber@osc.state.ny.us)

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### Vision

A team of accountability experts respected for providing information that decision makers value.

### Mission

To improve government operations by conducting independent audits, reviews and evaluations of New York State and New York City taxpayer financed programs.

# Agency Comments



State of New York  
Andrew Cuomo  
Governor

**omh** Office of Mental Health  
44 Holland Avenue  
Albany, New York 12229  
www.omh.ny.gov

May 7, 2013

John Buyce  
Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street, 11th Floor  
Albany, NY 12236-0001

Dear Mr. Buyce:

The Office of Mental Health has reviewed the Office of the State Comptroller's (OSC's) draft audit report entitled, "Selected Employee Travel Expenses" (2012-S-76). OMH is pleased that OSC concluded travel expenses were business-related for the employee selected in the audit sample, including expenses recorded on travel vouchers, credit card statements and E-Z Pass records. We also noted that audit staff found the traveler was working on all days for which travel reimbursement was requested and that the travel was necessary for the individual to conduct state business.

OMH agrees with the report's recommendation to "follow established travel fleet management guidelines". As was discussed at the audit's closing conference, OMH has taken steps to ensure that the employee maintains vehicle travel logs in accordance with agency guidelines.

We appreciate and thank OSC for your efforts to make recommendations which enhance our operations.

Sincerely yours,

Kristin M. Woodlock RN, MPA  
Acting Commissioner

