



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

Division of State Government Accountability

# **Selected Employee Travel Expenses**

## **City University of New York**



Report 2012-S-98

February 2014

---

# Executive Summary

---

## 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 covered the period April 1, 2008 through March 31, 2011.

## Background

New York State's 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 lodging, meals, car rentals, transportation, fuel, and incidental costs such as airline baggage and travel agency fees. As part of a statewide audit 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. These travelers incurred over \$100,000 in travel expenses during our three-year audit period. We examined charges made to one City University of New York (CUNY) employee's travel card totaling \$125,410. We found that this employee was the Fleet Manager, responsible for administering CUNY's Central Office vehicle fleet. Each CUNY employee assigned a vehicle has an individual E-ZPass account, and these accounts are replenished using the Fleet Manager's travel card. Out of the total \$125,410 charged to the Fleet Manager's travel card for the three-year audit period, \$114,351 was expended to replenish E-ZPass accounts, while \$11,059 was expended for car rental and other charges. Most of the Fleet Manager's travel card expenses were for expenses related to the 31 fleet vehicles assigned to CUNY Central Office employees (mostly Vice Chancellors).

## Key Findings

Most of the \$125,410 in travel expenses we examined was appropriate. However, we identified several areas in which CUNY could strengthen controls:

- CUNY employees assigned official vehicles did not reimburse CUNY for all toll charges incurred for personal trips. The personal use of vehicles is self-reported by employees, with employees reimbursing CUNY for personal toll charges after reviewing their monthly E-ZPass statements.
- We judgmentally selected 23 employees who made weekend trips with their assigned vehicles to determine whether the trips were business-related. Of the 313 weekend trips we reviewed, there was no support of a business purpose for 267 of these trips.
- CUNY is responsible for accurately reporting employees' imputed income that is derived from the personal use of assigned vehicles. However, CUNY does not have an accurate means of verifying personal use mileage and therefore the accuracy of the imputed mileage reported on employees' W-2 forms from calendar years 2008 through 2011 is questionable.

## Key Recommendations

- Improve the control environment over the use of E-ZPass tags so that all the toll charges for personal trips are identified for reimbursement.
- Ensure that the mileage for all non-business use of official vehicles is imputed and reported appropriately.

## **Other Related Audits/Reports of Interest**

[SUNY Purchase: Selected Employee Travel Expenses \(2012-S-149\)](#)

[SUNY College of Optometry: Selected Employee Travel Expenses \(2012-S-148\)](#)

---

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

**Division of State Government Accountability**

February 25, 2014

William P. Kelly  
Interim Chancellor  
City University of New York  
205 East 42nd Street  
New York, NY 10017

Dear Interim Chancellor Kelly:

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 entitled *Selected Employee Travel Expenses*. This 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.

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*

## Table of Contents

Background	5
Audit Findings and Recommendations	7
Administration of Assigned Vehicles and E-ZPass Accounts	7
Reimbursements for Personal E-ZPass Bridge and Road Tolls	7
Reporting the Taxable Value of CUNY-Provided Vehicles	9
Recommendations	10
Audit Scope and Methodology	10
Authority	11
Reporting Requirements	11
Contributors to This Report	12
Agency Comments	13
State Comptroller's Comments	17

**State Government Accountability Contact Information:**

**Audit Director:** Melissa Little

**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)

---

## Background

---

New York State's executive agencies spend between \$100 million and \$150 million each year on travel expenses incurred by employees in the course of performing their duties. These expenses, which are discretionary and under the control of agency management, include car rentals, meals, lodging, transportation, fuel, and incidental expenses such as airline baggage and travel agency fees.

The City University of New York (CUNY) is the nation's leading urban public university, serving more than 271,000 degree-credit students and nearly 270,000 students in adult, continuing and professional education at 24 institutions in New York City. The University includes 11 senior colleges, seven community colleges, as well as graduate and professional schools. CUNY's mission is to provide first-rate academic opportunities for students of all backgrounds. CUNY spent \$13.6 million on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, \$10.2 million (75 percent) was for reimbursements to employees for travel expenses and direct payments to vendors, and about \$3.4 million (25 percent) related to charges on State-issued travel cards.

This audit at CUNY 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. We focused our 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, and we considered other factors as well. As a result, we examined 1,167 charges made on one employee's travel card totaling \$125,410 and found \$114,351 (91 percent) was expended to replenish E-ZPass accounts assigned to fleet vehicle users, while \$11,059 (9 percent) was expended for car rental and other charges. This employee, who works in CUNY's Operations Office, was responsible for administering CUNY's Central Office vehicle fleet of 50 vehicles.

The Central Office assigned its vehicles for various purposes, including 11 for Public Safety, three for deliveries, three for computer support, and two for CUNY TV (CUNY's cable television station). The remaining 31 vehicles are used for administrative purposes, including essential staff (mostly Vice Chancellors), audit and recruitment. Of these 31 vehicles, 23 are assigned to specific individuals and eight are pool vehicles available as needed. Each employee assigned a vehicle has an exclusive E-ZPass account. These E-ZPass accounts are billed to the Fleet Manager's State travel card, although he may not be the vehicle driver. Most of the Fleet Manager's travel card expenses were for expenses related to the 31 fleet vehicles assigned to CUNY Central Office employees (mostly Vice Chancellors). The CUNY employees who are assigned vehicles have unrestricted use of these vehicles. However, State, Internal Revenue Service (IRS) and CUNY regulations require employees to reimburse CUNY for charges incurred for non-business (personal) use of the vehicles.

CUNY relies on the vehicle users to account for their personal use of official vehicles. CUNY officials who are assigned specific vehicles are required to complete a vehicle business use log, and are responsible for identifying and reimbursing the non-business-related trips on the monthly E-ZPass statements. Additionally, CUNY reports the imputed personal use as income for entry on

the employees' W-2 forms. For calendar years 2008 through 2011, CUNY reported \$417,487 as imputed income for personal use of official vehicles throughout the CUNY system.

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 (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 an employee travels 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 IRS regulations;
- travel between the employee's home and official station is considered commuting and is not reimbursable;
- all travel card charges are reconciled correctly, and recover any overpayments or improper charges if necessary;
- employees obtain appropriate approvals prior to traveling, and exceptions or waivers are justified and necessary; and
- adequate funds are available for travel.

The Travel Manual also states that agencies are responsible for setting policy to address the use and assignment of State vehicles by their employees. In addition, those officers and employees who are permitted to utilize agency vehicles for personal use must reimburse the State for the costs of any E-ZPass charges incurred during any personal usage. CUNY has established a Fleet Management Policy which provides guidelines for the administration and use of agency vehicles.

---

## Audit Findings and Recommendations

---

Most of the \$125,410 in travel expenses we examined was appropriate. However, we identified deficiencies relating to the administration of E-ZPass accounts and tracking of vehicle use, the failure to obtain reimbursements of all E-ZPass toll charges for personal (non-business) use, and incomplete reporting of the taxable benefit to employees for use of CUNY vehicles for personal trips.

### Administration of Assigned Vehicles and E-ZPass Accounts

We determined that CUNY's Operations Office has inadequately managed the administration of the E-ZPass program. As a result, Operations Office management has no assurance that it has obtained full reimbursement for all bridge and highway toll fees incurred by CUNY employees while using these vehicles for personal use.

We requested the current list of active E-ZPass tags. The request was made to Operations Office staff on October 1, 2012 and was fulfilled on December 27, 2012, almost two months later. Meanwhile, during this period, the Operations Officer received payments from some employees for prior years' personal use of vehicles.

In addition, because of inadequate inventory records, Operations Office management was not certain about the number of E-ZPass tags assigned to employees, the employees to whom the tags had been issued, and the number of tags that were active or inactive. We found during our reconciliation of the active E-ZPass inventory list that three E-ZPass tag numbers were listed twice on CUNY's inventory list, and one E-ZPass tag number was missing from the inventory list.

We also found that CUNY does not adequately track the E-ZPass tags issued to employees. For example, in one instance an employee was issued a new E-ZPass tag but failed to return his old tag, and kept it in his assigned vehicle's glove compartment. E-ZPass then read both the new tag and the old tag, and double charged for tolls on several trips. After we brought this to CUNY officials' attention, they indicated that they will request credit from E-ZPass for the overcharges.

In another example of the inaccuracies of the recordkeeping system, we identified one CUNY vehicle that was not listed on CUNY's Central Office vehicle inventory, although repairs totaling \$1,173 to this vehicle had been charged to the travel card.

### Reimbursements for Personal E-ZPass Bridge and Road Tolls

We determined that CUNY does not have any monitoring system in place to ensure that all the personal bridge and road toll charges incurred by its employees are identified for reimbursement. This increases the opportunity for employees to use the E-ZPass tags for non-business purposes and to avoid paying taxes on imputed income.

CUNY's Vehicle Use Guidelines (dated May 27, 2005), which are for Central Office employees,

state that employees with vehicle commuting privileges are required to comply with reporting requirements of the taxable fringe benefits outlined in the Office of the State Comptroller's (OSC) Payroll Bulletin 437. The guidelines further require employees assigned an E-ZPass tag to review their monthly itemized E-ZPass statements to identify and reimburse the University for all personal use of the vehicle.

CUNY does not require employees with assigned vehicles to record personal use of official vehicles on the vehicle business use log. Therefore, CUNY's Operations Office management is not able to determine if any trips made during the workweek were personal unless the employee otherwise reported this. We focused our testing on the most likely potential for personal use of the vehicles - trips on weekends. We presumed that all weekend trips were non-business-related unless they were supported by documents showing that they were made for business purposes. CUNY provided us with documentation for its official events and activities from April 1, 2008 through March 31, 2011 in support of weekend trips made for business purposes. Absent documentation, the employee should have reimbursed the E-ZPass toll, and the personal use should have been imputed.

Operations Office staff provided auditors with Central Office employees' files containing prior years' monthly E-ZPass statements for charges replenished by the State's travel card. We judgmentally selected 23 employees with assigned vehicles who made weekend trips to determine whether the trips were business-related. The selected employees each made between 1 and 47 weekend trips between April 3, 2008 and February 21, 2011. We reviewed all 313 weekend trips by these 23 CUNY employees to determine whether the trips were for business purposes. We found there was no support of a business purpose for 267 (85 percent) of these trips. Specifically, we determined that:

- Three employees made six supported business-related weekend trips and logged those trips accordingly.
- Seven employees made 130 weekend trips, of which 40 were partially supported as business-related and were logged accordingly. We considered the remaining 90 trips as made for personal reasons because there was no documentation of any business purpose. None of the remaining 13 employees who made the 177 weekend trips either logged the trips or provided documentation to show the trips were made for business purposes. Consequently, they were all considered as made for non-business purposes. We determined 18 employees owe a total of \$709 to CUNY for personal use of a CUNY vehicle.
- Some employees did not accurately report personal use of the vehicle and E-ZPass until we started the audit and began to inquire about the weekend trips. As a result, five employees submitted reimbursements for non-business-related trips that occurred more than two years previously.
- The mileage for 42 weekend trips for three CUNY employees has not been imputed, although these employees reimbursed the E-ZPass charges for those trips.
- Some employees who were assigned vehicles either did not consistently maintain the required vehicle business use log, or did not complete the log at all, for both weekday and weekend trips. Only 3 of the 23 employees reviewed logged their trips completely.

- Some employees made reimbursements in excess of the toll charges incurred during the weekend trips we reviewed. Since there were several weekday trips that preceded the date of the employees' reimbursement check, we can only conclude that the additional payments were for personal weekday trips, which should also have been reported as imputed income. We also noted several non-business weekday trips on the pool vehicle usage logs.
- Based on our review of the vehicle business use log entries and E-ZPass statements, there are likely more unreimbursed personal E-ZPass toll fees and un-imputed personal trips on weekdays, including expenses for commuting to work.

## Reporting the Taxable Value of CUNY-Provided Vehicles

We determined that Operations Office management neither monitors the accuracy and completeness of the vehicle business use logs nor performs any independent verification of vehicle odometer readings. As a result, Operations Office management does not have an accurate means of verifying personal use mileage so that employees pay the appropriate taxes on their imputed income.

As noted previously, when we reviewed vehicle business use logs and E-ZPass statements for 23 CUNY employees, we could not find support of a business purpose for 267 weekend trips. Therefore, the mileage should be imputed, with any road and bridge toll charges reimbursed. Any mileage not reported as having a valid business purpose is treated as imputed personal income to the employee. OSC Payroll Bulletin 437 states that "OSC will report the value of personal use of an employer-provided vehicle as income on W-2's. The taxable value of personal use of an employer-provided vehicle is subject to Income and Social Security/Medicare taxes and must be reported as income on the W-2." It is CUNY's responsibility to accurately report employees' imputed income for entry on the W-2 form.

Although the vehicle business use log is designed for the driver to enter the date, starting and destination addresses, distance traveled, and the beginning and ending odometer readings, much of this information was missing. The Operations Office uses the logs to estimate the non-business mileage by totaling the year's business trip mileage and subtracting it from the difference between the ending and beginning odometer readings. This estimated mileage is then used as a basis for calculating the vehicle personal use amount to be reported on each employee's W-2 form. CUNY also requires employees who are assigned vehicles to complete form AC 3173 (Agency Report of the Taxable Value of Personal Use) to compute the taxable value of personal use of a vehicle. This form must be approved by the appropriate CUNY representative.

However, CUNY has not provided auditors with the documentation and the AC 3173 forms that were used as a basis for imputing the non-business mileage for calendar years 2008 through 2011. Since CUNY employees are not consistently listing business trips on the vehicle business use logs as required, the accuracy of the imputed mileage reported on their W-2 forms from calendar years 2008 through 2011 is questionable. In one of our audit tests, we noted instances where employees reimbursed CUNY for personal E-ZPass bridge and road toll fees, but no amounts for personal mileage were reported on their W-2 forms.

---

## Recommendations

### CUNY Operations Office management should:

1. Maintain an accurate inventory of vehicles and E-ZPass tags, ensuring accountability for active and inactive tags and vehicles.
2. Improve the control environment over the use of E-ZPass tags so that all the toll charges for personal trips are identified for reimbursement.
3. Require Central Office employees who are assigned vehicles to record both weekend and weekday non-business trips.
4. Compare the monthly E-ZPass statements to each vehicle business use log to verify that non-business trips have correctly been reimbursed, and obtain reimbursement when necessary.
5. Ensure that the mileage for all non-business use of official vehicles is imputed and reported appropriately.
6. Reconcile vehicles' odometer readings to the vehicle business use logs.

---

## Audit Scope and Methodology

The objective of our audit was to determine whether the use of travel monies by a selected government employee complied with rules and regulations and is free from fraud, waste, and abuse. Our audit scope period covered the three years ended March 31, 2011. As a result, we examined 1,167 charges made on one employee's travel card totaling \$125,410 and found \$114,351 (91 percent) was expended to replenish E-ZPass accounts assigned to fleet vehicle users, while \$11,059 (9 percent) was expended for car rental and other charges. We found that this employee, who works in CUNY's Operations Office, was responsible for administering CUNY's Central Office vehicle fleet.

To accomplish our objective, we met with CUNY officials to gain an understanding of their policies and procedures for the administration and management of their vehicle fleet. We reviewed travel logs and other documents showing vehicle use and purposes of the trips.

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 the 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

---

This 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

---

We provided a draft copy of this report to CUNY officials for their review and formal comment. We considered CUNY's response in preparing this final report and have attached it in its entirety to the end of the report. CUNY officials generally agreed with our recommendations and state actions they intend to take to implement them. Our rejoinders to certain comments in CUNY's response are included in the report's State Comptroller's Comments.

Within 90 days of the final release of this report, as required by Section 170 of the Executive Law, the Chancellor of the City University of New York 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 recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

---

## Contributors to This Report

---

**Melissa Little**, Audit Manager  
**Abe Fish**, Audit Supervisor  
**Robert Tabi**, Examiner-in-Charge  
**Menard Petit-Phar**, Staff Examiner

---

## Division of State Government Accountability

---

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

Tina Kim, Deputy Comptroller  
518-473-3596, [tkim@osc.state.ny.us](mailto:tkim@osc.state.ny.us)

Brian Mason, Acting Assistant Comptroller  
518-473-0334, [bmason@osc.state.ny.us](mailto:bmason@osc.state.ny.us)

---

### 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



**Office of Internal Audit and Management Services**  
 230 West 41<sup>st</sup> Street, 5<sup>th</sup> Floor  
 New York, NY 10036  
 Tel: 646-746-4290  
 Fax: 646-746-4299

January 14, 2014

Ms. Melissa Little  
 Audit Director  
 Office of the State Comptroller  
 Division of State Government Accountability  
 110 State Street, 11<sup>th</sup> Floor  
 Albany, NY 12236

Re: Selected Employee Travel Expenses  
 Report#2012-S-98

Dear Ms. Little:

Thank you for the opportunity to review the above-captioned draft audit report and to make comments thereon. We accept the report's overall conclusion that most of the travel expenses examined were appropriate but that controls could be strengthened in some areas. We believe that relatively speaking, the deficiencies identified in the report owe more to isolated occurrences of non-compliance with established CUNY procedures than to intrinsic insufficiencies in such procedures. We remain committed to improving internal controls wherever needed, and we appreciate the opportunity provided us through the audit recommendations to improve controls. However, there were a number of points made in the report that we believe warrant reconsideration:

The auditors assert in the draft report that CUNY employees self-report personal use of official vehicles, that CUNY does not have an accurate means of verifying personal use of mileage, and that CUNY does not require employees to record personal use of their official vehicles in their vehicle log. In truth, CUNY's practice of requiring employees to record the business use of their assigned vehicles is consistent not only with IRS regulations but also with New York State regulations and guidelines, as such pertain to CUNY.

\*  
 Comment  
 1

With limited exception, CUNY employees with assigned vehicles are required to use the lease value method of reporting for income tax purposes the personal use of their vehicles. The lease value method is more stringent than the other valuation methods and bases imputed fringe benefit taxable income on the cost that the vehicle user would have had to pay to lease the vehicle for the year. Under the lease value method, both the IRS and the State require that employees with employer-provided vehicles record only the business use of their vehicle. The purpose of that requirement is to treat all unrecorded business use of the vehicle as taxable personal use, by default. Since the default is personal use, a separate requirement to record both business use and personal use would be redundant

\*  
 Comment  
 2



\* See State Comptroller's Comments on page 17.

and would more likely than not result in reconciliation discrepancies between the separate business and personal use tallies and the total combined-use tally.

IRS Publication 15-B (Employer's Tax Guide to Fringe Benefits) provides the following guidance for employees using the lease value method for determining the taxability of their vehicle usage:

Under this rule, you determine the value of an automobile you provide to an employee by using its annual lease value. If the automobile is used by the employee in your business, you generally reduce the lease value by the amount that is excluded from the employee's wages as a working condition benefit. In order to do this, the employee must account to the employer for the business use. This is done by substantiating the usage (mileage, for example), the time and place of the travel, and the business purpose of the travel. Written records made at the time of each business use are the best evidence. Any use of a company-provided vehicle that is not substantiated as business use is included in income. [Emphasis added]

In addition, State guidance, as per a May 21, 2007 memorandum provides that, with respect to individually-assigned vehicles, "employees assigned such a vehicle must maintain a detailed log of all their business-related uses of the vehicle. Any mileage not reported as having a valid business purpose will be treated as imputed personal income to the employee...."[Emphasis added]. Thus, consistent with IRS rules, the State requires only the recording of business use of the vehicles in the log, and all other usage is treated as personal by default.

\*  
Comment  
2

While the draft report indicates that CUNY employees should be recording in the vehicle logs any personal use of their official vehicle, there appears to be a contradiction inasmuch that on page 9 of the draft report the auditors endorse CUNY's method for computing personal use where they state that "[a]ny mileage not reported as having a valid business purpose is treated as imputed personal to the employee." [Emphasis added]

\*  
Comment  
3

We maintain that the above control for tracking the business use of the vehicles and for the computation of the value of personal use of the vehicles applies equally to personal use associated with the E-ZPass tags. We will therefore remind vehicle users that any E-ZPass usage that does not correspond with a recorded business-related use of the vehicle is considered personal use by default and the cost associated with such usage must be reimbursed by the vehicle user to CUNY.

We were very concerned by the indication in the draft report that it took two months to provide to the auditors a current list of active E-ZPass tags. We believe that clarification is required. We actually provided the auditors a current list of active E-ZPass tags as soon as was requested. What took somewhat longer to provide was complete information on the E-ZPass accounts going back to 2007, as much of the requested information had been archived, and, in addition, the audit took place in the midst of a move of the office from one facility to another.

\*  
Comment  
4

Finally, we respectfully take exception to the finding that CUNY does not verify the vehicle odometer readings for the official vehicles. Odometer readings are verified at least annually or whenever vehicles are serviced or brought in for their annual NYS safety and emissions inspection.

\*  
Comment  
5

#### Audit Recommendations and Responses

1. *Maintain an accurate inventory of vehicles and E-ZPass tags, ensuring accountability for active and inactive tags and vehicles.*

Response: CUNY agrees with this recommendation

2. *Improve the control environment over the use of E-ZPass tags so that all the toll charges for personal trips are identified for reimbursement.*

Response: CUNY agrees with this recommendation and will recover from the 18 employees any portion of the E-ZPass reimbursements totaling \$709 still outstanding.

3. *Require Central Office employees who are assigned vehicles to record both weekend and weekday non-business trips.*

Response: For the reasons already discussed, CUNY will continue to follow IRS and State guidelines that require under the lease value method of imputing fringe benefit income the recordation of the business use of the official vehicles with the difference between total usage and business usage imputed as taxable fringe benefit income.

\*  
Comment  
1

4. *Compare the monthly E-ZPass statements to each vehicle business use log to verify that non-business trips have correctly been reimbursed, and obtain reimbursement when necessary.*

Response: CUNY agrees with this recommendation

5. *Ensure that the mileage for all non-business use of official vehicles is imputed and reported appropriately.*

Response: CUNY agrees with this recommendation and has already taken steps to bring about full compliance in this area.

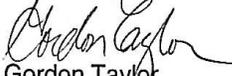
6. *Reconcile vehicles' odometer readings to the vehicle business use logs.*

Response: CUNY will continue to perform these reconciliations but will make sure that there is complete compliance with this requirement.

4

Thank you again for the opportunity to respond to the draft report. If you have questions or need additional clarification, please contact me.

Very truly yours,

  
Gordon Taylor  
Director

cc: Interim Chancellor William P. Kelly  
Executive Vice Chancellor and COO Allan H. Dobrin  
Senior Vice Chancellor Marc V. Shaw  
Associate Vice Chancellor Matthew J. Sapienza  
Ms. Deborah Labadie-Centeno

IA# 2187

---

## State Comptroller's Comments

---

1. We acknowledge this practice complies with IRS regulations for imputing the personal value of vehicle use. However, CUNY's accounting for business vehicle use only did not adequately track employees' E-ZPass toll charges incurred during personal vehicle use.
2. The recording of personal (non-business) vehicle use in logs is not redundant. Further, such recording and classification helps facilitate the tracking of E-ZPass charges incurred during personal use. Also, at least in part, we attribute CUNY's failure to obtain reimbursement for personal E-ZPass charges to the inability to clearly and timely distinguish personal vehicle use from business use.
3. We simply stated the method that CUNY used to impute the amount of personal income to an employee. We neither endorsed nor criticized this method.
4. Delays in providing requested documents were caused by CUNY's failure to maintain accurate inventories of their vehicles and E-ZPass tags. We maintain that this information should have been readily available, despite the office move. Further, as stated in the report, CUNY's Operations Officer received payments from certain employees for prior years' personal use of CUNY vehicles - after the announcement of our audit and during the two months that we waited for documentation that we had requested.
5. During the course of our audit fieldwork, CUNY officials provided no documentary evidence that odometer readings were verified at least annually or whenever vehicles were serviced or brought in for their annual NYS safety and emissions testing.