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COMPTROLLER



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STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

February 14, 2013

Thomas J. Schwarz
President
State University of New York
College at Purchase
735 Anderson Hill Road
Purchase, NY 10577

Re: Report 2012-S-149
SUNY Purchase - Selected Employee
Travel Expenses

Dear Mr. Schwarz:

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 selected travel expenses of the State University of New York at Purchase (College).

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 expenses such as airline baggage and travel agency fees.

The College's mission is to offer a unique education that combines programs in the liberal arts with conservatory programs in the arts in ways that emphasize inquiry, mastery of skills, and creativity. The College spent \$788,534 on travel expenses from April 1, 2008 through March 31, 2011. Of that amount, about \$401,958, or 51 percent, related to charges on State issued travel cards and \$386,577, or 49 percent, was for reimbursements to employees for travel expenses and direct payments to vendors. In addition, the College expended \$9,842,038 for purchases on their procurement (P) card.

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 traveling on official State business, only actual, necessary and reasonable business expenses will be reimbursed.

The audit at the College 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. The analysis showed that one College employee charged lodging costs of \$991,999, and we therefore selected these expenses for audit.

Results of Audit

The expenses for the one College employee whose lodging costs ranked among the highest in the State during our audit period were appropriately approved and documented. These expenses, charged to the employee's P-card and totaling \$991,999 during the three year period, were for lodging students at a nearby hotel each fall semester. According to College officials, additional lodging space was needed because of a continued shortage of on-campus dormitory facilities. Housing students at local hotels has been the practice since 2002. While these expenditures were appropriately approved and documented, College management had not conducted a formal written study to examine options for permanently alleviating the student housing shortage and to ensure the most efficient use of State funds. However, they advised us there have been ongoing discussions to address the long term student housing needs, including discussions with representatives from the Dormitory Authority of the State of New York (DASNY).

Recommendation

1. Conduct a formal study to examine options for permanently alleviating the student housing shortage and implement the option that ensures the most efficient use of State funds.

College officials are in agreement with this recommendation, as their goal is to house all residential students on campus. They are currently in the process of reviewing all options for additional space.

Audit Scope, Objectives and Methodology

We audited selected travel expenses for the one College 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 objective, we analyzed travel expenses incurred by and on behalf of State employees for the three years ended March 31, 2011. Our analysis identified one College employee whose lodging expenses ranked among the highest in the State. We examined these expenses, for the three fiscal years ending March 31, 2011.

As part of our examination, we obtained receipts and credit card statements for all transactions. We then verified that documentation supported the charges and showed the expenses incurred where for legitimate business purposes. We reviewed the College's internal

policies and procedures and determined the expenses selected for examination were approved and complied with this guidance, as well as with OSC procedures.

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 College officials who agreed with our conclusions and recommendation, and waived the opportunity to provide formal written comments to be included in this final report. Their verbal comment is included in this report.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the President of SUNY College at Purchase 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 why.

Major contributors to this report were Melissa Little, Abe Fish and Judy Grehl.

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

Sincerely,

John F. Buyce, CPA
Audit Director

cc: Michael Abbott, University Auditor
Thomas Lukacs, Division of the Budget