

# Department of Corrections and Community Supervision

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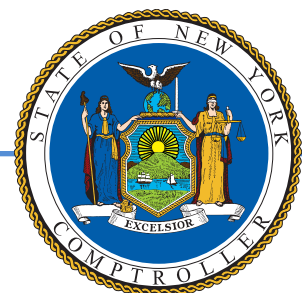
## Oversight of Transportation Services and Expenses

Report 2021-S-1 | June 2022

OFFICE OF THE NEW YORK STATE COMPTROLLER  
Thomas P. DiNapoli, State Comptroller

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Division of State Government Accountability



# Audit Highlights

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## Objective

To determine if the Department of Corrections and Community Supervision (Department) has established adequate controls to effectively monitor and ensure accountability over transportation expenses and transportation services. For transportation expenses, excluding fueling, and transportation services, the audit covered the period from April 2016 through June 2021 for contractor data; through September 2021 for employee licensing issues; and through February 2021 for maintenance and repair data. For fuel expenses, the audit covered the period from March 2019 to July 2021 for WEX fueling data and the month of March 2021 for Fuelmaster information.

## About the Program

The Department is responsible for the confinement and rehabilitation of approximately 30,500 individuals in custody and the supervision of over 35,000 parolees throughout the State. The Department operates 50 correctional facilities, seven regional offices that provide support services for parolees, as well as a Central Office. (On March 10, 2022, the Department closed six of its facilities.) The Department's work requires a diverse fleet of both passenger (e.g., cars, SUVs, vans, pickup trucks) and large transportation (e.g., inmate buses, tractor trailers) vehicles. Many of the Department's employees operate its vehicles in its day-to-day operations. These operators are required to have a current driver's license to operate these vehicles on public roadways.

Of the 50 facilities, 45 manage the repairs and procurement of parts for their assigned vehicles. The remaining five facilities as well as Central Office and Community Supervision exclusively use a centralized procurement contract (Contract), negotiated and entered into on behalf of the State by the Office of General Services, for fleet management and repair services, administered by the Contractor. In addition, the Department also operates fueling stations at 42 facilities that provide gas at discounted prices through State contract pricing.

As of February 2021, the Department's fleet comprised 2,572 State-owned and 31 leased vehicles. During the period April 1, 2016 through March 19, 2021, the Department's vehicle repair and maintenance expenses totaled approximately \$18.4 million, including payments of nearly \$6.5 million to the Contractor as well as fuel expenditures of \$14.4 million. Between March 1, 2019 and July 30, 2021, the Department made \$1.4 million in fuel purchases using the statewide refueling credit card (i.e., WEX card).

## Key Findings

The Department has not established adequate controls to effectively monitor and ensure accountability over transportation expenses. The Department performs limited to no central monitoring of payments made through the Contractor. Further, the Contractor data does not include sufficient detail the Department would need to adequately monitor vehicle repairs and maintenance costs. Also, the Department does not monitor in-house maintenance expenses but, rather, relies on each facility or office for accurate reporting.

The Department could improve controls and oversight of fuel usage. For example, from March 4, 2019 to July 23, 2021, we identified 3,518 fuel transactions, totaling \$101,700, within 2 miles of a State-owned fueling station. Of those, 2,862 transactions at commercial fueling stations resulted in higher costs totaling \$10,616. However, 656 transactions at commercial fueling stations resulted in a

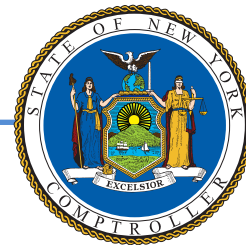
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lower cost totaling \$1,267. Had all these transactions been completed at a State-owned facility, the Department would have saved \$9,349.

We reviewed 2,054 daily vehicle logs at two correctional facilities and identified three employees who operated vehicles with restricted licenses as a result of a physical impairment, driving violation, or the suspension or revocation of their license. In addition, we identified 397 instances where daily vehicle logs were incomplete, contained erroneous information, or were illegible.

## **Key Recommendations**

- Implement Department-wide procedures to monitor the Contractor's performance regarding repair and maintenance costs.
- Ensure that Department employees use the most cost-effective method for fuel purchases, when practical.
- Monitor correctional facilities' vehicle logs and inmate transportation logs to ensure records are complete and accurate, in accordance with Department procedures.



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## Office of the New York State Comptroller Division of State Government Accountability

June 29, 2022

Anthony Annucci  
Acting Commissioner  
Department of Corrections and Community Supervision  
1220 Washington Avenue  
Albany, NY 12226

Dear Acting Commissioner Annucci:

The Office of the State Comptroller is committed to helping State agencies, public authorities, and local government agencies manage their resources efficiently and effectively. By so doing, it provides accountability for the 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 *Oversight of Transportation Services and 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,

*Division of State Government Accountability*

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# Glossary of Terms

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<b>Term</b>	<b>Description</b>	<b>Identifier</b>
Contract	Centralized procurement contract used by the Department for fleet management and repair services, administered by the Contractor	<i>Key Term</i>
Department	Department of Corrections and Community Supervision	<i>Auditee</i>
LENS	License Event Notification System	<i>Key Term</i>
Guidelines	New York State Procurement Guidelines	<i>Law</i>
NHTSA	National Highway Traffic Safety Administration	<i>Federal Agency</i>
OGS	Office of General Services	<i>State Agency</i>
VIN	Vehicle Identification Number	<i>Key Term</i>
WEX card	Statewide fueling credit card	<i>Key Term</i>

# Background

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The Department of Corrections and Community Supervision (Department) is responsible for the confinement and rehabilitation of approximately 30,500 individuals in custody and the supervision of over 35,000 parolees throughout the State. The Department operates 50 correctional facilities (facilities), seven regional offices that provide support services for parolees (Community Supervision), as well as a Central Office. (On March 10, 2022, the Department closed six of its facilities.) The Department's work requires a diverse fleet of both passenger (e.g., cars, SUVs, vans, pickup trucks) and large transportation (e.g., inmate buses, tractor trailers) vehicles.

The Department's Support Operations unit is responsible for the Department's fleet, including procurement and disposal of all vehicles; centralized annual procurement; and general fleet support for the Department and its 50 facilities. In addition, 38 of the facilities have vehicle maintenance shops and 42 facilities have on-site fueling stations, which provide gas at discounted prices through State contract pricing.

Of the 50 facilities, 45 manage the repairs and procurement of parts for their assigned vehicles. The remaining five facilities as well as Central Office and Community Supervision exclusively use a centralized procurement contract (Contract), negotiated and entered into on behalf of the State by the Office of General Services (OGS), for fleet management and repair services, administered by the Contractor. The Contract provides a network of private repair shops across the State for services including routine maintenance and repairs and roadside assistance and towing. In addition, four of the 45 facilities that manage their own vehicles have occasionally used the Contractor for repairs but not on a consistent basis. The 38 facilities with maintenance shops either perform maintenance and service in house or use the private repair shops for parts and service, depending on the vehicle type, the service needed, and operational needs.

The Contractor submits invoices for its fleet management services based on a monthly enrollment price of \$5.35 per light duty vehicle in addition to the actual charges for the repair services. The Contractor is required to negotiate costs with private repair shops, ensure costs are competitive and reasonable, monitor vehicle warranties, and avoid duplicate or unnecessary repairs. The Department is responsible for periodically reviewing a sample of procurements to determine the Contractor's compliance with the Contract terms and the reasonableness of the transactions to ensure they can withstand public scrutiny. Further, in recognition of market fluctuations over time, Contract guidance encourages Contract users to seek better pricing whenever possible.

Based on New York State law and associated guidelines, the objective of State procurement is to facilitate a State agency's mission while ensuring fair and open competition and protecting the interests of the State and its taxpayers. State agencies are responsible for ensuring their procurement process aligns with State Finance Law and that the quality and prices of their purchases are reasonable. According to New York State Procurement Guidelines (Guidelines), the primary responsibility for procurement rests with State agencies, which must document their procurement process, including information gathering and decisions made relating

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to the procurement. The Guidelines also encourage agencies to attempt to negotiate more favorable prices on OGS centralized contracts.

The Department's Directives for Scheduled Maintenance/Reports provides guidelines for regularly scheduled maintenance of all vehicles owned and operated by the Department. Another Department directive, which governs the use of State-owned vehicles, states that fuel should be obtained by the most economical manner possible (e.g., use self-service gas pump in lieu of full service, regular unleaded only) and that WEX fuel cards are to be used only for fuel purchases directly related to the operation of the vehicle (e.g., gas, oil). As part of its fueling process, the Department utilizes WEX cards for fueling at retail locations. As mentioned, the Department also operates fueling stations at 42 facilities that provide gas at discounted prices through State contract pricing. Those 42 facilities utilize the Fuelmaster system to manage and account for the fuel dispensed to their vehicles. However, the Fuelmaster system in use at each facility operates independently and cannot communicate with Central Office or other facilities.

As of February 2021, the Department's fleet comprised 2,572 State-owned and 31 leased vehicles. During the period April 1, 2016 through March 19, 2021, the Department's vehicle repair and maintenance expenses totaled approximately \$18.4 million, including payments of nearly \$6.5 million to the Contractor, and its fuel expenditures totaled \$14.4 million. Between March 1, 2019 and July 30, 2021, the Department made \$1.4 million in fuel purchases using the statewide refueling credit card (i.e., WEX card).



# Audit Findings and Recommendations

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The Department has not established adequate controls to effectively monitor and ensure accountability over transportation expenses. The Department performs limited to no central monitoring of vehicle repair costs, nor does it perform periodic reviews of transactions to ensure that maintenance and repairs are appropriate and costs are reasonable. For example, we found:

- 1,725 Contractor transactions, totaling more than \$55,000, that were inappropriately charged to the Department, including nearly \$46,000 related to vehicles that were no longer in use at the time of the transaction.
- 536 transactions were either unreasonable or questionable, totaling \$106,226, from a sample of 2,349 in-house transactions.

Further, the Department could also improve controls over vehicle warranties and fueling for additional cost savings.

Deficiencies in the Department's monitoring also have safety implications. We determined four vehicles had open manufacturer safety recall notices that went unrepaired, including one that had been operating unrepaired for over 5 years. The Department also does not monitor employees' driving histories or vehicle logs to ensure only properly licensed employees are operating State vehicles.

The lack of accountability over State vehicle use and maintenance expenses ultimately increases the risk that the Department is not making the most efficient use of resources and that State vehicles and State funds will be misused. These weaknesses also put the integrity of State assets at risk, potentially subjecting the State to unnecessary liabilities.

## Contractor Maintenance Expenses

The Department performs limited to no central monitoring of procurements made through the Contractor, nor does it perform periodic reviews of transactions to ensure the Contractor is complying with Contract terms and that costs are competitive and appropriate. Instead, officials rely solely on the Contractor itself to monitor service costs, determine the reasonableness of maintenance and repair costs, and accurately report transaction data.

In fact, when asked about any actions it takes to ensure that the Contractor's prices are reasonable and appropriate, officials' response demonstrated a disregard for this responsibility: "Our office has made an effort to reach out to [the Contractor] to meet and discuss for a better understanding of [Contractor] parameters and best application for [Department] best practice, cost savings, and contract value. We have yet been able to coordinate the meeting."

With the Department's lack of oversight, we are uncertain whether the Department is receiving the best pricing for the maintenance and repairs procured through the Contractor. Results from our analysis of Contractor transactions bear this out.

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## Surplus Vehicles and Late Payments

The Department provided us with a list of Contractor transactions, from invoices dated April 2016 through November 2021, which accounted for 83,781 transactions totaling approximately \$5.9 million. Based on our analysis, we identified 1,725 transactions, totaling more than \$55,000, that were inappropriate, including 176 transactions totaling \$9,116 in late interest fees paid by the Department. The remaining 1,549 transactions, totaling \$45,965, involved surplus vehicles that were no longer in the Department's fleet at the time of the transaction, and included:

- 1,361 transactions, totaling \$5,530, for the Contractor's monthly maintenance fees;
- 114 transactions, totaling \$27,682, for towing and/or roadside assistance services; and
- 74 transactions, totaling \$12,753, for various parts and repairs.

As shown in Table 1, a majority of these transactions involved surplus vehicles that had been disposed of more than 90 days prior to the transaction.

**Table 1 – Improper Transactions for Surplus Vehicles**

Days Since Vehicle Disposal	Number of Transactions	Costs to the Department
≤ 30 days	268	\$22,691
31–60 days	137	3,877
61–90 days	103	3,598
> 90 days	1,041	15,799
<b>Totals</b>	<b>1,549</b>	<b>\$45,965</b>

We also found ongoing Contractor transactions involving 11 surplus vehicles that were disposed of before the audit period, including one going as far back as 2006. These vehicles were not on the list of Contractor transactions the Department provided to us and accounted for 256 transactions totaling \$1,031.

When asked about these transactions, Department officials stated that surplus vehicles are removed from the Contractor's services only after they are no longer in the Department's possession regardless of whether they are in use. While this may be the Department's standard practice, it is a costly one and not in the State's best interest.

## Contractor Cost Savings

The Contractor negotiates costs with private repair shops and is required to ensure costs are competitive and reasonable and to avoid duplicate or unnecessary repairs. Based on our review of transactions for a sample of Department vehicles, we determined the data the Contractor provides to the Department lacks the detail

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necessary to allow statistical analysis or even a useful comparison of prices. For example, the Contractor's data itemized an accident repair as "1 unit of labor for \$7,569.05" with no explanation of what was repaired or what parts were replaced.

We also reviewed parts transactions for 148 Chevy Impalas (model years 2013–2016) to determine if the Contractor's charges were competitive with commercial retailers' prices. We determined the Contractor's prices were significantly higher, as the retailers' parts were about \$32,489 less than the \$186,141 paid to the Contractor. For example, there were 135 "Rear Brake Pad" transactions that cost the Department \$11,336 compared with a retailer cost of \$6,422 – a 77% markup. Also, the Department paid a total of \$24,402 for 428 routine maintenance (lube, oil, and filter) transactions – services that would have cost \$3,006 less at a retailer. Labor rates procured by the Contractor at various repair shops ranged from \$0 to over \$1,000 an hour; however, it is unclear how much could have been saved through alternative procurements. Overall, the information contained in the Contractor's data is so vague and devoid of detail, it makes a meaningful cost comparison nearly impossible. Without sufficient detail, the Department is unable to determine whether the payments made to the Contractor are reasonable and appropriate.

## Questionable Transactions

We reconciled the vehicles included in the Contractor's data to the vehicles in the list provided by the Department, using the manufacturer's Vehicle Identification Number (VIN) and the Department-issued vehicle identification numbers to determine their accuracy and reliability. We found numerous discrepancies between the identifiers – different vehicles that shared the same VIN – that could point to questionable charges.

In some instances – where transactions do not have overlapping charges – the source of the discrepancy might simply be a typographical error. However, we found multiple questionable transactions, totaling \$13,546, where the charges overlapped (e.g., there were separate and distinct charges for two or more Department-issued vehicle identification numbers associated with the same manufacturer's VIN during the same time period). In these instances, we were unable to determine whether the costs were appropriate due to the lack of detail in the Contractor's data. In addition, our review of the transactions found five vehicles – accounting for a total of \$1,636 in services between March 18, 2016 and June 1, 2021 – that the Department had no record of. We believe the Department should conduct similar analyses of its own to identify these types of questionable transactions.

We also identified some inconsistencies in the monthly maintenance fees charged by the Contractor. While the Contractor's monthly fees are \$5.35 per light duty vehicle (passenger cars and pickup trucks) and \$22 for medium to heavy duty vehicles, we found 216 transactions, totaling \$2,437, of monthly maintenance fees ranging from \$10.30 to \$16.05 per vehicle, which is inconsistent with the contract amounts.

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## In-House Maintenance

Similar to Contractor maintenance expenses, the Department does not monitor in-house maintenance expenses but rather relies on each facility or office for accurate reporting. The lack of monitoring increases the risk that resources may be used inefficiently or inappropriately. The Department may be able to obtain cost savings through improved monitoring of vehicle maintenance expenses.

For a judgmental sample of 50 vehicles, we reviewed 2,349 transactions valued at \$404,755, as well as the Department's maintenance records for these 50 vehicles, to determine the reasonableness of the in-house maintenance costs. For 536 of these transactions, totaling \$106,226, either the costs were unreasonable or we were unable to make a determination due to insufficient documentation (see Table 2).

**Table 2 – Reasonableness Determinations for Maintenance Transactions**

<b>Transaction Determination</b>	<b>Number of Transactions</b>	<b>Total Value</b>
Reasonable	1,813	\$298,529
Undeterminable	502	99,215
Unreasonable	34	7,011
<b>Totals</b>	<b>2,349</b>	<b>\$404,755</b>

For 502 transactions, there was insufficient supporting documentation for us to verify the amounts expended. For example, one facility listed only "Oil Change AC" – at a total cost of \$1,074 – without further details as to what those repairs included. Further, 121 transactions did not have any cost reported in the Department's records.

For the 34 transactions identified as unreasonable, most were because the costs were higher than prices found at online retailers. In three instances, the repair costs included \$1,686 in taxes, which the Department, pursuant to New York State law, was exempt from paying. When made aware of these issues, Department officials stated that due to necessary urgent repairs, the search for comparable parts and services is not always feasible.

We also found 18 of the 50 vehicles' maintenance records were missing for the life of the vehicle. The Department cited various reasons for the missing records, such as acquiring the vehicle from a different facility or inability to find the records, and in one instance a former manager had destroyed the records. Also, facilities provided varying documentation (list of repairs, work orders, or purchase requisition) for maintenance repairs, including one facility using a different form than the Department's form to track maintenance.

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## Warranty

Warranty coverages help State agencies prevent unnecessary costs for repairing State vehicles at their own expense. The Department should be communicating, monitoring, managing, and utilizing vehicle warranties to avoid incurring unnecessary expenses.

Of the 86,130 in-house maintenance and contractor transactions reviewed, we identified 45 transactions, totaling \$6,430, that appear to have been eligible for coverage under the manufacturers' warranties. Of these, 26 transactions, totaling \$5,480, were Contractor repairs and 19 transactions, totaling \$950, were in-house repairs. According to Department officials, there are circumstances that require repairs to be completed at a repair shop rather than through warranty service due to the nature of their public safety mission, as well as time and mileage in getting a vehicle to the manufacturer's warranty repair location (e.g., the dealership).

## Fuel

We found the Department has not established sufficient controls necessary to monitor the fuel used by its facilities to ensure that fuel is obtained by the most economical manner possible and used only for fuel purchases directly related to the operation of the vehicle. The Department could better leverage its own fueling stations to lower its fuel costs.

## WEX Transactions

Using WEX fuel card transaction data and Geographic Information System software, we identified certain transactions made at commercial fueling stations (e.g., retail locations such as Sunoco, Speedway, and ExxonMobil) that were within a 2-mile driving distance of a Department fueling station. We compared the price paid per the WEX card data on a given date to the price in the OGS fuel contract for the corresponding week and county. Between March 4, 2019 and July 23, 2021, there were 3,518 fuel transactions, totaling \$101,700, involving a retailer located within 2 miles of a Department fueling station. For 2,862 transactions, this resulted in higher costs, totaling \$10,616. While there were occasions where the price per gallon was less at commercial fueling stations compared with State-owned fueling facilities, generally the cost per gallon is less at State-owned fueling stations. Had all these transactions been completed at a State-owned facility, the Department could have saved \$9,349. Department officials noted that not all vehicles can fuel at every facility due to system limitations (not all staff have access to the facility fuel pumps), nor is it always feasible to do so depending on the circumstances. However, Department officials agreed that employees should fuel at the Department's facilities whenever possible.

In addition, for the 50,897 WEX transactions we audited, there were 697 transactions, totaling \$4,793, that were not used for fuel or vehicle maintenance products, including: 283 car wash transactions totaling \$3,274; 102 transactions

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for merchandise, food, and beverages totaling \$1,180; and 312 transactions for discounts, coupons, and fees totaling \$340. Also, there were 1,064 fuel transactions where tax was not removed from the fuel charges (as it was in other fueling instances). Due to the lack of tax information in the data, we were unable to determine the amount of tax that was paid by the Department.

## Fuelmaster

Due to system idiosyncrasies, the Department was not readily able to obtain and provide us with data from the Fuelmaster system. For example, when we requested the data, it took the Department approximately 5 months to provide an example for just 2 months of data for one facility's vehicles. When asked about the delays, Department officials indicated that each facility would have to manually extract data from the system and then package the data (e.g., flash drive or CD) and send it to Central Office to be reviewed and then provided to the audit team. Department officials also indicated that this was not an easy process and there were chances for error since the data had to be extracted manually.

Thus, the basis for our analysis is limited to 1 month: the Fuelmaster Usage Report for March 2021. Of the 40 fueling transactions in the report, we identified six where the vehicle odometer increased by substantial amounts between fueling instances (in one instance by 70,000 miles) and 24 instances where odometer readings did not change between fueling instances. When asked about these instances, Department officials stated the jump in odometer readings may be due to vehicles getting gas from facilities other than the assigned facility or user error when the driver enters the odometer information, but they could not provide a definitive answer. In response to our findings, the Department agreed there is value in gathering large data sets for future monitoring of fuel.

## Safety Issues

### Manufacturer Recalls

The National Highway Traffic Safety Administration (NHTSA) issues vehicle safety standards and requires manufacturers to recall vehicles that have safety-related defects or that do not meet federal safety standards. Vehicle recalls that are not repaired timely create a potential safety issue as well as the potential for unnecessary future costs of repairs that might result from continually operating a vehicle with defects. NHTSA maintains a database of unresolved (open) recalls for every vehicle by its VIN. Vehicles are removed from the database after the manufacturer reports that the recall has been resolved.

We searched the publicly accessible NHTSA recall database to determine whether there were any open recalls for 100 vehicles selected in our sample. We identified 493 recalls and found eight recalls that were unrepaired, of which four did not have a remedy available. The four recalls that went unrepaired included:

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- An inflator rupture that may cause metal fragments to pass through the airbag, dated May 24, 2016
  - A short-circuit condition that could result in an engine fire, dated July 1, 2021
  - Interior pieces (emblem and retainer) coming loose and striking the occupants in the event of a crash, dated July 7, 2020
  - Metal fragments from airbag deployments striking occupants in the event of a crash, dated February 5, 2021

According to Department officials, there may be delays before the database updates the recall status after the repairs have been completed. In addition, the Department keeps records of the recall repair and files communications directing the responsible staff to contact a dealer for the recall repair with a 2-week response deadline. However, the dates of the four open recalls ranged from May 24, 2016 to July 1, 2021.

## Monitoring of Driver Records

Department employees driving a State vehicle must have a valid driver's license. Any employee scheduled or directed to operate a State vehicle is required to report to their immediate supervisor any restrictions to their driver's license imposed as a result of physical impairment, driving violations, or the suspension or revocation of their driver's license. No person may operate a State vehicle if there has been a change in licensure that restricts driving privileges unless the operation of the vehicle complies with such restrictions. The Department participates in the Department of Motor Vehicles' License Event Notification Service (LENS), an automated reporting system that notifies organizations of driver-related events, such as the expiration and renewal of driver licenses; the suspension, revocation, and restoration of driver licenses; traffic convictions; and reportable accidents.

According to the Department's licensing data, 470 employees had issues with their licenses that would prohibit them from operating State vehicles at some point between April 1, 2016 and September 21, 2021. Of the 470 employees, we selected a judgmental sample of 24 employees at two facilities to determine whether they operated a State vehicle while their license was under a revocation, suspension, or restriction.

To this end, we reviewed 2,054 daily vehicle logs and six inmate transportation logs at the two facilities. However, we found the logs often were incomplete, illegible, or otherwise lacking required information that would allow us to determine who was operating the vehicle.

Based on the information that was usable, we found three of the 24 employees in our sample operated vehicles with an expired or suspended license; it is possible that we would have identified additional personnel had the Department monitored/enforced proper vehicle log maintenance. Although the Department participates in LENS, it does not adequately monitor and distribute the reports to ensure employees with

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revoked licenses are prevented from operating vehicles. In response, Department officials said that a State vehicle may be operated by an unlicensed employee if that employee is trained in the operation of it and the vehicle is used on facility grounds and not on a public roadway. Although this arrangement does not violate Department policies, it creates a potential liability to the State if that individual is not adequately trained to operate the Department's vehicles.

The Department also requires daily vehicle logs to be collected, reviewed, and approved for completeness and accuracy by a designated supervisor on a regular basis. Each facility is required to implement a procedure to account for the monthly submission of a completed daily vehicle log for every vehicle in its fleet. During our review, we found the documentation used to track vehicle usage and operations is often blank, illegible, or incomplete.

We noted 397 instances where the daily vehicle logs were incomplete, contained blank or erroneous information, or were illegible. After reviewing the 2,054 logs at both facilities, we found 144 logs that contained illegible entries, 118 that contained blanks, 46 that had erroneous information (e.g., "Mystery Guest" and "Work"), 46 that were missing an identifier (no vehicle listed), and 43 that had initials in lieu of full names. In these instances, we were unable to determine who was operating the vehicle. In addition, one facility Superintendent stated he was unaware of the LENS program and has never received any reports of that nature. These inconsistencies in the Department's documentation and records rendered us unable to determine if there were additional instances where vehicles were operated by personnel who should have been prohibited from doing so.

It is critical that the Department actively monitor employee driving records to ensure those with restricted licenses do not operate vehicles, which otherwise could potentially create safety concerns and financial liabilities to the State in the operation of State vehicles. Further, incomplete documentation renders any monitoring efforts made by the correctional facilities or Central Office nearly impossible and increases the potential for inappropriate use or operation of the Department's vehicles.

## Recommendations

1. Implement Department-wide procedures to monitor the Contractor's performance regarding repair and maintenance costs.
2. Ensure that maintenance documentation is kept in accordance with the Department's standards.
3. Develop and implement a process to ensure maintenance costs are reasonable and in compliance with Department and State procurement requirements.
4. Ensure that the Department employees use the most cost-effective method for fuel purchases, when practical.



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5. Take steps to improve the accessibility, usability, accuracy, and completeness of Fuelmaster data by the Department.
  6. Ensure LENS notifications are communicated to all correctional facilities and all appropriate personnel within the Department.
  7. Monitor correctional facilities' vehicle logs and inmate transportation logs to ensure records are complete and accurate and in accordance with Department procedures.

# Audit Scope, Objective, and Methodology

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The objective of our audit was to determine if the Department established adequate controls to effectively monitor and ensure accountability over transportation expenses and transportation services. For transportation expenses, excluding fueling, and transportation services, the audit covered the period from April 2016 through June 2021 for contractor data; through September 2021 for employee licensing issues; and through February 2021 for maintenance and repair data. For fuel expenses, the audit covered the period from March 2019 to July 2021 for WEX fueling data and the month of March 2021 for Fuelmaster information.

To accomplish our objective and assess related internal controls, we interviewed officials in the Department's Central Office and selected facilities, and reviewed applicable laws, regulations, policies, procedures, and the Contract. We obtained inventory listings of Department vehicles. We also obtained maintenance records from the Contractor and in-house. Additionally, we received WEX fueling information and driver license information from LENS.

To conduct our analysis, we selected various samples of vehicles and employees. We judgmentally selected a total of 50 vehicles to review in-house maintenance expenses over the life of the vehicles to determine if maintenance expenses were reasonable. We judgmentally selected a sample of 50 vehicles based on the following risk factors: age of vehicle, type of vehicle, location of vehicle, and facilities with the highest repairs and maintenance expenses (excluding Contractor costs). For these 50 vehicles, we also reviewed warranty and recall information using the NHTSA database. For the Contractor's data, we analyzed all 83,781 transactions associated with the 2,572 vehicles owned by the Department between April 1, 2016 and February 22, 2021, totaling approximately \$5.9 million, to determine whether the Department held the Contractor accountable for compliance with its contractual responsibility to ensure costs are competitive and reasonable and to avoid duplicate or unnecessary repairs. As part of our testing, we randomly selected 50 vehicles from the 940 contained in the Contractor's data as well as the 50 vehicles selected for Department in-house expenses to test recall information using the NHTSA database. In addition, we reviewed repair information for 2013–2016 Chevy Impalas to determine whether the Contractor's charges for parts and labor were reasonable and appropriate. We selected this model and model years as they were the most common in the Contractor's database of vehicles and require nearly identical parts, service, and repairs.

We also used Geographic Information System tools to determine the driving distance via car between commercial fueling stations and the nearest Department-owned fueling facility. We included all commercial fueling stations where WEX card purchases were made between March 1, 2019 and July 30, 2021. No analysis of travel time was conducted. This analysis used the NYS Streets data made available by the Office of Information Technology Services' Geographic Information Systems Program Office (the streets data used for this audit is from 2016). The Geographic Information System tools analysis resulted in 3,518 transactions made at commercial fueling stations (e.g., retail locations such as Sunoco, Speedway, ExxonMobil) that were within a 2-mile driving distance of a State-owned fueling station (excluding

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Bronx, Queens, Kings, Staten Island, and New York Counties and retail locations with addresses that were not found by the Geographic Information System software). In addition, we analyzed all 50,897 WEX transactions to determine if the Department was adhering to its own policies and procedures. Due to the inability of the Department to provide the Fuelmaster data, we did not conduct an analysis of that data.

According to the Department's licensing data, 470 employees have had issues with their licenses that would have prohibited them from operating State vehicles at some point between April 1, 2016 and September 21, 2021. Of the 470 employees, we selected a judgmental sample of 24 employees (12 employees each at two facilities) to determine whether those employees operated a State vehicle while their license was under a revocation, suspension, or restriction. We reviewed 2,054 daily vehicle logs and six Inmate Transportation Logs at the two correctional facilities. None of the samples selected for our audit testing were projected or intended to be projected to a population as a whole.

We verified reliability of the data used to select our samples and conduct our audit work and found that the data sets were generally reliable for the purposes of our audit. While the reliability of the LENS data is undetermined as we could not verify the completeness of the data, we are not projecting results or analyzing it – only testing to indicate whether there was a problem. We used a vehicle recall search service to identify any open NHTSA recall repairs on active Department vehicles. The NHTSA information we used is publicly available and serves as the industry standard for reporting recalls. Furthermore, we reported every known instance of open vehicle recall to the Department for their review.

# Statutory Requirements

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## Authority

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.

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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

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. These duties could be considered management functions for purposes of evaluating organizational independence under generally accepted government auditing standards. In our professional judgment, these duties do not affect our ability to conduct this independent performance audit of the Department of Corrections and Community Supervision's oversight and administration of Transportation Services and Expenses.

## Reporting Requirements

We provided a draft copy of our audit report to Department officials for their review and written comment. Their comments were considered in preparing this final report and are attached in their entirety at the end of it. Department officials generally agreed with the report's recommendations and indicated actions they are taking to implement them. We address certain remarks in our State Comptroller's Comments, which are embedded in the Department's response.

Within 180 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Department of Corrections and Community Supervision 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.

# Agency Comments and State Comptroller's Comments

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## Corrections and Community Supervision

KATHY HOCHUL  
Governor

ANTHONY J. ANNUCCI  
Acting Commissioner

May 2, 2022

Nadine Morrell  
Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street – 11<sup>th</sup> Floor  
Albany, NY 12236-0001

Re: Report 2021-S-1, "DOCCS Oversight of Transportation  
Services and Expenses"

Dear Audit Director Morrell,

In accordance with Section 170 of the Executive Law and in response to your correspondence dated April 1, 2022, attached is the Department's reply to the Draft Audit Report 2021-S-1, "DOCCS Oversight of Transportation Services and Expenses."

DOCCS would like to acknowledge the time and effort of the OSC auditors that were involved with this audit.

Sincerely,

A handwritten signature in black ink, appearing to read "Anthony J. Annucci".

Anthony J. Annucci  
Acting Commissioner

Attachment



## Corrections and Community Supervision

**KATHY HOCHUL**  
Governor

**ANTHONY J. ANNUCCI**  
Acting Commissioner

May 2, 2022

Nadine Morrell  
Audit Director  
Office of the State Comptroller  
Division of State Government Accountability  
110 State Street, 11<sup>th</sup> Floor  
Albany, NY 12236

Re: Draft Audit Report Response - 2021-S-1 "DOCCS Oversight  
of Transportation Expenses"

Dear Audit Director Morrell:

We appreciate the opportunity to review and comment on the Draft Audit Report 2021-S-1 "DOCCS Oversight of Transportation Expenses." We offer our comments to the various conclusions and specific recommendations as follows:

### **Key Findings & Recommendations**

**Finding:** "The Department has not established adequate controls to effectively monitor and **ensure** accountability over transportation expenses. The Department performs limited to no central monitoring or payments made through the Contractor..."

**Recommendation:** "Implement Department-wide procedures to monitor the Contractor's performance regarding repair and maintenance costs."

**DOCCS Response:** As outlined in the preliminary report process, DOCCS disagrees that it has not established adequate controls to effectively monitor and ensure accountability over transportation expenses, and that it performs limited to no central monitoring of payments made through the contractor. We will provide more detail in this regard as we address the related specific recommendations OSC provided later in this Draft Audit response.

Consistent with standards established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Integrated Framework for Internal Controls, which was integrated by OSC into the Standards for Internal Control in New York State Government, the term "ensure" was replaced with "reasonable assurance." We believe this does not diminish the importance and necessity of internal controls or control measures. It does, however, seem to imply that it may not be possible to ensure compliance. DOCCS is of the opinion reasonable assurance was provided.

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Further, consistent with internal controls theory, developing or establishing a system of controls or specific control measures should not cause undue burden or expenses that outweigh the potential savings or benefits. We will expand upon this later in our response relative to specific findings and recommendations from the audit team.

DOCCS acknowledges that there are opportunities for improvement, and we will be outlining steps we have taken, and will be taking to enhance or expand our existing system of related controls.

**Finding:** “The Department could improve controls and oversight of fuel usage. For example, from March 4, 2019, to July 23, 2021, we identified 3,518 fuel transactions totaling \$101,700, within 2 miles of a State-owned fueling station... Had all of these transactions been completed at a State-owned facility; the Department would have saved \$9,349.”

**Recommendation:** Ensure that Department employees use the most cost-effective method for fuel purchases when practical.

**DOCCS Response:** DOCCS acknowledges this finding but takes exception. As we explained to the audit team, there are various circumstances that make it unfeasible in most cases for this to occur when our staff are in travel status due to the nature of travel. The preventative controls on the fuel pumps at our correctional facilities, the hours staff are available to assist dispensing fuel, the burden it can place on facility staff to accommodate such requests, and the need for the traveler to deviate from direct routes and associated scheduling considerations often make obtaining fuel from a facility impractical. We will provide more commentary on this later in our response.

**Finding:** “We reviewed 2,054 daily vehicle logs at two correctional facilities and identified three employees who operated vehicles with restricted licenses as a result of a physical impairment, driving violation, or the suspension or revocation of their license. In addition, we identified 397 instances where daily vehicle logs were incomplete, contained erroneous information or were illegible.

**Recommendation:** Monitor correctional facilities’ vehicle logs and inmate transportation logs to ensure records are complete and accurate, in accordance with Department procedures.

**DOCCS Response:** DOCCS agrees in part and to the extent that the current policy requires records to be accurate and complete and that staff should not be operating a vehicle if it is a violation of the law, policy, or jeopardizes safety. Central Office officials were not provided with the data that was reviewed at the facility in relation to this finding. We welcome the opportunity to review these cases to assess and then determine what corrective action may be necessary.

Central Office Support Operations does not have the capacity to review the hundreds of vehicle mileage logs that are received each month, to do so would require additional staff which is not cost-effective. Therefore, spot checks are conducted and follow-up with facilities takes place when necessary.

It should also be noted that fieldwork was conducted at a time when DOCCS was continuing to deal with the extreme challenges of the COVID pandemic, including pervasive staffing shortages, which certainly compromised self-monitoring capabilities for this type of administrative control. This is not a statement to indicate that DOCCS does not value and appreciate safeguarding of assets and taxpayer funds, or of the importance of compliance with established policies and the associated controls. DOCCS will reinforce with

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the facilities the need to closely monitor vehicle logs and to correct any non-compliance prior to forwarding to Central Office.

### **DOCCS Additional Responses**

Before responding to the audit recommendations, DOCCS is providing clarifying comments in kind to some conclusions and information as follows:

- **Background section - second paragraph on page 6:** “The Department’s Support Operations Unit is responsible for the Department’s fleet, including..... maintenance and repair...”

**DOCCS Response:** DOCCS Support Operations is not responsible for correctional facility maintenance and repair. Facility maintenance and repair can take place at on-site shops or at local repair shops, Support Operations is not involved with such occurrences. However, any procurement for goods and services requires appropriate supervisory review to determine the necessity, and then authorization for the use of State funds.

**State Comptroller’s Comment 1 – The report has been revised to address this matter.**

- **Audit Findings and Recommendations section – Page 8:** The report states in part; “The Department has not established adequate controls to effectively monitor and ensure accountability.... the Department could also improve controls over warranties and fueling.... Deficiencies in the Department’s monitoring.... The lack of accountability of State Vehicle use and maintenance expenses...., The Department performs limited to no central monitoring of procurement made through the Contractor, nor does it perform periodic reviews of transactions to ensure....., IN fact, when asked.... Officials’ response demonstrated a disregard for this responsibility....., With the Department’s lack of oversight.....”

**DOCCS Response:** DOCCS is concerned with this narrative as we do not believe it to be indicative of the audit findings, the associated control environment, or of the integrity of DOCCS staff and their regard for their responsibilities. DOCCS staff take pride in safeguarding assets, working towards compliance with control agency requirements, and internal policies and procedures. DOCCS staff spent hours going over data, providing clarifications and explaining DOCCS review protocols to the audit team. We believe this audit report does not acknowledge those efforts and purports to cast the Department in negative light. We believe our later responses to the audit recommendations will demonstrate this.

**State Comptroller’s Comment 2 – Department officials disagree, stating the narrative is not indicative of the findings, the associated control environment, or the integrity of DOCCS staff. However, the audit found those controls to be in need of improvement.**

Further, the report categorizes a discussion with DOCCS staff as an “officials’ response” that demonstrated a disregard for their responsibility. On the contrary, the response as cited near the bottom of page 8 demonstrates the willingness of our staff to attempt to actively engage with the Contractor to work towards best utilization of the contract in order to explore potential cost savings. We do agree that follow through in this regard is necessary. If we subsequently find the Contractor unwilling to work with us, then we will take the next step to report that through formal OGS contract monitoring reporting.



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Lastly, DOCCS reviews Purchase Orders that are completed for Contractor repairs to determine if they are necessary to maintain operations.

- **Surplus Vehicles and Late Payment – Page 9:** The report states analysis of 83,781 transactions totaling \$5.9 million identified 1,725 transactions totaling more than \$55,000 were inappropriate, 176 transactions involved late interest fees, while the remaining \$45,965 involved expenses for “surplus” vehicles.

**DOCCS Response:** DOCCS would like to point out that based on this analysis, approximately 99% of these expenditures were appropriate. Further, as was explained to the audit team, when a vehicle is no longer able to be used it is considered “surplus” for DOCCS intent and purposes. However, to “Surplus” a vehicle DOCCS is required to move the vehicle to an OGS auction lot before OGS will consider the vehicle “surplussed” from DOCCS. Of the \$55,000 mentioned above, \$40,435 was for towing, roadside assistance, or parts and repairs to get such vehicles to an OGS lot. Therefore, those were appropriate and necessary expenses. Of course, that puts the percentage of appropriate expenses from the analysis closer to 100%.

**State Comptroller’s Comment 3 –** As noted on page 9, the Department was still being charged monthly fees for surplus vehicles while waiting to tow these vehicles for disposal. As also noted on page 9, and evidenced in the Department’s response, the expense of its surplus vehicles after they are no longer in use is costly to the State. The Department asserts that these costs were “appropriate and necessary,” but we question why parts and repairs were made to surplus vehicles.

DOCCS agrees that late interest payments are contrary to Finance Law and DOCCS policy and should be avoided at all costs, and that monthly maintenance fees to ARI for vehicles in “surplus” status are inappropriate. DOCCS Budget and Finance staff routinely work with facilities to monitor overdue invoices and send reminders to make every effort to pay bills and invoices in accordance with prompt payment requirements. DOCCS Support Operations staff is reviewing internal protocols and communications with ARI regarding maintenance fees for “surplus” vehicles to avoid unnecessary fees.

- **In-House Maintenance – Page 11:** The report states, “Similar to Contractor maintenance expenses, the Department does not monitor in house maintenance expenses, but rather relies on each facility or office for accurate reporting.

**DOCCS Response:** This statement is somewhat contradictory; it is true that Central Office Support Operations staff does not monitor in-house/local correctional facility vehicle repairs. This is simply not feasible, each correctional facility operates independent business offices that process the procurement of their goods and services, therefore each procurement is reviewed and approved at the local level. This local vehicle maintenance is aligned under the Deputy Superintendent for Administrative Services and the Maintenance Supervisor. This supervisory structure is responsible for compliance with Departmental policy and procedures governing vehicle maintenance as outlined in our applicable directives that we will specify later. Developing such a comprehensive system of oversight as suggested would create an undue burden on the Department in terms of staffing and development of an appropriate monitoring system.

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**State Comptroller's Comment 4** – The Department is taking this statement out of context. We note on page 10 that the lack of monitoring increases the risk that resources may be used inefficiently or inappropriately. We further go on to detail \$106,226 in maintenance where either the cost was unreasonable or we were unable to make a determination due to insufficient documentation. Currently, the Department cannot identify Department or facility trends, outliers, or common areas of concern, thus reducing its overall monitoring effectiveness. The expectation is not to monitor each transaction, but rather monitor facilities to ensure that transportation service expenses are provided at a reasonable cost.

Regarding taxes included as repair costs, DOCCS is exempt and does not pay State taxes. If tax charges appear on a bill or invoice, it is routine for DOCCS vouchering staff to simply ignore that and only pay for listed services or goods. As we were not privy to the audit team's data, we cannot speak with any specificity to this finding.

**State Comptroller's Comment 5** – The specific transactions with taxes were provided to the Department for its review during the course of the audit.

**DOCCS responses to the seven audit recommendations:**

1. Implement Department-wide procedures to monitor the Contractor's performance regarding repair and maintenance.

**DOCCS Response:** DOCCS agrees in part to the extent that it utilizes the Office of General Services Fleet Maintenance Services NYS centralized contract. As such, DOCCS relies upon OGS Procurement Services group to conduct bid awards and negotiate prices, terms, and conditions in the best interest of NYS agencies. For this contract, the awarded contractor is Automotive Rentals, Inc. (ARI). The Contractor's (ARI) fleet management services are offered on a per occurrence basis or under monthly enrollment pricing (on a per vehicle basis), as per the Contract Pricing. The Contractor is required to negotiate costs with private repair shops, ensure costs are competitive and reasonable, and avoid duplicate or unnecessary repairs. DOCCS is reliant upon effective performance of ARI as it is not feasible for staff to perform these functions due to the size of our fleet and resulting volume of repairs that are necessary to maintain our public safety mission.

**State Comptroller's Comment 6** – Pursuant to the Contract terms, the responsibility for monitoring Contractor performance is placed on the Department. The Contract terms set forth a minimum standard of data that the Contractor must provide. However, this does not preclude the Department from requesting more detailed information should it be necessary to more effectively monitor Contractor performance. As noted on pages 8 through 10 of the report, the audit found concerns with pricing for this contract – and it is unclear why the Department would choose to continue to rely on the Contractor to self-monitor rather than implement Department-wide procedures to ensure it is receiving best pricing.

In addition to the actions as noted above (engagement with OGS for surplus vehicle designations and utilization of National Account Vendor Pricing to aid in our repair authorization reviews), we are also exploring the use of a computerized Asset Management System to enhance our ability to monitor and track vehicle repairs at correctional facilities who are not utilizing the Contractor (ARI) (typically this is the case at facilities with "in house" vehicle maintenance capabilities). We believe these actions will give us more insight into ARI's performance, thus allowing us to identify instances where the Contractor may not be fulfilling contract terms, and then take appropriate action with the Contractor and/or notification

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to OGS Contract Services via the appropriate reporting mechanism (Contract Performance Report) if circumstances warrant such action.

Further, due to the volume of transactions, we perform random reviews of repairs when authorizing transactions of over \$500.00. We intend to begin utilizing National Account Vendor Pricing to assist with this review/authorization process. It should be noted that there could be instances where vehicles were brought in for other work and inspections of the vehicles uncovered that rear brake pads needed replacement for example. Due to DOCCS overarching public safety mission, there may be instances where many of the same vehicle model in question need to be repaired as soon as possible. We are willing to research the history of specific vehicles identified from the data to determine if better repair pricing would have been an option.

**State Comptroller's Comment 7** – We agree that the Department performs the random checks. However, we still identified 15 transactions from our sample with only one unit of labor listed that had associated costs ranging from \$1,000 to over \$7,500, yet we did not see any evidence that the Department or its facilities questioned these transactions.

Routine maintenance such as lube, oil, and filter cost analysis indicated these services (KBB) can range from approximately \$65-\$125. The figures provided in the audit indicated DOCCS paid \$24,401.59 over 428 instances yielding an average cost of \$57.02. It is understood there may always be a better price “out there,” but given the volume of such services and that our average cost is below the appropriate range, we believe this is reasonable.

Regarding monthly maintenance fees, we request an opportunity to review specific vehicle numbers to ascertain if there were valid reasons (e.g., prorated) for the different rates as noted by the auditors.

The Division of Correctional Industries (Corcraft) offers the following responses:

An individual assigned to drive an ARI designated vehicle is required to have service and repairs performed at approved ARI vendors. The ARI vendor provides an estimate which is reviewed by ARI for legitimacy and proper pricing. If the estimate is greater than \$500, it is emailed to a Corcraft administrator for approval. If the Corcraft administrator determines adjustments are necessary (after consulting with the driver), the administrator will contact ARI to adjust the billing as needed. All approved invoices are paid by ARI during the month and Corcraft reimburses ARI monthly. Complete vehicle maintenance reports are available on the ARI website listing all work performed. Corcraft is willing to engage the audit team relative to any specific vehicle data that indicates a weakness with this protocol.

**State Comptroller's Comment 8** – Preliminary finding reports and the monthly maintenance fee information, along with specific vehicle numbers, were provided to the Department during the audit. Officials offered no response to the specific information provided at the time of our audit.

2. Ensure that maintenance documentation is kept in accordance with the Department's Standards.

**DOCCS Response:** DOCCS & Corcraft agree. We acknowledge that Form #1581 is not being utilized and recorded consistently as outlined in Directive #3111, “Scheduled Maintenance/Reports;” however, it should also be noted that Directive #3111 does allow the use of the MP2 electronic maintenance program for the recording of maintenance and provides for record retention. As an additional measure to strengthen controls in this area, Support Operations has implemented a random spot check and

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follow-up protocol for vehicle maintenance documentation received from the facilities.

It is also noted that based upon Support Operations communication with the facility, it appears that the former manager may have inadvertently destroyed records when transitioning out of the facility.

While conducting an initial review of these findings, we discovered some mismatched plate and VINs as noted by the audit team. We will continue to conduct a review of VINs and make all necessary corrections.

Additionally, regarding recall and warranty findings, we have noticed while working in the vehicle NHTSA database that it takes time before the database updates their recall status after the recall has been completed. We keep records of the recall repair from the dealer invoice. DOCCS also files communications directing the assigned area to contact a dealer for the recall repair assigning a 2-week response deadline. Upon further research, DOCCS discovered that only one recall was "open" that had parts available. Support Operations staff monitors this closely and follows-up regularly.

Warranties: The findings indicated 19 repairs covered under warranty, totaling \$949.79. Due to the nature of the DOCCS public safety mission, we do experience circumstances that require repairs to be completed at the shop that the vehicle is originally taken to and we also consider the length of time, and mileage/distance that would be required to get vehicles to repair shops when approving repairs. We would be happy to research the specific vehicles identified by the audit team to determine why warranties were not utilized in those cases.

3. Develop and implement a process to ensure maintenance costs are reasonable and in compliance with Department and State procurement requirements.

**DOCCS Response:** DOCCS & Corcraft agree in part. We agree with the spirit and intent of this recommendation; however, DOCCS does have procedures in place that are designed to help provide assurance that maintenance costs are reasonable and in compliance with NYS procurement guidelines.

The ability to search online for comparable parts and services is not always a feasible option due to the necessity for urgent repairs. Also, DOCCS Vehicle/Fleet Management Unit approves all repair requests more than \$500.00 and will inquire as to reasonableness of price of parts and service of work being performed (believe some examples of such were provided). DOCCS is always interested in improving controls for enhanced compliance, therefore, in addition to implementing random spot check protocol, DOCCS staff would be interested in delving into the audit team's data relative to the sales tax finding and working with them on methods we could consider using to conduct feasible real time maintenance cost comparisons.

[See State Comptroller's Comments 5 and 6.](#)

4. Ensure that the Department employees use the most cost-effective method for fuel purchases, when practical.

**DOCCS Response:** DOCCS agrees that efforts should be made to utilize the most cost-effective methods for fuel purchases. We reviewed a sample of the fueling transactions in comparison to OGS contract pricing and found the audit teams' conclusion (3,518 fuel transactions resulting in net potential savings of \$9,348.80) to be an accurate depiction of potential cost savings to the agency.

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However, there are factors relative to travel and WEX fuel card purchases versus the use of correctional facility pumps that can make it unfeasible to accomplish. As the audit team noted, DOCCS utilizes an OGS gasoline contract for Fuelmaster fuel pumps, and while, the cost of fuel purchased from the contract is usually cheaper than commercial gasoline stations, that is not always the case (which the audit team noted in the “Condition” section of their report). Staff in travel status would not have knowledge of the facility price versus the commercial station price to make an informed, cost savings decision. Additionally, for safety and control purposes, not all staff have access to facility fuel pumps; therefore, it is not always feasible for staff to wait to gain access depending on the purpose/mission of the travel. For staff who are in travel status, it is simply not feasible for them to stop in and “fuel up” if in the vicinity of a facility. Correctional facilities have strict security access protocols and gate pass requirements which virtually preclude unscheduled visits. Facility staff are then required to make arrangements for the visiting staff to access the fuel pumps.

In accordance with sound internal control systems, the burden and/or cost of strengthening controls should not outweigh the benefits or risk of strengthening controls. In this case, DOCCS does not believe the findings are significant enough to warrant a comprehensive overhaul of the associated protocols.

However, DOCCS notes the audit team’s findings of approximately 697 (out of 50,987) WEX Fuel card transactions totaling \$4,793.44 that were cited as non-fuel purchases. As such, we will review current procedures to mitigate the use of the WEX cards for unauthorized purchases. Additionally, we will issue notification to staff advising them that, when in travel status, they should make every attempt to fuel the State Vehicle at a facility if facility staff are able to accommodate the request.

Further, DOCCS does not agree with the audit team’s conclusion that sufficient controls over fuel/gasoline use are not established. DOCCS routinely conducts a wide array of meaningful self-assessments to ensure policies and protocols are up-to-date and effective. Additionally, the Department is subject to numerous NYS Control Agency assessments and audits, which greatly enhance our system of internal controls. For example, DOCCS was a subject agency in the 2011 NYS Inspector General’s Review of Controls Over Fuel Usage at State Agencies and Authorities. That review uncovered shortcomings with respect to physical controls and monitoring at state-operated fuel pumps. For our part, DOCCS carefully reviewed the report and enacted changes to strengthen associated controls that were later memorialized via revisions to Directive #2932, “Use of State-Owned Vehicles,” circa 2013.

**State Comptroller’s Comment 9** – When we presented these issues during the audit, Department officials agreed that employees should fuel at the Department’s facilities whenever possible and that there is value in gathering large data sets for future monitoring of fuel. Effective oversight will require the Department to have the Fuelmaster data, which they were unable to provide from its facilities during the course of the audit.

5. Take steps to improve the accessibility, usability, accuracy, and completeness of Fuelmaster data by the Department.

**DOCCS Response:** DOCCS agrees to the extent that it is our practice to routinely assess our controls and update or revise the associated policies, protocols, and practices in response to identified deficiencies. In accordance with the Department Directive #3051, “Energy Conservation,” the Agency does currently monitor and report on fuel usage. In addition, Directive #2900, “Functions of the Division

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of Support Operations” and Directive #2119, “Functions of the Division of Facilities Planning,” also require the oversight and monitoring of fuel usage.

Specifically, DOCCS oversees fuel usage with identical “Fuelmaster” vehicle fuel management branded equipment. These systems operate in an isolated/stand-alone configuration with a limited data export function connected to a local hardwired printer. DOCCS Central Office Division of Facilities Planning and Development issues annually a memorandum providing direction standardizing the general operation of these systems, including the requirement of individual IDs for users and vehicles, and the entry of odometer readings to document transactions.

As stated, exported data is not easily obtained from the systems due to their stand-alone configuration, PC hardware/software limitations, and security controls. These limitations only became more evident during the recent detailed interface with the facility systems. As normal course of business, facilities only print and review small data sets, which have been supported well with the simple printer setup. Facilities have never been asked to print large amounts of vehicle data nor export or generate electronic reports.

The audit request to obtain related data in an exportable spreadsheet format revealed the limitations of the current setup. Printing of every transaction for the past five (5) years, as requested by the auditor, was not practical (voluminous amounts of paper), and we did not believe this process would generate reports in a format helpful for analysis. Numerous attempts with facilities to export and transfer electronic reports did not produce data in clear or easily processable formats. As such, despite abundant effort, providing consistent and meaningful reports with the current non-networked setup was not practical and was the reason for the “delay” as referenced by the audit team.

Despite the limitations noted above, DOCCS readily provided the auditor with Fuelmaster scanned PDF monthly reports as typically generated by Facilities; however, this report format was not received as beneficial for the auditor’s review. DOCCS made additional attempts to generate data in a useful format but limitations with the current Fuelmaster software precluded this effort. The potential does exist to network the systems to a common database yielding simpler and more consistent management for future internal and external auditing needs, however, implementing this infrastructure connectivity will be extremely expensive as data circuits typically do not exist in the areas of facility fuel islands.

It should also be noted that DOCCS uses a ‘two-key’ vehicle management standard which rotates two (2) fuel management system key-fobs for each vehicle. This protocol, when combined with periodic off-site fueling (with WEX cards), yields a disconnect in monitoring vehicle mileage and fuel use.

6. Ensure LENS notifications are communicated to all correctional facilities and all appropriate personnel within the Department.

**DOCCS Response:** DOCCS agrees that all employees must have a valid driver’s license of the class required for the vehicle being operated as required in Department Directive #2932, “Use of State-Owned Vehicles.” Additionally, staff are required to report any restrictions to their immediate supervisor prior to operating a vehicle. However, a State vehicle may be operated by an unlicensed employee if that employee is trained in operation and the vehicle is used on facility lawns/grounds and will not be traveling on a public roadway. As such, DOCCS will review the audit team’s findings to determine if violations of Directive #2932, “Use of State-Owned Vehicles,” occurred and then ensure appropriate mitigating action is quickly taken if necessary.

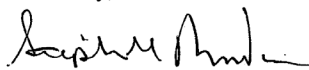
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DOCCS agrees and notes that all employees are enrolled into the LENS database. Currently license restriction notifications from the LENS Program are received through DOCCS Employee Investigations Unit (EIU). EIU acts in cases where a driver's license is a minimum qualification of employment for the employee such as for Parole Officers, Motor Vehicle Operators, Tractor Trailer Operators, etc., by issuing written notice to the area supervisor directing that the employee is to be restricted from driving, and that immediate action is required to resolve the restriction within thirty days. DOCCS is currently in the process of enhancing Statewide LENS notification procedures, including to all correctional facilities, to ensure that any employee does not operate a DOCCS vehicle on public roadways if there are any restrictions to their driver's license. Once established, the enhanced protocol will be memorialized in an appropriate policy statement and communicated accordingly.

7. Monitor correctional facilities' logs and inmate transportation logs to ensure records are complete and accurate and in accordance with Department procedures.

**DOCCS Response:** DOCCS agrees and notes that vehicle logs are required to be completed timely and accurately as outlined in Directive #2932, "Use of State-Owned Vehicles" and submitted to the Division of Support Operations. Support Operations does follow-up with correctional facilities if submissions are untimely and conducts random spot checks of the thousands of logs that are received from the facilities and does follow-up on incomplete or illegible submissions.

Sincerely,



Stephen G. Brandow  
Acting Deputy Commissioner for Administrative Service

cc: Anthony J. Annucci, Acting Commissioner  
Daniel Martuscello III, Acting Executive Deputy Commissioner  
Osbourne A. McKay Deputy Commissioner, Correctional Industries,  
Compliance Standards, and Diversity  
Cathy Sheehan, Deputy Commissioner and Counsel  
Melissa Coolidge, Associate Commissioner  
Elissa Weber, Assistant Commissioner  
Deane Gardner, Assistant Commissioner  
Cal Whiting, Associate Commissioner  
Paul Guenette, Director, Division of Support Operations  
Mark Riel, Acting Director, Division of Correctional Industries  
Lori Young, Acting Director, Bureau of Internal Controls  
Muhammad Zamir, Director, Internal Audit  
Andrea C. Miller, Executive Deputy Comptroller  
Tina Kim, Deputy Comptroller  
Ken Shulman, Assistant Comptroller

# Contributors to Report

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## Executive Team

**Andrea C. Miller** - *Executive Deputy Comptroller*

**Tina Kim** - *Deputy Comptroller*

**Ken Shulman** - *Assistant Comptroller*

## Audit Team

**Nadine Morrell**, CIA, CISM - *Audit Director*

**Bob Mainello**, CPA - *Audit Manager*

**Raymond Barnes** - *Audit Supervisor*

**Patrick Lance** - *Examiner-in-Charge*

**Inza Kone** - *Senior Examiner*

**Erin Maloney** - *Senior Examiner*

**Rachelle Goodine** - *Mapping Analyst*

## Contact Information

(518) 474-3271

[StateGovernmentAccountability@osc.ny.gov](mailto:StateGovernmentAccountability@osc.ny.gov)

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



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