

THOMAS P. DiNAPOLI  
STATE COMPTROLLER



110 STATE STREET  
ALBANY, NEW YORK 12236

STATE OF NEW YORK  
OFFICE OF THE STATE COMPTROLLER

May 11, 2023

Marie Therese Dominguez  
Commissioner  
Department of Transportation  
50 Wolf Road  
Albany, NY 12232

Re: Controls Over Vehicle Use and  
Transportation-Related Expenses  
Report 2022-F-38

Dear Commissioner Dominguez:

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 have followed up on the actions taken by officials of the Department of Transportation (Department) to implement the recommendations contained in our audit report, *Controls Over Vehicle Use and Transportation-Related Expenses* (Report [2019-S-37](#)).

**Background, Scope, and Objective**

The Department's mission is to ensure that its customers – those who live, work, and travel in New York State – have a safe, efficient, balanced, and environmentally sound transportation system. The Department is composed of a central office and 11 regional offices across the State, of which 10 operate repair shops responsible for the maintenance of Department vehicles. These 11 regions typically serve their local surrounding counties and are responsible for overall management of vehicles in their region, including repairs and procurement of parts for their vehicles. The 10 regional repair shops generally either perform maintenance and service repairs in-house or use independent private repair shops, depending on the vehicle type and service needed. The Department also uses 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.

The Contractor provides a network of authorized private repair shops across the State for routine maintenance, repairs, roadside assistance, and towing. The Contractor is required to negotiate costs with the private repair shops in its network and ensure costs are competitive and reasonable. The Department is responsible for holding the Contractor accountable to Contract terms. Further, in recognition of market fluctuations over time, Contract guidance encourages users of the Contract to seek improved pricing whenever possible.

As of December 2022, the Department's fleet was comprised of 4,086 registered State-owned and 668 leased vehicles. During the period April 2021 through December 2022, the Department's vehicle repair and maintenance expenses totaled approximately \$73 million, including about \$9.5 million to the Contractor and more than \$10.2 million in commercial fuel

purchases using the statewide refueling credit card (i.e., WEX card). According to Department inventory data as of December 2022, the Department had more than 1.3 million vehicle parts totaling nearly \$19.9 million in its parts inventory. The Department also had more than 150,400 regional repair shop vehicle work orders opened during the audit scope.

The objective of our initial audit, issued on October 7, 2021, was to determine whether the Department had established adequate controls to effectively monitor and ensure accountability over its vehicle use and maintenance expenses. The audit found the Department performed limited to no central monitoring of procurements made through the Contractor to ensure costs were reasonable, despite concerns raised by both central office officials and regional fleet managers about purchases under the Contract. The Department also did little to hold the Contractor accountable for its responsibility to ensure costs complied with Contract terms. Furthermore, the regional offices generally relied on the Contractor to monitor service costs and did not seek improved pricing for procurements – deferring to the pricing offered and likely not receiving best pricing for services. The audit also identified deficiencies in the Department’s controls over recalls and warranties and its oversight of fuel and mileage, which increase the likelihood that State funds are not being used efficiently and effectively and, in the case of open recalls, may pose safety risks.

The objective of our follow-up was to assess the extent of implementation, as of December 15, 2022, of the five recommendations included in our initial audit report.

### **Summary Conclusions and Status of Audit Recommendations**

Department officials have made progress in addressing the issues identified in our initial report. Of the initial report’s five recommendations, four were implemented and one was not implemented.

### **Follow-Up Observations**

#### **Recommendation 1**

*Implement procedures to monitor repair and maintenance costs agency-wide and hold the Contractor accountable for its responsibilities under the Contract.*

Status – Implemented

Agency Action – In October 2022, the Department issued several Fleet Management Instructions (FMIs) to regional fleet managers covering multiple areas, including monitoring repair and maintenance costs, and providing them with general guidance regarding Contract usage. The FMIs provide direction on setting repair cost thresholds for Contractor-approved repairs, along with factors to consider (e.g., vehicle age) before approving repair services. The FMIs also outline factors regional fleet managers should consider when evaluating the cost of repairs made using the Contract (e.g., the vehicle’s replacement schedule and whether the repair is safety related). Further, the FMIs instruct regional staff to contact the Contractor with issues relating to performance that fall within the scope of the Contract (e.g., poor repair facility performance, cost concern). If regional staff cannot resolve the issue themselves, they should alert the Department’s central office staff so the issue can be addressed during their monthly calls with the Contractor. These monthly calls began in 2018; however, since our initial audit report was issued, the Department has used these meetings to resolve both agency-wide and vehicle-specific concerns with the Contractor.

### **Recommendation 2**

*Develop a process to track vehicle recalls and provide written guidance to regional offices on their responsibility to ensure recalls are repaired timely.*

Status – Implemented

Agency Action – The October 2022 FMIs outline procedures for handling manufacturer vehicle and equipment recalls, including the recall information that should be entered into the Department’s Asset Management System (AMS) and regional and central office monitoring responsibilities to ensure repairs are made in a timely manner. AMS automatically generates recall reports, which are sent to regional managers weekly. Regional managers and supervisors can also directly access information in AMS regarding recalls in process, including their status. Additionally, each month, the Contractor provides the Department with a report on vehicles enrolled for services under the Contract to assist in tracking recalls.

### **Recommendation 3**

*Develop and communicate procedures to the regional offices that maximize the utilization of warranties.*

Status – Implemented

Agency Action – The October 2022 FMIs contain guidance on maximizing warranty claims. They outline general procedures for deciding on warranty coverage – including conducting a basic cost analysis and considering factors such as operational need and value of the repair – to help staff determine whether to pursue warranty coverage up front or to pursue reimbursement after the fact. The FMIs also direct regional staff to document decisions regarding warranty repair work performed.

### **Recommendation 4**

*Develop processes to improve monitoring of logs and WEX card purchases to ensure they are maintained and include all required information.*

Status – Not Implemented

Agency Action – The Department has not yet developed processes to improve its monitoring of vehicle logs, including WEX card transactions, to ensure the logs are maintained and include all required information. Instead, the Department continues to rely on monitoring procedures that our original audit found were not always being followed. While Department officials stated that supervisors now review WEX transaction exceptions daily (instead of monthly), this procedural change does not provide a mechanism to monitor or otherwise verify that supervisors are carrying out their responsibility to review vehicle logs and WEX card purchases, which was the intent of the recommendation. Further, this change is not reflected in the Department’s current policy.

### **Recommendation 5**

*Where practicable, improve the quality and detail of information for Contract and regional repair shop repairs and parts, and warranties.*

Status – Implemented

Agency Action – According to officials, the Department replaced its Fleet Management System (FMS) with AMS in June 2022. AMS contains data for both Contract and regional repair shop repairs, parts, and warranties. AMS increases the quality and detail of information available to the regions and contains more detail on individual fleet vehicles and repairs. AMS uses an expanded array of six-digit repair codes, compared with the three-digit general group repair code (e.g., brakes) in FMS, providing more specificity as to what part or component of the vehicle's system has been repaired or replaced (e.g., brake master cylinder, parking brakes). This enables Department staff to better monitor vehicle repair and maintenance costs across all regions.

Major contributors to this report were Chris Herald, Don Cosgrove, and Karen Corbin.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We thank the management and staff of the Department for the courtesies and cooperation extended to our auditors during this follow-up.

Very truly yours,

Andrea LaBarge, CFE  
Audit Manager

cc: Theresa Vottis, Office of Audit Director  
Kevin Kissane, Internal Audit Bureau Director