



STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

April 10, 2019

Ms. Kerry A. Delaney
Acting Commissioner
New York State Office for People with Developmental Disabilities
44 Holland Avenue
Albany, New York 12229

Re: Report 2018-BSE7-02

Dear Acting Commissioner Delaney:

In conjunction with our Division of Investigations and Brooklyn District Attorney Eric Gonzalez, we examined¹ select purchases made on State-issued WEX Bank fuel credit cards (WEX card) by Metro New York Developmental Disabilities State Operations Office (Metro) employees of the Office for People With Developmental Disabilities during the period July 2014 through March 2018. The objective of our examination was to determine whether the WEX card purchases were for legitimate business purposes. To accomplish our objective, we examined the documentation Metro provided to support the WEX card purchases. We also interviewed relevant Metro officials and staff.

We found 119 WEX card purchases totaling nearly \$8,000 made by one employee (Employee) were not for legitimate business purposes, but instead for personal use. As a result of our examination, the Employee was terminated, arrested, pled guilty to petit larceny (a Class A misdemeanor), and is required to make restitution to the State. We found the Employee was able to make these transactions undetected because Metro officials did not implement and/or follow proper controls surrounding the use of WEX cards.

We also identified another 84 transactions totaling approximately \$6,000 that contained one or more characteristics indicating the transactions could be improper. While we could not attribute these transactions to the Employee, they still contained characteristics indicating they could be improper. Throughout the course of our examination, we discussed with Metro officials our concerns regarding these purchases, and the possibility of other improper purchases that we did not identify.

¹ We performed our examination in accordance with the State Comptroller's authority set forth in Article V, Section 1 of the State Constitution, as well as Article II, Section 8(1) and (7), and Article VII, Section 111 of the State Finance Law.

While Metro did have a document resembling policies or procedures relating to the use of WEX cards, the document was undated and officials stated they were unaware of its existence. Nevertheless, Metro officials explained to us that certain Metro staff are responsible for driving fleet vehicles to transport people with developmental disabilities. Officials typically assign a WEX card to each fleet vehicle but provide employees their own unique personal identification number (PIN) to establish accountability over each employee's fuel purchases. Metro officials are required to maintain vehicle use logs (logs) and review and approve the logs for completeness and accuracy on a regular basis. At the time of a fuel purchase, drivers are required to (i) enter their PIN at the fuel pump, (ii) document details pertaining to the fuel purchase and trip on the log, and (iii) maintain fuel receipts with the logs.

We found that Metro officials did not effectively implement controls over the assigning and use of PINs. While Metro officials created unique PINs for employees using the last six digits of the employees' driver's license numbers, Metro failed to adequately secure copies of the licenses and the WEX cards. The Employee admitted to obtaining copies of several driver's licenses that were left unsecured on a Metro official's desk. As a result, the Employee was able to steal his co-workers' PINs and perpetrate an identity theft of his co-workers by using their PINs without their knowledge or authorization to put fuel into personal vehicles for more than three years.

We also found Metro officials did not consistently or effectively review logs to ensure that employees (i) recorded all WEX card purchases, (ii) recorded complete and accurate information for each fuel purchase, and (iii) included receipts for each fuel purchase. For example, there were no log entries to support the 119 transactions that the Employee admitted to making for personal use. We also identified transactions where the amount of fuel purchased exceeded the tank capacity of the fleet vehicle. In one of these instances, the Employee purchased 47 gallons of fuel for a fleet vehicle with a 31 gallon tank capacity. In addition, while Metro officials informed us that all fleet vehicles use regular fuel, we found purchases of super unleaded fuel, which is more expensive. Moreover, we found transactions that took place when the PIN holder was not working. With proper oversight, Metro officials should have been able to detect and/or prevent WEX card purchases that were not for legitimate business purposes.

We shared a draft report with Metro officials and considered their comments (Attachment A) in preparing this final report. Metro officials generally agreed with our recommendations and stated that they have begun taking, or will take, steps to improve their internal controls; however, they disagreed with our determination that they did not implement and/or follow proper controls surrounding the use of WEX cards and also stated that they identified the WEX card purchases made for personal use. A comment of the State Comptroller's Office on Metro's response is included in Attachment B.

Recommendations

- 1) *Establish, post and distribute written policies and procedures outlining agency-specific requirements for the use of WEX cards to ensure employees authorized to use cards are aware of these policies and procedures.*
- 2) *Ensure WEX cards are properly secured and employee PINs are kept confidential.*
- 3) *Train employees and supervisors on proper use and accounting for WEX cards.*
- 4) *Ensure employees complete logs accurately and timely.*
- 5) *Ensure supervisors review, approve, and monitor logs and WEX card purchases on a regular basis and follow up as appropriate.*
- 6) *Investigate other potentially improper purchases to determine whether the purchases were for legitimate business purposes.*

Since your response to the draft report is generally in agreement with this report, there is no need for a further response unless you feel otherwise. If you choose to provide a response, we would appreciate receiving it by May 10, 2019. We thank you for your assistance in this matter.

Sincerely,

Bernard J. McHugh
Director of State Expenditures

Enc: Attachment A
Attachment B

Cc: Richard Cicero
Amanda Mitchell



**Office for People With
Developmental Disabilities**

ANDREW M. CUOMO
Governor

THEODORE KASTNER, MD, MS
Acting Commissioner

February 25, 2019

Mr. Bernard J. McHugh, Director
Office of the New York State Comptroller
Bureau of State Expenditures
110 State Street, 10th Floor
Albany, NY 12236

Dear Mr. McHugh:

The Office for People With Developmental Disabilities ("OPWDD") has reviewed the Office of the State Comptroller's draft report, 2018-BSE7-02, regarding its review of select purchases made on State-issued WEX Bank fuel credit cards by employees of OPWDD's Metro New York Developmental Disabilities State Operations Office.

Please find our comments on this draft report attached. Thank you for the opportunity to comment. If you have any questions or concerns, please do not hesitate to contact me directly at 518-474-0677 or amanda.s.mitchell@opwdd.ny.gov.

Sincerely,

A handwritten signature in cursive script that reads "Amanda Mitchell".

Amanda Mitchell
External Audit Liaison

Executive Office

44 Holland Avenue, Albany, New York 12229-0001 | 866-946-9733 | www.opwdd.ny.gov

**Office for People With Developmental Disabilities'
Response to the Office of the State Comptroller's
Draft Report (No: 2018-BSE7-02)
Metro New York Developmental Disabilities State Operations Office
Review of Fuel Card Purchases**

The New York State Office for People With Developmental Disabilities ("OPWDD") writes to respond to the Office of the State Comptroller's ("OSC") draft report (2018-BSE7-02) of its review of select purchases made on State-issued WEX Bank fuel credit cards by employees of OPWDD's Metro New York Developmental Disabilities State Operations Office (Metro NY DDSO.)

OPWDD agrees that attention must be paid to any theft perpetrated by a Metro NY DDSO staff member. The staff member who engaged in the theft in this instance was prosecuted and the agency has taken aggressive steps to stem future transgressions through improved internal controls.

While OPWDD is in the process of streamlining internal controls in this vein, OPWDD disagrees with OSC's statement that Metro NY DDSO officials did not implement and/or follow proper controls surrounding use of the WEX card. In fact, Metro NY DDSO staff identified the potentially fraudulent transactions during their quarterly WEX card transaction monitoring process. OPWDD incurs and monitors approximately 100,000 gas purchases totaling \$4 million each year and submits that the identification of theft in the immediate case is evidence that OPWDD has an effective monitoring program.

OPWDD's specific responses to OSC's recommendations are below.

RESPONSE TO OSC'S RECOMMENDATIONS

Recommendation #1: Establish, post and distribute written policies and procedures outlining agency-specific requirements for the use of WEX cards to ensure employees authorized to use cards are aware of these policies and procedures.

Response: OPWDD is working on additional guidance to provide employees on the use of WEX cards.

Recommendation #2: Ensure WEX cards are properly secured and employee PINS are kept confidential.

Response: WEX card and PIN security protocol will be included within the guidance being developed.

Recommendation #3: Train employees and supervisors on proper use and accounting for WEX cards.

Response: OPWDD already complies with this recommendation but will reiterate for employees their responsibilities related to proper use and accounting for WEX cards.

* Comment

Recommendation #4: Ensure employees complete logs accurately and timely.

Response: OPWDD is in the process of improving the quality of logs by reinforcing training for staff about OPWDD's log entry and submission requirements and by providing staff with guidance on how to complete the log. A uniform log has been developed for statewide implementation.

Recommendation #5: Ensure supervisors review, approve, and monitor logs and WEX cards purchases on a regular basis and follow-up as appropriate.

Response: OPWDD already requires supervisors to oversee logs but will take further steps to ensure supervisors routinely review and approve logs. OPWDD will develop written procedures outlining the correct way to complete and review these logs. Additionally, OPWDD will enhance current procedures to review WEX card purchases with an emphasis on identifying and reviewing questionable purchases which are more likely to be fraudulent (e.g., purchases made late at night, purchases of premium fuel or purchases identified as exceeding tank capacities).

Recommendation #6: Investigate other potentially improper purchases to determine whether the purchases were for legitimate purposes.

Response: OPWDD will review the identified 84 transactions totaling approximately \$6,000 referenced in OSC's report and attempt to identify other similar transactions.

State Comptroller's Office Comment on Auditee Response

The report points out several areas where Metro officials did not implement and/or follow proper controls surrounding the use of WEX cards, including (i) the lack of written policies and procedures, (ii) ineffective implementation over the assignment and use of PINs, and (iii) the failure to adequately secure copies of employees' driver's licenses and WEX cards. While Metro officials stated they identified the WEX card purchases made for personal use, it was not until after we first identified some of the WEX card purchases made for personal use in 2016 and brought them to Metro's attention that they were made aware of these specific instances and took action. As we expanded our examination, we ultimately found WEX card purchases made for personal use dating back to 2014 and 2015 that had gone undetected by Metro officials.