



STATE OF NEW YORK
DEPARTMENT OF MOTOR VEHICLES
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WAYNE L. BENJAMIN
EXECUTIVE DEPUTY COMMISSIONER

June 12, 2009

Mr. Frank Patone
Audit Director
Office of the State Comptroller
123 William Street, 21st Floor
New York, NY 10038

Re: 2007-R-3 Final Audit Report

Dear Mr. Patone:

This letter is in reference to the New York State Comptroller's audit report number 2007-R-3, Administration of Contract #C000596, Motorcycle Association of New York State, Inc. (MANYS). As we noted in our response to the draft audit report, the Department of Motor Vehicles sought legislation to provide a more competitive process for selecting a vendor. The legislation was passed, and a request for proposals was issued in October of 2008. The contract with the successful bidder (Motorcycle Safety Foundation) was approved on May 28, 2009.

The new contractor has a proven record of accountability and effectiveness in operating motorcycle safety programs in four states. We appreciate the results of your audit and we will be utilizing the recommendations in your audit report to enhance our oversight of the new contractor.

In our response to the draft audit report, we indicated steps we had taken to recover undocumented or inappropriate expenses charged by MANYS. Please note that during the period from early February through late May of this year we were without a contractor. As a result, motorcycle program staff had to assume the programmatic responsibilities performed by the contractor, particularly when the motorcycle riding season began in March, along with the demand for driver training. As a result, we have not yet completed recovering all funds from MANYS. We anticipate we will have that process completed by August 1, 2009, and we will forward the results to you when final. The following details the status of recovery efforts to date:

Recommendation 8 – *Investigate the instances where the Administrator was not at the Association's office during his normally scheduled hours. Reduce his leave accruals or recoup the unsupported wages accordingly.*

We are currently reviewing documentation for this and will deduct any inappropriate expenses from MANYS's final payment.

Recommendation 9 – *Recoup the \$794 paid to the three employees who we observed as not being at work and did not record their absences on their associated time records.*

The Department recovered \$794 by reducing claims submitted by the Association.

Recommendation 10 – *Restrict the Association's purchases of automobiles and motorcycles to only those that are necessary to conduct Program business. Do not reimburse the Association for the purchase for luxury options with no documented need.*

No other vehicles were purchased by the Association for the Program subsequent to the audit.

Recommendation 11 – *For the vehicles leased and/or purchased for the President and the Administrator, require the Association to determine the respective percentages of personal use. The value thereof (cost of vehicles multiplied by the percentage of personal use) should be treated as taxable fringe benefits to the users.*

The Department has recovered the lease and associated costs for the lease of the automobile assigned to the President. We have requested that the Association identify any costs for personal use and will deduct them appropriately.

Recommendation 12 – *Discontinue reimbursing the Association for the unused parking garage space it has been paying \$300 a month for.*

The Association has been using the parking garage space to park the association's motorcycle since the beginning of the program and we believe it is an allowable expense as it was part of the program.

Recommendation 13 – *Require the Association's business office to review and assess supporting receipts and Program justification before paying for any non personal expenses (e.g., travel, general operations, etc.).*

We are currently reviewing documentation for this and will deduct any inappropriate expenses from MANYS's final payment.

Recommendation 14 – *Investigate the \$134,600 in unsupported and unjustified expenses noted in this report. Reduce future Association vouchers as appropriate.*

We are currently reviewing documentation for this and will deduct any inappropriate expenses from MANYS's final payment.

Recommendation 15 – *Reduce future Association vouchers by the \$21,000 in non Program related expenses noted in this report.*

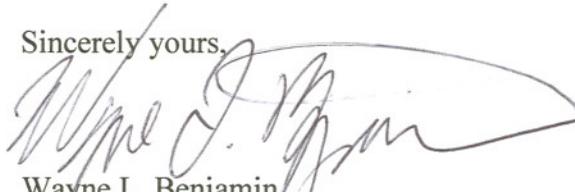
Our review of the items totaling \$21,000 found that \$14,764.11 was disallowed from the Association's claims prior to payment by the Department. We found \$3,553.57 to be allowable. We have recovered the balance of \$2,682.32 by reducing a subsequent voucher submitted by the Association.

Recommendation 17 – *Instruct the Association to write-off the \$16,287 in un-cashed checks noted in this report. Reduce future voucher reimbursements by this amount.*

The Association has been directed to write-off the un-cashed checks. Our analysis of the un-cashed checks found that 12 checks were for items that were not claimed as program costs or that were subsequently credited against the account. We identified checks totaling \$14,520 in costs that were claimed and not written off or credited to the program. We have reduced the Association's claims for this amount.

We appreciate the improvement opportunities provided in the audit recommendations. If you have any questions concerning our response to this audit, please contact Edward Wade, Director of Audit Services.

Sincerely yours,



Wayne L. Benjamin
Executive Deputy Commissioner