
**Thomas P. DiNapoli
COMPTROLLER**



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**OFFICE OF THE
NEW YORK STATE COMPTROLLER**

**DIVISION OF STATE
GOVERNMENT ACCOUNTABILITY**

**NEW YORK STATE
THRUWAY AUTHORITY**

**VEHICLE ACQUISITION,
USE AND DISPOSITION**

Report 2006-S-119

AUDIT OBJECTIVES

Our audit objectives were to (1) determine whether the New York Thruway Authority (NYSTA) complied with requirements for the procurement, use, and disposition of its vehicles, and (2) account for all the vehicles owned by NYSTA.

AUDIT RESULTS - SUMMARY

NYSTA is a public benefit corporation established to finance, construct, reconstruct, improve, develop, maintain, or operate a Thruway system, together with incidental facilities for the public. To support its operations, NYSTA has a fleet of about 1,900 motor vehicles (cars and a number of light-duty trucks).

We found that NYSTA did not comply with the Public Authorities Law requirement that its Board of Trustees review and approve its procurement guidelines annually for two of the three years reviewed. We also found NYSTA did not comply with certain requirements for the procurement and use of its vehicles. For example, in 2001, Executive Order 111 stated that, by 2005, at least half the new light-duty vehicles acquired by agencies and public authorities (listed in the Order) should be powered by alternative fuels. However, NYSTA did not meet the 50-percent target in any year since the effective date of Executive Order 111.

For example, in 2004, just 33 percent of the new light-duty vehicles purchased used alternative fuels. In 2005, none of the 20 new light-duty vehicles acquired used alternative fuels. As a result, NYSTA is not doing its part in helping the State meet important energy-related goals. NYSTA officials told us that, for the 2005 purchases,

alternative-fueled vehicles were not available from the manufacturer.

We accounted for 58 of the 60 NYSTA vehicles that we sampled. For one of the two remaining vehicles, NYSTA indicated that we were unable to account for it because the Department of Motor Vehicle record we were relying on misidentified the NYSTA vehicle. NYSTA indicated that the other vehicle was a surplus item that had been sold at an auction. We also checked vehicles for the NYSTA logo and noted that 20 cars did not have a logo identifying them as NYSTA property. We recommend that NYSTA add the logo to its vehicles.

NYSTA assigned vehicles to two Board members and determined the value of the personal use of the vehicles that should be reported as taxable income by the two individuals. However, these individuals are supposed to serve without compensation, according to the Public Authorities Law. As a result, NYSTA should discontinue assigning vehicles to Board members for their personal use. NYSTA also has 205 vehicles assigned to employees, but these employees are not required to maintain vehicle usage logs to record whether their use was personal or business-related.

Our report contains six recommendations to improve vehicle management of NYSTA. NYSTA officials replied to our draft report that they have sought to address the opportunities for improvement noted in our report.

This report, dated November 6, 2007, is available on our website at: <http://www.osc.state.ny.us>. Add or update your mailing list address by contacting us at: (518) 474-3271 or Office of the State Comptroller
Division of State Government Accountability
110 State Street, 11th Floor
Albany, NY 12236

BACKGROUND

The New York State Thruway Authority (NYSTA) is a public benefit corporation established in 1950 by Article 2, Title 9, Section 352, of the Public Authorities Law to finance, construct, reconstruct, improve, develop, maintain, or operate a Thruway system, together with incidental facilities for the public. NYSTA is managed by an Executive Director who reports to a seven-member Board of Trustees (Board). NYSTA is responsible for operating the State's 641-mile Thruway system, the longest toll highway system in the United States. The New York State Canal Corporation (Canal Corporation), a subsidiary public corporation of NYSTA, was created by the Legislature in August 1992 to accept jurisdiction and control over the State Canal System from the State. We also audited the vehicles of the subsidiary, the Canal Corporation, to the extent that they were randomly selected in our sample. NYSTA and the Canal Corporation have approximately 1,900 vehicles to support their operations.

AUDIT FINDINGS AND RECOMMENDATIONS

Vehicle Accountability

We took a sample of 60 vehicles identified on the combined NYSTA and Canal corporation asset inventory list and compared this information to a Department of Motor Vehicles (DMV) database list of vehicles registered to NYSTA. We found that 58 of the vehicles on the asset inventory list matched with the DMV list. The Vehicle Identification Numbers (VINs) for two of the vehicles on the asset inventory list did not agree with the VINs on the DMV listing, although the license plate numbers did agree.

NYSTA officials explained that one of the mismatches resulted from a recordkeeping error in May 2001 when two vehicles were swapped between work units. At that time, the equipment numbers were moved from one work unit to the other on the asset inventory list, but the VIN information was not moved on the asset inventory list. It is important for NYSTA records to be correct and to be consistent with DMV VINs because, for example, discrepancies could lead to confusion and difficulties when vehicles are sold at auction and registration transfers must be recorded with DMV.

The VIN discrepancy on the second vehicle arose as a result of a vehicle cab replacement in January 2005. The original cab had severe corrosion so a replacement cab was obtained from a salvage yard. At that time, DMV was not notified of the VIN change and the equipment records were not adjusted. NYSTA management indicated that, to correct this discrepancy, a digital picture and etching of the VIN will be completed and sent to NYSTA Headquarters for processing with DMV.

Policies and Procedures

Section 2879 (1) of the Public Authorities Law requires each public authority board to review and approve its procurement guidelines annually. At the time of our fieldwork, the procurement guidelines were approved for 2004, but not for 2003 and 2005.

From our previously-discussed sample of 60 vehicles, 15 were purchased during our audit period. We reviewed the purchase orders for a sample of ten of these vehicles. Four of the ten vehicles were cars and were bought through contracts awarded by the Office of General Services (OGS). The remaining six vehicles were trucks and were bought through contracts let by NYSTA. We found that these

ten purchases complied with NYSTA procurement procedures.

NYSTA managers stated that all of their trucks are bought using their own contracts because they need special features on the trucks that the OGS contract does not cover. For example, NYSTA uses a specific yellow paint, cloth seats, and certain wiring for lights. We reviewed the bid specifications that have been in effect for NYSTA trucks from 2003 to 2005. They do identify items, such as snowplows, that can be after-market purchases. However, the specifications did not appear to identify any item that is sufficiently or materially unique to require a contract for a vehicle that is not available on an OGS contract. We note that OGS contracts for certain trucks provide for a “DOT” package that includes yellow paint and other needs of the State Department of Transportation (DOT), which are similar to the needs of NYSTA. With appropriate consultation with OGS, it may be possible to expand the OGS specifications to include NYSTA’s needs, and reduce the need for NYSTA to develop its own contracts.

Alternative Fueled Vehicles

Executive Order 111 (EO111), issued June 10, 2001, requires most State agencies and State public authorities (including NYSTA) to reduce their energy consumption by 35 percent and to begin to shift their procurements of light-duty vehicles by increasing the percentage of vehicles from those using traditional fuels, such as gasoline, to those using alternative fuels, such as electricity, compressed natural gas (CNG), 85 percent ethanol, etc. Some vehicles can accept both traditional fuel sources and alternative fuel sources. EO111 requires that, by 2005, at least 50 percent of new light-duty vehicles acquired must use alternative fuels, with a goal of 100 percent by 2010. Each

agency and authority must report at the end of the 2005 model year on its compliance with this requirement, indicating compliance or the reasons it is not in compliance.

As shown in Table 1, NYSTA was not in compliance with EO111.

Table 1			
	Light-Duty Vehicles		
Year	Purchased	Alternative Fuels	Percentage of Alternative Fuel Vehicle
2002	140	66	47
2003	226	58	26
2004	75	25	33
2005	20	0	0
Total	461	149	

NYSTA planned to purchase alternative fuel vehicles each successive year beginning in 2002. As noted, EO111 requires gradually increasing the percentages of vehicles to be procured, with a 50-percent target in 2005. According to a NYSTA official, the original plan for the purchase of vehicles in 2005 was to purchase 42 vehicles, 22 of which would use E-85 (an alternative fuel that is 85 percent ethanol and 15 percent gasoline). However, due to financial constraints and a reduction in vehicle assignments, only 20 vehicles were being purchased. NYSTA officials advised that none of these 20 vehicles will be equipped to handle alternative fuel because they were not available from the manufacturer in 2005.

Personal Use of Authority Vehicles

The Internal Revenue Service (IRS) has determined that personal use of an employer-provided vehicle should be considered income to the employee. IRS Publication 15-B indicates that IRS considers commuting to be

personal use, and has promulgated rules for calculating the amount of income to be reported. The Publication provides three ways to calculate the income.

- Fair market value (based on what the employee would have to pay to lease the same vehicle), allocated between the employer and employee based on the employee's usage log, plus 5.5 cents per mile if the employer provides gasoline.
- Cents-per-mile rule (multiplying a standard rate times the miles the vehicle was used for personal use). To qualify for this rule, the vehicle's fair market value when first used by an employee for personal use cannot exceed a maximum \$14,800 in 2004. The vehicle must be used at least 10,000 miles per year, or with business use as its principal application.
- Commuting rule (multiplying \$1.50 times each one-way commuting trip). To use this rule, the authority must have a written policy forbidding any personal use other than commuting and de minimis use, and the employee cannot be a "control employee" (either an elected official or an employee earning over \$128,200 in 2004).

According to the Publication, the amount of income can either be added to the employee's W-2, or the employee can pay the amount calculated to the employer.

NYSTA's General Policy regarding Assignment and Use of Authority Vehicles was revised and approved by Board members on May 17, 2005. The General Policy indicates that NYSTA maintains a fleet of vehicles to provide certain personnel, when

engaged in official NYSTA/Canal Corporation business, with economical transportation and a means to accomplish job assignments more efficiently. It also provides that the Executive Director has full authority to make any and all vehicle assignments and to establish directions and instructions to administer this Policy. The Executive Director issued a revised Administrative Policy on June 1, 2005, entitled "Assignment and Use of Thruway Authority Vehicles."

This Administrative Policy provides that personal use of vehicles is allowed for Class 1A, 1B, and Class 1 assignments. Class 1A assignments are for members of NYSTA's Board. Vehicle use for this class is unrestricted, meaning the individual may use the vehicle for business use, commuting, and personal use. The personal use of NYSTA vehicles by Board members is reported as income on a W-2 form, even though Board members are not employees. Class 1B assignments are vehicles assigned to the Executive Director, the Deputy Executive Director, and the Division Directors. Vehicle use for this class is also unrestricted (business, commuting, and personal). Class 1 assignments are for those employees who are expected to be first responders "for initial remedial action for highway incidents of substantial proportion and impact." Class 1 vehicles are for official business use, but may also be used to commute to and from the employee's home.

The value of commuting use for all three of these Classes plus other personal use for Classes 1A and 1B is required to be reported to the IRS for tax purposes. This value refers to the Fringe Benefit amount, which is calculated from the employees' Personal Usage Statement and reported on their W-2.

For the eight individuals to whom NYSTA had assigned vehicles for Class 1A and Class

1B usage, we determined that NYSTA had correctly reported Personal Use Income on W-2s.

Section 352 of the Public Authorities Law describes the NYSTA Board. It indicates that “the chairman and the other members shall serve without salary or other compensation, but shall be entitled to reimbursement for their actual and necessary expenses incurred in the performance of their official duties.” Since IRS guidelines require personal use of a vehicle to be considered compensation, the provision of a vehicle to Board members with permission for personal use is not in compliance with Section 352 of the Public Authorities Law. Two Board members had assigned vehicles with personal use permitted.

Additionally, the vehicle assignment listing indicates that the Chairman actually has two vehicles assigned to him. His principal vehicle is an SUV, and the second vehicle is a sedan. We were advised that the SUV is used for his business and personal trips and is used more frequently. The sedan is used for longer business trips and/or transporting other Executives to meetings. There is nothing noted in the Vehicle Assignment Policy of NYSTA with regards to an individual being assigned more than one vehicle. The assignment of two vehicles to the Chairman may be inefficient considering the budget and vehicle assignment cutbacks at NYSTA, which consisted of reducing the number of assigned vehicles by 53. Further, NYSTA has an ample supply of pool vehicles, most of which are sedans that could be used for longer business trips.

With regards to pool vehicle use, we found NYSTA appeared to have generally good management. The pool vehicles are logged out for each use and the logs contain information about when the vehicle was taken

out, by whom, for how long, and the amount of distance traveled.

We found that those individuals who have personal use of vehicles are not required to keep any official record tracking the use of their vehicles. As individuals with Class 1A and Class 1B assignments are not required to document their personal use of the vehicle, NYSTA must rely on self-reporting. NYSTA should require a log to document the vehicle use.

We randomly selected 20 passenger vehicles in use by NYSTA and noted that none were marked with NYSTA’s name or logo. We believe that NYSTA’s vehicles should be marked with its name or logo. This promotes appropriate vehicle use by authority personnel, and facilitates the public’s recognition of its vehicles.

Surplus Vehicle Sales

NYSTA disposes of surplus vehicles by conducting an auction at their Albany Division garage. They also stated that, in rare cases, internet sales on e-Bay are used; but this is done only in the case of equipment that is difficult to transport or for other odd pieces of equipment. NYSTA has a contract with an auctioneer to facilitate the auctions, which occur approximately five to six times a year for a set fee per auction. The auctioneer is responsible for obtaining the highest bid possible, but NYSTA reserves the right to negotiate with the high bidder if the bid amount is deemed insufficient. In such cases, NYSTA can withdraw the vehicle from the sale. For the period January 2002 to June 2005, NYSTA sold approximately 622 vehicles.

During the auction, NYSTA has a team from its finance office on site. Buyers must pay by cash or certified check. They must put at least 10 percent down and are required to pay

the remaining balance within five days at the finance office at NYSTA Headquarters in Albany, before picking up the vehicle. NYSTA employees who are not working at the time of the sale, and are not assigned to specific prohibited job titles, may bid on vehicles.

(In response to our draft report, NYSTA officials provided a copy of Executive Instruction 93-2 *Authority Auction* dated April 28, 1993. This policy identifies the titles of employees who cannot procure vehicles at an auction. They added that it was reissued in August 2008.)

We observed the auction sale of October 12, 2005. At this sale, NYSTA had 100 items ready for sale, including 10 pickup trucks, 6 dump trucks, and 22 cars. The other items included mobile radios, engines, transmissions, snow blowers, snowplows, and spreaders. The auction was conducted by a contracted auctioneer, but NYSTA had final approving authority for sale items. We noted no exceptions.

Recommendations

1. Compare NYSTA's vehicle inventory records annually with DMV's records of the vehicles registered in NYSTA's name, and reconcile any discrepancies.

(NYSTA officials replied to our draft report that the noted record-keeping inaccuracies were addressed with Division Managers. In addition, Division Managers reminded their employees of the need to keep accurate vehicle records.)

2. Contact OGS to determine whether NYSTA's vehicle specifications can be met with current OGS contracts, or whether OGS can expand its contracts to include NYSTA's requirements.

(NYSTA officials replied to our draft report that they frequently purchase from OGS contracts and will do so when operational needs can be met. They also indicated that they will contact OGS prior to independently procuring vehicles in the future, and, when feasible, include an Authority specification package as recommended.)

3. Discontinue providing personal use vehicles to Board members in order to be in compliance with the Public Authority Law regarding compensation to the Board.

(NYSTA officials replied to our draft report that the policy for the Assignment and Use of Thruway Authority vehicles was revised in April 2007. They added that the Chairman, who is on call and has additional responsibilities beyond those of other Board members, is assigned a vehicle and is required to fully reimburse the Authority for any personal use.)

Auditor's Comments: The response from NYSTA officials' partially addressed the issues related to the personal use of vehicles by the Chairman and Board members. Specifically, the response does not address a second vehicle assigned to the Chairman or reimbursement from other Board members who also have a personal vehicle for their use.

4. Require a vehicle use log to document personal, work-related, and commuting use of NYSTA vehicles so that it can be reconciled with any reporting of information on the W-2.

(NYSTA officials stated that the reporting mechanism currently utilized by the Authority complies with W-2 reporting requirements.)

Auditor's Comments: To assure that the mileage is accurately reported, employees should log personal, work-related, and commuting use throughout the year.

5. Develop a plan for ensuring compliance with EO111 and report such compliance annually as required.

(NYSTA officials replied to our draft report that the Authority's plan has been and continues to be to procure 100 percent of light-duty vehicles as alternative-fueled. However, it is not currently possible to meet this objective, primarily due to unavailability of vehicles that align with operational needs. They added that they have participated in a federal program to use alternative fuels since the early 1980s.)

Auditor's Comments: We acknowledge NYSTA proactive approach to use alternative-fueled vehicles. However, NYSTA officials need to develop a formal plan for complying with EO111. In addition, EO111 requires that State agencies (i.e., those listed in EO111) report in writing to NYSERDA when they have not met the requirements and the reasons why. NYSTA officials did not provide this information during our audit fieldwork.

6. Mark all vehicles with either a recognizable logo or NYSTA's name.

(NYSTA officials replied to our draft audit report that most maintenance vehicles are identified by a specific yellow paint and are clearly marked with reflective striping. They added that, with the exception of a handful of vehicles identified by the audit, all passenger vehicles are identified with "TWY" license plates. They believe that adding logos to other vehicles would require additional costs and when the vehicle is returned would result

in damage to the paint, reducing the resale value of the vehicles.)

Auditor's Comments: We urge NYSTA officials to continue to explore how all vehicles can be marked to identify them as official vehicles.

7. Deleted based on information provided by Authority officials in response to our audit report.

AUDIT SCOPE AND METHODOLOGY

We conducted our audit in accordance with generally accepted government auditing standards. Our audit covered the period May 1, 2002 through October 20, 2005. To accomplish our objectives, we compared NYSTA's vehicle inventory and associated license plates with Department of Motor Vehicles records; confirmed the existence of sample vehicles; reviewed surplus vehicle sales; verified compliance with procurement guidelines, including Executive Order 111 pertaining to the acquisition of alternative fuel vehicles; and tested for the proper reporting of personal use of NYSTA vehicles in accordance with income tax reporting requirements.

In addition to being the State Auditor, the Comptroller performs certain other constitutionally and statutorily mandated duties as the chief fiscal officer of New York State. These include operating the State's accounting system; preparing the State's financial statements; and approving State contracts, refunds, and other payments. In addition, the Comptroller appoints members to certain boards, commissions, and public authorities, some of whom have minority voting rights. These duties may be considered management functions for the purposes of evaluating organizational independence under generally accepted

government auditing standards. In our opinion, these functions do not affect our ability to conduct independent audits of program performance.

AUTHORITY

This audit was performed according to the State Comptroller's authority under Article X, Section 5, of the State Constitution and Section 2803 of the Public Authorities Law.

REPORTING REQUIREMENTS

A draft copy of this report was provided to NYSTA officials for their review and comment. Their comments have been considered in preparing this final report, and are included as Appendix A.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chairman of the New York State Thruway Authority 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 contain herein, and where recommendations were not implemented, the reasons therefor.

CONTRIBUTORS TO THE REPORT

Major contributors to this report were Carmen Maldonado, Robert Mehrhoff, Santo Rendon, Joseph F. Smith, Rebecca Tuczynski, and Peter Pagliaro.

APPENDIX A - AUDITEE RESPONSE



John L. Buono
Chairman

New York State Thruway Authority New York State Canal Corporation

200 Southern Blvd., P.O. Box 189, Albany, NY 12201-0189

www.nysthruway.gov



Michael R. Fleischer
Executive Director
TDD/TTY 1-800-253-6244

September 21, 2007

Ms. Carmen Maldonado
Audit Director
Office of the State Comptroller
123 William Street, 21st Floor
New York, NY 10038-3804

Dear Ms. Maldonado:

Thruway Authority (Authority) staff have reviewed the Office of the State Comptroller's (OSC's) draft audit report 2006-S-119 concerning the New York State Thruway Authority *Vehicle Acquisition, Use and Disposition*. The Authority's comments on the recommendations contained in the draft report are indicated below.

- Annually compare Authority vehicle inventory records against Department of Motor Vehicle's (DMV's) records of the vehicles registered in the Authority's name and reconcile discrepancies.

The draft report confirmed that 58 of the 60 vehicles sampled matched DMV records and noted that two errors resulted from recordkeeping inaccuracies. This review matched the DMV plate number, the vehicle identification number (VIN) and the Authority's asset ID number.

These noted record keeping inaccuracies were addressed with the Division Managers via conference call on September 9, 2005. They were instructed to remind subordinate supervisors of the need to be aware of the impacts on recordkeeping and to visually verify that steps taken to change an asset ID number, plate or VIN are followed as per established procedures.

- Contact the Office of General Services (OGS) to determine whether the Authority's vehicle specifications can be met with current OGS contracts, or whether OGS can expand its contracts to include the Authority's requirements.

The Authority frequently purchases from OGS contracts and will continue to do so when operational needs can be fulfilled. Many factors affect the decision to partner with OGS in a vehicle procurement which include timing, complexity of item, and ultimately, cost.

The Authority has experienced cost savings by independently bidding for vehicles. For example, on June 7, 2007, Beam Mack Sales provided a quote based on State Contract (PC61216) for Authority 58,000 GVWR Plow Trucks in accordance with specification 06118. The quoted price was \$99,553.35 per chassis. The existing Authority contract with International Truck and Engine Corp. provides the equal International chassis for \$86,828.39.

The Authority will contact OGS prior to independently procuring vehicles in the future and, when feasible, include an Authority specification package as recommended. The Authority will continue to purchase from existing OGS contracts when it is in the best interest of the Authority.

- Discontinue providing personal use vehicles to Board members in order to be in compliance with the Public Authority Law regarding compensation to the Board.

The Authority policy for the *Assignment and Use of Thruway Authority Vehicles* was revised in April 2007. The Chairman, who is on call and has additional official responsibilities beyond those of other Board Members, is assigned a vehicle and is required to fully reimburse the Authority for any personal use.

- Require a vehicle use log to document personal, work-related, and commuting use of Authority vehicles so that it can be reconciled with any reporting of information on the W-2.

As noted in the draft audit report, the Authority maintains a fleet of vehicles to provide certain personnel with economical transportation to efficiently accomplish official business. A limited number of these vehicle assignments allow for commuting and personal use. The value of such use is to be reported as income to the IRS per the Authority's written policies and procedures that govern the assignment and use of its vehicles. The reporting mechanism currently utilized by the Authority complies with W-2 reporting requirements as substantiated in the draft audit report.

- Mark all vehicles with either a recognizable logo or the Authority's name.

The Thruway Authority and Canal Corporation (Corporation) have a very diverse fleet. Most maintenance vehicles are identified by a specific yellow paint and are clearly marked with logos and reflective striping. With the exception of a handful of vehicles that were identified in the audit, all passenger vehicles are identified with "TWY" license plates. These TWY plates are designated by DMV and assigned solely to the Authority/Corporation for use on its vehicles. A large number of these vehicles are also equipped with additional specialty safety lighting devices including auxiliary flashers, light bars, etc. appropriate for the specialized services they provide on the Thruway or at Canal facilities. It is the Authority's position that these distinctive plates and the additional safety lighting clearly identify the vehicles as Authority/Corporation property.

Adding logos to the passenger vehicles in the Authority/Corporation fleet would create additional expenses. There would be the cost of the logo and the labor hours to install each. The cost would be more significant when the vehicle is retired from service. In addition to the labor hours involved, the process to remove the logo requires heat, scrapers and chemicals applied to the vehicle finish. This process will often damage the paint, reducing the resale value of the vehicles.

- Develop a plan for ensuring compliance with Executive Order 111 and report such compliance annually as required.

The Authority's plan has been and continues to be to procure 100 percent of light-duty vehicles as alternative fueled. This plan exceeds both Federal and State guidelines for procurement goals.

Ms. Carmen Maldonado
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September 21, 2007

However, it is not currently possible to meet this objective primarily due to unavailability of vehicles that align with operational needs. Manufacturers are limited in what they offer for sale in New York State which has adopted California emission standards. The Federal and State procurement goals for 2007 have been met as more vehicles were available than in prior model years, but the Authority still could not procure 100 percent of its light-duty needs as alternative fueled.

The Authority is and has been a leader in the use of alternative fuels. This proactive approach dates back to the early 1980s when the Authority piloted efforts with methanol fuels. The Federal Government adopted the Energy Policy Act of 1992 (EPAct) which set standards for the procurement of alternative fueled vehicles. Since that time, the Authority has acquired 454 vehicle credits in the program. Each credit represents a vehicle that was purchased above and beyond the requirements set forth by EPAct.

- Formalize policies on employee participation in auction sales and issue these to all employees.

The enclosed Executive Instruction 93-2 *Authority Auction* dated April 28, 1993 prohibits Authority/Corporation employees in listed titles from procuring vehicles at public auctions. This Executive Instruction also stipulates that all other employees intending to participate in the auction must obtain approval from their supervisors in advance and charge the absence to the appropriate leave accruals if the auction is attended during the employee's work day. This policy is included in the Authority's Administrative Manual, which is available to all employees and it is also available on the Authority's intranet. The Executive Instruction was reissued in August 2006.

Comment
*

The Authority has sought to address the opportunities for improvement noted in the draft audit report. If you need additional information, please contact Mr. Michael Flynn, Director of Audit and Management Services at (518) 471-5853.

Sincerely,




Michael R. Fleischer
Executive Director

Enclosure

cc: John Buono, NYSTA Chairman
Michael Flynn, Director of Audit and Mgmt. Services
Lisa Ng, Division of the Budget

* This recommendation was deleted based on information provided by Authority officials in response to our draft audit report.

 <p>EXECUTIVE INSTRUCTION</p>	<p>NUMBER 93-2</p>
	<p>SUBJECT</p> <p>AUTHORITY AUCTION</p>
<p>FROM:</p> <p><i>John A. Ruffa</i> EXECUTIVE DIRECTOR</p> <p><i>1/22/03</i> DATE</p>	<p>DISTRIBUTION</p> <p>All Authority and Canal Employees</p>

THIS INSTRUCTION SUPERSEDES EXECUTIVE INSTRUCTION 90-3

It is incumbent upon the Authority, as a public entity, to ensure that its operations are carried out in accordance with the highest ethical standards. It is equally important, even in the absence of any impropriety, that no appearance of impropriety is given. Consequently, it has been determined that the interests of the Authority are best served by prohibiting participation in Authority Auctions by the following Authority and Canal employees or members of their immediate families:

- Board Members
- Executive Director
- Department Heads
- Thruway Division Directors
- Director of Equipment and Inventory Management
- Chief of the Bureau of Equipment Management
- Chief of the Bureau of Inventory Management
- Motor Equipment Maintenance Supervisor IIIs
- Motor Equipment Maintenance Supervisor IIs
- Motor Equipment Maintenance Supervisor I*
- Assistant Director of Administrative Services
- Director of Human Resource Management
- Director of Office of General Services
- Director of Purchasing
- Assistant Director of Purchasing
- Senior Thruway Purchasing Specifications Writer
- Purchasing Officer IIs
- Thruway Mechanical Equipment Inspector & Property Disposal Specialist
- Specification and Sale Group Clerk I
- Director of Office of Canals
- Canal Equipment Specialist

* Albany Division only: position assigned to Auction activities.

Employees are reminded that absence from work to attend Auctions or pick up items purchased at Auctions must be approved and charged to appropriate leave accruals. This policy prevails since attendance as a bidder, spectator, or purchaser is a matter of personal business. It should be noted that employees should not expect or receive assistance other than what any Auction participant would receive when picking up items purchased at an Auction.

It should also be understood that an employee must not wear clothing or insignia that identifies him or her as an Authority or Canal employee while participating as a bidder in an Auction. Also, an employee assigned to work at an Auction must not participate as a bidder at that Auction.

It is strongly recommended that any employee planning to participate in Auction activities notify his or her supervisor. It is the employee's responsibility to determine in advance whether or not the employee's participation would constitute a conflict of interest or the appearance of impropriety. Employees or supervisors requiring assistance in making this determination are encouraged to either contact their Department Head or Thruway Division Director, or contact the Director of Purchasing.