



Department of Transportation

ANDREW M. CUOMO
Governor

MATTHEW J. DRISCOLL
Commissioner

July 16, 2015

Mr. John Buyce
Office of the State Comptroller
Division of State Government Accountability
110 State Street – 11th Floor
Albany, NY, 12236-0001

Dear Mr. Buyce:

The New York State Department of Transportation (NYSDOT) is providing the following report on the actions taken to implement the Office of the State Comptroller's (OSC) recommendations included in the *Collection of Special Hauling and Divisible Load Overweight Permit Fees* (Report 2014-S-52) as required by Section 170 of the Executive Law.

As noted in the response to the draft report, NYSDOT continues to develop the Highway Oversize/Overweight Credentialing System (HOOCs). Upon its implementation in the summer of 2016, HOOCs is expected to eliminate the regional handling of special hauling permit revenue by requiring all customers to have pre-funded accounts. HOOCs will also automate or eliminate many of the existing manual processes performed in the regions. This will centralize handling of special hauling permits in the Department's Central Permits Bureau, thereby addressing the concerns raised in your report.

To address the short-term needs identified in your recommendations, NYSDOT has taken the following actions.

RECOMMENDATIONS

Recommendation 1: *Improve internal controls over permits issued by regional offices by separating key duties and functions, improving accountability over all permits, and increasing oversight over permit transactions.*

NYSDOT Response: Agree. We have begun a statewide dialogue with all the regions that issue special hauling permits to implement procedures that address this recommendation. In addition, we are exploring modifications to the existing reports provided to the Central Permits Bureau to better account for permits issued and reconcile revenue collected.

90-Day Report: The Central Permits Bureau has communicated the findings of the audit report to all the regions and has stressed the importance of improving accountability and separating key functions to the extent practical. All permits (fee, non-fee and canceled) are now clearly accounted for and recorded. The regions have established Daily Revenue Reports which track customer checks and transactions and their content is verified by the regional administration offices. Once verified, the forms are stored in a secured location within the Permit Offices. In addition, the Central Permits Bureau will be directing the regions to conduct quarterly audits to reconcile revenue collected and permits issued.

Recommendation 2: *Explore additional options for payments made at the regional level so as to eliminate responsibility for pre-signed checks submitted by select customers.*

NYSDOT Response: Agree. The practice of holding pre-signed checks will be phased out with the implementation of the new Highway Oversize/Overweight Credentialing System (HOOCS). In the interim, NYSDOT will encourage the limited number of customers using pre-signed checks to establish pre-paid accounts. The Department will also provide regional offices with additional guidance regarding acceptable practices in handling and safeguarding checks.

90-Day Report: The regions that accept prefilled, i.e. undated, checks have taken measures to strengthen the custodian protocol over the checks by securing and logging them upon receipt into a database or spreadsheet, storing them in locked cabinets, limiting access to them and noting corresponding check and permit numbers in the data base, on the permit documents and on the checks. Early next year, NYSDOT will begin extensive customer outreach and education to ensure all regional customers are familiar with HOOCS and to establish the pre-funded accounts that will be needed to obtain special hauling permits when HOOCS becomes operational.

Should you need further information, please contact Michael Mathioudakis, Central Permits Bureau Director, at (518) 457-9800.

Sincerely,



Phillip Eng, P.E.
Executive Deputy Commissioner

cc: Honorable Andrew M. Cuomo, Governor of the State of New York
Honorable Thomas P. DiNapoli, State Comptroller
Honorable John J. Flanagan, President Pro Tempore of the Senate
Honorable Kenneth P. LaValle, Senate Majority Leader
Honorable Andrea Stewart-Cousins, Senate Minority Leader
Honorable Carl E. Heastie, Assembly Speaker
Honorable Joseph D. Morelle, Assembly Majority Leader
Honorable Brian M. Kolb, Assembly Minority Leader
Honorable John A. DeFrancisco, Chairman, Senate Finance Committee
Honorable Liz Krueger, Ranking Minority Member, Senate Finance Committee
Honorable Herman D. Farrell, Jr., Chairman, Assembly Ways and Means Committee
Honorable Robert C. Oaks, Ranking Minority Member, Assembly Ways and Means Committee
Mike Novakowski – Attn: Gerry Smith, Division of the Budget