



**SUFFOLK COUNTY  
OFFICE OF THE COMPTROLLER  
AUDIT DIVISION**

**John M. Kennedy, Jr.  
Comptroller**

An Investigative Report of  
**Nassau Suffolk Truck**  
For the Period  
January 1, 2010 through June 30, 2014

**Report No.: 2015-09  
Date Issued: August 26, 2015**

**SUFFOLK COUNTY**  
**OFFICE OF THE COMPTROLLER**

**John M. Kennedy, Jr.**  
Comptroller

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Executive Director of Auditing Services

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**LETTER OF TRANSMITTAL**

August 25, 2015

Hon. John M. Kennedy, Jr.  
Suffolk County Comptroller  
Suffolk County Department of Audit and Control  
H. Lee Dennison Executive Office Building  
100 Veterans Memorial Highway  
Hauppauge, N.Y. 11788-0099

Dear Mr. Kennedy:

In accordance with the authority vested in the County Comptroller by the Suffolk County Charter (Article V) an investigative audit was conducted of the vouchers submitted by Nassau Suffolk Truck ("Vendor") pursuant to letting 14-09.4.9, whose principal operations are located at 101 Cleveland Avenue, Bayshore, New York.

Our investigation focused on the payment voucher packets submitted for payment by the Vendor to the County during the period January 1, 2010 through June 30, 2014. Letting 14-09.4.9 which included the Vendor's invoices and supporting documentation of parts invoices installed in County owned vehicles which are subject to a contractually allowed 25% mark up above certified cost by the Vendor. The objectives of our audit were limited to the following:

- To audit the authenticity of payment vouchers, Vendor invoices and supporting documentation submitted by the Vendor to the County for payment.
- To determine whether any supporting documentation was altered prior to submission to the County.

We conducted our investigative audit in order to satisfactorily complete our objectives. We believe that our audit procedures provide a reasonable basis for the findings contained in this report.

Respectfully,

Frank Bayer, CPA  
Executive Director of  
Auditing Services

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## **EXECUTIVE SUMMARY**

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As a result of our investigation, we determined that the Vendor submitted 328 false instruments. According NYS Penal Law §175.30: Offering a False Instrument for Filing, a person is guilty of offering a false instrument for filing in the second degree when, knowing that a written instrument contains a false statement or false information, he offers or presents it to a public office or public servant with the knowledge or belief that it will be filed with, registered or recorded in or otherwise become a part of the records of such public office or public servant.

The 328 false instruments resulted in questioned costs of \$145,495.73 of which \$141,766.44 pertained to fraudulent documents and \$3,729.29 pertained to altered documents.

As a result of our investigative audit, our report will be referred to the Suffolk County District Attorney's Office and the Suffolk County Attorney's Office. In addition, the Audit Division has commenced a review of the procedures of the Department of Public Works and the Sheriff's Office regarding the refurbishing of County vehicles.

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## **BACKGROUND**

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Plug In Truck Corp is a for profit corporation doing business with Suffolk County under the name Nassau Suffolk Truck (“Vendor”). The Vendor entered into an agreement with the County to refurbish County-owned vehicles for the period June 22, 2009 through June 21, 2014. The agreement states that Vendor will be paid \$69 per hour for labor and will be entitled to a 25% markup above certified cost on parts supplied by the Vendor.

The Audit Division became aware of an audit of the Vendor conducted by Nassau County in July of 2014. A Newsday article was published stating that according to Nassau County Comptroller George Maragos, Nassau County hired the Vendor to repair and refurbish trucks, buses and heavy equipment and the Vendor overbilled Nassau County by as much as \$322,000 and possibly more through falsified and/or altered invoices. As a result of the article, Suffolk County commenced an investigative audit of the Vendor to ensure the County was not experiencing a similar situation.

On October 22, 2014, an engagement letter was sent to the Vendor informing them of the audit and also to request documentation; however, on October 27, 2014 the Vendor’s attorney informed the County that the Vendor was “no longer an ongoing entity.” Subsequent phone calls were made to the Vendor’s attorney who stated that the Vendor was no longer in possession of their business records.

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## **SCOPE AND METHODOLOGY**

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To accomplish the audit objectives stated in the Letter of Transmittal (p. 1), we performed the following procedures:

- Conducted interviews of Department of Public Works (“Department”) personnel to obtain an understanding of the letting with the Vendor and to determine the supporting documentation supplied to the Department.
- Contacted the Vendor’s office and their attorney’s office to review documentation; however, the Vendor did not return our phone call and their attorney claimed the Vendor no longer had access to the records.
- Sent independent confirmations to the Vendor’s various parts suppliers to determine the authenticity of the supporting documentation submitted to the county for reimbursement.
- Followed up with the part suppliers who indicated in the independent confirmations that the supporting documentation was in fact not authentic or had been altered.
- Reviewed the supporting documentation submitted to the county by the Vendor and any independent evidence supplied directly to the Audit Division by the various parts suppliers.

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## **INVESTIGATIVE RESULTS**

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**As a result of our investigation, we determined that the Vendor submitted 328 false instruments.** The 328 false instruments include 143 supporting documents which appear to have been altered or fraudulently created by the Vendor. In addition, the Vendor submitted 81 payment vouchers and 104 vendor invoices to the County for payment based on the altered/fraudulent supporting documents during the period January 1, 2010 through June 30, 2014.

**The 328 false instruments resulted in questioned costs of \$145,495.73 as follows:**

- The questioned costs consist of fraudulent supporting documentation totaling \$141,766.44 after the 25% markup above cost allowed by letting number 14-09.4.9. The supporting documentation appears to be fraudulent based on a review of the documentation and independent verification with the parts suppliers from which the documentation allegedly originated. It appears numerous documents were fraudulently created prior to submission to the County.
- In addition, the questioned costs consist of altered supporting documentation totaling \$3,729.29 after the 25% markup above cost allowed by letting number 14-09.4.9. The supporting documentation appears to be altered based on a review of the documentation and independent verification with the parts suppliers from which the documentation allegedly originated. It appears these documents were altered by the Vendor to increase the amount allegedly paid to the parts suppliers prior to submission to the County.

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## **CONCLUSIONS**

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As a result of our investigative audit, our report will be referred to the Suffolk County District Attorney's Office and the Suffolk County Attorney's Office. In addition, the Audit Division has commenced a review of the procedures of the Department of Public Works and the Sheriff's Office regarding the refurbishing of County vehicles.