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**LETIZIA TAGLIAFIERRO**  
INSPECTOR GENERAL

November 2, 2020

James Malatras  
Chancellor  
State University of New York  
SUNY System Administration  
State University Plaza  
Albany, New York 12246

Re: NYS IG 1046-032-2018

Dear Chancellor Malatras:

On March 27, 2018, an employee of the State University of New York (SUNY) University at Buffalo (UB) alleged to the Office of the New York State Inspector General that UB mismanaged University Facilities funds by failing to contract for the disposal/recycling of scrap metal generated on UB's campuses and instead utilized the services of [REDACTED] for the disposal/recycling of scrap metal.

The Inspector General investigated this allegation by interviewing former and current University Facilities staff involved in the scrap metal recycling program and reviewing UB's contractual relationship with [REDACTED]. In addition, the Inspector General reviewed a 2017 internal audit of University Facilities operations, which found deficiencies in the internal controls of the department. Specifically, this audit found, among other things, that University Facilities "staff

lacked core competencies surrounding financial concepts. As a result, there is a lack of policies, procedures, or consistent processes applied to financial activity within [University Facilities].”

The Inspector General’s findings with regard to the scrap metal recycling program are consistent with UB’s 2017 audit findings. The Inspector General’s investigation found a nearly complete lack of oversight over the recycling program. The investigation further found that neither UB nor SUNY have policies and procedures specifically addressing scrap material recycling. The following is a summary of the Inspector General’s investigation and recommendations.

The Inspector General received testimony from ██████████, UB’s former ██████████ ██████████ who advised that he created UB’s first recycling program around 1988 and supervised the program until his retirement in ██████████. According to ██████████ for a number of years prior to 2014, UB contracted with ██████████ to retrieve and pay for scrap metal generated at UB. In 2014, ██████████ advised, when ██████████ sought to bid on UB’s scrap metal recycling, ██████████ obtained written bids from ██████████, ██████████ and a third recycler, and ultimately awarded UB’s recycling to ██████████ the lowest bidder.<sup>1</sup> However, UB Procurement Services advised that no bid information was submitted to its Purchasing Department and no formal agreement or revenue contract was established with ██████████. According to ██████████ his supervisors “didn’t think it was necessary” to enter into a formal contract with ██████████ ██████████ has provided recycling services to UB since this time and UB has never rebid for metal recycling services.

██████████ testified that during his tenure at UB, ██████████ placed dumpsters at several locations on UB’s campus, which EASP retrieved once full. On a monthly basis, ██████████ reported to ██████████ the weight of the scrap metal collected in each dumpster and issued checks for its value. Although the checks were issued to UB as the payee, the memo line was made to the attention of ██████████ who received the checks rather than University Facilities Finance and Administration. According to ██████████ he documented these transactions in a spreadsheet and verified UB received the agreed upon price for the scrap metal. ██████████ claimed that he annually prepared a report on UB’s recycled materials, which he forwarded to SUNY Administration.<sup>2</sup> Notably, ██████████ did not demonstrate any independent way to verify the weight of the scrap metal that ██████████ retrieved from UB’s campuses and instead, relied on ██████████ representations as to the tonnage collected in each dumpster.

Upon ██████████ retirement from UB, Recycling Labor Supervisor ██████████ was assigned to manage UB’s recycling program. ██████████ testified that ██████████ which continued to service UB, continued its practice of sending checks for the value of recycled scrap metal to the attention of the head of the recycling program, now ██████████ rather than University Facilities.

These practices uncovered in the investigation were consistent with UB’s 2017 audit findings of a lack of internal controls in the department.

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<sup>1</sup> ██████████ was uncertain what became of a file that held the written bids.

<sup>2</sup> UB was unable to locate any such reports.

In order to confirm that UB received the payments that were directed to ██████ and ██████ the Inspector General reviewed payments received by UB from ██████ for the period January 2015 through May 2018—a total of \$192,127.34—and found the payments were ultimately deposited into the appropriate UB accounts.

██████████ UB's assistant director of ██████████, also testified to the Inspector General that there are no checks and balances in place at UB to verify the weight of scrap metal being recycled through ██████ or that UB is receiving accurate payments from ██████ for its scrap metal. ██████ noted that unlike UB, other SUNY schools have scales on their campuses to weigh scrap materials and compare against weight tickets received from scrap recyclers.

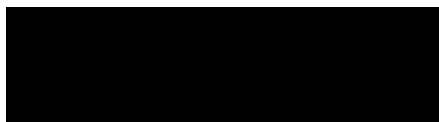
While the Inspector General did not find evidence of criminal wrongdoing on the part of UB employees or ██████ it found substantial deficiencies in UB's policies and procedures, management and oversight, internal controls, and recordkeeping in its scrap metal recycling program. UB failed to follow its own procurement policies when it established this informal agreement with ██████ rather than conducting a competitive, open procurement for recycling services. As mentioned, UB also lacks a comprehensive policy and procedure for its scrap metal recycling program, as does SUNY for its campuses. No internal controls were in place to confirm tonnage reported by ██████ or to prevent the checks from being directed to ██████ and subsequently ██████—an arrangement ripe for potential abuse and theft.

In June of 2020, UB advised the Inspector General that ██████ has been directed to make all checks issued in the recycling program payable to UB and to mail all payments directly to the University Facilities Finance and Administration. Additionally, UB advised it is drafting a scrap metal recycling policy and has commenced the process of rebidding its contract for scrap metal recycling services.

Given the above, I recommend that UB complete its rebid of its contract for scrap metal recycling pursuant to UB procurement policy. Additionally, UB should promulgate and implement a comprehensive scrap metal policy and procedure and train staff on the same. UB must ensure its new policy incorporates such controls as the documentation and verification of scrap metal weight reported by a recycler and UB, and the review and confirmation of payments received, and explicitly prohibit employees other than those specifically trained in the handling of monies and assigned to such positions from being listed as payees on checks received from recyclers. UB should also explore installing scales at its campuses to weigh accumulated scrap metal. In addition, the Inspector General recommends that SUNY promulgate guidance for scrap metal recycling systemwide to ensure fiscal and operational accountability at all its campuses.

Please advise me of any action taken by UB in response to these recommendations within 45 days of the date of this letter. If you require further information, please contact Deputy Inspector General Jeffrey Hagen at 716.847.7118.

Sincerely,



Letizia Tagliafierro  
Inspector General

Cc: Satish K. Tripathi  
President  
SUNY University at Buffalo

Sandra M. Casey, Esq.  
General Counsel  
SUNY System Administration