



# NEWS

From the Office of the New York State Inspector General  
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## Inspector General Finds DOH Exec Took State For a Ride on Fabricated Taxi Refunds

An investigation by New York State Inspector General Kristine Hamann has found a state Department of Health executive owes New York more than \$3,000 after she tapped travel funds for taxi rides she never took.

The Inspector General received an anonymous complaint that Luella Kelley, 62, abused her expense reimbursement since 1995. Kelley, an Assistant Director in the Bureau of Employee Relations and Staff Development, Kelley drove her personal vehicle to the Amtrak station, a short distance from her home. But she charged the state up to \$30 per trip for “taxi fare in lieu of mileage,” getting a reimbursement for what she “estimated” to be the taxi rate between her home and the train station, the Inspector General’s investigation revealed. The \$30 submissions – in addition to being impermissible -- were more than triple her actual mileage cost, which averaged \$9.

The 40-year state employee, who earns more than \$87,000 a year, faces internal discipline and has been temporarily reassigned while a DOH attorney reviews her case, the state Health Department said. As part of her job, Kelley counseled employees for unacceptable performance and disciplines employees for misconduct.

DOH travel policies specify that an employee traveling on state business may seek reimbursement for **actual** business expenses only. Kelley admitted to the Inspector General that she had been charging the state for “taxi fare in lieu of mileage” since sometime in the mid-1990s, stating that “I was never told that I

couldn't or shouldn't do that." In addition to the fantasy taxi fares, Kelley also charged the state for her real parking fees at the Amtrak station.

Auditors calculated that Kelley's false claims brought her overpayments of more than \$3,093, dating to 1995, including some claims for extra meals to which she was not entitled.

The Inspector General's audit also revealed that DOH Travel Unit staff failed to follow proper procedures and to detect the inappropriate expense claims.

State Health Department officials said they are already complying with several recommendations made by the Inspector, which include:

- Disciplinary action against Kelley.
- A review of internal controls to fill gaps in the travel claim review process. DOH installed a new electronic travel reimbursement system in August 2007 that should mitigate duplicate pay-backs or inappropriate submissions.
- Audit processed vouchers for any other claims of "taxi fare in lieu of mileage" or other improper charge. And perform periodic audits.
- Train DOH staff to make sure those who travel on state business are aware of the rules.

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