

MTA AUDIT SERVICES

2020 Audit Plan Status

October 28, 2020

2020 Audit Plan Status

Financial/Operational/Technology

Projects Completed	51
Findings with Recommendations	98
Savings/Cost Efficiencies	\$ 10.8 M

Contracts

Projects Completed	218
Pre-Award	15
Overhead Reviews	131
Contract Close-outs	52
Claims	1
\$ Audited	\$ 684.4 M
Questioned Costs	\$ 38.4 M



2020 – Significant Audits

	<u>Cost Savings/ Avoidance</u>
Financial/Operational/Technology	
❖ Homeless Outreach Services	\$ 2.1 M
❖ Advertising License Agreement	\$ 2.3 M
❖ Money Room Cash Processing	\$ 340K
Operating Contracts	
❖ Escalator Services	\$ 300K
❖ Tree Clearing Services	\$ 200K

2020 – Significant Audits

Financial/Operational/Technology

- ❖ **Sea Beach Line Project**
- ❖ **Mobile Wash**
- ❖ **CBTC Cybersecurity**
- ❖ **Manhattanville Depot**

2020 – Significant Contracts

Contract Reviews

	Cost Savings/ <u>Avoidance</u>
❖ Contract Option Reviews	\$ 29.53M
❖ East Side Access	\$ 2.58M
❖ 2nd Avenue	\$ 1.73M
❖ Sole Source	\$ 1.05M
❖ Final Audit	\$ 560K

2020 – Sandy Audit Unit

Superstorm Sandy Audit Unit Recovery Oversight Audits (Since 2013)

Total Grant Expenditures	\$2.94 Billion
Costs Audited	\$521.2 Million
Projects/Recommendations	133/361
Follow-up Audits Completed	11
Total Cost Adjustments	\$62 Million



2020 - Pension Support Program

Pension Quality Assurance Support Program:

- The Quality Assurance (QA) group continued to review calculations for new retirees, Retroactive Wage Adjustments (RWA) and other calculation adjustments.
- Plans reviewed include the LIRR's Defined Benefit (DB) Open and Closed Pension Plan, MNR DB Pension Plan, MTA Police DB Pension Plan, and MTA Bus Plan.
- The Pension QA Group reviewed 1,103 pension files from January 2020 through September 2020.

QA Results

➤ Errors with No Financial Impact	119
➤ Errors Identified with Financial Impact	95
➤ Total cost impact over the expected life of retiree	\$3.7M



2020 - On Board Program

Railroad Onboard Revenue Program:

- MTA Audit Services perform observations onboard the LIRR and MNR trains to ensure that conductors are collecting the correct fare and they are in compliance with operating processes.
- Monthly reporting is provided to both agencies for: 1) fare not collected, 2) incorrect fare collected, 3) conductor not seen and, 4) other special observation request results.
- The program was put on hold from March 17, to June 30, 2020, due to the Covid-19 emergency; and then resumed July 1st.

Revenue tests completed in 2020:

➤ LIRR	2,518
➤ MNR	2,443



2020 Audit Areas

Service Delivery

Positive Train Control
 207th Street Over-haul Shop
 On-Time Performance
 Vacuum Trains
 R179 Warranties ✓✓
 Paratransit
 Bridge Inspection & Repair
 Infrastructure
 Car Equipment ✓
 Rail Control Center ✓✓
 Operations Training
 Bus Depot Operations ✓
 Bridge & Tunnel Operations ✓
 SIR Inspection & Maintenance

Finance

Timekeeping ✓✓, ✓, ✓
 Overtime ✓✓, ✓, ✓, ✓, ✓
 Accounts Payable ✓✓, ✓
 Other Business Expenses ✓
 Pensions ✓✓, ✓
 Treasury/Investments ✓✓, ✓✓
 Year-End Financial Statements ✓✓
 Audit Recommendations ✓

Safety

Fare Evasion ✓
 Homeless Outreach ✓✓
 Sandy Project Safety/Oversight ✓
 LIRR Drug Testing
 MNR Environmental Review
 B&T Hazardous Waste Management

Human Resources

FMLA
 OPEB Current Payments ✓✓
 Other Fringe Benefits ✓
 Health and Welfare ✓
 Medical Claim/ & Eligibility
 Employee Availability
 Hiring Process

Revenue

Claims/Insurance/Other Revenue ✓
 NYC Transit AFC Revenue ✓
 Bus Farebox Revenue
 LIRR/MNR eTIX ✓✓
 B&T Cashless Tolling ✓
 MTA Rental & Advertising ✓✓
 Railroads On-Board Revenue ✓✓, ✓✓

Capital Program

Superstorm Sandy ✓✓
 EFA Charges ✓
 Prevailing Wages ✓✓, ✓
 Contract Management
 Consultant Management
 Third Party Contracts ✓✓, ✓

Procurement

Professional Services Contract ✓✓
 Materials & Supplies Contract ✓
 Operating Contracts ✓
 Procurement Cards

Technology

Back-up & Recovery ✓
 Shadow IT Functions ✓
 Cybersecurity ✓✓
 Change Management ✓
 User Developed Applications ✓
 Business Continuity/D.R.
 IT Asset Management
 Application Rationalization

Looking Ahead

- ❑ Work with Agency Management for 2021 Audit Planning
- ❑ Continue to coordinate audit activities with:
 - External Auditors
 - City/State Controller's Office
 - MTA Chief Compliance Office
 - MTA Inspector General Office
- ❑ Work with Internal Control Staff to validate the implementation of recommendations and reduce the backlog of past due recommendations.

QUESTIONS?