



December 29, 2014

**RECEIVED**  
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New York State Comptroller  
110 State Street  
Albany, NY 12236

JAN 02 2015  
OFFICE OF THE STATE COMPTROLLER  
THOMAS P. DINAPOLI  
COMPTROLLER

Dear Mr. DiNapoli:

I am providing a report on behalf of the CDTA Board of Directors regarding the Office of the State Comptroller's audit on Selected Aspects of Discretionary Spending at CDTA. In that audit, the OSC provided recommendations to improve the process of documenting Discretionary Spending at CDTA.

The key recommendation from the audit called for CDTA to examine our written policies and procedures to address potential questionable discretionary spending. At our December 2014 meeting, the Board of Directors adopted a policy governing the use of discretionary spending in accordance with the recommended practices issued by the Authorities Budget Office (ABO) in November of 2012. With this action, we have complied with all recommendations in this audit. In addition, management has reviewed our policies and modified them as required. For example, all travel will require written justification and reports on activities.

These will work in conjunction with the other procedures that we already have in place to insure that our actions are consistent with the mission of the Authority. Our work is carried out by the 650 men and women who work at CDTA. Their efforts speak for themselves, and they are highly commendable. CDTA is on pace to see more than 17 million boardings on our buses, and our customers are demanding more service from us.

As evidenced by this audit, which found the vast majority of our reviewed expenses to be rated as reasonable and necessary, our management and operation of the system is excellent. We need to focus on providing more service to the people of the Capital Region – to do this, more assistance, more innovation, and more problem solving solutions are required.

We appreciate the work of the audit team and the spirit in which their recommendations were made.

Sincerely,

David M. Stackrow  
Chairman

- David M. Stackrow  
Chairman  
Rensselaer County
- Georgeanna N. Lussier  
Vice Chairwoman  
Saratoga County
- Joseph M. Spairana, Jr.  
Secretary  
Rensselaer County
- Arthur F. Young, Jr.  
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- Lisa A. Ballout  
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- Corey L. Bixby  
Labor Representative
- Denise A. Figueroa  
Albany County
- Norman L. Miller  
Schenectady County
- Thomas M. Owens  
Albany County
- Carm Basile  
Chief Executive Officer

# Capital District Transportation Authority

## Policy Governing the Use of Discretionary Funds

It is the policy of the Capital District Transportation Authority (CDTA) to use appropriate judgment and restraint regarding discretionary expenditures when conducting business for the CDTA. This policy is intended to assist CDTA employees and Board Members in ensuring the proper use of CDTA funds.

As a general rule, all expenditures must directly relate to and support CDTA's public purpose. This policy provides specific examples of permissible and impermissible expenditures. In order to be 'proper', discretionary expenses must be permissible, reasonable, and directly related to CDTA's mission. Expenditures must provide a measurable benefit to CDTA, and funds may not be used to support personal or private interests, or for the benefit of individual management, board members, or employees.

### Travel

Proper discretionary expenditures may include a certain amount of travel, when necessary for business reasons or when it enhances CDTA's core mission. Examples of permissible travel include: attendance at transportation-related functions that advocate for and provide information on transportation issues; attendance at functions that advocate for funding opportunities; educational and training opportunities to advance transportation needs that provide safe, efficient and cost effective service. Travel requests are considered on a case-by-case basis, according to CDTA's travel policy. In order to be proper, travel must be cost-effective and provide a demonstrated benefit to CDTA. The Travel Policy specifically outlines and documents reimbursable expenses for travel purposes. It should be noted that due diligence is used to obtain the lowest reasonable cost, and prior approval and appropriate authorization is required to ensure that such travel is reasonable and necessary to advance the mission of the authority.

### Other Expenses

All discretionary expenditures must relate to CDTA's core mission and provide a demonstrated benefit to the organization. As a provider of critical public transportation services, CDTA relies on the efforts of its employees to carry out its daily operations. CDTA offers certain financial incentives to recognize and promote outstanding employee performance. These programs are designed to improve safety, reduce absenteeism, and promote excellent customer service – all of which result in improved operating efficiencies and cost savings.

At the same time, there are certain types of expenses that are considered improper, and not appropriate. Examples of unauthorized expenses include, but are not limited to:

- Purchase of alcohol and tobacco products
- Costs to purchase or mail holiday cards, invitations or expressions of sympathy to others
- Personal use of CDTA vehicles (unless use is de minimis)

- Renewal of professional licenses for employees, unless directly related to the duties of a specific CDTA position and prior approval is obtained
- Charitable contributions for events not associated with the authority's mission
- Food, beverages, and other refreshments purchased for non-specified reasons for employees or persons with whom CDTA conducts business (unless prior authorization is received)
- Celebrations for special occasions that do not directly relate to the purpose of CDTA, such as birthday/office parties, summer picnics, or holiday parties
- Assignment of cell phones or vehicles to non-CDTA personnel

Updated: December 17, 2014

These are general practices that CDTA will follow in support of the New York State Authorities Budget Office's "Recommended Practices in November 2012" and New York State Law.