

2 Broadway  
New York, NY 10004  
212 878-7000 Tel



## Metropolitan Transportation Authority

State of New York

May 20, 2015

Honorable Andrew M. Cuomo  
Governor of New York State  
NYS State Capitol Building  
Albany, NY 12224

Honorable Thomas P. DiNapoli  
Office of the State Comptroller  
633 Third Avenue, 31<sup>st</sup> Floor  
New York, NY 10017

RE: Response to Report #2013-S-47 – Travel and Entertainment Expenses

Gentlemen:

On February 2, 2015, the Office of the State Comptroller issued the above referenced audit report. As required by Section 170 of the Executive Law, I am providing you with the attached response which addresses the recommendations contained in the report.

A copy of the final audit is attached for your convenience.

Sincerely,

A handwritten signature in black ink, appearing to read "T.F. Prendergast", with a horizontal line extending to the left and a flourish at the end.

Thomas F. Prendergast  
Chairman and Chief Executive Officer

c: Donna M. Evans, MTA Chief of Staff

Attachments

*The agencies of the MTA*

MTA New York City Transit  
MTA Long Island Rail Road

MTA Metro-North Railroad  
MTA Bridges and Tunnels

MTA Capital Construction  
MTA Bus Company

**METROPOLITAN TRANSPORTATION AUTHORITY**  
**STATUS OF ACTIONS IN RESPONSE TO OFFICE OF THE STATE**  
**COMPTROLLER'S OFFICE AUDIT REPORT:**  
**TRAVEL AND ENTERTAINMENT EXPENSES**  
**(Report No. 2013-S-47)**

As required by Section 170 of the Executive Law, this memorandum describes the action taken by the Metropolitan Transportation Authority ("MTA") in response to the above referenced audit report. The following specific responses describe the steps taken by the MTA to implement the recommendations of the subject audit report:

**Lodging Rates and Costs**

Recommendation 1:

*Revise the All-Agency Travel Policy Directive to require MTA's travel agent and MTA employees to request the GSA or DOS-established lodging rate and, when unsuccessful in obtaining those rates, to document those efforts.*

We agree with the intent of the recommendation. As stated in our response to the Draft Report, the GSA per diem lodging rate is the maximum that a federal government agency will reimburse or pay its employees without additional authorizations. This rate is not binding upon hotels or other lodging establishments. In fact, many hotels have government discount rates that differ from the GSA lodging rate cited in the report. Other hotels limit the GSA rate to Federal Employees. Further our review of the transactions cited in the report indicates that many of the lodging costs in question were associated with attendance at MTA-approved conferences or meetings which were being held at or near the facilities where the MTA employees were staying. MTA Policy states that the employees attending conferences or meetings can make lodging reservations at the location hosting the event if they are unable to book alternative lodging that is cost effective (after taking into account the cost of travel to alternative lodging and other factors). The MTA recognizes the numerous factors affecting the decision of what is a reasonable lodging cost, including transportation costs, time value of our employees as well as lost opportunities.

Recommendation 2:

*Advise supervisors who approve employee travel to verify that lodging rates are consistent with GSA and DOS rate limits. Also, advise such supervisors to ensure that unsuccessful efforts to obtain GSA and DOS rates are adequately documented.*

We agree with the intent of the recommendation and the MTA is committed to having cost-effective controls in place. As stated in our response to the Draft Report, the MTA's travel approval process already requires numerous approvals. Requiring these approvers to verify lodging rates would be an onerous control to mitigate a compliance risk that does not currently exist. Additionally, this would require additional staff time to monitor compliance with these new controls.

## **Documentation of Travel Justifications and Approvals**

### **Recommendation 3:**

*Establish controls to ensure that travelers obtain proper prior approvals and submit travel justifications and all supporting documentation, as required by the MTA travel policy.*

Partially Implemented. The MTA is currently developing an “e-learning” course for employees on its All-Agency Policy on travel and employee business expenses, which is expected to be launched in July 2015. In addition, employees will be required to complete annual policy certifications to confirm that they have read and will comply with the MTA’s All-Agency Policy on travel and business expenses. Also, with respect to controls over approval, justifications and documentation, MTA Business Service Center Accounts Payable staff review each submitted Expense Report for evidence of approvals and to determine whether underlying supporting documentation has been submitted with the report. This review is part of the established control process in place. Accounts Payable staff were also retrained based on the exceptions noted in the audit.

## **Use of Corporate Travel Cards**

### **Recommendation 4:**

*Ensure that all the supporting documentation required to process payments for credit card charges are maintained by the Business Service Center. Require the Business Service Center to reconcile the travel expense reports to the credit card statements.*

Implemented. Effective March 2015, the MTA’s All-Agency Travel and Business Expense Policy was revised to establish procedures for the use of the MTA corporate credit card. The Policy requires employees using the corporate credit card to submit an expense report detailing all expenses including all credit card charges. Repeated delays in the submission of expense reports will result in revocation of an employee’s corporate credit card privileges. In addition, the MTA Business Service Center has implemented a monthly reconciliation of credit card expenses to travel expense reports.

## **Use of Procurement Cards**

### **Recommendation 5:**

*Establish controls to ensure proper review of procurement card transactions and prior approval, as required by the MTA policy and procedures.*

Implemented. The MTA Comptroller’s Office has a system of controls in place relative to the approval and review of procurement credit card transactions. Such controls include established dollar limits and Merchant Category Code (MCC) blocks.

### **Recommendation 6:**

*Ensure that procurement card MCC blocks are restored timely after temporary suspensions for emergencies or other unusual circumstances have passed.*

Implemented. The MTA Comptroller reminded the Procurement Card Project Manager about the need to restore MCC blocks on a timely basis, and management will continue to monitor to ensure that blocks are restored timely as part of its established system of internal controls.

#### **Use of Chairman's Fund**

##### Recommendation 7:

*Deposit FSA forfeiture funds in MTA's operating accounts.*

Implemented. Unused Flexible Spending Account contributions are now being deposited into MTA operating fund accounts. In addition, effective in 2015, a separate budget line has been established to fund MTA employee-related activities and therefore the Chairman's Fund will not be needed fund such activities going forward.

##### Recommendation 8:

*Ensure that sales tax-exempt certificates are used for official MTA business purposes only.*

Implemented. Management will continue to monitor usage of sales tax-exempt certificates as part of its established system of internal controls. In addition, as previously noted, the MTA is currently developing an "e-learning" course for employees on its travel and employee business expense Policy, which is expected to be launched in July 2015, which will reinforce MTA policies and procedures.