

THOMAS P. DINAPOLI
COMPTROLLER



110 STATE STREET
ALBANY, NEW YORK 12236

STATE OF NEW YORK
OFFICE OF THE STATE COMPTROLLER

March 7, 2019

Mr. Fernando Ferrer
Acting Chairman
Metropolitan Transportation Authority
2 Broadway
New York, NY 10004

Re: Practices Used by the Transit
Adjudication Bureau to Collect and
Account for Fines and Fees
Report 2018-F-20

Dear Mr. Ferrer:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Section 2803 of the Public Authorities Law, we have followed up on the actions taken by officials of the Metropolitan Transportation Authority to implement the recommendations contained in our audit report, *Practices Used by the Transit Adjudication Bureau to Collect and Account for Fines and Fees* (Report 2015-S-33).

Background, Scope, and Objective

The Transit Adjudication Bureau (TAB) is an administrative tribunal established by State legislation in July 1985 to provide a forum for processing and adjudicating summonses for violations of New York City Transit (Transit) Rules of Conduct (Rules) governing the public in the use of the transit system. TAB offers a respondent the opportunity to receive a prompt, fair, and impartial hearing, should he/she decide to contest a Notice of Violation (NOV or summons). TAB also handles the actual processing of the NOV's, including: scanning images and data entry of the information; processing of payments; and the legal pursuit of individuals who do not pay their fines.

Summonses are issued by New York City Police Department (NYPD) Officers and/or Transit Inspectors (aka Eagle Team), who enforce Transit's Rules adopted by the MTA Board. Rule violations can include fare evasion, smoking, or interference with the movement of a transit vehicle. Fines range from \$25, for actions such as posting a sign and carrying an open container of liquid, to \$100, for actions such as vandalism, obstruction of traffic, and carrying a weapon. Fees and interest are added if the summons is not satisfied in a timely manner.

Transit contracted with a vendor to staff and operate TAB. This includes administrative functions, data entry and quality control, adjudication support, payments processing, information services, telephone collections, and judgment enforcement. According to the contract, the work is classified by the following categories: Inquiry, Collection, Enforcement, Payment, Hearing, and Administration. The contractor has approximately 40 employees. In addition, there are four Transit employees who oversee the contractor's work. The current contract is for five years, starting March 1, 2016 and expiring February 28, 2021. It was awarded to Republic Parking Systems for \$13.2 million. As of December 31, 2017, the vendor was paid \$4.5 million.

Respondents (recipients of the summonses) are afforded various opportunities and methods to pay the fines. TAB partnered with another vendor to accept fine payments over the internet, by phone, and at local MoneyGram locations. Payments can be made in person at TAB's headquarters by check, cash, money order, or credit card. They can also be mailed.

For the period September 1, 2016 through August 31, 2018, TAB reported processing 288,076 new summonses. The total fines and fees amounted to \$36.8 million, of which almost \$14 million was reported as collected. According to TAB officials, there were approximately 137,027 summonses with outstanding fines of \$13 million and fees totaling \$8.5 million as of August 31, 2018.

We issued our initial report on August 11, 2016. The objective of our follow-up review was to assess the extent of implementation, as of January 23, 2019, of the 11 recommendations included in the initial report.

Summary Conclusions and Status of Audit Recommendations

We found that the MTA made progress in implementing the recommendations contained in our prior report. Of the 11 prior audit recommendations, 7 were implemented, 3 were partially implemented and 1 was not implemented.

Follow-Up Observations

Recommendation 1

Ensure that a sufficient number of staff resources are assigned to: making calls on the call campaign list; collecting collection rate data; and establishing priorities for campaign list calling based on call rate statistics.

Status - Partially Implemented

Agency Action - In their response, TAB officials claimed that their new contract has bolstered staffing levels for collection activities. They also claimed that the Transit Adjudication Bureau Information System (TABIS) will generate on-demand reports that will be useful for measuring and managing collection activities. Finally, they claimed that they will use robo-calling and implement a predictive dialing feature to increase the number of calls.

We found that TAB has the staff resources to make calls from the calling campaign list and that they have collection rate data. However, they have not established priorities for campaign list calling based on call rate statistics. We also found that TAB implemented robo-calling but not the predictive dialing feature.

Recommendation 2

Establish performance metrics related to the number of calls expected to be made each week.

Status - Implemented

Agency Action - In their 90-day response, TAB officials claimed they continue to monitor the performance metrics of the collection staff and will work with the new vendor to improve performance. We found that TAB officials established performance standards for the number of calls expected to be made for each week.

Recommendation 3

Formally consider for inclusion in the new contract: specific performance metrics related to items such as the number of calls required during a period of time; incentives for performance that exceeds the expected level of performance; fines penalties and/or credit offers for performance below the expected level of performance; and reports on the collection results from each type of activity to identify those activities with the highest returns.

Status - Implemented

Agency Action - In their 90-day response, TAB officials claimed that the current contract allows for the accumulation of improved data reports on collection activities as part of an enhancement to the Phase II implementation of the TABIS system. However, TABIS Phase II was not in effect before the release of our final audit report, and negotiations had already concluded for the current contract. TAB officials stated that the performance metrics will be formally reviewed for inclusion in the next contract.

Recommendation 4

Coordinate with representatives from the NYPD and the Eagle Team to improve the quality of the identifying information detailed in the summons.

Status - Implemented

Agency Action - In their 90-day response, TAB officials claimed that the Phase II release of the TABIS system will have the ability to generate a "Quality of Summons" report. The newly generated report would be used to provide feedback to law enforcement about the percentages of summons with incomplete essential data. We found that TAB officials have taken action to implement the Quality of Summons report as well as other actions

to improve the quality of information in the summons. TAB officials stated that they met with law enforcement, their IT developers, and Transit's Eagle Team Inspectors to discuss the quality of summonses issued. TAB officials also provided a work order to IT developers for implementation of the changes in the system. Additionally, a training course was held that referenced the findings related to quality in our prior audit work.

Recommendation 5

Ensure all NOVs that are not paid within nine months of issuance are referred to the collection agency in a timely manner.

Status - Partially Implemented

Agency Action - In their 90-day response, TAB officials claimed that our finding was not supported, but they will continue to refer cases in a timely manner. We found that TAB officials sent the NOVs to the collection agency monthly, instead of weekly, as stated in the Collection Manual. TAB provided a file of 165,123 violation records. Using a 270-day requirement from the judgment date to the date sent to collection, all 165,123 records were submitted late, ranging from 12 to 29 days late. The average was 16 days late.

Recommendation 6

Formally explore and assess other methods of collecting fines and fees, such as:

- *Selling the accounts receivable;*
- *Running an amnesty program;*
- *Hiring seasonal employees to do research of addresses via the DMV database to improve collection;*
- *Providing an incentive clause in the contract with the third party vendor based on amount of fines and fees collected; and*
- *Working with DMV to expand its regulation that prevents respondents with outstanding fines and fees from registering their vehicles.*

Status - Partially Implemented

Agency Action - In their 90-day response, TAB officials claimed they commenced examining the legality and feasibility of these recommendations and will work towards implementing methods that are legal, feasible, and would achieve the most cost-beneficial results. Our review revealed that TAB officials formally explored the selling of accounts receivable and working with DMV to expand its regulation. However, they did not formally explore running an amnesty program or hiring seasonal employees. TAB also did not assess other methods of collecting fines and fees.

Recommendation 7

Match summonses by name or other identifying information to identify persons with multiple summonses. Focus on collection efforts on such violators.

Status - Not Implemented

Agency Action - In their 90-day response, TAB officials said that they acknowledge the value of identifying respondents who have multiple summonses and are evaluating the best way to include this aspect in their overall collection efforts. We found no evidence that TAB officials took action to match summonses as recommended. We reviewed the files TAB provided and identified 12 respondents with multiple summonses, ranging from 4 to 14, with a total amount owed of \$35,142. The amount owed per respondent ranged from \$642 to \$2,188.

Recommendation 8

Improve monitoring to ensure payments are deposited to the correct bank account.

Status - Implemented

Agency Action - In their 90-day response, TAB officials claimed that they will continue their practice of reviewing and reconciling the bank statements daily to ensure that deposits are deposited to the correct bank account. Our review found that TAB officials reconcile the Crime Fund account bank deposits daily. In addition, the MTA Treasury Department conducts a monthly bank reconciliation of the Crime Fund bank account.

Recommendation 9

Contact the MTA Treasury Department in a timely and effective manner to reverse errors.

Status - Implemented

Agency Action - In their response, TAB officials claimed that they will continue to timely notify and follow up with the MTA Treasury Department in the event that there is an incorrect account deposit. TAB officials provided documentation that they notified the MTA Treasury Department about deposit errors and requested corrective action.

Recommendation 10

Ensure that the appropriate amount is credited to the correct NOV for the dummy accounts used when payment is received.

Status - Implemented

Agency Action - In their 90-day response, TAB officials claimed that they will continue their practice of applying the funds from the dummy account number to the correct NOV number. Our observation of the clearance of dummy accounts in TABIS revealed that TAB officials are making efforts to ensure that they are accurately crediting the correct NOV for the dummy accounts that are subsequently identified using other sources.

Recommendation 11

Review the Crime Fund account on a regular basis to determine if amounts being held are reasonable, document the decision, and ensure that excess monies are forwarded to MTA Treasury in a timely manner.

Status - Implemented

Agency Action - In their response, TAB officials claimed that they have instructed the MTA Treasury Department to transfer any money in excess of \$5,000 from the Crime Fund account to the MTA Investment account on a daily basis. We found that TAB officials review daily cash collections and that the MTA Treasury Department reviews monthly bank reconciliations. We also found that excess monies were forwarded to the MTA Treasury Department in a timely manner.

Major contributors to this report were Robert C. Mehrhoff and Orin T. Ninvalle.

We would appreciate your response to this report within 30 days, indicating any actions planned to address the unresolved issues discussed in this report. We also thank the management and staff of the MTA for the courtesies and cooperation extended to our auditors during this process.

Very truly yours,

Carmen Maldonado
Audit Director

cc: M. Fucilli, MTA, AG
D. Jurgens, MTA, Audit Director
Division of the Budget