



Metropolitan Transportation Authority

State of New York

December 20, 2023

Hon. Kathy Hochul
Governor
The Capitol
Albany, NY 12224

Hon. Thomas P. DiNapoli
Comptroller
State of New York
59 Maiden Lane, 31st Floor
New York, NY 10038

RE: Response to Final Report #2020-S-29 -- Non-Revenue Service Vehicles and On-Rail Equipment

Dear Governor Hochul and Comptroller DiNapoli:

On May 3, 2023, 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 report is attached for your convenience.

Sincerely,

A handwritten signature in blue ink that reads "Janno Lieber".

Janno Lieber

c: Laura Wiles, MTA Chief of Staff
Michele Woods, Auditor General, MTA Audit Services



Long Island Rail Road

December 15, 2023

Mr. Janno Lieber
Chair and Chief Executive Officer
Metropolitan Transportation Authority
2 Broadway
New York, NY 10004

**RE: Non-Revenue Service Vehicles and On-Rail Equipment
Report No. 2020-S-29**

Dear Chair Lieber,

As required by Section 170 of the Executive Law, below is the status addressing the recommendations contained in the above-referenced report. The report contained 13 recommendations. LIRR's position as reported in our 30-day response dated March 31, 2023 to the Office of the Comptroller's Final Draft report remains unchanged. The focus of the audit was to determine if LIRR maintains an asset inventory, performs preventive maintenance, and maintains an accurate inventory of parts required to repair the on-rail equipment.

Recommendation #1

- Verify that all required documents, such as vehicle title, are included in the hard-copy folder and ensure that documentation is periodically confirmed.

LIRR Original Response:

Agree. LIRR Engineering's Vehicle Fleet Office (VFO) has added a checklist to each file identifying which documents are required and have been placed in the folder. The checklist includes a signature line for a manager and each folder will not be filed until it is complete, including manager verification and sign-off.

Implementation Status Update:

Implemented as of report distribution.

Recommendation #2

- Establish a formal process for vehicle exemption from scheduled PM that includes documented rationale for exemption formal notification of the department head and executive management.

LIRR Original Response:

Agree. VFO will provide quarterly reporting to applicable department heads detailing the status of their respective highway fleet's PM schedules. VFO will consider issuing an annual reminder to departments, either directly from VFO, or via a Chief's Notice from the Chief Engineer, reminding departments of their responsibility for ensuring their highway fleet receive the required Preventative Maintenance (PM). VFO will work with departments to assess the feasibility of having the departments document the reasons why PMs are not completed according to schedule (e.g., internal supervisory reviews).

Implementation Status Update:

Implemented and Ongoing. Reports are currently being provided to departmental supervision/management outlining their scheduled PMs for their vehicles. Additionally, a Chief Engineer's notice will be distributed in 1st Quarter of 2024 reminding employees of the requirement to ensure their highway fleet receive the required PMs timely. Finally, departments have begun providing updates as to why PMs are late or incomplete. Reasons have included scheduling due to ongoing Capital and SOGR projects and maintenance during the production season.

Recommendation #3

- Ensure that records are backed up in case the maintenance contract vendor's system is compromised.

LIRR Original Response:

Disagree. VFO will continue to maintain hard copies of documents associated with maintaining non-revenue vehicles. However, in compliance with its contractual obligation, the vendor, ARI, is required to have a disaster back-up plan to restore information in the event of any loss of data. To that end, ARI has in place Business Continuity and Disaster Recovery protocols and procedures if their system is compromised. The Disaster Avoidance & Redundancy section includes Data Center Facility Protection, Application \Infrastructure Redundancy and Data Protection. If it is determined that further protections are required, LIRR can request a regular back-up data file from ARI.

Implementation Status Update:

While LIRR disagrees with the recommendation, VFO reached out to the vendor to who advised that Disaster Recovery exercises to restore critical applications and business processes are performed on an annual basis. Vendor further advised that continuity plans are updated annually and validated via a combination of mock and formal exercises at secondary locations. Copies of backup files as validation of disaster recovery testing were further provided by the vendor.

Recommendation #4

- Revisit the ENG-006 Passenger and Work Vehicle Replacement and Additional Request Procedure to ensure a complete cost-benefit analysis occurs on a timely basis.

LIRR Original Response:

Agree. The VFO and Office of Management & Budgets have begun discussions to revisit the process and update ENG-006.

Implementation Status Update:

Ongoing. ENG-006 will be updated, as needed by the end of the 4th Quarter of 2024. A determination is still being made as to whose responsibility it will be to perform the cost-benefit analysis for additions of fleet and leases.

Recommendation #5

- Develop and implement a procedure for visiting shops based on the nature of the repair, which at a minimum requires reporting on the vehicles examined and the expectation for their return to service and document the visit.

LIRR Original Response:

Agree. VFO will work with MTA-Information Technology to update the INFOR Inventory Management System to include an on-line form for documenting shop visits. This will assist in the documentation of field shop visits that are currently being performed and avoid the time-consuming process of filing out hard copies.

Implementation Status Update:

Implemented. INFOR has been updated for documenting shop visits. There are fields within the workorders that have been added to document who performed the site visit as well as details related to the site visit.

Recommendation #6

- Ensure that the EAM system under development contains sufficient data to maintain both Track's inventory and maintenance history of on-rail equipment.

LIRR Original Response:

Agree. LIRR Engineering – Track uses Infor's Enterprise Asset Management system (EAM) to manage assets and track asset activity and history (i.e., LIRR equipment) by monitoring various elements related to the equipment (e.g., location, warranties, repairs via trouble tickets and work orders, etc.). Engineering is in the process of recording applicable assets in EAM - an ongoing process as assets are purchased. To date, 50 out of the 243 pieces of equipment maintained by Track have already been entered into Infor.

Track continues to work with other Engineering personnel to enter the remainder. Additionally, Track officials are currently investigating utilizing the work order function in EAM to assist the Repair Shop in tracking the maintenance on non-revenue equipment.

Implementation Status Update:

Ongoing. Assets are still in the process of being recorded in EAM. To date, 150 pieces have been added. Additionally, Track continues to work with EAM to enhance the work order functionality to assist the Repair Shop in tracking the maintenance of non-revenue equipment.

Recommendation #7

- Perform internal periodic reconciliation of Track equipment inventory between the Track Excel listing and the Shop Database.

LIRR Original Response:

Agree. Engineering - Track Operations will periodically reconcile Track equipment inventory between the Track Excel listing and the Shop database.

Implementation Status Update:

Ongoing. Inventory list has been updated and completed as of the end of the 3rd Quarter of 2023. The reconciliation is in-progress with an estimated completion by the end of the 1st Quarter of 2024.

Recommendation #8

- Ensure that LIRR Corporate Policy and Procedure PL-025 is followed, including all required reconciliations.

LIRR Original Response:

Agree. The documentation referenced in PL-025 pertains to Property Tags provided by LIRR Procurement - Stores. LIRR Engineering issued a Chief's Notice re-instructing its Personal Property Custodians that, as per PL-025, Property Tags should be maintained for as long as the department owns the property and to perform reconciliations as required by the policy. Additionally, Engineering is exploring a sturdier, more permanent tag replacement solution for property stored along the Right-of-Way for which exposure to outside elements can cause current paper tags to deteriorate. In the interim, Engineering's Excel equipment inventory listing is available to retrieve tag numbers as needed.

Implementation Status Update:

Implemented as of report distribution.

Recommendation #9

- Revisit the retention policy for ownership documents to ensure that records are retained until the property is disposed.

LIRR Original Response:

Agree. LIRR Engineering will follow up with Procurement and the BSC to ensure ownership documents are stored and maintained as required.

Implementation Status Update:

Ongoing. The department is in the process of working with EAM in determining the feasibility of utilizing an application to support this recommendation. Additionally, availability of digital copies of ownership documents are also being requested, as needed.

Recommendation #10

- Establish a PM process that documents when maintenance is done or the reasons it was not done.

LIRR Original Response:

Agree. Track has a PM process in place where equipment is maintained as per the Manufacturer's and American Railway engineering and Maintenance-of-Way Association (AREMA) specifications. In addition, heavily used equipment is cycled through the shop annually for complete PM.

In contrast, equipment not heavily used, that does not meet the prescribed thresholds within the Manufacturer's and AREMA specifications will not have, frequent PMs performed as they are not required.

Nevertheless, Track will evaluate to improve its current process, including re-instructing employees to ensure service tickets and daily reports are completed when PMs are performed as well as documenting when PMs are not necessary for applicable equipment. In addition, Track will research the sampled 30 pieces of equipment noted in the preliminary report as missing manuals/ service tickets and provide relevant information to the auditors.

In the interim, Track has entered its equipment in, and is in the development stages of working with LIRR EAM to utilize an application called Hexagon. The application will be used to track and maintain PM's, including but not limited to entering service tickets, running reports that show much time is spent on maintaining equipment, which equipment requires the most maintenance, providing monthly maintenance schedules and developing future needs.

Implementation Status Update:

Ongoing. The department is in the process of working with EAM to make enhancements and improvements to an existing application to better identify maintenance requirements and document winter servicing. The system is being improved to expand on workorder capabilities as well as to outline and track PM schedules, corrective maintenance, and

machine failures. As a note, all workorders from 2022 to date are now housed in this application.

Recommendation #11

- Ensure that the Daily Reports are completed, and distribution procedures are followed.

LIRR Original Response:

Agree. Engineering Management and Supervision will re-enforce the completion and return of daily reports to Track for its files during daily job briefings.

Implementation Status Update:

Implemented. As of the end of the 3rd Quarter of 2023, applicable personnel were re-instructed as to the importance of properly tracking and submitting Daily Reports of work performed by mechanics to ensure required maintenance is performed and properly tracked for all required equipment.

Recommendation #12

- Develop and implement formal procedures for removing and returning parts from the MofW warehouse at HSF. Monitor compliance with the procedures.

LIRR Original Response:

Agree. Engineering Management has drafted a Materials Management Standard Operating Procedure (SOP) for charging out parts from the Track Shop including the completion of Charge Out sheets. The final SOP will be posted in the area where parts are charged out as a reminder to employees of the process and procedure. Additionally, parts that are charged out are inserted in and become part of the equipment during repairs and are very rarely returned to inventory if at all. Nevertheless, LIRR will ensure the SOP accounts for instances when previously charged out items need to be returned.

Implementation Status Update:

Ongoing. The SOP is in the process of being finalized and approved and will be posted in the Repair Shop by the end of the 4th Quarter of 2023. As inventory is charged out, a form will be completed and submitted, and an Access database will be updated to reflect proper inventory. If the item is not used, it will be re-submitted into the database as a reclaim.

Recommendation #13

- Enforce the BSC policy for submitting purchase order invoices for operating-funded expenditures.

LIRR Original Response:

Disagree. Original invoices are sent to the BSC for entry into PeopleSoft. MofW receives a duplicate set of originals for their review and is not circumventing the BSC's process. After his/her review the MofW Material Staff Manger does not forward the invoices or receipts to the BSC. The individual who ordered the item ensure they received what they ordered via shipping/packing documents and inspection. They then acknowledge as such by receipting for the item in PeopleSoft through which the invoices are paid via a system-controlled three match (Purchase Order, Invoice, Receipting). Additional controls and management oversight occur in PeopleSoft during the requisition and purchase order process (including LIRR Procurement & Logistics and Office of Management & Budget based on pre-determined thresholds). There is no breakdown of internal controls.

Implementation Status Update:

LIRR follows and will continue to enforce the BSC policy for submitting purchase order invoices. LIRR's original response describes the process followed for submitting purchase order invoices. Original invoices are sent from the vendor(s) directly to the BSC for entry into PeopleSoft. MofW receives a duplicate set of the invoices for information and review. As part of the PeopleSoft invoice approval/receipting process, the individual who ordered the item ensures they received what was ordered via shipping/packing documents and inspection. They then acknowledge as such by receipting for the item in PeopleSoft through which the invoices are paid via a system-controlled three-way match (Purchase Order, Receipting, Invoice). MofW periodically runs reports to identify unpaid invoices. If an unpaid invoice results from a three-way match failure, due to an incorrect invoice, the department contacts the vendor for resolution. The vendor would then have to resubmit a corrected invoice to the BSC with a duplicate to the department. Invoices are not paid until there is a three-way match.

Sincerely,



Robert Free

Acting LIRR President

cc: Paul Dietlin - LIRR
Ed McGoldrick - LIRR
Sako Chandra - LIRR
Justin Serina - LIRR
Christopher Schalik - LIRR
Joel Traugot - MTA
Paige Graves - MTA
Haley Stein - MTA
Johanna Rosado - MTA
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