

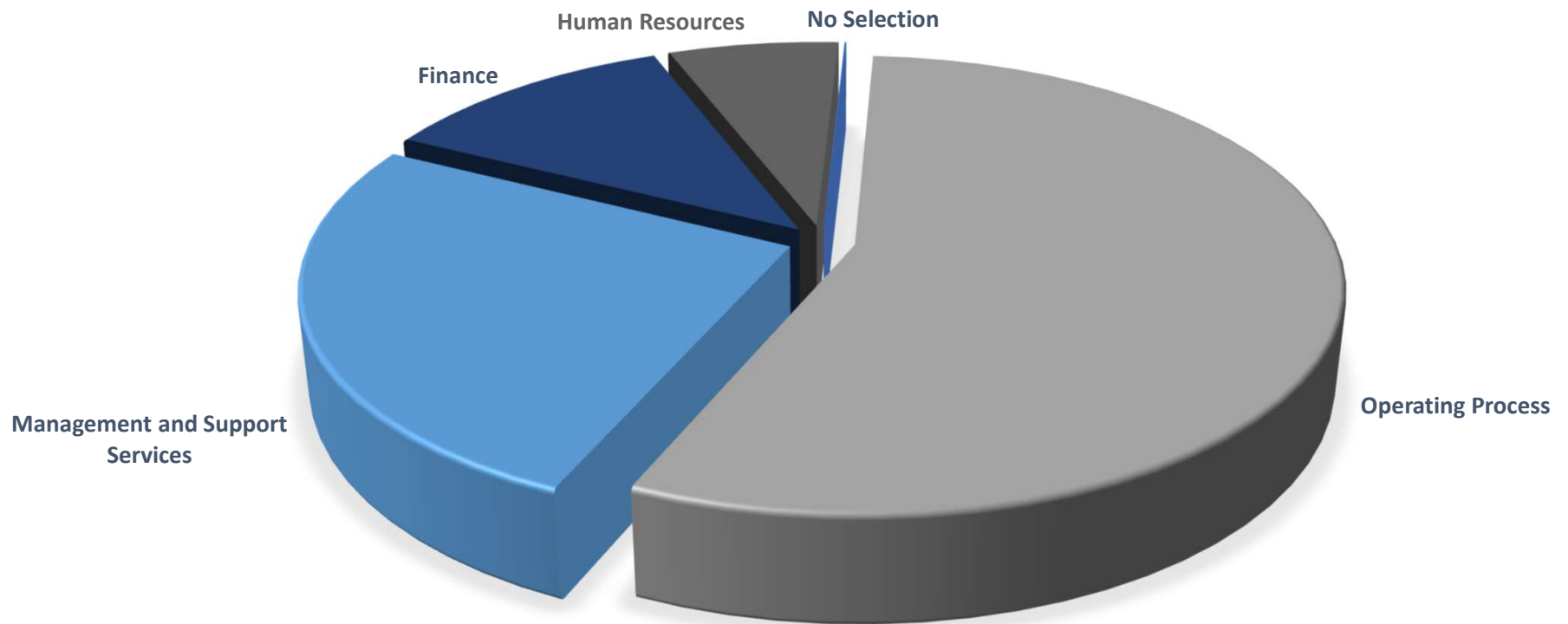
## **Audit Committee ERM Presentation**

# MTA CORPORATE COMPLIANCE

## Enterprise Risk Management Status Report

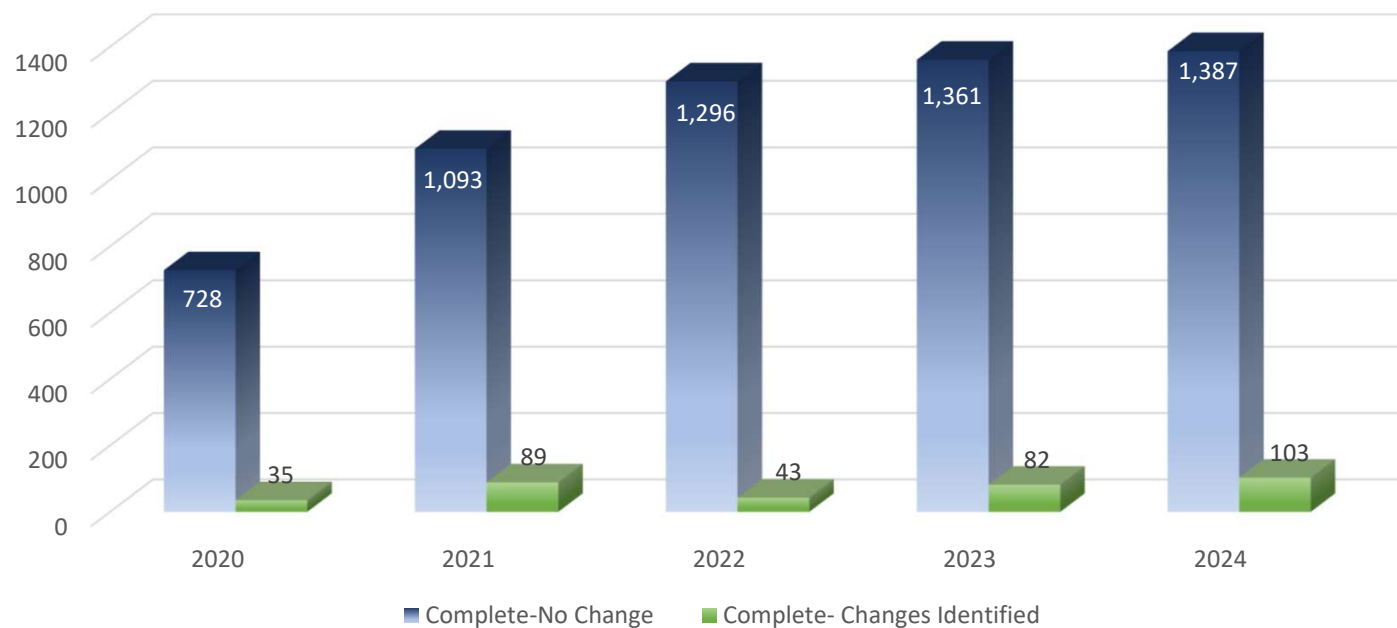
Report to the Audit Committee  
January 2025

# ERM: Business Processes by Type



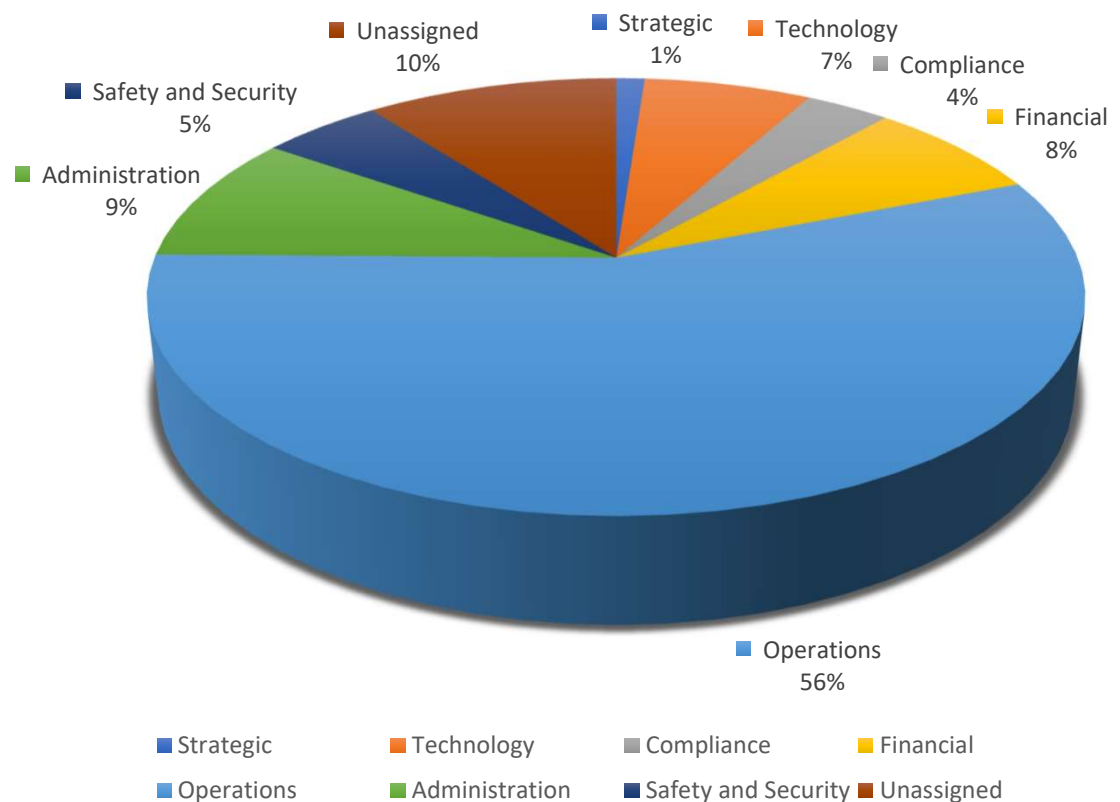
# ERM: Risk Assessments

In 2024 we conducted  
1,387 Risk Assessments



# Control Self Assessments by Risk Hierarchy

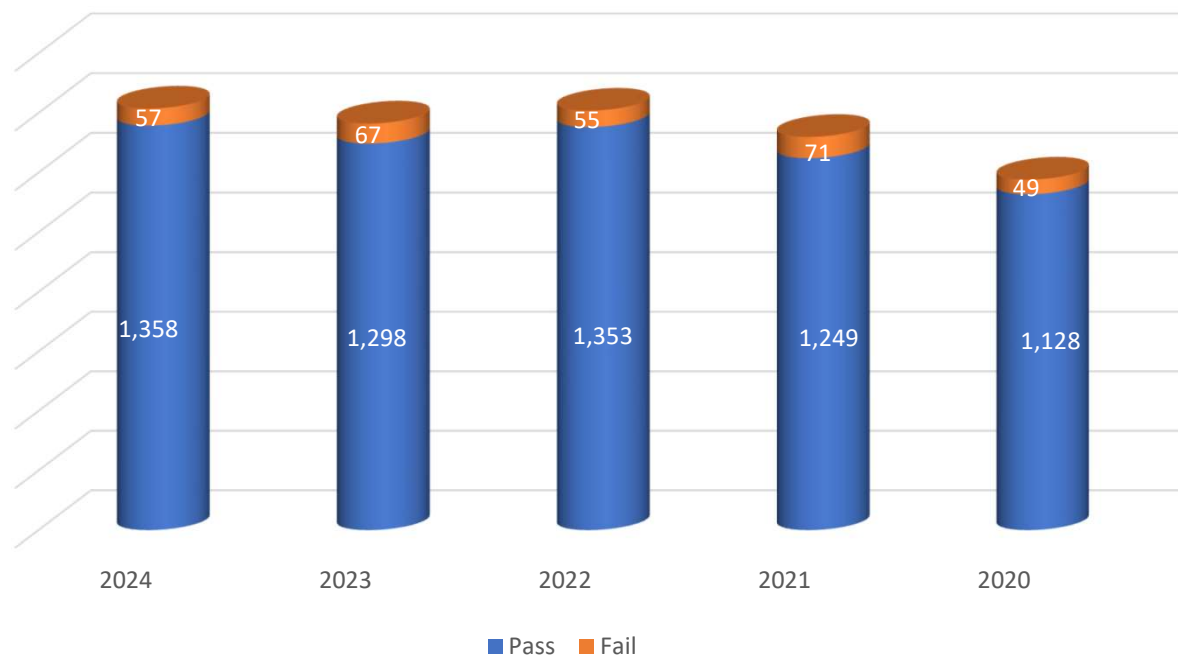
In 2024, completed 1,415 Control Self Assessments.



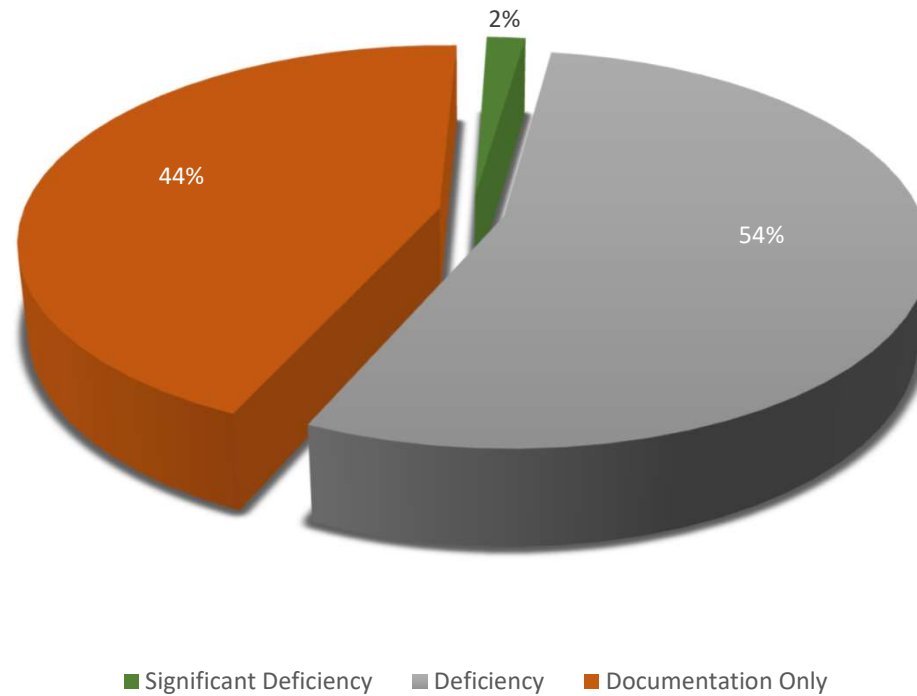
# Control Self Assessments

Of the 1,415 Control Self Assessments:

1,358 passed  
57 failed



# Deficiencies by Significance



As of this report 57 deficiencies by significance for 2024

# **MTA AUDIT SERVICES**

**2024 Year End Status**

**and**

**2025 Proposed Audit Plan**

**January 27, 2025**



# 2024 Audit Plan Status

## Financial/Operational/Technology

- Projects Completed 79
- Findings with Recommendations 167
- Savings/Cost Efficiencies \$33.5M

## Contracts

- Projects Completed 429
- Pre-Award 7
- Overhead Reviews 259
- Contract Close-outs 157
- Claims 4
- \$ Audited \$225.4M
- Questioned Costs \$11.1M

# 2024 – Significant Audits

## Financial/Operational/Technology

	Cost Savings/ <u>Avoidance</u>
• Transit Authority (TA) Receivables	\$ 7.8 M
• Farebox & OMNY Maintenance	\$ 6 M
• Operating Contract [ <i>Tire Maintenance Services for Buses</i> ]	\$ 2.4 M
• FELA Settlement Payments	\$ 1.3 M

## Contracts (Capital)

• Pre-Award Overhead Reviews (A/E Consultants)	\$ 0.7 M
• Interim & Final Cost Audits	\$ 7.1 M
• Cost Proposals (RFP's & AWO's)	\$ 0.3 M
• Impact Cost Claim Reviews	\$ 3.0 M

# 2024 – Sandy Audit Unit

## **Superstorm Sandy Audit Unit Recovery Oversight Audits (Since 2013)**

- Total Grant Expenditures \$4.4 Billion
- Costs Audited \$583 Million
- Projects/Recommendations 159/414
- Follow-up Audits Completed 13
- Total Cost Adjustments \$66.6 Million

# 2024 - 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 1,613 pension files from January 2024 through December 2024.

## QA Results

- |   |        |
|---|--------|
| • Errors with No Financial Impact                     | 141    |
| • Errors Identified with Financial Impact             | 56     |
| • Total cost impact over the expected life of retiree | \$794K |

# 2024 - 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 fares, 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.

## Revenue tests completed in 2024:

- |        |       |
|--------|-------|
| • LIRR | 4,441 |
| • MNR  | 3,904 |

# MTA Audit Services

## 2025 Audit Plan



# Audit Plan Formulation



# Factors Used For 2025 Audit Plan

**Financial Exposure**

**Nature of Operations**

**Control Activities**

**Previous Audit Results**

**Management Input**



- **Conducted 97 Interviews**
- **Received 153 Suggestions**



# 2025 Audit Areas

## Service Delivery

Customer Service/Contact Centers  
 Bus Depot Operations  
 Shop Overhaul Program  
 Signals Inspection & Maintenance  
 Bridge & Tunnel Operations  
 Facility Management  
 Workforce Planning  
 ReNew-Vation Program  
 SIR Operations & Maintenance  
 Track Operations & Maintenance  
 External Agreements  
 Power  
 MOW Equipment Maintenance

## Finance

Timekeeping/Overtime  
 Accounts Payable  
 Pensions  
 Treasury/Investments  
 Payroll  
 Finance Governance/Policies  
 Prompt Payments  
 Settlement Claims  
 Traffic Ticket Reimbursement  
 Union Time Reporting  
 Interagency Chargebacks  
 Force Accounts

## People

All-Agency Hiring  
 Pension  
 Compensation/Salary Adjustment  
 Employee Offboarding  
 Health Benefits  
 Telework Program  
 FMLA  
 Sick Leave/Employee Availability  
 Long-term Leave

## Technology

Application Reviews  
 Data Center  
 Network Reviews  
 PII Data Security  
 System Security  
 Data Retention

## Procurement

Operating Contract(s)  
 Property Acquisition  
 Cycle Counts  
 P-Card Review  
 Paratransit  
 Materials at Right of Way  
 Station Equipment Inventory  
 Procurement Processes [Post Transformation]

## Revenue

Subway Retail Leases  
 Real Estate Agreements  
 Ticket Vending Machine Maintenance  
 Railroads On-Board Revenue Program  
 Advertising Agreement  
 Bus Revenue Processing  
 Cost & Revenue Allocation  
 CVM Reconciliation/Maintenance

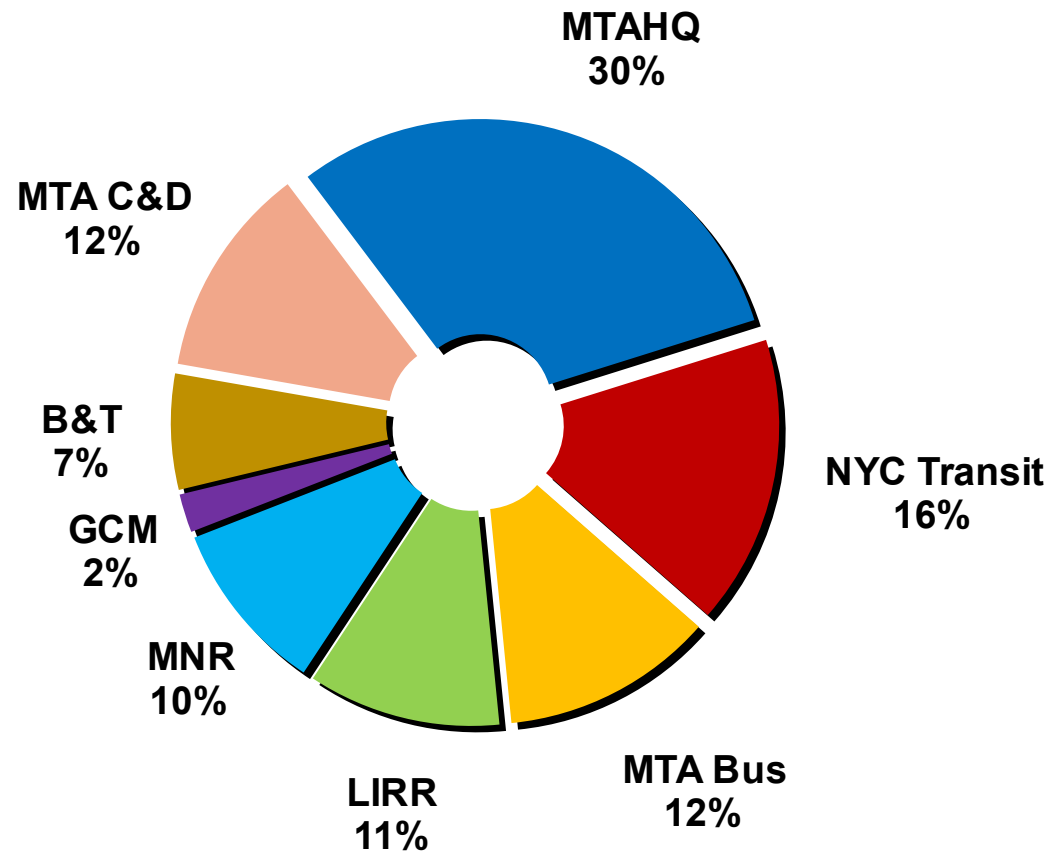
## Safety

Accident/Incident Reporting  
 Energy Management System  
 System Safety Program  
 Fare Evasion [Eagle Team]  
 Train Yard Security  
 FOIL Process for Videos  
 Communication Based Train Control  
 Roadway Deicer Contract

## Capital Program

Procurement Process [A + B]  
 Superstorm Sandy  
 Prevailing Wages  
 Contract Modifications  
 Local Hiring Program  
 Compliance w/ Federal Regs  
 Construction Safety  
 Third Party Contracts

# 2025 Agency Assurance Audit Allocation



**2025 Audit Plan**  
**94 Audits**

# 2025 Audit Strategy

- **Support MTA's Strategic Initiatives**
- **Review Efficiency & Effectiveness of Operations**
- **Support Agency-wide Cost Saving Initiatives**
- **Evaluate Project Management Controls over Operating Contract and Capital Projects.**
- **Coordinate Audit Activities with Internal and External Parties**

# Looking Ahead

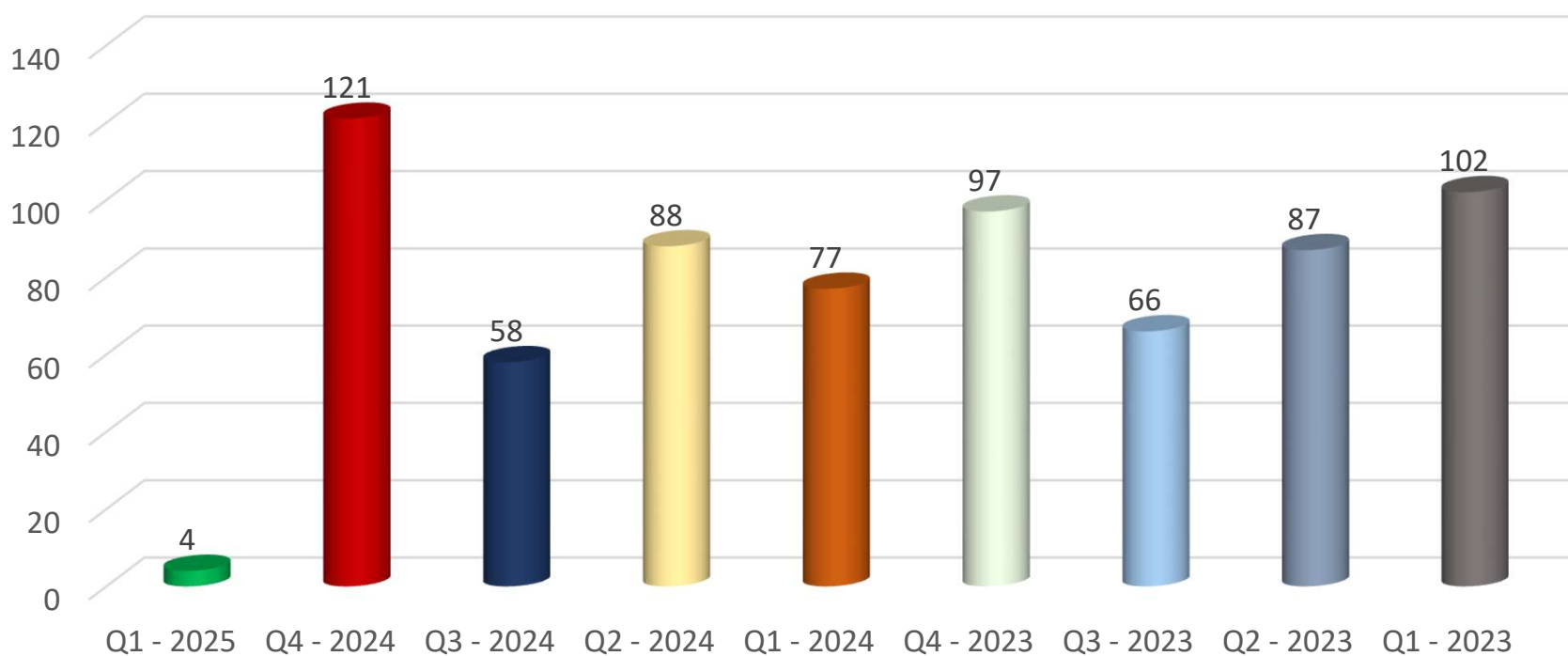
- Continue to coordinate audit activities with:
  - External Auditors
  - City/State Controller's Office
  - MTA Chief Compliance Office
  - MTA Inspector General Office
- Coordinate with the Office of Construction Oversight
- Work with Internal Control Staff to validate the implementation of recommendations and reduce the backlog of past due recommendations.

# MTA CORPORATE COMPLIANCE

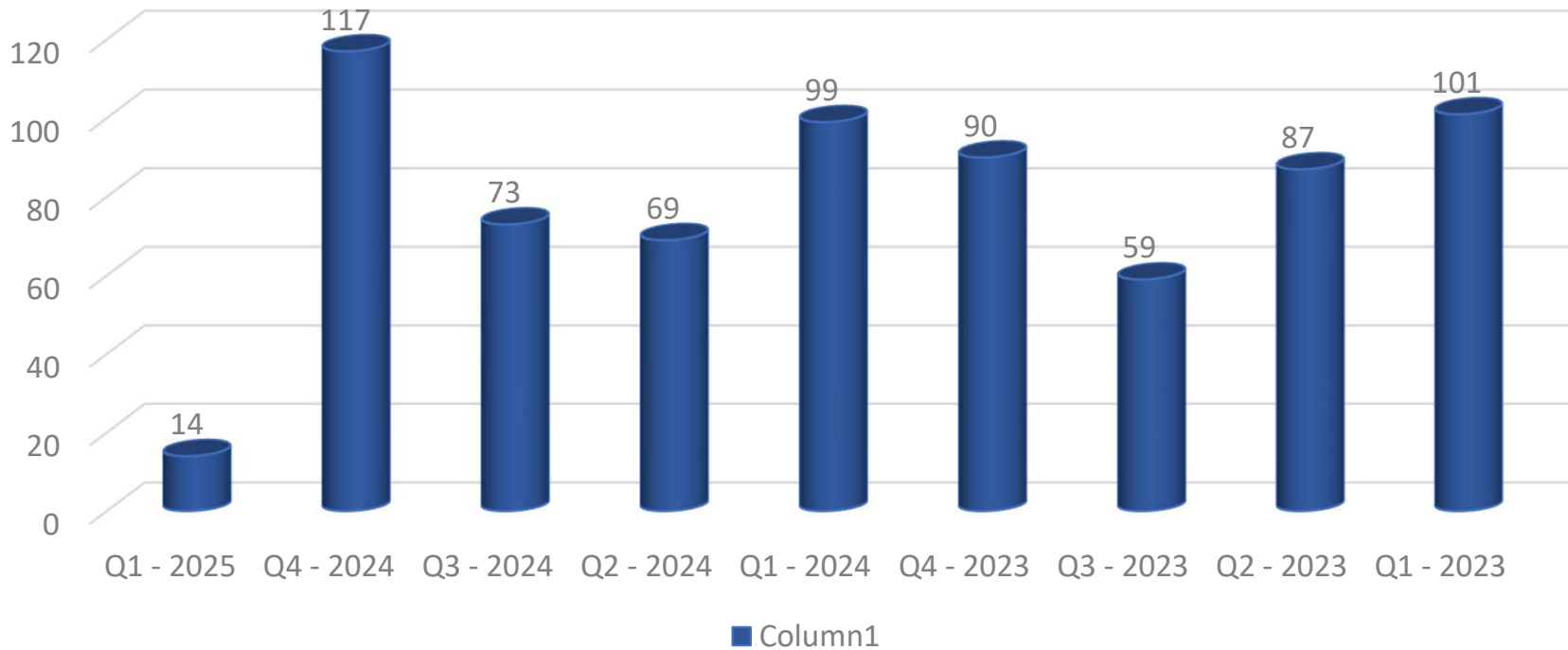
## Remediation Plans Monitoring Six Months Past Due

Report to the Audit Committee  
January 2025

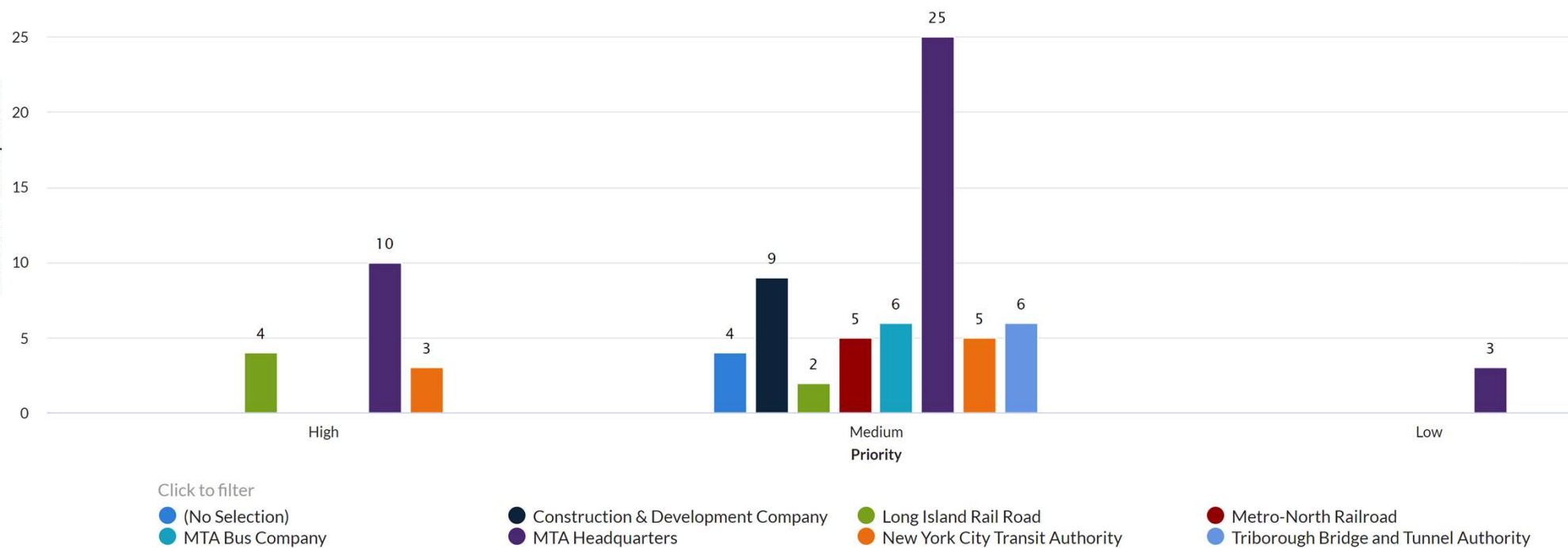
# Remediation Plans Creation By Quarter



# Remediation Plans Closure By Quarter



# Remediation Plans Implemented Awaiting Closure By Agency & Priority





# Remediation Plans Six Months Past Due by Agency & Priority

