

MTA AUDIT SERVICES

2020 Year End Status

and

2021 Proposed Audit Plan

January 21, 2021



2020 Audit Plan Status

Financial/Operational/Technology

Projects Completed	79
Findings with Recommendations	165
Savings/Cost Efficiencies	\$ 12.5 M

Contracts

Projects Completed	278
Pre-Award	16
Overhead Reviews	159
Contract Close-outs	96
Claims	2
\$ Audited	\$ 762.5 M
Questioned Costs	\$ 69.7 M



2020 – Sandy Audit Unit

Superstorm Sandy Audit Unit Recovery Oversight Audits (Since 2013)

Total Grant Expenditures	\$3.14 Billion
Costs Audited	\$521.2 Million
Projects/Recommendations	135/365
Follow-up Audits Completed	11
Total Cost Adjustments	\$62 Million



2020 - 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 1,470 pension files from January 2020 through December 2020.

QA Results

➤ Errors with No Financial Impact	143
➤ Errors Identified with Financial Impact	110
➤ Total cost impact over the expected life of retiree	\$4.1M



2020 - 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 fare 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.
- The program was put on hold from March 17, through June 30, 2020, due to the Covid-19 emergency; and resumed July 1st.

Revenue tests completed in 2020:

➤ LIRR	3,385
➤ MNR	3,296



MTA Audit Services

2021 Audit Plan



Audit Plan Formulation

Perform Company Analysis

Analyze strategies, financial indicators, and operational controls to identify the audit universe.

Develop Value Driver Analysis

Understand enterprise, business unit and functional strategies based on business risk factors and discussions with key management personnel.

Evaluate Enterprise Risk

Evaluate the enterprise risk using five main key indicators.

Prioritize Audits

Identify auditable activities / units, based on the results of the risk assessment.

Refine Audit Strategy

Using the IIA's risk assessment methodology formulate audit plan and obtain Audit Committee approval.

September

October

November

December

January

Factors Used For 2021 Audit Plan

Financial Exposure

Nature of Operations

Control Activities

Previous Audit Results

Management Input



- **Conducted 87 Interviews**
- **Received 151 Suggestions**

2021 Audit Areas

Service Delivery

Track Inspection & Maintenance
Car Equipment
Station Cleaning
Subway Car Cleaning
Elevated Structures
HVAC Inspection & Maintenance
Bus Depot Operations
Shop Overhaul Program
Car Maintenance
Bridge Inspection & Maintenance
Signal Equipment
Bridge & Tunnel Operations
Video Camera Inspection & Maint.

Revenue

COVID Grant Funding
OMNY
MVM Booth Reviews
TVM Ticket Offices
Open Road Tolling
Transit Wireless
MTA Revenue/Advertising Agreements
Railroads On-Board Revenue
Property Management

Finance

Timekeeping
Overtime
Accounts Payable
Pensions
Treasury/Investments
Audit Recommendations

Human Resources

Medical Eligibility
All-Agency Hiring
Telework Process
COVID Death Benefits
Employee Leave Program(s)
Employee Availability
Employee Tuition & Membership Dues

Safety

Handgun License Review
Fare Evasion
Homeless Outreach
High Risk Driver Program
LIRR Drug Testing
Accident/Incident Reporting
Energy Management System
B&T Hazardous Waste Mgmt.

Capital Program

Superstorm Sandy
EFA Charges
Prevailing Wages
Change Orders
Contract Management
Construction/Consultant Mgmt.
Third Party Contracts

Procurement

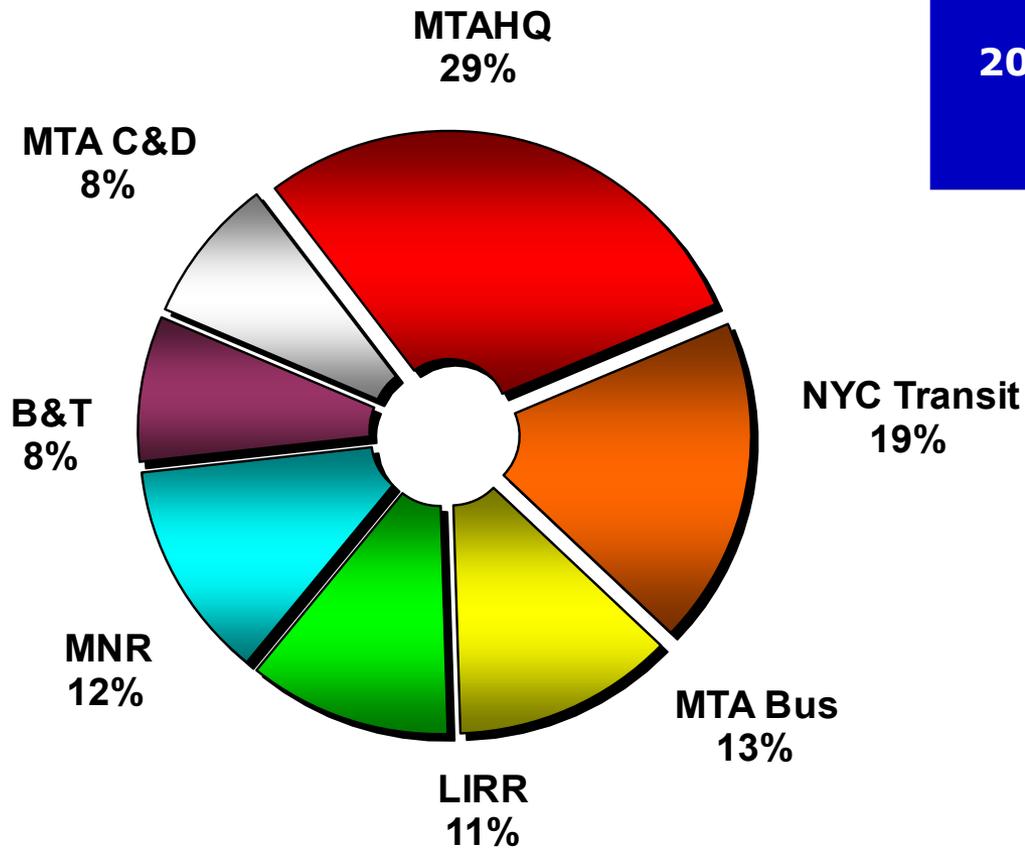
Operating Contracts
Professional Services Contract
Materials & Supplies Contract
Operating Contracts
Vendor Management
Gas Cards
Essential Connector

Technology

IT Asset Mgmt.
Business Continuity/D.R.
Network Security
Cybersecurity
Identity Mgmt.
Shadow IT Functions
Application Reviews
Cloud Services (Kronos)
Mobile Devices

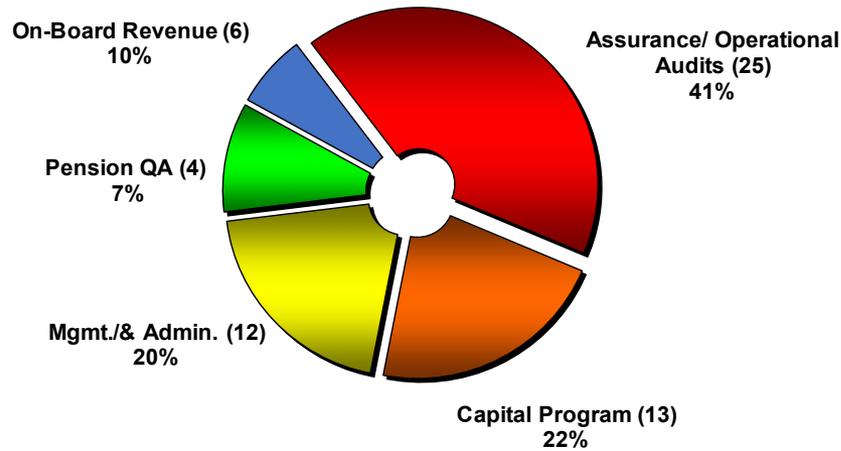
2021 Agency Assurance Audit Allocation

**2021 Audit Plan
97 Audits**

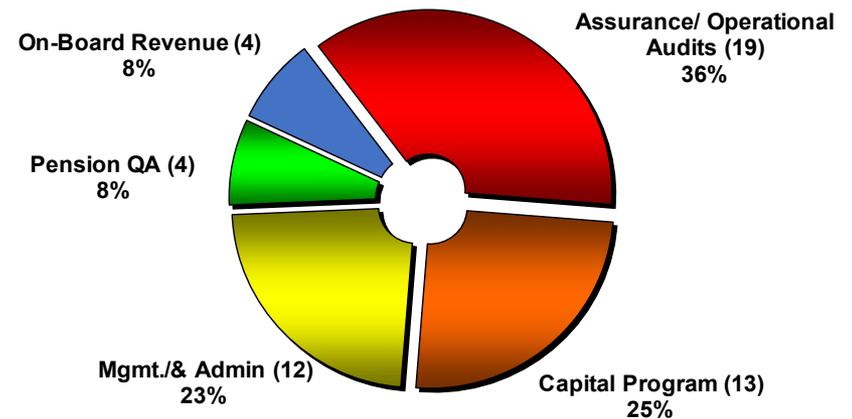


2021 Audit Resource Allocation

Budgeted Resources: 60



Actual Resources: 52



2021 Audit Strategy

- Support MTA Transformation**
- Review Efficiency & Effectiveness of Operations**
- Support Agency-wide Goals & Initiatives for Timekeeping and Overtime**
- Evaluate Project Management Controls over Operating Contracts**
- 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
- ❑ Work with Internal Control Staff to validate the implementation of recommendations and reduce the backlog of past due recommendations.

QUESTIONS?

