



## Metropolitan Transportation Authority

State of New York

August 21, 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-79 – Selected Aspects of Travel Expenses

Gentlemen:

On May 15, 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 report 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 to the right.

Thomas F. Prendergast  
Chairman and Chief Executive Officer

c: Donna M. Evans, MTA Chief of Staff  
Michael J. Fucilli, Auditor General, MTA Audit Services

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



## Bridges and Tunnels

July 22, 2015

Mr. Thomas F. Prendergast  
Chairman and Chief Executive Officer  
Metropolitan Transportation Authority  
2 Broadway, 20<sup>th</sup> Floor  
New York, NY 10004

Re: NYS Comptroller Audit Report – Selected Aspects of Travel Expenses  
Audit Report: 2013-S-79

Dear Mr. Prendergast:

As required by Section 170 of the Executive Law, this memorandum describes the actions taken by MTA Bridges and Tunnels (B&T) to implement the recommendations in the above referenced audit report.

**Recommendation 1:** Revise the All Agency Travel Policy Directive to require the travel agent and MTA employees (who make their own lodging arrangements) to request GSA or DOS lodging rates, and when unsuccessful in obtaining such rates, to document the efforts to obtain them.

**B&T Response:** As stated in our response to the draft audit report, the GSA per diem lodging rate is the maximum that a federal government agency, and not a state authority, will reimburse or pay its employees without additional authorizations. This rate is not binding upon hotels or other lodging establishments, and 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. Also, most B&T employee travel is associated with conferences and seminars which offer discounted package rates which preclude the need to seek the GSA or DOS rate. Furthermore, the MTA Policy states that employees can make lodging reservations directly at a location if they are attending conferences, seminars or meetings at that location and the travel agent is unable to book alternative lodging that is cost effective, taking into account the cost of travel to alternative lodging. In such instances the use of GSA or DOS rates may be counterproductive, and serve to increase expenses if travel from an alternative rate site is costly.

**Recommendation 2:** Formally direct officials who approve claims for travel reimbursements that they should verify that lodging rates are consistent with GSA and DOS rate limits. When GSA or DOS rates are not obtained, officials should ensure that unsuccessful efforts are adequately documented.

**B&T Response:** As stated in our response to the draft audit report, the MTA Policy in effect does not require the exclusive utilization of the GSA or DOS per diem lodging rate. B&T's travel authorization process requires numerous approvals. Requiring approvers to verify lodging rates would be a burdensome control to mitigate a compliance risk that is not required by current policy, and would entail additional staff time and cost.

**Recommendation 3:** Actively monitor compliance of MTA's travel agent with contract terms regarding the use of GSA rates for lodging.

**B&T Response:** Implemented. B&T will continue to monitor our compliance with MTA's travel policy directive, which includes determining that MTA's travel agent obtains the lowest applicable and available lodging rates as per contract terms.


**Recommendation 4:** Actively monitor compliance with the travel policy directive that employees secure the lodging rates established by the GSA or DOS and, when unsuccessful, document the actions taken to obtain these rates.

**B&T Response:** As stated in our response to the draft audit report, the travel policy directive does not require the exclusive utilization of the GSA or DOS per diem lodging rate. B&T will continue to monitor compliance with the directive to ensure that the most cost-effective lodging options are secured.

**Recommendation 5:** Require B&T to develop agency-specific procedures consistent with the All Agency Policy Directive for the recording and claiming of reimbursement for eligible travel and business expenses, including adequate supporting documentation for such claims.


**B&T Response:** As stated in our response to the draft audit report, while we believe that the MTA All-Agency Policy contains adequate controls to ensure that employee travel is properly authorized and documented, B&T will issue updated procedures by the end of the 3<sup>rd</sup> quarter 2015 documenting agency-specific procedures consistent with the Policy Directive for the recording and claiming of reimbursement for eligible employees' travel and business expenses, and will continue to ensure that adequate supporting documentation is maintained for such claims.

Sincerely,

  
James L. Ferrara  
President



## Bus Company

**Date:** July 30, 2015  
**To:** Thomas F. Prendergast, Chairman and Chief Executive Officer, MTA  
**From:** Darryl C. Irick, President, MTA Bus Company   
**Re:** 90 Day Response – OSC Report #2013-S-79 Select Travel Expenses

As required by Section 170 of the Executive Law, this memorandum describes the action taken by MTA Bus Company in response to the above-referenced report. The following specific responses describe the steps taken by MTA Bus to implement the recommendations of the subject audit report:

### **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.

### **Response to Recommendation 1:**

We agree with the intent of the recommendation. As indicated in our March 18, 2015 response, the MTA Policy does not require the exclusive utilization of GSA or DOS lodging rates and already states, in Section I (Lodging), that the State and Government discount rate (not limited to only GSA or DOS) should be secured whenever possible. Utilization of a single lodging rate is not required. The audit report noted that the GSA establishes the Government rate for all fifty states and certain US territories. However, the GSA lodging rate is the maximum that a federal government agency, and not a state authority, will reimburse or pay its employees without additional authorizations. This rate is not binding upon hotels or other lodging establishments, and many hotels have government discount rates that differ from the GSA lodging rate cited in the report. Further, the MTA Policy states that expenses are reimbursed at actual but reasonable cost (after taking into account the cost of travel to alternative lodging). In instances where traveling distances to alternative lodging results in increased travel expenses, insistence on GSA or DOS rates may be counterproductive and serve to increase costs. The MTA Policy 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:**

Formally direct officials who approve claims for travel reimbursements that they should verify that lodging rates are consistent with GSA and DOS rate limits. When GSA or DOS rates are not obtained, officials should ensure that unsuccessful efforts are adequately documented.

Thomas F. Prendergast  
July 30, 2015  
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**Response to Recommendation 2:**

We agree with the intent of the recommendation and MTA Bus is committed to having cost-effective controls in place. As indicated in our response to the draft report, MTA Bus already has cost-effective controls in place over travel expenses and already requires numerous approvals. MTA Bus will continue to monitor lodging rates obtained for employees, but consistent with the MTA's position, will not require documentation for each exception as the administrative burden of this process would exceed the financial risk.

**Recommendation 3:**

Actively monitor compliance of MTA's travel agent with contract terms regarding the use of government rates for lodging.

**Response to Recommendation 3:**

We agree with the intent of the recommendation. MTA Bus already complies with this recommendation. Going forward, MTA Bus will continue to monitor compliance with the MTA Policy, which includes determining that the MTA's travel agent obtains the lowest applicable and available lodging rates as per the contract terms.

**Recommendation 4:**

Actively monitor compliance with the travel policy directive that employees secure the lodging rates established by the GSA or DOS and, when unsuccessful, document the actions taken to obtain these rates.

**Response to Recommendation:**

We agree with the intent of this recommendation. However, the MTA Policy does not require the exclusive utilization of the GSA or DOS rates, but MTA Bus will continue to monitor employees' compliance with the MTA Policy.

cc: R. Picarelli

# Memorandum



**New York City Transit**

**Date:** July 28, 2015

**To:** Thomas F. Prendergast, Chairman and CEO, Metropolitan Transportation Authority

**From:** Carmen Bianco, President, NYC Transit

A handwritten signature in black ink, appearing to read "C. Bianco", written over the "From:" line.

**Re:** Response to Report #2013-S-79 – Selected Travel Expenses

As required by Section 170 of the Executive Law, this memorandum describes the actions that have been taken by MTA New York City Transit ("NYCT") to address the recommendations contained in the above-referenced audit report. The following are specific responses to each of the recommendations in the subject report.

## **Recommendation 1:**

*Revise the All Agency Travel Policy Directive to require the travel agent and MTA employees (who make their own lodging arrangements) to request GSA or DOS lodging rates, and when unsuccessful in obtaining such rates, to document the efforts to obtain them.*

## **Response to Recommendation 1:**

As indicated in our March 18, 2015 response, the MTA Policy does not require the exclusive utilization of GSA or DOS lodging rates and already states, in Section I (Lodging), that the State and Government discount rate (not limited to only GSA or DOS) should be secured whenever possible. Utilization of a single lodging rate is not required. The audit report noted that the GSA establishes the Government rate for all fifty states and certain US territories. However, the GSA lodging rate is the maximum that a federal government agency, and not a state authority, will reimburse or pay its employees without additional authorizations. This rate is not binding upon hotels or other lodging establishments, and many hotels have government discount rates that differ from the GSA lodging rate cited in the report. Further, the MTA Policy states that expenses are reimbursed at actual but reasonable cost (after taking into account the cost of travel to alternative lodging). In instances where traveling distances to alternative lodging results in increased travel expenses, insistence on GSA or DOS rates may be counterproductive and serve to increase costs. The MTA Policy 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:**

*Formally direct officials who approve claims for travel reimbursements that they should verify that lodging rates are consistent with GSA and DOS rate limits. When GSA or DOS rates are not obtained, officials should ensure that unsuccessful efforts are adequately documented.*

**Response to Recommendation 2:**

As indicated in our March 18, 2015 response, NYCT has cost-effective controls in place over travel expenses and already requires numerous approvals. NYCT will continue to monitor lodging rates obtained for employees, but consistent with the MTA's position, will not require documentation for each exception as the administrative burden of this process would exceed the financial risk.

**Recommendation 3:**

*Actively monitor compliance of MTA's travel agent with contract terms regarding the use of government rates for lodging.*

**Response to Recommendation 3:**

As indicated in our March 18, 2015 response, NYCT actively monitors MTA's travel agent in connection with the "use of government rates." The contract, for example, states that "The Contractor shall book lodging at the lowest applicable and available rate, including but not limited to negotiated directory published rate, government, commercial, corporate or other discounted rate." In short, we already comply with this recommendation. The draft audit report, however, treats government rates as if they are synonymous with GSA rates; they are not. Going forward, NYCT will continue to monitor our compliance with the MTA Policy, which includes determining that the MTA's travel agent obtains the lowest applicable and available lodging rates as per the contract terms.

**Recommendation 4:**

*Actively monitor compliance with the travel policy directive that employees secure the lodging rates established by the GSA or DOS and, when unsuccessful, document the actions taken to obtain these rates.*

**Response to Recommendation 4:**

As indicated in our March 18, 2015 response, the MTA Policy does not require the exclusive utilization of the GSA or DOS rates, but NYCT will continue to monitor employee's compliance with the MTA Policy.