

Nostalgia Trains
MTA/OIG #2005-63L

OIG received an anonymous allegation that NYC Transit spends millions of dollars annually rehabilitating subway cars used for the Nostalgia Train excursions, pays overtime to workers on these excursions, and does not properly allocate the money in the budget. The complainant further alleged that NYC Transit personnel operate these Nostalgia Trains to raise money for the March of Dimes, and collect money without any controls or accounting for the money raised.

OIG found that NYC Transit did indeed rehabilitate and maintain the Nostalgia Train, but that its funds were budgeted for in the Car Equipment Department budget. Some personnel expenses were billed to the Transit Museum, but there is no complete accounting of expenses. NYC Transit is negotiating with the Transit Museum to cover the cost of staffing the Nostalgia Trains run to benefit the Transit Museum.

The Office recommended that, should NYC Transit continue running the March of Dimes excursions, they must have a comprehensive system in place to capture the cost of the trips, the number of attendees and the amount of revenue collected. They must additionally find funding for these events either by paying them out of event revenues or by contracting the service out to the March of Dimes and billing them for the cost of the excursions. Finally, NYC Transit should adopt a uniform policy for all charitable activities organized by NYC Transit.

Greenwich Station Ticket Agent
MTA/OIG #2005-40L

OIG conducted an investigation into an anonymous allegation that a Greenwich Station Metro-North Railroad (MNR) ticket agent requested customers' ATM Personal Identification Number (PIN) when they purchase tickets with a debit card. The complainant stated that the agent purposefully kept the credit/debit reader away from the customer enabling her to ask for the PIN which she would purportedly then enter into the system.

Although OIG found no evidence to substantiate the claim; the agent was observed keeping the card scanner inside the booth and swiping cards herself. Also, contrary to MNR rules and regulations, the agent did not require customers to sign MNR's copy of credit card purchase receipts, instead discarding them in the trash.

During this investigation, OIG investigators observed another ticket agent leave forty minutes before the end of her shift to conduct personal business. At that time, she left the ticket office unattended without arming the security alarm; she admitted to investigators that leaving early was a regular practice.

OIG issued a number of recommendations based on this investigation. Disciplinary charges should be brought against both ticket agents observed in wrongdoings. MNR should require ticket agents to keep the credit/debit scanner outside of their booths so that customers may swipe their own card and enter their own PIN. Ticket agents must be made to collect the customers' signatures on credit card purchase receipts as OIG found a number of cases where refunds were issued because the credit use was never authorized by the card holder.

Finally, MNR should alter the current procedures for shift changes to require both the ticket agent leaving their shift and the agent coming on duty to sign and attest on official MNR records that both agents were present during the shift change. Any violation of the altered policy should result in disciplinary proceedings for both agents.

MTA New York City Transit

Employee-----

MTA/OIG #2005-68L

OIG was contacted by a representative of Verizon Communications, Inc. (Verizon) Corporate Security department to determine whether one of their employees was also an employee of NYC Transit. OIG determined that the employee in question does indeed work full time for NYC Transit as a Track Worker and for Verizon; and does so without the appropriate dual employment authorization.

OIG discovered that not only has the employee worked both positions full-time for more than five years, but he has called in sick to NYC Transit at least 32 times during those five years and reported to Verizon for work on the same day. This violates the Policy/Instruction prohibiting the abuse of sick time.

OIG made three recommendations in this matter. First, that the employee be disciplined for violating the Policy/Instruction prohibiting dual employment without authorization. Second, the employee should be disciplined for violating the Policy/Instruction regarding abuse of sick leave. Finally, based on statements by the employee himself and the Chief Support Officer in his division; the title "Track Worker" should be reclassified as a "safety sensitive" position and included in the definition thereof in the relevant Policy/Instruction.

Follow-Up on Trade-Winds

Overcharges

MTA/OIG #2005-65L

In March of 2005, OIG released a report detailing \$260,000 in unsupported and erroneous charges by Trade-Winds Environmental Restoration (Trade-Winds) for the disposal of waste materials generated by LIRR. In the report, OIG concluded that Trade-Winds had submitted altered and/or incorrect documents to both OIG and the Suffolk County District Attorney's office. OIG recommended LIRR deny payment for the charges that could not be supported with corresponding manifests and invoices.

Subsequent to the 2005 OIG report, Trade-Winds supplied LIRR with 133 waste manifests that it claimed would verify almost \$130,000 in questionable disposal charges. It also rejected the OIG report's claim that it had overcharged nearly \$100,000 for the cleanup of mercury-contaminated waste after mischaracterizing the toxicity level of the waste.

OIG reviewed the documents and concluded that most – not all – of the disposal charges to LIRR remained unsubstantiated. While the manifests did support almost \$28,000 in charges; \$135,000 remains unsubstantiated. Sixty-one of the manifests did not pertain to the invoices they allegedly supported, (i.e. the manifest identified a different work location than the invoice). The invoices for the remaining unsupported charges either billed LIRR for more waste than the manifests indicated or claimed charges unsupported by any manifests.

Trade-Winds iterated a belief that it had not overcharged LIRR for the disposal of mercury-contaminated waste. OIG looked again at the tests performed on the waste by FDNY, by Trade-Winds and by two registered waste disposal facilities and found that the waste was indeed mischaracterized by Trade-Winds to their financial benefit.

Based on these findings, OIG recommended LIRR continue to withhold payment for the invoices that remain unsubstantiated. OIG further recommended that LIRR consider the information contained within this report as significant adverse information, which should be considered during any future contract negotiations with Trade-Winds and/or any of its principles.

**Metro-North Railroad Waiver of
Work Requirement to Earn the Next
Year's Vacation Pay
MTA/OIG #2005-61L**

Metro-North Railroad's (MNR) collective bargaining agreement for engineers and conductors dictate that if an employee works 100 days in a given year, then that employee is entitled to his or her sick time for the following year. Due to variations in scheduling and other work rules, MNR contends that there are situations when it is in the railroad's best financial interest to waive the 100-day requirement for an engineer or conductor considering retirement in the first quarter of a given year. MNR leaves the decision of whether to allow a 100-day waiver to the discretion of its Labor Relations Director.

OIG received a complaint from an employee alleging that she was unreasonably denied a waiver because she was not a conductor or engineer. Furthermore, the complaint alleged that Labor Relations had granted a waiver to an employee who was neither an engineer nor a conductor several years earlier. Based on that complaint, OIG initiated a review of MNR's practice of granting such waivers.

OIG found that MNR had in fact twice granted such waivers to employees other than conductors or engineers. OIG found that there is no documented procedure for approving or denying such waiver, nor is there any written analysis of the alleged financial benefit to MNR in granting such a waiver.

The OIG recommended that MNR develop fair and clear written objectives, procedures, guidelines, and qualifications to govern the waiver program. OIG also recommended requiring the Director of Labor Relations to document each grant or denial of a waiver application, as well as his reasons for doing so. Finally, MNR should require reporting the approval and rejection rates to senior management.

**Incorrect Sick Leave Buyouts
For Three LIRR Employees
MTA/OIG #2006-9L**

An OIG audit of LIRR sick leave buyout procedures found three separate instances of sizeable errors in individual payouts. Under the collective bargaining agreement, represented LIRR employees are entitled to one half of their accrued sick time. Two employees were overpaid by \$3,069 and \$10,721, and one employee was underpaid by \$5,321.

The overpayments were due to the use of incorrect hourly wages in the calculations for the buyouts. In one instance, the error causing the overpayment also reflected in higher pension and vacation payout rates. OIG recommended LIRR pay the employee who was improperly compensated and seek restitution from the overcompensated employees. LIRR should also recalculate the erred pension and vacation payout value.

**Stealing Time by Chief Compliance
Officer of Safety Training
MTA/OIG #2006-14L**

OIG investigated an anonymous allegation that a NYC Transit Human Resources employee was stealing time. Surveillances of both the individual's residence and work site, along with subsequent reviews of timesheets for the corresponding days substantiated the allegation.

OIG recommended NYC Transit both discipline and require the Officer to reimburse the stolen time. The Office also recommended appropriate disciplinary action against the Officer's supervisor for failing to adequately monitor her time reporting.

**Abandonment of Work Assignment
by NYC Transit Cleaner
MTA/OIG #2006-12L**

OIG received an anonymous email claiming a NYC Transit Cleaner was selling illegal DVDs while at work, and storing them both on the jobsite and in his car. An investigation did not find the employee selling DVDs, but found that the Cleaner buys DVDs on work time. Additionally the investigation found that the employee was outside the facility both during work hours and during days he called in sick.

A combination of inadequate supervision and a lack of a sign-in/sign-out system allowed the Cleaner to spend a substantial amount of time away from work without permission. OIG recommended appropriate discipline for the employee in question as well as for his supervisors for failing to adequately supervise. Also, OIG recommended that a system be put in place to monitor employee breaks.

**MTA Real Estate Proposal
Valuation Process
MTA/OIG #2005-71L**

OIG recently audited the MTA Real Estate Department (RED). RED is responsible for leasing out various properties and retail venues throughout MTA territory. This report addresses the process by which RED determines the real values of proposals submitted by prospective tenants.

The analysis of RED's computations of the values of competing "Request for Proposal" bids showed an unacceptably high frequency of error, insufficient quality assurance and a lack of universal standards. The audit team issued five recommendations designed to ensure uniform standards for; and assure the quality of the formulas used to value potential tenants.

RED worked with OIG auditors to initiate changes in procedure during the course of the audit, and has now standardized the forms for assessing potential tenants. Additionally, the division has hired a new staff member charged with independent quality assurance oversight.

**MTA New York City Transit
MTA/OIG #2006-25L**

OIG received an anonymous complaint alleging a NYC Transit car inspector works for USA Today and never filed a dual employment form with the MTA. OIG confirmed that the employee does in fact work as an independent contractor delivering newspapers without prior authorization from NYC Transit. Disciplinary action for failure to fill the dual employment authorization was recommended against the employee.

**West Side Yard Floor Check
MTA/OIG #2006-32L**

An OIG field surveillance team conducted a floor check of the LIRR West Side Yard facility. During the floor check, investigators found eight LIRR employees sleeping in a rail car. The employees were videotaped while sleeping and were subsequently identified by a Master Mechanic.

A second team of investigators working from the opposite end of the Yard facility found all on duty employees performing their duties. The eight sleeping employees were brought up on

disciplinary charges by LIRR; the work gang supervisor (probationary) was demoted to his prior position following the incident.

**Metro-North Power Department
MTA/OIG #2006-08L**

OIG received an anonymous complaint that a Metro-North employee was allowed to return to work after serving a year in prison on a felony conviction. The subsequent investigation determined that the named employee was indeed allowed to return to work after a narcotics conviction against Metro-North policy.

During the course of the investigation, it was discovered that several Metro-North officials unilaterally took action to maintain the employee's job status during his incarceration in keeping with "The Railroad Way." These officials filed paperwork for the absent employee first utilizing his accrued sick, vacation, and personal leave time; and then placing the employee on sick leave. Although the Labor Relations Office served the employee with several notices for a hearing regarding his "Job Abandonment," and dismissed him; the evidence of the receipt of the notices could not be produced by Metro-North. Furthermore, notice of his dismissal was never relayed to the employee's supervisor, department, or Human Resources.

This chain of events enabled the employee to resume his prior position with only a simple physical examination. OIG made ten recommendations to prevent such an occurrence from recurring in the future. The recommendations encompass changes in several Metro-North procedures for leave status. There are also provisions for increased accountability for supervisory employees.

**Review of NYC Transit's
Assignment of Non-Revenue
Vehicles to High Risk Drivers
MTA/OIG #2005-43L**

OIG reviewed NYC Transit's process for monitoring the driving records of those drivers who are assigned non-revenue vehicles. OIG found that NYC Transit does not proactively seek the status of its employees' New York Driver's Licenses prior to letting them drive company vehicles, instead relying on individual drivers to report convictions on their licenses. NYC Transit lacks even a set of guidelines as to when to deny the use of a non-revenue vehicle because of driving records.

NYC Transit allows employees with questionable driving records to continue to utilize non-revenue vehicles and lacks effective policies and procedures for mitigating the risks associated with this practice. From the January 1, 2002 to December 31, 2004, NYC Transit settled 413 personal injury and property damage claims for a total outlay of \$5.7 million.

OIG issued eight recommendations for the non-revenue vehicle assignments, including: establishing a “safe driver” standard to which drivers of non-revenue vehicles must be held, increasing the frequency with which vehicle damage inspections are performed to increase accountability, and increased monitoring of driver records with the Department of Motor Vehicles.

**Commercial Building
Maintenance Corporation
MTA/OIG #2006-22L**

During a vendor check, OIG’s Contract Compliance and Wage Group found that LIRR issued a contract to a vendor that had been debarred by New York State. LIRR issued the \$100,000 contract to Commercial Building Maintenance Corporation (Commercial) despite a 2003 plea agreement with the New York City Comptroller’s Office and the Kings County District Attorney’s Office.

According to the terms of the plea agreement, Commercial agreed to a five-year debarment period preventing the company from bidding on public works contracts. The LIRR contract was issued subsequent to the debarment. OIG reviewed the contract file and found four significant deficiencies. LIRR procurement staff did not receive adequate guidance as to how to perform vendor responsibility determinations. Background information for Commercial was insufficient and there was no evidence of supervisory review, and there was no executed contract on file.

OIG recommended that LIRR not award Commercial any new contracts until its debarment period is over. Additionally, LIRR should consider the information in this report as significant adverse information during any future negotiations with Commercial.

**Penalties and Overtime Payments in
LIRR Transportation Department
MTA/OIG #2005-60**

OIG initiated this audit of overtime and penalty payments following a review of LIRR pension payments and the continuing impact these payments have in the long term. The audit identified situations that drive these extra costs and provided recommendations to LIRR to better manage these costs.

OIG found that in 2004, the 77 highest paid LIRR engineers and conductors doubled or tripled their yearly base pay. Restrictive work rules in the Collective Bargaining Agreements (CBA) provide for penalty payments for various operational imperatives that allow an employee to earn up to four days pay for a single eight hour shift irrespective of overtime. In addition, for every penalty payment and overtime shift worked, LIRR must pay out increased vacation time to the employee for several years. This is because according to the CBA, one week of vacation time is paid out at 1/52nd the previous years pay instead of one week’s salary.

One recurring factor identified by OIG in penalty payments is late equipment trains, trains that carry no passengers. Late equipment trains create at least one penalty payment as the late crew will be “swapped” for another crew for their next assignment. This can often lead to a cascade of additional penalty payments as other crews must then be swapped to cover assignments for crews working outside their normal schedule. Transportation Department managers view late equipment trains as less of an issue because they do not affect the riding public directly. Additionally, there is no concrete system in place to accurately track penalty payments.

OIG recommended LIRR implement a fully electronic payroll system for its conductors and engineers that will provide controls and accountability over overtime and penalty payments. After implementing such a system, LIRR should strive to reduce overtime and penalty payment costs by routinely reviewing and analyzing the route causes for these payments.

TWU/DOB Coffee Clubs
MTA/OIG #2005-46L

Responding to a complaint of improprieties in the kitchen area of NYC Transit’s Kingsbridge Bus Depot, OIG investigators conducted a floor check of the facility. While the alleged improprieties were unsubstantiated, investigators became aware of the regular presence of non-NYC Transit personnel at this and other depots who ostensibly staff a “coffee club” up to 70 hours per week where food and coffee is served.

OIG recommended that NYC Transit reconsider whether the continued operation of the coffee club is an essential operation. If it decides that it is, it must evaluate its risks and costs, and create and enforce clear policies ensuring it is run in a lawful and businesslike manner. Any such coffee club should be staffed by current employee volunteers subject to supervision by NYC Transit. Any non-employees and off-duty employees not staffing the coffee club should be required to leave NYC Transit facilities.

Outside Employment of
NYC Transit Superintendent
MTA/OIG #2006-28L

OIG investigated an anonymous allegation that a NYC Transit Superintendent operates an electrical contracting company without dual-employment authorization from NYC Transit. The investigation found that the superintendent does indeed run a contracting company, but has received authorization from NYC Transit to do so.

During the course of the investigation, OIG found that the superintendent has, in the past, conducted outside business with an employee under his supervision. OIG recommended discipline for violating conflict of interest policy by letting NYC Transit employees he supervises work for him. OIG also forwarded the case to New York State Ethics Commission for further review.

**NYC Transit's Customer
Communications During the
September 8, 2004 Subway Flooding
MTA/OIG #2006-21L**

OIG has completed an audit of the NYC Transit's communication with customers during the September 8, 2004 subway flooding. On that day, severe rains dropped as much as three inches of rain during the morning rush hour causing severe flooding problems and service cuts in about half of the subway system.

One of the major hindrances to efficient customer communication was the lack of a public address system at 28 percent of all subway systems. OIG also found that NYC Transit was reluctant to admit to a lack of service capacity on Sept. 8. Service notices were issued on a track by track basis. As a result, riders were not offered a complete and accurate overview of the extent of the subway system flooding and subsequent delays.

During these delays, NYC Transit did not advise LIRR, Metro-North Railroad, or any other MTA constituent agencies of the delays in the subways. Procedure at the time of the event left such notification to the discretion of NYC Transit's Rapid Transit Operations Control Center; current policy ensures the constituent agencies are notified of delays crossing a certain threshold.

As a part of the audit, OIG offered several recommendations to NYC Transit concerning an improved plan for communicating with customers during an emergency. The plan calls for NYC Transit to take into consideration whether or not advising passengers to avoid the subway system might be prudent. Public Address systems should be installed in all subway stations and internal communications lines should be fortified against heavy traffic.

**Staff Summaries for
Procurement Approvals
MTA/OIG #2006-23L**

OIG audited MTA procurement-related Staff Summaries, the part of a procurement file which provides an abbreviated record of justification for the suggested procurement item. The Staff Summaries were reviewed from all MTA agencies, and OIG staff met with procurement officials from each of the agencies to discuss Staff Summary development and relevant policy and procedure.

The audit found that there is no across-the-board standard for developing the Staff Summaries. Some guidance is found in the MTA All Agency Procurement Manual and various memoranda encompass changes in policies over the years. The memoranda differ from agency to agency.

OIG recommended the MTA set out to create a comprehensive All Agency Procurement Manual with all relevant standards and definitions for procurement action. The manual should be available in print and electronic forms, as well as on the MTA's intranet system. The thresholds for Board review of a contract should be reviewed and specified. MTA should randomly audit

Staff Summaries for depth and accuracy. Finally, all agency heads, procurement officials and Board members should receive additional training as to their duties in the procurement process.

**Alleged Theft of Time by MTA
Bridges and Tunnels Personnel
MTA/OIG #2006-29L**

OIG investigated an anonymous allegation that several MTA Bridge and Tunnel employees are chronically late. The investigation substantiated the claim in part; two of the named employees were, in fact, chronically late. Computerized swipe records indicated their arrival times. One of the employees named in the allegation was not found to be abusing time.

OIG recommended disciplining the supervisor of one of the chronically late employees for failure to discipline; the other employee was disciplined by her supervisor.

**Management Controls over the
Performance of Metro-North
Maintenance and Cleaning Crews
MTA/OIG #2006-7L**

This report is a follow-up to multiple field observation reports regarding a lack of supervision in the field by Metro North Railroad (MNR) employees. This report looks at this problem on a structural level. OIG recommended ten steps designed to reduce the lack of accountability and productivity problems affecting MNR.

Among the ten steps, OIG recommends the creation of an enterprise-wide communications network that will allow supervisors to contact workers in the field. MNR should require supervisors to make site visits to ensure their employees are working in an efficient manner at the tasks assigned them. When MNR determines patterns of underperformance, work crews should be separated and re-deployed to break down location based negative work habits.

**Signals
MTA/OIG #2005-62L**

OIG investigated an anonymous allegation that employees of NYC Transit's signals division are falsifying records stating that inspections have been done when they, in fact, have not. The investigation found the allegations to be unsubstantiated; however, the investigators discovered a lack of internal controls to prevent the falsification of inspection documents.

The signals' computer system relies on a series of barcodes attached to signals equipment that are scanned with a barcode reader as inspections are performed. OIG found that copies of these barcodes are carried by the employees who scan them in. Furthermore, OIG found that the

system allows for manual entry of a barcode number if the code will not scan. The system makes no notation of how the barcode is entered.

OIG issued several recommendations aimed at shoring up internal controls over the barcode system. NYC Transit should prohibit maintainers from having in their possession any barcodes, with disciplinary actions if an employee is so found. The computer system should be modified to note whether an entry was manual or scanned. NYC Transit should immediately review and strengthen their internal controls in this area.

**Florence XVI Century Marble, Inc.
MTA/OIG #2006-4L**

Pursuant to a financial investigation, OIG determined that a vendor Florence XVI Century Marble, Inc. (Florence) made false representations on documents required to be filed pursuant to New York State labor laws. During the course of this investigation, OIG worked with the NYC Comptroller and the Kings County District Attorney's office to prosecute Florence and secure \$800,000 in restitution for unpaid wages. As a result of the prosecution, Florence and its principles have been banned from bidding on any public works project in New York City or State for a period of five years.

Florence was found to be in a tax debt of approximately \$500,000 to the federal and state governments. OIG recommended to NYC Transit that prospective contractors be required to verify that they are not indebted to the IRS or any NYS agency before they can be considered for a contract. Additionally, NYC Transit should develop a meaningful system of review for the certified payrolls filed by subcontractors to ensure money is not being diverted.

**Sleeping Employees at Harmon
Car Repair Shop
MTA/OIG #2006-18L**

OIG conducted a floor check at the Harmon Car Repair Shop after receiving an allegation that employees working the 12:00 a.m. to 8:00 a.m. shift were sleeping in the cars during their shift. The complainant stated that the employees would be asleep around 4:00 a.m.

During the floor check, investigators found four employees asleep in railcars. MNR work rules specifically ban sleeping while on duty unless specifically authorized to do so. OIG found that although this policy exists, managers routinely overlook it. Letters of Warning were sent to the four employees sleeping during their shift. OIG recommended senior MNR management devise a comprehensive plan to restore discipline and accountability at the Harmon facility. Disciplinary action for the director of the facility and the foreman should be taken for failure to properly discipline their employees.

Floor Check of the Port Washington Terminal
MTA/OIG #2006-02L

OIG conducted a floor check at the Port Washington Terminal. The investigators were able to gain entrance to the facility through an unlocked gate. Upon entering, the investigators located two Long Island Rail Road (LIRR) employees sleeping inside of passenger cars. OIG recommended disciplinary action against the two sleeping employees. OIG also recommended ensuring the gate is secured in the future.

Floor Check of Long Beach Terminal
MTA/OIG #2006-5L

OIG conducted a floor check of the LIRR Long Beach Terminal. During the check, OIG investigators noted three perimeter gates unsecured. Inside the unsecured gates were a number of metal drums marked "DANGEROUS" and a shed marked "HAZ STOR." This represents a substantial risk to both the station and the rolling stock. OIG recommended securing all perimeter gates to the terminal as well as identifying and securing the contents of the drums and shed.

Floor Check at Babylon Yard
MTA/OIG #2006-13L

OIG investigators conducted a floor check of LIRR Babylon Yard. The yard is used to store maintain and clean electric railroad cars. Investigators entered through the main entrance of the facility without being questioned. Ten employees were found sleeping, watching TV, or loitering in the locker room. Of the 25 employees on duty when the investigators arrived, only five were found to be working. Of those five, two had been among those found loitering in the locker room by investigators.

OIG recommended initiating disciplinary action against the ten employees found idle, as well as against their four supervisors for failure to supervise. The security of the yard should be ensured. Finally, all forms of bedding materials, blankets, pillows, et al. should be barred from all LIRR facilities.

**Subway Flooding During Heavy
Rainstorms: Prevention
and Emergency Response
MTA/IG #2005-64**

The OIG conducted an audit of how MTA New York City Transit Subways (NYC Transit) maintenance departments responded to widespread service disruptions during the September 8, 2004 rainstorm. In this report, the first of two reports on this subject, the OIG Audit Unit focused on maintenance and emergency response issues.

The OIG found no reported failures at the 300 or so subway pumping facilities. Instead, water accumulated because the drains leading to some pump rooms were blocked by trash, soda bottles, MetroCards and mud. OIG also found that subway tunnels are vulnerable to storm water backing up from New York City sewers because of old, neglected and in some cases broken check valves, that when working properly allow water to drain from subway tunnels into the sewer system. Lastly, NYC Transit's emergency response capability was clearly hampered in that the weather forecast on that day gave no clear warning of the timing and magnitude of the storm.

On completion of this report, the OIG recommended NYC Transit establish a clear operational control in flooding situations and create written emergency response procedures for maintainers and supervisors. In addition, OIG recommended documenting unusual maintenance issues and their locations, re-prioritize the trash problem as system safety and service related issue instead of a "quality of life" concern and develop a process for regular inspection and maintenance of all direct connections to the New York City sewer system.

**Update to OIG Report, "An Investigation into the
MTA Long Island Rail Road Company Pension Plan
and Plan for Additional Pensions"
MTA/OIG #2006-20L**

This is a follow-up report on the status of OIG recommendations implemented by the LIRR regarding OIG audit findings identifying the causes of the growing unfunded accrued liability of the LIRR Pension Plan. OIG documented inadequate oversight and accountability provided by LIRR officials managing the LIRR Pension Plan, erroneous and incomplete data provided to actuaries and mistakes made by actuarial and CPA firms. We found that the MTA and LIRR have implemented, or are in the process of implementing, 10 of the 11 recommendations made in the report.

The only recommendation not implemented was Recommendation #4 which stated: "The LIRR should increase its overtime/unpaid leave assumption to a level that more appropriately reflects the employees applying for retirement benefits." Our Office reviewed more recent data by LIRR's CRO and its actuary and found that retiring LIRR employees are continuing to earn overtime at much higher levels than the projected by the Plan. The OIG had hoped this number

would have decreased. Thus the unfunded accrued liability continues to grow because the annual required contribution is not keeping pace with the fund's payout obligations.

OIG still recommends that the current overtime/unpaid leave percentage rate used in the LIRR Pension Plan should be increased to a level that more appropriately reflects the experience of those employees applying for retirement benefits.

**Calculation of Sick Leave
Buyouts for LIRR
Represented Employees
MTA/OIG #2006-24L**

According to labor agreements signed in 1996, retiring MTA Long Island Rail Road's (LIRR) employees are eligible to receive lump sum payments for unused sick leave. The OIG reviewed calculations of LIRR's sick leave buyouts and found numerous mathematical and transposition errors.

While a computerized leave system exists, sick leave balances contained within the system are known to be unreliable, and therefore are calculated manually. OIG auditors found that mathematical errors occurred because computerized data reflecting sick leave balances were never updated and oft times incorrect, thereby calculating and transposing these figures manually, a tedious task, subject to human error. In addition, the OIG auditors found that LIRR employees were allowed to take sick days, receive payment for them, and fail to deduct those days from their earned sick time.

The OIG recommended LIRR management take control of its computerized systems and access and correct the data corruption in the sick leave system by establishing accurate leave balances for all current employees. In addition, the LIRR should accurately recalculate the amount of sick leave buyout paid to retired employee and pursue appropriate restitution.

**NYC Transit Employee
Dual Employment
MTA/OIG #2006-43L**

The OIG Surveillance Unit conducted a joint investigation with the United States Postal Service Office of the Inspector General (USPS) into an allegation of improper dual employment by a New York City Transit Station Cleaner.

OIG and USPS investigators found that the cleaner was employed by both agencies and that on several occasions he falsified his attendance sheets to reflect he was working overtime for the Post Office while on duty at a NYC Transit subway station facility. In addition, the cleaner falsely recorded in the NYC Transit Station Control logs that he was on duty when, in fact, he had left his post to sign-out from his job at the Post Office.

OIG recommended that the employee be disciplined for falsifying his time on NYC Transit control logs on the occasions when he returned to the Post Office to sign-out while on NYC Transit time. In addition, OIG recommended that station supervisors exercise greater diligence in monitoring their employees.

**LIRR Emergency Bus Service
MTA/OIG #2006-42L**

The OIG Audit Unit examined The MTA Long Island Rail Road's (LIRR) cost expenditures contracting private bus companies to provide emergency service during unplanned rail service disruptions. An audit of these expenditures shows that the LIRR does not monitor the precise level of service provided by these vendors and that several billing invoices paid by the LIRR lack adequate back-up documentation.

OIG auditors found that LIRR units responsible for ordering emergency bus service do not provide necessary data to the clerk who processes the invoices. In addition, the clerk responsible for processing these invoices received "on the job training" and had no knowledge of LIRR's policies and procedures controlling the terms of the contract. In addition, OIG auditors found that while many LIRR parties are involved, no one is held accountable for this program.

OIG recommended that in order to maintain accountability over expenditures, the LIRR Transportation Department should take responsibility for collecting and accurately tracking all cost related data whenever LIRR orders emergency bus service. In addition, LIRR Transportation Department officials should devise a cost-effective process to obtain relevant data regarding emergency bus service usage and provide more internal control over the program.

**November 22, 2004
Misroute of Train #960
MTA/OIG #2006-31L**

On November 22, 2004, an MTA Long Island Rail Road (LIRR) rush hour train traveling eastbound on the West Hempstead branch was misrouted due to a switching error, which caused the train to proceed along the wrong track and bypassing the entrance to the West Hempstead branch. In rectifying this situation, the train had to be rerouted west bound in a "reverse maneuver" to a point where the switches could be re-aligned. This caused a delay in service of approximately 18 minutes.

Upon investigating the incident, the OIG uncovered that the misroute of Train #960 was falsely reported as a mechanical failure in the "Official Records of the LIRR, Delayed Passenger Trains Report," and that the Train Dispatcher and Chief Train Dispatcher conspired to cover-up the incident because it had been the Train Director's second infraction in ten months.

The OIG noted that the examples of corruption and lack of integrity and honesty on the part of the LIRR officials, and the evidence uncovered in this case, undermines the credibility of all

LIRR train performance reports and could easily affect the confidence of the riding public in the safety of LIRR. Therefore, the OIG recommended that in order to prevent false or inaccurate entries in the LIRR train movement records, conductors should be required to report to the Chief Train Dispatcher at the end of each run. In addition, cell phones should be strictly prohibited as it creates dangerous distractions while operating a train and proper discipline should be invoked on those employees who negligently falsify information in official LIRR record books.

**NYC Transit Employee
Dual Employment and Sick Leave Abuse
MTA/OIG #2006-86L**

OIG received a complaint from NYC Transit Labor Relations alleging that a collection agent abused sick leave by working for another employer and had made a false statement in his Dual Employment/Outside Activity Form.

OIG investigators found that the collection agent was employed full time for both Western Union and NYC Transit, that he falsified his starting date on his Dual Employment/Outside Activity Form and that on several occasions he worked for Western Union while on sick leave from NYC Transit. OIG recommended that the collection agent be disciplined for these violations of New York Transit policies.