

# **STATE OF NEW YORK**



## **Office of the Inspector General Metropolitan Transportation Authority**

### **2007 ANNUAL REPORT**

**Barry L. Kluger  
Inspector General**

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# ABOUT THE INSPECTOR GENERAL



## MESSAGE

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As a lifelong New Yorker and an MTA rider for more than 50 years, I have a personal interest in the quality of public transportation. And as a public servant for virtually my entire career, I have a professional interest in helping government provide the best possible public service. Thus, it was with distinct pride and great pleasure that I accepted my recent gubernatorial appointment as MTA Inspector General with the advice and consent of the Senate.

As the Inspector General, I see myself as a constructive critic and public advocate. To perform those functions most effectively, I work on two main fronts.

First, this Office makes reports and referrals regarding a variety of issues. Toward that end, I direct my staff in a fair and objective investigation of complaints alleging criminality, fraud, waste and abuse, as well as safety, service and management deficiencies. I also direct my staff in its performance of in-depth audits and reviews of a wide variety of business and service-related activities of the MTA and its agencies, including audits and reviews of the MTA's contractors and vendors. Thus, in the pages that follow we present findings, recommendations and referrals from our public reports in 2007 regarding a variety of topics including prevailing wage violations, disadvantaged-business-enterprise fraud, employee conduct, contract management, property protection, vendor selection and integrity issues, management of warranty claims and the handling of lost property.

Second, while at all times preserving our independence, we have worked hard to broaden our knowledge of agency issues; confirm our integrity and commitment to excellence; demonstrate our credibility, objectivity and fairness; minimize agency opposition and resistance; and foster agency candor and cooperation. As a result, we have had an unprecedented opportunity to work for the benefit of the MTA riders.

For example, MTA Executive Director and CEO Eliot Sander approached me in August to join his task force on flooding for an honest appraisal of what caused the service disruptions on August 8, 2007 and to help develop an effective plan of action for the future. I was pleased to serve on this task force from its inception because it allowed my staff and me to contribute to and evaluate first

~ MESSAGE, CONTINUED ~

hand the development of strategies by Mr. Sander, his top executive staff, agency presidents and city officials. My participation in the task force gave me ready access to information, a broadened perspective on relevant issues and an invaluable opportunity to participate in discussions and share my perspective before decisions were made. At the invitation of Mr. Sander and various agency executives, my staff and I are engaging in other cooperative projects in the areas of safety, security and service.

Of course, my task force role, as well as the other partnerships and projects my staff and I participate in with MTA leadership, will not detract from our statutory responsibilities as an external monitor. To the contrary, I am confident that a combination of access and independence and, simply stated, fresh sets of eyes, will enhance the value of our mutual efforts. In the pages that follow, you will also read about some other working relationships we have developed thus far.

In short, my staff and I are excited and energized by our opportunities and challenges, and confident that we can help MTA to serve its riders even better in the year ahead.

## BRIEF BIO

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On February 14, 2007, Governor Eliot Spitzer nominated **Barry L. Kluger** to serve as Inspector General of the Metropolitan Transportation Authority. Mr. Kluger, whose nomination was confirmed by the New York State Senate on May 30, 2007, served in the Bronx County District Attorney's Office since 1975. Most recently, he served as Chief Assistant District Attorney, a post which he has occupied since 1989. Previously, he served as Executive Assistant District Attorney, Chief of the Investigations Division and Chief of the Arson and Economic Crime Bureau. Mr. Kluger received his B.A. from City College of the City University of New York and his Juris Doctorate from Brooklyn Law School. He lives in New York City.

## STATUTORY AUTHORITY

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In 1983, the New York State Legislature, through section 1279 of the state Public Authorities Law (PAL), created in the Metropolitan Transportation Authority (MTA) the Office of the MTA Inspector General (OIG). Generally speaking, the OIG is authorized and directed to independently review the operations of the MTA and its constituent agencies: MTA New York City Transit (Transit), MTA Long Island Rail Road (LIRR), MTA Metro-North Railroad (Metro-North), MTA Long Island Bus (LI Bus), MTA Bridges and Tunnels (Bridges and Tunnels), MTA Bus Company (MTA Bus), and MTA Capital Construction Company (Capital Construction).

In terms of the scope of its statutory authority to perform this review, the Inspector General has “full and unrestricted access” to all “records, information, data, reports, plans, projections, contracts, memoranda, correspondence and any others materials” of the MTA (PAL 1279[3]).

The Inspector General also has the following statutory functions, powers and duties:

- Receive and investigate complaints from any source or upon his own initiative concerning alleged abuses, frauds and service deficiencies, relating to the MTA.
- Initiate such reviews as he deems appropriate, of the operations of the MTA to identify areas in which performance might be improved and available funds used more effectively.
- Recommend remedial action to be taken by the MTA to overcome or correct operating or maintenance deficiencies or inefficiencies that he determines to exist.
- Make available to appropriate law enforcement officials information and evidence relating to criminal acts that he obtains in the course of his duties.
- Subpoena witnesses, administer oaths and affirmations, take testimony and compel production of books and records, as he deems relevant to any inquiry or investigation pursuant to PAL 1279.
- Monitor implementation by the MTA of recommendations made by the Inspector General or other audit agencies.

~ STATUTORY AUTHORITY, CONTINUED ~

- Do “all things necessary” to carry out the above functions, powers and duties.
- Cooperate, consult and coordinate with the New York State Public Transportation Safety Board (PTSB) regarding the MTA.<sup>1</sup>

By statute, the OIG is required to report annually to the governor and members of the legislature.

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<sup>1</sup> PTSB has a reciprocal obligation, imposed by statute (Transportation Law 219[2]), to cooperate, consult and coordinate with the MTA Inspector General, who is designated an ex officio member of that Board with authority to vote on matters involving the operations of the MTA (Transportation Law 216[1]).

## PARTNERSHIPS

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The MTA Inspector General and his staff take a hands-on and personal approach to problem-solving and systemic improvements by working cooperatively with prosecutorial and investigative entities, the MTA, its constituent agencies and others, while preserving its independence. These efforts include:

- Reaching out to the United States Attorneys and their staff, district attorneys and their staff, other inspectors general and state and local officials, to enlist their knowledge, experience, cooperation and assistance in discovering and pursuing appropriate avenues of investigation, as well as to make available to them information and evidence in accordance with our statutory mandate.<sup>2</sup>
- Opening lines of communication and building positive working relationships with MTA agency presidents and headquarters staff.
- Active participation in weekly meetings with the MTA Executive Director/CEO, the MTA Director of Security and others, to examine, assess and make recommendations to improve the MTA's capital security program, including the Integrated Electronic Security System, as well as operational initiatives, most notably the Directed Patrol Strategy, which increase the law enforcement presence on MTA commuter trains.
- Active participation on the MTA Flooding Task Force at the invitation of the MTA Executive Director/CEO.
- Collaborative work with LIRR, MTA Police Department, and the Long Island Power Authority to examine and evaluate the response to disruptions of LIRR service during the winter of 2007, in order to identify solutions and facilitate improvements in site response, customer communications, and command and control procedures.

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<sup>2</sup> As to federal, state and local agencies and others with whom the OIG has worked during 2007 toward building cases, conducting investigations and sharing information, see, for example, pages 18, 31-32.

# INTAKE, REPORTS AND REFERRALS



## COMPLAINT INTAKE PLANNING AND COORDINATION

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The OIG encourages members of the public, employees and all other interested parties to report concerns they may have about the functioning of the MTA and its agencies. Complaints or comments can be communicated by email, postal mail, personally or by telephone. A Hotline number is publicized (1-800-682-4448 {MTA-IG4U}), staffed during business hours and available to take messages after hours.

OIG personnel who specialize in planning and coordination handle complaint intake and assessment. They also provide intelligence analysis and vendor research to assist internal investigations, as well as in response to requests made by MTA agencies or outside law enforcement entities.

In 2007, staff provided initial review and research on over 800 complaints in order to determine how best to pursue the complainant's issues. Approximately 10% were forwarded to either the OIG Audit or Investigations Units to pursue as formal cases/projects. Other complaints, considered best handled by MTA agencies, prosecutors or other outside entities, were referred as warranted and then tracked to ensure that MTA customers and employees received appropriate responses to their concerns.

Among their duties, OIG Intelligence Analysts gather information from public records and other sources to detect associations, find patterns and trends, develop profiles, and provide insights that are incorporated into specific audits, investigations and reviews. In 2007, staff conducted numerous formal intelligence searches for these purposes.

### HOW TO CONTACT THE OFFICE OF THE MTA INSPECTOR GENERAL

Telephone: (212) 878-0000

24-Hour Complaint Hotline:  
1-800-MTA-IG4U (1-800-682-4448)

Walk-In or Mail: Office of the MTA Inspector General  
111 West 40th Street, 5th Floor  
New York, NY 10018

Website: [www.mtaig.state.ny.us](http://www.mtaig.state.ny.us)

~ COMPLAINT INTAKE, PLANNING AND COORDINATION, CONTINUED ~

At the request of MTA General Counsel, staff also compiled integrity reports on vendors under consideration for MTA contract awards that required the approval of the MTA Executive Director/CEO. The OIG provided this information to MTA executive management to assist their due diligence review prior to making final contract award decisions.

Additionally, OIG staff continued to support the Lower Manhattan Construction Integrity Team (LMCIT) by providing any information we may have in our files that would assist completion of LMCIT's vendor screening and hiring process. In 2007, our staff responded to approximately 260 requests for information from LMCIT.

## AUDITS

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The Audit Unit of the OIG conducts in-depth audits and reviews of a wide variety of business and service-related activities of Transit, LIRR, Metro-North, LI Bus, MTA Bus, Bridges and Tunnels, and Capital Construction, including audits and reviews of the MTA's contractors and vendors. The Audit Unit's work measures whether MTA operations are safe, timely and cost-effective, and makes recommendations for improvement wherever possible. All audit reports undergo a quality assurance review to ensure findings and conclusions are appropriately supported. The OIG Audit Unit is comprised of highly experienced and educated individuals, most of whom have an advanced degree. The Audit Unit regularly consults with the MTA Auditor General and other audit and investigative units throughout federal, state and local government.

The Audit Unit completed a number of significant reports in 2007, synopsised below, and conducted analyses and evaluations designed to improve the quality, cost effectiveness and efficiency of operations and customer service.

### REPORTS

#### **LIRR's Warranty Claims for the M-7 Fleet (MTA/OIG #2007-24)**

Of the 836 M-7 commuter rail cars that LIRR has purchased from Bombardier Transportation Corporation since 1999, all are still under warranty. Much of the warranty work to replace faulty parts is done in LIRR facilities by LIRR employees using parts supplied by Bombardier. OIG evaluated the reimbursement system used to process claims by LIRR under the warranty. Our audit found that the existing claims process is not capable of ensuring that all eligible work is identified for claim; all identified claims are submitted; and all submitted claims are processed and paid correctly. Because of these weaknesses in the system, LIRR failed to claim approximately \$1.2 million of warranty work that it was entitled to – and still can – recover. LIRR agreed with our findings and has begun to submit claims to recover the \$1.2 million.

Based on our findings, LIRR quickly took steps to improve its controls and oversight for the warranty reimbursement system. As the audit progressed, and we made ongoing findings and recommendations, LIRR developed and released a new warranty program procedure. This procedure incorporated management controls to ensure that the system is operating effectively and efficiently, and provided increased oversight of the claim process. Once fully implemented, these changes will result in a more effective and efficient warranty reimbursement

### **Reports, Continued**

system. Subsequent to our audit, MTA began a study of best practices for warranty systems both within MTA and among other transportation agencies.

#### **Identifying and Managing Significant Adverse Information During Vendor Selection at MTA Bridges and Tunnels (MTA/OIG #2007-10)**

When an MTA agency is considering awarding a contract of \$250,000 or more, it must first evaluate certain factors regarding the “responsibility” of the preferred vendor. According to MTA All-Agency Responsibility Guidelines, this evaluation includes financial capacity, prior experience and business integrity. The evaluation also examines the existence of any “significant adverse information” (SAI), including prior disqualifications, criminal convictions and pending investigations. MTA requires its agencies to conduct background checks on proposed vendors to make this determination.

When a firm being considered for an MTA contract is found to have a significant level of adverse information against it during the background check, a contract cannot be awarded to the firm unless additional approvals are given. Depending on the circumstances involved, certain businesses may properly be deemed responsible despite the existence of SAI. We reviewed the procedures followed at Bridges and Tunnels when potential contractors were found to have SAI. We analyzed whether Bridges and Tunnels considers all requirements and documents its findings when designating a contractor “responsible” despite SAI, and whether these responsibility determinations were made according to established procedures.

Overall, we found that Bridges and Tunnels is adhering to procedures that require identifying and evaluating SAI in a vendor’s background, and obtaining approvals prior to finding the vendor responsible. However, to improve the responsibility determination process, our recommendations included that the agency conduct random tests of the completeness of background checks and enhance oversight of contractors who are selected despite the existence of SAI. Bridges and Tunnels accepted all the recommendations and has initiated or completed action on each.

#### **Handling of Lost Property by Transit and the LIRR**

We issued two reports this year regarding the lost property procedures of Transit, and one report regarding those procedures of the LIRR. In each case we

**Reports, Continued**

found that existing procedures need improvement to better serve the public, and made numerous recommendations – virtually all of which were accepted – to achieve that goal.

**MTA New York City Transit’s Lost and Found Operations  
(MTA/OIG #2007-5 and 2007-9)**

An audit of the lost and found system at Transit resulted in recommendations for improvement of processes throughout the system. This system gathers lost property that is turned in, secures it until it can be transferred, forwards it to Transit’s Lost Property Unit (LPU) located near Penn Station in Manhattan, then logs and stores it in the LPU to be claimed. Of OIG’s two reports, one examines the intake process by which the Departments of Buses and Subways receive and forward lost items to the LPU, and the other examines the LPU’s practices associated with the acceptance, storage and return of lost items once they arrive at this Unit.

OIG found a number of systemic deficiencies that contributed to an unnecessarily low (18%) return rate. For example, many items never arrived at the LPU. In one test, OIG staff turned in to Transit staff 26 items as having been found throughout Subways and Buses; only three actually made it through the system to the LPU. Other system vulnerabilities include weak security of items in the field and in the LPU (notably with respect to passports), and an inadequate database for tracking and locating found items. These weaknesses all contributed to the low return rate, as did the sometimes slow process of forwarding items to the LPU from field locations. OIG also found that Transit’s efforts to best serve its customers leave unaddressed longstanding issues regarding compliance with the New York State Personal Property Law, which technically requires that the lost property be turned over to and accepted by the New York City Police Department after a certain period of time.

We made numerous recommendations including:

- Better monitoring and supervision of specified lost property operations;
- Establishing a requirement for investigation of valuables missing after intake, including documentation of the investigation and its results;
- Consideration of appropriate administrative action, including legislative amendment, regarding compliance with the Personal Property Law; and

### **Reports, Continued**

- Producing written coordinated lost property procedures for Buses and Subways that include a definition of valuables and a method of safeguarding them, as well as a requirement to forward all passports to the U.S. Department of State.

Transit officials have already implemented several of our recommendations, including those addressing vulnerabilities in the computer system and the handling of passports; Transit is still considering our other recommendations, including how best to bring lost and found operations into closer compliance with law.

#### **The Long Island Rail Road's Lost Property Process (MTA/OIG #2007-22)**

LIRR takes in over 11,000 lost items a year throughout its service area, which stretches from Manhattan to Montauk, and operates one centralized Lost and Found Office (LFO) at Penn Station. We found that the LFO is an organized and accessible facility, and that LIRR makes substantial efforts to reunite people with their property, including valuable personal items such as wallets, passports, jewelry and phones. However, we found weaknesses in the LFO computer database. LIRR should also communicate better with the public to explain how passengers can claim their lost items.

Our tests identified problems with station personnel consistently following existing procedures to document and transfer property, as well as a lack of procedures for what others, such as conductors or maintenance personnel, should do if they find property. One result is that a substantial delay can occur before an item is forwarded to the LFO. An OIG field test showed that many items given to LIRR may never reach the LFO. Auditors handed "lost" items to LIRR train and station personnel who agreed to turn them in. Only five of the 16 test items reached the LFO, and two of these took longer than a month to arrive. It was not clear where or why the process broke down.

LIRR agreed with the OIG that no LIRR manager had overall responsibility for coordinating the work of the multiple departments that handle or manage lost property. LIRR accepted specific recommendations to develop and/or strengthen its database, management, procedures, customer information, and performance measures, as well as to address the legal requirement to work with the police in managing lost property.

**Reports, Continued**

**Oversight of Non-Revenue Drivers at Long Island Bus  
(MTA/OIG #2007-06L)**

The OIG conducted an audit at LI Bus to determine how well the agency's monitoring program works to identify problem drivers and keep them from operating agency non-revenue vehicles such as office cars and maintenance trucks. This audit did not include revenue vehicles (*e.g.* buses) or agency monitoring of bus operator licenses, which are much more closely regulated than the licenses of employees who drive non-revenue vehicles. We tested the records of three drivers we identified as previously having suspended or revoked licenses to see if these employees self-reported their suspensions, and if the proper supervisors had been independently notified of the suspensions. We also examined the internal controls of the departments with oversight responsibilities to determine if their controls were sufficient.

While LI Bus' monitoring program had a number of strengths, we found that there were areas that needed improvement:

- Opportunities existed to improve efficiency of driver monitoring through better use of electronic systems.
- Agency vehicles were driven by employees without a valid New York State driver's license.
- The driving records of employees with out-of-state licenses were not monitored.
- Employees were not self-reporting license problems as required.
- LI Bus policies did not specifically state that employees must have valid licenses in order to drive. As a result, unlicensed employees could drive cranes, backhoes and trucks on agency property without accessing public roads.

We recommended that LI Bus improve its use of electronic means to track driver records; begin to monitor out-of-state licenses; keep centralized records of oversight actions taken; upgrade its employee self-reporting policies; and specifically require that drivers of LI Bus non-revenue vehicles have valid driver licenses. LI Bus accepted and reported that it has implemented each of the report's recommendations.

## OTHER COMPLETED WORK

### 2007 Reviews of Transit Response to Flooding

On August 8, 2007, the Transit subway system as well as other MTA transportation systems experienced severe system-wide service disruptions due to flooding. In response, Governor Spitzer directed the MTA to complete a 30-day assessment of the MTA's performance and its vulnerability to future storms. The MTA Executive Director/CEO promptly formed a task force to make this assessment, and specifically invited the Inspector General himself to participate.

A key aspect of the Inspector General's participation in the task force was to engage in its determination as to whether the recommendations from the OIG reports on the 2004 flooding had been implemented.<sup>3</sup> As of September 20, 2007, when the MTA released its report to the Governor, entitled "August 8, 2007 Storm Report" (Report), we found that one-third of the OIG's recommendations on the 2004 flooding incident had been fully implemented, one-half were in the process of being implemented, and those previously rejected were being re-evaluated in light of the August 8<sup>th</sup> incident. The Report committed the MTA to implement or otherwise appropriately address all of the prior OIG recommendations within 60 days of its release.

Thereafter, the OIG followed-up to determine the status of its prior pending recommendations, with a special focus on those related to operations. We visited important subway operations centers, interviewed key officials there and examined actual and planned improvements. Our review showed that Transit has already improved its ability to respond to flood conditions and to communicate with its customers during a flooding incident. Transit has designated a lead unit to coordinate certain aspects of flood response; defined roles and functions; increased coordination amongst the various responsible groups and personnel; and pre-deployed equipment to some of the most flood-prone locations. Transit has also begun to improve the tracking of flooding incidents to identify areas that require

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<sup>3</sup> This Office had previously issued a report on a 2004 subway flooding incident, entitled "Subway Flooding During Heavy Rainstorms: Prevention and Emergency Response" (MTA/OIG #2005-64, February 2006), which identified several operational failures and engineering issues that hindered Transit's response to the 2004 flood. We also issued another flooding report, entitled "Transit's Customer Communications During the September 8, 2004 Subway Flooding" (MTA/OIG #2006-21L, June 2006), which explored communication problems experienced by MTA personnel and customers during that incident. These reports made 30 recommendations to improve Transit's response to future storms and to enhance its procedures for communicating with its transit customers and other transit providers.

### **Other Completed Work, Continued**

attention. These initiatives will need continued agency attention to ensure success. For example, Transit still needs to produce its formal Flood Plan, a key component of any well-coordinated response to flooding.

### **Audit Procedures Applied to the MTA Defined Benefit Pension Plan**

The OIG conducted audit procedures on the accuracy of retiree pension benefit calculations under the MTA Defined Benefit Plan. In general, we found that benefits were being accurately calculated. However, we did find errors in the calculation of payment amounts for a few recipients. In one instance involving an early retirement (before age 60), Railroad Retirement Board benefits were not being offset, as required, against the retiree's MTA pension benefit, resulting in a total overpayment of \$13,584. In another instance, a retiree's benefit payment was calculated using 30 months rather than the plan's required 36 months, resulting in an annual overpayment of \$992 since July 2005. In a third instance, two retirees were each underpaid by \$300 per month for more than two years, because the pension unit failed to update the annuitants' initial estimated benefits. After we informed the MTA of these errors it corrected them.

### **ONGOING WORK**

Section 1279(4)(f) of the Public Authorities Law includes amongst the Inspector General's functions, powers and duties that he monitor the implementation of recommendations made by his office or by other audit agencies. Additionally, section 1279(6) of that law requires that the MTA and its applicable constituent agencies give quarterly reports to the Inspector General (with copies to the Governor and Legislature) outlining the status of each of the recommendations made by the Inspector General in his final reports.

OIG conducted a systematic review of all of its past reports containing recommendations that had been generally accepted by the agency but, based on MTA's official Quarterly Status Report, had not yet been implemented. Specifically, we examined 37 reports with 91 such pending recommendations. We emphasized outstanding recommendations with safety implications or potential cost savings, especially where agency comments and discussions with agency staff did not indicate substantial progress.

### Ongoing Work, Continued

In many cases, contacts with agency officials helped to clarify remaining issues and stimulate new or revised responses to our report. In some cases, the agency had not reported relevant actions. For example, we confirmed that agencies had developed or revised policies and procedures dealing with safety, security and human resource matters, but had not reported all of these actions to OIG, or included them in the MTA Quarterly Status Report. In a few cases, an agency provided a reasonable explanation for ultimately deciding not to implement a specific recommendation, which served to close the matter. Overall, we determined that 17 of the 37 reports, with a total of 36 pending recommendations, had all recommendations resolved by the close of 2007.

We also found substantial progress toward full implementation of the recommendations made in an additional 10 reports that contained a total of 35 pending recommendations. In these cases, we confirmed that agencies had accomplished important interim steps, *e.g.*, conducting training or hiring a consultant to help implement a major administrative initiative.

Questions remain about the final 10 reports, including several with recommendations that did not appear to be on a solid path to implementation. We are actively following up with agencies regarding these pending recommendations to make sure the appropriate actions are taken.

Beginning in 2007, along with assessing the disposition of recommendations reported as pending, we also began to monitor selected recommendations that the agencies had reported as implemented, to determine the extent of actual implementation. We looked at 16 such recommendations, and found either full implementation or an acceptable alternative.

For example, we confirmed that Transit had accepted and fully implemented all recommended steps to address a situation in which a piece of defective MetroCard machinery was stolen, reengineered, and used to fraudulently add value to MetroCards. We determined through documentation reviews and site visits that Transit had implemented controls to assure that all such parts would be tracked and those slated for disposal would be rendered unusable. In another follow-up, we looked at Transit's actions on a recommendation to conduct an internal audit of compliance with safety polices. This recommendation was included in our report on Transit's visual inspection of track switches. We confirmed that Transit's Maintenance of Way (MOW) had conducted multiple

**Ongoing Work, Continued**

internal reviews of safety-related procedures. Transit determined that there was no need to conduct daily visual inspections of switches and revised this requirement, which it had not been following. MOW also took the opportunity to review, and in some cases revise, other policies and procedures concerning scheduled maintenance and inspections, as well as other safety matters.

As appropriate, we will continue to monitor the implementation of our recommendations.

## **INVESTIGATIONS**

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The Investigations Unit examines allegations of criminality, fraud, waste and abuse as well as safety, service and management deficiencies. The Unit's priorities are the deterrence of fraud and the protection of MTA assets. When appropriate, matters are referred to law enforcement authorities or other governmental agencies for further investigation and/or criminal or civil enforcement.

The Unit is comprised of experienced investigators and attorneys who work together to conduct the investigations of the Office. Aside from the expertise of the staff, the Unit has a host of investigative tools available to it, including the authority to take sworn testimony from witnesses, and to compel the production of records and other documents relevant to any inquiry or investigation.

### **MATTERS REFERRED TO PROSECUTORS**

In conjunction with the Inspector General for the Port Authority of New York and New Jersey, OIG investigated allegations that a steel contractor had violated New York State prevailing wage laws. OIG found that the contractor had underpaid four employees approximately \$200,000 on two Transit projects.

OIG worked with representatives of the New York County District Attorney's Office, leading to the indictment of the contractor and its principal on six charges arising from the Transit contracts, including two counts of Grand Larceny in the Second Degree, a class C felony. The case is scheduled for trial in early 2008. Transit Vendor Relations has been notified of the indictment.

OIG is also engaged in on-going investigations in various areas, including suspect construction practices and disadvantaged business enterprise fraud. Our partners in these investigations include representatives of the United States Attorney for the Eastern District of New York; the Public Corruption Unit of the United States Attorney for the Southern District of New York; the Bronx District Attorney's Office; the New York County District Attorney's Office; the Port Authority of New York and New Jersey Inspector General; the New York State School Construction Authority Inspector General; and the New York State Dormitory Authority Office of Internal Affairs.

## **FLOOR CHECKS**

OIG investigators perform spot checks at MTA facilities, designed to have a deterrent effect on improper employee conduct. These floor checks have uncovered incidents involving service deficiencies and inadequate security. The Investigations Unit conducts Floor Checks on an unannounced basis at any hour of the day or night.

## **REPORTS**

### **Discrepancies in Lost Property Bag, Queens Village Depot (MTA/OIG #2006-97L)**

During the audit of Transit's lost property procedures and the reconciliation of lost property transferred from bus depots (discussed above), OIG found three instances of monies reported missing from a lost property bag sent to the Transit's Lost Property Unit (LPU) from the Queens Village Depot (QVD). The currency, totaling \$735.19, ultimately appeared at the LPU but under circumstances that raised concerns about the safeguarding of found money and the thoroughness of follow up investigations at QVD.

OIG determined that the General Superintendent did not properly investigate the situation, and that employees were either unaware of procedures for safeguarding valuable lost property or failed to comply with those procedures.

Transit concurred with our recommendations, the General Superintendent was suspended for five days and relevant personnel received training in procedures for handling valuable lost property.

### **207th Street Overhaul Shop (MTA/OIG #2007-26L)**

OIG received a complaint that an employee at Transit's 207<sup>th</sup> Street Yard was leaving his location, while being paid overtime, and driving his fellow car-poolers to their cars in upstate New York. OIG investigators conducted surveillance and on four occasions observed the employee leave the 207<sup>th</sup> Street Yard and travel to a park and ride in Hopewell Junction, New York; the employee would then return to the 207<sup>th</sup> Street Shop to conclude his shift. OIG confirmed, through the employee's admission and time sheets that he was paid overtime while traveling upstate. When OIG investigators questioned the employee's supervisors about his absence, the supervisors incorrectly claimed that it was not possible for an employee to be absent without being noticed for two hours of a shift.

**Reports, Continued**

In a letter dated December 24, 2007, OIG recommended that Transit take appropriate action, including disciplinary action against the employee and his supervisors. We are awaiting a response from Transit to this recent report.

**Alleged Conflict of Interest within the Transit Torts Division  
(MTA/OIG #2007-28L)**

OIG initiated an investigation after *am New York* reported that five law firms on the MTA panel of outside personal injury lawyers who handle cases for Transit, attended the annual fundraising gala for a certain well-known and respected health clinic and early childhood development center (the “Center”). The Transit Executive Assistant General Counsel who manages the Law Department’s Torts Division sits on the Center’s Board of Directors as its Senior Vice President. Notably, in 2005, OIG issued a report recommending that the Executive discontinue soliciting firms on the Panel to contribute to the Center. The news article raised a question as to whether the Executive continued his solicitation.

OIG found that the four firms receiving the most Transit business in 2005 and 2006 were Gala attendees. However, OIG found no evidence that the Executive directly solicited donations to the Center, or discussed it with lawyers on the panel. OIG also found that no firms added to the Panel after 2005 are on the Center mailing list. However, the Executive’s name continues to appear on the Center’s solicitation materials as the Center’s Senior Vice President, which may give rise to a continuing appearance of impropriety, since the names of the firms on the panel remain on the Center’s mailing list. Moreover, OIG found that the Torts Division’s Manhattan Borough Chief attended the 2003 Center Gala as the guest of an attorney on retainer to the MTA, who purchased the \$500 ticket.

OIG recommended that Transit require the Executive to remove his name from all Center solicitation materials, re-emphasize to the Executive that he is to have no role in the solicitation of contributions from any individual employed by, or doing business with Transit, and take appropriate action against the Division’s Manhattan Borough Chief for violating provisions of Transit’s Code of Ethics pertaining to gifts. OIG also referred this matter to the New York State Commission on Public Integrity.

Transit has informed us that it has implemented the recommendation that the Executive remove his name from solicitation materials issued by the Center. Regarding the Manhattan Borough Chief, Transit reported that, in light of our

**Reports, Continued**

referral to the Commission on Public Integrity, Transit will await action by that agency prior to determining what, if any, additional action would be appropriate.

**Women's Business Enterprise  
(MTA/OIG #2007-29L)**

During the course of reviewing a Bridges and Tunnels contract, OIG found irregularities in credits being taken by the General Contractor for the project for utilization of Minority Business Enterprises (MBE) and Women Business Enterprise (WBE). In particular, OIG found evidence that an MBE had subcontracted out a portion of its work to a WBE supplier who was not actually functioning as a supplier, but was improperly acting as a mere "pass through" for the processing of invoices and payments.

Empire State Development (ESD) is the New York State agency that provides assistance and service to businesses in order to encourage economic investment and prosperity in the state. ESD's Division of Minority and Women's Business Development (Division) certifies WBE and MBE vendors. OIG recommended that the MTA Office of Civil Rights (OCR), which approves the WBEs employed on its contracts and monitors utilization of MBEs and WBEs by prime contractors on MTA projects, consider referring the matter to the Division for review of the company's status as a WBE. OCR is also responsible for certifying vendors under the United States Department of Transportation (USDOT) Disadvantaged Business Enterprise (DBE) Program, and may commence proceedings to decertify a vendor as a Disadvantaged Business Enterprise. Thus, OIG also recommended that OCR commence proceedings to decertify the WBE at issue in this case. OIG further recommended that OCR consider referring the matter to the USDOT for possible suspension or debarment of the company from bidding on federal contracts.

Representatives of OCR have met with OIG staff to discuss any further action that may be taken relative to the WBE.

**Train Crew Violations of LIRR Rules  
(MTA/OIG #2007-25L)**

OIG received an e-mail complaint from an LIRR passenger alleging that when the train car in which he was a passenger overshot the platform, the doors of the car opened, and had other passengers not stopped him, he would have stepped

### **Reports, Continued**

out of the car and fallen to the ground. Following an investigation, OIG determined that the train crew violated LIRR safety rules designed to keep doors closed when a train car overshoots a platform, and were purposely not truthful when interviewed by LIRR employees investigating the incident. OIG also found that LIRR crews generally may be disregarding similar rules and making decisions about open train cars without authorization from their supervisors.

OIG recommended that the employees involved in this particular incident be disciplined, and that the rules at issue either be enforced or revised to match current practices.

In its response, LIRR informed OIG that disciplinary action had been commenced against the three crew members involved in the incident and that all three had “signed trial waivers and were assessed reprimands.” LIRR also informed OIG that it intended to reinforce compliance with the instructions through additional training.

#### **Lost Property (MTA/OIG #2007-27L)**

OIG received a complaint from an LIRR customer who had lost his wallet on a train. He reported that although the wallet was found and brought to the Assistant Station Manager in a timely manner, it was somehow lost before being delivered to the LIRR Lost and Found Office. The customer had gone to the LFO numerous times and each time was told his wallet was not there. Eventually, he filed a claim and was reimbursed \$500 for his loss.

The OIG found deficiencies in LIRR’s procedures for handling lost property, and made recommendations including delivery of lost property to the Customer Service Office, deadlines for turning in cash and retraining of relevant personnel. These recommendations further complement those included in OIG Report 2007-22 (discussed above).

In its response, LIRR informed OIG that it is enhancing its policies and procedures governing the disposition of lost and found articles to more efficiently document, secure and forward lost items. LIRR also plans to have a new tracking and reporting system to provide more reliable data regarding these items.

**Reports, Continued**

**Unauthorized Dual Employment of Transit Train Operator  
(MTA/OIG #2007-12L)**

OIG received an anonymous complaint that a Transit Train Operator held a second job with the United States Postal Service and that his attendance and performance at Transit had suffered as a result. OIG investigators confirmed that the employee had been employed by the United States Postal Service as a letter carrier since July 2002 and had not sought approval for the outside employment. In addition, on numerous occasions the Train Operator violated a Transit Policy requiring employees in Federal Transportation Authority safety-sensitive titles to have eight consecutive non-working hours in the 16-hour period preceding the start of his Transit shift.

OIG recommended that the Train Operator be disciplined for failing to obtain prior approval before commencing outside employment and for violating Transit's applicable rest requirements. OIG was informed by Transit that the Train Operator received a 30-day suspension with the stipulation that he not resume employment with the United States Postal Service until he received dual employment authorization from Transit, and that he adhere to all dual employment regulations in the future.

**Car Inspector Abusing Sick Leave and Dual Employment  
(MTA/OIG #2007-16L)**

OIG was asked by a Transit Compliance Attorney to investigate an employee suspected of sick leave abuse and unauthorized dual employment with Verizon. Working with Verizon's Security Department, OIG investigators confirmed that the employee was working at Verizon and had used Transit sick leave in order to report for work at Verizon.

OIG recommended that the employee be disciplined. Transit's response concurred with OIG's recommendation and stated its intent to seek the employee's termination. The employee resigned from Transit.

**Abuse of Sick Leave by Metro-North Employee  
(MTA/OIG #2007-14L)**

OIG was contacted by an investigator from Amtrak's Office of the Inspector General who advised us that an Amtrak employee might also be employed by Metro-North. OIG confirmed that the employee was, in fact,

### **Reports, Continued**

employed by Metro-North and disclosed her Amtrak employment on her Metro-North employment application. Her disclosure aside, OIG investigators found that over the course of ten months the employee claimed sick leave on 12 dates where evidence shows she was not sick. On nine of those dates, or within a surrounding 24-hour period, it appears she actually worked for Amtrak.

OIG found that the employee violated Metro-North's attendance policy, and recommended that she be disciplined. In addition, OIG recommended that Metro-North adopt a formal policy which would prohibit dual-employment without prior approval. In its response, Metro-North stated it intends to implement a policy in 2008 that would (1) require its employees to notify the railroad of other employment, and (2) direct that its supervisors monitor their employees to ensure that the other employment does not interfere with their Metro-North responsibilities. Metro-North also informed OIG that it dismissed the employee after disciplinary hearings.

#### **Grand Central Terminal Employee Sleeping on the Job (MTA/OIG #2007-2L)**

OIG received an allegation from an anonymous caller alleging that a Metro-North Custodian assigned to Grand Central Terminal was leaving his assignment in the middle of his shift and sleeping in his car. OIG investigators conducted surveillance on this employee and observed him sleeping in his car on three dates in a two-week period at times that he was supposed to be working. When confronted by OIG, the employee admitted his conduct. OIG reported these findings to Metro-North with the recommendation that the employee be disciplined. In its response, Metro-North informed OIG that the employee was dismissed.

#### **Station Cleaner Time Records (MTA/OIG #2007-15L)**

OIG received an allegation that a Transit Station Cleaner, who provides relief for other Station Cleaners on vacation, was leaving his assigned work location to sleep and drink in his car. OIG investigators were unable to substantiate the allegation. However, we found that the Station Cleaner was not fully complying with his obligation to sign-in and out of stations, thus leaving gaps in his work day. Moreover, OIG staff found that the Transit employees responsible for overseeing the accurate recording of the Station Cleaner's time had failed to note the irregularities in the time records. Further, the Transit manager

**Reports, Continued**

responsible for supervising the vacation relief Station Cleaner during the period of his job assignment denied awareness of this obligation.

OIG recommended that Transit take appropriate action to redress the failure by the Station Cleaner to accurately document his time and by the individuals responsible for ensuring the accuracy of time records. OIG also recommended that employees supervising vacation relief personnel be informed of their responsibility for doing so.

Transit advised the OIG that its Office of Labor Relations was initiating disciplinary action against the Station Cleaner and that the disciplinary hearing will take place in early 2008. Transit also advised OIG that it would be providing appropriate station personnel with a copy of a previously released bulletin advising these employees of their obligation to ensure the accuracy of the time-keeping logs and to address discrepancies. Moreover, OIG was told that the Transit personnel responsible for supervising the cleaners would be instructed to report any cleaner who had not reported to duty as assigned, regardless of whether that cleaner was assigned regularly or as vacation relief.

**Bus Operator Misconduct  
(MTA/OIG #2007-11L)**

Transit Department of Buses referred to OIG a passenger complaint against a Bus Operator. The passenger alleged that the Bus Operator continually harassed her, and described an incident in which the driver used profanity in admonishing her to not cross the street in front of the bus. OIG investigators obtained a corroborating statement from a witness. OIG investigators also rode with the Bus Operator and observed him violate Transit Rules and Regulations three different times in one bus ride, including exiting the bus to confront the driver of a car who had cut in front of the bus. OIG reported its observations to Transit, recommending that the Bus Operator be disciplined.

In its response, Transit agreed with OIG's recommendation and reported that the Bus Operator was charged with various violations. Transit has informed the OIG that a pre-arbitration hearing will be held in early 2008, and that it is recommending a 30-day suspension.

**Reports, Continued**

**Ethics Violations, Irregularities and Abuse of Time, Time Records and Expense Vouchers by Construction Engineer and Supervision Failure by CPM Construction Manager (MTA/OIG #2006-76L)**

OIG received an anonymous complaint that a Transit Civil Engineer had left his work location to conduct personal business, sometimes did not report for work at all, and failed to reflect these absences in his time records.

OIG found that during the 13½ month period of the OIG review, on 97 days there was no independent corroboration that the employee reported to work, such as a time card punch or MetroCard swipe. OIG found that the employee arrived to work late on 32 days, left work early on 7 days, and both arrived late and left early on 33 days. OIG investigators also found that on 169 days there were discrepancies in time between the employee's reports and the documents OIG reviewed. Additionally, OIG found that on at least two occasions the employee falsified expense records in order to improperly obtain mileage reimbursements. OIG found further that the employee's supervisor failed to properly and adequately supervise the employee, despite his awareness of the employee's attendance problems.

OIG also made various operational findings, and recommended that Transit initiate disciplinary action against the Civil Engineer and his supervisor.

Transit expressed its general agreement with our findings; noted that the Department of Capital Program Management would reinstruct field personnel in appropriate time keeping procedures; stated that it intended to suspend the employee for 30-45 days with the further intent to terminate him; and would suspend the supervisor for two days. Transit has informed OIG that the Civil Engineer's disciplinary hearing is scheduled for early 2008, and any disciplinary action against his supervisor is contingent on the outcome of that hearing.

**LIRR Employee Private Business (MTA/OIG #2007-17L)**

OIG received an anonymous complaint that an LIRR Track Supervisor did not inform LIRR that he owned a contracting business. The complaint also alleged that the Track Supervisor conducted work for his private business during his LIRR work hours and stole LIRR supplies for his business.

### Reports, Continued

OIG investigators conducted surveillance of the employee on six occasions. On only one of these was he observed leaving his work place for non-LIRR-related business, and he was never observed removing any LIRR supplies. On the day in question, he was observed leaving for three hours, spending over two hours in a truck sales office. OIG found that the Track Supervisor had ownership interests in two trucking businesses, and the Track Supervisor admitted that once or twice a month he would conduct private business during his LIRR shift. OIG also found that the Track Supervisor had failed to report his ownership interests in the companies to LIRR. OIG recommended that LIRR bring appropriate disciplinary action against the employee.

In its response, LIRR acknowledged that the Track Supervisor had violated two LIRR policies by failing to report his outside business activities and leaving his LIRR duties to conduct private business. LIRR provided OIG with its analysis of the employee's conduct on the one day he was observed conducting private business for three hours in the day. The employee's time records reflect that he signed in at 6:00 a.m. and signed out at 5:00 p.m., a period of 11 hours, three hours more than the eight hours managers are required to work. As a manager, the Track Supervisor was ineligible for overtime and was only paid for eight hours.

LIRR concluded that although the employee violated LIRR policy by leaving his work location, he did not steal time. LIRR explained that in considering the appropriate action to take against the employee, it considered the length and quality of his service at LIRR, and determined that the appropriate action under the circumstances was to issue him a written warning that he must immediately comply with all dual employment and financial disclosure requirements. LIRR noted that the employee must obtain permission before leaving work during his shift, utilize leave balances as appropriate and reflect time away from work.

### **Property Encroachment (MTA/OIG #2007-19L)**

OIG received a complaint from the Code Enforcement Office, Town of Southampton, alleging that a construction company was dumping construction debris, compost, sand and soil on LIRR property. OIG investigators went to the location and confirmed that two companies adjoining the LIRR tracks were storing materials, and one had erected a metal shed within LIRR's Right of Way (ROW).

**Reports, Continued**

OIG investigators spoke to representatives of both companies and succeeded in convincing one, but not the other, to remove the infringing materials from the ROW.

OIG issued a letter report to LIRR, which responded that the second company had complied with LIRR requests to remove the materials from the ROW, thus eliminating the encroachment.

**Fixed Route Messenger Services Contract  
(MTA/OIG #2007-23L)**

OIG received an anonymous fax alleging that Transit Document Control Unit personnel allowed a vendor of messenger services to use one messenger rather than the five required under the contract terms. OIG investigators found that this \$191,000.00, three year contract for messenger services did require five messengers, but was being implemented, apparently successfully, by only one. OIG investigators also found that the contract was assigned by the vendor without the consent – but with the knowledge – of Transit. The employees interviewed were candid and cooperative, and their actions evidenced no bad faith.

OIG issued a report to Transit recommending that the scope of work in future solicitations be adjusted to reflect the actual work needed; that any evidence to the user of change in the ownership or operation of the vendor should prompt an inquiry regarding the need for a contract modification; and that contract language should require written notice by the vendor of any assignment or other change in ownership affecting the contract.

In its response, Transit stated its general agreement with the OIG recommendations. Specifically, it informed OIG that its finding related to the actual manpower used to fulfill contract requirements has led Transit to review the appropriate scope of work prior to soliciting new bids for the messenger contract. Despite its general agreement, Transit took issue with some factual assertions in the report. Transit asserted that the Procurement Manager is not responsible for contract administration and was unaware that the manpower had been reduced from five messengers to one. Transit also asserted that the contract was not actually assigned, but rather that the two messenger companies merged, thus not requiring Transit's approval. Finally, Transit asserted that the contract's requirement of prior approval before subcontracting, assigning or transferring the contract is equivalent to requiring written notice prior to assignment.

## **REPORTS REFERRED TO OTHER GOVERNMENTAL ENTITIES**

### **Plumbing Subcontractor (MTA/OIG #2007-1L)**

OIG received an allegation from Plumber's Local 1 that a particular subcontractor on a Transit contract was allegedly misclassifying workers on the certified payrolls it submitted on that contract in order to pay its employees a lower wage rate. After investigation, OIG confirmed that the work performed should have been classified at a higher pay rate, and that the employees were underpaid by more than \$20,000. OIG referred the matter to The New York City Office of the Comptroller.

### **Roofing Contractor (MTA/OIG #2007-8L)**

OIG received information from an Independent Private Sector Inspector General (IPSIG) monitoring a New York State School Construction Authority project, that a roofing contractor with three MTA contracts was violating the state Labor Law by failing to pay its employees the prevailing wage. OIG learned that two of the contractor's MTA contracts were already being audited by the Office of the New York City Comptroller and the New York State Department of Labor. OIG reviewed the third contract and found that six employees were underpaid benefits by approximately \$20,000.

OIG referred the matter to the NYC Comptroller's Office, which informed OIG that the additional contract will be incorporated into its ongoing audit.

### **Landscaping Contractor (MTA/OIG #2007-18L)**

While conducting surveillance, OIG investigators interviewed the employees of a landscaping contractor working on a Metro-North Railroad construction project about their rate of pay. Four of the employees told investigators that they were being paid \$10 an hour, while two others said they were being paid \$30 and \$35 an hour.

OIG obtained the contractor's certified payroll documents and payroll records. We found significant inconsistencies between what the contractor reported he paid his employees for work on the Metro-North contract and what his employees were paid for other work performed for the company.

**Reports Referred to Other Governmental Entities, Continued**

After conferring with investigators from the Bureau of Public Works, New York State Department of Labor, we referred the matter to that Bureau for further investigation. We will continue to monitor the progress of this matter until it is resolved.

# OUTREACH



## INTERGOVERNMENTAL COOPERATION

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During 2007, OIG worked actively with federal, state and local agencies and task forces, as well as associations and advisory groups, including:

### **Federal:**

US Attorney for the Eastern District of New York  
US Attorney for the Southern District of New York  
US Department of Justice Antitrust Division  
Federal Bureau of Investigation  
US Bureau of Immigration and Customs Enforcement  
Internal Revenue Service, Criminal Investigation Division  
US Department of Labor, Office of Labor Racketeering and Fraud Investigations  
US Department of Labor, Wage and Hour Division  
US Department of Transportation Office of Inspector General  
US Financial Crimes Information Center  
US Railroad Retirement Board Office of Inspector General  
US Social Security Administration Office of the Inspector General  
US Postal Inspection Service  
US Postal Office of the Inspector General  
Eastern District of New York Federal Construction Fraud Task Force  
Eastern District of New York Procurement Fraud Task Force  
Southern District of New York Procurement Fraud Task Force  
High Incidence Financial Crime Area (HIFCA)

### **New York State:**

Office of the Attorney General  
Office of the State Comptroller  
Department of Insurance  
Department of Labor  
Department of State  
Department of Taxation and Finance  
Department of Transportation

**New York State, Continued:**

New York State Police  
Commission on Public Integrity  
Long Island Power Authority  
Port Authority of New York and New Jersey Office of Inspector General  
Dormitory Authority Office of Internal Affairs  
Public Transportation Safety Board  
Workers Compensation Board  
Lower Manhattan Construction Integrity Team

**Local:**

New York City Office of the Comptroller  
Bronx District Attorney  
Kings County District Attorney  
Nassau County District Attorney  
New York County District Attorney  
Suffolk County District Attorney  
New York City Department of Investigations  
New York City Fire Department  
New York City Police Department  
New York City School Construction Authority Office of Inspector General  
New York City Department of Environmental Protection Inspector General

**Associations and Advisory Groups:**

Association of Local Government Auditors  
Association of Inspectors General  
Intergovernmental Audit Forum  
Labor Law Advisory Counsel  
Long Island Labor Advisory Committee

## TRAINING

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In 2007, a renewed emphasis was placed on collaborative outreach and training with MTA subsidiaries and affiliates, as well as with law enforcement, prosecutorial and other watchdog agencies. This included:

- Detailed briefings by the MTA Capital Construction Company to OIG Auditors and Investigators on the East Side Access project and the Second Avenue Subway construction.
- A presentation to OIG staff by the Construction Fraud Task Force of the United States Attorney's Office, Eastern District of New York. In addition to Assistant United States Attorneys, the Task Force is comprised of members of the FBI; the United States Department of Transportation Office of Inspector General; Internal Revenue Service Criminal Investigation; United States Department of Labor Office of Inspector General; the New York City Department of Investigation; and the Office of Inspector General for the Port Authority of New York and New Jersey.
- Presentations by OIG staff, in conjunction with the MTA Office of Corporate Compliance and the New York State Commission on Public Integrity, to MTA employees, to familiarize them with the work of the MTA/OIG and its role in investigating ethics violations as well as its role in the detection, investigation and deterrence of fraud, waste, abuse and corruption. Among other subjects, the presentations educated employees on how to recognize and respond to "red flags" relating to fraud. We made 17 such presentations to more than 1300 MTA employees including some experienced MTA Police Officers. We also made two special presentations regarding our statutory function to 14 newly sworn-in MTA Police Officers.
- A training session by OIG at the annual meeting of the Association of Government Auditors on the subject of Auditing of Agency Performance During Natural Disasters.

~ TRAINING, CONTINUED ~

- Hosting a training session provided by the US Department of Justice Anti-Trust Division. At our invitation, the lecture was attended by members of the New York City Department of Investigation, the Lower Manhattan Construction Command Center and the Port Authority of New York and New Jersey Office of Inspector General.
- Participation by OIG Auditors and Investigators in training through Middle Atlantic-Great Lakes Organized Crime Law Enforcement Network, National Association of Local Government Auditors, and the Association of Inspectors General, to maintain professional standards. Many staff members also took active roles in professional organizations, including one who served as the Membership Chair of the New York-New Jersey Intergovernmental Audit Forum.
- A presentation by OIG to the MTA Office of Corporate Compliance on the subject of Disadvantaged, Minority and Women's Business Enterprises fraud with a special emphasis on detection of the fraud and referrals to this Office when such fraud is suspected.

# RECOGNITION



## KNIGHTON AWARD

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*Jim Williamson, past-President of the Association of Local Government Auditors (ALGA), presents its highest honor, the Knighton Award, to Ruth Levy, Deputy Inspector General, Audits, at a ceremony in Memphis, Tenn. on June 12, 2007. The award was presented in connection with the OIG report on the 2004 subway flooding incident, entitled “Subway Flooding During Heavy Rainstorms: Prevention and Emergency Response” (MTA/OIG #2005-64, February 2006).*