

H. CARL McCALL  
STATE COMPTROLLER



STATE OF NEW YORK  
**OFFICE OF THE STATE COMPTROLLER**

A.E. SMITH STATE OFFICE BUILDING  
ALBANY, NEW YORK 12236

April 25, 2000

Mr. Edmund A. Fares  
Chairman  
New York State Bridge Authority  
P. O. Box 1010  
Highland, NY 12528

Re: Selected Business Practices  
Report 99-S-20

Dear Mr. Fares:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Title 2, Section 531 of the Public Authorities Law, we have audited selected business practices of the New York State Bridge Authority (Authority). Our audit covered the period of January 1, 1997 through June 30, 1999.

**A. Background**

The Authority, a public benefit corporation created by statute in 1932, operates and maintains five toll bridges, together with all incidental spans, approaches, structures, facilities, and highway connections to and from the bridges. These bridges, which cross the Hudson River and have a replacement value approaching \$1 billion, are the Rip Van Winkle near Catskill, the Kingston-Rhinecliff near Kingston, the Mid-Hudson at Poughkeepsie, the Newburgh-Beacon linking the cities of the same name, and the Bear Mountain located five miles north of Peekskill.

Calendar year 1998 represented a record year at all five of the Authority's bridges; there were 51.3 million crossings (an increase of 3.2 percent over the previous year), and toll revenue rose to about \$23.6 million, an increase of 5.6 percent. An additional \$3 million was earned primarily in interest income on debt service and capital project funds. On January 1, 1999, the Authority started a program that offered commuter discounts to E-ZPass users.

Operating expenditures totaled \$11.8 million for 1998. This represents \$736,000 more than the previous year. This increase was due largely to a negotiated salary increase for union employees, and the increased use of part-time toll collectors and other costs of implementing E-ZPass. At the same time, the Authority also invested \$14.7 million in capital projects such as the addition of a toll lane and rebuilding sidewalks on the Mid-Hudson bridge and reconstruction at the Kingston-Rhinecliff bridge.

**B. Audit Scope, Objectives, and Methodology**

We audited selected business practices of the Authority for the period of January 1, 1997 through June 30, 1999. The objectives of our financial-related audit were to determine whether the Authority controls its operating costs and whether there are opportunities to reduce such costs. To accomplish our audit objectives, we reviewed applicable laws and regulations, reviewed Authority policies and procedures, interviewed Authority officials, and reviewed various reports and financial records.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those Authority operations which are included within the audit scope. Further, these standards require that we understand the Authority's internal control structures and its compliance with those laws, rules and regulations that are relevant to those operations which are included in our audit scope. An audit also includes assessing the estimates, judgments, and decisions made by management. We believe our audit provides a reasonable basis for our findings, conclusions, and recommendations.

We use a risk-based approach when selecting activities to be audited. This approach focuses our audit efforts on those operations that have been identified through a preliminary survey as having the greatest probability for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient or effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

**C. Internal Control and Compliance Summary**

Our consideration of the Authority's internal control structure was limited to selected purchasing and payroll transactions and controls over the utilization of vehicles. We identified weaknesses in procedures the Authority follows when it assigns vehicles.

**D. Results of Audit**

The Authority generally controlled its operating expenses during our audit period. However, we suggest the Authority consider efficiencies and potential cost savings noted within the following sections of this report related to the assignment and use of vehicles, as well as the expenditure of funds for celebrations. While these areas may be considered relatively immaterial related to the revenues and expenses within the Authority's controls, we believe they may be helpful to consider nonetheless.

## **1. Use of Passenger Vehicles**

The Authority maintains a fleet of 16 passenger vehicles. Twelve are assigned to various staff members; 2 are designated for use by toll technicians; and 2 are designated as pool vehicles. Eight of the 12 vehicles were purchased during the of period January 1, 1997 through April 30, 1999, for a total cost of more than \$160,000. The Authority makes these vehicles available to certain employees, who are to use them in job-related activities such as reviewing operations, supervising repair and maintenance work, and performing bridge inspections. Several of these employees are required to be on call 24 hours a day in case of problems or emergencies. According to Authority policy, some of them may take their assigned vehicles home each day, although they are discouraged from using the vehicles for activities unrelated to official Authority operations.

To document the need for each vehicle and to help ensure that vehicles are used for official purposes, the Authority should require users to maintain vehicle use logs recording the destination, business purpose, and mileage for each trip. We found that the Authority does not require the operators of its vehicles to keep such records.

To determine whether the vehicles were being used for business purposes, we reviewed the mileage traveled by the vehicles during 1998 and 1999. (Vehicles purchased prior to or during 1998 were reviewed for mileage during 1998; vehicles purchased during 1999 were reviewed for mileage through June 1999.) Because the operators do not maintain vehicle use logs, we estimated the number of commutation miles they traveled based on the distance between each of their home's to their offices. We then compared this estimate with the total number of miles traveled by the vehicle, as recorded on the odometer. This analysis indicated that almost 65,000 of the 167,000 miles recorded as traveled by these vehicles, or about 39 percent, could be attributed to commutation.

Since no vehicle trip records have been maintained, there is no assurance that the remaining estimated 61 percent of the estimated non-commutation mileage was the result of business activities. Such records would help the Authority to both determine the need for the vehicle and then ensure that the vehicle is used for official purposes. Authority officials have stated that each employee who has been assigned a vehicle is a member of the "Emergency Response Program," which requires a 24-hour per day, 7-day per week commitment. However, without vehicle usage records, we could not determine the extent to which these vehicles had been used for that program. (At the audit closing conference in September 1999, Authority officials indicated that they had drafted a policy requiring vehicle usage records.)

## **2. Anniversary Celebrations**

On March 17, 1998, the Authority marked the 65<sup>th</sup> anniversary of its operation. In recognition of this event, the Board of Directors approved a resolution to hold a celebration on June 13, 1998, with a fireworks display over the Mid-Hudson bridge and entertainment for

selected guests. Total cost of this celebration was \$36,600, including \$26,000 for the fireworks display and the launching barge; \$3,800 for printed posters and displays; \$4,050 for a rented cruise ship from which 130 invited guests could view the fireworks; and \$500 for a singer to entertain the guests. The event was staged in conjunction with an annual merchants' fair that took place over the weekend in Poughkeepsie and was deemed to be an opportunity to enhance the Authority's image in the community. A similar celebration was held in July 1999 to commemorate the 75<sup>th</sup> anniversary of the Bear Mountain bridge. This event was held at the nearby Bear Mountain State Park and also cost more than \$30,000, of which the Authority paid \$18,500, with the New York State Office of Parks, Recreation and Historic Preservation funding the balance.

Although such expenses are permitted as "advertising expenses" under Section 528, paragraph 13 of the Public Authorities Law, we question the prudence and necessity of some of these expenses, especially the renting of a cruise ship for selected guests.

### **Recommendations**

1. *Require all vehicle operators, regardless of position, to maintain trip records concerning vehicle usage. Review these records periodically to assess the appropriateness of vehicle utilization and assignments.*

*(Authority officials responded that they have broadened and enforced their policy requiring all personnel who are assigned vehicles to submit usage records.)*

2. *More closely scrutinize the reasonableness of using bridge revenues to pay for non-operating expenditures.*

*(Authority officials responded that they will continue to scrutinize all expenditures that might reflect a departure from accepted procedures.)*

A draft copy of this report was provided to Authority officials for their review and comment. Their comments have been considered in preparing this report, and are included as Appendix A.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Chairman of the Authority shall report to the Governor, the State Comptroller, and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and if not implemented, the reasons therefore.

Major contributors to this report were Gerald Tysiak, John Kimberlein, Peter Schmidt, Clyde Bynoe, Alina Mattie, and Donna Sylvester.

We wish to thank the management and staff of the New York State Bridge Authority for the courtesies and cooperation extended to our auditors during this audit.

Very truly yours,

Frank J. Houston  
Audit Director

cc: Charles Conaway



## **NEW YORK STATE BRIDGE AUTHORITY**

April 6, 2000

**GEORGE E. PATAKI**  
GOVERNOR, NEW YORK STATE

**JACK GAFFNEY**  
Executive Director

**JAMES J. BRESNAN**  
Deputy Executive Director

### **BOARD MEMBERS**

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Mr. Frank Houston  
Audit Director  
State of New York  
Office of the State Comptroller  
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Albany, NY 12236

Ref: NEW YORK STATE BRIDGE AUTHORITY  
Selected Business Practices – Report 99-5-20

Dear Mr. Houston:

As requested in your cover letter dated March 27, 2000, I am submitting my response to the referenced report.

### I. State Comptroller Recommendation No. 1

In response to this recommendation, this authority has broadened and enforced an already existing policy requiring all personnel who are assigned authority vehicles to submit timely records as to usage. My office requests these records of vehicle usage on a monthly basis.

### II. State Comptroller Recommendation No. 2

In response to this recommendation, this authority will continue to scrutinize all expenditures that might reflect a departure from accepted procedures. Specifically, in the area of comment regarding operating expenditures, it will be our policy to insure that there is complete justification of the expenditure with my approval and, when necessary, Board approval.

As I noted in my first response to your audit dated September 14, 1999, we brought to your attention the fact that the total amount questioned in your audit represented substantially less than one percent (1%) of the entire Authority operating budget for the period being reviewed. However, despite this low figure, our goal

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is to achieve a zero determination and we will take all the necessary steps to accomplish this.

I thank you and your staff for reviewing our activities and providing the attendant guidance.

Sincerely,

  
JACK GAFFNEY

JG:eo