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April 1, 1999

Mr. E. Virgil Conway
Chairman
Metropolitan Transportation Authority
347 Madison Avenue
New York, NY 10017

Re: Report 98-F-42

Dear Mr. Conway:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution, we have reviewed the actions taken by officials of the Metropolitan Transportation Authority's Metro-North Railroad (Metro-North), as of December 31, 1998, to implement the recommendations contained in our audit report, *Administration of Vehicle Fleet* (Report 95-S-113). Our report, which was issued on September 30, 1997, examined the questions of whether Metro-North had instituted adequate controls over fleet vehicle usage and the qualifications of fleet vehicle operators and whether Metro-North's officials had an adequate system in place for identifying the appropriate time to retire fleet vehicles.

Background

The Metro-North Railroad, which services New York's Hudson Valley Region and lower Connecticut, operates 552 trains carrying more than 200,000 passengers on an average weekday. For the year ended December 31, 1998, Metro-North received nearly \$308 million in passenger revenue and incurred \$608 million in operating, maintenance, and administrative expenses. Metro-North maintains an automobile and truck fleet to provide business-related transportation and to help service its track, facilities, and equipment. This fleet consists of 500 vehicles, including automobiles, trucks, special equipment, police, and emergency vehicles. Collectively, these vehicles are valued at \$14 million.

Summary Conclusions

Our prior audit found that Metro-North's pool vehicles appear to have been used

effectively and efficiently. However, many of the vehicles permanently assigned to specific individuals were used only for commuting between work and home. We recommended that Metro-North officials monitor more closely the use of vehicles assigned to individuals. We also found that some vehicle operators drove Metro-North vehicles while their driver licenses were suspended or revoked, including two operators who were involved in accidents while driving Metro-North vehicles. We further found that maintenance expenses may have been unnecessarily high because some vehicles were kept in service beyond their recommended useful lives. We recommended that Metro-North officials monitor more closely the qualifications of vehicle operators, and improve the procedures for determining when vehicles should be removed from service. In our follow-up review, we found that Metro-North officials have taken steps to improve their vehicle-retirement operations. They have also addressed fleet size and the utilization of non-pool vehicles. However, to date, they have made only slight progress in monitoring the qualifications of vehicle operators.

Summary of Status of Prior Audit Recommendations

Our prior audit contained seven recommendations. We found that Metro-North officials have implemented four of these recommendations, and partially implemented two recommendations. They did not implement one recommendation.

Follow-up Observations

Recommendation 1

Do periodic assessments of fleet vehicle use, including the need to assign vehicles to employees on a permanent basis.

Status - Not Implemented

Agency Action - In their June 1997 response to our draft of Report 95-S-113, Metro-North officials stated, "We agree that periodic assessments are beneficial and have approached MTA Audit Services for assistance in conducting this review." However, they now indicate that, because they have since assessed the audit risk in this area as low, they do not plan to perform periodic assessments.

Recommendation 2

Eliminate the permanent assignment of vehicles that are used solely for commuting purposes; and adjust fleet size, or redeploy vehicles, accordingly.

Status - Implemented

Agency Action - In 1996, subsequent to our audit field work, Metro-North officials performed

an assessment of fleet vehicle usage. Consequently, 42 vehicles were eliminated from the fleet and 49 others were redeployed from permanent assignments to the pool.

Recommendation 3

Establish a database of all of Metro-North's authorized vehicle operators. Keep the database current.

Status - Implemented

Agency Action - In February 1998, Metro-North officials created a driver database. During our follow-up review, we determined that Metro-North's Human Resource Information Systems (HRIS) periodically contacts department heads to update driver information.

Recommendation 4

Enhance current procedures for monitoring vehicle operator qualifications by requiring verification of non-commercial driver licenses by employing statistical sampling techniques, and opening lines of communication with out-of-state Motor Vehicle Departments.

Status - Partially Implemented

Agency Action - Metro-North officials have recently held meetings to discuss their action plan in regard to this recommendation. They have registered with the New York State Department of Motor Vehicle's Dial-In Account. This will provide Metro-North's HRIS with relevant up-to-date information regarding its New York State-based licensed vehicle operators. However, similar actions have not been undertaken to monitor operators licensed by other states.

Recommendation 5

Develop an action plan for deterring employees with suspended or revoked licenses from operating a Metro-North vehicle.

Status - Partially Implemented

Agency Action - Metro-North officials have scheduled meetings with their legal and labor relations staff to determine the steps that need to be taken when an unfavorable driver report is received. They have also begun to compile driver record files for each vehicle operator, as required by Federal Law. However, a formal company policy addressing this issue has yet to be written.

Recommendation 6

Continue to evaluate, on a periodic basis, the comparative benefits of retaining or retiring in-service vehicles that have attained their recommended maximum age and/or mileage.

Status - Implemented

Agency Action - Metro-North officials have continued to perform their annual analysis of the economics of retiring old vehicles versus purchasing new vehicles.

Recommendation 7

Ensure that Automotive Department staff document their consideration of all relevant retirement factors for all fleet vehicles.

Status - Implemented

Agency Action - Metro-North's evaluation of in-service vehicles has been enhanced to include vehicle operating hours, projected maintenance costs, the costs of procuring/leasing a new vehicle, and the overall need for the vehicle under review.

Major contributors to this report were Frank Patone and Joseph Giaimo.

We would appreciate your written response to this report within 30 days, indicating any additional actions planned or taken. We also thank the management and staff of the MTA: Metro-North Railroad for the courtesies and cooperation extended to our audit staff during this review.

Very truly yours,

Frank J. Houston
Audit Director

cc: Charles Conaway
Nicholas DiMola