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OFFICE OF THE STATE COMPTROLLER

February 10, 2003

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

Re: Report 2002-F-46

Dear Mr. Fares:

Pursuant to the State Comptroller's authority as set forth in Article X, Section 5 of the State Constitution and Article II, Section 8 of the State Finance Law, we have reviewed actions taken by officials of the New York State Bridge Authority (Authority) as of January 2, 2003 to implement the recommendations contained in our report, *Selected Business Practices (Report 99-S-20)* issued on April 25, 2000. In that audit we examined selected business practices at the Authority for the period January 1, 1997 through June 30, 1999 to determine whether the Authority controls its operating costs and whether there are opportunities to reduce such costs.

### **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 had a replacement value of about \$889 million in 1998, 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 names, and the Bear Mountain, located five miles north of Peekskill.

Between 2000 and 2001 toll revenues rose 4.8 percent, from \$35.6 million to \$37.3 million in 2001. An additional \$2.3 million was earned primarily in interest income. Operating expenditures totaled \$16.5 million for 2001. This is about \$1 million more than the previous year, an increase of 6.5 percent. The major contributors to this increase were salaries (\$553,000), employee benefits (\$189,000), and maintenance and repairs (\$253,000).

### **Summary Conclusions**

In our prior audit we reported that the Authority did not have control over the vehicles being used by Authority personnel for business purposes. Authority vehicles used by Headquarters personnel did not have vehicle logs to keep track of usage, and to show that all usage was work-related. We also questioned the use of Authority operating revenues for the celebration of the

Authority's 67<sup>th</sup> anniversary. The Authority paid the costs of this celebration, which included items, such as the rental of a cruise boat for entertaining guests on the Hudson River during the celebration, which did not seem necessary to us.

In response to our recommendations that the Authority start tracking the use of official vehicles in May 2000, the Authority instituted the use of Monthly Vehicle Usage Logs. In July 2002, the format was improved to include daily usage. As to our recommendation that the Authority review non-operating expenditures for reasonableness, we noted that certain expenditures were not always reviewed, and, as a result, there was less assurance that they were reasonable. We found that one person accounted for more than 27 percent of the \$94,000 in total travel reimbursements for all of 2001, as well as the first eight months of 2002; however, there was no written documentation that the expenses were approved. There is a need for the Authority to strengthen the internal controls for travel-related expenses. While this may be considered relatively immaterial, we believe this issue should be addressed in the interest of maintaining good internal controls.

### **Summary of Status of Prior Audit Recommendations**

Of the two recommendations in the prior report, one was implemented and one was partially implemented.

#### **Recommendation 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.*

Status - Implemented

Agency Action - Since May 2000, the Authority has required vehicle operators to maintain monthly vehicle usage logs. In July 2002, the Authority changed the format of the logs, requiring daily usage to be reported.

#### **Recommendation 2**

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

Status - Partially Implemented

Agency Action - The Authority stated that it does scrutinize out-of-the-ordinary expenditures. We noted that the Board minutes contained references to certain expenses, including a land purchase, which would not be a regular operating expense. However, we noted that the Authority's Internal Control manual states that the Board has a role in approving the travel reimbursements of selected employees; yet there was no written documentation that the Board had seen, and approved certain travel expenses, as required.

We examined four major travel reimbursement accounts totaling more than \$94,000 for the years 2001 and 2002. Reimbursements were made to 34 payees; e.g., employees, executives, and petty cash accounts. Nine individuals accounted for over 75 percent of the total reimbursements paid, for travel related to various meetings and conferences. One individual accounted for more than 27 percent of the reimbursements, but there was no evidence of prior approval. We discussed this matter with Authority officials who advised us that in the future the Board's minutes will contain specific references to travel expenses and that the Board will review and approve travel expenses, as required by the manual.

The major contributors to this report were Gerald Tysiak and Richard Moriarty.

We would appreciate your response to this report within 30 days indicating any additional actions planned to address the recommendations discussed in this report. We also thank the management and staff of the New York State Bridge Authority for the courtesies and cooperation extended to our auditors during this review.

Very truly yours,

Carmen Maldonado  
Audit Director

cc: Deirdre Taylor  
Jack Gaffney