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STATE OF NEW YORK  
OFFICE OF THE STATE  
COMPTROLLER

September 29, 1998

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

Re: Report 98-F-41

Dear Mr. Conway:

According 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 MTA-New York City Transit (NYC Transit), as of July 31, 1998, to implement the recommendations included in our audit report, *Fare Evasion* (Report 95-S-121). Our report, which was issued on December 24, 1996, concerned the procedures used by NYC Transit to quantify the extent of fare evasion, as well as the procedures used by NYC Transit and the New York City Police Department to prevent fare evasion on the New York City subway system. Our follow-up review was limited to the four audit report recommendations that were directed to NYC Transit officials.

### **Background**

NYC Transit, part of the Metropolitan Transportation Authority, was created in 1953 by the State Legislature to operate New York City's bus and subway systems. Annually, about one billion passengers ride the subways operated by NYC Transit.

NYC Transit tries to minimize the number of people who ride the subways without paying the required fare. According to estimates prepared by NYC Transit, in calendar year 1997 such fare evasion resulted in \$16.8 million in lost revenue.

### **Summary Conclusions**

During our prior audit, we found indications that fare evasion may be significantly overstated by NYC Transit. We also found weaknesses in the procedures used to prevent fare evasion. We recommended improvements that could make the prevention of fare evasion more cost-effective. In our follow-up review, we found that NYC Transit officials generally have not

made any changes as a result of our audit.

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

Of the four recommendations in our prior report that were directed to NYC Transit officials, we found that one recommendation has been implemented and three have not been implemented.

### **Follow-up Observations**

#### **Recommendation 1**

*Develop a methodology for accurately counting fare evaders.*

Status - Not Implemented

Agency Action - While NYC Transit officials realize their counts may have some inaccuracies, they believe the method used to count fare evaders gives consistent results system wide. They feel it provides an indication as to whether the fare evasion problem is increasing or decreasing.

Auditors' Comments - A more accurate count of fare evaders is needed. It is essential that NYC Transit officials have accurate fare evasion data to be able to reliably determine the actual costs of fare evasion and how much should be expended to prevent it.

#### **Recommendation 2**

*Consider using station managers in the Station Manager Program to periodically help count the number of fare evaders.*

Status - Not Implemented

Agency Action - NYC Transit officials indicate the use of station managers to count fare evaders would not be a productive use of their time.

Auditors' Comments - We believe that NYC Transit can improve the accuracy of its statistics at little or no additional cost by relying on station managers.

#### **Recommendation 3**

*Determine the causes of the increase in evasion at the AFC [automatic fare collection] stations we identified.*

Status - Not Implemented

Agency Action - NYC Transit officials feel that the increases were primarily due to a change in the level of police coverage after the AFC equipment was installed.

Auditors' Comments - We believe that NYC Transit officials need to determine why fare evasion increases at subway stations in order to take appropriate corrective action.

**Recommendation 4**

*Ensure that token booth clerks do not leave electronically controlled exit gates unlocked.*

Status - Implemented

Agency Action - Station personnel have been instructed in the proper use of station gates. A bulletin on "Authorized Use of Agent Operated Service Gates," was reissued in July 1997.

Major contributors to this report were John Gimberlein and Debra Julien.

We would appreciate your written response to this report within 30 days, indicating any action planned or taken to address the unresolved issues discussed in this report. We also thank the management and staff of NYC Transit for the courtesies and cooperation extended to our staff during this review.

Very truly yours,

Frank J. Houston  
Audit Director

cc: Robert L. King  
Lawrence G. Reuter  
Nicholas DiMola