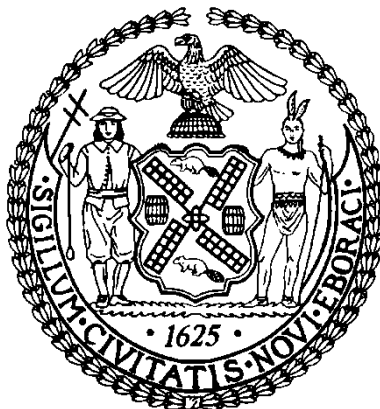


**CITY OF NEW YORK
OFFICE OF THE COMPTROLLER**

**John C. Liu
COMPTROLLER**

IT AUDIT & RESEARCH

**Tina Kim
Deputy Comptroller for Audit**



**Follow-up Audit Report on
Vendor Contracts with New York City Transit
to Provide Access-A-Ride Services**

7S11-129F

February 3, 2012

<http://comptroller.nyc.gov>



THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
1 CENTRE STREET
NEW YORK, N.Y. 10007-2341

John C. Liu
COMPTROLLER

February 3, 2012

To the Residents of the City of New York:

My office has audited New York City Transit's (NYCT) Access-A-Ride (AAR) program to determine whether NYCT implemented the six recommendations made in the previous audit, *Audit Report on Vendor Contracts with New York City Transit to Provide Access-A-Ride Services (ME09-078A)*, which was issued July 28, 2009. We perform follow-up audits of City agencies as a means of ensuring that they operate efficiently and properly safeguard City funds and resources entrusted to them.

NYCT operates Access-A-Ride (AAR), the City's paratransit system. NYCT's Paratransit Division administers AAR, though private carriers under contract with NYCT provide the service.

The current follow-up audit disclosed that NYCT has implemented all six of the recommendations made in the previous audit. We found that NYCT prepared written guidelines detailing the process used to review Access-A-Ride route data and that its reconciliation reviews cover a cross-section of vendors and alternates between vendors. Also, NYCT's summary tracking sheets included a column identifying total trips reviewed and no-shows. In addition, route reconciliation records identify and reclassify no-show discrepancies, and NYCT sends letters to the appropriate carrier from a contract manager informing the carrier of the necessary changes. Finally, we found that contract managers discussed negative trends in complaint data based on their analysis and detail their discussions with vendors on performance issues.

The results of the audit have been discussed with NYCT officials, and their comments have been considered in preparing this report. Their complete written response is attached to this report.

If you have any questions concerning this report, please e-mail my audit bureau at audit@comptroller.nyc.gov.

Sincerely,



John C. Liu

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*The City of New York
Office of the Comptroller
IT Audit and Research*

*Follow-up Audit Report on
Vendor Contracts with New York City Transit
to Provide Access-A-Ride Services*

7S11-129F

AUDIT REPORT IN BRIEF

This follow-up audit determined whether New York City Transit (NYCT) implemented the six recommendations made in the previous audit, *Audit Report on Vendor Contracts with New York City Transit to Provide Access-A-Ride Services (ME09-078A)* issued July 28, 2009.

The previous audit concluded NYCT's monitoring of no-shows reported by Access-A-Ride vendors had significant deficiencies. The 14 NYCT Access-A-Ride vendors had 362,587 no-shows in Calendar Year 2008, or 6.3 percent of the 5.8 million assigned trips during this period. While NYCT identified instances of vendors incorrectly classifying contractor no-shows as either customer no-shows or no-fault no-shows, the agency was not able to specify the number of no-shows reviewed and the percentages that were misclassified because it does not adequately document its reviews. Consequently, neither NYCT nor we could determine the extent to which no-shows were misclassified and whether the instances identified were indicative of a much larger problem. By not ensuring that vendors accurately report the number of contractor no-shows, NYCT may be allowing vendors to provide an inflated view of their performance, resulting in NYCT not being able to determine whether contractors are receiving incentive payments they are not entitled to, or avoiding penalties for which they are liable.

In addition, although NYCT tracks customer complaints against Access-A-Ride vendors and has procedures in place to investigate and respond to those complaints, there is insufficient evidence that the agency regularly discusses complaint trends with each vendor or that vendors take corrective action to address identified problems. Consequently, opportunities to reduce customer complaints—and improve customer service—appear not to be consistently used by NYCT.

The previous audit further concluded that NYCT generally monitored the compliance of its Access-A-Ride vendors to certain key contract provisions. The previous review of on-time performance reports generated by NYCT's automated and centralized Access-A-Ride trip

reservation and scheduling system (ADEPT) found that these reports were generally accurate. We also found that Access-A-Ride drivers had valid licenses that authorized them to drive Access-A-Ride vehicles. Furthermore, Access-A-Ride carriers were ensuring that its drivers complied with Article 19-A regulations¹.

Audit Findings and Conclusions

The current follow-up audit found that NYCT has implemented all six of the recommendations made in the previous audit. Specifically, we found that: NYCT prepared written guidelines detailing the process used to review route data, and its reconciliation reviews cover a cross-section of vendors and alternates between vendors. Further, NYCT's summary tracking sheets included a column identifying total trips reviewed and no-shows. In addition, route reconciliation records identify and reclassify no-show discrepancies, and NYCT sends letters to the appropriate carrier from a Contract Manager informing the carrier of the necessary changes. Finally, we found that contract managers discussed negative trends based on its complaint analysis and detail their discussions with vendors on performance issues.

Agency Response

NYCT's Paratransit Division reviewed the draft report and concurred with the report's conclusions.

¹ Article 19-A requires Transit, like all motor carriers, to annually review the driving records of each bus operator it employs and determine whether each operator (1) meets minimum requirements for safe driving and (2) meets the minimum qualifications to drive a bus.

INTRODUCTION

Background

The Metropolitan Transportation Authority's New York City Transit (NYCT) operates Access-A-Ride (AAR), the City's paratransit system. NYCT AAR provides door-to-door transportation for people with disabilities who are unable to use public bus or subway service. AAR provides millions of trips a year for eligible customers in New York City. Service is available 24 hours a day, seven days a week (including holidays), throughout the five boroughs.

While NYCT's Paratransit Division administers the Access-A-Ride program, private carriers under contract with NYCT provide the service. NYCT currently contracts with 14 private companies.

Access-A-Ride customers can phone up to two days in advance to schedule a trip. Once scheduled, the customer must be at their pickup location and be prepared to wait up to 30 minutes after the scheduled pickup time. Access-A-Ride vehicles arriving during the 30-minute window are considered to be on time. If customers are not at the pickup location, drivers must wait five minutes after the scheduled pickup time before leaving. In these situations, the driver calls the dispatcher, who in turn tries to locate the customer by calling the customer. If the dispatcher is unable to locate the customer, the driver may leave after five minutes. Customers who are at the scheduled pickup location may call NYCT if the vehicle has not arrived within 30 minutes of the scheduled pickup time. A NYCT customer information agent gives the customer the vehicle's estimated arrival time or locates another Access-A-Ride vehicle to pick up the customer. If no Access-A-Ride vehicle is available within a reasonable time, the agent can authorize the customer to call a taxi or a car service.

Access-A-Ride drivers are considered bus drivers. Drivers must meet the requirements of Article 19-A of the New York State Vehicle and Traffic Law (NYSTL).

According to NYCT, the cost of operating Access-A-Ride for Calendar Year 2010 was \$462.3 million. During the period 2008 to 2010, total trips completed increased from 5.4 to 6.7 million.

Objective

The objective of this audit was to determine whether NYCT implemented the six recommendations made in the previous audit, *Audit Report on Vendor Contracts with New York City Transit to Provide Access-A-Ride Services (ME09-078A)* issued July 28, 2009.

Scope and Methodology Statement

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis

for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The fieldwork for this follow-up audit was conducted from June 2011 through October 2011. Our follow-up was based upon the most recent status received from NYCT which is their implementation status letter “*Re: ME09-078A Vendor Contracts with NYC Transit Access-A-Ride Services*” dated November 4, 2010. Please refer to the Detailed Scope and Methodology at the end of this report for a discussion of the specific procedures followed and the tests conducted during the audit.

Discussion of Audit Results

The matters covered in this report were discussed with NYCT officials during and at the conclusion of this audit. A preliminary draft report was sent to NYCT officials and discussed at an exit conference held on December 5, 2011. On December 7, 2011, we submitted a draft report to NYCT officials with a request for comments. We received a written response from NYCT officials on December 21, 2011. NYCT officials agreed with the report’s conclusions.

The full text of NYCT’s response is included as an addendum to this report.

RESULTS OF FOLLOW-UP AUDIT

The current follow-up audit found that NYCT has implemented all six of the recommendations made in the previous audit. Specifically, we found that: NYCT prepared written guidelines detailing the process used to review route data, and its reconciliation reviews cover a cross-section of vendors and alternates between vendors. Further, NYCT's summary tracking sheets included a column identifying total trips reviewed and no-shows. In addition, route reconciliation records identify and reclassify no-show discrepancies, and NYCT sends letters to the appropriate carrier from a Contract Manager informing the carrier of the necessary changes. Finally, we found that contract managers discussed negative trends based on its complaint analysis and detail their discussions with vendors on performance issues.

Previous Finding: “NYCT Monitoring of No-Shows Has Significant Deficiencies”

“NYCT is unable to determine the degree to which contractors accurately classify no-shows. This significantly increases the risk that contractors may be understating the number of contractor no-shows to inflate their performance results...”

Previous Recommendation #1: Prepare written guidelines to ensure that no-shows are reviewed in a systematic and consistent manner.

Previous Response #1: “Paratransit will formalize the current analysis of no shows through the establishment of written guidelines for reviewing no-show data. These guidelines will include the current method used to document the number of no-show trips reviewed. However, to ensure that limited staff review resources are used effectively, the guidelines will provide latitude for managerial discretion in the assignment of staff based on carrier performance, trends, or other relevant data. For example, management could opt to focus more resources on carriers with a higher rate of customer no-show complaints or reporting errors, or those with negative performance trends.”

CURRENT STATUS: IMPLEMENTED

The audit found that NYCT prepared written guidelines titled “*Paratransit Division Route Reconciliation Guidelines*” (updated January 2010 - see Appendix I) detailing the process used to review route data, including but not limited to no-shows. We, therefore, consider this recommendation implemented.

Previous Recommendation #2: Enhance its monitoring of no-shows to ensure that each vendor is reviewed continually.

Previous Response #2: “As indicated in the comments regarding recommendation no.1, Paratransit will prepare written guidelines for reviewing no-show data, but to ensure limited staff resources are used effectively, these guidelines will provide latitude for managerial discretion in the assignment of staff based on carrier performance, trends, or other relevant data, as described above. It is not feasible for Paratransit to exhaustively review all carriers continually, because it does not have the staff resources necessary to review approximately

26,000 monthly no-show reports. However, Paratransit will continue to ensure that each vendor is reviewed adequately. Further, note that with the continued implementation of AVL M [NYCT's Automatic Vehicle Locator Monitoring System], the number of improperly reconciled no-shows is already being reduced. AVL M provides conclusive evidence to use in resolving customer and carrier no-show disputes. Paratransit also uses the AVL M trip data and key performance indicators to monitor carrier performance trends and to focus or intensify its reconciliation review process as appropriate."

CURRENT STATUS: IMPLEMENTED

The audit found that the reconciliation reviews performed by NYCT's Paratransit Division covers a cross-section of vendors and alternates between vendors. We reviewed internal e-mails listing carrier route reconciliation assignments by date and route, and NYCT's "Summary By Carrier – Route Reconciliation Review" sheets and detail for January 2010 – August 2011. We, therefore, consider this recommendation implemented.

Previous Recommendation #3: Include the total number of no-shows that are reviewed in its no-show reconciliation-review reports so that the error rates for vendor no-show classifications can be determined.

Previous Response #3: " Paratransit have established written guidelines that formalize the current method of reviewing no-show data. These guidelines will include requirements to document the total number of no-show trips reviewed."

CURRENT STATUS: IMPLEMENTED

Our review found that NYCT's "Summary By Carrier – Route Reconciliation Review" sheets included a column heading "Total Trips Reviewed" as of its November 2009 review. We reviewed the "Monthly Reconciliation Review" reports from the previous audit period through to the current period, (August 2011) and found that all the reports included the Total Trips Reviewed" column which includes no-shows. Reports determined error rates for no-show classifications from Calendar Years 2008, 2009, and 2010 were 4.95%, 4.3%, and 3.5%, respectively. We, therefore, consider this recommendation implemented.

Previous Recommendation #4: More closely monitor analysts' no-show reviews to ensure that questionable no-show classifications by vendors are adequately identified and reclassified.

Previous Response #4: "Under current procedures, after any review is performed by analysts, the items identified for change are already reviewed by the Contract Manager and delineated in letters sent to the carriers under the manager's signature."

CURRENT STATUS: IMPLEMENTED

Our audit found that, as stated in NYCT's "Route Reconciliation Guidelines," route reconciliation reviews identified and re-classified no-show discrepancies. We reviewed all 71 Route Reconciliation Review detail sheets for July and August 2011, accounting for 654 route

reviews, which identified and reclassified 77 questionable no-show classifications by vendors. In addition, letters are sent to the appropriate carrier from a Contract Manager informing the carrier of the changes. These letters were included in the documentation we reviewed. We, therefore, consider this recommendation implemented.

Previous Finding: “NYCT Customer Complaints Tracking Was Deficient”

Previous Recommendation #5: Ensure that its contract managers more effectively utilize complaint-tracking data by discussing negative trends with vendors and requiring them to take necessary action to correct the identified problems.

Previous Response #5: “Paratransit routinely develops and utilizes highly detailed complaint analysis data (Report — Division of Paratransit Complaints per 1000 Boardings), and addresses these issues with carriers.”

CURRENT STATUS: IMPLEMENTED

As stated in NYCT’s standard contract, Scope of Work - Section XX, Complaint Management Requirements, “At the monthly meeting between the Contractor and the Authority, the Project Director shall be required to discuss complaint trends....” The audit found evidence from the minutes of carrier meetings, (we reviewed the minutes from the 10 most recent carrier meetings held from March 2011 - August 2011), that NYCT complied by having its contract managers discuss negative trends with carriers based on its detailed complaint analysis. We, therefore, consider this recommendation implemented.

Previous Recommendation #6: Ensure that its contract managers more clearly document their discussions with vendors on performance issues.

Previous Response #6: “To the extent practical, contract managers will more clearly document their discussions with carriers when the issues addressed are significant enough to warrant such documentation. Contract Managers are in daily contact with the carriers by phone, Nextel, e-mail, and written correspondence, and perform three site visits to the carriers monthly. During carrier meetings, Contract Managers routinely provide operating reports and analysis. In addition, the Standards and Compliance unit has designated Superintendents assigned to each carrier, who address maintenance and transportation issues. The Schedules Unit also has daily contact with carriers to discuss service delivery issues.”

CURRENT STATUS: IMPLEMENTED

As stated above, the audit found evidence from the minutes of carrier meetings (as well as supporting documentation) held that contract managers document their discussions on performance issues in detail with vendors. We, therefore, consider this recommendation implemented.

Detailed Scope and Methodology

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. This audit was conducted in accordance with the audit responsibilities of the City Comptroller as set forth in Chapter 5, §93, of the New York City Charter.

The fieldwork for this follow-up audit was conducted from June 2011 through October 2011. Our follow-up was based upon the most recent status received from NYCT which is their implementation status letter “*Re: ME09-078A Vendor Contracts with NYC Transit Access-A-Ride Services*” dated November 4, 2010.

To address NYCT’s current status on the recommendations made in our previous audit, we interviewed appropriate NYCT officials to obtain an understanding of the policies and procedures currently in place. We also used the following sources of information as criteria to assess implementation:

- *Audit Report on Vendor Contracts with New York City Transit to Provide Access-A-Ride Services*, (ME09-078A) issued July 28, 2009,
- NYCT’s implementation status letter “*Re: ME09-078A Vendor Contracts with NYC Transit Access-A-Ride Services*” dated November 4, 2010,
- NYCT’s Response “*RE: Draft Audit Report on Vendor Contracts with NYC Transit to Provide Access-A-Ride Services (Report #ME09-078A)*” dated July 24, 2009,
- NYCT’s “*Access-A-Ride Paratransit Transportation Service*” contract dated August 12, 2008,
- NYCT’s “*Paratransit Division Route Reconciliation Guidelines*” updated January 2010,
- Office of the New York State Comptroller “*Metropolitan Transportation Authority – New York City Transit Access-A-Ride Safety Issues- Report 2007-S-127*”,
- Metropolitan Transportation Authority – Office of the Inspector General “*Processing Safety Complaints Against Paratransit Drivers*” Report #2010-06,
- NYCT Paratransit Division’s Organizational Chart 2011, Mission Statement, Paratransit Carriers Contact Information Sheet, and various policy statements regarding Access-A-Ride rules and regulations,

- NYCT’s analysis “*Total Complaints per 1000 Boardings – Summary of All Carriers*” (June/July 2011), and supporting detail,
- NYCT’s “*Customer Relations – Complaints*” July 2011, and supporting detail.

To ascertain that NYCT prepared written guidelines we requested and reviewed the current guidelines in use, “*Paratransit Division Route Reconciliation Guidelines*” updated January 2010.

To ensure that each vendor is continually reviewed, we reviewed internal e-mails listing carrier route reconciliation assignments by date and route, and NYCT’s “*Summary By Carrier – Route Reconciliation Review*” sheets and detail for January 2010 – August 2011.

To determine whether NYCT included the total number of no-shows that are reviewed in its route reconciliation reports, we reviewed all the Monthly Reconciliation Review reports from the previous audit period through the current period January 2008 through August 2011.

We also reviewed 71 Route Reconciliation Review detail sheets for July and August 2011, accounting for 654 route reviews, which identified and reclassified 77 questionable no-show classifications by vendors.

To determine if NYCT’s contract managers utilized complaint-tracking data by discussing negative trends with vendors and more clearly documented their discussions with vendors on performance issues, we reviewed the minutes and supporting documentation from the 10 most recent carrier meetings held from March 2011 - August 2011.



New York City Transit

PARATRANSIT DIVISION

ROUTE RECONCILIATION GUIDELINES



Department of Buses – Paratransit Division

Contract Management Unit

RECONCILIATION REVIEW PROCESS GUIDELINES

OVERVIEW

THE MAIN PURPOSE OF ROUTE RECONCILIATION IS TO SAMPLE AND REVIEW CARRIER RECONCILED DATA IN THE ADEPT SYSTEM FOR ACCURACY.

DUE TO THE HIGH VOLUME OF TRIPS, IT IS NOT POSSIBLE TO REVIEW EVERY TRIP RECONCILED IN ADEPT.

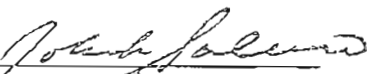
IN ADDITION, ATTENTION MAY BE RE-FOCUSED ON PARTICULAR CARRIERS OR DEFICIENCIES THAT MAY COME TO THE ATTENTION OF NYCT. THIS IS AT THE DISCRETION OF NYCT.

- REVIEW A RANGE OF ROUTES FOR THE CARRIERS ON A WEEKLY BASIS
- ASSIGNMENTS PERFORMED BY ANALYSTS
- PRIMARY ITEMS FOCUSED ON:
 - TRIP CODINGS, CNS, SNS, NNS
 - MAXIMUM RIDE TIMES
 - EXTREMELY LATE PICK-UPS
 - CODE 22-WRONG CUSTOMER PICK-UP
 - CUSTOMER NO SHOW DISPUTES / AVLMM / FLASHBACK
- ANY ERRORS IDENTIFIED AND REQUIRED CORRECTIONS ARE ENTERED ON A ROUTE RECONCILIATION REVIEW SHEET BY THE ANALYSTS.
- THIS REVIEW SHEET IS FORWARDED TO THE PRIMARY ANALYST FOR THE MONTHLY COMPILATION.
- A LETTER IS SENT TO THE CARRIER, INFORMING THEM OF THE ITEMS IDENTIFIED BY THE REVIEWS. CARRIERS ARE REQUESTED TO RESEARCH AND RESPOND TO THE LETTERS.

- DEPENDING ON THE TIME OF THE MONTH, DATA CORRECTION IN ADEPT MAY BE PERFORMED BY THE CARRIERS OR BY NYCT.
- ONCE THE MONTH IS CLOSED IN ADEPT, THE CARRIER CAN NOT GO BACK AND CHANGE DATA. ONLY NYCT CAN AUTHORIZE A CORRECTION.
- SUMMARY RECONCILIATION REPORT IS PREPARED, REFLECTING THE TOTAL CHANGES MADE FOR EACH CARRIER.

PROCESS STEPS:

- 1) The *Associate Staff Analyst* reporting to the Director of Contract Management Audit will coordinate the reconciliation process, assign work to other analysts, make changes in the ADEPT system and prepare the *Monthly Summary Report*.
- 2) Each Analyst, assigned to a Contract Manager will be responsible for reviewing the reconciliation data for that particular carrier.
- 3) Every Friday, the Associate Staff Analyst will prepare the assignments for the next week and e-mail it to Contract Management Staff, including Managers and Directors.
- 4) The assignments are separated by AVL M carriers and "Non" AVL M carriers. AVL M carriers can have their data reviewed per *Flashback* mode, while other require a manual review.
- 5) Dates and routes will be assigned based on the size of the carrier and the requirements of the CMU. *(At times, at the direction of the Contract Management Officer or if systemic patterns or problems are identified, the process may re-employ staff, focus on a particular carrier, or perform physical reviews of manifests and trips tickets looking for completion, accuracy and signatures).*
- 6) The Analysts perform the review during the workweek in addition to their regular contract management duties. They prepare a letter to the respective carrier if any discrepancies in the reconciled data are found. This letter is given to their Manager for review and approval. The letter is signed and either faxed or mailed to the vendor. The letter requires the carrier provide a written response to NYCT's findings.
- 7) If it is determined the carrier's original reconciliation of a trip is unsupported per their response letter; a change will be made in the ADEPT system. This can be done by the carrier or NYCT.
- 8) All changes made to ADEPT data are summarized by the Associate Staff Analyst on a Monthly basis. The report shows the routes/trips reviewed by carrier, the corrections made and the status of NNS, SNS or CNS. It also includes the trip date, route and trip ID#.
- 9) The final report is completed within the first week following the month of review.

Approved: 
Date: 1/28/10



Metropolitan Transportation Authority

State of New York

December 14, 2011

Ms. Tina Kim, Deputy Comptroller
The City of New York Office of the Comptroller
Executive Offices
1 Centre Street
New York, NY 10007-2341

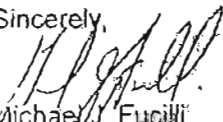
Re: Follow-up Audit Report on Vendor Contracts with New York City Transit to
Provide Access-A-Ride Services #S11-129F

Dear Ms. Kim:

This is in reply to your letter requesting a response to the above-referenced draft audit report.

I have attached for your information the comments of Mr. Thomas J. Charles, Vice President, Paratransit, which conveys his concurrence with your report.

Sincerely,


Michael J. Fucilli
Auditor General

Attachment



New York City Transit

December 9, 2011

Ms. Tina Kim, Deputy Comptroller
City of New York
Office of the Comptroller
One Centre Street, Room 1100
New York, NY 10007-2341

Re: **Follow-up Audit Report on
Vendor Contracts with New York City Transit
To Provide Access-A-Ride Services
7S11-129F**

Dear Ms. Kim:

New York City Transit's Paratransit Division has reviewed the above-captioned draft report and concurs with the report's conclusions.

Sincerely,

A handwritten signature in black ink that reads "Thomas J. Charles".

Thomas J. Charles
Vice President
Paratransit

Cc: Thomas F. Prendergast, President
Michael Fucilli, Auditor General
Karen Malloy, Auditor Director
Robert Picarelli, Chief Officer
Michael Cosgrove, Contract Management Officer
John Salerno, Paratransit Audit Director