

AUDIT REPORT



CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
BUREAU OF MANAGEMENT AUDIT
WILLIAM C. THOMPSON, JR., COMPTROLLER

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

ME09-078A

July 28, 2009



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

WILLIAM C. THOMPSON, JR.
COMPTROLLER

To the Citizens of the City of New York.

Ladies and Gentleman:

In accordance with the responsibilities of the Comptroller contained in Chapter 5, §93, of the New York City Charter, my office has conducted an audit to determine whether the New York City Transit Authority (NYCT) adequately monitored Access-A-Ride vendors' compliance with certain key contract provisions.

Under contract with NYCT, Access-A-Ride vendors provide door-to-door transportation for people with disabilities who are unable to use public bus or subway service. We audit programs such as this to ensure that entities with City contracts provide required services and comply with the terms of their agreements.

The results of our audit, which are presented in this report, have been discussed with NYCT officials and their comments have been considered in preparing this report. NYCT did not provide a formal response to this report.

I trust that this report contains information that is of interest to you. If you have any questions concerning this report, please e-mail my audit bureau at audit@Comptroller.nyc.gov or telephone my office at 212-669-3747.

Very truly yours,

A handwritten signature in black ink, appearing to read "William C. Thompson, Jr.", written over a horizontal line.

William C. Thompson, Jr.

WCT/ec

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*The City of New York
Office of the Comptroller
Bureau of Management Audit*

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

ME09-078A

AUDIT REPORT IN BRIEF

This audit determined whether the New York City Transit Authority (NYCT) adequately monitored Access-A-Ride vendors' compliance with certain key contract provisions. Access-A-Ride provides door-to-door transportation for people with disabilities who are unable to use public bus or subway service. 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. During Calendar Year 2008, NYCT contracted with 14 private companies. (Contracts with three of these vendors were not renewed by NYCT for Calendar Year 2009.) In Calendar Year 2008, the total cost of the program for the 14 carriers was \$242.8 million for approximately 5 million completed trips.

Audit Findings and Conclusions

The audit concluded that 6.3 percent of the 5.8 million assigned trips were no-shows. Otherwise, NYCT generally monitored the compliance of its Access-A-Ride vendors with certain key contract provisions. Our review of on-time performance reports generated by the ADEPT system found that these reports were generally accurate. We reviewed 448 trips for 50 routes and found that although vendor-recorded vehicle-arrival times, driver-recorded arrival times, and automatic vehicle locator system-recorded arrival times varied, the times were sufficiently similar so as not to affect the calculation of on-time performance. 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 regulations.

However, 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.¹ While

¹ The numbers of no-shows and assigned trips are slightly understated because NYCT did not provide documentation showing these numbers for two carriers for February 2008. For the 5.8 million assigned trips, there were 346,638 late cancellations by customers in addition to the 362,587 no-shows.

NYCT identified instances of vendors incorrectly classifying contractor no-shows as either customer no-shows or no-fault no-shows, the agency is 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.

Finally, 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.

Audit Recommendations

To address these issues, the audit recommends that NYCT:

- Prepare written guidelines to ensure that no-shows are reviewed in a systematic and consistent manner.
- Enhance its monitoring of no-shows to ensure that each vendor is reviewed continually.
- 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.
- More closely monitor analysts' no-show reviews to ensure that questionable no-show classifications by vendors are adequately identified and reclassified.
- 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.
- Ensure that its contract managers more clearly document their discussions with vendors on performance issues.

Agency Response

NYCT did not provide a formal response to this report.

INTRODUCTION

Background

The Metropolitan Transportation Authority's New York City Transit (NYCT) operates Access-A-Ride, the City's paratransit system. Access-A-Ride provides door-to-door transportation for people with disabilities who are unable to use public bus or subway service. 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. During Calendar Year 2008, NYCT contracted with 14 private companies. (Contracts with three of these vendors were not renewed by NYCT for Calendar Year 2009.)

In order to be approved for the program, customers must visit an assessment center in the borough where they live. At the center, the customer has a face-to-face interview with a health-care professional and undergoes functional testing, where appropriate. A certifier sends an assessment report to NYCT's Eligibility Unit. Those customers determined to be eligible are required to reapply every five years.

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. An NYCT customer information agent (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). The New York State Department of Motor Vehicles (DMV) enforces these requirements through the Bus Driver Licensing Program.

According to an Independent Budget Office report,² the cost of operating Access-A-Ride has more than doubled between Calendar Years 2000 and 2005 because of a large increase in ridership. Over this six-year span, annual operating expenses increased from \$85.2 million to \$189.8 million while annual ridership increased from 2.3 to 4.7 million trips. In Calendar Year

² *Access-A-Ride: With More Riders, Costs Are Rising Sharply*, Inside the Budget, Independent Budget Office, October 2006.

2008, the total cost of the program for the 14 carriers was \$242.8 million for approximately 5 million completed trips.

Objective

The objective of the audit was to determine whether NYCT adequately monitored Access-A-Ride vendors' compliance with certain key contract provisions.

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 scope period covered by this audit was January 1, 2008, through February 28, 2009.

To gain an understanding of NYCT monitoring of its contracts with Access-A-Ride vendors, we reviewed the contracts and conducted interviews with NYCT officials in the Paratransit Division. We also conducted walkthroughs and reviewed files of five vendors: Atlantic Paratrans, Inc., Advance Transit Co., MV Transportation Inc., PTM Management Corp. (PTM) and TC Paratransit (TCP). We interviewed officials at one Access-A-Ride vendor—PTM.

To determine whether NYCT effectively monitored Access-A-Ride vendors to ensure that they complied with key provisions of their contracts, we reviewed reports, invoices and supporting documentation relating to NYCT oversight of Access-A-Ride vendors in Calendar Year 2008.

As part of our review of controls, we assessed the reliability of data obtained from NYCT's ADEPT computer system. ADEPT is NYCT's automated system that is used to provide centralized Access-A-Ride trip reservation and scheduling services. Specifically, we assessed the reliability of on-time performance reports for five randomly selected vendors.

Our selection of the five vendors included two of the six "regional" carriers, which operate in one regional area or borough, and three of the eight "primary" carriers,³ which operated Citywide. For the five vendors, we randomly selected five days of service (one day for each vendor) for selected months and randomly selected 50 of the routes taken by Access-A-Ride drivers on those days. For the five days reviewed, the 50 routes totaled 448 trips. We

³ We excluded the three primary carriers that were not renewed by NYCT for Calendar Year 2009 and selected for review three of the remaining five primary carriers.

determined whether the 448 trips were conducted on time by comparing the arrival times recorded by drivers on trip tickets with the arrival times recorded by the vendors in ADEPT. Furthermore, we determined whether the time recorded by the vendors matched the time recorded by NYCT's Automatic Vehicle Locator Monitoring System (AVLM), a Global Positioning System installed in many vehicles. The three primary carriers in our sample had the AVLM system installed in their vehicles, the two regional carriers did not.

To determine whether Access-A-Ride vendors were correctly recording customer no-shows, we reviewed NYCT route-reconciliation reports. We also determined whether NYCT contract managers were properly reviewing these no-shows.

To determine whether NYCT adequately tracks and analyzes customer complaints regarding service, we reviewed an NYCT list of the number and type of complaints made by Access-A-Ride customers during Calendar Year 2008. We also reviewed a December 2008 report issued by NYCT's Customer Relations Unit analyzing customer complaints.

To determine whether Access-A-Ride motor carriers ensure that its drivers are properly licensed to drive their vehicles, we obtained a listing of all bus operators (1,532) who were employed by the five randomly selected vendors as of September 15, 2008. We then randomly selected a sample of 125 bus operators and accessed the DMV Dial-In Inquiry System to determine their driving status.

To determine whether NYCT monitors its bus operators in accordance with Article 19-A, we interviewed NYCT officials to obtain an overview of Transit's compliance requirements and reviewed regulations issued by DMV. In addition, we reviewed the 19-A personnel files for 75 randomly selected bus operators at three of the five selected vendors (two primary and one regional carrier). We contacted the DMV's Bus Certification Unit to determine whether, in accordance with the State Vehicle and Traffic Law, all required testing had been done and all required documentation was on file. For those operators listed in the three motor carriers' personnel records as residing outside the State, we also searched DMV's system to ascertain whether they had New York driver's licenses. Finally, we requested DMV searches for the driving records of those drivers in the states where they live to determine their driving record status in those states.

The results of the above tests, while not statistically projected to their respective populations, provide us with a reasonable basis to assess NYCT's monitoring of Access-A-Ride vendors' compliance with key contract provisions.

Discussion of Audit Results

The matters in this report were discussed with NYCT officials and Access-A-Ride vendors during and at the conclusion of this audit. A preliminary draft report was sent to NYCT officials on May 11, 2009 and was discussed at an exit conference held on May 28, 2009. On June 9, 2009, we submitted a draft report to NYCT officials with a request for comments. NYCT did not provide a formal response to the draft report.

FINDINGS AND RECOMMENDATIONS

Our audit found that, 6.3 percent of the 5.8 million assigned trips were no-shows. Otherwise, NYCT generally monitored the compliance of its Access-A-Ride vendors with certain key contract provisions. Our review of on-time performance reports generated by the ADEPT system found that these reports were generally accurate. We reviewed 448 trips for 50 routes and found that although vendor-recorded vehicle-arrival times, driver-recorded arrival times, and AVLM-recorded arrival times varied, the times were sufficiently similar so as not to affect the calculation of on-time performance. 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 regulations.

However, 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.⁴ NYCT has no written procedures or guidelines for the review of no-shows. While NYCT identified instances of vendors incorrectly classifying contractor no-shows as either customer no-shows or no-fault no-shows, the agency is 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.

Finally, 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.

⁴ The numbers of no-shows and assigned trips are slightly understated because NYCT did not provide documentation showing these numbers for two carriers for February 2008. For the 5.8 million assigned trips, there were 346,638 late cancellations by customers in addition to the 362,587 no-shows.

Driver-Recorded Arrival Times Were Generally Accurate

We reviewed 448 trips for 50 routes and found that although vendor-recorded vehicle arrival times, driver-recorded arrival times, and AVL-M-recorded arrival times all varied, the times were sufficiently similar so as not to affect the calculation of on-time performance. Specifically, for the 421 (94 percent of the 448) trips that were recorded by the vendor as on time, we found that 420 of them were within the 30-minute window for being classified on time. For the 27 trips that were recorded by the vendor as late, we found that all of them were accurately recorded.

NYCT generates a daily schedule of routes called manifests. Manifests are generated based on trips scheduled by customers who call NYCT's Scheduling Department between 7 a.m. and 5 p.m. up to two days in advance of their trip. From these appointments, NYCT creates manifests that are given to the vendors daily. Access-A-Ride drivers use the manifests to record their activities, including their arrival times at the scheduled passenger pickup locations during their daily routes. At the end of the day, drivers submit the manifests to the vendor reconciliation clerk who manually enters route information and pickup times from the manifest into ADEPT.

For our selected sample of five vendors, we reviewed 50 routes totaling 448 trips. For the 448 trips, we compared the driver-recorded arrival time to the arrival time officially recorded by vendors on ADEPT. For the 421 trips (pickups) that the driver recorded as having been done on time, the vendor reconciliation clerk accurately recorded in ADEPT that the pickup was on time.

Three of our five sampled vendors were primary vendors that had the AVL-M system installed in their vehicles. AVL-M interfaces with the ADEPT system and, therefore, information on vehicle-arrival times is transferred automatically from AVL-M into the ADEPT system. To determine the accuracy and completeness of vendor-recorded arrival times, we compared AVL-M-recorded arrival times to the vendor-recorded arrival times for the three sampled vendors that had AVL-M installed in their vehicles. Of the 448 trips we sampled, 214 (48%) had the AVL-M system installed; of these, AVL-M was reportedly not functioning properly or not turned on for 51 (24%) of them. For the remaining 234 (52%) trips, AVL-M was not installed in the vehicles. (The AVL-M system was not yet installed in the two sampled regional carriers. Trips taken by these carriers represented all 234 trips without AVL-M.)⁵ For the 155 trips that AVL-M recorded as arriving at the scheduled pickup location on time, the vendor reconciliation clerk accurately recorded in ADEPT that the driver was on time. For the eight trips that AVL-M recorded as arriving at the pickup location late, the reconciliation clerk accurately recorded in ADEPT that the driver was late in all but one instance. Although there were differences in the recorded times, once again the differences had little effect on the calculation of on-time performance.

⁵ NYCT officials stated that not all Access-A-Ride vehicles had the AVL-M system installed during the scope period of our audit and that some AVL-M equipment had to be modified in the course of the system roll-out. Furthermore, officials claimed that many of the drivers are still being trained on how to use the system.

On-Time Performance Reports Were Generally Accurate

Our review of on-time performance reports generated by the ADEPT system revealed that these reports were generally accurate. Of the 448 trips reviewed for the five vendors, on-time performance reports recorded that 94 percent of these trips were on time. We calculated the percentage of trips we reviewed that were on time according to driver-recorded time and, where applicable, AVL-M-recorded time, and compared it to the percentage recorded on the NYCT on-time performance reports generated from ADEPT and found that the reports accurately reflected the vendors' on-time performance.

The Access-A-Ride contract states that the vendors are responsible for providing safe, reliable and on-time transportation service. To encourage vendors to improve their services, NYCT has instituted a system of performance-based measures in the Access-A-Ride contracts. Specifically, vendors receive performance incentives or are charged liquidated damages in relation to their on-time performance and to missed trips known as contractor no-shows.⁶ For the on-time performance measure, if a primary carrier arrives for a customer pickup within the scheduled 30-minute pickup window for 95 percent or more of the vendor's scheduled trips for the month (92 percent for the most recent contracts), the vendor receives a performance-incentive payment. The payment is equal to ten cents per completed trip for all completed trips for the month. Conversely, in any month that the vendor fails to achieve 95 percent on-time performance (92 percent for the most recent contracts), the vendor must pay NYCT \$10.00 for each late pickup that occurred more than 15 minutes beyond the scheduled pickup window. Regional carriers do not earn performance-incentive payments for achieving a good on-time performance record. However, if the regional carrier does not arrive for a customer pickup within the scheduled 30-minute pickup window for at least 92 percent of all the vendor's scheduled trips, the vendor must pay NYCT \$10.00 for each late pickup that occurred more than 15 minutes beyond the scheduled pickup window.

For Fiscal Year 2008, the three sampled primary vendors received incentive payments totaling \$41,394, while the amount of liquidated damages assessed for all five vendors totaled \$286,580 in relation to their on-time performance. Table I, below, shows a breakdown of the amounts received and assessed per vendor.

⁶ Vendors are also charged liquidated damages for a variety of other performance measures, including cleanliness, safety, and maintenance.

Table I
Amount of On-Time Performance Incentives
Received and Liquidated Damages Assessed
Five Sampled Vendors
Calendar Year 2008

Vendor	Performance Incentives	Percent	Liquidated Damages	Percent
Atlantic (Primary)	\$4,270	10%	\$113,670	40%
MVT (Primary)	\$0	0%	\$155,750	54%
PTM (Primary)	\$37,124	90%	\$12,280	4%
Advance (Regional)	N/A	N/A	\$4,880	2%
TC (Regional)	N/A	N/A	\$0	0%
Total	\$41,394	100%	\$286,580	100%

N/A= Regional vendors are not eligible to receive incentives for on-time performance.

As shown in Table I, liquidated damages were assessed much more frequently than incentive payments were paid. Only PTM and Atlantic received performance incentives for on-time performance. Conversely, Atlantic and MVT were assessed the majority of the liquidated damages for the year.

NYCT Monitoring of No-Shows Has Significant Deficiencies

NYCT has not established a formal process for monitoring no-shows and ensuring that contractors correctly classify them. As a result, 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 and to receive incentive payments to which they are not entitled, or avoid liquidated damages for which they are liable. As previously noted, approximately 6.3 percent of the 5.8 million assigned trips were classified as no-shows in Calendar Year 2008 for the 14 vendors.

There are three types of no-shows: (1) no-fault, (2) customer, and (3) contractor. A no-fault no-show occurs when a vendor is unable to provide a scheduled trip to a customer for documented reasons beyond the control of the vendor. For example, police activity, water main breaks, the closing of a major bridge or tunnel, extremely adverse weather conditions and unusually heavy traffic conditions may be reasons for considering the vendor's inability to provide a scheduled trip a no-fault no-show. A customer no-show occurs when the customer is not present at the pickup location, declines the trip, or is unable for any reason to take a trip when the vehicle operator has arrived and waited for the customer in accordance with procedures. A contractor no-show occurs when the contractor is responsible for the failed pickup. For example, vehicle breakdowns or instances when a vehicle operator is unable to find a particular location are not considered reasons that are beyond the vendor's ability to control. (Contractors were not responsible for late-trip cancellations in which the customer canceled a trip after 5 PM the night before a scheduled trip.) A no-show is recorded and classified in

ADEPT by the dispatcher after the driver notifies the vendor's dispatcher that the scheduled trip could not be completed and the reason for the no-show.

For the contractor no-show performance measure, primary carriers are eligible for incentive payments when their no-shows are less than 0.2 percent of all trips assigned to them. For achieving this goal, the contractor receives an incentive payment of ten cents per completed trip for all completed trips for the month. Conversely, for each month that contractor no-shows exceed 0.3 percent of all trips assigned for a specific month, the vendor pays NYCT \$20.00 for each no-show. Regional carriers do not earn performance-incentive payments for having a low number of contractor no-shows. However, for each month that contractor no-shows exceed 0.3 percent of all trips assigned for a specific month, the vendor pays NYCT \$20.00 for each no-show.

No-show route-reconciliation reviews are performed by analysts in the Paratransit Contract Management Audit unit. Route-reconciliation reviews are conducted to determine, among other things, whether vendor no-shows were accurately recorded and classified in the ADEPT system. On a weekly basis, the analysts are assigned a range of vendor routes to review in ADEPT to look for data exceptions. According to NYCT, analysts visually scan the no-shows listed in ADEPT for the range of routes they are assigned to review. They select those that appear questionable for further review. The exceptions are identified in letters to the vendors, which are prepared by the analysts and reviewed and signed by contract managers. (For example, the analyst could question a vendor customer no-show classification when the data indicates that the driver arrived late.) The vendors are asked to research the trips and respond back to the Paratransit Division. Those trips that the vendors continue to claim were recorded and classified correctly are investigated more thoroughly by the analysts in ADEPT, using AVL data when available. Analysts compile the results of any changes in the classification of no-shows in their route-reconciliation review reports. Vendors can be charged \$10 for each no-show misclassification. From January 2008 to February 2009, Access-A-Ride vendors reported a total of 422,810 no-shows for the 14 vendors, or approximately 30,201 per vendor for the 14-month period (or about 2,517 per vendor per month). Route-reconciliation reviews performed by analysts for that same period resulted in 1,298 changes to the no-show classifications. However, we are unable to determine the significance of these changes. First, NYCT did not record how many of the 422,810 no-shows were "visually scanned." Second, NYCT is unable to provide reasonable assurance that, by merely "scanning" no-shows listed in ADEPT, its analysts were able to identify all the no-shows in the routes reviewed that may have been incorrectly classified. Therefore, neither NYCT nor we are able to ascertain the degree to which no-shows are misclassified by contractors.

According to NYCT no-show summary reports, the five sampled vendors identified and classified a total of 220,103 no-shows between January 2008 and February 2009. Customer no-shows represented the largest percentage of the no-shows classified by the vendors. Table II, below, shows the numbers and percentages of contractor no-shows, customer no-shows, and no-fault no-shows for these vendors.

Table II
Numbers and Percentages of No-Shows by Type
Five Sampled Vendors
January 2008 through February 2009

Type of No-Show	Number of No-Shows	Percent of No-Shows
Customer	176,524	80%
Contractor	13,038	6%
No-Fault	30,541	14%
Totals	220,103	100%

The 12 reconciliation reviews completed by analysts between January 2008 and February 2009 (reconciliations were not performed during March and April 2008) resulted in 1,298 changes in no-show classifications. Of the 1,298 changes, 945 (73%) were changes from a customer no-show classification. A further breakdown of the 945 changes reveals the following: 689 (73%) were changed to contractor no-shows, 238 (25%) were changed to no-fault no-shows, and 18 (2%) were changed to service-provided⁷. For example, a December 1, 2008 customer no-show was changed to a contractor no-show because AVL M revealed that the driver was at the wrong location. In another example, a January 5, 2009 customer no-show was changed to a contractor no-show because AVL M revealed that the driver did not wait the required five minutes after the scheduled pickup time. The remaining 353 (1,298 minus 945) changes included 333 changes from a no-fault classification, 13 changes from a contractor no-show classification, 6 changes from a service-provided classification, and one from an undetermined classification. Table III, below, shows a breakdown of the changes.

⁷ “Service-provided” means that the trip was performed with the passenger on board.

Table III
Changes in No-Show Classifications
Route-Reconciliation Reviews
January 2008 through February 2009

Original No-Show Classification:	No-Show Classifications Changed to:				Total Changes
	Customer	Contractor	No-Fault	Service Provided	
Customer		689	238	18	945
Contractor	2		11	0	13
No-Fault	168	162		3	333
Service Provided	1	4	1		6
Other	0	1	0		1
Total Changes by Category	171	856	250	21	1,298
Percent of Total Changes	13%	66%	19%	2%	100%

As shown in Table III, classification changes to contractor no-shows accounted for 66 percent of the 1,298 classification changes. Misclassifying contractor no-shows as customer no-shows not only misrepresents contractor performance but also puts an undue hardship on customers. Customers can be penalized for excessive no-shows. According to NYCT's *Guide to Access-A-Ride*, missed trips are considered excessive when a customer reserves seven or more trips within any month and no-shows or late-cancels 40 percent or more of those scheduled trips. This is considered a pattern or practice of missed trips and a violation of the Access-A-Ride No-Show/Late-Cancellation policy. Customers incurring excessive missed trips may be suspended for two months for the first suspension, four months for a second suspension, six months for a third suspension, and three years for a fourth suspension.

We believe that route-reconciliation reviews are an effective control that can be used to limit contractor misclassification of no-shows. This helps ensure that customers are not penalized when no-shows are incorrectly attributed to them and thereby put at risk of not receiving Access-A-Ride services. Furthermore, ensuring that the correct number of no-shows are attributed to vendors helps ensure that they are properly rewarded for good performance and penalized for poor performance relative to the no-show provision of the contract.

Nevertheless, although the route-reconciliation reports indicated how many no-show classification changes were made because of the no-show reviews, the reports did not specify the total sample of no-shows that were reviewed. As a result, we could not determine whether the reviews were sufficiently comprehensive. Furthermore, only 11 of the 14 vendors no-shows were reviewed during the year.

NYCT told us that these reviews are labor intensive and that each review had to be analyzed in detail in order to make a proper determination as to the accuracy of the no-show classification. However, there should be an indication in the reconciliation report of the number of no-shows reviewed so that there can be an understanding of the extent of the misclassifications. This would also give management a better measure of the level of the problem so that better controls can be put in place to further limit the frequency of incorrect classifications.

As noted earlier, contractors can be charged liquidated damages when the percentage of contractor no-shows in any month exceeds 0.3 percent of assigned trips. We analyzed the January 2009 route-reconciliation report for five vendors. During the month, the vendors classified 15,444 (6%) of the 238,973 assigned trips as no-shows. This included 1,076 contractor no-shows. The analysts review resulted in 254 no-show changes. Of the 254 changes, 216 (85%) were originally classified as customer no-shows, 37 (15%) were originally classified as no fault no-shows, and one was originally classified as service-provided. Overall, 199 (78%) of the 254 no-shows were changed to contractor no-shows. As a result, the number of contractor no-shows increased by 16 percent from 1,076 to 1,275. Table IV, below, has the breakdown of these changes.

Table IV
Changes in No-Show Classifications and the
Impact on Contractor No-Shows
January 2009

A	B	C	D	E	F	G	H
	Vendor	Number of Assigned Trips	Number of Contractor No-Shows prior to Reconciliation	Number of Classification Changes to Contractor No-Shows by NYCT Reconciliation	Total Number of Contractor No-Shows after Reconciliation (Col. D + Col. E)	Percent of Assigned Trips that Were Contractor No-Shows prior to Reconciliation (Col. D/Col. C)	Percent of Assigned Trips that Were Contractor No-Shows after Reconciliation (Col. F/Col. C)
1	Atlantic	58,841	605	36	641	1.03%	1.09%
2	PTM	39,302	30	38	68	0.08%	0.17%
3	Starcruiser	24,739	89	13	102	0.36%	0.41%
4	Maggies	60,722	118	34	152	0.19%	0.25%
5	MVT	55,369	234	78	312	0.42%	0.56%
	Totals	238,973	1,076	199	1,275	0.45%	0.53%

NYCT charges vendors \$10 per occurrence for “reconciliation errors” when the analysts discover that vendors have incorrectly classified no-shows. Therefore, these vendors were charged a total of \$1,990 for reconciliation errors (199 no-show classification changes times \$10). The vendors could also be charged liquidated damages if the number of classification changes to the contractor no-show category puts them above the 0.3 percent standard. As shown

in Table IV, had NYCT not performed this reconciliation review, Maggies could have been entitled to a performance incentive for having met the 0.2 percent standard. The additional contractor no-shows identified through the reconciliation review led to Maggies exceeding this standard and therefore not qualifying for the incentive.

In addition, the NYCT should more efficiently monitor the quality of its analysts' reviews so that the correct changes are made. For the January 2009 route-reconciliation report, 32 customer no-shows were changed to no-fault no-shows. We reviewed these 32 instances to determine whether analysts made the correct changes. For 24 of the 32 cases, the correct changes were made. However, there were seven cases in which customer no-shows were incorrectly changed to no-fault no-shows instead of contractor no-shows and one case for which no explanation for the change was provided. Table V, below, shows the seven cases that were incorrectly reclassified.

Table V
Cases Where Reconciliation Reviews Resulted in
Incorrect Re-classification of No-shows
January 2009

	Vendor	Trip ID	Service Date	Original No-Show Classification	Incorrect No-Show Classification	Analyst Explanation for Re-Classification	Correct No-Show Reclassification Based on Explanation
1	PTM	40483516	1/22/2009	Customer No-Show	No-Fault No-Show	Driver did not wait 5 minutes	Contractor No-Show
2	PTM	40592377	1/26/2009	Customer No-Show	No-Fault No-Show	As per AVLM driver did not wait 5 minutes	Contractor No-Show
3	PTM	40576599	1/27/2009	Customer No-Show	No-Fault No-Show	Driver did not call out to blind passenger	Contractor No-Show
4	PTM	40614424	1/27/2009	Customer No-Show	No-Fault No-Show	Driver lost, late pick-up, taxi authorization	Contractor No-Show
5	PTM	40618026	1/27/2009	Customer No-Show	No-Fault No-Show	As per AVLM driver did not wait 5 minutes	Contractor No-Show
6	PTM	40603032	1/28/2009	Customer No-Show	No-Fault No-Show	As per AVLM driver did not wait 5 minutes	Contractor No-Show
7	PTM	40707545	1/30/2009	Customer No-Show	No-Fault No-Show	As per AVLM driver did not wait 5 minutes	Contractor No-Show

Incorrect classifications by vendors and NYCT can result in contractors receiving incentive payments for which they are not entitled, or avoiding penalties for which they are liable. For the period Calendar Year 2008, the five sampled contractors received no-show incentive payments totaling \$40,973 and penalties totaling \$101,020. Table VI, below, shows the breakdown per contractor.

Table VI
Amount of No-Show Performance Incentives
Awarded and Liquidated Damages Assessed
Five Sampled Vendors
Calendar Year 2008

Vendor	No-Show Performance Incentives	Percentage of Total	No-Show Liquidated Damages	Percentage of Total
Atlantic (Primary)	\$0	0%	\$30,820	30%
MVT (Primary)	\$0	0%	\$66,640	66%
PTM (Primary)	\$40,973	100%	\$1,940	2%
Advance (Regional)	N/A	N/A	\$1,620	2%
TC (Regional)	N/A	N/A	\$0	0%
Total	\$40,973	100%	\$101,020	100%

N/A – Regional vendors are not eligible to receive incentives for having a low number of no-shows.

As was the case with the on-time performance standard, liquidated damages for contractor no-shows far outpaced performance incentives, as shown in Table VI. Only PTM received performance incentives for no-shows (totaling \$40,973) while four of the five sampled vendors were assessed liquidated damages totaling \$101,020. As in the area of on-time performance, Atlantic and MVT performed poorly in the area of no-shows. The two vendors not only did not receive performance incentives, but also were assessed liquidated damages each month of the calendar year.

Access-A-Ride passengers have limited access to the City’s transportation infrastructure. Without the Access-A-Ride service, many people simply could not afford to get around. Contractor no-shows are a great inconvenience for Access-A-Ride customers. Furthermore, as discussed earlier, when customers are wrongly charged with no-shows, they are put at risk of being suspended from receiving this vital service. In light of this, it is imperative that NYCT ensures that contractor no-shows are limited as much as possible and that they are correctly classified when they do occur.

Recommendations

NYCT should:

1. Prepare written guidelines to ensure that no-shows are reviewed in a systematic and consistent manner.
2. Enhance its monitoring of no-shows to ensure that each vendor is reviewed continually.

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

NYCT Customer Complaints **Tracking Was Deficient**

Although NYCT tracks customer complaints against Access-A-Ride vendors and has procedures in place to investigate and respond to those complaints, the agency provided limited documentary evidence that it reviews complaint trends with vendors and that vendors take corrective action to address such trends. Consequently, we could not determine if NYCT has made sufficient efforts to reduce customer complaints by recommending to vendors that they implement changes to their operations.

A customer can file a complaint in writing, by calling NYCT's Customer Assistance line, or via e-mail. Customers often complained about such things as no-shows, driver behavior, late pickups, the length of their rides, and vehicles. Safety-related complaints are referred to contract managers. According to the contract, vendors are required to provide written responses to complaints as directed by contract managers. Vendors are required to investigate and respond in writing to NYCT no later than three business days from receipt of complaints from Customer Relations. Vendors are then required to provide written responses to the customers no later than five business days after receipt. Furthermore, during meetings between vendors and NYCT, contract managers are required to discuss complaint trends and to recommend and implement corrective action taken by vendors to mitigate complaints.

From January through December 2008, NYCT Customer Relations Unit received 16,978 complaints from Access-A-Ride customers regarding the service provided by the 14 vendors. For the period, Customer Relations provided us with its analysis of customer complaints. The analysis revealed that the unit tracks complaints by vendor and category. For five key complaint categories—no-shows, late pickups, driver-related complaints, unreasonable ride times, and vehicles—there was a comparison between the total number of Citywide complaints for each category and the total number of vendor complaints for each category. The analysis shows how each vendor performed in each category in comparison to all other vendors. The rankings are shown in Table VII, below.

Table VII
Vendor Ranking in Each Key Complaint Category
January to December 2008

		Rankings						
	Vendor	No-Show	Late Pickups	Drivers	Long Rides	Vehicles	Other	Overall Ranking
1	Advance Transit	7	5	5	2	2	5	7
2	All Transit	1	1	1	1	5	1	1
3	American Transit	9	10	13	11	10	10	10
4	Atlantic Paratrans	13	13	14	14	9	12	13
5	CBT Para Transit	6	7	2	3	2	7	6
6	Dedicated Services	3	2	4	4	1	2	2
7	Maggies Paratransit	12	12	11	13	14	14	12
8	MV Transportation	14	14	12	12	12	13	14
9	Progress Transit	5	4	6	5	2	3	4
10	PTM Management	11	11	10	10	13	11	11
11	RJR Paratransit	2	3	3	6	7	3	3
12	Star Cruiser Transportation	4	6	8	8	8	5	5
13	TC Paratransit	10	9	9	9	6	9	9
14	Transit Facility Management	8	8	7	7	11	8	8
	Number of Vendor Complaints	8,498	2,741	2,537	1,080	368	1,754	16,978
	Percentage of Complaints	50%	16%	15%	6%	2%	10%	100%*

*Percentages in each category do not add up to 100 percent due to rounding.

As shown in Table VII, All Transit and Dedicated Services were ranked high with regard to the fewest complaints received, while Atlantic Paratrans and MV Transportation were ranked at the bottom. Comparing vendor performance can be an effective tool in assessing and improving vendor performance and in reducing the number of customer complaints. However, there is insufficient evidence that the agency regularly discusses complaint trends with each vendor or that vendors take corrective action to address identified problems. NYCT does

conduct some meetings with vendors in which complaints are discussed. NYCT officials stated that, as part of their normal course of business, contract managers regularly meet with vendors and are in constant communication with them to discuss various issues, including complaints. NYCT also provided evidence that it regularly visits carriers and periodically sends memorandums to carriers on various vehicle and service issues. However, these memorandums were addressed to all carriers and generally did not discuss performance or complaint issues at specific carriers.

In addition, for some low-ranking vendors, there is no evidence that NYCT met with them to discuss customer complaints. For example, Maggies Paratransit was consistently ranked at the bottom or near the bottom of each complaint category. There was no evidence that NYCT met with this vendor to discuss customer complaints and/or ways that they could improve their performance. Furthermore, for those vendors with which NYCT did meet, there was little evidence of discussions on steps the vendor needed to take to improve their performance. Based on customer complaints, Atlantic performed poorly during 2008. According to the minutes of a May 20, 2008 meeting with Atlantic, NYCT officials discussed statistics regarding year-to-date customer complaints, no-shows, and pickup and ride times, but there was no indication that the discussions focused on how Atlantic could improve their performance in these areas or whether a corrective action plan would be required from the vendor.

As indicated in Table VII, no-shows comprise the largest number of complaints, accounting for half of the complaints received. No-shows are also significant because they adversely affect the reliability of the Access-A-Ride service. From January through December 2008, NYCT's Customer Relations unit received 16,978 complaints from Access-A-Ride customers. Of the 16,978 complaints (including those in the five key categories as well as those in other categories), 8,498 (50%) were related to no-shows. The fact that NYCT provides a tool to assess the levels and types of complaints by vendor is a good starting point in improving the level of service. However, this information could be more effectively used by NYCT by not only making vendors more aware of negative trends but by also working with them more closely to ensure that corrective-action plans are developed and implemented. NYCT officials state that they have regular dialogue with their vendors on performance issues but often do not document these conversations. However, NYCT needs to clearly document these conversations in order to better track vendor progress and hold vendors more accountable.

Recommendations

NYCT should:

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

Access-A-Ride Drivers Have Valid Licenses Authorizing Them to Drive Vehicles

Our DMV check of a sample of 125 Access-A-Ride drivers found that all of them had proper licenses authorizing them to drive City buses, including Access-A-Ride vehicles.

Section 509-b of Article 19-A states that each bus operator must have a current valid commercial driver's license. To determine whether Access-A-Ride motor carriers ensures that its drivers are properly licensed to drive their vehicles, we randomly selected a sample of 125 of the 1,532 drivers for the five sampled vendors. We reviewed their license status on DMV's database to ascertain whether these operators had valid licenses as of March 30, 2009. All 125 drivers had valid commercial licenses.

Access-A-Ride Motor Carriers Are Ensuring that Its Operators Are in Compliance with Article 19-A

Our review of the personnel records and related documentation for 75 randomly selected drivers at three sampled Access-A-Ride vendors indicated that the vendors generally complied with the requirements of Article 19-A. We have reasonable assurance that these Access-A-Ride vendors had adequate controls to ensure that its bus operators were qualified to serve the Access-A-Ride public.

Hiring Requirements of Article 19-A

Article 19-A requires that before hiring a new bus driver, a motor carrier must perform certain steps to ensure that the driver meets Article 19-A requirements and is qualified to drive a vehicle. Those steps include reviewing the applicant's driver's license records to determine if there are any restrictions, ensuring that the driver passes a medical examination and investigating the applicant's employment history during the preceding three years.

To determine whether the Access-A-Ride vendors performed the abovementioned steps, we reviewed the personnel files for a random sample of 75 Access-A-Ride drivers. We inspected the files solely to determine whether the files contained evidence that the necessary steps were taken. Each driver's file indicated that the above procedures were followed.

Annual Requirements of Article 19-A

Article 19-A requires 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. To determine whether Access-A-Ride complied with Article 19-A's annual requirements, we reviewed the personnel files for our random sample of 75 drivers. We inspected the files solely to determine whether each driver's file contained evidence that procedures were followed.

Each operator's file indicated that the above procedures were followed. Each personnel file contained copies of (1) the DMV extract, (2) a driver's license, (3) proof of age, and (4) the Article 19-A Annual Review of Employee's Driving Record form, signed by both the bus operator and certified examiner. The files showed that the motor carrier reviewed each operator's driving record each year and conducted an annual observation ride. The Motor Carrier also sent an affidavit of compliance to DMV, stating that it had complied with all Article 19-A requirements.

Biennial Requirements of Article 19-A

Article 19-A requires that all motor carriers, every two years, require drivers to complete a written or oral exam that test his or her knowledge of the rules of the road, defensive driving practices and the laws regulating driving a bus in this New York. In addition, carriers must conduct a medical examination (including a vision test) of each driver.

The personnel files for the 75 drivers we reviewed showed that Access-A-Ride motor carriers were in compliance with the above Article 19-A biennial requirements. They indicated that for each operator the oral and written tests were completed, the behind-the-wheel driving test was performed, and a medical examination was conducted.