



EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE
January 18, 2007

**SUBJECT: OFFICE OF INSPECTOR GENERAL (OIG) AUDIT
ACTIVITIES REPORT**

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file OIG Audit Activities Report.

ISSUE

The Board of Directors requested the OIG to report on audit activities.

BACKGROUND

The OIG Charter states that the OIG was established to provide an independent and objective unit reporting directly to the Board of Directors. The OIG has numerous responsibilities as defined in the Charter, and the OIG Audit Unit has a broad responsibility for oversight in a cooperative support mode with MTA management for increased accountability and improvement of organizational performance.

A large measure of the OIG audit focus is to provide the Board of Directors and MTA management with independent analyses, evaluations, and appraisals of performance effectiveness, accuracy of information, efficient use of resources, and adequacy of internal controls. In addition, the Audit Unit is charged with the detection and analysis of those items indicative of fraud, waste, or abuse.

DISCUSSION

The OIG has recently issued the following reports:

- Mileage Payments to Schedule Checkers
- Summary Report on Fare Media Consignment Sales

Mileage Payments to Schedule Checkers

Our review found that Schedule Checkers mileage payments were incorrect. The errors resulted from changing the mileage earnings code in October 2004. In May 2005, Operations staff became aware of incorrect payments and reported the problem. However, incorrect mileage payments continued to occur. Operations staff manually reviewed mileage payment data and corrected any errors they found. On September 21, 2006, we reported the problem of incorrect mileage payments to the Payroll Manager; he took immediate action to suspend the use of the earnings code currently being used and began the use of the former earnings code, which had not experienced problems. We reviewed a pay period subsequent to this action and found that all mileage payments were correct.

We believe that the Payroll Manager's corrective action ensures the accuracy of future payments. In addition, this action will reduce administrative workload by eliminating the need for Operations staff to manually review mileage payments for errors and processing adjustment transactions.

Prepared by: Jack Shigetomi, Deputy Inspector General - Audits

A handwritten signature in cursive script, appearing to read "William Waters", with a long horizontal flourish extending to the right.

WILLIAM WATERS
Inspector General