



NEW YORK STATE SENATOR

Jeffrey D. Klein

Senate Passes IDC-backed Legislation to Make the MTA Conduct a Forensic Audit

JEFFREY D. KLEIN June 14, 2011

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The State Senate today passed legislation advanced and co-sponsored by the Independent Democratic Conference that would commence a forensic audit of the Metropolitan Transportation Authority.

The audit, which would be conducted by an independent outside auditing firm and be paid for by the authority, would be the first true top-to-bottom review of the MTA.

“Through a series of questionable financial practices, the MTA has jeopardized the public trust,” Senator David Carlucci, (D-Rockland/Orange), said “New Yorkers have to manage their hard earned dollars in a responsible and competent way, and so should the authorities that tax dollars fund. A full top-to-bottom forensic audit of exactly how these tax dollars are expended by the MTA will illuminate any discrepancies, move it toward fiscal solvency and eliminate the need for the payroll tax.”

In April, the IDC released a report detailing the need for such a forensic audit, which is a specialized review of an entity's finances that is conducted with the aim of finding evidence of inappropriate financial activity. Compared to other audits, they are more complex, labor

intensive, and require special expertise.

Decades of increased debt service and rising costs and – as well as a history of questionable spending practices – have left the MTA with projected out-year deficits of \$247 million in 2012, \$37 million in 2013, and \$482 million in 2014. This is despite recent fare hikes and a 2009 rescue package that gave new revenue streams to the MTA, including the unpopular payroll mobility tax.

“A forensic audit is a crucial step toward getting the MTA back on track,” said Senator Jeffrey D. Klein, (D-Bronx/ Westchester). “There have been too many scandals, too many embarrassing revelations about wasteful spending and too many examples of inefficiencies. This audit will serve as a blueprint for running a stronger and more efficient transportation system.”

“Conducting a forensic audit now will pay dividends down the road,” Senator Diane Savino, (D-Staten Island/ Brooklyn), said. “By undertaking this forensic audit, the MTA can put itself on the road to recovery and reclaim its reputation with the public.”

“While my constituents are not served by the MTA, it is extremely important – especially in these tough economic times – that organizations funded by the state undertake all possible efforts to operate as efficiently as possible,” said Senator David J. Valesky. “This legislation will accomplish just that with this public authority.”

The legislation, (S.4637/ Lanza), is pending in the Assembly.