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Press Release

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IMMEDIATE

MTA Releases Independent Forensic Audit on Capital Program Planning Process

MTA Capital Planning Process Deemed 'Consistent with Industry-Leading Practices,' Audit Finds No Modifications Necessary for Proposed 2020-2024 Capital Plan

MTA Accepts Recommendations to find Efficiencies, Improve Delivery of Capital Projects

The Metropolitan Transportation Authority (MTA) today released the findings of the forensic audit mandated by the Governor and the Legislature on the capital program planning process. The audit, conducted by an independent firm, Crowe LLP, found the MTA capital planning process to be “consistent with industry-leading practices” and required no modifications to the 2020-2024 Capital Plan. The auditors, led by Crowe Partner Bert Nuehring and Director Erik Nylund, did find areas of non-compliance and significant deficiencies in both compliance and control evaluations.

The MTA accepts the findings and will immediately implement the recommendations to aggressively identify efficiencies and deliver cost-savings for all upcoming and future MTA capital plans.

Crowe LLP, a certified public accounting firm, reviewed the MTA's capital assets by agency, including rolling stock, stations, facilities, infrastructure, and other operational systems policies and procedures related to the preparation of its proposed 2020-2024 Capital Plan, which was released in September.

Crowe LLP made recommendations to modernize capital planning and the Twenty Year-Needs report, find efficiencies and cost savings, and to improve delivery of capital projects. The MTA will work quickly to remedy the deficiencies and areas of non-compliance identified, including improving methods of cost estimation, linkage between capital asset tracking and capital planning, and improving capital planning documentation. Making these improvements will be critical to the continued transformation of the MTA into a world-class design-build organization.

Details of the forensic audit are available [here](#).

As part of the MTA Transformation Plan to reorganize the MTA for the first time in its 51-year history, MTA Chairman and CEO Patrick J. Foye recently formed the MTA Construction & Development agency, led by MTA Chief Development Officer Janno Lieber who spearheaded the rebuilding of the World Trade Center site. This new function will oversee the integration of all MTA capital planning, development and project delivery by planning and prioritizing capital projects across the MTA service region for cost-effective, timely delivery. MTA Construction & Development has already implemented several cost-cutting initiatives for projects by consolidating various projects and developing new processes, benchmarks and standards used across all MTA agencies.

MTA Chief Development Officer Janno Lieber said: “The forensic audit validates the priorities and projects included in the MTA's transformative Capital Plan - a plan that addresses core system needs like signal modernization, ADA accessibility and an unprecedented level of investment in maintenance of critical assets like the Grand Central Terminal train shed. This validation is welcome news, because in order to maintain schedule and deliver the major benefits outlined in our plan, the new Construction & Development organization is preparing to move projects into procurement and construction quickly after Capital Program Review Board gives its final approval.

“Moreover, the procedural recommendations contained in Crowe's audit - about the need for better data, more standardized processes, upgraded project development systems, and transparency have also been identified by the MTA itself. Indeed, many of the recommendations are also in keeping with project management strategies we are deploying on Third Track and the L Train and other projects.

“We look forward to further advancing these recommendations in the coming months and years as we plan, bid and build more aggressively and more strategically than the MTA has done before.”

ABOUT THE FORENSIC AUDIT

As part of the State Legislature's budgeting process this year, the MTA is legislatively required under Section 1279-f of the State Public Authorities Law to contract a certified public accounting firm to conduct an independent, comprehensive forensic audit in accordance with government auditing standards and to review any fraud, waste, conflicts of interest or duplication of functions to identify any potential

efficiencies and savings, as well as to review the same for the current MTA 2015-2019 Capital Plan. The audit includes a thorough accounting of the MTA's assets by agency, including rolling stock, stations, tracks, line equipment, signals, power equipment, maintenance facilities, depots, yards, terminals and other infrastructure.