

OFFICE OF THE NASSAU COUNTY COMPTROLLER



**Limited Review of the
Nassau County Bridge Authority
Atlantic Beach Bridge
June 23, 2021**

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COMPTROLLER**

OFFICE OF THE NASSAU COUNTY COMPTROLLER

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OFFICE OF THE NASSAU COUNTY COMPTROLLER

REVIEW OF NASSAU COUNTY BRIDGE AUTHORITY

ATLANTIC BEACH BRIDGE

WHY WE DID THIS REPORT

The Nassau County Bridge Authority (“Authority”, NCBA”) is a Public Benefit Corporation created pursuant to Chapter 893 of the Laws of 1945 (NY Public Authorities Law §651-668). The Authority operates and maintains, by way of user tolls, the Atlantic Beach Bridge across Reynolds Channel between the Villages of Lawrence and Atlantic Beach in Nassau County. The Atlantic Beach Bridge is the only toll bridge in Nassau County.

This audit was conducted to review efficiencies for toll operations, including the possible utilization of automation; determine if revenues were properly collected, deposited and recorded; determine if goods and services were procured in accordance with the Authority’s procurement policy; and to review compliance with Board policies and the collective bargaining agreement with respect to employee time and attendance and leave accruals. The time period covered by the review was January 1, 2016 through December 31, 2017.

WHAT WE FOUND

Findings include the following:

- Modernization and automation of toll collection functions could improve procedures and strengthen controls, such as:
 - Issues identified with respect to the reconciliation and recording of cash by the toll collectors and cashiers;
 - Functions of the toll collection operation found to be paper intensive;
 - Weaknesses identified in the reconciliation of sold decals (which is affixed to a vehicle to permit unlimited bridge crossings at a determined cost) to activated decals in the system – not matching sold decals to active decals and investigating any differences exposes the NCBA to possible revenue loss; and
 - Weaknesses identified regarding the authorization and monitoring of “gratis” decals (which is affixed to a vehicle to permit unlimited bridge crossings at no cost).
- Authority officials did not adhere to procurement policies and did not use competitive bidding for certain services.
- Claims approvals lacked segregation of duties between those soliciting good and services and those approving payments for such goods and services.
- The Board does not have a policy for the hiring of family members (nepotism) or when one relative has a supervisory role over the other.
- Not all Board members had complied with NYS Board Member Training at the time of the audit.
- Fuel usage was not adequately monitored, and monthly fuel activity reconciliations were not performed.
- The average decal holder pays 70% less per trip than the average cash paying customer.
- Authority officials did not adopt or develop a written IT Disaster Recovery Plan (“DRP”).



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REVIEW OF NASSAU COUNTY BRIDGE AUTHORITY
ATLANTIC BEACH BRIDGE

WHAT WE RECOMMENDED

We made a number of specific recommendations to improve controls, prevent fraud, and correct the issues found, including the following:

- Modernization and automation (such as E-ZPass), with less reliance on cash, should be utilized to improve procedures and controls.
- Before making a policy decision on upgrading the toll plaza consider utilizing cashless tolling to improve the toll collection operation.
- Establish written cash receipt policies and procedures that specify the responsibilities of cashiers, toll collectors, supervisors and the handling of overages and shortages, eliminate unnecessary manual processes, establish procedures to reconcile all cash collected and consider revamping processes for “No Funds”, manual gate and other variations from normal cash payment passages.
- Segregate the duties, or institute compensating controls, over the inventory, activation and recordkeeping of all decals, such as, independent decal sales records reconciled with system reports.
- Implement written procedures for the approval and monitoring of all toll-free and gratis decals. Adhere to NCBA’s procurement policy when purchasing goods or services in excess of the threshold established by policy; and develop and implement policies and procedures governing employee use of credit cards.
- Consider amending the procurement policy to include the use of competitive methods for obtaining professional services and require the use of professional service contracts with detailed specifications as to the expectations of the Authority as required by policy.
- Designate a claims auditor to perform a thorough review of the supporting documentation for all claims.
- Implement and enforce comprehensive written procedures for time and attendance.
- Develop procedures for the hiring or supervision of family members and add explicit procedures on Nepotism in the Authority’s Code of Ethics.
- Implement written fuel procedures for supervisory oversight of fuel usage including the use of gas logs and performing periodic reconciliations of fuel purchases and odometer readings to ensure that fuel is used only for Authority purposes.

WHAT WAS THE RESPONSE?

The NCBA Board Chairman acknowledged the audit guided the Board and staff to make constructive amendments to policy and internal procedures. Specifically, the NCBA:

- Developed a more efficient methodology of gathering and reporting daily toll collections.
- Improved internal controls in the commercial decal program.
- Eliminated the use of script tickets (prepaid tickets used to cross in lieu of cash).
- Will consider replacing free passage for municipal vehicles with a Shared Services Agreement.
- Has begun testing new cashless tolling license plate readers.
- Approved an outside auditor to conduct an annual review of the procurement policy as well as an internal control review to ensure compliance with the procurement policy.
- Adjusted bidding price levels in the procurement policy.
- Developed an Overtime Monitoring and Reporting tool.

NCBA management differed with the Auditors on several issues of fact, policy and the materiality of certain findings, which is discussed in Appendix L of this report which contains the Auditor Follow Up comments on the Authority’s response.



OFFICE OF THE NASSAU COUNTY COMPTROLLER
REVIEW OF NASSAU COUNTY BRIDGE AUTHORITY
ATLANTIC BEACH BRIDGE

WHY IS THIS REPORT IMPORTANT?

All users of the Atlantic Beach Bridge are entitled to a fair and equitable cost of passage. It is important that the NCBA operate efficiently and effectively to maximize value and minimize the potential for fraud and abuse. Audits such as this provide important guidance and recommendations to improve NCBA operations and strengthen internal controls.

Executive Summary

Purpose:

The purpose of our review was to determine whether the Nassau County Bridge Authority's toll collection processes were efficient, including the possible utilization of automation; if goods and services were procured in accordance with the Authority's procurement policy; and if revenue was properly collected, deposited and recorded.

Introduction:

The Nassau County Bridge Authority ("Authority") is a Public Benefit Corporation created pursuant to Chapter 893 of the Laws of 1945 (NY Public Authorities Law §651-668). The Authority operates and maintains, by way of user tolls, the Atlantic Beach Bridge in Nassau County. The Atlantic Beach Bridge is the only toll bridge in Nassau County.

The primary source of the Authority's operating revenue is from toll collections. The operating revenues for 2016 were \$6.5 million and \$6.4 million in 2017, with Operating Expenditures of approximately \$6.2 million and \$6.5 million, respectively.

In 2008, the New York State Authorities Budget Office ("ABO")¹ issued an Operational Review of the Nassau County Bridge Authority. The review addressed several issues and deficiencies in the Authority's processes, including issues related to Board governance, employee time and leave, separation payments, procurement, gratis crossings, and inequitable toll-fee structure. The ABO made numerous recommendations that were not implemented by the Board and the conditions still exist today.

In 1998, the Office of the New York State Comptroller ("State Comptroller")² issued an audit of the Authority, finding some of the very issues and recommendations noted by the ABO. The State Comptroller's audit made recommendations related to Board governance, compliance with procurement policy, payment for professional services, compensatory time, vacation leave, leave buyback, consideration for E-ZPass, and inequitable toll-fee structure. A majority of the State Comptroller's recommendations were not implemented by the Board and some of the same issues were noted by the 2008 ABO review, and currently by this County Comptroller's review.

These reports are summarized in Appendix K. Nassau County Auditors found that issues from prior reports still exist.

The Summary of Findings and Recommendations as a result of this audit can be found on the next five pages:

¹ <https://www.abo.ny.gov/>; Operational Review, OR-2008-01, September 30, 2008. The Authorities Budget Office oversees the operations and finances of public authorities to assure they are acting in the public interest and consistent with their intended public purpose.

² <https://osc.state.ny.us/>; Report of Examination, 98M-346.

Executive Summary

Summary of NCBA Audit Recommendations

#	Audit Finding	Audit Recommendation(s)
1	Toll Collector Reconciliation in Place was Flawed and Resulted in Undetected Errors and a Lack of an Audit Trail	<p>We recommend that the Board:</p> <ul style="list-style-type: none"> a) establish written cash receipt policies and procedures that specify the responsibilities of cashiers, toll collectors, supervisors and the handling of overages and shortages; b) update the toll collector slip reconciliation process to eliminate unnecessary manual processes, and reconcile all cash collected directly to the Lane Reports; c) ensure that predetermined Lane Report cutoff dates and times are established so that reports generated by the IT Manager consistently reflect the timeframe of a day's activities and can be recreated with the same results; and d) periodically review cameras and document evidence of such reviews. Also, consider installing an additional camera in the toll booth at a different angle that captures the toll collector's interactions with the cash drawer.
2	The Authority's Collection Functions are Paper Intensive and Enhanced Automation, such as Cashless Automation Could Improve the Process	<p>We recommend that the Board:</p> <ul style="list-style-type: none"> a) before making a policy decision on upgrading the toll plaza, develop a long term plan for the Authority and consider utilizing cashless tolling to improve the toll collection operation. Auditors note that according to February 20, 2021 article in Newsday, the Authority has begun testing new cashless tolling license plate readers spending "\$84,000 to install cameras on the bridge's two cash lanes last May, along with supporting software...[t]hrough the new system, if a motorist doesn't have \$2 to pay the toll, a bill comes in the mail later."; b) consider forming a subcommittee of public officials from both sides of the Bridge with members of the public to review possible changes in tolling; c) consider revamping the entire "No Funds" write-ins and limit the categories; d) consider reusing or recycling the plastic Pass Cards; e) produce and analyze management reports to review manual gate-ups and other variations from normal payment methods; and f) should eliminate the use of Script Tickets as soon as practical if their use has not been discontinued as previously stated by Authority Officials.

Executive Summary

Summary of NCBA Audit Recommendations

#	Audit Finding	Audit Recommendation(s)
3	Internal Controls in Place Over Annual and Commercial Decals Sold and /or Issued, Exposes the Authority to Potential Revenue Losses and Misappropriation	<p>We recommend that the Board:</p> <ul style="list-style-type: none">a) implement written procedures for the accounting of all decal sales;b) update the current computer system or consider purchasing a more user-friendly system where reports may be generated by the toll office administration staff and especially the executive staff who oversees the day-to-day operations of the Authority;c) require reconciliation on a periodic basis, such as on a monthly basis, of decal sales (Annual and Commercial) to decal quantities sold/renewed;d) implement a process for the tracking of all decal accounts (transfers/activation/ replacement/voided);e) produce periodic reports for management's review of decals sold, reconciled with the accounting records and evidenced by a signature;f) segregate the duties or institute compensating controls over the inventory, activation and recordkeeping of all decals, such as, independent decal sales records reconciled with system reports. For example, separate the inventory of decals from the activation of decals and decal sales accounting;g) discontinue the practice of pre-approving decals for future sale;h) monitor the Authority's financial activity by requiring and reviewing supervisory monthly reports including all decal sales; andi) review and assure adequate controls are in place for the practice of giving commercial toll-free decals to contractors working on the Authority's construction or other projects.

Executive Summary

Summary of NCBA Audit Recommendations

#	Audit Finding	Audit Recommendation(s)
4	The Process for "Gratis Decals" (Free Crossings) Is Inadequate, and Needs Improvement, Such as Requiring Written Approvals, Routine Monitoring and Timely Deactivation	<p>We recommend that the Board:</p> <ul style="list-style-type: none"> a) implement written procedures for the approval and monitoring of all toll-free decals, supervisory review should be evidenced by signature; b) require written authorization for all toll-free decals issued; c) implement a process for the tracking and monitoring of all toll-free decals in the system (transfers/ deactivation, reason etc.); d) produce periodic reports for management’s review on all toll-free decals issued; e) revoke all gratis (free) decals for relatives of employees, including spouses, and friends of the Board; f) eliminate the availability of “forever” gratis (free) decals by assigning a maximum one-year period of utilization for gratis decals; and g) refrain from allowing employees, contractors and Board members to cross the bridge at no charge unless for Authority related business and establish controls to monitor usage.
5	Monitoring of Revenue Receipts by Category Could be Enhanced and Revenue Collection Processes Could be Automated and Streamlined	<p>We recommend that:</p> <ul style="list-style-type: none"> a) NCBA Management provide the Board monthly detail of revenues including a breakout of commercial vehicles; b) the Board periodically review the detailed breakout of toll revenue by category and acknowledge they have done so in the Board minutes, and c) NCBA enhance the cash collection system by considering the use of an automated system with less reliance on cash to better satisfy customer needs and streamline internal processes. E-ZPass can handle Resident Discount Plans and Business Crossings. <p>As noted previously, according to the February 20, 2021 article in Newsday, the Authority has begun testing new cashless tolling license plate readers.</p>
6	Price Quotations and Competitive Bids Were Not Always Obtained	<p>We recommend that the Board and Authority officials:</p> <ul style="list-style-type: none"> a) ensure that its procurement policy is adhered to when purchasing goods or services in excess of the threshold established by policy; and b) develop and implement policies and procedures governing employee use of credit cards.

Executive Summary

Summary of NCBA Audit Recommendations

#	Audit Finding	Audit Recommendation(s)
7	Authority Did Not Always Solicit Competition (Requests for Proposals) for Professional Services or Require Written Contracts/Agreements between the Authority and Service Providers	<p>We recommend that the Board:</p> <ul style="list-style-type: none"> a) consider amending the procurement policy to include the use of competitive methods for obtaining professional services; b) require the preparation and execution of professional service contracts with detailed specifications as to the expectations of the Authority as required by policy; c) review the current process for requesting insurance coverage proposals with the intent of attaining more proposals from prospective insurers. Competition might be increased if the Request for Proposal process includes the solicitation of proposals through a public advertisement; and d) provide full backup documentation for the basis of the insurance consultant's recommendations to the Board.
8	The Authority's Chairman or Approved Designee, Did Not Approve Payment Claims and Purchase Orders Were Not Used in 85 Percent of Purchases	<p>We recommend that the Board:</p> <ul style="list-style-type: none"> a) monitor for compliance with the procurement policy as part of the audit and approval of vouchers for payment; b) require employees obtain approved purchase orders prior to making purchases and make every effort to purchase economically; and c) designate a claims auditor to perform a thorough review of the supporting documentation for all claims.
9	Authority Payrolls Were Not Supported by Complete Time Records, Overtime Hours Paid Were Rounded Up and Employee Tardy Policy Needs Improvement	<p>We recommend that the Board:</p> <ul style="list-style-type: none"> a) implement comprehensive written procedures for time and attendance including tardiness to ensure that accurate and complete payroll records are maintained to support all payroll payments including overtime; b) require that all employees prepare accrued leave request forms. All forms should be signed by the employee and approved by the respective department head or the Supervisor before payroll is processed; c) enforce the lateness policy, or design a lateness allowance policy for all employees that specifies that there is a specific grace period for tardiness; d) require an evaluation of employee overtime on a periodic basis and document explanations for spikes in overtime; e) require that employees take vacation leave that is not permitted to be carried over or forfeit such leave (in accordance with their work rules); and f) cease rounding up overtime payments and abide by the terms of work rules, the CBA and management agreements.

Executive Summary

Summary of NCBA Audit Recommendations		
#	Audit Finding	Audit Recommendation(s)
10	One Employee Supervises His Son & the Authority Lacks an Anti-Nepotism Policy	We recommend that the Board develop procedures for the hiring or supervision of family members and add explicit procedures on Nepotism in the Authority's Code of Ethics.
11	Not All Board Members Complied with NYS Mandated Board Member Training	We recommend that: a) the two Board members complete the training, not only to comply with the State law but, to provide operational oversight of the management and financial activities of the Authority; and b) the Board ensure that all future Board members complete the required training as soon as possible after being appointed.
12	Fuel Usage Was Not Adequately Monitored and Monthly Fuel Activity Reconciliations Were Not Performed	We recommend that the Authority & Board: a) implement written fuel procedures for supervisory oversight of fuel usage; b) ensure that gas logs are maintained for all fuel usage; c) require periodic reconciliation of fuel purchases and odometer readings to ensure that fuel is used only for Authority purposes; d) require supervisory review of fuel transaction activity on a monthly basis to identify anomalies regarding quantities dispensed, fueling times and the odometer readings entered by employees; and e) periodically review odometer readings for take home vehicle to assure that vehicle is used for work purposes only and that the number of miles driven are reasonable.
13	The Board Did Not Adopt or Develop a Written Information Technology (IT) Disaster Recovery Plan or Customer Breach Notification Policy	We recommend that the Board: a) develop, adopt and implement a disaster recovery plan and breach notification policy; b) periodically review and update all IT policies and procedures to reflect changes in technology and the computing environment; and c) ensure IT backup procedures are in place and the backups function properly.

Executive Summary

The matters covered in this report have been discussed with those responsible for management and governance of the Nassau County Bridge Authority. In September of 2019, our Office met with the Chairman and other officials of the Bridge Authority to discuss preliminary draft findings. In October of 2020 we submitted a draft report to the Nassau County Bridge Authority for their review. An Exit Conference was held with Bridge Authority Officials on December 8, 2020, and an updated draft was provided to the Authority March 4, 2021. The Nassau County Bridge Authority provided their response to the updated draft on April 2, 2021. Their response and the Auditors' follow up to their response are included at the end of this report.

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Introduction

Background

The Nassau County Bridge Authority (“Authority”) is a Public Benefit Corporation created pursuant to Chapter 893 of the Laws of 1945 (NY Public Authorities Law §651-668). The Authority operates and maintains, by way of user tolls, the Atlantic Beach Bridge across Reynolds Channel between the Villages of Lawrence and Atlantic Beach in Nassau County. The Atlantic Beach Bridge is the only toll bridge in Nassau County.

According to the Authority’s 2018 Annual report:

“The primary purposes of the original legislation were to finance by means of user tolls the construction, maintenance, and operation of a new drawbridge across Reynolds Channel between the Villages of Atlantic Beach and Lawrence and to replace an antiquated bridge that had become inadequate to accommodate the postwar surge in motor vehicle and commercial shipping traffic. Construction began on the second Atlantic Beach Bridge in October 1950, and it opened in May 1952.”

The Nassau County Bridge Authority operates and maintains the Atlantic Beach Bridge. Title and interest in the bridge structure and adjacent real estate operated by the Bridge Authority are held in the name of the County of Nassau.”³ .

During the audit period, there were an average of 6.1 million bridge crossings per year, over the two-year audit period, not including summer bus and commercial decal crossings.

The current cash toll for crossing the Bridge is \$2 per crossing.

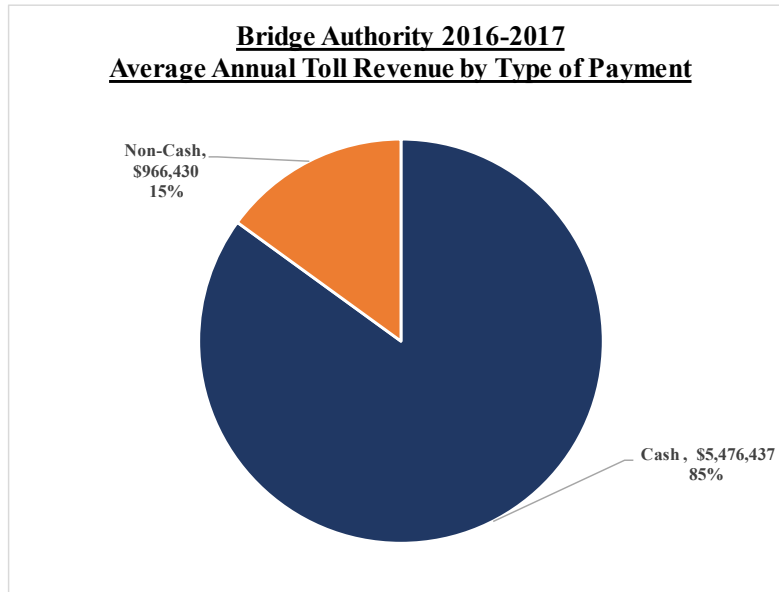
Revenues, Expenditures & Finances:

- Exhibit I below illustrates that in 2016 & 2017, the Bridge collected approximately \$6.4 million in revenues on average.
- Over 99% of revenues are generated from tolls.
- Bridge expenditures are therefore primarily paid for by the collection of tolls from vehicles crossing the bridge.
- 85% of toll revenue is collected in cash at the toll booths.

³ <http://ncbaabb.com/Financials/2018%20Annual%20Report.pdf>

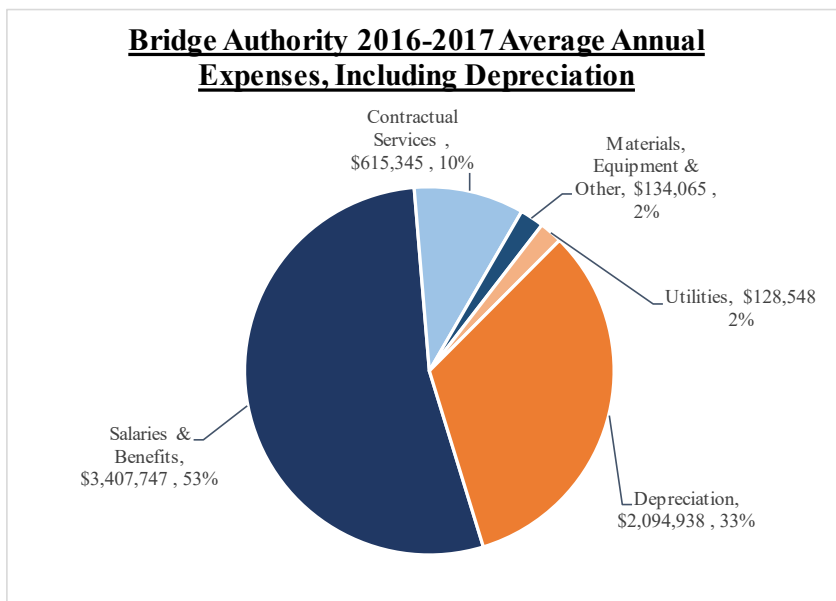
Introduction

Exhibit I



- During the audit period, 2016 through 2017, the Authority generated non-operating revenues of \$26,107 annually; an average of \$16,107 from advertising sources and \$10,000 annually from a lease agreement with National Grid⁴.
- Exhibit II below illustrates the breakdown of total expenses, which averaged approximately \$6.4 million a year, including depreciation and amortization.

Exhibit II



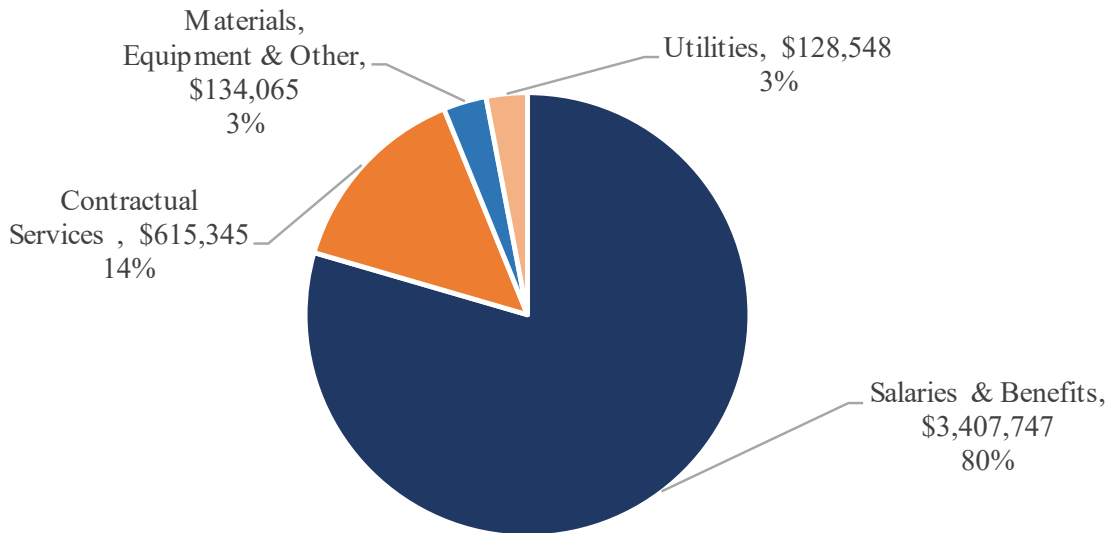
⁴ The 30-year (1997-2027) National Grid Lease Agreement, \$10,000 annually, is for gas easements in the Atlantic Beach Bridge Plaza.

Introduction

- Exhibit III below illustrates that the single largest operating cost was salaries and benefits, which comprised 80% of all operating expenses on average, or \$3.4 million per year.

Exhibit III

Bridge Authority 2016-2017 Average Annual Operating Expenses



- The Authority maintains multiple bank accounts. Pursuant to Public Authorities Law § 660⁵, only the County Treasurer is authorized to make payments from these accounts.
- As noted above, the primary source of operating revenue for the Bridge is from toll collections. The Authority's Operating Revenues were \$6.5 million and \$6.4 million in 2016 and 2017, respectively, and Operating Expenditures totaling approximately \$6.2 million and \$6.5 million, respectively.
- Exhibit IV below shows the Authority's income and expenses for the audit period as presented in their financial statements.

⁵ Article 3, Title 7 § 660 of the Public Authorities Law. Moneys of the authority:

All moneys of the authority shall be paid to the treasurer of the county as agent of the authority, who shall not commingle such moneys with any other moneys. Such moneys shall be deposited in a separate bank account or accounts. The moneys in such accounts shall be paid out by said treasurer on requisition of the chairman of the authority or of such other person or persons as the authority may authorize to make such requisitions.

Introduction

Exhibit IV

Nassau County Bridge Authority Statement of Income and Expenses For the Years Ended 12/31/16 and 12/31/17		
	2016	2017
<u>Total Operating Revenue</u>	\$6,490,695	\$6,447,254
<u>Less Operating Expenses:</u>		
Salaries & Benefits	\$3,279,615	\$3,535,879
Contractual Services	\$612,077	\$618,612
Materials, Equipment & Other	\$114,434	\$153,696
Utilities	\$130,404	\$126,691
<u>Total Operating Expenses</u>	<u>\$4,136,530</u>	<u>\$4,434,878</u>
Operating Profit Before Depreciation	\$2,354,165	\$2,012,376
Less: Depreciation	<u>\$2,087,048</u>	<u>\$2,102,828</u>
Total Operating (Loss) Profit	\$267,117	(\$90,452)
Net Non-Operating Expense (1)	(\$373,241)	(\$352,553)
Change in Net Position	<u>(\$106,124)</u>	<u>(\$443,005)</u>

(1) Net Non-Operating Expense includes primarily Bond Interest Expense of \$445,812 and \$438,450 in 2016 and 2017, respectively, offset by Interest Income, Revenue from Lease Agreements and Advertising income, which totalled \$72,571 and \$85,897 in 2016 and 2017, respectively.

Source: Audited Financial Statements for the years ended December 31, 2017 and 2016, pages 5, 6, 9 & 24.

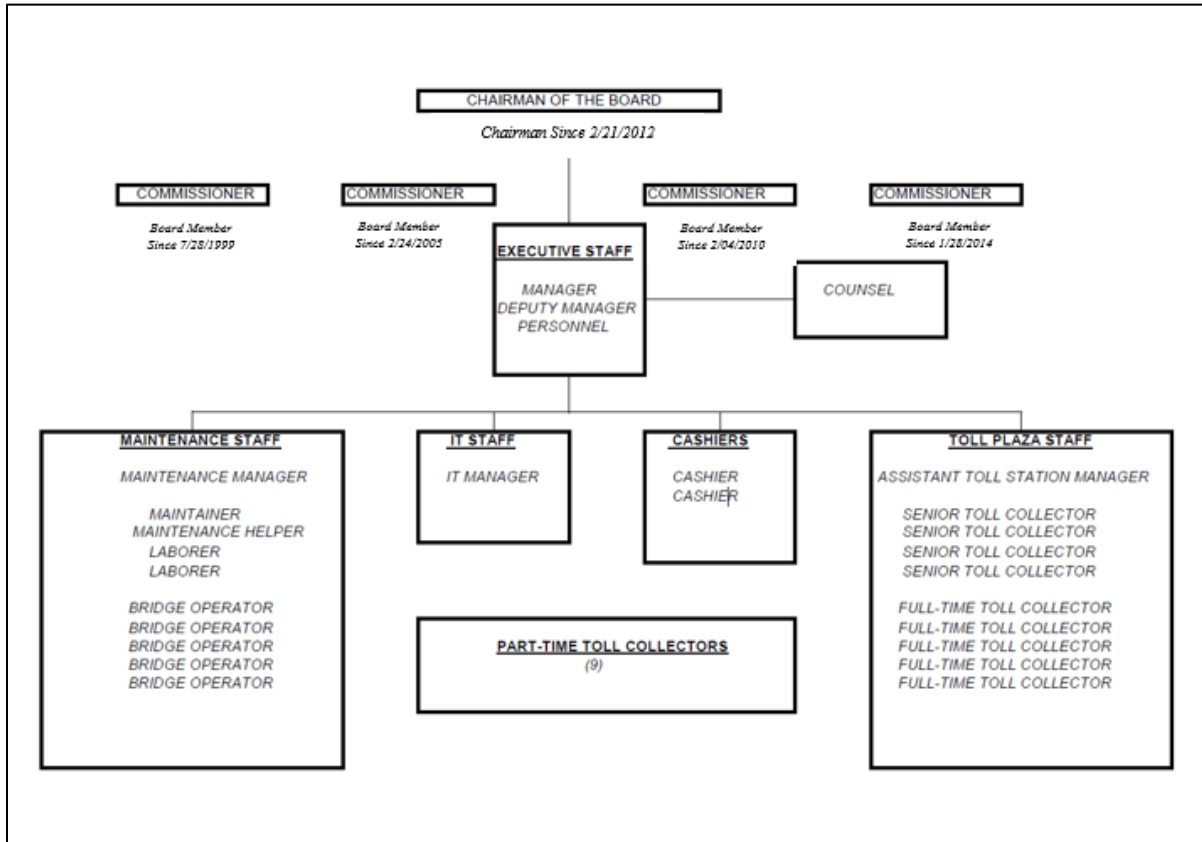
Bridge Authority Board:

- Pursuant to New York State Public Authorities Law §651-668, the Authority is composed of a Chairman and four other members, constituting a five-member board (“Board”), who are appointed by the Nassau County Executive with the approval of the Nassau County Legislature.
- Each Board member serves a five-year term without compensation.

Exhibit V below shows a 2018 organizational chart of the Bridge Authority which is posted on their website. The appointment dates of the current members of the Board have been added.

Introduction

Exhibit V



Staffing

- The Authority employees are hired both competitively and non-competitively. All employees are hired in accordance with the Nassau County Civil Service rules. Competitive employees require specific testing and subsequent placement on a civil service exam.
- During the audit period, 2016-2017, the Authority had 32 full-time employees.
- On average, annual salaries and benefits totaled \$3.4 million.
- The highest paid employees are in non-competitive titles, including the Authority's Manager (\$122,617 in 2017), Deputy Manager (\$122,300 in 2017) and the Maintenance Supervisor (\$92,541 in 2017). The following Exhibit VI provides details on the number, title, salaries and categories of staff during the audit period:

Introduction

Exhibit VI

Nassau County Bridge Authority Employees 2016 - 2017					
Employee Titles	Number of Employees *	Competitive	Non- Competitive	2016 Gross Pay	2017 Gross Pay
Manager	1		1	\$ 110,747	\$ 122,617
Deputy Manager	1		1	\$ 112,776	\$ 122,300
Assistant Toll Station Manager	1	1		\$ 75,879	\$ 79,792
Senior Toll Collectors	5	5		\$ 309,861	\$ 278,643
Toll Collectors	6	6		\$ 182,550	\$ 226,521
Bridge Operators	7	7		\$ 385,307	\$ 438,748
Cashier	1	1		\$ 38,784	\$ 39,447
Maintenance Supervisor	1		1	\$ 92,850	\$ 92,541
Messenger	1		1	\$ 41,364	\$ 40,495
Labor Administration **	1		1	\$ 51,187	\$ 53,649
Maintenance {Maintainer/Maintenance Helper/Laborer}	7		7	\$ 270,204	\$ 283,687
Part-Time & Seasonal Toll Collectors	41		41	\$ 183,236	\$ 187,878
Grand Totals	73	20	53	\$ 1,854,747	\$ 1,966,317

* During the audit period, 2016-2017 there were 32 full-time employees.
The number of employees on the payroll fluctuate from year to year, especially part-time and seasonal employees, employee retirements, etc.

** Payroll and Timekeeping

The Authority is party to a collective bargaining agreement (“CBA”) with the Civil Service Association of America (CSEA Local 1000 AFSCME, AFL-CIO). The Authority applies the work rules of the CBA to all fulltime employees, including non-competitively hired employees. In addition to the work rules of the CBA, the Manager and Deputy Manager follow the Authority’s Executive Management Policy (“Board policy”) regarding certain labor items, such as overtime/compensatory time, required work hours, and paid accrued leave time.

State Authorization & Debt

In 1945, the New York State Legislature created the Authority and established its continued existence until 1985 or until all of its debts (all liabilities including its notes and bonds) have been paid in full or otherwise been discharged. According to the law, upon the Authority ceasing to exist, all “its rights and properties shall pass to the County.”

- In April 2010, the Authority issued \$11.1 million in fixed rate bonds with a final maturity of 2040. The bonds were issued to finance the costs of certain structural, mechanical and electrical improvements to the Bridge and to fund a debt service reserve fund.
- According to the 2017 audited financial statements, as of December 31, 2017 the Series 2010 Bonds Payable was \$9.2 million.

Introduction

Audit Scope, Objectives and Methodology

The time period covered by the review was January 1, 2016 through December 31, 2017.

The objectives of the review were to:

- review efficiencies for toll operations, including the possible utilization of automation;
- determine if revenues were properly collected, deposited and recorded;
- determine if goods and services were procured in accordance with the Authority's procurement policy; and
- determine if employee time and attendance and leave accruals were in compliance with Board policies and the collective bargaining agreement.

To achieve the objectives, we performed the following procedures:

- Reviewed Board Minutes, the Board-adopted Policy & Compliance Manual, and the Collective Bargaining Agreement.
- Interviewed the Authority's officials to gain an understanding of the Authority's procurement, claims, revenue, and timekeeping processes.
- Reviewed toll collections (sales receipts) for a selected period to determine whether toll revenues were properly collected, deposited, reconciled with the Authority's Point of Sale system and recorded in its general ledger.
- Reviewed the process for the issuance of Toll-free Decals ("Gratis Decals").
- Reviewed selected claims and requested documentation to determine whether officials solicited quotes, competitive bids, or sought proposals when awarding contracts for professional services.
- Reviewed employees' time records to determine whether the hours worked and leave time used, agreed with the hours paid.
- Reviewed time-off documentation for employees who used leave and compared their records to the time accrual records to determine if time was properly deducted from their accruals.

We believe our review provides a reasonable basis for the findings and recommendations contained herein.

Findings and Recommendations

AUDIT FINDING (1)

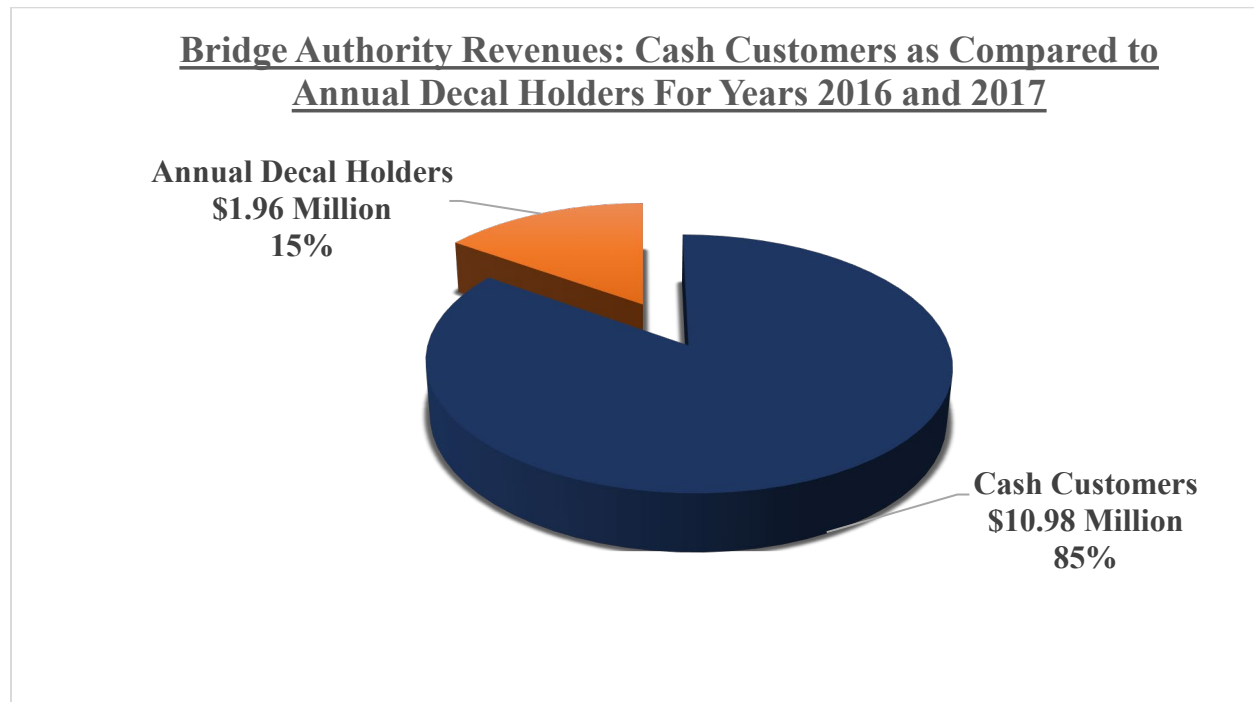
(1) Toll Collector Reconciliation in Place was Flawed and Resulted in Undetected Errors and a Lack of an Audit Trail

Auditors found several issues with the reconciliation and recording of cash by the toll collectors and cashiers, and a lack of an audit trail on the numerous adjustments. Issues identified include:

- The slips that toll collectors used to record cash received and physically counted did not always agree to what the cashier counted the following day and reported as being received.
- Cashiers made manual adjustments without explanations to toll collector reports to reconcile cash differences.
- Daily shortages and overages of cash counts from toll collectors were common. Unwritten Authority policy is that shortages over \$5 must be reimbursed by the employee, but this did not always occur.

The primary source of revenue for the Authority is toll revenue, and as shown in Exhibit VII below, 85% is collected in cash at the toll booth.

Exhibit VII



Source: Nassau County Bridge Authority Financial Statements

Findings and Recommendations

The Authority uses a point of sale (“POS”) system that is intended to capture all the financial transactions processed at the toll booths as well as the lever/gate counts. A POS system is an entire system that is used to complete transactions; it is not just a cash register drawer or a card scanner.

For cash transactions:

- Toll Collectors⁶ enter the type of fare (either cash or Pass Card) into the POS system terminal which then records the individual sale data, prints receipts, and on a daily basis produces Lane Reports by Toll Collector for use by the cashiers (See Appendix A for Schedule of all Toll Rates including annual decals).
- There are also certain non-cash transactions that require Toll Collectors to “manually” raise the toll gate, such as for emergency vehicles. In these cases, the Toll Collector will press the “manual gate” key in the POS system terminal, which opens the gate without payment. The Toll Collector is then required to make a written entry of “Special Occurrences” (SO or SO’s) on the back of a “Toll Card” provided to them at the start of each shift concerning these manual gates. (Note that “manual gate” does not mean that a toll collector physically leaves the booth to raise the gate, rather it’s a term used by the Authority to signify that the toll gate is being raised without payment being rendered).
- The Lane Reports are generated by the Maintenance Supervisor (IT Manager) four times per day, one for each of three toll collector shifts, and one covering a 24-hour period in which Senior Toll Collectors’ act as fill ins.

Exhibit VIII below lists the records requested by the Auditors for July 2017 to perform transaction testing and analysis:

Exhibit VIII

Document Names and Descriptions	
Record Name	Record Description
Toll Slips	The Toll Collectors’ cash and coin counts by denomination for the shift. Prepared by the Toll Collector. <i>See Appendix E for a sample Toll Slip.</i>
Toll Cards	Dollar value of total Pass Cards sold (unsold cards returned to Toll Administration) prepared by Toll Collector; Special Occurrences recorded by Toll Collector, and Summary of Cash Collected prepared by the Cashier. <i>See Appendix D for a sample of the Front of the Toll Card and Appendix C for the Back of the Toll Card.</i>
Lane Reports	Lane Reports are run by the IT Manager and show the total cash that should be turned in by the Toll Collector (based on the cash register keys pressed). <i>See Appendix F for a sample Lane Report.</i>
Reconciliations (Daily Vehicle Register Records or “Proof Sheets”)	The Cashier reconciles the cash count as shown on the Toll Slip and Toll Card to the Lane report. <i>See Appendix G for a sample Reconciliation of Cash Collection to Lane Report.</i>

⁶ The Toll Collectors work three shifts referred to as Tour A (10:30 PM - 6:30 AM), Tour B (6:30 AM - 2:30 PM), and Tour C (2:30 PM - 10:30 PM). Senior Toll Collectors provide relief for Toll Collectors during breaks.

Findings and Recommendations

Auditors noted the following:

The Toll Collectors' cash and coin counts by denomination per the Toll Slips for July 2017 amounted to \$681,385 while the cashier count totaled \$679,841, a variance of \$1,544. While this is a small sample of the total revenue collected, these examples show a need for more controls in the process. Authority officials told us that the reason for the variance may be because some Toll Collectors manually count their drawer instead of using coin and bill counters, which may lead to mistakes on the count. The reconciliation was not always adequately documented.

All proof documents are prepared manually except the Lane Report. The Lane Reports are generated from an Access Database, then separated by tour and Toll Collector and attached to the back of the corresponding manual cashier proof sheets. Auditors requested the Lane Reports for July 2017. An analysis found that the Toll Collectors' cash did not agree with the Lane Reports. The IT Manager explained that the Lane Reports can differ each time a Lane Report is run depending on the specified date and time parameters entered by the IT Manager to retrieve the data from the Access Database. In order to replicate what was run in 2017, the IT Manager would have to mimic the date and time parameters used at that time.

This lack of a set cutoff date for determining the transactions to be included in the report is the reason for the Authority's inability to accurately duplicate the daily summary lane reports that are critical to the proof process for any given day in July 2017. It is noted that the Authority has indicated that they have/will initiate a cut-off date.

The lack of an audit trail⁷ and unsupported manual adjustments to the Lane Report and calculations of Over and Short amounts results in a cumbersome review process and resulted in errors. Auditors noted the following:

- 12 instances were identified (in the month of July 2017) where one cashier changed the cash amount entered on the Toll Card by another cashier and manually made an unnecessary adjustment to reconcile to the Lane report. This resulted in a net difference of \$103 not being a component of the daily reconciliations during the month.

For example, for one of the 12 instances, the Toll Slip prepared by the Toll Collector on 07/21/17 showed that the cashier's count of the Toll Collector's money was \$4,581; however, the amount entered on the Toll Card by the other cashier showed \$4,561 – a shortage of \$20. As a result, when the adjusted cash amount of \$4,561 per the Toll Card was reconciled with the Lane report of \$4,545, the cashier only showed an overage of \$16 when the true overage was \$36 (\$4,581 less \$4,545).

In other words, the cashier did not investigate the reason for the entire overage when proving the cash for this Toll Collector. Note that the \$20 in this example is part of the \$103 net difference mentioned above. Although Auditors determined that the \$20 was included in the daily bank deposit for the day, the Authority was unable to explain how or where the \$20 overage was factored into the 07/21/17 daily proof for all Toll Collectors.

⁷ An audit trail allows whoever picks up the organization's official documents to trace and follow the transaction through the organization's processes and come up with the same result as the organization recorded.

Findings and Recommendations

- 56 instances when the Senior Toll Collectors⁸ were working as Toll Collectors (providing break relief during Toll Collectors' tours) but did not fill out a Toll Card for their fill-in timeframe.
 - The Toll Card is important because it designates space (on the back) to enter the nature, time, and vehicle identification number for each special occurrence during the tour (manual gates, violations, and no funds vehicles). This information is needed to help explain each special occurrence, reconcile it with the Lane Report data and manually invoice certain transportation vehicles for the toll fare. Authority officials told us that some of the Senior Toll Collectors simply do not want to fill out Toll Cards.
 - The Auditor's review of the corresponding Lane Reports revealed that for 42 of the 56 instances, the number of violations ranged from one to 83, and without a Toll Card these violations could not be explained.
 - Of the remaining 14 instances, there were Lane Reports for 13 which showed zero special occurrences. For the other instance, no corresponding Lane Report was included in the day's cash proof. Auditors found only a Toll Slip for cash collected of \$15. Without a Toll Report or a Lane Report, the number and/or type of special occurrences that may have occurred could not be determined.
 - In addition, the front of the Toll Card (see Appendix D) provides space to enter the quantity and dollar amount of Pass Card sales to reconcile with the Lane Report (Appendix F). See Appendix G for a Sample Reconciliation of Cash Collection to Lane Report form.
 - For one of the 56 instances, in addition to not submitting a Toll Card, the Senior Toll Collector did not submit a Toll Slip and the corresponding Lane Report showed \$4 should have been collected. Authority officials told us that the Senior Toll Collectors would sometimes write down the collections on an envelope (instead of the required Toll Slip) and turn it in. However, in this instance there was no envelope in the day's cash work. It was not clear if, or how, the \$4 on the Lane Report was factored into the daily cash proof.

The Lane Report total provided by the Authority showed a cash total of \$678,428 for July 2017, which was \$1,413 less than the cash counted and deposited by the cashiers of \$679,841

Auditors traced the daily cashier counts to bank deposits, bank statements and the accounting records and found that all reported cash collected per the cash counts were deposited and recorded. (For example, if the total of the toll collector slips on one day added to \$21,250, but the cashier reconciliation only totaled \$20,950, the Auditors then traced the \$20,950 to the cash deposited to the bank. All cashier totals matched the bank deposits.)

⁸ There are four Senior Toll Collectors and an Assistant Toll Station Manager who overs the department.

Findings and Recommendations

Daily Shortages and Overages from Cash Toll Fares

The Authority recorded Toll Collectors' reimbursements of \$421 for shortages over \$5 in 2016, and \$899 in 2017. According to the Authority's unwritten policy, daily shortages of less than \$5 per individual cash drawer are covered by overages; however, employees are required to reimburse the Authority for shortages of \$5 or more.

In 2016, the cashier reported overages of \$710 and shortages of \$565 (\$5 or more), and in 2017, overages totaled \$1,332 while shortages amounted to \$1,001, including one tour that generated an overage of \$93 and another generated a shortage of \$50.

Auditors requested a schedule of all shortages and the corresponding repayment for the audit period and traced the repayment dates noted on the schedule to the financial records (general ledger). Auditors noted that several (44 %) of the shortages showed a paid date that was after the general ledger post date, the short amount for one Toll Collector listed was under another Toll Collector's identification number, reimbursements posted in the general ledger were not always recorded in the shortage list and vice versa.

Auditors observed that Toll Collectors whose shortage was \$5 or more did not always reimburse the Authority. For the audit period, the Authority's short report showed that there were 115 shortages totaling \$1,559, with 19 shortages totaling \$300 left blank and three totaling \$50 shown as not being paid. Overages for the audit period totaled \$2,042.

On February 28, 2019, Auditors requested an explanation for the 31 overages and shortages noted in the report. As of the date of this report, the Authority has not provided any information.

Cameras in Toll Booths are not an Adequate "Compensating Control"

Auditors were told by Authority staff that video cameras in toll booths provide a compensating control on cash collections at the toll booths. While the Authority has cameras in the toll booths, Auditors review of the process indicated improper segregation of duties and that there is a lack of "compensating controls" related to these cameras. A compensating control (alternative control) reduces vulnerabilities such as errors, omissions, irregularities and deficiencies in process quality when adequate segregation of duties does not exist due to a small staff. Effective compensating controls, such as increased supervisory oversight, review of system reports, and periodic review of sampled transactions, can improve the design of the process and ultimately provide reasonable assurance to managers that the anticipated objectives of a process will be achieved.

Audit Recommendation(s):

We recommend that the Board:

- a) establish written cash receipt policies and procedures that specify the responsibilities of cashiers, toll collectors, supervisors and the handling of overages and shortages;
- b) update the toll collector slip reconciliation process to eliminate unnecessary manual processes, and reconcile all cash collected directly to the Lane Reports;

Findings and Recommendations

- c) ensure that predetermined Lane Report cutoff dates and times are established so that reports generated by the IT Manager consistently reflect the timeframe of a day's activities and can be recreated with the same results; and
- d) periodically review cameras and document evidence of such reviews. Also, consider installing an additional camera in the toll booth at a different angle that captures the toll collector's interactions with the cash drawer.

AUDIT FINDING (2)

(2) The Authority's Collection Functions are Paper Intensive and Enhanced Automation, such as Cashless Automation Could Improve the Process

Auditors noted several functions of the toll collection operation would be improved by the use of better technology, such as E-ZPass, to maximize revenues, especially when there is no toll received ("No Funds"). Some of the functions which would be improved are as follows:

- "special occurrence" situations, where the toll gate is "manually" raised;
- commercial transportation vehicle invoicing;
- motorists who do not have cash on hand when they go through the toll;
- the sale of paper "script" tickets; and
- trip pass cards which expire shortly after the end of each calendar year.

Special Occurrences, Violations and Manual Gate-up Key

During the audit period, the Authority's Toll Collectors logged in (either pushed a button to record the POS or manually log on the back of the Toll Card) 62,028 Special Occurrences (SO).

If a Toll Collector presses a non-revenue button on the main screen, it takes the Toll Collector to a special occurrence sub-menu whereby the Toll Collector is required to write down on the SO section of the Toll Card the necessary information such as time, axles, and license plate numbers identifying the vehicle. Included on the SO screen are buttons for NICE Bus, Fire Departments, Police, School Buses, Employee's (FT/PT/ Seasonal) and No Funds (no cash collected).

The Special Occurrences are especially important since the Authority uses this information to bill some companies such as transportation companies and bus companies. A review of the special occurrences shown on the back of the July 2017 Toll Cards showed that Toll Collectors wrote in 3,654 special occurrences (police fire, employees, etc.). The billing function relies heavily on the accuracy of the Toll Collector's written SO data on the back of the Toll Card, either to invoice the transportation companies or review the manual gate-ups. (See Appendix B for a picture of what the Cash Register Special Occurrences Sub-Menu looks like.)

Findings and Recommendations

Based on the Auditors' review of July 2017 data, Auditors observed that there were approximately 10,000 violations. Auditors asked officials what the reasons were for the violations and who reviews this data. Officials explained that the reason for high number of violations is because the vehicles with decals sometimes move back and forth many times before being detected by the reader, and the Point of Sale system records these movements as violations. In addition, there were 694 manual gate-ups noted on the July 2017 Lane Reports. The Authority was not producing or reviewing periodic reports on the violations or manual gate-ups at the time of the audit field work. As previously noted, a "manual gate up" is a button on the POS system which raises the gate without payment.

Appendix C shows the Special Occurrence side of the Toll Card where Toll Collectors record all special occurrences and the Sub-menu vehicle selection button on the POS register that is used by the Toll Collector.

Invoicing for Commercial Transportation Vehicles (No Toll Received at Time of Crossing)

The Authority bills three transportation companies (two trucking/one non-emergency ambulance) manually for bridge crossings. For the period 2016-2017, the three companies paid \$29,766 for all crossings. Toll Collectors press the "No Funds" button when no toll is received and manually record the time, vehicle identification, company, or any other explanation on their Special Occurrence card. Special occurrences include toll-free crossings for police, fire, employees (FT/PT employees have toll-free decals), etc.

On average there are over 30,000 special occurrences annually (29,846 crossings in 2016, & 32,182 in 2017). It should be noted that there is a risk associated with "No Funds" as there is a high reliance placed on the manual recordings of the Toll Collectors.

According to officials, because trucking/transportation companies typically have large fleets, the Authority is unable to affix decals to all their vehicles. As a result, when one of those vehicles cross there is no cash collected and the Toll Collector makes an entry of the crossing as "No Funds." Periodically, between four months to a year, an invoice is generated of all the crossings in the service period and forwarded to the company. Of the 13 invoices sent to the three companies, Auditors noted that most of the invoices (12 of 13) were paid within 30 days of the invoice date.

However, Auditors noted that in approximately 30% (4 of 13) of the cases, the Authority did not invoice the companies in a timely manner. For example, bridge crossings between January 1, 2015 and December 31, 2015 were not invoiced until March 16, 2016; and crossings between July 1, 2016 and November 18, 2016 were not invoiced until January 3, 2017.

Authority officials did not give Auditors supporting invoice documentation, and therefore Auditors were unable to determine the number of crossings associated with the invoices.

Findings and Recommendations

Motorists Who Do Not Have Cash on Hand (Referred by the Authority as “No Funds” Transactions)

Unless a motorist is a decal holder or has a previously purchased pass-card, all crossing transactions must be paid in cash. Each crossing costs \$2. A 20-trip pass card may be purchased for \$15. When a motorist crosses and there is no cash collected (person has no money), the Toll Collector makes an entry of the crossing as “No Funds” and records the motorist’s license plate number. However:

- the Authority does not bill the motorist or attempt to collect the funds and relies on an “honor system;” these motorists do not have to pay. The Authority has stated that they do bill these motorists, but Auditors saw no evidence of this.
- the Authority could not provide documentation to show the percentage of motorists that do pay under the honor system. They do not have an estimate of the number of tolls or the dollar amount that are uncollected due to non-paying customers.
- Auditors reviewed toll collections/crossings for July 2017 and noted that of the 3,654 “special occurrences” there were 835 crossings (23% of all special occurrences) designated as No Funds (excluding the three companies noted above).
- there are also “run-throughs”, where no cash is collected and possibly no vehicle information. In July 2017 there were 88 run-throughs.

Sale of Script Tickets

The Authority sells paper “Script Tickets” to five companies -- Federal Express, U.S. Postal Service, Verizon, PSEG and National Grid -- and two local schools, at a unit cost of either \$2 or \$4 (commercial vehicles with 2 axles pay \$4). For the audit period, the Authority sold 13,389 Script Tickets totaling \$37,098.

Company personnel periodically come into the Authority’s office, collect the Script Tickets issued by the cashier and pay by check or cash. The Toll Collector then collects the Script Ticket presented and makes a note on his daily Toll Card that a Script Ticket was received instead of cash.

Unsold Script Tickets are stored in a locked room and overseen by the IT Manager. At the time of the audit there was no process in place to track the inventory of Script Tickets. After discussion with the Auditors about this, the Authority officials stated that as of February 28, 2019, the Authority will be eliminating the use of Script Tickets and all outstanding Script Tickets may be exchanged, by February 22, 2019, for credit towards a commercial decal account. As of March 2019, there were 85 such accounts. As of the date of this report, the Authority has not provided the Auditors with the number of trips associated with the 85 commercial accounts.

While all five companies noted above had commercial decal accounts, some as many as seven accounts, they also purchased Script Tickets during the audit period. According to officials, because large companies typically have large fleets, the Authority is unable to affix decals to all their vehicles. Authority officials told us that the reason there are seven account numbers for one company is because the trucks have varying number of axles; and axles are grouped by account

Findings and Recommendations

number. After discussion with the Auditors, Authority officials told us that their staff would go to the company locations and affix decals to all of their commercial vehicles. Authority officials told us that this project would be undertaken. The Authority has not provided us with any particulars on who would be responsible for overseeing and tracking the accounts or how this additional function may impact the current “No Funds” situation.

For the two local schools that purchase approximately 200 tickets annually, Authority officials told us that they plan to add an “Event” button on the Toll Collector registers which would automatically tally up the number of crossings for the event, then the Authority’s personnel would send an invoice to the school for payment. Drivers would have to tell the Toll Collector the chosen “event code word” during the specified beginning and end times of the event in order for the event button to be pressed.

20 Trip Pass Card Expires Approximately 7 Days in the Subsequent Year of Purchase

Non-commercial passenger cars may purchase 20 trip Pass Cards for \$15. Pass Cards are automatically read at designated toll booths (either swiped by Toll Collector, or scanned at the automatic gates) and must be purchased, in cash only, at the time of crossing. During the audit period, 2016-2017, revenues from Pass Cards totaled \$3.8 million (approximately \$1.9 million in each year).

All pass cards expire several days after the end of the calendar year in which the card was purchased. All unused balances on Pass Cards are retained by the Authority. For example, if a customer purchases a Pass Card on December 31, 2018 the unused Pass Card balance as of January 7, 2019 is no longer available to the customer. Auditors asked Authority officials to provide supporting documentation for the yearly estimate of unused Pass Card balance; however, the Authority IT official said this information is not available.

In addition, Auditors believe that the Authority should consider reusing the cards (customer ability to add money to existing card) since the Authority sells on average of 107,000 plastic pass cards per year which are discarded by customers or shredded on a continuous basis by the Authority’s staff. Auditors were advised that such a change is considered a rate change, requiring a new Toll Study which is costly.

Findings and Recommendations

Exploration of Automated Improvements:

Based on the limitations of the current automated toll collection system and the wide range of manual functions used by the Authority staff, it appears that the long term needs of the Authority may not be met by simple upgrading of the current Automated Vehicle Identification system and/or the implementation of credit card transactions for all customers. Auditors note that the E-ZPass program has been successfully used on public highways throughout the State of New York and on the New York City metropolitan area bridges and tunnels, and that recently the New York State Thruway has converted to all cashless tolling.

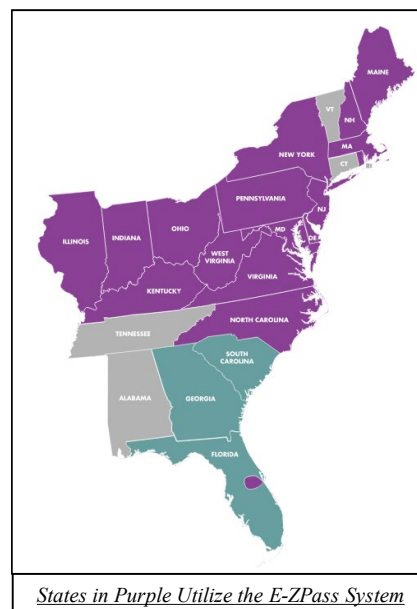
As of April 2019, there were six Interagency Groups⁹ that used E-ZPass to collect tolls on 31 bridges, tunnels and thruways throughout New York State. According to E-ZPass, there were 29 Interagency Groups located in 17 States throughout the U.S., as shown in the adjacent Exhibit IX – a recent addition to the E-ZPass system is a portion of Central Florida.

According to the E-ZPass Interagency Group, which coordinates interoperability of the system throughout the country E-ZPass serves more than 21 million accounts, 35 million tags and collects over \$9 billion a year in electronic toll revenues¹⁰. The Executive Director of the E-ZPass Interagency Group, informed our Office that the system works with a variety of toll plaza configurations, including those with gates that require full stops.

Appendix H shows the 17 States with E-ZPass Interoperability and Appendix I is a Summary of New York State Facilities were accepting E-ZPass as of April 2019. On April 11, 2019, the Authority invited an E-ZPass consultant to its Board meeting to explain the types of services the consultant provides and how they may be of assistance if and when the Authority decides to transition its toll collection operation to E-ZPass. Auditors attended this Board meeting and made the following observations:

- The presentation was made by a consultant with general information on the process to convert to E-ZPass.¹¹
- The Authority’s Manager stated that the E-ZPass presentation was the first step in a two to three-year transition process. The Manager also noted that the Toll Plaza (toll booths) would have to be rebuilt since it is aging, and the technology associated with the toll collecting is outdated.
- It was noted that the introduction of E-ZPass could increase revenue in the long run. The positives of moving to E-ZPass are less counting and controlling cash, a possible reduction in “no funds” crossings, while negatives of E-ZPass include a loss of in-house controls as

Exhibit IX



⁹ In 1990, New York, New Jersey and Pennsylvania formed an Interagency Group with seven toll facilities.

¹⁰ <https://www.e-zpassag.com/about-us/overview>

¹¹ An Authority Official confirmed that the consultant firm was not compensated by the NCBA for this presentation.

Findings and Recommendations

well as some cost controls. Transition to E-ZPass would reduce some toll collector positions. It was also noted by the Authority's Manager that the costs associated with E-ZPass have seemed to come down over the years.

- A Board Member stated that one of the most frequent questions asked is when will the Bridge have E-ZPass?
- It was suggested that the Board look into forming a subcommittee to discuss changes in tolling. The subcommittee could consist of public officials from both sides of the bridge and perhaps a member of the public with an engineering background. It was also suggested that the Bridge issue a press release about this to solicit members from the public to serve on the subcommittee.

Authority officials informed Auditors that tolls have not been raised in over a decade and transitioning to E-ZPass would be costly. It was also noted that in accordance with Public Authorities Law, a proposed fare increase would require a financial projection based on the Authority's needs, a "traffic and revenue report"¹², and then public hearings prior to approval.

Authority officials also told us that they plan to use Reserve Funds for a project to replace aging toll booths, without incurring additional debt. The Authority did not provide an analysis of the cost of the project or the funding.

Audit Recommendation(s):

We recommend that the Board:

- a) before making a policy decision on upgrading the toll plaza, develop a long-term plan for the Authority and consider utilizing cashless tolling to improve the toll collection operation. Auditors note that according to February 20, 2021 article in Newsday, the Authority has begun testing new cashless tolling license plate readers spending "\$84,000 to install cameras on the bridge's two cash lanes last May, along with supporting software...[t]hrough the new system, if a motorist doesn't have \$2 to pay the toll, a bill comes in the mail later.";
- b) consider forming a subcommittee of public officials from both sides of the Bridge with members of the public to review possible changes in tolling;
- c) consider revamping the entire "No Funds" write-ins and limit the categories;
- d) consider reusing or recycling the plastic Pass Cards;
- e) produce and analyze management reports to review manual gate-ups and other variations from normal payment methods; and
- f) should eliminate the use of Script Tickets as soon as practical if their use has not been discontinued as previously stated by Authority Officials.

¹² See New York Consolidated Laws, Public Authorities Law - PBA § 2804. Financial disclosure by public authorities or commissions prior to toll or fare increase, for what is required to enact a fare increase.

Findings and Recommendations

AUDIT FINDING (3)

(3) Internal Controls in Place Over Annual and Commercial Decals Sold and /or Issued, Exposes the Authority to Potential Revenue Losses and Misappropriation.

Auditors found weaknesses in the controls in place to reconcile decal sales to active decals in the system. A lack of proper internal controls exposes the Authority to possible misappropriation of fund or revenue losses, from resident, non-resident and commercial decal sales. Internal Controls are systematic measures, such as reviews, checks and balances, and procedures, instituted by an organization to safeguard its assets and resources; deter and detect errors, fraud, and theft; ensure accuracy and completeness in its accounting data; and ensure adherence to its policies and plans.

Annual Decal Sales (Resident and Non-Resident)

The Authority issues renewable decals (unlimited crossings) to County residents at an annual cost of \$130 and \$175 to non-residents, which is affixed to the drivers' vehicle. Customers may pay by credit card, cash, or check. A customer may request a new decal at a charge of \$25, called a transfer decal, if the customer replaces the original vehicle. Authority staff, after reviewing the vehicle registration, then removes the old decal and affixes the transfer decal. The Authority recorded decal sales of almost one million dollars in each of the years audited: \$932,155 for 2016 and \$954,235 for 2017. For the two-year period, 2016 -2017, the Authority sold, on average, 6,736 annual decals (5,664 resident and 1,072 non-resident decals).

Auditors requested the decal accounts for the recorded sales, including information such as decal account number, type of decal (resident/nonresident/transfer), payee, address (resident/non-resident), and amount paid. Auditors requested the actual decal customer payment information used to record the sales in the Authority's books and the reconciliation of the sales data to the active decals noted in the computer run. At the time of the audit field work, Auditors were told by the Authority that they do not maintain a customer subsidiary account that shows the decal number sold and the payment received. The Deputy Manager, as accountant for the Authority, records the total payments based on the deposit slips. The Authority was unable to attribute the decal sales to specific decal accounts.

On February 28, 2019, the IT Manager provided the Auditors with a data download of all active annual decals (including transfers) for 2016 and 2017. (Two data downloads previously provided did not capture adequate data fields to perform a complete analysis). The Auditors' analysis revealed variances of \$126,000 and \$155,000 between the recorded sales and the active decals shown on the computer download. Our findings were presented to the Authority in August 2019. If the Authority had proper internal controls in place, and performed a reconciliation of decal customer accounts to decal sales as recorded in the general ledger, they would have picked up any discrepancies between the data download and the customer accounts on their own and taken corrective actions. Without an independent reconciliation of decals sold to actual decals in the system, there are no checks and balances, and the Authority cannot assure itself that all decals were properly accounted for.

On September 27, 2019, the IT Manager provided the Auditors with another data download (fourth download to date) for the audit period.

Findings and Recommendations

The Auditors' analysis of the data download revealed that the data system decal sales closely matched the decal sales as recorded in the financial records. We also noted the following:

- The data download provided lacked critical data thus preventing Auditors from performing an adequate analysis. For example, Auditors could not test whether the proper resident or non-resident fee was charged by the Authority since the Authority did not include complete customer addresses. The address fields for all decals sold did not have complete addresses (no zip code) with 839 left completely blank in 2016; all renewal decals only contained zip codes (no other address information).
- Two decal holder accounts showed that the customers paid \$350 and \$260, respectively for the annual decals (Non-resident decal cost \$175 & Resident \$130). The Authority told us that they must have overcharged the customer. However, customers primarily pay by check or cash, so it is highly improbable that a customer would pay more than the required amount.

The IT Manager maintains the decal inventory, activates the decals, and runs all reports without any periodic reconciliations to decal sales or evidence of any supervisory oversight. Upon sale of a decal the Toll Manager's office¹³ prepares a daily log capturing the decal sales information, such as date sold, decal number, type of transaction, and amount received, and the name of the person who made the sale. However, there was no reconciliation of these daily sheets to the system records during our audit process. Auditors observed pre-approved decals (decals that have not yet been sold to a customer), in the toll administration office. The IT Manager advised us that the pre-approved decals are kept in the toll office so that they are readily available for future sale.

The decal payment process should be separate from the decal activation and deactivation process so that there may be a proper reconciliation of number and type of decals sold to payments received, and to ensure that the decal holder account is promptly deactivated when payment has not been received. In addition, there should be adequate supervisory review of the IT Manager's deactivation decal list and the customer non-payment list. An absence of this internal control procedure or other compensating controls increases the possibility that the misappropriation of funds or unauthorized distribution of decals could go undetected. A compensating control (alternative control) reduces the vulnerabilities such as errors, omissions, irregularities and deficiencies in process quality when adequate segregation of duties does not exist due to small staff. Effective compensating controls, such as increased supervisory oversight, review of system reports, and periodic review of sampled transactions, can improve the design of the process and ultimately provide reasonable assurance to managers that the anticipated objectives of a process will be achieved.

The Authority told us that in the ordinary course of installing decals to vehicles some are damaged and are kept on file. We reviewed a sample of the damaged decals and concur that this occurs and have accepted the number of damaged decals per the Authority's records.

¹³ The Assistant Toll Manager, all senior Toll Collectors, and the IT Manager are permitted to sell/renew or transfer decals. The IT Manager activates the decals in advance and leave with the Toll Administration Office for future sale.

Findings and Recommendations

On October 24, 2019, the Authority informed us that as of October 1, 2019 the Authority has begun maintaining “a Daily Subsidiary Ledger, which includes Customer Name, Decal # and Payment Type, which ties onto the G/L Daily Deposits for Annual and Renewal Decal Sales”.

Commercial Vehicle Decal Sales

The Authority has 85 commercial customer accounts whereby decals are affixed to the customers’ fleet of vehicles based on the number of axles (i.e. one customer could have multiple accounts as an account is needed for each axle number type), and a certain dollar amount is set to be used for bridge crossings. When the funds in the account decrease to the agreed upon minimum, the Authority informs the customer that it is time to replenish the account and the funds are replenished accordingly. For the two-year audit period, the Authority commercial decal sales averaged \$37,046 per year with replenishments ranging from \$45 to \$3,040 per decal. All commercial cash revenues including commercial “No Funds” averaged \$66,642 per year.

On February 8, 2019, Authority officials told us that they purchased 2,000 new/unaffixed commercial decals in 2002 and estimated that there are 1,148 in the current inventory (affixed 852 to commercial vehicles). Auditors requested a list of all the accounts, the corresponding decals assigned to those accounts, the number of crossings per decal, and the sales amount on each of those decals for the audit period.

On March 6, 2019, the IT Manager told us that the list of commercial accounts has been revised from 85 to 75 accounts, and that he is working on the list of decals to account for all of the 2,000 decals purchased by the Authority. He provided a list of 484 decals assigned to the 75 accounts, without accounting for the remaining 368 (852 less 484) that were affixed to commercial vehicles. After Auditors inquired about the unaccounted 368 decals, he stated that a “good majority” were issued toll-free to bridge contractors. We requested further information on the bridge contractors and the IT manager said that he has “to contact some of the outside contractors that worked during the bridge construction for information.”

As of the date of this report, the Authority has not provided us the complete number of decals assigned to all commercial accounts nor the amount paid by the decal holders. Furthermore, the IT Manager has not had success in generating the 2016 and 2017 reports of any decal sales (annual & commercial), and there is no other independent verification of the number of decals sold to support the sales recorded in the financial records.

Auditors note that cash receipt policies were not in place to address the segregation of duties with regards to maintaining the inventory of decals and activating decals, nor to prevent or detect unauthorized decal activation. When it is not practical to segregate duties, effective oversight is essential to help ensure transactions are properly recorded and that all cash receipts are properly accounted.

We believe, based on the lack of decal inventory reconciliation to decal sales, coupled with a lack of segregation of duties and Board oversight, that there is a potential for revenue losses and abuse.

Implementation of automated systems such as E-ZPass as recommended in Audit Finding 2 could alleviate the issues identified in this finding. As noted previously, according to the February 20, 2021 article in Newsday, the Authority has begun testing new cashless tolling license plate readers.

Findings and Recommendations

Audit Recommendations:

We recommend that the Board:

- a) implement written procedures for the accounting of all decal sales;
- b) update the current computer system or consider purchasing a more user-friendly system where reports may be generated by the toll office administration staff and especially the executive staff who oversees the day-to-day operations of the Authority;
- c) require reconciliation on a periodic basis, such as on a monthly basis, of decal sales (Annual and Commercial) to decal quantities sold/renewed;
- d) implement a process for the tracking of all decal accounts (transfers/activation/replacement/voided);
- e) produce periodic reports for management's review of decals sold, reconciled with the accounting records and evidenced by a signature;
- f) segregate the duties or institute compensating controls over the inventory, activation and recordkeeping of all decals, such as, independent decal sales records reconciled with system reports. For example, separate the inventory of decals from the activation of decals and decal sales accounting;
- g) discontinue the practice of pre-approving decals for future sale;
- h) monitor the Authority's financial activity by requiring and reviewing supervisory monthly reports including all decal sales; and
- i) review and assure adequate controls are in place for the practice of giving commercial toll-free decals to contractors working on the Authority's construction or other projects.

AUDIT FINDING (4)

(4) The Process for "Gratis Decals" (Free Crossings) Is Inadequate, and Needs Improvement, Such as Requiring Written Approvals, Routine Monitoring and Timely Deactivation

Auditors found significant weaknesses in internal controls over the authorization and monitoring of "gratis" exempt toll-free decals, which result in revenue losses and potential abuse. The types of issues identified include:

- The issuance of toll-free decals to relatives of employees (including spouses), a former Board member, friends of the Board, and issuance of multiple decals to Board members.
- Allowing employees, contractors and Board members to cross the bridge at no charge for non-related Authority business, without monitoring usage.

Findings and Recommendations

- Upon employee separation, gratis decals were not deactivated timely.
- The issuance of decals with no written approval and, in some cases, with no name, or vehicle information to support the legitimacy of the decal.

Toll-free (“exempt” or “gratis”) decals are decals that can be activated electronically by Authority personnel and stay in effect until deactivated by Authority personnel. The gratis decals do not deactivate after a period of time, unlike the annual decals that the Bridge sells, which automatically deactivate shortly after the beginning of a new year.

For years 2016 and 2017, there were approximately 204 active exempt decals with over 72,000 crossings for various vehicles, including those for full-time/part-time employees, government agencies (Federal/State), local government administrative staff, Nassau County Police Department employees (local precinct cars only), Board members, and consultants (Insurance/Legal/Engineering, etc.). Over 50% of these crossings were attributed by the Authority to Nassau County Police Department local precinct cars, volunteer ambulance vehicles, fire department vehicles and other government agencies. It should be noted that documentation related to these vehicles was not present and Auditors observed that some of these vehicles were assigned multiple decals.

Some of the decals were affixed to vehicles as far back as 2009. However, it should be noted that all emergency vehicles, such as fire, ambulance and police, cross the bridge toll-free whether or not they have exempt decals (noted as a No Fund special occurrence by the Toll Collectors).

The Authority has a Gratis Decal and Bridge Transit Policy that states that “Gratis Decals are only to be granted upon written request to official government or agency vehicles that are marked as official;” and to “Nassau County Bridge Authority employees and Board Members.” In addition, “contractors and other agencies who are conducting temporary official business in the vicinity of the Bridge may be granted free passage upon written request and approval of NCBA Management in the form of trip tickets, trip card, decal or other such methods as deemed appropriate by the NCBA Management.”

Auditors selected 53 exempt decals with trips totaling approximately 26,800 and reviewed the supporting documentation with regards to the authorization/approval and ongoing monitoring. Ten of the 53 were affixed to the Authority’s fleet. *After the Auditor’s request for the supporting information on the 43 exempt decals (excluding Authority vehicles¹⁴), Authority officials deactivated 23 of the exempt decals.*

Authority officials provided computer printouts of the data entered at the time the decal was activated and affixed (vehicle registration information is not on file). The computer printouts showed that seven employees had access to enter/issue exempt decals.

According to Authority officials, there is no written approval process and monitoring/tracking of the exempt decals. The IT Manager told us that the Authority Manager verbally informs him to issue an exempt decal. Officials told us that since the decals are toll-free, the computer system does not issue a transfer decal when individuals request a new decal be put on a different vehicle

¹⁴ Authority vehicles were tracked by VIN numbers to Insurance and Inventory records.

Findings and Recommendations

(either new car purchase/or another vehicle) and that there is no other documentation maintained by the Authority to track the exempt decals.

Auditors noted the following issues related to gratis decals:

- 3 decals totaling 964 crossings were assigned to one employee and the exempt database only shows vehicle identification for two. A review of the entire exempt database (204 active decals) indicated that this employee also had a fourth decal (84 additional crossings). Furthermore, this employee left the Authority's employ on February 16, 2018, and his decals remained active until September 13, 2018, only after the Auditors' inquiry. Authority personnel told us that the Authority permits both the employee and their spouse to have exempt decals, even though the Board policy explicitly states that only employees are to be granted exempt decals.
- 2 decals totaling 785 crossings were assigned to a former Board member.
- 3 decals totaling 772 crossings were noted as assigned to a local school district; however official license plates were not noted in the system and the Authority did not provide any additional information as requested.
- 1 decal was not assigned to any individual (left blank in the system); however, there were 96 crossings on that decal. Officials could not provide any other additional information.
- 2 decals (119 crossings for one vehicle; no crossings for the other was provided) were assigned to unofficial vehicles that a Board member requested. Authority personnel told us that he received a verbal approval from the Manager to affix the decals. It should be noted that this Board member also has four gratis decals, for his personal vehicles, with 2,719 crossings during years 2016-2017.
- Adequate information regarding 25 decals totaling 4,817 crossing assigned to an emergency ambulance service was not available. The Authority did not have a process to monitor the exempt decals, and therefore could not determine if only certified vehicles were issued the free decals.¹⁵

Auditors believe that because of the weaknesses in internal controls over the authorization and monitoring of exempt toll-free decals, there is a potential for revenue losses and employee abuse.

Implementation of other automated processes, such as E-ZPass as recommended in Audit Finding 2 could alleviate the issues identified in this finding.

¹⁵ Authority officials told us that the Ambulance Company notifies the Authority's IT Manager when a vehicle should be given a decal and the company also tracks the maximum decal limits (45 Board approved amount). The Auditors' review of the decal data for 2016 and 2017, showed that this company had as many as 57 assigned decals totaling 6,485 crossings.

Findings and Recommendations

Audit Recommendation(s):

We recommend that the Board:

- a) implement written procedures for the approval and monitoring of all toll-free decals, supervisory review should be evidenced by signature;
- b) require written authorization for all toll-free decals issued;
- c) implement a process for the tracking and monitoring of all toll-free decals in the system (transfers/ deactivation, reason etc.);
- d) produce periodic reports for management's review on all toll-free decals issued;
- e) revoke all gratis (free) decals for relatives of employees, including spouses, and friends of the Board;
- f) eliminate the availability of "forever" gratis (free) decals by assigning a maximum one-year period of utilization for gratis decals; and
- g) refrain from allowing employees, contractors and Board members to cross the bridge at no charge unless for Authority related business and establish controls to monitor usage.

AUDIT FINDING (5)

(5) Monitoring of Revenue Receipts by Category Could be Enhanced and Revenue Collection Processes Could be Automated and Streamlined

Auditors found that toll revenue information presented to the Board lacked adequate detail for proper review. Revenue structure results of cash, trip cards, decals and commercial sales should be detailed and monitored to keep current on the breakdown of users of the bridge and associated revenues.

The Toll Collection system primarily relies on the manual cash collection at toll booths.

The Authority's toll fee structure results in cash paying customers contributing a larger share of the revenues needed to operate the bridge. During the audit period, 2016 through 2017, the cash paying customers contributed an average of approximately 85% of the Authority's toll revenues while comprising only 63% of the number of bridge crossings.

Auditors found that cash customers pay 70% more per trip than annual decal customers, resulting in cash customers contributing a greater share of toll revenues. The Authority acknowledges this cash disparity and stated this encourages those who frequently use the bridge to purchase annual decals or multi-trip cards rather than using cash.

Appendix A shows the Authority's schedule of toll rates, which have not been increased for more than a decade, and:

Findings and Recommendations

- Nassau County residents may purchase an annual decal for \$130 which allows unlimited crossings.
- Vehicles registered outside of Nassau County may purchase an annual decal for \$175.
- 20-trip pass cards may be purchased for \$15.

Decal users contributed an average of 15% of the toll revenues and accounted for 37% of the number of bridge crossings.

For the two-year period audited, NICE¹⁶ Bus and the School Buses of Long Beach, Island Park, Lawrence School Districts and Independent Coach contributed \$52,518 in revenues, less than one-half percent of total toll revenues. These buses pay \$0.50 per crossing, except Independent Coach which paid \$0.75 per trip for a period of time and \$2 per trip for a period of time¹⁷, and on average makes 44,647 crossings per year (89,294 crossings in the 2-year period).

At the time of the audit, Auditors noted that the Authority did not segregate the commercial customers' revenues, which on average total \$37,046 per year, and the corresponding trips, in the monthly traffic statistics presented to the Board.

Exhibit X below shows the breakdown of the Authority's Traffic Statistics for 2016 - 2017.

Exhibit X

Nassau County Bridge Authority Traffic Statistics Toll Revenue Collection for Years 2016 and 2017						
Description	Year 2016		Year 2017		Total 2016- 2017	
	Revenue	Trips	Revenue	Trips	Revenue	Trips
Cash (includes Script tickets)	(a) \$ 3,543,536	1,693,190	\$ 3,537,562	1,684,340	\$ 7,081,098	3,377,530
20 - Trip Pass Cards	(b) \$ 1,921,080	2,170,100	\$ 1,859,775	2,101,739	\$ 3,780,855	4,271,839
Cash Toll Sales	\$ 5,464,616	3,863,290	\$ 5,397,337	3,786,079	\$ 10,861,953	7,649,369
Annual Decal sales	(c) \$ 932,155	2,216,179	\$ 954,235	2,197,634	\$ 1,886,390	4,413,813
Cash Toll and Annual Decal Sales	(d) \$ 6,396,771	6,079,469	\$ 6,351,572	5,983,713	\$ 12,748,343	12,063,182
Commercial Cash: Not Included by NCBA	(e) \$ 66,029	\$ -	\$ 71,060	\$ -	\$ 137,089	\$ -
Total Toll Cash and Decal Sales	(d) \$ 6,462,800		\$ 6,422,632		\$ 12,885,432	
% Cash Revenues & % Cash Trips					85%	63%
% Annual Decal Fares & % Decal Trips					15%	37%
Cost Per Trip for Cash Customers					\$1.42	
Cost Per Trip for Annual Decal Holders					\$0.43	
<p>(a) Cash fares are \$2/trip plus \$2 for each additional axle.</p> <p>(b) 20-Trip Pass Cards cost \$15.</p> <p>(c) Resident Decals cost \$130 & Non-Resident \$175 per year.</p> <p>(d) Auditor calculation excludes Bus cost (\$0.50/trip average \$22,324/year); Independent Coach Bus \$.75/\$2 average; \$3,934</p> <p>(e) The Authority does not include cash from commercial customers in their Monthly Traffic Statistics; and did not provide Auditors with the Trips associated with the commercial cash revenues (Budget Variance Report to the Board shows Commercial Sales).</p>						

¹⁶ The Nassau Inter-County Express (NICE or NICE Bus) is the local bus system serving Nassau County, New York. It also serves parts of western Suffolk County, New York, as well as eastern portions of the New York City borough of Queens. It was formerly operated under the name of MTA Long Island Bus. In 2011, the owner, Nassau County, decided to outsource the system to a private operator, Transdev.

¹⁷ During the summer, the Independent Coach Bus paid \$0.75 per trip in 2016 and \$2 per trip in 2017.

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Based on the auditor's analysis of the Authority's Statistics, the average decal holder paid \$0.43 per trip while on average, cash paying users paid \$1.42 a trip (*note that the cash price of \$2 per trip is reduced on average by those who purchase discount toll pass cards with cash*). The average decal holder price was therefore only 30% of the average paid by a cash paying user; decal holders pay 70% less per trip than cash customers.

Commuter discounts given to users of other area bridges and tunnels are lower. For example, current¹⁸ commuters using E-ZPass, pay \$2.16 per trip or 51% of the \$4.25 paid for a cash trip on the Marine Parkway Bridge (savings for the E-ZPass customer is 49%).

Exhibit XI below shows the MTA difference between cash tolls paid by cars/ businesses and E-ZPass tolls for area bridges.

Exhibit XI

Tolls for Cars

E-ZPass: Discount for Cars on Local Bridges				
Bridges	Mail/ Cash	E-ZPass	E-ZPass Discount	Resident Discount
Bronx-Whitestone Bridge	\$ 8.50	\$ 5.76	32%	
Cross Bay Bridge*	\$ 4.25	\$ 2.16	49%	65%
Henry Hudson Bridge	\$ 6.00	\$ 2.64	56%	
Marine Parkway Bridge	\$ 4.25	\$ 2.16	49%	
RFK Bridge	\$ 8.50	\$ 5.76	32%	
Throgs Neck Bridge	\$ 8.50	\$ 5.76	32%	
Verrazzano-Narrows Bridge**	\$ 17.00	\$ 11.52	32%	68%

Residents receive a substantial discount due to MTA/NYS Subsidies.

** Residents pay \$1.49 per crossing*

***Roundtrip toll collected entering Staten Island only. Staten Island Residents Receive a substantial discount due to MTA/NYS Subsidies, resulting in a fare of \$5.50*

Source of Data: mta.info/bandt/ezpass/toll-savings.html

Audit Recommendations:

We recommend that:

- a) NCBA Management provide the Board monthly detail of revenues including a breakout of commercial vehicles;
- b) the Board periodically review the detailed breakout of toll revenue by category and acknowledge they have done so in the Board minutes, and

¹⁸ These were the effective rates as of March 15, 2019.

Findings and Recommendations

- c) NCBA enhance the cash collection system by considering the use of an automated system with less reliance on cash to better satisfy customer needs and streamline internal processes. E-ZPass can handle Resident Discount Plans and Business Crossings.

As noted previously, according to the February 20, 2021 article in Newsday, the Authority has begun testing new cashless tolling license plate readers.

AUDIT FINDING (6)

(6) Price Quotations and Competitive Bids Were Not Always Obtained

The Authority did not adhere to its own policies and procedures, which may have resulted in higher costs than necessary when acquiring goods and services.

Authority officials did not obtain written quotes and competitive bids as required by Board policy when procuring goods and services. The policy requires that *aggregate purchases* over the fiscal year be considered to determine when an item requires quotations and bids.

Written Quotations

The Authority's procurement policy requires officials and employees to obtain at least *three written quotes* for the following:

- purchases costing between \$750 and \$10,000 annually; and
- public works contracts costing between \$750 and \$20,000 annually.

The policy also stated that for these levels of purchases, the purchase order must be approved by the Executive Director¹⁹ and submitted in the Authority's purchase order requisition system.

Auditors reviewed 22 purchases totaling \$58,087 that were subject to the policy for written quotations and the aggregate amount paid to these vendors was \$90,028. Auditors found that Authority officials did not obtain quotes for 19 of the 22 purchases totaling \$49,669. For example, the Authority purchased:

- T-shirts totaling \$1,502;
- personal computers for \$1,288 (annual purchases to vendor totaled \$4,612); and
- plumbing service for \$2,075, without soliciting written quotes.

Without soliciting quotes, officials cannot determine if they received the best price available for these goods or service. Other purchases made without obtaining quotes included software, equipment repairs and equipment service maintenance contracts.

In addition to the 22 vendor purchases, we reviewed 11 credit card statements, for the two-year period, with purchases totaling \$12,555. Individual charges ranged from \$15 to \$2,444. We found

¹⁹ The Authority's Policy often refers to the Manager as the Executive Director.

Findings and Recommendations

four purchases totaling \$3,873 where no quotes were solicited including \$854 for a paper shredder, \$790 for two retractable desks, and \$889 for sensors. We also found that a newspaper advertising charge for \$2,444 was not supported by an invoice or any other supporting documentation, there was no backup or proof of what this charge was for.

Currently two employees, the Bridge Manager and the Maintenance Supervisor (also known as the Information Technology Manager) are authorized to make credit card purchases.

Credit card purchases for the two-year period, 2016-2017, totaled \$13,600 (\$12,555 was sampled); however, the Board has not developed procedures and/or a policy governing employees' use of the Authority's credit cards or the online retailer Prime account.

Competitive Bids

The policy requires competitive bids to be obtained for purchases of more than \$10,000 annually and public works contracts in excess of \$20,000 annually which also includes a construction component associated with utilizing the goods or materials.

Auditors reviewed five payments totaling \$541,258 to five vendors (aggregate payments to these vendors amounted to \$6.4 million for the audit period) subject to the policy for competitive bids. Auditors found that Authority officials did not obtain a bid for one of the purchases. Authority officials, repeatedly throughout 2016, used an electrical company's services for repairs and materials totaling \$19,485 without seeking bids for those services, nor did the Authority solicit any price quotes.

Without adhering to policies and procedures, the Authority risks acquiring goods and services at higher costs than necessary.

Audit Recommendations:

We recommend that the Board and Authority officials:

- a) ensure that its procurement policy is adhered to when purchasing goods or services in excess of the threshold established by policy; and
- b) develop and implement policies and procedures governing employee use of credit cards.

AUDIT FINDING (7)

(7) Authority Did Not Always Solicit Competition (Requests for Proposals) for Professional Services or Require Written Contracts/Agreements between the Authority and Service Providers

Authority officials did not use Request for Proposals when obtaining professional services and did not always require written contracts with providers. Since the Authority did not solicit competition for professional services, it has no assurance that the best price was paid for those services.

Findings and Recommendations

The Authority’s policy does not require competitive bidding for the procurement of professional services that involve specialized skill, training and expertise (e.g. architects, engineers, accountants, lawyers, underwriters, fiscal consultants, etc.). However, requesting competitive proposals would help the Authority obtain qualified services with the most favorable terms, gain insight into how other professionals would address the Authority’s needs when evaluating responses, and ensure that contracted services are obtained responsibly.

Auditors reviewed the Authority’s procurement of services from seven professional service providers who were each paid between \$1,000 and \$37,000 for a total of \$99,080, for the two-year period, to determine if the Authority considered proposals for these services. The consulting services provided included legal, inventory maintenance, transcription of Board minutes, insurance, and engineering. Auditors found that Authority officials did not obtain proposals for any of these services.

In addition, five of the seven professional service providers reviewed in our sample did not have written contracts as required by Board policy. According to the policy, “All professional services should be procured by prepared contracts with detailed specifications as to the expectations of this Authority.” Written agreements between the Authority and professional service vendors provide both parties with a clear understanding of the services expected and the compensation for those services.

Since the Authority did not use Request for Proposals (“RFP”) to procure the professional services, officials could not determine if they received the best service at the best price available. The appropriate use of competition provides assurance that services are procured in the most prudent and economical manner without favoritism, extravagance, fraud, or abuse. Exhibit XII below shows Professional Services procured without competition for years 2016-2017.

Exhibit XII

Professional Services Procured Without an RFP	
Years 2016- 2017	
Professional Services	Expenditures
Auditing	\$80,000
Legal	\$77,843
Engineering Consulting**	\$62,525
Insurance Consulting	\$20,400
Board Meeting Minutes**	\$7,125
Total	\$247,893
<i>** Did not have written agreements with specifications as to the scope of service and payment</i>	

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Request for Proposals for Insurance Coverage

The Authority employs the services of an insurance consultant to solicit competitive proposals from insurance brokerage companies for the Authority's insurance coverages. This consultant has provided this service for the past 16 years. During the two-year period, 2016-2017, the Authority paid the consultant \$10,200 annually, and expended \$681,940 for its collective property damage, liability and umbrella insurance coverage, including flood insurance coverage which totaled \$96,672.

On September 13, 2018, the Manager advised us (also forwarded emails from consultant) that the consultant prepared specifications and sent those specifications, on December 1, 2016, to six large insurance companies soliciting quotes. The quotations were then received directly by the consultant who, after a review of the proposals, made a recommendation to the Board. The consultant also noted in an email, that the request for proposal "was not put in any publication because of the expense and the Bridge declined that."

The Auditors requested the proposals received from the six firms that were sent RFPs, the consultant's evaluation of the responses, and his basis for the recommendation made to the Board. The Authority did not provide any supporting documentation as to the number of firms that responded or the dollar amounts, instead the Manager forwarded the Auditors an email from the consultant that stated, "The Insurance Consultant made a recommendation to the Commissioners and provided full back up and support."

We believe that Authority officials should be required to maintain full backup and all supporting documentation with regard to the RFP process, including the basis for the consultant's Board recommendation, especially considering that this is a significant expense for the Authority.

Audit Recommendation(s)

We recommend that the Board:

- a) consider amending the procurement policy to include the use of competitive methods for obtaining professional services;
- b) require the preparation and execution of professional service contracts with detailed specifications as to the expectations of the Authority as required by policy;
- c) review the current process for requesting insurance coverage proposals with the intent of attaining more proposals from prospective insurers. Competition might be increased if the Request for Proposal process includes the solicitation of proposals through a public advertisement; and
- d) provide full backup documentation for the basis of the insurance consultant's recommendations to the Board.

Findings and Recommendations

AUDIT FINDING (8)

(8) The Authority's Chairman or Approved Designee, Did Not Approve Payment Claims and Purchase Orders Were Not Used in 85 Percent of Purchases

The Manager and Deputy Manager approved all claims (invoices). These individuals also authorized and/or recorded those purchases in the Authority's financial records. This is a lack of segregation of duties, and absent any compensating controls, creates an environment where there is little assurance that the requests for payment were proper and charges (amounts) were valid.

Every claim²⁰ submitted to the Authority should be subject to an independent and thorough review to determine whether the requests for payment are proper and charges (amounts) are valid. It is important for the Board to determine whether the claims represent actual and necessary expenditures, are supported by itemized invoices or receipts, comply with Board-adopted policies, and contain evidence of receipt of goods or services, required signatures, quotes and purchase orders.

On a weekly basis the Deputy Manager messengers all payment vouchers (including payroll) and prepared checks to the County Treasurer for check signature as the County Treasurer is the signatory on the bank account. The New York State Public Authorities Law²¹ §651-668, require that "All moneys of the authority shall be paid to the treasurer of the county as agent of the authority, who shall not commingle such moneys with any other moneys. The moneys in such accounts shall be paid out by said treasurer on requisition of the chairman of the authority or of such other person or persons as the authority may authorize to make such requisitions."

The Board did not authorize any of the Authority's claims during our audit period, instead the Manager and the Deputy Manager were the two individuals who authorized all payment vouchers.

The commissioners review the list of claims paid at the subsequent Board meeting (after the claims have been paid); and no supporting documentation is presented to the Board. As a result, Board members, available at the meetings, do not have enough information to perform an adequate post audit of each individual claim to ensure they are for legitimate Authority expenditures, properly supported and comply with Board-adopted policies.

Moreover, the roles performed by the Board and the County Treasurer do not provide adequate oversight of claims.

Auditors reviewed 50 claims, including 11 credit card payments for 31 purchases, totaling \$805,828:

- Auditors found that purchase orders were not used for 33 of the 39 non-credit card purchases (85%) totaling \$767,109; and for 30 of the 31 credit card purchases totaling \$11,903.

Due to the absence of a thorough audit of claims by the Board (or an independent designee) as required by the Public Authorities Law, combined with the circumvention of the purchase order

²⁰ Claims are bills or invoices submitted by vendors requesting payment for goods or services.

²¹ Title 7 § 660 of the New York State Public Authorities Law.

Findings and Recommendations

system, there is no assurance that goods and services are procured in the most economical way and in the best interests of residents.

Audit Recommendations:

We recommend that the Board:

- a) monitor for compliance with the procurement policy as part of the audit and approval of vouchers for payment;
- b) require employees obtain approved purchase orders prior to making purchases and make every effort to purchase economically; and
- c) designate a claims auditor to perform a thorough review of the supporting documentation for all claims.

AUDIT FINDING (9)

(9) Authority Payrolls Were Not Supported by Complete Time Records, Overtime Hours Paid Were Rounded Up and Employee Tardy Policy Needs Improvement

Salaries represent a significant portion of the Authority's operating expenditures.

Auditors found that complete time records were not kept and that at times, overtime hours were rounded up when they were paid (for example, 40 minutes of overtime was worked, but 60 minutes of overtime was paid). Additionally, Auditors found that compensatory time was used even when the accrued compensatory balance was negative. Instances where this was found are detailed below.

The Authority uses an Electronic Timekeeping System ("ETS") that allows staff to record and report time worked. When staff punch in and out using the time clock which is linked to the ETS, their times are automatically recorded in the ETS. The Timekeeper²² is responsible for maintaining time and attendance records and preparing weekly payroll summaries. All employees are required to clock in and out at the beginning and end of every shift. Every payroll period, the Timekeeper uses a printout generated by the time clock to prepare a weekly payroll summary which is forwarded to a payroll processing vendor, where the payroll is processed

The Authority applies the work rules of the collective bargaining agreement ("CBA") to all full-time employees, including non-competitively hired employees (non-union). In addition to the work rules of the CBA, the Manager and Deputy Manager follow the Authority's Executive Management Policy ("Board policy") regarding certain labor items, such as overtime/compensatory time, required work hours, and paid accrued leave time. The Board policy

²² The Timekeeper responsibilities are being performed by an employee in a non-competitive Civil Service title, Laborer.

Findings and Recommendations

states that the Manager and Deputy are “in an On-Call status 24 hours a day, 7 days per week” and are “not permitted to accrue overtime or compensatory time.”

According to the CBA, a regular work week for full time employees is comprised of five days at eight hours per day including one hour of paid lunch break. The Manager/Deputy Manager are required to work 80 hours per pay period; however, they have flexibility as to when those hours are to be worked within the bi-weekly period.

With regards to lateness, the Authority has not established a daily tardy allowance policy for its employees. According to the Authority’s Work Rule Book on Lateness, one unexcused occurrence within a six month period receives a verbal warning, the second time receives a written warning, and the third time may result in the employee being sent home or having vacation or personal leave charged for the cumulative time, at the option of management. Auditors did not find written warnings in the employee files for those noted as being tardy.

Auditors tested five biweekly payroll periods for all 32 full time employees and requested timesheets and payroll registers to support all payroll payments. Auditors were provided with ETS weekly printouts (shows daily time clocked in and out and total hours worked). Issues Auditors found are detailed below. Auditors based their testing on a common grace period policy which permits an employee a lateness grace period of up to six minutes.

Issues found are detailed below.

For the employees and payrolls tested, Auditors found 77 instances for 14 employees, including both competitive and non-competitive employees where employees were tardy, overtime was rounded up, and employees worked less than the required 80 hours in the biweekly period without their leave accruals charged. Auditors noted the following:

- *Lateness:* 67 instances where employees were “tardy,” either clocking in late or clocking out before their shift ended. There were 11 employees whose tardy time totaled approximately 11.5 hours. We also found 17 manual overrides of the clock without explanations, such as leave or holiday. Manual overrides are common for holiday, and employee leave charges. We also noted that one toll employee who arrived 42 minutes late for his shift was docked half an hour of sick leave instead of one hour; however, the Authority is required to pay a minimum of one hour of overtime to the employee who provided the shift coverage required.
- *Rounded Overtime Hours:* 7 instances where overtime worked was rounded up to the hour or half hour (e.g. 40 minutes of overtime worked would be counted as 60 minutes). Employees hours worked were rounded up to the nearest hour in order to calculate their overtime (“OT”). For example, one employee worked OT from 12:00 am to 4:15 pm (4¼ hours) but was paid for 4½ hours; one worked 4:00 pm to 4:31 pm (½ hour) but was paid for one hour. {Note: The instances exclude minimum hours required to be paid to the employee if emergency OT is required, per the Collective Bargaining Agreement.²³}.

²³ Per the CBA, Recall: 4 hours minimum paid if employee is recalled to work, if not needed 2 hours minimum paid; One hour minimum paid if overtime continuous with shift and more than 15 minutes. All overtime is paid at one and one-half times regular pay rate.

Findings and Recommendations

- Employees worked less than 40 hours per week/80 hours biweekly: Three instances, in three different payroll periods, where three employees worked less than the required 80 hours in the biweekly period without their leave accruals charged.

The Authority's Timekeeper manually reviews the time clock printouts prior to preparing the payroll summary or employees' leave accruals. An electronic time system that automatically transforms worked hours, from the time clock, into timesheets²⁴ and reports for managerial review and payroll purposes is used by many employers and improves the accuracy of payroll management.

Employee Overtime Analysis

In 2016, the Authority's employees earned a total of \$92,956 of overtime, and in 2017 that amount more than doubled to \$196,744.

In 2016, the highest overtime earned was \$10,062 representing 17.6% of the employee's regular base salary, while in 2017 the highest overtime amounted to \$44,141 or 73.6% of the employee's base salary (Note: this employee did not use any vacation leave for the two-year period, 2016-2017). We also noted that this employee, a bridge operator, worked a total of 278 overtime hours in the five pay periods, working as much as 28.5 hours overtime in a two day period (1/23/16 clocked in at 3:44AM; clocked out at 12:10AM on 1/24/16; clocked back in at 8:11AM on 1/24/16 and clocked out at 4:15PM).

In 2016, six employees earned more than 10 percent of their base salary in overtime, while in 2017, 11 employees earned more than 10 percent; and four of the 11 employees earned more than 30 percent of their base salary in overtime in 2017.

As noted in the previous section above, overtime hours were rounded up to the nearest hour in order to calculate employees' overtime, which is not a practice delineated in the Collective Bargaining Agreement or any other management policy. Auditors found no evidence that an employee's overtime was approved by their supervisor.

Compensatory Leave (Leave Not Approved for any Employee)

The Authority's work rules derived through the CBA grants vacation based on length of employment and a fixed number of sick days every year. The CBA states that once in a calendar year, a fulltime employee has the option to sell back to the Authority a minimum of five days of unused vacation or sick days, the total not to exceed 10 days per year. However, employees may only sell back sick leave days in excess of 25 accrued sick leave days. In addition, an additional 10 days of unused vacation and/or sick leave may be requested in the calendar year, upon showing exigent family or personal circumstances.

For the three-month period noted above, there was continuous use of compensatory time even when the accrued compensatory balance was negative. For example, in February 2016, the compensatory balance was three hours for an employee who used 12 hours, thus creating a negative balance of 9 hours; and a negative three hours (-3) of compensatory leave time was

²⁴ A timesheet is a physical or electronic tool used for recording the time of arrival and departure of workers and for recording the amount of time spent daily during the pay period.

Findings and Recommendations

carried over from year 2015 to year 2016. Even though a negative leave balance was maintained, 35 unused days of vacation and sick leave were sold back to the Authority.

The Authority applies the work rules of the collective bargaining agreement (“CBA”) to all full-time employees, including non-competitively hired employees (non-union). In addition to the work rules of the CBA, the Manager and Deputy Manager follow the Authority’s Executive Management Policy (“Board policy”) regarding certain labor items, such as overtime/compensatory time, required work hours, and paid accrued leave time. According to the Authority’s CBA, employees cannot accrue compensatory time in lieu of overtime pay. All overtime is paid at one- and one-half times regular pay.

Without proper supervisory review or oversight of overtime, officials have no assurance that overtime hours worked are accurate, and there is the potential for employees to be paid for time not worked or earned.

Audit Recommendation(s):

We recommend that the Board:

- a) implement comprehensive written procedures for time and attendance including tardiness to ensure that accurate and complete payroll records are maintained to support all payroll payments including overtime;
- b) require that all employees prepare accrued leave request forms. All forms should be signed by the employee and approved by the respective department head or the Supervisor before payroll is processed;
- c) enforce the lateness policy, or design a lateness allowance policy for all employees that specifies that there is a specific grace period for tardiness;
- d) require an evaluation of employee overtime on a periodic basis and document explanations for spikes in overtime;
- e) require that employees take vacation leave that is not permitted to be carried over or forfeit such leave (in accordance with their work rules); and
- f) cease rounding up overtime payments and abide by the terms of work rules, the CBA and management agreements.

Findings and Recommendations

AUDIT FINDING (10)

(10) One Employee Supervises His Son & the Authority Lacks an Anti-Nepotism Policy

The Board does not have a policy for the hiring of family members (nepotism) or when one relative has a supervisory role over the other. Auditors noted that the Bridge Operator (competitive position) who is the Maintenance Supervisor and oversees all the activities of the Bridge operators and maintenance staff, also directly supervises his son, a maintenance laborer (non-competitive position). As the maintenance supervisor, there is a direct reporting relationship between the relatives, since he approves all his leave requests and monitors his day-to-day activities. This practice noted above is in violation of the Authority's Code of Ethics policy. The Policy states that "Directors and employees must conduct themselves at all times in a manner that avoids any appearance that they can be improperly or unduly influenced, that they could be affected by the position of or relationship with any other party, or that they are acting in violation of their public trust."²⁵

Nepotism is the practice among those with power or influence of favoring relatives or friends, especially by providing jobs. This practice has a negative impact on the morale of current Authority employees and residents and taxpayers, who deserve a well-qualified workforce.²⁶

Auditors inquired about the Authority's policy with regards to the hiring of family members, especially non-competitively. Exhibit XIII displays the response provided by the Manager.

²⁵ <http://ncbaabb.com/documents/Policy%20And%20Compliance%20Manual%202019.pdf>

²⁶ Limited Review of Hiring Practices and Related Parties *Nepotism – Part I* - Nassau County Board of Ethics, issued by the Office of the Nassau County Comptroller on April 10, 2019. This report can be found on the Comptroller's website at <https://www.nassaucountyny.gov/DocumentCenter/View/24773/Final-Report-Limited-Review-of-Hiring-Practices-and-Related-Parties-Nepotism-Part-I>

Findings and Recommendations

Exhibit XIII

Chairman
James J. Vilardi



Commissioners
Shalom S. Maidenbaum
Alan Hartstein
Russell Rosenthal
Helen Elovich

Nassau County Bridge Authority

P.O. Box 341
Lawrence, N.Y. 11559-0341
516-239-6900
Fax 516-239-6856

MEMORANDUM

TO: Nassau County Comptroller Field Audit Staff
FROM: [REDACTED], Manager
DATE: September 7, 2018
RE: Family Member Hiring

In response to your question regarding the hiring of family members, the Nassau County Bridge Authority does not require the submission of a family tree with application for employment at the Nassau County Bridge Authority.

Familial relationships, along with race, color, creed, gender, religion, sexual orientation, sexual identity or political affiliation are not disqualifying factors for consideration in the hiring or firing of potential applicants at the Nassau County Bridge Authority.

However, in as much as all hiring and employment decisions are made by the Manager or Deputy Manager, no family members of either of those officials have been hired or employed by the Nassau County Bridge Authority.

We believe that when relatives work for the same employer, particularly if hired non-competitively, the potential for favoritism and conflicts of interest exists, especially when one relative has a supervisory role over the other.

Audit Recommendation:

We recommend that the Board develop procedures for the hiring or supervision of family members and add explicit procedures on *Nepotism* in the Authority's Code of Ethics.

Findings and Recommendations

AUDIT FINDING (11)

(11) Not All Board Members Complied with NYS Mandated Board Member Training

On April 26, 2018, Auditors inquired if all five Board members had participated in the State mandated training, as there was a reminder in the January 19, 2017 Board minutes that three Board members had not yet complied. The Authority officials told us that the three Board members had still not complied as of that date. However, in June 2018, officials told us that one of the three had recently completed the training.

In accordance with the New York State Public Authorities Law²⁷ “Individuals appointed to a public authority shall participate in state approved training regarding their legal, fiduciary, financial and ethical responsibilities as directors of an authority within one year of appointment to a board. Board members shall participate in such continuing training as may be required to remain informed of best practices, regulatory and statutory changes relating to the effective oversight of the management and financial activities of public authorities and to adhere to the highest standards of responsible governance.”

Audit Recommendation(s):

We recommend that:

- a) the two Board members complete the training, not only to comply with the State law but, to provide operational oversight of the management and financial activities of the Authority; and
- b) the Board ensure that all future Board members complete the required training as soon as possible after being appointed.

AUDIT FINDING (12)

(12) Fuel Usage Was Not Adequately Monitored and Monthly Fuel Activity Reconciliations Were Not Performed

The Authority does not produce fuel activity reports that essentially reconcile the tank meter readings, dipstick readings, with fuel deliveries and fuel usage. Since there is no report produced from the fuel logs, there is no way for the Authority to identify anomalies regarding quantities dispensed, fueling times, the odometer readings entered by employees, or if a reasonable amount of gas was dispensed given the number of miles driven between fill-ups.

The Authority maintains a fleet of six vehicles for Authority related business, including several trucks which are used to clear snow/ice from the bridge. To fuel these vehicles, the Authority has

²⁷ New York Consolidated Laws, Public Authorities Law- PBA § 2824(2).

Findings and Recommendations

two fuel pumps at the bridge, one each for regular gasoline and diesel fuel. During the audit period the Authority incurred \$9,776 in fuel expenditures. The Authority purchased \$6,243 of gasoline and \$3,533 of diesel fuel for the Authority's vehicles²⁸ and equipment. There are two fuel pumps (gasoline and diesel) from which the fuel is dispensed.

There is no written fuel policy; however, the Bridge Maintenance Supervisor told us that employees are required to fill out daily consumption logs ("gas logs") for all fuel dispensed²⁹. The gas log shows the date, vehicle, odometer reading, gallons dispensed, pump reading, and initials of employee who dispensed the fuel. The daily logs are then reconciled to monthly logs that include amount of fuel deliveries, tank meter readings, and dip stick readings.

Auditors examined gasoline usage for two months, April 2016 and November 2017. For the 30 times (Gas dispensed: 3 vehicles 26 times; Gas cans 4 times) that gasoline was dispensed, Auditors identified five instances (17 %) where fuel was dispensed, and the odometer readings were either not recorded or inaccurately recorded on the logs. For example, four of the 11 times fuel was pumped for one vehicle (the only take home vehicle) showed either no pump reading, no odometer reading, or an odometer reading that was smaller at the end of the month than the reading in the first week of the month.

For the two-year period, Auditors requested all Monthly Fuel Activity Reports that reconcile tank readings with gas usage. The Bridge Maintenance Supervisor completed monthly logs for seven of the 24 months (January 2016 through July 2016). Our review of the seven monthly logs revealed that five of the seven months produced variances between 25 and 53 gallons dispensed that should have been identified and investigated.

For the take home vehicle, Auditors attempted to test the reasonableness of miles driven for November 2017. Since the odometer readings appeared inconsistent, and for the most part unreliable, the Auditors could not attest to the actual number of miles driven. Auditors noted the following:

- The odometer reading recorded on October 30, 2017 was 42,296 and the November 28, 2017 reading 43,415, indicating that for the one-month period approximately 1,119 miles may have been driven; however, the odometer reading was not recorded on November 7 and the three readings between November 12- 22, 2017 were 48,150; 48,400; and 4,874 respectively.

Audit Recommendations:

We recommend that the Authority & Board:

- a) implement written fuel procedures for supervisory oversight of fuel usage;
- b) ensure that gas logs are maintained for all fuel usage;
- c) require periodic reconciliation of fuel purchases and odometer readings to ensure that fuel is used only for Authority purposes;

²⁸ The Authority's Bridge Maintenance Supervisor is the only employee assigned a take home vehicle.

²⁹ Three of the Authority's vehicles use gasoline and the gas cans are filled for equipment such as Lawn Mowers.

Findings and Recommendations

- d) require supervisory review of fuel transaction activity on a monthly basis to identify anomalies regarding quantities dispensed, fueling times and the odometer readings entered by employees; and
- e) periodically review odometer readings for take home vehicle to assure that vehicle is used for work purposes only and that the number of miles driven are reasonable.

AUDIT FINDING (13)

(13) The Board Did Not Adopt or Develop a Written Information Technology (IT) Disaster Recovery Plan or Customer Breach Notification Policy

Authority officials did not develop or implement an IT Disaster Recovery Plan (“DRP”) to address potential disasters or an information system breach. Consequently, in the event of a disaster or information breach, officials do not have guidelines to minimize or prevent the loss of equipment and data or to appropriately recover data.

A disaster recovery plan is a set of written procedures to recover and protect a business’ Information Technology infrastructure in the event of a disaster. The DRP specifies procedures an organization is to follow in the event of a disaster³⁰. Key elements of a business disaster recovery plan include a Communication plan and role assignments; Plan for the equipment; Data continuity system; Backup check; and Breach notification policy. Additionally, a disaster recovery plan should include backup procedures and periodic backup testing to ensure they will function as expected.

A breach notification policy provides disclosure to consumers when personal information is compromised from a data breach. As the Authority obtains and utilizes credit card information for certain purchases, it should have a policy in place to notify customers should their personal information be subject to a data breach.

New York State Technology Law³¹ requires public authorities to have a breach notification policy that requires notification be given to certain individuals in the event of a system security breach, as it relates to private information. The policy should detail how officials would notify individuals whose private information was, or is reasonably believed to have been, acquired without valid authorization.

The Maintenance Supervisor told us that the Authority uses an off-site company to back up data; however, he did not periodically test it to ensure it could be recovered.

Disaster recovery and business continuity planning are integral parts of the overall risk management for an organization. Both processes are equally important because they provide detailed strategies on how the business will continue after severe interruptions and disasters.

Authority officials told us that after Hurricane Sandy, the Authority made improvements such as elevating the computer servers and installing flood vents in the generator building. Officials also

³⁰ Such as computer virus, flood, fire, or human error.

³¹ New York State Technology Law Section 208.

Findings and Recommendations

said that the Authority plans to elevate the stepdown transformer to 11 feet above sea level to comply with FEMA requirements.

Audit Recommendation(s):

We recommend that the Board:

- a) develop, adopt and implement a disaster recovery plan and breach notification policy;
- b) periodically review and update all IT policies and procedures to reflect changes in technology and the computing environment; and
- c) ensure IT backup procedures are in place and the backups function properly.

Appendix A – Schedule of Toll Rates

NCBA SCHEDULE OF TOLL RATES

PASSENGER CAR OR MOTORCYLES....\$2.00

WITH A 1 OR 2 AXLE TRAILER....\$4.00

\$2.00 EACH ADDITIONAL AXLE

COMMERCIAL VEHICLE UNDER 10,000 LBS....\$2.00

WITH A 1 OR 2 AXLE TRAILER....\$4.00

\$2.00 EACH ADDITIONAL AXLE

COMMERCIAL VEHICLE OVER 10,000 LBS:

2 AXLE.....\$4.00

3 AXLE.....\$6.00

4 AXLE.....\$6.00

5 AXLE.....\$10.00

6 AXLE.....\$12.00

DECALS

REGISTERED IN NASSAU COUNTY....\$130.00 EACH

REGISTERED OUTSIDE NASSAU COUNTY....\$175.00 EACH

20 TRIP PASS CARD....\$15.00 NON-COMMERCIAL USE ONLY

Appendix B – Special Occurrence: Cash Register Sub-Menu

Below is a picture of what the Cash Register Special Occurrence Sub-Menu looks like.

Special Occurrence

Special Vehicle Selection

Select below
or Press Cancel

Police cars NCPD - LBPD - NYPD - Sheriff's Dept., ECT...	Pass - Script
Town of Hempstead and Nassau County Vehicles with Official Plates	Long Beach School District school bus
Island Park School District school bus	Metropolitan Transit Authority (MTA) Bus
J.A.S.A. Meals on Wheels	Peninsula Public Library
Fire Dept. Inwood, L.B., N.Y.F.D., Lawrence Cedarhurst-ECT...	Employee's - Full Time, Part Time, Seasonal (Tolls, Maint. and Office workers)
No Funds	C A N C E L

The Atlantic Beach Bridge Toll Plaza

This is a view of the special occurrence sub-menu. If a collector presses non-revenue on the main screen this is the menu they will access. All Selections on this list must be written down on their S.O. card along with the necessary information such as time, axels, and numbers identifying the vehicle.

Source: Nassau County Bridge Authority Toll Collector Handbook

Appendix C – Special Occurrence Card (Back of Toll Card)

Below is the back of the Toll Card, also referred to as the Special Occurrence Card.

SPECIAL OCCURRENCES						
TIME		IDENT. NO. POLICE	LICENSE NUMBER		NO. AXLE	EXPLANATION OR IDENTIFICATION NO.
HR.	MIN.		MUNICIPAL VEHICLES	OTHER VEHICLES		
TOTALS					APPROVED	
					TOLL STATION MANAGER	

Source: Nassau County Bridge Authority Toll Collector Handbook

Appendix D – Sample Toll Card (Front)

NASSAU COUNTY BRIDGE AUTHORITY ATLANTIC BEACH BRIDGE							
					Date	
Box No.	TOLL			Day			
Box No.	REPORT			Tour		Lane	
CHARGED TO COLLECTOR			TYPE OF BOOK	RETURNED BY COLLECTOR		SOLD DURING TOUR	
QUAN.	BOOK NO.			FIRST BOOK NO.	QUAN.	QUAN.	CASH VALUE
	LAST	FIRST					
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
			\$				
COLLECTOR'S SIGNATURE AND NO.				TOTAL BOOK SALES			
REGISTER RECORD					BOX MADE UP	BOX CHECKED IN	REPORT AUDITED BY
Class Of Toll	Tolls Collected	Tolls Registered	Adjst.	Errors			
TPV							
					Total Cash		\$
					Less - Book Sales		
					Cash - Other Tolls		
Annuals					Cash - Unaccounted For		
Pass Tickets					Supervisor's Remarks		Date
S.O.							
A.S.					Collector's Remarks		
Police							
LSD					Office Remarks		
Cash - 200							
Cash - 400							
Cash - 600							
TOTALS							
LANES OPERATED							
LANE	NORTH	SOUTH	KEY IN	KEY OUT			

Note: Pass Card Sales is the new terminology for Book Sales

Appendix E –Sample Toll Slip

**NASSAU COUNTY BRIDGE AUTHORITY
ATLANTIC BEACH BRIDGE**

ORIGINAL

COLLECTORS CASH REPORT

Date _____ Tour _____
 Bag No. _____ Lane _____
 Sgt. _____

CASH ITEMIZED	COLLECTOR'S COUNT		CASHIER'S COUNT		ERRORS
\$20. BILLS					
\$10. BILLS					
\$5. BILLS					
\$2. BILLS					
\$1. BILLS					
SILVER DOLLARS					
HALVES					
QUARTERS					
DIMES					
NICKELS					
PENNIES					
CHECKS					
TOTAL					


Sample Toll Slip

Collector's Signature and No.

Cashier

Form (2)

Appendix F –Sample Lane Report

Nassau County Bridge Authority																								
Key Segment Summary																								
Period beginning: 7/4/2017												1:00:00 AM												
and ending: 7/4/2017												7:00:00 AM												
																								
Key	La	-- Tour Start -- Date	Time	--- Tour End --- Date	Time	CI 1	CI 2	CI 3	CI 4	CI 5	CI 6	CI 7	CI 8	CI 9	CI 10	Spec	Trans	Veh	Vio.	MG	Fwd	Rev	-Amt-	
99	3	7/4/2017	01:01:01	7/4/2017	01:59:59	0	2	1	0	25	0	0	0	0	0	0	28	31	3	1	0	0	\$4.00	
99	4	7/4/2017	02:01:01	7/4/2017	02:59:59	0	4	2	0	100	0	0	0	0	0	0	106	107	1	0	0	0	\$8.00	
99	5	7/4/2017	03:01:01	7/4/2017	03:59:59	0	6	3	0	0	0	0	0	0	0	0	9	19	10	0	0	0	\$12.00	
99	6	7/4/2017	04:01:01	7/4/2017	04:59:59	0	8	4	0	360	0	0	0	0	0	0	362	362	0	5	0	0	\$16.00	
99	7	7/4/2017	05:01:01	7/4/2017	05:59:59	0	10	5	0	0	0	0	0	0	0	0	15	15	0	0	0	0	\$20.00	
99	8	7/4/2017	06:01:01	7/4/2017	06:59:59	0	12	0	0	500	0	0	0	0	0	0	518	518	0	1	0	0	\$24.00	
Key No: 99						0	42	21	0	975	0	0	0	0	0	0	1038	1052	14	7	0	0	\$84.00	

Legend (Inserted by Auditors)

- Key** Toll Collector
- La** Lane
- Spec** Special Occurences
- Trans** Transactions
- Veh** Vehicles
- Vio.** Violations
- MG** Manual Gate
- CI 1** \$6.00 Cash Fare (3 axles)
- CI 2** Annual Passenger vehicle
- CI 3** \$2.00 Cash Fare Passenger Vehicle
- CI 4** Commercial Decal Trip
- CI 5** Pass Card Trip
- CI 6** \$4.00 Cash Fare (2 axles)
- CI 7** Special Occurrences Busses and Passes
- CI 8** Lawrence School District
- CI 9** Extra Axle \$2.00
- CI 10** Pass Cards \$15.00

Appendix G – Sample Reconciliation of Cash Collection to Lane Report

NASSAU COUNTY BRIDGE AUTHORITY, VEHICLE REGISTER RECORD												DATE: _____			
A	B	1	2	3	4	5	6	7	8	9	10				
FORWARD TREADLE COUNT	REVERSE TREADLE COUNT	\$6.00 CASH FARE 3 AXLES	ANNUAL PASSENGER VEHICLE	\$2.00 CASH FARE PASSENGER VEHICLE	COMMERCIAL DECAL TRIP	PASS CARD TRIP	\$4.00 CASH FARE 2 AXLES	SPECIAL OCCURENCES BUSES AND PASSES	LAWRENCE SCHOOL DISTRICT	EXTRA AXLE \$2.00	PASS CARD \$15	DATE	TIME	LANE	KEY
FACTORS	XXXX	3	2	2		2	2	2	2		2				
AXLES	XXXX														
												AXLES NORMAL			
												AXLES BY CALCULATIONS			
												AXLES OVER - (SHORT)			

REMARKS	AXLES BY CALCUALTIONS		OVER	SHORT
	PLUS	MINUS		
AVI DECALS				
\$2 CASH FARES				
\$4 CASH FARES				
S.O. / PASSES				
\$15 CARD TRIP				
NO SALE CARD RETURNED				
TOTALS				
NET DIFFERENCE				

No.	VEHICLES	RATE	AMOUNT
# 3		\$2.00	
# 6		\$4.00	
# 1		\$6.00	
# 7		\$2.00	
# 9		\$2.00	
TOTAL			

TOUR: _____
 COLLECTOR NUMBER: _____
 COLLECTOR NAME: _____
 PREPARED BY: _____

CASH OTHER TOLLS/(COLLECTORS REPORT) _____
 OVER-(SHORT) _____
 APPLIED _____
 UNACCOUNTED FOR _____

SPECIAL OCCURENCES							
AS	\$2	\$4	PD	O	PASS	MUN	NICE

Appendix H – 17 States Participating in the E-ZPass Program


The shaded area below represents E-ZPass Interoperability in 17 States.



Source: E-ZPass Group; www.e-zpassny.com/en/about/newyork.shtml.

Appendix I – Summary of NY State Facilities Currently Accepting E-ZPass

Summary of the 31 Bridges, Tunnels and Thruways Throughout New York State that Use E-ZPass to Collect Tolls

Your tag is accepted at each of the following facilities and wherever you see the  sign displayed.



Bronx-Whitestone Bridge
 Hugh L. Carey Tunnel
 Cross Bay Veterans Memorial Bridge
 Henry Hudson Bridge (No trucks permitted)
 Marine Parkway-Gil Hodges Memorial Bridge
 Queens Midtown Tunnel
 Robert F. Kennedy Bridge
 Throgs Neck Bridge
 Verrazano-Narrows Bridge



The entire New York State Thruway
 New Rochelle Barrier
 Yonkers Barrier
 Gov. Mario M. Cuomo Bridge
 Spring Valley (Commercial Only)
 Harriman Barrier
 Grand Island Bridges



Rip Van Winkle Bridge
 Kingston-Rhinecliff Bridge
 Mid-Hudson Bridge
 Newburgh-Beacon Bridge
 Bear Mountain Bridge



Bayonne Bridge
 George Washington Bridge
 Goethals Bridge
 Holland Tunnel
 Lincoln Tunnel
 Outerbridge Crossing



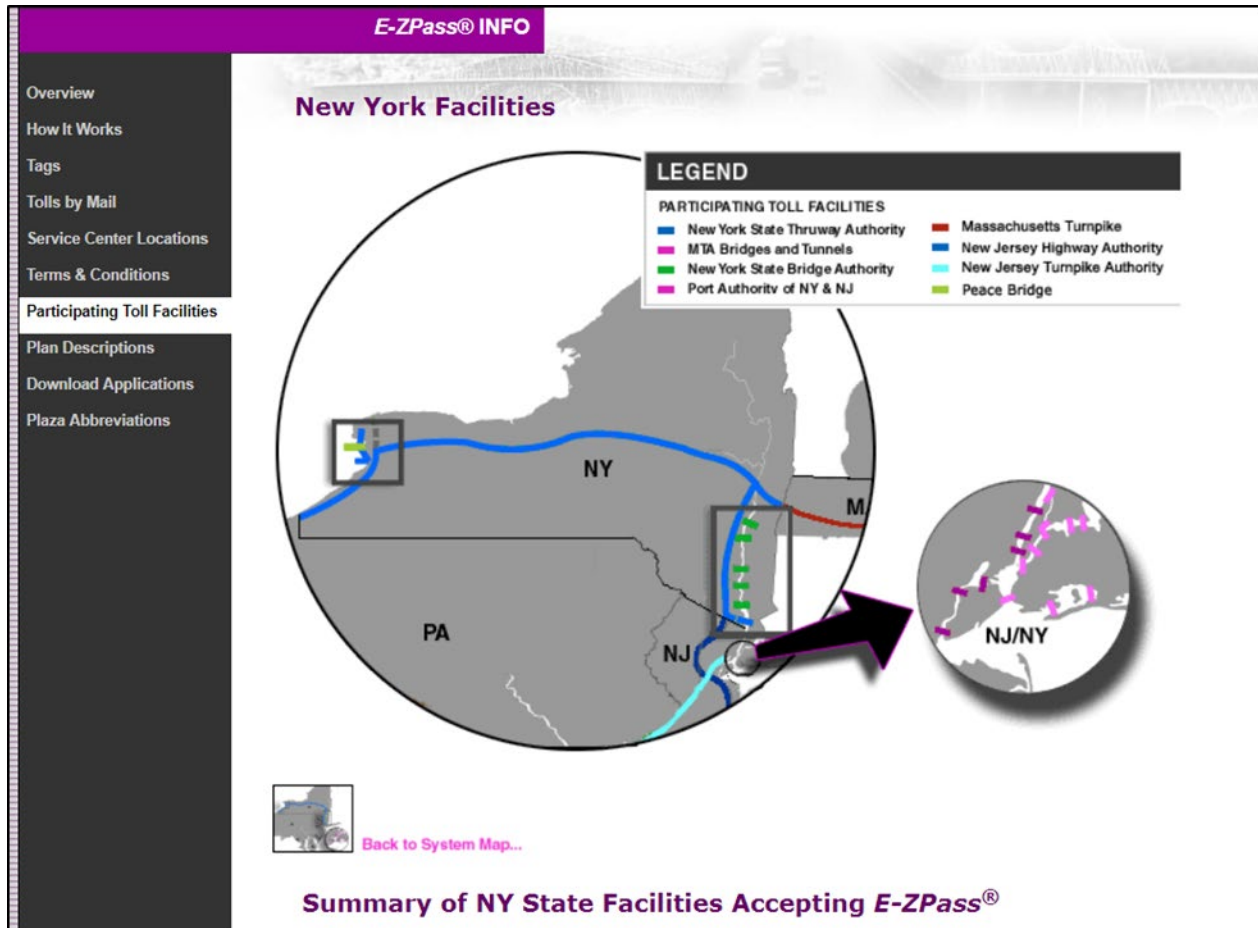
Peace Bridge



Rainbow Bridge
 Whirlpool Rapids Bridge
 Lewiston - Queenston Bridge

Source: E-ZPass Group; www.e-zpassny.com/en/about/newyork.shtml.

Appendix J – Map of New York State Participating Toll Facilities



Appendix K

Summary of Previous Audit Recommendations Made by State Authorities Budget Office and New York State Comptroller That Were Not Implemented by the Board Nassau County Comptroller's Current Audit Found That These Conditions Persist		
Topic	Authorities Budget Office Recommendations (2008)	State Comptroller Recommendations (1998)
Contract Procurement	Establish procedures to be followed when procuring contracts for professional services, such as request for proposal (RFP) guidelines, to ensure the Authority is selecting the most qualified candidates who offer the most valuable economic proposals for their services.	Adopt request for proposal (RFP) guidelines to be followed when procuring contracts for professional services.
Adherence to Accumulated Vacation Leave Limits for both Accrual and Payment Purposes	Require that the accumulation of vacation leave provisions of the collective bargaining agreement be complied with by all employees who are subject to the terms of that agreement, to ensure these balances do not exceed the maximum allowed by the contract.	Require that the maximum accumulation of vacation leave provisions of the collective bargaining agreement be complied with by all employees who are subject to the terms of that agreement. Establish procedures to ensure that management employees do not cash in accrued vacation days in excess of the 10 days annually allowed by the collective bargaining agreement. requests for vacation buyback payments submitted by management employees, should be reviewed and approved by the Board of Commissioners.
Monitoring of Unused Accrued Leave Balances	Limit separation payments made to employees to only appropriately credited unused leave. The Authority should ensure that employees are compensated only for unused leave that has been earned and credited in accordance with the employee bargaining agreement.	Monitor employees' accrued leave balances annually, and, when warranted, take immediate corrective action.
Basis and Equity of Toll Fee Structure	Review its current toll fee structure and ensure that it is rational, equitable and continues to generate sufficient revenues. The basis for this toll structure should be documented. The Authority's toll structure provides a significant subsidy to frequent users, and the Authority has not documented the basis for this significant subsidy.	The toll fee structure should be reviewed and made more equitable to the cash paying motorist who contributes a disproportionately greater share of total toll revenues than other bridge users.
Operational Cost Effectiveness & Feasibility Study for E-Zpass	Develop a formal plan for their design for increasing the use of prepaid services and the use of technology based services, while reducing personnel costs. Continuously review and monitor the operations of the Authority to make them more cost effective and efficient, consistent with its fiduciary responsibility to the public.	We suggest that consideration be given by the Board of Commissioners to studying the feasibility of participating in the very popular "E-Z Pass" program, now being successfully used on public highways throughout the State of New York and on the New York City metropolitan area bridges and tunnels.
Free Toll Passage by Employees	The Authority should not allow employees to utilize the bridge at no charge unless for Authority related business. This practice should be documented and controls put in place to ensure it is followed; The Board should allow members to have free passage on the bridge only when it relates to their official duties.	{Not Applicable at the time of audit}
Board Training	Board members should complete the Board training not only to comply with the State law, but to provide operational oversight of the management and financial activities of the Authority.	{Law not in effect at the time of the audit}

Appendix L - Auditors Follow-Up Comments on NCBA Response

Appendix L contains an analysis of the Nassau County Bridge Authority’s (NCBA or the Authority) Responses to the Draft Audit report and the Auditors’ Follow Up Comments.

NCBA’s “Response To Limited Review Report” is included in Appendix M as listed below, with exceptions as indicated below:

- Introductory Statement NCBA Board of Commissioners.
- March 24, 2021 Letter “To Whom it may concern” from Morse & Company, LLP
- RESPONSE NARRATIVE
- APPENDIX I
- APPENDIX 1A – Our Report below provides a summary of NCBA Appendix 1A and the Open Source link to the information contained within the NCBA’s response.

AUDITOR SUMMARY OF NCBA RESPONSE APPENDIX 1A Referenced GAGAS -Yellow Book Standards*				
	Revision	Section	Revision	Section
A. Purpose of Yellow Book	2011	2.01		
B. Yellow Book Engagements	2011	2.02	2011	2.03
C. Stating Compliance with GAGAS	2011	2.23		
D. Objectives of Engagement	2011	2.03	2018	1.21
E. Significance and Materiality	2011	4.47	2011	6.04
F. Internal Control Deficiencies	2011	7.19	2018	8.56(e)
	2011	7.20	2018	9.29
	2018	8.54	2018	9.30
	2018	8.55	2018	9.31
	2018	8.56	2018	9.32
	2018	8.56(a)	2018	9.33
G. Evidence Requirements	2018	8.90	2018	8.95
	2018	8.91	2018	8.96
	2018	8.93	2018	8.97
	2018	8.94	2018	8.98
H. Report Findings	2011	4.10	2018	9.17(c)
	2011	4.11	2018	9.17(d)
	2011	4.12	2018	9.17(e) [sic]
	2011	4.13	2018	9.17(f)
	2011	4.14	2018	9.17(g)
	2011	4.28	2018	9.18
	2011	4.29	2018	9.19
	2018	9.14	2018	9.20
	2018	9.17	2018	9.21
	2018	9.17(a)	2018	9.22
2018	9.17(b)	2018	9.23	
I. Subsequent Discovery of Report Inadequacies	2018	9.68		

* Referenced Standards can be found in public domain using open source, such as <https://www.gao.gov/assets/gao-21-368g.pdf> **

**References as from original NCBA response; GOA Government Auditing Standards current version 2018 Revision with Technical Update April 2021

Appendix L - Auditors Follow-Up Comments on NCBA Response

- EXHIBIT A - *Capital Project Investments 2008 - 2020*
- EXHIBIT B - *NCBA Traffic and Revenue Analysis, RE: Leakage/Loss Potential*
- EXHIBIT C- *Sample Municipal Request for Gratis Decal*. This document was provided to the NCBA by a third party (relative to this Audit); there is no indication that such third party has authorized publication of this document.
- EXHIBIT D - *Hatzalah Letter of Support*. This document was provided to the NCBA by a third party (relative to this Audit); there is no indication that such third party has authorized publication of this document.
- EXHIBIT E – *Moody's Investor Service Credit Opinions, 2018, 2019, 2020*. This information is publicly available, see:
https://www.moody's.com/credit-ratings/Nassau-County-Bridge-Authority-NY-credit-rating-600028871/reports?category=Ratings_and_Assessments_Reports_rc|Issuer_Reports_rc|Issuer_Data_Reports&type=Ratings_News_rc|Rating_Action_rc|Announcement_of_Periodic_Review_rc|Ratings_and_Assessments_Reports_rc,Issuer_Reports_rc,Issuer_Data_Reports .
- EXHIBIT H - *NYS Comptroller's 2012 E-ZPass MTA Uncollected Revenue Report*. This information is publicly available, see:
<https://web.osc.state.ny.us/audits/allaudits/093012/12f2.pdf> .
- EXHIBIT I - *Government Project Management Case Study- NCBA Salt Storage Facility*
- EXHIBIT J - *NCBA Full Time Equivalent Employees and Overtime 2008 - 2020*
- EXHIBIT K - *NYS Comptroller's 2018 Unpaid Tolls and Fees at MTA Audit*. This information is publicly available, see:
<https://www.osc.state.ny.us/files/state-agencies/audits/pdf/sga-2018-17s70.pdf> .
- EXHIBIT L- *Nassau County Bridge Authority E-ZPass Analysis*.
- EXHIBIT M - *Nassau County Comptroller Audit Timelines*. This document is neither responsive to nor related to the Audit.

NCBA's Introductory Statement

"When initially informed that the Nassau County Bridge Authority (NCBA) would be subject to a Limited Financial Review" (LFR) by the Nassau County Comptroller's Office I was concerned, not because of what the results could be, but how the results could be politicized. The Commissioners of the NCBA are focused on oversight, governance and "best practices" of bridge operations and have launched numerous "good government" initiatives, but in today's hyper political climate the focus always seems to be a catchy headline or an obscure irregularity. That is the tone we would like to avoid, but rather use this limited review as a basis for a serious and substantive public policy discussion on. After spending much time with Deputy Comptroller Jeff Schoen and comptroller staff, I trust that this is the case.

During the entirety of the LFR by the NC Comptroller's office, the NCBA Commissioners and staff have tried to make this entirely about the substantive issues. I think the NCBA and Comptroller's office advanced the cause of good government and public service by approaching this effort with professionalism and open dialogue, sans the all too familiar politics of personal destruction. The public at large is tired of political bickering, and simply wants to see all layers of government, Democrats and Republicans alike, working collaboratively together to improve their lives. The final discussions and report on this matter before us, could be a model case towards that end. That being said, the NC Comptroller's office and the NCBA will differ on many issues of fact and policy, but there is absolutely nothing wrong with a spirited debate within the forum of public policy.

In this statement of introduction to the NCBA response, I will simply be making some general observations and overarching policy statements on behalf of The Board of Commissioners. A more detailed response with numerous exhibits prepared by NCBA staff and advisors comprises the bulk of our response.

For the record, I would simply make the following observations and public policy statements.

1. I initially wondered why an agency with a demonstrable record of financial stewardship was being reviewed in the first place. Fourteen years of no toll increases, a steady decrease in personnel and overtime with steady productivity, a bond upgrade and favorable bond agency reviews in recent years and consistent year to year income and expenses does not seem like a municipal agency sending up red flags inviting a financial review. Therefore, I think it is a legitimate public policy question as to whether public resources were best utilized in this case. I would have to disagree with the decision to commence the review, but respect the Comptroller's authority to do so, and participated in every aspect of the review process and response.

2. In numerous instances the NCBA staff and Comptroller staff engaged in substantive discussions based on observations by the review team which resulted in immediate and constructive amendments to NCBA policy or internal procedures. Improved internal controls in the commercial decal program and a more efficient methodology of gathering and reporting daily toll collections are just two areas which were greatly improved as a result of this limited review.

Appendix L - Auditors Follow-Up Comments on NCBA Response

3. There are some areas in the Comptrollers report which may give the reader an incorrect impression, for example, the semantics of "voucher" vs "purchase order", so I want to make this point very clear. The NCBA has an established, verifiable and highly effective policy on approving each and every purchase or expenditure. Each purchase must pass through a system of internal controls, and then be approved by the Nassau County Treasurers office. The NCBA does not have the authority to spend one dime of taxpayer money without the written approval of the N.C. Treasurer's office. I think that is the ultimate oversight and "check" on our financial operations.

While some bookkeeping errors and areas of improvement were identified, the Comptroller's office did validate the effectiveness of our internal financial controls by verifying that every dollar collected was deposited in the bank. Not one dollar of taxpayer money was unaccounted for, and that is something that we take very seriously.

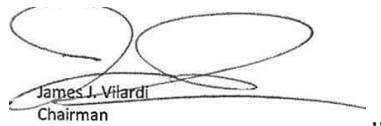
In numerous discussions with Deputy Comptroller Jeff Schoen, whom I found to be an extremely engaging partner in this effort, we debated the nature of several findings in the Comptrollers report. It is my opinion that commenting on the existence of EZ Pass, or certain internal methodology are matters of public policy to be determined by the Board of Commissioners and have no place in a financial audit. In my opinion, the purpose of a financial review is to determine the effectiveness of financial controls, not to propose alternative public policy. That is the sole domain of Board of Commissioners, however I would stress again that these spirited discussions could only improve the process of internal review and improved methodology and government operations in the future.

In many ways, I thoroughly enjoyed going through this process. Examining NCBA operations on a granular level yielded helpful information, guided the board and staff to make constructive changes, and gave us pause to consider public policy for future discussion. From my observation, the audit staff was an experienced group of career professionals who were there simply to do a job, and I commend them for that dedication.

That being said, the Comptroller's Office has enormous power in the ability to "audit" agencies and municipalities, and with that power comes the commensurate requirement for prudence and the obligation to uphold the public trust.

I want to thank the Nassau County Comptroller's Office once again for the effort and commitment to the ideals of good and efficient government.”

Sincerely,



James J. Vitardi
Chairman

Auditors' Follow Up Comments to NCBA's Introductory Statement

We are pleased that our review has resulted in immediate and constructive amendments to the NCBA policies or internal procedures, particularly with respect to the methodology and reporting of daily toll collections and the commercial decal program.

The Chairman's comment that the NCBA did not send up "*red flags inviting a financial review*", and his disagreement "*with the decision to commence the review*" questions whether public resources were best utilized. We believe that the Auditors helped ensure that NCBA revenues are being used appropriately and effectively, and assisted the Board and officials to improve upon controls and performance; strengthening accountability, transparency, and integrity in the delivery of public services of the NCBA.

We do not concur with the Chairman's statement that, "*The NCBA does not have the authority to spend one dime of taxpayer money without the written approval of the N.C. Treasurer's office.*" See the Auditors' follow up comment to the Authority's response to Finding 8 on pages 73 and 74.

We do not concur with the Chairman's statement that "*...the Comptroller's office did validate the effectiveness of our internal financial controls by verifying that every dollar collected was deposited in the bank. Not one dollar of taxpayer money was unaccounted for...*". See the Auditors' follow up comment to the Authority's Opening Paragraphs of their Response Narrative on the next page.

NCBA's Response Narrative – Opening Paragraphs

"For many years, the Authority suffered from a false, terrible, reputation, fed by rumor and innuendo. Legends of corruption, patronage, and misbehavior grew and persisted around the NCBA. Through decades of reform, conditions changed, but the reputation never did. Our response to the Comptroller's Limited Review is an opportunity to put those rumors to rest.

After more than three years and millions of taxpayer dollars spent on this examination, the Office of the Nassau County Comptroller makes quick work of the patronage rumors on page 5, when they state unequivocally:

"All employees are hired in accordance with the Nassau County Civil Service rules."²²

After more than three years and millions of taxpayer dollars spent on this examination, the Nassau County Comptroller makes quick work of misappropriation rumors on page 11, when it states unequivocally:

"Auditors traced the daily cashier counts to bank deposits, bank statements and the accounting records and found that all reported cash collected per the cash counts were deposited and recorded."¹¹

Appendix L - Auditors Follow-Up Comments on NCBA Response

By putting the bottom line of this examination upfront, the Nassau County Bridge Authority finally has the opportunity to report the many great reforms, advancements and good government initiatives we have implemented and passed onto the community for their benefit.

As stated above, we identified the problems in this report on multiple occasions. Now, we choose to focus on the positive.”

Auditors’ Follow Up Comments to NCBA’s Response Narrative – Opening Paragraphs

We do not concur with the conclusion reached by the Authority that the hiring of employees in accordance with the Nassau County Civil Service rules allays any issues of patronage. Within Civil Services guideline the NCBA may hire both competitive and non-competitive employees. Non-competitively hired employees do not require testing and subsequent placement on a civil service exam list and therefore could allow for patronage to impact the hiring decision.

We do not concur with the conclusion reached by the Authority that the Auditors’ statement that “*all reported cash collected per the cash counts were deposited and recorded*” means that all cash was accounted for and there was no possibility of misappropriation. While the NCBA deposits all reported cash collected as per the toll cash count as recorded by the cashier, the NCBA does not verify that the cash represents the accurate amount that should have been collected and deposited (reconciliation of toll collector slip, lane report, and cashier count). Our review noted that if, for example, the total of the toll collector slips on one day added to \$21,250, but the cashier reconciliation the next day totaled \$20,950, the cashier’s lesser amount was deposited to the bank. The NCBA should attempt to determine the cause of the differences between the toll collector count and the cashier’s count.

After Auditor discussions during the audit with the Finance and IT personnel, Authority officials indicated that they were changing the methodology used for their cash verification (cash proof process).

NOTE: Text from “NCBA’s Response Narrative” has been inserted below as it related to each finding as set forth by the NCBA.

AUDIT FINDING (1)

(1) Toll Collector Reconciliation in Place was Flawed and Resulted in Undetected Errors and a Lack of an Audit Trail

Audit Recommendations:

We recommend that the Board:

- a) establish written cash receipt policies and procedures that specify the responsibilities of cashiers, toll collectors, supervisors and the handling of overages and shortages;
- b) update the toll collector slip reconciliation process to eliminate unnecessary manual processes, and reconcile all cash collected directly to the Lane Reports;
- c) ensure that predetermined Lane Report cutoff dates and times are established so that reports generated by the IT Manager consistently reflect the timeframe of a day's activities and can be recreated with the same results; and
- d) periodically review cameras and document evidence of such reviews. Also, consider installing an additional camera in the toll booth at a different angle that captures the toll collector's interactions with the cash drawer.

NCBA's Response to Finding 1

Response Narrative Section: "Extreme Vigilance of Toll Dollars and Superior Financials"

"Throughout its recent history, the Nassau County Bridge Authority has posted a multi-million-dollar cash surplus. For the last 13 years, the Nassau County Bridge Authority has NOT raised tolls. Over the course of the last 13 years, the Nassau County Bridge Authority has reduced its workforce by 42%, while simultaneously reducing overtime in the majority of years (EXHIBIT J).

Through strong fiscal management, expenses have consistently been managed to less than projections (EXHIBIT F). The Nassau County Bridge Authority has delivered millions of dollars in value to the larger Nassau Community through cooperative government partnerships (EXHIBITS B, C, D). The Bridge Authority has accomplished all this while also conforming to the strictest ethical and good government standards, hiring in 2009 a Certified Forensic Auditor to audit the financials on a yearly basis up to the present. Moody's has upgraded the Authority's credit rating, and praised the Nassau County Bridge Authority for "senior management's strong fiscal stewardship," (EXHIBIT E).

The Nassau County Bridge Authority has delivered superior service to the community and has not raised tolls in more than 14 years. It has no plans to raise tolls in the foreseeable future.

The Nassau County Bridge Authority has invested more than \$22 Million in infrastructure over the last 12 years and plans to invest no less than \$6 million more. With NO plans to incur additional debt.

Appendix L - Auditors Follow-Up Comments on NCBA Response

No other transportation authority can claim these achievements.

By practice and by statute, the Nassau County Bridge Authority works closely with several other government entities to ensure every public dollar is being responsibly spent.

In the establishing legislation passed by New York State, an extremely strong financial control was put into place which mandates Every check issued by the Authority is reviewed and signed by the Nassau County Treasurer. For emphasis - not a single dollar of Authority money is spent without the authorization of the Nassau County Treasurer.

In fact, before any payment or purchase is made, it first must have been accounted for in the annual budget prepared and approved by the Nassau County Bridge Authority Board of Commissioners, three internal reviews are conducted, the request is submitted to the Nassau County Treasurers Office, the Treasurer's Office signs the check, and all of those purchases are reviewed and ratified on a monthly basis by the Nassau County Board of Commissioners and a financial consultant who was the past President of the New York Chapter of the Association of Certified Fraud Examiners. This is a system of procurement and purchase recommended by the NYS Comptroller's Office in 1998 and immediately adopted by the Bridge Authority. It has been in place for more than 20 years.

In addition to the oversight provided by the Nassau County Treasurer in the complete authority to release ALL Bridge funds, regular oversight is provided every month as complete bank reconciliation statements are reviewed by a senior executive in the Nassau County Comptroller's office.

The borrowing limit for the Nassau County Bridge Authority was set at \$12 Million in 1948. It has not changed. We have never needed to borrow more than that. On that same note, all accrued time obligations by the Bridge Authority are already fully funded to 120% in cash on hand.

Sometimes members of the community or people unfamiliar with the Atlantic Beach Bridge cross the bridge and do not have the cash on hand to pay the fare. For many years, the Authority had a system where the toll collector would gather the motorist's information, hand them an invoice, which they could then send in the toll. For the examination years of 2016 and 2017, this system recouped a total of \$59,191, or 99.95% of passage revenue (EXHIBIT B). When compared to the estimated loss revenue at MTA or NYSTA facilities, of between 3% and 6%, the Nassau County Bridge Authority, with its current system is outperforming other similar regional facilities in it's loss/leakage financials (EXHIBIT H).

The NCBA has already implemented a system, prompted by COVID, of contactless, and an automated no funds collection system. By partnering with the New York State Department of Motor Vehicles to capture license plate data, the Bridge Authority is expecting to improve upon those already exceptional collection numbers.

While some have suggested a move to EZ PASS to address this minor issue, considering the cost of EZ PASS, and that we are already achieving better results than EZ PASS, the Bridge Authority finds its system superior. Furthermore, subsequent reports and audits by the NYS

Appendix L - Auditors Follow-Up Comments on NCBA Response

Comptroller's Office seem to indicate that the leakage rates of the MTA/TBTA EZ PASS Users are in fact getting WORSE, rather than improving (EXHIBIT K).

Since 2008, the Nassau County Bridge Authority has invested more than \$22 Million in the upgrade, rehabilitation and repair of critical infrastructure (EXHIBIT A). We have done it without the excessive borrowing, debt and fiscal games often exhibited in local government and authorities. That \$22 million in investment has been accomplished by borrowing less than \$12 Million. Additionally, more than 25% of that debt has already been paid off without any plans for future borrowing.

A brand-new Bridge Machinery Electrical System and Bascule span, along with Storm Mitigation and Disaster Recovery Improvements have already been completed and paid for. But the Nassau County Bridge Authority doesn't rest on its laurels and continues to invest and improve our physical infrastructure.

Our five-year Capital Budget has more than \$6 million in improvements scheduled -WITH NO BORROWING. All of the capital budget is already fully funded. The Nassau County Bridge Authority is proud that it invests as much money into infrastructure as it does into salaries;

SALT DOME PROJECT-A MODEL OF MUNICIPAL EFFICIENCY

One way to be a strong steward of the public dollar is involved in the procurement process. There are strict guidelines on how municipalities should make purchases with the public's money. However, they are not always the best, or most economical. For example, the Salt Storage Facility project at the NCBA. The summary is that by building the Salt Storage Facility - in perfectly keeping with all procurement policies - the project would have cost a minimum of \$469,500. The Authority utilized internal staff and purchases and got the facility built for \$107,974 {EXHIBIT I}. This was a process championed by the Board to accomplish our goals and to be strong stewards of the public money (EXHIBIT E)."

Introductory Statement Excerpt: *"In numerous instances the NCBA staff and Comptroller staff engaged in substantive discussions based on observations by the review team which resulted in immediate and constructive amendments to NCBA policy or internal procedures. Improved internal controls in the commercial decal program and a more efficient methodology of gathering and reporting daily toll collections are just two areas which were greatly improved as a result of this limited review."*

Appendix 1 Excerpt: *"while the NCBA toll collection process is manually counted and paper intensive, the level of accuracy exceeds 99%. The small differences are considered immaterial...."*

Appendix L - Auditors Follow-Up Comments on NCBA Response

Auditors' Follow Up Comments to NCBA's Responses

The Authority's narrative response for Finding 1 entitled "Extreme Vigilance of Toll Dollars and Superior Financials" does not specifically reference or relate to each recommendation. The response is broad based and is also the response submitted for Findings 2, 3 and 4. We note that much of the response is focused on the NCBA's assessment of their overall financial performance and does not address the basis of each recommendation.

The Introductory Statement from the Authority's Board Chairman acknowledges that NCBA has made immediate and constructive changes to NCBA policy or internal procedures, as a result of the audit. We are pleased with the implementation of these constructive and substantive changes.

We also note that the Authority states in their Appendix 1 that "the level of accuracy exceeds 99%" and "The small differences are considered immaterial." With respect to the 99% level of accuracy, we cannot validate the certainty to which NCBA credits itself with this high level of accuracy for this finding. In regard to the Authority's position on the materiality of the finding, it is important to note that the audit performed by the Nassau County Comptroller's Office focused on evaluating the effectiveness of the Authority's internal control environment to minimize the risk of fraud, misappropriation of assets, undetected errors and inaccuracies, as well as identifying opportunities for improvement and increased efficiencies. The Authority seems to view materiality in the context of an external financial audit, which is concerned with impacts on the financial statements, and as such has a much higher threshold for materiality. By the time a fraud and/or an error is found to be material to the financial statements, the internal control weakness(es) that allowed the fraud and/or error to occur in the first place have probably gone undetected and/or not addressed for some time.

We reiterate our specific recommendations to the Board which include establishing written cash receipt policies and procedures that specify roles, responsibilities and exception processing; standard cutoff dates and times for reporting of daily activity; eliminating unnecessary manual processes and periodically reviewing cameras and documenting evidence of such reviews.

AUDIT FINDING (2)

(2) The Authority's Collection Functions are Paper Intensive and Enhanced Automation, such as Cashless Automation Could Improve the Process

Audit Recommendations:

We recommend that the Board:

- a) before making a policy decision on upgrading the toll plaza, develop a long-term plan for the Authority and consider utilizing cashless tolling to improve the toll collection operation. Auditors note that according to February 20, 2021 article in Newsday, the Authority has begun testing new cashless tolling license plate readers spending "\$84,000 to install cameras on the bridge's two cash lanes last May, along with supporting

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software...[t]hrough the new system, if a motorist doesn't have \$2 to pay the toll, a bill comes in the mail later.”;

- b) consider forming a subcommittee of public officials from both sides of the Bridge with members of the public to review possible changes in tolling;
- c) consider revamping the entire “No Funds” write-ins and limit the categories;
- d) consider reusing or recycling the plastic Pass Cards;
- e) produce and analyze management reports to review manual gate-ups and other variations from normal payment methods; and
- f) should eliminate the use of Script Tickets as soon as practical if their use has not been discontinued as previously stated by Authority Officials.

NCBA's Response to Finding 2

Response Narrative Section: *NCBA's response to Finding 2 is the same as NCBA's response to Finding 1, captioned, “Extreme Vigilance of Toll Dollars and Superior Financials”.*

Appendix 1 Excerpt: *“while the NCBA toll collection process is manually counted and paper intensive, the level of accuracy exceeds 99%. The small differences are considered immaterial.... the Authority regularly reviews the cost of EZ Pass and, to date, has decided that the cost far exceeds the benefits... The Comptroller's Office did NOT perform a cost-benefit study to determine if the cost exceeded any perceived benefit.”*

Auditors' Follow Up Comments to NCBA's Response

The Authority's Response for Finding 2 entitled “Extreme Vigilance of Toll Dollars and Superior Financials” does not specifically reference or relate to each recommendation. The response is broad based and is also the response submitted for Findings 1, 3 and 4. We note that much of the response is focused on the NCBA's assessment of their financial performance and does not address the basis of each recommendation. Auditor's have been informed that the NCBA has eliminated the use of Script Tickets and, as noted above, the Authority has begun testing cashless tolling.

With respect to the Authority's statement that the Auditors did not perform a cost benefit analysis, we note that such an analysis is incumbent on the Authority to perform and should be done as part of the long-term plan we recommended be performed.

We reiterate our specific recommendations to the Board including the development of a long-term plan which considers: utilizing cashless tolling, revamping the entire “No Funds” process and the manual gate process, reusing or recycling the plastic Pass Cards; and forming a subcommittee of all stakeholders to review possible changes in tolling.

AUDIT FINDING (3)

(3) Internal Controls in Place Over Annual and Commercial Decals Sold and /or Issued, Exposes the Authority to Potential Revenue Losses and Misappropriation

Audit Recommendations:

We recommend that the Board:

- a) implement written procedures for the accounting of all decal sales;
- b) update the current computer system or consider purchasing a more user-friendly system where reports may be generated by the toll office administration staff and especially the executive staff who oversees the day-to-day operations of the Authority;
- c) require reconciliation on a periodic basis, such as on a monthly basis, of decal sales (Annual and Commercial) to decal quantities sold/renewed;
- d) implement a process for the tracking of all decal accounts (transfers/activation/replacement/voided);
- e) produce periodic reports for management's review of decals sold, reconciled with the accounting records and evidenced by a signature;
- f) segregate the duties or institute compensating controls over the inventory, activation and recordkeeping of all decals, such as, independent decal sales records reconciled with system reports. For example, separate the inventory of decals from the activation of decals and decal sales accounting;
- g) discontinue the practice of pre-approving decals for future sale;
- h) monitor the Authority's financial activity by requiring and reviewing supervisory monthly reports including all decal sales; and
- i) review and assure adequate controls are in place for the practice of giving commercial toll-free decals to contractors working on the Authority's construction or other projects.

NCBA's Response to Finding 3

Response Narrative Section: *NCBA's response to Finding 3 is the same as NCBA's response to Finding 1, captioned, "Extreme Vigilance of Toll Dollars and Superior Financials".*

Introductory Statement Excerpt: *"In numerous instances the NCBA staff and Comptroller staff engaged in substantive discussions based on observations by the review team which resulted in immediate and constructive amendments to NCBA policy or internal procedures. Improved internal controls in the commercial decal program and a more efficient methodology of gathering and reporting daily toll collections are just two areas which were greatly improved as a result of this limited review."*

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Appendix 1 Excerpt: “NCBA has managed to reduce it’s [sic] administrative staff to only three (3) people plus the Director and assistant Director. Two (2) of those people are money counters. The errors noted by the Comptroller’s Office were de minimis. Any Comptroller recommendation that would require the hiring of additional personnel would be inappropriate, unless the benefit could possibly exceed the additional cost. Once again, the Comptroller’s Office performed NO cost-benefit studies for any of its recommendations.”

Auditors’ Follow Up Comments to NCBA’s Response

The Authority’s narrative response for Finding 1 entitled “Extreme Vigilance of Toll Dollars and Superior Financials” does not specifically reference or relate to each recommendation. The response is broad based and is also the response submitted for Findings 1, 2 and 4. We note that much of the response is focused on the NCBA’s assessment of their overall financial performance and does not address the basis of each recommendation.

The Introductory Statement from the Authority’s Board Chairman is responsive in that it acknowledges that the NCBA made constructive and substantive changes, such as to the commercial decal program. We are pleased with the implementation of these changes.

We do not concur with the Authority’s position as stated in their Appendix 1 that the Auditors recommended the hiring of additional personnel. We made no such recommendation. It is the responsibility of the Authority to determine how best to implement recommendations.

With respect to the Authority’s position in Appendix 1 that the errors noted in the audit were ‘de minimis’, we do not concur. The Authority seems to view materiality in the context of an external financial audit, which is concerned with impacts on the financial statements, and as such has a much higher threshold for materiality. By the time a fraud and/or an error is found to be material to the financial statements, the internal control weakness(es) that allowed the fraud and/or error to occur in the first place have probably gone undetected and/or not addressed for some time.

We reiterate our specific recommendations. We believe that proper internal controls over cash, require the regular reconciliation of annual and commercial decal sales to quantities sold/renewed and the implementation of a process for the tracking of all activity in decal accounts, including the generation of management reports. We further highlight the need to segregate the duties (or institute compensating controls) over the inventory, activation and recordkeeping of all decals.

AUDIT FINDING (4)

(4) The Process for "Gratis Decals" (Free Crossings) Is Inadequate, and Needs Improvement, Such as Requiring Written Approvals, Routine Monitoring and Timely Deactivation

Audit Recommendations:

We recommend that the Board:

- a) implement written procedures for the approval and monitoring of all toll-free decals, supervisory review should be evidenced by signature;
- b) require written authorization for all toll-free decals issued;
- c) implement a process for the tracking and monitoring of all toll-free decals in the system (transfers/ deactivation, reason etc.);
- d) produce periodic reports for management's review on all toll-free decals issued;
- e) revoke all gratis (free) decals for relatives of employees, including spouses, and friends of the Board;
- f) eliminate the availability of "forever" gratis (free) decals by assigning a maximum one-year period of utilization for gratis decals; and
- g) refrain from allowing employees, contractors and Board members to cross the bridge at no charge unless for Authority related business and establish controls to monitor usage.

NCBA's Responses to Finding 4

Response Narrative Sections: NCBA's response to Finding 4 is the same as NCBA's response to Finding 1, captioned, "**Extreme Vigilance of Toll Dollars and Superior Financials**" and NCBA's response to Finding 11, captioned, "**Commitment by Community Leaders and Partners**"; plus the following section:

Response Narrative Section: "Cooperation and Shared Services to Benefit Community"

"In a time of diminished government services, it is of the utmost importance for various government entities to cooperate and work together for the benefit of the public. The Nassau County Bridge Authority stands apart as an exemplar in working with other local municipalities to deliver the highest level of service, most economically to the community.

The Nassau County Bridge Authority not only built and maintains a Nassau County Police Department Substation on the property at no cost to Nassau County, the NCPD or to the taxpayers, but has also entered into a long-term lease to allow the Atlantic Beach Fire and

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Rescue build and maintain their facility on the Authority property. The Atlantic Beach Fire and Rescue not only protects all the residents of southwestern Nassau from fire and other land-based emergencies, but also maintains the ability to perform waterborne rescues through the partnership with Nassau County Bridge Authority, keeping Reynolds Channel and the Rockaway Inlet safe for swimmers and boaters.

In addition to the police and Atlantic Beach Fire Rescue partnership, the Nassau County Bridge Authority has a long-standing - and LIFE SAVING - partnership with Hatzalah of the Rockaways and Nassau County. In 2020 alone, Hatzalah has performed more than 4,000 emergency calls to save hundreds of lives due to COVID and other health emergencies (EXHIBIT D).

The Nassau County Bridge Authority believes the partnership with local first responders is most beneficial to the community. In the examination years of 2016 and 2017, first responders (police, fire, ambulance) made nearly 40,000 passages over the Atlantic Beach Bridge (EXHIBIT B). They were facilitated in the speedy passage over the bridge by a decal for the automated gate system that the Bridge Authority provided at no cost.

In order to stretch every taxpayer dollar a little further, the Authority also extends the courtesy of free passage to OFFICIAL government vehicles. Municipalities requesting such an intergovernmental decal must submit their request in writing, on official government letterhead in order to receive the decal (EXHIBIT C). We trust that the operators of those official vehicles are going to operate them safely and in accordance with all rules, regulations and laws governing their use. Any abuses should be dealt with by the recipient authority.

Municipal passages represent 4.6% of all gratis decal passages (First Responders are over 50%). However, the Nassau County Bridge Authority will consider replacing free passage consideration for municipal vehicles with a Shared Services Agreement, which would offer free passage to those government vehicles in exchange for equal public service consideration.

Recently, the Nassau County Bridge Authority signed a Shared Services Agreement with the NYS Department of Transportation. The New York State Department of Transportation recently began a multimillion-dollar project to rehabilitate Route 878. The nearest state transportation facility is in Farmingdale, more than 20 miles away. This is extremely problematic during a severe storm, or natural disaster.

Because of the investment by the Bridge Authority in the Salt Storage Facility, the NYS Department of Transportation repaved the back lot of the Authority and emergency operations by the State DoT are able to be run out of the Bridge Authority for Western Nassau. This partnership promises to pay massive dividends for the taxpayers of Nassau County and New York State.”

Auditors' Follow Up Comments to NCBA's Response

The Authority's three narrative response sections that are referenced as responding to Finding 4 do not specifically reference or relate to each recommendation. These response sections are generally broad based and address the NCBA's overall policies and not the basis of each recommendation. Two of the response sections are also the sections they submitted to respond to Findings 1, 2, 3, and 11.

Auditors are pleased that within the narrative entitled "Cooperation and Shared Services to Benefit Community" the Authority states that it will consider replacing free passage for municipal vehicles with a shared services agreement.

With respect to the Authority's partnership with first responders and the granting of free passage for volunteer ambulance services, it is clear in our report that there is no intention to frustrate such partnerships. Our report simply recommends that exempt decals usage for private cars and ambulances should be monitored to ensure that only certified vehicles are issued the free decals.

We reiterate our specific recommendations including the implementation of written procedures for the approval and monitoring of all toll-free decals that would require written authorization for all toll-free decals issued and a formal process for the tracking, monitoring and management reporting of all toll-free decal activity in the system.

The Authority should monitor employees, contractors and Board members' gratis crossings to ensure such crossings are related to Authority business and gratis decals issued should have expiration dates.

AUDIT FINDING (5)

(5) Monitoring of Revenue Receipts by Category Could be Enhanced and Revenue Collection Processes Could be Automated and Streamlined

Audit Recommendations:

We recommend that:

- a) NCBA Management provide the Board monthly detail of revenues including a breakout of commercial vehicles;
- b) the Board periodically review the detailed breakout of toll revenue by category and acknowledge they have done so in the Board minutes, and
- c) NCBA enhance the cash collection system by considering the use of an automated system with less reliance on cash to better satisfy customer needs and streamline internal processes. E-ZPass can handle Resident Discount Plans and Business Crossings.

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As noted previously, according to the February 20, 2021 article in Newsday, the Authority has begun testing new cashless tolling license plate readers.

NCBA's Response to Finding 5

Response Narrative Section: "Leader in Government Function and Operations"

"By any standard or measure, the Nassau County Bridge Authority leads all public authorities in efficiency and function.

Sometimes members of the community or people unfamiliar with the Atlantic Beach Bridge try to cost and do not have the cash on hand to pay the fare. For many years, the Authority had a system where the toll collector would gather the motorist's information, hand them an invoice, which they could then send in the toll. For the examination years of 2016 and 2017, this system recouped a total of \$59,191, or 99.95% of passage revenue (EXHIBIT B). When compared to the estimated loss revenue at MTA or NYSTA facilities, of between 3% and 6%, the Nassau County Bride Authority, with its current system is outperforming other similar regional facilities in its loss/leakage financials (EXHIBIT H).

But the NCBA has already implemented a system, prompted by COVID, of contactless, and an automated no funds collection system. By partnering with the New York State Department of Motor Vehicles to capture license plate data, the Bridge Authority is expecting to improve upon those already exceptional collection numbers.

Implementation of EZ PASS and Toll Structure

The Nassau County Bridge Authority gets questions about EZ Pass all the time. We have conducted multiple public meetings about the costs and benefits of EZ Pass, as well as multiple public meetings in 2006 regarding the toll structure. It is an issue of great concern to Nassau residents and we have done our best to address their concerns.

Over the last 15 years, the Authority has conducted several studies on the implementation of E-Z-Pass-at-the-Atlantic-Beach-Bridge, the most-recent analysis done-in April 2019 by TTI Consulting (EXHIBIT G).

What we have determined is that EZ PASS is an expensive, intermediate technology. It certainly offers convenience, but at an extremely high price to the Authority and the consumer.

What follows is an anecdote, and then data evidence.

In the late 1940's, New York State was experiencing an infrastructure boom. Under the management of Robert Moses, bridges, tunnels and roadways were going up all over the New York metropolitan area.

During this period, the Atlantic Beach Bridge and the Holland Tunnel were opened the same year. They charged the same toll (Fifty Cents). Today, the Holland Tunnel Toll is \$16.00. The Nassau County Bridge Authority is \$2.00. This is to say nothing of each Authority's relative financial position (Hint: The MTA recently asked the Federal Government for a \$12 Billion bailout, is readying plans for service cuts and employee layoffs, as well as potentially adding

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a \$3 surcharge to all Amazon deliveries to fund their deficits). At the same time, the MTA has decided to raise toll 7% in 2021.

Additionally, it is important to note that the Nassau County Bridge Authority has not raised tolls in 14 years- and has no plans to do so for the foreseeable future.

EZ PASS played a role in this financial crunch. When EZ PASS was originally rolled out in the late 1980s, there was a belief that no one would use it, so deep discounts were offered. Because so many people used it, it cratered the cash flow and financials of the agencies who adopted it.

The Authority considered EZ PASS but did not want to burden our patrons with the additional cost. According to the study offered by TTI Consulting, the implementation of EZ-Pass would require an initial investment of between \$575,000 and \$2,500,000 and an annual expense of between \$242,000 and \$1,054,000 (EXHIBIT G) Recommendations to leap into this seem to ignore the impact on Nassau residents. It would necessarily require a toll increase.

In order to determine if the implementation of EZ Pass would trigger a toll increase, the Authority ran a series of nine different scenarios, exploring all likely possibilities. In SIX of the NINE (66.6%) scenarios, the implementation would require a toll increase in the same year of implementation. Of the remaining THREE scenarios, ONE required a toll increase after two years and TWO required a toll increase after three years. In summary, even in the BEST CASE scenario, the implementation of EZ PASS in ALL INSTANCES would require a toll increase within three years (EXHIBIT L)

Furthermore, according the multiple audits and reports by the New York State Comptroller, these additional and recurring costs do not seem to address the issues at hand. The NYS Comptroller estimates that the current automated tolling systems utilized by the MTA leave between 3% and 6% of toll revenue uncollected. Currently, the Nassau County Bridge Authority collects approximately 99.95% of all passage revenue. Hence there is no reason to adopt a costlier, less effective system? (EXHIBITS B, B, G, H, K).

In 2007, we adopted a new toll structure after multiple public hearings and review by multiple government agencies. That toll structure recognized the unique nature of the Atlantic Beach Bridge and its role primarily as a commuter bridge for Nassau Residents. The toll structure offers a deep discount to any Nassau resident, although that discount is in keeping with the same discount offered to residents of Rockaway for the Cross Bay Bridge and to residents of Staten Island for the Verrazano Bridge (although that resident discount is being reconsidered because of the MTA's precarious financial status)."

Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response to Finding 5 entitled "Leader in Government Function and Operations" does not specifically reference or relate to each recommendation. Much of the narrative response is on the Authority's assessment of its overall performance and does not address the basis of recommendations a) and b) regarding management reporting, Board oversight, and the transparency of Board oversight in the Board minutes.

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We are pleased that the Authority has begun testing new cashless tolling license plate readers addressing the basis of our Recommendation c) in terms of considering more automation.

We reiterate our specific recommendations to improve management reporting to the Board, to improve the oversight activities performed by the Board and to make enhancements to the cash collection system such as the use of an automated system with less reliance on cash to better satisfy customer needs and streamline internal processes.

AUDIT FINDING (6)

(6) Price Quotations and Competitive Bids Were Not Always Obtained

Audit Recommendations:

We recommend that the Board and Authority officials:

- a) ensure that its procurement policy is adhered to when purchasing goods or services in excess of the threshold established by policy; and
- b) develop and implement policies and procedures governing employee use of credit cards.

NCBA's Response to Finding 6

Response Narrative Section: "Investment in Safety and Infrastructure"

"Numerous media stories have been published over the last 20 years decrying the decaying state of infrastructure in the United States. This was made clear on August 1, 2007 when the I35W Bridge in Minnesota collapsed, killing 13 and injuring 145. The decrepit state of the nation's infrastructure was also brought into sharp view following numerous natural disasters, including Superstorm Sandy. A local example, the Nassau County operated Long Beach Bridge was not operational for more than two years after the storm.

Since 2008, the Nassau County Bridge Authority has invested more than \$22 Million in the upgrade, rehabilitation and repair of critical infrastructure (EXHIBIT A). We have done it without the excessive borrowing, debt and fiscal games often exhibited in local government and authorities. That \$22 million in investment has been accomplished by borrowing less than \$12 Million. Additionally, more than 25% of that debt has already been paid off without any plans for future borrowing.

A brand-new Bridge Machinery Electrical System and Bascule span, along with Storm Mitigation and Disaster Recovery Improvements have already been completed and paid for. But the Nassau County Bridge Authority doesn't rest on its laurels and continues to invest and improve our physical infrastructure.

Our five-year Capital Budget has more than \$6 million in improvements scheduled -with no borrowing. All of the capital budget is already fully funded."

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Appendix I Excerpt: “The NCBA Director has adjusted the price levels requiring bidding for reasonableness.”

Excerpt from Exhibit I: “NCBA PROCUREMENT POLICY”

“Municipalities are governed by both their internal Procurement Policies and NYS Law. The intent behind procurement policies is two-fold: 1) To guard against favoritism in issuing contracts or other governmental spending, and 2) To secure the best prices through a competitive process.

Certainly, a formal procurement policy is an extremely valuable tool, but it is only a tool. What this paper will demonstrate is that an over-reliance on a procurement policy can end up failing in one -or even both of a procurement policy's goals. There are times when by following the procurement policy an organization can be in perfect compliance, and still end up not getting the best price or value, and still engage in favoritism.

The updated and revised NCBA Procurement Policy, adopted in 2018 is as follows:

1. Purchases under \$2500 do not require and verbal or written quotes.
2. Goods and materials between \$2,501 and \$10,000 require at least three written quotations from the vendors.
3. Purchases \$10,000 or more the Buyer must prepare a Formal Sealed Bid. The sealed bid is typically sent to at least three vendors and advertised in a newspaper/trade publication (such as the New York State Contract Reporter).
4. Contracts for Public Works between \$2,501 and \$35,000 require at least three written quotations from the vendors.
5. Contracts for Public Works \$35,000 or more the Buyer must prepare a Formal Sealed Bid. The sealed bid is typically sent to at least three vendors and advertised in a newspaper/trade publication (such as the New York State Contract Reporter).
6. These rules are suspended when purchases are made from established Office of General Services municipal contracts.
7. These rules do not apply to Personal Service Contracts.
8. The Board approved outside auditor shall conduct an annual review of the procurement policy as well as an internal control review to ensure compliance with the procurement policy set forth.
9. The unintentional failure to fully comply with the provisions of the General Municipal Law shall not be grounds to void action taken by the Authority to give rise to a cause of action against the Authority or any officer or employee thereof.”

Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response to Finding 6 entitled “Investment in Safety and Infrastructure,” does not specifically reference or relate to each recommendation.

We did note however that the Authority referenced Exhibit I in the narrative section response to Findings 1, 2, 3 and 4, entitled “Extreme Vigilance of Toll Dollars and Superior Financials.”

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Within Exhibit I is a summary of the Authority's Revised Procurement Policy. We noted that credit card usage is still not included in the 2018 Procurement Policy.

We are pleased that the NCBA has indicated that they will have an outside auditor conduct an annual review of the procurement policy and to review for compliance. We reiterate our recommendations that the Board ensure that its procurement policy is adhered to when purchasing goods or services in excess of the threshold established by policy; and develop and implement policies and procedures governing employee use of credit cards.

AUDIT FINDING (7)

(7) Authority Did Not Always Solicit Competition (Requests for Proposals) for Professional Services or Require Written Contracts/Agreements between the Authority and Service Providers

Audit Recommendations:

We recommend that the Board:

- a) consider amending the procurement policy to include the use of competitive methods for obtaining professional services;
- b) require the preparation and execution of professional service contracts with detailed specifications as to the expectations of the Authority as required by policy;
- c) review the current process for requesting insurance coverage proposals with the intent of attaining more proposals from prospective insurers. Competition might be increased if the Request for Proposal process includes the solicitation of proposals through a public advertisement; and
- d) provide full backup documentation for the basis of the insurance consultant's recommendations to the Board.

NCBA's Response to Finding 7

Response Narrative Section: NCBA's response to Finding 7 is the same as NCBA's response to Finding 6, captioned, "***Investment in Safety and Infrastructure***".

Appendix I Excerpt: "The NCBA Director has adjusted the price levels requiring bidding for reasonableness. There is no requirement to solicit competition for professional services."

Exhibit I Excerpt: "NCBA Procurement Policy" – See NCBA's response to Finding 6.

Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response to Finding 7 entitled "Investment in Safety and Infrastructure" does not specifically reference or relate to each recommendation. We note that the Procurement policy revised by the Authority is provided within Exhibit I, and shows the

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adjusted procurement quotation and bidding levels. The Policy does not apply to nor address our recommendation concerning the use of competitive bidding for obtaining professional services. It also does not set forth what should be included in the subject matter or details of a solicitation (whether verbal, written or formal bids), and does not address the recommendation concerning the procurement of insurance coverage.

As noted in the report, while the Authority's policy does not require Request for Proposals for the procurement of professional services, we maintain that requesting competitive proposals would promote assurance that services are procured in the most economical way and in the best interest of residents.

We reiterate our recommendations including that the Board consider the use of competitive methods for obtaining professional services, require the use of professional service contracts with detailed specifications as to the expectations of the Authority as required by policy; and obtain more documented proposals from prospective insurers. We also believe that competition might be increased if the Request for Proposal process includes the solicitation of proposals through a public advertisement.

AUDIT FINDING (8)

(8) The Authority's Chairman or Approved Designee, Did Not Approve Payment Claims and Purchase Orders Were Not Used in 85 Percent of Purchases

Audit Recommendations:

We recommend that the Board:

- a) monitor for compliance with the procurement policy as part of the audit and approval of vouchers for payment;
- b) require employees obtain approved purchase orders prior to making purchases and make every effort to purchase economically; and
- c) designate a claims auditor to perform a thorough review of the supporting documentation for all claims.

NCBA's Response to Finding 8

Response Narrative Section: *NCBA's response to Finding 8 is the same as a portion of NCBA's response for Finding 4 under the caption, "Cooperation and Shared Services to Benefit Community".*

Appendix 1 Excerpt: *"All invoices are approved by the Nassau County Treasurer and ratified by the NBA Board of Directors.... This agreement between the NCBA and the Nassau County Treasurer has been in place for at least 20 years."*

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Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response to Finding 8 entitled "Cooperation and Shared Services to Benefit Community" does not specifically reference or relate to each recommendation.

Appendix 1 does discuss NCBA claims processing, which is the subject of the recommendations. We do not concur with the Authority's claim in Appendix 1 that all invoices are approved by the Nassau County Treasurer. We note that the County Treasurer does not approve the Authority's claims, nor does the Treasurer's Office audit the Authority's invoices. The Authority messengers all payment vouchers including checks prepared by the Authority to the County Treasurer (no supporting documentation such as invoices are provided to the County Treasurer). The Treasurer's Office matches the vendor information on the voucher with the vendor name on the check, then applies the check signature, as the County Treasurer is the signatory on the bank account.

Further, the Board only sees the payment vouchers at the next board meeting after the bills have been paid. Auditors could not find a Board member's signed authorization on any expense vouchers that the audit team reviewed. Lastly, both the Director and Deputy Director have the ability to make and approve purchases and the post payment review by the Board and the signing of checks by the County Treasurer do not compensate for the lack of segregation of duties.

We reiterate our recommendations that the Board approve vouchers prior to payment, require employees obtain approved purchase orders prior to making purchases and make every effort to purchase economically; and designate a claims auditor to perform a thorough review of the supporting documentation for all claims prior to submission to the Board for approval.

AUDIT FINDING (9)

(9) Authority Payrolls Were Not Supported by Complete Time Records, Overtime Hours Paid Were Rounded Up and Employee Tardy Policy Needs Improvement

Audit Recommendation:

We recommend that the Board:

- a) implement comprehensive written procedures for time and attendance including tardiness to ensure that accurate and complete payroll records are maintained to support all payroll payments including overtime;
- b) require that all employees prepare accrued leave request forms. All forms should be signed by the employee and approved by the respective department head or the Supervisor before payroll is processed;

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- c) enforce the lateness policy, or design a lateness allowance policy for all employees that specifies that there is a specific grace period for tardiness;
- d) require an evaluation of employee overtime on a periodic basis and document explanations for spikes in overtime;
- e) require that employees take vacation leave that is not permitted to be carried over or forfeit such leave (in accordance with their work rules); and
- f) cease rounding up overtime payments and abide by the terms of work rules, the CBA and management agreements.

NCBA's Response to Finding 9

Response Narrative Section: "Maximizing Efficiency and Effectiveness"

"People often make inquiries to the Bridge Authority regarding EZ PASS because they believe that by implementing automation, the number of employees will be reduced. This is partially true, but not a complete picture.

The Nassau County Bridge Authority DOES have an automated toll system, and it HAS reduced the number of employees. Additionally, the system utilized by the Bridge Authority is more effective and less costly than EZ PASS (EXHIBITS B, G, H, J, K). What many people do not know is that in the NY metropolitan area, about 75% of passages are conducted with an automated system (EZ PASS). The proprietary automated system utilized by the Nassau County Bridge Authority is ALSO utilized in about 75% of our passages.

A major difference is that our patrons do not pay a premium on each passage to use it, and unlike most bridges in the NY metropolitan area, our tolls have not increased over 1000%, as has happened on other bridges.

Over the course of the last 13 years, the Nassau County Bridge Authority has reduced its workforce by 42%, while simultaneously reducing overtime in the majority of years (EXHIBIT J). As the exhibit clearly demonstrates, from 2008 to 2020, the number of full-time equivalent employees went from 52.43 to 30.3. This is the very definition of doing more with less.

Over a similar ten-year period, Newsday reported in an October 28, 2017 story that Nassau County INCREASED its workforce from 10,526-to-16,784 or an increase of 60%.

Because of the high and often increasing costs of public health benefits and public pension costs, managing headcount is the most critical effort any municipality can make.

The Deputy Manager developed an outstanding Overtime Monitoring and Reporting tool, which allows the Board of Commissioners to monitor overtime costs in each department monthly and compares that against the cost of hiring a full-time employee. This monitoring tool serves two functions - to monitor the overtime (and keep it at manageable levels), but also to alert them when a new employee is needed - allowing them to keep headcount down in a scientifically and measurable way,

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This prevents any of the overtime abuse scandals that have plagued the Long Island Railroad, or MTA over recent years to ever occur at the Nassau County Bridge Authority.

The Nassau County Bridge Authority can never have a payout abuse, as all accrued time obligations by the Bridge Authority are already fully funded to 120% in cash on hand. The Board of Commissioners has directed management to allow employees to cash out that time as soon as possible, to not incur a premium cost.

In 2006, a professional Traffic and Revenue Study was commissioned by the Nassau County Bridge Authority Board of Commissioners and conducted by United Research Services (URS Corporation). That study examined the past expenses and revenues, and projected how those expenses would continue to grow in the ensuing years (EXHIBIT F). The study determined that by the year 2011, even with best management practices, the Bridge Authority's expenses would reach \$4.75 Million and would necessitate another toll study to examine raising the toll. In fact, the NCBA Expenses in 2011 were \$4.25 Million.

Due to excellent management practices, strong financial controls, and fiscal discipline unseen at any other municipal authority, at year end 2019, the Nassau County Bridge Authority expenses in their audited financial statement provided by Morse and Company CPAs, LLP, was \$4.5 Million, and still demonstrated a \$2.78 Million surplus.

The numbers don't lie. The Nassau County Bridge Authority has long known how well our expenses are managed, but it is gratifying to be able to demonstrate superior performance against a professional projection by URS. This vigilance was also recognized by Moody's Investor Services when they upgraded the Bridge Authority Bond rating in 2018, saying:

"Nassau County Bridge Authority's senior management's strong fiscal stewardship continues to support consistent and improving financial performance."

And in 2019, when they wrote:

"The authority benefits from the recent comprehensive rehabilitation of facilities, resulting in limited capital needs and no debt plans." NCBA has strong liquidity and debt service coverage metrics, which offset the statutory framework capping aggregate bonds outstanding."

And in 2020, in the middle of the COVID pandemic, which destroyed the finances of most Public Authorities when they wrote:

"Despite the unprecedented nature of this situation, the authority is able to absorb a prolonged period of significantly lower revenue because of its very strong liquidity and debt service coverage ratios." (EXHIBIT E).

But the NCBA has already implemented a system, prompted by COVID, of contactless, and an automated no funds collection system. But partnering with the New York State Department of Motor Vehicles to capture license plate data, the Bridge Authority is expecting to improve upon those already exceptional collection numbers."

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Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response to Finding 9 entitled "Maximizing Efficiency and Effectiveness" does not specifically reference or relate to each recommendation. It is also the same response submitted for Findings 10 and 12.

We note that while the majority of the operational and control recommendations were not addressed, the narrative states the Authority developed an Overtime Monitoring and Reporting tool and we commend them for this effort.

We reiterate our recommendations that the Board implement comprehensive written procedures for time and attendance including tardiness to ensure that accurate and complete payroll records are maintained to support all payroll payments including overtime; require that all employees prepare accrued leave request forms; enforce the lateness policy, or design a lateness allowance policy for all employees that specifies that there is a specific grace period for tardiness; require an evaluation of employee overtime on a periodic basis and document explanations for spikes in overtime; require that employees take vacation leave that is not permitted to be carried over or forfeit such leave (in accordance with their work rules); cease rounding up overtime payments and abide by the terms of work rules, the CBA and management agreements.

AUDIT FINDING (10)

(10) One Employee Supervises His Son & the Authority Lacks an Anti-Nepotism Policy

Audit Recommendations:

We recommend that the Board develop procedures for the hiring or supervision of family members and add explicit procedures on *Nepotism* in the Authority's Code of Ethics.

NCBA's Response to Recommendation 10

Response Narrative Section: *NCBA's response to Finding 10 is the same as NCBA's response for Finding 9, captioned, "Maximizing Efficiency and Effectiveness".*

Appendix 1 Excerpt: *"The fact that one entry level maintenance worker was supervised by his father is of no material consequence."*

Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response for Finding 10 entitled "Maximizing Efficiency and Effectiveness" does not specifically reference or relate to the recommendation. It is also the same response submitted for Findings 9 and 12.

We do not concur with the Authority's position (as stated in Appendix 1) that a father supervising his son is of "no material consequence." Here the Authority raises a lack of materiality as a defense. It is noted that the NCBA's own policy requires employees to avoid any appearance that they can be improperly or unduly influenced or affected by the position of

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or relationship with any other party. Certainly, a father supervising his son presents such an appearance.

We reiterate our recommendation that the Board develop procedures for the hiring or supervision of family members and add explicit procedures on Nepotism in the Authority's Code of Ethics.

AUDIT FINDING (11)

(11) Not All Board Members Complied with NYS Mandated Board Member Training

Audit Recommendations:

We recommend that:

- a) the two Board members complete the training, not only to comply with the State law but, to provide operational oversight of the management and financial activities of the Authority; and
- b) the Board ensure that all future Board members complete the required training as soon as possible after being appointed.

NCBA's Response to Recommendation 11

Response Narrative Section: "Commitment by Community Leaders and Partners"

The Nassau County Bridge Authority is governed by a five-member Board of Commissioners. The average tenure of the current Board of Commissioners is more than 12 years, with the longest serving member having served over 20 years. They have 61 years of combined service on the Board of Commissioners. The Board of Commissioners is fully informed, fully engaged in all the policy, operations and finances of the Authority, and are a great part of that success. They all serve at no salary.

In addition to their service to the Bridge Authority, each of the Commissioners are recognized leaders in their respective fields of Finance, Law, Government Operations, Real Estate and Property Management and Development. Their uncompensated service to the Bridge Authority and community would have a value in the millions of dollars. They are exemplars of good government and community service. They deserve thanks, not criticism.

While their expertise and commitment are of great value to the authority, so are their deep roots to the community. The community connection that each of the board members bring to their service at the Authority is massive. Additionally, their ability to connect with members of the community, as well as critical community organizations, such as local governments, Hatzalah, the local volunteer fire departments, the police, religious and other not for profit organizations.

All have attended state-mandated board member training, and are fully committed to their oversight role. The success of the Authority is a function of that commitment and diligence.

Appendix L - Auditors Follow-Up Comments on NCBA Response

The Nassau County Bridge Authority not only built and maintains a Nassau County Police Department Substation on the property at no cost to Nassau County, the NCPD or to the taxpayers, but has also entered into a long-term lease to allow the Atlantic Beach Fire and Rescue build and maintain their facility on the Authority property. The Atlantic Beach Fire and Rescue not only protects all the residents of southwestern Nassau from fire and other land-based emergencies, but also maintains the ability to perform waterborne rescues through the partnership with Nassau County Bridge Authority, keeping Reynolds Channel and the Rockaway Inlet safe for swimmers and boaters.

In addition to the police and Atlantic Beach Fire Rescue partnership, the Nassau County Bridge Authority has a long-standing - and LIFE SAVING - partnership with Hatzalah of the Rockaways and Nassau County. In 2020 alone, Hatzalah has performed more than 4,000 emergency calls to save hundreds of lives due to COVID and other health emergencies (EXHIBIT D).

The Nassau County Bridge Authority believes the partnership with local first responders is most beneficial to the community. In the examination years of 2016 and 2017, first responders (police, fire, ambulance) made nearly 40,000 passages over the Atlantic Beach Bridge (EXHIBIT B). They were facilitated in the speedy passage over the bridge by a decal for the automated gate system that the Bridge Authority provided at no cost.

Appendix 1 Excerpt: *All NCBA Board members now have accomplished the NYS Mandated Board Member Training.*

Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response for Finding 11 entitled "Commitment by Community Leaders and Partners" does not specifically reference each recommendation.

We are pleased that by the conclusion of the audit, all NCBA Board members had participated in the New York State approved training regarding their legal, fiduciary, financial and ethical responsibilities as directors of the Authority.

We reiterate that the Board should ensure that all future Board members also complete the required training as soon as possible after being appointed.

AUDIT FINDING (12)

(12) Fuel Usage Was Not Adequately Monitored and Monthly Fuel Activity Reconciliations Were Not Performed

Audit Recommendations:

We recommend that the Authority & Board:

- a) implement written fuel procedures for supervisory oversight of fuel usage;
- b) ensure that gas logs are maintained for all fuel usage;

Appendix L - Auditors Follow-Up Comments on NCBA Response

- c) require periodic reconciliation of fuel purchases and odometer readings to ensure that fuel is used only for Authority purposes;
- d) require supervisory review of fuel transaction activity on a monthly basis to identify anomalies regarding quantities dispensed, fueling times and the odometer readings entered by employees; and
- e) periodically review odometer readings for take home vehicle to assure that vehicle is used for work purposes only and that the number of miles driven are reasonable.

NCBA's Response to Finding 12

Response Narrative Section: *NCBA's response to Finding 12 is the same as NCBA's response for Finding 9, captioned, "Maximizing Efficiency and Effectiveness".*

Appendix 1 Excerpt: *The fuel expenditures which totaled \$9,776 is also of no material consequence.*

Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response for Finding 12 entitled "Maximizing Efficiency and Effectiveness" does not specifically reference or relate to each recommendation. It is also the same response submitted for Findings 9 and 10.

We do not concur with the Authority's position (as stated in Appendix 1) that fuel expenditures of \$9,776 are of no material consequence. We believe that good internal controls strengthen accountability and brings about transparency and integrity in the overall delivery of public services.

We reiterate our recommendations including the implementation of written fuel procedures that address maintenance of gas logs, periodic reconciliation of fuel purchases and odometer readings to ensure that fuel is used only for Authority purposes, supervisory review of fuel transaction activity to identify anomalies regarding quantities dispensed, fueling times and the odometer readings entered by employees; and the periodic review of take home vehicles to assure that every vehicle is used for work purposes only and that the number of miles driven are reasonable.

AUDIT FINDING (13)

(13) The Board Did Not Adopt or Develop a Written Information Technology (IT) Disaster Recovery Plan or Customer Breach Notification Policy

Audit Recommendations:

We recommend that the Board:

- a) develop, adopt and implement a disaster recovery plan and breach notification policy;
- b) periodically review and update all IT policies and procedures to reflect changes in technology and the computing environment; and
- c) ensure IT backup procedures are in place and the backups function properly.

NCBA's Response to Finding 13

Response Narrative Section: "Storm Hardening, Disaster Recovery and Resiliency"

"In 2012 Superstorm Sandy had a massive, unforgettable impact on all Long Island residents that they will not soon forget. Residents were without water, electricity and many other municipal services for weeks, months, and in some instances, more than a year. Valuable lessons were learned and we hope that municipalities across the board will be even more prepared next time.

The Disaster Recovery Plan that the Nassau County Bridge Authority had in place when Superstorm Sandy struck made us more prepared than any other agency in Nassau County. As a critical Coastal Evacuation Route, we must be prepared to safely operate and get residents off the barrier island in the event of a disaster.

Following Superstorm Sandy, the Nassau County Bridge Authority was back on the job three hours after the eye of the storm passed over Long Island. Even though electrical service was out in the area for several weeks after the storm, the Bridge was fully operational within three weeks. As an example of contrast, the Nassau County operated Long Beach Bridge was not operational for more than two years after the storm. The Long Beach Boardwalk, a structure far less complex than a Bascule Span Bridge, took nearly a year to re-open.

However, the superior performance of the Nassau County Bridge Authority in the wake of the areas worst storm in 100 years did not make the Authority complacent. The Authority immediately improved its Disaster Recovery Plan.

In cooperation and consultation with the Federal Emergency Management Agency, the Nassau County Bridge Authority improved our Information Technology and Operational Disaster Recovery Plan. We have established alternative site computer servers, purchased and installed flood panels for our emergency back-up generator, and raised the step-down transformer. These improvements will allow the Nassau County Bridge Authority to be fully operational within 6 hours of a Superstorm Sandy-level event."

Appendix L - Auditors Follow-Up Comments on NCBA Response

Auditors' Follow Up Comments to NCBA's Response

The Authority's narrative response to Finding 13 entitled "Storm Hardening, Disaster Recovery and Resiliency" does not specifically reference or relate to each recommendation.

We reiterate our recommendations to the Board to develop a written disaster recovery plan and breach notification policy; periodically review and update all IT policies and procedures to reflect changes in technology and the computing environment; and ensure IT backup procedures are in place and the backups function properly.

NASSAU COUNTY BRIDGE AUTHORITY



RESPONSE TO LIMITED REVIEW REPORT

April 1, 2021

Appendix M - NCBA Response

Vice Chairman
James J. Vilardi



Commissioners
Shalom S. Maidenbaum
Helen Elovich
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April 1, 2021

INTRODUCTORY STATEMENT NCBA BOARD OF COMMISSIONERS

When initially informed that the Nassau County Bridge Authority (NCBA) would be subject to a "Limited Financial Review" (LFR) by the Nassau County Comptroller's Office I was concerned, not because of what the results could be, but how the results could be politicized. The Commissioners of the NCBA are focused on oversight, governance and "best practices" of bridge operations and have launched numerous "good government" initiatives, but in today's hyper political climate the focus always seems to be a catchy headline or an obscure irregularity. That is the tone we would like to avoid, but rather use this limited review as a basis for a serious and substantive public policy discussion. After spending much time with Deputy Comptroller Jeff Schoen and comptroller staff, I trust that this is the case.

During the entirety of the LFR by the NC Comptroller's office, the NCBA Commissioners and staff have tried to make this entirely about the substantive issues. I think the NCBA and Comptroller's office advanced the cause of good government and public service by approaching this effort with professionalism and open dialogue, sans the all too familiar politics of personal destruction. The public at large is tired of political bickering, and simply wants to see all layers of government, Democrats and Republicans alike, working collaboratively together to improve their lives. The final discussions and report on this matter before us, could be a model case towards that end.

That being said, the NC Comptroller's office and the NCBA will differ on many issues of fact and policy, but there is absolutely nothing wrong with a spirited debate within the forum of public policy.

In this statement of introduction to the NCBA response, I will simply be making some general observations and overarching policy statements on behalf of The Board of Commissioners. A more detailed response with numerous exhibits prepared by NCBA staff and advisors comprises the bulk of our response.

For the record, I would simply make the following observations and public policy statements:

Appendix M - NCBA Response

1. I initially wondered why an agency with a demonstrable record of financial stewardship was being reviewed in the first place. Fourteen years of no toll increases, a steady decrease in personnel and overtime with steady productivity, a bond upgrade and favorable bond agency reviews in recent years and consistent year to year income and expenses does not seem like a municipal agency sending up red flags inviting a financial review. Therefore, I think it is a legitimate public policy question as to whether public resources were best utilized in this case. I would have to disagree with the decision to commence the review, but respect the Comptroller's authority to do so, and participated in every aspect of the review process and response.

2. In numerous instances the NCBA staff and Comptroller staff engaged in substantive discussions based on observations by the review team which resulted in immediate and constructive amendments to NCBA policy or internal procedures. Improved internal controls in the commercial decal program and a more efficient methodology of gathering and reporting daily toll collections are just two areas which were greatly improved as a result of this limited review.

3. There are some areas in the Comptroller's report which may give the reader an incorrect impression, for example, the semantics of "voucher" vs "purchase order", so I want to make this point very clear. The NCBA has an established, verifiable and highly effective policy on approving each and every purchase or expenditure. Each purchase must pass through a system of internal controls, and then be approved by the Nassau County Treasurers office. The NCBA does not have the authority to spend one dime of taxpayer money without the written approval of the N.C. Treasurer's office. I think that is the ultimate oversight and "check" on our financial operations.

While some book keeping errors and areas of improvement were identified, the Comptroller's office did validate the effectiveness of our internal financial controls by verifying that every dollar collected was deposited in the bank. Not one dollar of taxpayer money was unaccounted for, and that is something that we take very seriously.

In numerous discussions with Deputy Comptroller Jeff Schoen, whom I found to be an extremely engaging partner in this effort, we debated the nature of several findings in the Comptroller's report. It is my opinion that commenting on the existence of EZ Pass, or certain internal methodology are matters of public policy to be determined by the Board of Commissioners and have no place in a financial audit. In my opinion, the purpose of a financial review is to determine the effectiveness of financial controls, not to propose alternative public policy. That is the sole domain of Board of Commissioners, however I would stress again that these spirited discussions could only improve the process of internal review and improved methodology and government operations in the future.

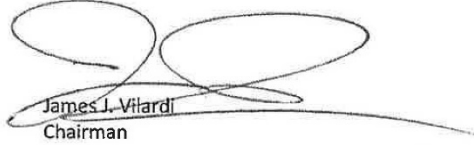
In many ways, I thoroughly enjoyed going through this process. Examining NCBA operations on a granular level yielded helpful information, guided the board and staff to make constructive changes, and gave us pause to consider public policy for future discussion. From my observation, the audit staff was an experienced group of career professionals who were there simply to do a job, and I commend them for that dedication.

That being said, the Comptroller's Office has enormous power in the ability to "audit" agencies and municipalities, and with that power comes the commensurate requirement for prudence and the obligation to uphold the public trust.

Appendix M - NCBA Response

I want to thank the Nassau County Comptroller's Office once again for the effort and commitment to the ideals of good and efficient government.

Sincerely,



James J. Vilardi
Chairman

Appendix M - NCBA Response

RESPONSE NARRATIVE

For many years, the Authority suffered from a false, terrible, reputation, fed by rumor and innuendo. Legends of corruption, patronage, and misbehavior grew and persisted around the NCBA. Through decades of reform, conditions changed, but the reputation never did. Our response to the Comptroller's Limited Review is an opportunity to put those rumors to rest.

After more than three years and millions of taxpayer dollars spent on this examination, the Office of the Nassau County Comptroller makes quick work of the patronage rumors on page 5, when they state unequivocally:

"All employees are hired in accordance with the Nassau County Civil Service rules."

After more than three years and millions of taxpayer dollars spent on this examination, the Nassau County Comptroller makes quick work of misappropriation rumors on page 11, when it states unequivocally:

"Auditors traced the daily cashier counts to bank deposits, bank statements and the accounting records and found that all reported cash collected per the cash counts were deposited and recorded."

By putting the bottom line of this examination upfront, the Nassau County Bridge Authority finally has the opportunity to report the many great reforms, advancements and good government initiatives we have implemented and passed onto the community for their benefit.

As stated above, we identified the problems in this report on multiple occasions. Now, we choose to focus on the positive.

EXTREME VIGILANCE OF TOLL DOLLARS AND SUPERIOR FINANCIALS (Response to Findings 1, 2, 3, 4)

Throughout its recent history, the Nassau County Bridge Authority has posted a multi-million-dollar cash surplus. For the last 13 years, the Nassau County Bridge Authority has NOT raised tolls. Over the course of the last 13 years, the Nassau County Bridge Authority has reduced its workforce by 42%, while simultaneously reducing overtime in the majority of years (EXHIBIT J).

Through strong fiscal management, expenses have consistently been managed to less than projections (EXHIBIT F). The Nassau County Bridge Authority has delivered millions of dollars in value to the larger Nassau Community through cooperative government partnerships (EXHIBITS

Appendix M - NCBA Response

B, C, D). The Bridge Authority has accomplished all this while also conforming to the strictest ethical and good government standards, hiring in 2009 a Certified Forensic Auditor to audit the financials on a yearly basis up to the present. Moody's has upgraded the Authority's credit rating, and praised the Nassau County Bridge Authority for "senior management's strong fiscal stewardship," (EXHIBIT E).

The Nassau County Bridge Authority has delivered superior service to the community and has not raised tolls in more than 14 years. It has no plans to raise tolls in the foreseeable future.

The Nassau County Bridge Authority has invested more than \$22 Million in infrastructure over the last 12 years and plans to invest no less than \$6 million more. With NO plans to incur additional debt.

No other transportation authority can claim these achievements.

By practice and by statute, the Nassau County Bridge Authority works closely with several other government entities to ensure every public dollar is being responsibly spent.

In the establishing legislation passed by New York State, an extremely strong financial control was put into place which mandates Every check issued by the Authority is reviewed and signed by the Nassau County Treasurer. For emphasis – not a single dollar of Authority money is spent without the authorization of the Nassau County Treasurer.

In fact, before any payment or purchase is made, it first must have been accounted for in the annual budget prepared and approved by the Nassau County Bridge Authority Board of Commissioners, three internal reviews are conducted, the request is submitted to the Nassau County Treasurers Office, the Treasurer's Office signs the check, and all of those purchases are reviewed and ratified on a monthly basis by the Nassau County Board of Commissioners and a financial consultant who was the past President of the New York Chapter of the Association of Certified Fraud Examiners. This is a system of procurement and purchase recommended by the NYS Comptroller's Office in 1998 and immediately adopted by the Bridge Authority. It has been in place for more than 20 years.

In addition to the oversight provided by the Nassau County Treasurer in the complete authority to release ALL Bridge funds, regular oversight is provided every month as complete bank reconciliation statements are reviewed by a senior executive in the Nassau County Comptroller's office.

The borrowing limit for the Nassau County Bridge Authority was set at \$12 Million in 1948. It has not changed. We have never needed to borrow more than that. On that same note, all accrued time obligations by the Bridge Authority are already fully funded to 120% in cash on hand.

Sometimes members of the community or people unfamiliar with the Atlantic Beach Bridge cross the bridge and do not have the cash on hand to pay the fare. For many years, the

Appendix M - NCBA Response

Authority had a system where the toll collector would gather the motorist's information, hand them an invoice, which they could then send in the toll. For the examination years of 2016 and 2017, this system recouped a total of \$59,191, or 99.95% of passage revenue (EXHIBIT B). When compared to the estimated loss revenue at MTA or NYSTA facilities, of between 3% and 6%, the Nassau County Bridge Authority, with its current system is outperforming other similar regional facilities in its loss/leakage financials (EXHIBIT H).

The NCBA has already implemented a system, prompted by COVID, of contactless, and an automated no funds collection system. By partnering with the New York State Department of Motor Vehicles to capture license plate data, the Bridge Authority is expecting to improve upon those already exceptional collection numbers.

While some have suggested a move to EZ PASS to address this minor issue, considering the cost of EZ PASS, and that we are already achieving better results than EZ PASS, the Bridge Authority finds its system superior. Furthermore, subsequent reports and audits by the NYS Comptroller's Office seem to indicate that the leakage rates of the MTA/TBTA EZ PASS Users are in fact getting WORSE, rather than improving (EXHIBIT K).

Since 2008, the Nassau County Bridge Authority has invested more than \$22 Million in the upgrade, rehabilitation and repair of critical infrastructure (EXHIBIT A). We have done it without the excessive borrowing, debt and fiscal games often exhibited in local government and authorities. That \$22 million in investment has been accomplished by borrowing less than \$12 Million. Additionally, more than 25% of that debt has already been paid off without any plans for future borrowing.

A brand-new Bridge Machinery Electrical System and Bascule span, along with Storm Mitigation and Disaster Recovery Improvements have already been completed and paid for. But the Nassau County Bridge Authority doesn't rest on its laurels and continues to invest and improve our physical infrastructure.

Our five-year Capital Budget has more than \$6 million in improvements scheduled – WITH NO BORROWING. All of the capital budget is already fully funded. The Nassau County Bridge Authority is proud that it invests as much money into infrastructure as it does into salaries.

SALT DOME PROJECT – A MODEL OF MUNICIPAL EFFICIENCY

One way to be a strong steward of the public dollar is involved in the procurement process. There are strict guidelines on how municipalities should make purchases with the public's money. However, they are not always the best, or most economical. For example, the Salt Storage Facility project at the NCBA. The summary is that by building the Salt Storage Facility – in perfectly keeping with all procurement policies – the project would have cost a minimum of \$469,500. The Authority utilized internal staff and purchases and got the facility built for

Appendix M - NCBA Response

\$107,974 (EXHIBIT I). This was a process championed by the Board to accomplish our goals and to be strong stewards of the public money (EXHIBIT E).

STORM HARDENING, DISASTER RECOVERY AND RESILIENCY (Response to Finding 13)

In 2012 Superstorm Sandy had a massive, unforgettable impact on all Long Island residents that they will not soon forget. Residents were without water, electricity and many other municipal services for weeks, months, and in some instances, more than a year. Valuable lessons were learned and we hope that municipalities across the board will be even more prepared next time.

The Disaster Recovery Plan that the Nassau County Bridge Authority had in place when Superstorm Sandy struck made us more prepared than any other agency in Nassau County. As a critical Coastal Evacuation Route, we must be prepared to safely operate and get residents off the barrier island in the event of a disaster.

Following Superstorm Sandy, the Nassau County Bridge Authority was back on the job three hours after the eye of the storm passed over Long Island. Even though electrical service was out in the area for several weeks after the storm, the Bridge was fully operational within three weeks. As an example of contrast, the Nassau County operated Long Beach Bridge was not operational for more than two years after the storm. The Long Beach Boardwalk, a structure far less complex than a Bascule Span Bridge, took nearly a year to re-open.

However, the superior performance of the Nassau County Bridge Authority in the wake of the areas worst storm in 100 years did not make the Authority complacent. The Authority immediately improved its Disaster Recovery Plan.

In cooperation and consultation with the Federal Emergency Management Agency, the Nassau County Bridge Authority improved our Information Technology and Operational Disaster Recovery Plan. We have established alternative site computer servers, purchased and installed flood panels for our emergency back-up generator, and raised the step-down transformer. These improvements will allow the Nassau County Bridge Authority to be fully operational within 6 hours of a Superstorm Sandy -level event.

COOPERATION AND SHARED SERVICES TO BENEFIT COMMUNITY (Response to Findings 4, 8)

In a time of diminished government services, it is of the utmost importance for various government entities to cooperate and work together for the benefit of the public. The Nassau County Bridge Authority stands apart as an exemplar in working with other local municipalities to deliver the highest level of service, most economically to the community.

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The Nassau County Bridge Authority not only built and maintains a Nassau County Police Department Substation on the property at no cost to Nassau County, the NCPD or to the taxpayers, but has also entered into a long-term lease to allow the Atlantic Beach Fire and Rescue build and maintain their facility on the Authority property. The Atlantic Beach Fire and Rescue not only protects all the residents of southwestern Nassau from fire and other land-based emergencies, but also maintains the ability to perform waterborne rescues through the partnership with Nassau County Bridge Authority, keeping Reynolds Channel and the Rockaway Inlet safe for swimmers and boaters.

In addition to the police and Atlantic Beach Fire Rescue partnership, the Nassau County Bridge Authority has a long-standing – and LIFE SAVING – partnership with Hatzalah of the Rockaways and Nassau County. In 2020 alone, Hatzalah has performed more than 4,000 emergency calls to save hundreds of lives due to COVID and other health emergencies (EXHIBIT D).

The Nassau County Bridge Authority believes the partnership with local first responders is most beneficial to the community. In the examination years of 2016 and 2017, first responders (police, fire, ambulance) made nearly 40,000 passages over the Atlantic Beach Bridge (EXHIBIT B). They were facilitated in the speedy passage over the bridge by a decal for the automated gate system that the Bridge Authority provided at no cost.

In order to stretch every taxpayer dollar a little further, the Authority also extends the courtesy of free passage to OFFICIAL government vehicles. Municipalities requesting such an intergovernmental decal must submit their request in writing, on official government letterhead in order to receive the decal (EXHIBIT C). We trust that the operators of those official vehicles are going to operate them safely and in accordance with all rules, regulations and laws governing their use. Any abuses should be dealt with by the recipient authority. Municipal passages represent 4.6% of all gratis decal passages (First Responders are over 50%). However, the Nassau County Bridge Authority will consider replacing free passage consideration for municipal vehicles with a Shared Services Agreement, which would offer free passage to those government vehicles in exchange for equal public service consideration.

Recently, the Nassau County Bridge Authority signed a Shared Services Agreement with the NYS Department of Transportation. The New York State Department of Transportation recently began a multimillion-dollar project to rehabilitate Route 878. The nearest state transportation facility is in Farmingdale, more than 20 miles away. This is extremely problematic during a severe storm, or natural disaster.

Because of the investment by the Bridge Authority in the Salt Storage Facility, the NYS Department of Transportation repaved the back lot of the Authority and emergency operations by the State DoT are able to be run out of the Bridge Authority for Western Nassau. This partnership promises to pay massive dividends for the taxpayers of Nassau County and New York State.

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INVESTMENT IN SAFETY AND INFRASTRUCTURE (Response to Findings 6, 7)

Numerous media stories have been published over the last 20 years decrying the decaying state of infrastructure in the United States. This was made clear on August 1, 2007 when the I35W Bridge in Minnesota collapsed, killing 13 and injuring 145. The decrepit state of the nation's infrastructure was also brought into sharp view following numerous natural disasters, including Superstorm Sandy. A local example, the Nassau County operated Long Beach Bridge was not operational for more than two years after the storm.

Since 2008, the Nassau County Bridge Authority has invested more than \$22 Million in the upgrade, rehabilitation and repair of critical infrastructure (EXHIBIT A). We have done it without the excessive borrowing, debt and fiscal games often exhibited in local government and authorities. That \$22 million in investment has been accomplished by borrowing less than \$12 Million. Additionally, more than 25% of that debt has already been paid off without any plans for future borrowing.

A brand-new Bridge Machinery Electrical System and Bascule span, along with Storm Mitigation and Disaster Recovery Improvements have already been completed and paid for. But the Nassau County Bridge Authority doesn't rest on its laurels and continues to invest and improve our physical infrastructure.

Our five-year Capital Budget has more than \$6 million in improvements scheduled – with no borrowing. All of the capital budget is already fully funded.

COMMITMENT BY COMMUNITY LEADERS AND PARTNERS (Response to Findings 4, 11)

The Nassau County Bridge Authority is governed by a five-member Board of Commissioners. The average tenure of the current Board of Commissioners is more than 12 years, with the longest serving member having served over 20 years. They have 61 years of combined service on the Board of Commissioners. The Board of Commissioners is fully informed, fully engaged in all the policy, operations and finances of the Authority, and are a great part of that success. They all serve at no salary.

In addition to their service to the Bridge Authority, each of the Commissioners are recognized leaders in their respective fields of Finance, Law, Government Operations, Real Estate and Property Management and Development. Their uncompensated service to the Bridge Authority and community would have a value in the millions of dollars. They are exemplars of good government and community service. They deserve thanks, not criticism.

While their expertise and commitment are of great value to the authority, so are their deep roots to the community. The community connection that each of the board members bring to their service at the Authority is massive. Additionally, their ability to connect with members of the community, as well as critical community organizations, such as local governments,

Appendix M - NCBA Response

Hatzalah, the local volunteer fire departments, the police, religious and other not for profit organizations.

All have attended state-mandated board member training, and are fully committed to their oversight role. The success of the Authority is a function of that commitment and diligence.

The Nassau County Bridge Authority not only built and maintains a Nassau County Police Department Substation on the property at no cost to Nassau County, the NCPD or to the taxpayers, but has also entered into a long-term lease to allow the Atlantic Beach Fire and Rescue build and maintain their facility on the Authority property. The Atlantic Beach Fire and Rescue not only protects all the residents of southwestern Nassau from fire and other land-based emergencies, but also maintains the ability to perform waterborne rescues through the partnership with Nassau County Bridge Authority, keeping Reynolds Channel and the Rockaway Inlet safe for swimmers and boaters.

In addition to the police and Atlantic Beach Fire Rescue partnership, the Nassau County Bridge Authority has a long-standing – and LIFE SAVING – partnership with Hatzalah of the Rockaways and Nassau County. In 2020 alone, Hatzalah has performed more than 4,000 emergency calls to save hundreds of lives due to COVID and other health emergencies (EXHIBIT D).

The Nassau County Bridge Authority believes the partnership with local first responders is most beneficial to the community. In the examination years of 2016 and 2017, first responders (police, fire, ambulance) made nearly 40,000 passages over the Atlantic Beach Bridge (EXHIBIT B). They were facilitated in the speedy passage over the bridge by a decal for the automated gate system that the Bridge Authority provided at no cost.

MAXIMIZING EFFICIENCY AND EFFECTIVNESS (Response to Findings 9, 10, 12)

People often make inquiries to the Bridge Authority regarding EZ PASS because they believe that by implementing automation, the number of employees will be reduced. This is partially true, but not a complete picture.

The Nassau County Bridge Authority DOES have an automated toll system, and it HAS reduced the number of employees. Additionally, the system utilized by the Bridge Authority is more effective and less costly than EZ PASS (EXHIBITS B, G, H, J, K). What many people do not know is that in the NY metropolitan area, about 75% of passages are conducted with an automated system (EZ PASS). The proprietary automated system utilized by the Nassau County Bridge Authority is ALSO utilized in about 75% of our passages.

A major difference is, that our patrons do not pay a premium on each passage to use it, and unlike most bridges in the NY metropolitan area, our tolls have not increased over 1000%, as has happened on other bridges.

Appendix M - NCBA Response

Over the course of the last 13 years, the Nassau County Bridge Authority has reduced its workforce by 42%, while simultaneously reducing overtime in the majority of years (EXHIBIT J). As the exhibit clearly demonstrates, from 2008 to 2020, the number of full-time equivalent employees went from 52.43 to 30.3. This is the very definition of doing more with less.

Over a similar ten-year period, Newsday reported in an October 28, 2017 story that Nassau County INCREASED its workforce from 10,526 to 16,784, or an increase of 60%.

Because of the high and often increasing costs of public health benefits and public pension costs, managing headcount is the most critical effort any municipality can make.

The Deputy Manager developed an outstanding *Overtime Monitoring and Reporting* tool, which allows the Board of Commissioners to monitor overtime costs in each department monthly and compares that against the cost of hiring a full-time employee. This monitoring tool serves two functions – to monitor the overtime (and keep it at manageable levels), but also to alert them when a new employee is needed – allowing them to keep headcount down in a scientifically and measurable way.

This prevents any of the overtime abuse scandals that have plagued the Long Island Railroad, or MTA over recent years to ever occur at the Nassau County Bridge Authority.

The Nassau County Bridge Authority can never have a payout abuse, as all accrued time obligations by the Bridge Authority are already fully funded to 120% in cash on hand. The Board of Commissioners has directed management to allow employees to cash out that time as soon as possible, to not incur a premium cost.

In 2006, a professional Traffic and Revenue Study was commissioned by the Nassau County Bridge Authority Board of Commissioners and conducted by United Research Services (URS Corporation). That study examined the past expenses and revenues, and projected how those expenses would continue to grow in the ensuing years (EXHIBIT F). The study determined that by the year 2011, even with best management practices, the Bridge Authority's expenses would reach \$4.75 Million and would necessitate another toll study to examine raising the toll. In fact, the NCBA Expenses in 2011 were \$4.25 Million.

Due to excellent management practices, strong financial controls, and fiscal discipline unseen at any other municipal authority, at year end 2019, the Nassau County Bridge Authority expenses in their audited financial statement provided by Morse and Company CPAs, LLP, was \$4.5 Million, and still demonstrated a \$2.78 Million surplus.

The numbers don't lie. The Nassau County Bridge Authority has long known how well our expenses are managed, but it is gratifying to be able to demonstrate superior performance against a professional projection by URS. This vigilance was also recognized by Moody's Investor Services when they upgraded the Bridge Authority Bond rating in 2018, saying:

Appendix M - NCBA Response

“Nassau County Bridge Authority’s senior management’s strong fiscal stewardship continues to support consistent and improving financial performance.”

And in 2019, when they wrote:

“The authority benefits from the recent comprehensive rehabilitation of facilities, resulting in limited capital needs and no debt plans.” NCBA has strong liquidity and debt service coverage metrics, which offset the statutory framework capping aggregate bonds outstanding.”

And in 2020, in the middle of the COVID pandemic, which destroyed the finances of most Public Authorities when they wrote:

“Despite the unprecedented nature of this situation, the authority is able to absorb a prolonged period of significantly lower revenue because of its very strong liquidity and debt service coverage ratios.” (EXHIBIT E).

But the NCBA has already implemented a system, prompted by COVID, of contactless, and an automated no funds collection system. But partnering with the New York State Department of Motor Vehicles to capture license plate data, the Bridge Authority is expecting to improve upon those already exceptional collection numbers.

LEADER IN GOVERNMENT FUNCTION AND OPERATIONS (Response to Finding 5)

By any standard or measure, the Nassau County Bridge Authority leads all public authorities in efficiency and function.

Sometimes members of the community or people unfamiliar with the Atlantic Beach Bridge try to cost and do not have the cash on hand to pay the fare. For many years, the Authority had a system where the toll collector would gather the motorist’s information, hand them an invoice, which they could then send in the toll. For the examination years of 2016 and 2017, this system recouped a total of \$59,191, or 99.95% of passage revenue (EXHIBIT B). When compared to the estimated loss revenue at MTA or NYSTA facilities, of between 3% and 6%, the Nassau County Bride Authority, with its current system is outperforming other similar regional facilities in its loss/leakage financials (EXHIBIT H).

But the NCBA has already implemented a system, prompted by COVID, of contactless, and an automated no funds collection system. By partnering with the New York State Department of Motor Vehicles to capture license plate data, the Bridge Authority is expecting to improve upon those already exceptional collection numbers.

IMPLEMENTATION OF EZ PASS AND TOLL STRUCTURE

Appendix M - NCBA Response

The Nassau County Bridge Authority gets questions about EZ Pass all the time. We have conducted multiple public meetings about the costs and benefits of EZ Pass, as well as multiple public meetings in 2006 regarding the toll structure. It is an issue of great concern to Nassau residents and we have done our best to address their concerns.

Over the last 15 years, the Authority has conducted several studies on the implementation of EZ Pass at the Atlantic Beach Bridge, the most recent analysis done in April 2019 by TTI Consulting (EXHIBIT G).

What we have determined is that EZ PASS is an expensive, intermediate technology. It certainly offers convenience, but at an extremely high price to the Authority and the consumer.

What follows is an anecdote, and then data evidence.

In the late 1940's, New York State was experiencing an infrastructure boom. Under the management of Robert Moses, bridges, tunnels and roadways were going up all over the New York metropolitan area.

During this period, the Atlantic Beach Bridge and the Holland Tunnel were opened the same year. They charged the same toll (Fifty Cents). Today, the Holland Tunnel Toll is \$16.00. The Nassau County Bridge Authority is \$2.00. This is to say nothing of each Authority's relative financial position (Hint: The MTA recently asked the Federal Government for a \$12 Billion bailout, is readying plans for service cuts and employee layoffs, as well as potentially adding a \$3 surcharge to all Amazon deliveries to fund their deficits). At the same time, the MTA has decided to raise toll 7% in 2021.

Additionally, it is important to note that the Nassau County Bridge Authority has not raised tolls in 14 years – and has no plans to do so for the foreseeable future.

EZ PASS played a role in this financial crunch. When EZ PASS was originally rolled out in the late 1980s, there was a belief that no one would use it, so deep discounts were offered. Because so many people used it, it cratered the cash flow and financials of the agencies who adopted it.

The Authority considered EZ PASS but did not want to burden our patrons with the additional cost. According to the study offered by TTI Consulting, the implementation of EZ-Pass would require an initial investment of between \$575,000 and \$2,500,000 and an annual expense of between \$242,000 and \$1,054,000 (EXHIBIT G) Recommendations to leap into this seem to ignore the impact on Nassau residents. It would necessarily require a toll increase.

In order to determine if the implementation of EZ Pass would trigger a toll increase, the Authority ran a series of nine different scenarios, exploring all likely possibilities. In SIX of the NINE (66.6%) scenarios, the implementation would require a toll increase in the same year of implementation. Of the remaining THREE scenarios, ONE required a toll increase after two years and TWO required a toll increase after three years. In summary, even in the BEST CASE

Appendix M - NCBA Response

scenario, the implementation of EZ PASS in ALL INSTANCES would require a toll increase within three years (EXHIBIT L)

Furthermore, according the multiple audits and reports by the New York State Comptroller, these additional and recurring costs do not seem to address the issues at hand. The NYS Comptroller estimates that the current automated tolling systems utilized by the MTA leave between 3% and 6% of toll revenue uncollected. Currently, the Nassau County Bridge Authority collects approximately 99.95% of all passage revenue. Hence there is no reason to adopt a costlier, less effective system? (EXHIBITS B, B, G, H, K).

In 2007, we adopted a new toll structure after multiple public hearings and review by multiple government agencies. That toll structure recognized the unique nature of the Atlantic Beach Bridge and its role primarily as a commuter bridge for Nassau Residents. The toll structure offers a deep discount to any Nassau resident, although that discount is in keeping with the same discount offered to residents of Rockaway for the Cross Bay Bridge and to residents of Staten Island for the Verrazano Bridge (although that resident discount is being reconsidered because of the MTA's precarious financial status).

Appendix M - NCBA Response

MORSE & COMPANY CPAS, LLP

Certified Public Accountants
505 8TH AVENUE SUITE 1801
NEW YORK, NY 10018-4527

DEXTER A. MORSE, Partner, Tax Division
DONNY Z. BODNER, Partner, Audit Division

(212) 765-2200
(917) 353-2074

March 24, 2021

To whom it may concern,

Our firm, Morse & Company CPAs, LLP, is a peer-reviewed audit and tax firm that caters to nearly 2 thousand clients annually. We just completed our 3rd successful audit of the Nassau County Bridge Authority (NCBA) for the year ended December 31, 2020. As part of this engagement, we considered and analyzed the findings of the "Limited Review" from the Nassau County Controller's Office, especially as it related to our conclusions, both present and past.

As part of every audit our firm thoroughly implements SAS 99, "Consideration of Fraud in a Financial Statement Audit." This includes brainstorming sessions to discuss how financial statements might be susceptible to material misstatement, and walkthroughs of internal controls to determine areas of risk. These procedures directly affect the application of SAS 115/112 which require the auditor to communicate to management, and those charged with governance, significant deficiencies and material weaknesses identified during the audit.

A significant deficiency is a controls weakness that adversely affects the entity's ability to reliably report financial data in accordance with Generally Accepted Accounting Principles (GAAP), and thereby presents a remote likelihood of misstatement in the entity's financial statements. A material weakness is a greater risk that results in more than a remote likelihood that a material misstatement will not be prevented or detected.

As per NCBA, our 3 audits determined that every transaction is physically approved internally via check-voucher by two individuals who have zero ability to disburse cash. All monthly reports and transactions are also reviewed against the budget by an independent consultant and CPA. These vouchers are then submitted to the County Treasurer, another independent party, for creation and signing of checks. In accompaniment, the County Treasurer reviews all bank reconciliations for appropriateness. Every transaction was deemed to include at least 4 levels of review and approval.

A management letter was thereby not written; we determined NCBA's controls to be highly effective and with appropriate segregation of duties. It is our legal responsibility to make certain that an "audit" follows auditing standards, and that a reportable "finding" meets the criteria for disclosure. Anything else is merely a "business recommendation" and open to discretion. For example, "check vouchers" and "purchase orders" serve the same purpose, to provide an audit trail of approval and payment detail.

On March 15, 2021 we provided a clean audit opinion and determined the most recent financial statements to be presented fairly, in all material respects. We welcome the opportunity to openly and respectfully discuss with you how your conclusions might have presented differently.

Sincerely,



Dexter A. Morse, CPA, CFP

Appendix M - NCBA Response

Appendix 1 Office of the Nassau County Comptroller Limited Review of the Nassau County Bridge Authority Atlantic Beach Bridge Professional Standard Deficiencies

Professional Standards Violated Described on Appendix 1a

- A. Purpose of Yellow Book
- B. Yellow Book Engagements
- C. Stating Compliance with GAGAS
- D. Objectives of Engagement
- E. Significance and Materiality
- F. Internal Control Deficiencies
- G. Evidence Requirements
- H. Report Findings
- I. Subsequent Discovery of Report Inadequacies

Objectives and Findings	A	B	C	D	E	F	G	H	I	Comments
Executive Summary and Introduction	x	x	x							The definition of Limited Review and the related standards and criteria, is not defined in report. We were told by Nassau County Comptrollers officials that the criteria and standards used were the Government Auditing Standards - Yellow Book. We see NO evidence that this or ANY criteria was followed.
A. Objective: Determine whether the NCBA's toll collection processes were efficient, including the possible utilization of E-Z Pass.				x	x	x	x	x	x	While the NCBA toll collection process is manually counted and paper intensive, the level of accuracy exceeds 99%. The small differences are considered immaterial. NCBA's level of accuracy is approximately 5% better than the bridges participating in EZ Pass. The Authority regularly reviews the cost of EZ Pass and, to date, has decided that the cost far exceeds the benefits. NCBA's electronic ridership, which is in excess of 70% of all passes, is equal to bridges using EZ Pass. The Comptroller's Office did NOT perform a cost-benefit study to determine if the cost exceeded any perceived benefit.
Finding 1 Toll Collector Reconciliation in Place was Flawed and Resulted in Undetected Errors and a Lack of an Audit Trail.										
Finding 2 The Authority's Collection Functions are Paper Intensive and Enhanced Automation, such as Cashless Automation Could Improve The Process.										
B. Objective: Determine whether the NCBA's revenue was properly collected, deposited, and recorded.				x	x	x	x	x	x	NCBA has managed to reduce it's administrative staff to only three(3) people plus the Director and Assistant Director. Two (2) of those people are money counters. The errors noted by the Comptroller's Office were de minimis. Any Comptroller recommendation that would require the hiring of additional personnel would be inappropriate, unless the benefit could possibly exceed the additional cost. Once again, the Comptroller's Office performed NO cost-benefit studies for any of its recommendations.
Finding 3 Internal Controls in Place Over Annual and Commercial Decals Sold and/or Issued, Exposes the Authority to Potential Revenue Losses and Misappropriation.										
Finding 4 The Process of "Gratis Decals" (Free Crossings) Is Inadequate and Needs Improvement, Such as Requiring Written Approvals, Routine Monitoring and Timely Deactivation.										
Finding 5 Monitoring of Revenue Receipts by Category Could be Enhanced and Revenue Collection Process Could be Automated and Streamlined.										

Appendix M - NCBA Response

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- H. Report Findings
- I. Subsequent Discovery of Report Inadequacies

Objectives and Findings	A	B	C	D	E	F	G	H	I	Comments
<p>C. Objective: Determine whether the NCBA's goods and services were procured in accordance with the Authority's procurement policy.</p>				x	x	x	x	x	x	<p>The NCBA has reduced its administrative staff responsible for payroll and accounts payable to one (1) person. The NCBA Director has adjusted the price levels requiring bidding for reasonableness. There is no requirement to solicit competition for professional services. All invoices are approved by the Nassau County Treasurer and ratified by the NCBA Board of Directors. NCBA maintains all documents supporting by the batch approval date in order to facilitate any request for documentation. This agreement between the NCBA and the Nassau County Treasurer has been in place for at least 20 years. All NCBA Board members now have accomplished the NYS Mandated Board Member Training. The fact that one entry level maintenance worker was supervised by his father is of no material consequence. The fuel expenditures which totaled \$9,776 is also of no material consequence.</p>
<p>Finding 6 Price Quotations and Competitive Bids Were Not Always Obtained.</p>										
<p>Finding 7 Authority Did Not Always Solicit Competition (Requests for Proposals) for Professional Services or Require Written Contracts/Agreements between the Authority and Service Providers.</p>										
<p>Finding 8 The Authority's Chairman OR Approved Designee, Did Not Approve Payment Claims and Purchase Orders Were Not Used in 85 Percent of Purchases.</p>										
<p>Finding 9 Authority Payrolls Were Not Supported by Complete Time Records, Overtime Hours Paid Were Rounded Up and Employee Tardy Policy Needs Improvement.</p>										
<p>Finding 10 One Employee Supervises His Son & the Authority Lacks Anti-Nepotism Policy.</p>										
<p>Finding 11 Not All Board Members Complied with NYS Mandated Board Member Training.</p>										
<p>Finding 12 Fuel Usage Was Not Adequately Monitored and Monthly Fuel Activity Reconciliations Were Not Performed.</p>										
<p>Finding 13 The Board Did Not Adopt or Develop a Written Information Technology (IT) Disaster Recovery Plan or Customer Breach Notification Policy.</p>										

Appendix M - NCBA Response

████████████████████

EXHIBIT A

**NASSAU COUNTY BRIDGE AUTHORITY
CAPITAL PROJECT INVESTMENTS
2008 TO OCTOBER 2020**

ACCT. NUMBER:	NAME OF PROJECT:	
142-00	ROADWAY REHABILITATION PROJECT	\$57,917.97
150-00	FURNITURE & EQUIPMENT	\$636,223.66
152-00	TOLL EQUIPMENT UPGRADE	\$100,810.39
155-00	COMPUTER EQUIPMENT UPGRADE	\$43,402.01
158-00	BUILDING IMPROVEMENTS	\$88,669.01
160-00	TOLL BOOTHS HVAC UPGRADE	\$6,585.38
164-00	REPLACEMENT OF FUEL TANKS	\$52,844.75
166-00	NORTHWEST BULKHEAD REPLACEMENT	\$43,149.10
168-00	NEW GAS METER PROJECT	\$26,964.50
170-00	BRIDGE MECHANICAL & ELECTRICAL UPGRADE	\$9,384,899.74
173-00	BRIDGE TOWER REPAIRS	\$484,390.00
175-00	TIMBER FENDER SYSTEM	\$542,537.37
177-00	OPENING GRATING & BRIDGE PAINTING	\$11,112,486.60
179-00	ELEVATION OF STEP DOWN TRANSFORMER	\$8,000.00
	TOTAL CAPITAL EXPENDITURES FROM 2008 TO OCTOBER 2020:	<u>\$22,588,880.48</u>
	AVERAGE CAPITAL INVESTMENT/YEAR:	<u>\$1,737,606.19</u>

capexpend0820

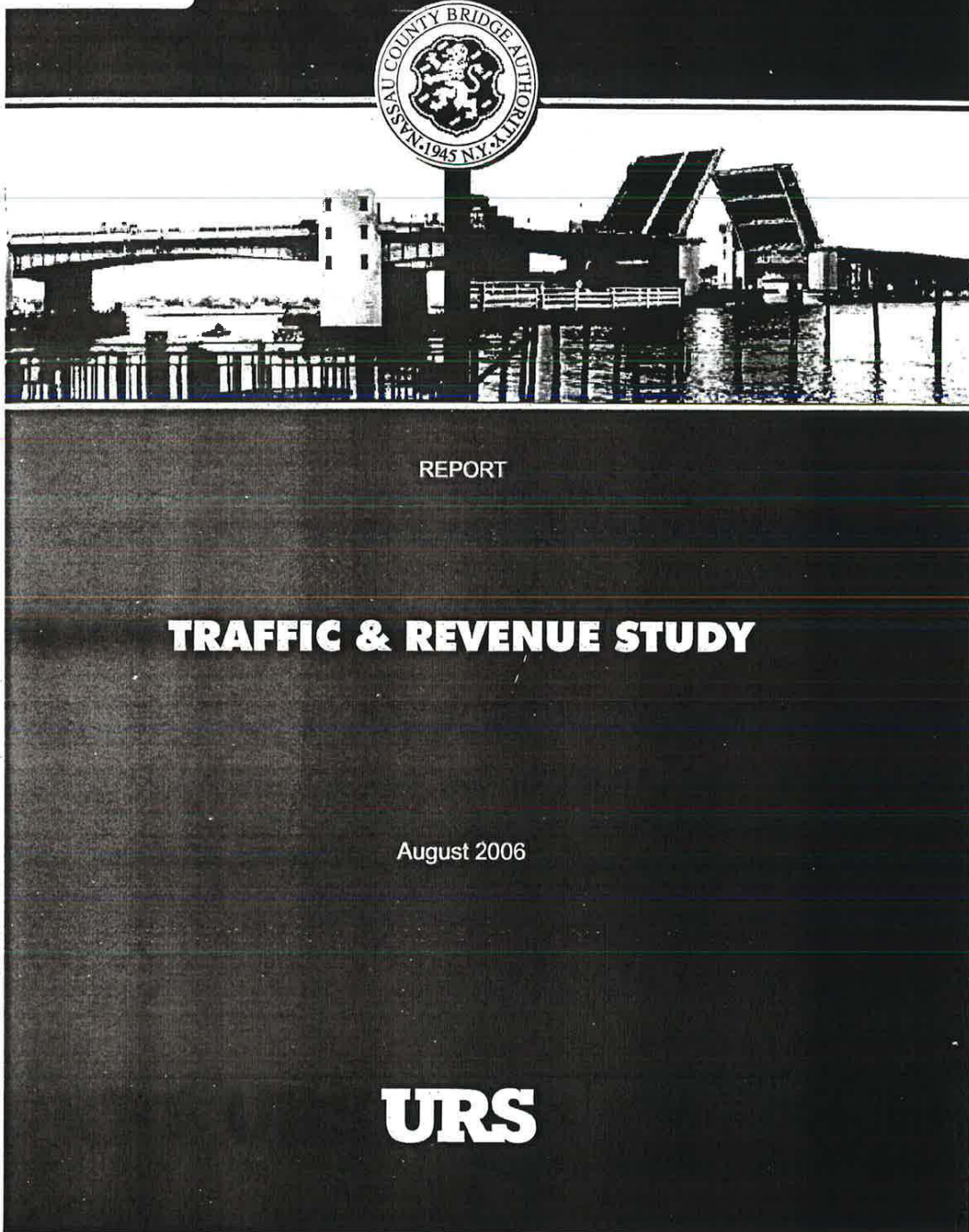
Authority's Exhibit B

NCBA TRAFFIC AND REVENUE ANALYSIS RE: LEAKAGE/LOSS POTENTIAL

FARE TYPE	2016		2017	
\$2.00 Cash Fare	1,639,962	26.59%	1,616,480	26.68%
\$4.00 Cash Fare	47,878	0.78%	51,279	0.85%
\$6.00 Cash Fare	15,350	0.25%	16,581	0.27%
Pass Card Fare	2,170,100	35.19%	2,101,739	34.70%
Decal Fare	2,216,179	35.94%	2,197,634	36.28%
Buses	47,514	0.77%	41,780	0.69%
Special Occurrence	29,846	0.48%	32,182	0.53%
Total Passages	6,166,829		6,057,675	
Total Revenue	\$6,420,528.00		\$6,372,462.00	
ALL EXEMPT/GRATIS/DECAL PASSAGES = TOTAL	36,615	% of total passages	36,042	0.59%
Law Enforcement or Emergency Vehicle	20,445		18,375	EXEMPT
Municipal Vehicle	1,602		1,743	EXEMPT
NCBA Vehicle	14,489		15,198	EXEMPT
Indeterminate/Error	79	Lost Revenue =	726	\$1,452
NO FUNDS (Estimated) TOTAL -	13,344	% of Total Passages	13,344	0.22%
2 Axle Vehicle	11,609		11,609	\$23,218.00
Other	1,735		1,735	\$8,675.00
Estimated Receivable				\$31,893.00
Collected				
Loss/Leakage		89.26%		\$28,469.00
Loss/Leakage as a % of Total Revenue				\$3,424.00
				0.053%
	2016		2017	
TOTAL POTENTIAL LOSS OF UNCOLLECTED REVENUE	\$3,582.00		\$2,623.00	
TOTAL POTENTIAL LOSS UNCOLLECTED AS % OF TOTAL REVENUE	0.056%		0.041%	
REVENUE COLLECTED AS PERCENTAGE OF PASSAGES	99.944%		99.959%	

EXHIBIT B

EXHIBIT F



Appendix M - NCBA Response

URS

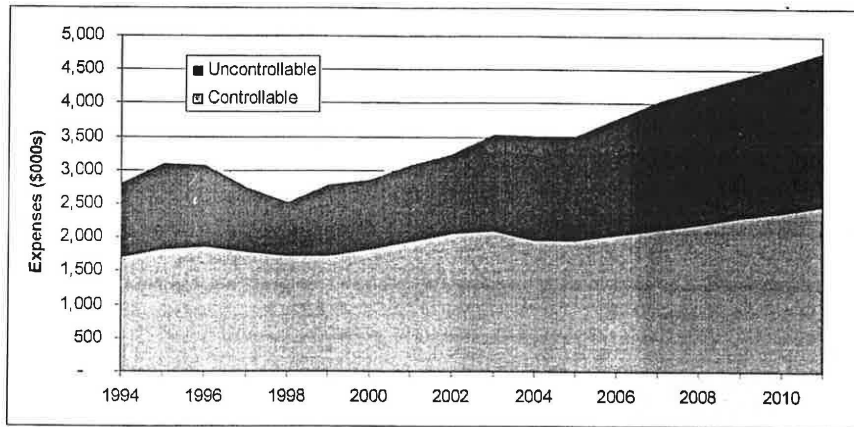


Figure 5
Historical and Projected Controllable and Uncontrollable Expenses

Table 15
Historical and Projected Expenses

Year	Expenses (000)		
	Controllable	Uncontrollable	Total
1994	1,703	1,100	2,804
1995	1,828	1,267	3,095
1996	1,868	1,201	3,069
1997	1,786	954	2,740
1998	1,727	796	2,523
1999	1,733	1,044	2,777
2000	1,823	1,036	2,858
2001	1,953	1,128	3,081
2002	2,065	1,167	3,232
2003	2,112	1,410	3,522
2004	1,959	1,554	3,513
2005	1,971	1,534	3,504
2006	2,042	1,732	3,774
2007	2,123	1,910	4,033
2008	2,207	2,009	4,216
2009	2,294	2,094	4,389
2010	2,385	2,183	4,569
2011	2,480	2,276	4,756

— EXHIBIT G



- ▶ Founded in 1996
- ▶ Independent Consultants and Software Developers
- ▶ Focused multi-disciplined, project oriented, technical professionals
- ▶ Specialize in Toll Systems and related technologies

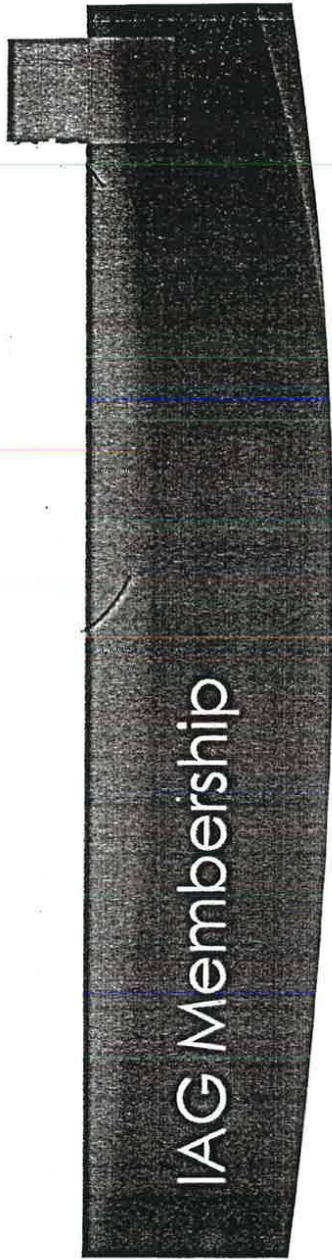




TTI Customers

- ▶ Leaders in Toll System Modernization
- ▶ Facilitators of Successful Projects for Satisfied, Repeat Customers
 - ❑ Albany County Airport Authority
 - ❑ Bay Area Toll Authority
 - ❑ Burlington County Bridge Commission
 - ❑ Cape May County Bridge Commission
 - ❑ Golden Gate Bridge
 - ❑ Maine Turnpike Authority
 - ❑ New York State Bridge Authority
 - ❑ Port Authority of NY & NJ
 - ❑ South Jersey Transportation Authority

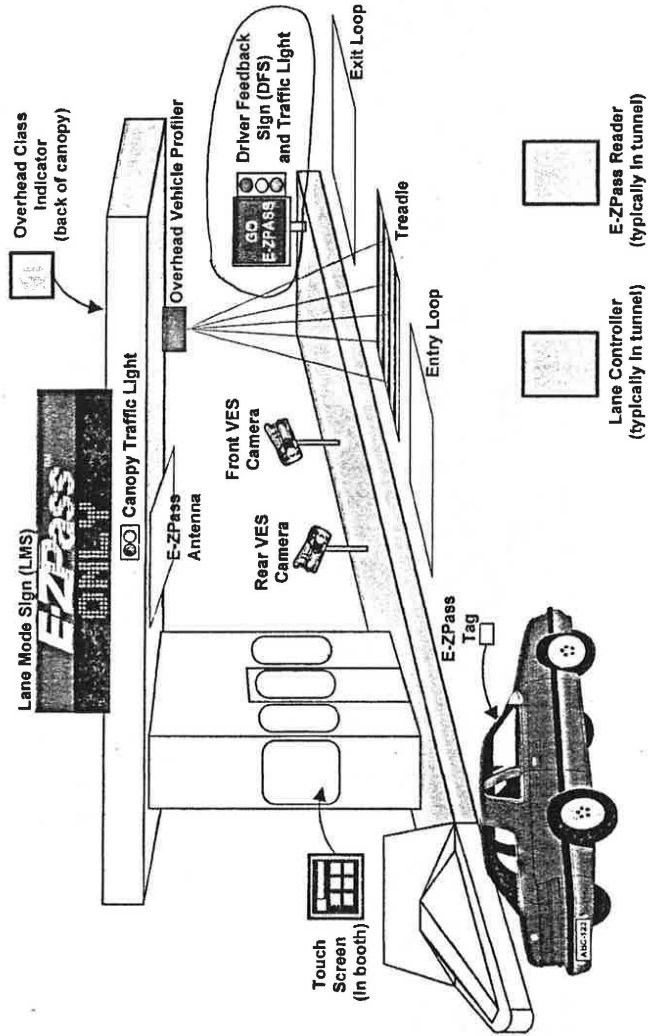




- ▶ 29 agencies in 17 states
- ▶ Full Member Agency
 - Voting Rights
 - Annual Dues: \$25K (small) / \$75K (large)
- ▶ Sponsored Affiliate – Public Agency
 - Non-Voting
 - Annual Dues: \$10K



Typical E-ZPass Lane Components



Potential Cost to Implement

- ▶ Range depending on various factors:
 - ❑ Number of lanes to equip
 - ❑ Will vehicle classification technology be required?
 - ❑ Will gates be retained?
 - ❑ Level of integration with existing system
 - ❑ Level of software customization
- ▶ Cost per lane can vary from \$50,000 to \$200,000
- ▶ Cost for centralized computer system can vary from \$25,000 to \$250,000
- ▶ Maintenance costs will depend on level of support required
 - ❑ Who will perform on-site support
 - ❑ Can remote support be provided





Back Office

- ▶ Partner with MTAB&T in the NY E-ZPass Customer Service Center
 - Peace Bridge Authority and NYS Bridge Authority already partnered with NYSTA
- ▶ Approximate transaction cost: \$0.04 - \$0.18 per E-ZPass transaction
- ▶ Credit card fees of about 1.5% - 2%
- ▶ Actual costs and fees will have to be negotiated with MTAB&T
- ▶ Potential E-ZPass market share:
 - NY Agencies: 85%-90%
 - Cape May: 75% within 1 month





How Can TTI Help?

- ▶ Provide full solution – hardware, software, installation and training
- ▶ Work with existing NCBA contractors and staff to implement E-ZPass
- ▶ Provide consulting services



Authority's Exhibit I



**Case Study in Government Project Management:
THE NASSAU COUNTY BRIDGE AUTHORITY SALT STORAGE FACILITY**

HISTORY

Due to the 20-year fiscal crisis Nassau County has faced, a shutdown of many county services has become necessary. One of those cost cutting measures has been the closure of the Inwood Department of Public Works (DPW) yard.

Several municipalities have shared the County's DPW yard for years. One of the key services it has provided to other governmental agencies is the use of their salt storage facilities, for snow emergency operations. The next closest Nassau County DPW Yard to the South West Portion of Nassau is located in East Rockaway, which although geographically not very distant, is a problematic travel in inclement weather in large vehicles.

The Nassau County Bridge Authority has maintained a small salt storage bin at the Atlantic Beach Bridge for immediate needs, but the bulk of our salt supply was maintained at the Inwood facility. This presents the immediate problem of inaccessibility when the facility is not manned, or in instances when the County labor force is stretched due to the same weather event we have to deal with. Additionally, once the facility is shut down, we will no longer have a location to store our supply of salt.

Recognizing these challenges, in 2015, the Nassau County Bridge Authority began the process of planning, procuring and building a stand-alone salt storage facility at the Atlantic Beach Bridge.

NCBA PROCUREMENT POLICY

Municipalities are governed by both their internal Procurement Policies and NYS Law. The intent behind procurement policies is two-fold: 1) To guard against favoritism in issuing contracts or other governmental spending, and 2) To secure the best prices through a competitive process.

Certainly, a formal procurement policy is an extremely valuable tool, but it is only a tool. What this paper will demonstrate is that an over-reliance on a procurement policy can end up failing in one – or even both of a procurement policy's goals. There are times when by following the procurement policy an organization can be in perfect compliance, and still end up not getting the best price or value, and still engage in favoritism.

The updated and revised NCBA Procurement Policy, adopted in 2018 is as follows:

1. Purchases under \$2500 do not require and verbal or written quotes.
2. Goods and materials between \$2,501 and \$10,000 require at least three written quotations from the vendors.

Appendix M - NCBA Response

3. Purchases \$10,000 or more the Buyer must prepare a Formal Sealed Bid. The sealed bid is typically sent to at least three vendors and advertised in a newspaper/trade publication (such as the New York State Contract Reporter).
4. Contracts for Public Works between \$2,501 and \$35,000 require at least three written quotations from the vendors.
5. Contracts for Public Works \$35,000 or more the Buyer must prepare a Formal Sealed Bid. The sealed bid is typically sent to at least three vendors and advertised in a newspaper/trade publication (such as the New York State Contract Reporter).
6. These rules are suspended when purchases are made from established Office of General Services municipal contracts.
7. These rules do not apply to Personal Service Contracts.
8. The Board approved outside auditor shall conduct an annual review of the procurement policy as well as an internal control review to ensure compliance with the procurement policy set forth.
9. The unintentional failure to fully comply with the provisions of the General Municipal Law shall not be grounds to void action taken by the Authority to give rise to a cause of action against the Authority or any officer or employee thereof.

NCBA SALT DOME PROJECT

As stated above, due to the potential closure of Nassau County's Inwood DPW Yard, the Nassau County Bridge Authority began to plan for the storage of our own salt storage.

The first request for proposals for the engineering fees to design the salt storage facility were obtained in April, 2015. Upon review, the NCBA Board of Commissioners determined that the engineering and bid project management could be done by the NCBA Board of Commissioners' consulting engineer for a lower fee.

As initial, informal estimates for the project indicated that the project would exceed the \$35,000 threshold for Public Works Projects requiring a formal, sealed bid procurement, Peter Gerbasi, the consulting engineer to the Board of Commissioners was directed to prepare the bid documents and manage the bid process in August 2017.

The request for proposals was prepared, and the responses were opened on Thursday, November 9, 2017. The four sealed bids were obtained from T. Moriarty and Sons, for \$1.096 million, from Grace Industries for \$770,000, from BOVE/GCCOM for \$529,000 and the low bid from The Landtek Group for \$469,500. All of these bids were far in excess of what the NCBA management and Board expected to pay for this project. The bids were all rejected and the NCBA determined to move forward on the project with internal labor, purchasing and project management.

ENGINEERING CONSULTING -	\$6,475.00
MATERIALS - material costs)	\$74,496.96 (See Attachment for complete breakdown of

Appendix M - NCBA Response

LABOR (estimated) - \$27,002.08 (Included in this estimate if ALL overtime cost for the Maintenance Department during 2018 and 2019 for the most conservative estimate)

TOTAL COST OF IN HOUSE PROJECT - \$107,974.34

As is demonstrated in this breakdown, the cost to manage and complete the project in house was 23% of the lowest responsible bidder's price. The savings to the Authority, and ultimately to the toll patrons cannot be denied. Certainly, the project took longer and involved more care and dedication from the NCBA staff and management, but such attention revealed its value.

POTENTIAL INTER-MUNICIPAL COOPERATION AGREEMENT AND COOPERATION

In addition to the benefits enjoyed by the Nassau County Bridge Authority and the patrons, every level of government benefits from the NCBA's dedication to this project, as well as the surrounding communities.

With the closing of the Nassau County Department of Public Works Inwood facility, other nearby villages who stored their salt there must find new alternatives. This is a prime opportunity for Intermunicipal agreements between the NCBA and those municipalities for win-win situations.

Additionally, with the millions of dollars being spent on the RTE 878 corridor by NYS, having a facility that the NYS Department of Transportation can partner with confers additional benefits to the State and protect the NYS Taxpayers investment. For several years, the NYS DoT and the NCBA have had an informal agreement allowing their workers to rest and retrofit at the NCBA facilities. With the completion of the NCBA Salt Storage facility, a formal agreement will be put into place, allowing the State to operate independently in Western Nassau without having to return to their facility in Amityville.

Appendix M - NCBA Response

SALT DOME FOUNDATION DESIGN ENGINEERING FEES

PROPOSAL FROM PETER J. GERBASI	
	<u>\$8,975.00</u>
Total Budgeted Costs:	<u>\$8,975.00</u>

TOTAL BUDGETED COST: \$8,975.00

PAYMENTS MADE:
INVOICE #1 DATED 10/16/17 \$4,975.00
(PLEASE SEE INVOICE FOR DETAILED
DESCRIPTION OF WORK):

PAYMENTS MADE:
INVOICE #2 DATED 2/25/18
(PLEASE SEE INVOICE FOR DETAILED
DESCRIPTION OF WORK): \$1,500.00

TOTAL PAYMENTS MADE: 6,475.00

BALANCE OWED: 2,500.00

saltdomefoundationdesign

Appendix M - NCBA Response

**NASSAU COUNTY BRIDGE AUTHORITY
BID OPENING RESULTS
SALT STORAGE FACILITY CONSTRUCTION**

BID OPENING: THURSDAY, NOVEMBER 9, 2017 AT 2:00 P.M.

PRESENT:

ROSEMARIE EVOLA, DEPUTY MANAGER
CARMELO AYALA, TOLL TECHNICIAN MANAGER
MIKE MEROLA, MAINTENANCE SUPERVISOR
ALANNA FISHER, GRACE INDUSTRIES, LLC
DAN SPEICHER, THE LANDTEK GROUP
TOM GLIGANIC, BOVE/GCCOM

4 SEALED BIDS RECEIVED

1. T. MORIARTY & SON, INC.
63 CREAMER STREET
BROOKLYN, NY 11231 \$1,096,650.00

2. GRACE INDUSTRIES, LLC
11 COMMERCIAL STREET
PLANVIEW, NY 11803 \$770,200.00

3. BOVE/GCCOM A JOINT VENTURE
16 HULSE ROAD
EAST SETAUKET, NY 11733 \$529,000.00

4. THE LANDTEK GROUP, INC.
235 COUNTY LINE ROAD
AMITYVILLE, NY 11701 \$469,500.00

Please note-- Bids are being evaluated to establish the lowest responsible bidder.

saltstoragefacility

Appendix M - NCBA Response

EXPENSES —CONSTRUCTION SALT DOME

1. STEELMASTER	
PURCHASE OF STEELMASTER BUILDING	\$ 14,266.00
VOUCHERS # 24941 & # 25073 <i>(purchased and paid for in 2017)</i>	

2019 Expenses

2. SEVILLE CENTRAL MIX CORP.	
PURCHASE OF 10 12' RETAINING WALL BLOCKS VOUCHER #26304	\$ 3,000.00

3. O'LEARY CONSTRUCTION	
FOOTING ON GRADE (PROVIDE AND PLACE CONCRETE)	\$ 11,000.00
EPOXY COATED REBAR (PROVIDE AND INSTALL REINFORCING REBAR)	\$ 9,500.00
VOUCHER #26303	<u>\$ 20,500.00</u>
 CONCRETE SLAB—ADDITIONAL 6" HIGH PROTECTIVE WALL AT REAR AND FRONT APRON AT ENTRANCE VOUCHER #26588	 \$ 30,000.00 \$ 30,000.00 <u>\$ 50,500.00</u>

4. SOUTH SHORE READY MIX, INC.	
VOUCHER # 26317— 6 YARDS OF CEMENT FOR SALT DOME	\$ 738.00
VOUCHER # 26494—13 YARDS OF CEMENT FOR SALT DOME	\$ 1,626.00
VOUCHER #26546—5 YARDS OF CONCRETE FOR TOP PAD	\$ 615.00
VOUCHER #26960— 12 YARDS OF CONCRETE FRONT PAD	<u>\$ 1,230.00</u>
	<u>\$ 4,209.00</u>

5. FRANK SUPPLY	
VOUCHER # 26374-- INVOICE #00264322--PIPES & FITTINGS	\$ 519.00
	<u>\$ 519.00</u>

6. LOWE'S	
VOUCHER #26358--CEMENT BLOCKS, CONCRETE, MORTAR & SEALER	\$ 218.41
VOUCHER #26412--GRINDER, CONCRETE AND CEMENT BLOCKS	\$ 234.35
	<u>\$ 452.76</u>

7. FASTENAL	
VOUCHER #26408--HARDWARE	\$ 214.24
VOUCHER #26587--ANCHORS	\$ 768.42
	<u>\$ 982.66</u>

8. FIVE TOWNS MASON MATERIALS, INC.	
VOUCHER #26455--WIRE MESH	\$ 118.00
VOUCHER #26562--CONCRETE ADHESIVE	\$ 19.95
	<u>\$ 137.95</u>

9. CENTRE MILLWORK & SUPPLY, INC.	
VOUCHER #26571-- WOOD	\$ 200.99
	<u>\$ 200.99</u>

10. CARGO EQUIPMENT CORP. (Capital One Card Services)	
VOUCHER #26691-- STRAPS	\$ 229.60
	<u>\$ 229.60</u>

TOTAL EXPENSES TO DATE: \$ 74,496.96

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Authority's Exhibit J

EXHIBIT J

NCBA FULL TIME EQUIVALENT EMPLOYEES 2008 - 2020 AND OVERTIME

YEAR	FTE EMPLOYEES	OVERTIME	EMPLOYEES % OF MAX	OVERTIME % OF AVERAGE	EXTENUATING CIRCUMSTANCE
2008	52.43	\$71,235.63	100.00%	59.45%	
2009	49.55	\$66,592.17	94.51%	55.57%	
2010	44.55	\$91,752.78	84.97%	76.57%	
2011	43.59	\$77,894.35	83.14%	65.01%	
2012	46.14	\$221,359.21	88.00%	184.73%	Superstorm Sandy Response
2013	41.1	\$133,782.13	78.39%	111.65%	
2014	37.98	\$92,235.54	72.44%	76.97%	
2015	34.01	\$99,846.53	64.87%	83.32%	
2016	33.52	\$95,056.51	63.93%	79.33%	
2017	32.72	\$199,224.80	62.41%	166.26%	Grid Deck Attenuator Truck Project
2018	32.42	\$156,960.07	61.83%	130.99%	
2019	31.58	\$130,944.42	60.23%	109.28%	
2020	30.3	\$120,878.84	57.79%	100.88%	
AVERAGE	39.22	\$119,827.92			

The policy of the Nassau County Bridge Authority Board of Commissioners and Management team since 2008 has been to reduce our employee headcount (the largest driver of expenses) through a program of attrition, while managing overtime. Truly, the definition of "doing more with less." At the same time, it has been the goal to recognize our best employees, make every effort to retain them, and to pay them more. The goal has been a smaller, more professional, better compensated workforce. We believe this is the only way for government operations to remain efficient, economical and sustainable into the future, as resistance to increasing the taxpayer/farepayer burden becomes greater. This chart represents the 13 year result and success of that effort. The two outlier years represent the "all hands on deck," response to Superstorm Sandy, where we utilized our workforce and got the bridge operational in 3 weeks, October 29 - November 18 (as opposed to more than two years for the nearby, county-operated Long Beach Bridge), and the 2017 Bascule Span Grid Deck Rehab and Replacement project, where as a cost-saving measure, we utilize the team of CDL drivers on our workforce to operate attenuator trucks who work on the bridge span was conducted. It is estimated that this saved \$100,000 from the project cost, which would actually bring the 2017 overtime paid to approximately 82% of the 13 year average. That would mean that in addition to 13 years of decreasing head count (a 42.5% reduction over the period), 8 of the 13 years (62%) would include less than average overtime expenses.

Appendix M - NCBA Response

Authority's Exhibit L

— EXHIBIT L

NASSAU COUNTY BRIDGE AUTHORITY COST ANALYSIS --EZ PASS IMPLEMENTATION

ezpassnewcosts

IMPLEMENTATION COSTS FOR EZ PASS:

1. Costs Per Lane to Implement \$50,000 to \$200,000
The NCBA has 11 Toll Lanes
\$550,000 to \$2,200,000
2. Computer System
\$25,000 to \$250,000

RECURRING COSTS FOR EZ PASS :

1. Annual Costs in IAG Membership as a Sponsored Affiliate
\$10,000
2. Approximate Transaction Cost \$0.04 to \$0.18 per transaction
In 2019, the NCBA had total toll passages of 5,830,301
\$233,212.04 to \$1,049,454.18

LOW ESTIMATE COSTS FOR EZ PASS

IMPLEMENTATION COSTS:	\$ 575,000
RECURRING COSTS:	\$ 243,212
TOTAL:	<u>\$ 818,212</u>

MID ESTIMATE COSTS FOR EZ PASS (AVERAGE):

IMPLEMENTATION COSTS:	\$1,512,500
RECURRING COSTS:	\$651,333
TOTAL:	<u>\$2,163,833</u>

HIGH ESTIMATE COSTS FOR EZ PASS

IMPLEMENTATION COSTS:	\$2,450,000
RECURRING COSTS:	\$1,059,545
TOTAL:	<u>\$3,509,545</u>

END OF REPORT

