

MTA Corporate Compliance

Integrity Accountability Compliance Transparency



LAMOND W. KEARSE
Chief Compliance Officer
Metropolitan Transportation Authority

Integrity Accountability Compliance Transparency



Metropolitan Transportation Authority

- Who We Are
 - Public Benefit Corporation
 - Over 67,000 Employees
 - Serving 8.5 Million Customers Daily
 - Transportation, Construction, Real Estate, and More



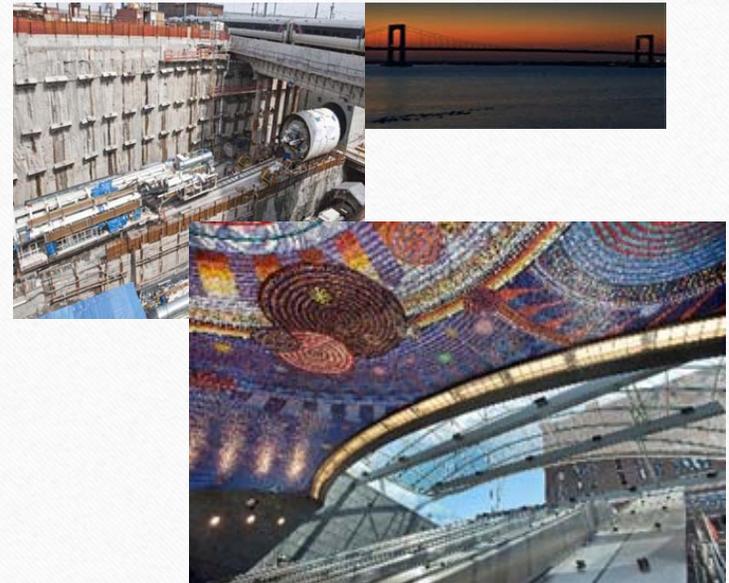
Metropolitan Transportation Authority

- *What It Takes*

- Annual Operating Budget approximately \$13 Billion
- Capital Plan: \$20+ Billion

- *Results*

- North America's Largest Transportation Network



Metropolitan Transportation Authority

- A Corporate Compliance program is designed to ensure that rules, regulations and our policies are being followed and that controls are in place to prevent and detect misconduct, identify problems and address policy concerns.

Is this Your Compliance Program?



Or is this your Compliance Program?



What Makes an Effective Compliance Program



What Makes an Effective Compliance Program

- Ethical Leadership
- Risk Management
- Policy Lifecycle Management
- Training and Communication

ETHICAL LEADERSHIP

It starts with “Tone-at-the-Top” but imbedding a culture of compliance can not stop at the Top; the message must resonate from the Top, Middle and Bottom of your organization.

A successful compliance program must be built on a solid foundation of ethics that are fully and openly endorsed by all levels of management. There should be an unambiguous, visible and active commitment to compliance.

ETHICAL LEADERSHIP

- The organization's governing authority shall be knowledgeable about the content and operation of the compliance and ethics program and shall exercise reasonable oversight with respect to the implementation and effectiveness of the compliance and ethics program.

ETHICAL LEADERSHIP

Board of Directors

METROPOLITAN TRANSPORTATION AUTHORITY GOVERNANCE GUIDELINES

“...Functions of the MTA Chairman/Chief Executive Officer

(a) The Chairman of the MTA shall be primarily responsible for providing leadership to the MTA Board in performing oversight of the senior management in the effective and ethical management of the MTA Agencies’ integrated mass transportation system...”

ETHICAL LEADERSHIP

Board of Directors

METROPOLITAN TRANSPORTATION AUTHORITY GOVERNANCE GUIDELINES

- “...The entire Board shall be responsible for the general oversight of the Authority’s senior management in furtherance of the effective and ethical management of the entire MTA...”

ETHICAL LEADERSHIP

Must have high-ranking compliance officer with the authority and resources to manage the program on a day-to-day basis. And compliance officers must have the ear of those ultimately responsible for corporate conduct, including the board of directors.

What do we mean by authority?

Role Model
Independence
Decision Maker

au·thor·i·ty

a : power to influence or command thought, opinion, or behavior
b : freedom granted by one in authority

ETHICAL LEADERSHIP

Must have high-ranking compliance officer with the authority and resources to manage the program on a day-to-day basis. And compliance officers must have the ear of those ultimately responsible for corporate conduct, including the board of directors.

What do we mean by resources ?



ETHICAL LEADERSHIP

What is the role of the Chief Compliance Officer? What is the role of the General Counsel? How do the legal and compliance departments interact? Does the CCO have "real power"? Is she or he treated as a second-class citizen?

In a report issued by Deloitte and Compliance Week

Fifty-nine percent (59%) of survey respondents said they now have standalone CCOs

Fifty-seven percent (57%) say the CCO reports to either the CEO or the Board

RISK MANAGEMENT

“The governing board of each covered authority shall: 1. establish and maintain for the authority guidelines for a system of internal control that are in accordance with this article and internal control standards...” Public Authorities Law 2931

RISK MANAGEMENT



METROPOLITAN TRANSPORTATION AUTHORITY ENTERPRISE RISK MANAGEMENT AND INTERNAL CONTROL GUIDELINES

Pursuant to Public Authorities Law Section 2931

Adopted by the Board on November 16, 2011

RISK MANAGEMENT

The Committee of Sponsoring
Organizations of the Treadway
Commission (COSO)



RISK MANAGEMENT

The Enterprise Risk Management Committee (“the Committee”) has the authority and responsibility for ensuring compliance by the Authority with the Act, Comptroller Standards, IABO guidelines and COSO standards. In addition, the Committee has authority to oversee the ERM program as it relates to those Business Processes and their associated risks and controls that occur between multiple Agencies

**Enterprise Risk Management
Committee
Status Report**

Audit Committee
November 2016

RISK MANAGEMENT

Period Snapshot

All Agencies Submitted Their Annual Internal Controls Certifications and All of the Programs Were in Full Compliance with NYS Governmental Accountability, Audit and Internal Control Act Requirements

All Agencies Working on Closing Open Material Weakness / Significant Deficiencies

ERM Committee Met During the Period to Discuss Significant Issues and MTA Organizational Changes

Agencies Continue to Document Their Vulnerability Assessments in the Governance Risk and Compliance (GRC) System

Summary of Control Activities

1,910 Total Business Processes

882 Total Significant Business Processes of which 508 Were Reviewed

Approximately 4,784 Total Risks (all business processes)

Approximately 6,145 Total Controls (all business processes)

23 Total Material Weakness / Significant Deficiencies Reported of which 20 Are Still Open

Strategy/Internal Driven Risk Change

Procurement Consolidation

IT Transformation

Treasury Transformation

GRC Migration

External Driven Risk Change

New Standards for Internal Controls in New York State Government – Office of the State Comptroller

COSO 2013

NYS Comptroller Guidelines

RISK MANAGEMENT

| Agency | Number of ERM Personnel* | Number of Agency Coordinators | Activities / Business Process | Total Risks | Total Controls |
|--------------|--------------------------|-------------------------------|-------------------------------|--------------|----------------|
| B&T | 2 | 14 | 264 | 377 | 373 |
| MTA HQ | 3 | 29 | 198 | 1,339 | 529 |
| LIRR | 4 | 34 | 430 | 984 | 1,422 |
| MNR | 3 | 40 | 224 | 705 | 715 |
| MTA Bus | 3 | 25 | 38 | 125 | 159 |
| MTA CC | 1 | 15 | 147 | 202 | 519 |
| NYCT | 6 | 65 | 609 | 1,052 | 2,428 |
| TOTAL | 22 | 222 | 1,910 | 4,784 | 6,145 |

* Note that while these employees have ERM responsibilities for their agencies, they also have a number of other responsibilities.

POLICY MANAGEMENT



POLICY MANAGEMENT

“...make available to each member, officer and employee a clear and concise statement of the generally applicable managerial policies and standards with which he or she is expected to comply. Such statement shall emphasize the importance of effective internal control to the authority and the responsibility of each member, officer and employee for effective internal control...” Public Authorities Law 2931

What does this mean ?

POLICY MANAGEMENT

- Corporate Compliance

- Manages the policy lifecycle of creation, communication, implementation, monitoring, maintenance, revision, and archiving.
- Manages the MTA's process to document, approve, monitor, and review policies and exceptions to policies.
- Ensures employees have easy access to policies.
- Links policies to objectives, risks, and controls.
- Restricts access to policy documents to ensure authenticity.

POLICY MANAGEMENT

- Corporate Compliance is not
 - Responsible for writing policy
 - Subject Matter Expert

TRAINING AND COMMUNICATION



Training and Communication

- Targeted
- Relevant
- Engaging
- 360 Communication

TRAINING AND COMMUNICATION

- Definition. As used in this section: The term “state agency” shall mean any state department, or division, board, commission, or bureau of any state department or any public benefit corporation or public authority at least one of whose members is appointed by the governor or corporations closely affiliated with specific state agencies as defined by paragraph (d) of subdivision five of section fifty-three-a of the state finance law or their successors. The term “legislative employee” shall mean any officer or employee of the legislature but it shall not include members of the legislature. 2. Rule with respect to conflicts of interest. No officer or employee of a state agency, member of the legislature or legislative employee should have any interest, financial or otherwise, direct or indirect, or engage in any business or transaction or professional activity or incur any obligation of any nature, which is in substantial conflict with the proper discharge of his duties in the public interest. 3. Standards. a. No officer or employee of a state agency, member of the legislature or legislative employee should accept other employment which will impair his independence of judgment in the exercise of his official duties. b. No officer or employee of a state agency, member of the legislature or legislative employee should accept employment or engage in any business or professional activity which will require him to disclose confidential information which he has gained by reason of his official position or authority. c. No officer or employee of a state agency, member of the legislature or legislative employee should disclose confidential information acquired by him in the course of his official duties nor use such information to further his personal interests. d. No officer or employee of a state agency, member of the legislature or legislative employee should use or attempt to use his or her official position to secure unwarranted privileges or exemptions for himself or herself or others, including but not limited to, the misappropriation to himself, herself or to others of the property, services or other resources of the state for private business or other compensated non-governmental purposes. e. No officer or employee of a state agency, member of the legislature or legislative employee should engage in any transaction as representative or agent of the state with any business entity in which he has a direct or indirect financial interest that might reasonably tend to conflict with the proper discharge of his official duties. f. An officer or employee of a state agency, member of the legislature or legislative employee should not by his conduct give reasonable basis for the impression that any person can improperly influence him or unduly enjoy his favor in the performance of his official duties, or that he is affected by the kinship, rank, position or influence of any party or person. g. An officer or employee of a state agency should abstain from making personal investments in enterprises which he has reason to believe may be directly involved in decisions to be made by him or which will otherwise create substantial conflict between his duty in the public interest and his private interest. h. An officer or employee of a state agency, member of the legislature or legislative employee should endeavor to pursue a course of conduct which will not raise suspicion among the public that he is likely to be engaged in acts that are in violation of his trust. i. No officer or employee of a state agency employed on a full-time basis nor any firm or association of which such an officer or employee is a member nor corporation a substantial portion of the stock of which is owned or controlled directly or indirectly by such officer or employee, should sell goods or services to any person, firm, corporation or association which is licensed or whose rates are fixed by the state agency in which such officer or employee serves or is employed.

TRAINING AND COMMUNICATION

April 4, 2016 Good Morning!

mta today

Tools Benefits/Programs Policies MTA Departments Corporate Info Agency Intranets

Outside Employment?

"Moonlighting"

Pursuing an outside business while working full time can lead to some artful – but unethical – juggling. And while we know that many MTA employees pursue outside business interests (as long as they don't interfere with work), following MTA and New York State rules can keep you from slipping into an inadvertent ethical lapses. Before you engage in outside employment or activities, you must consult with your Agency's Human Resources Department or Ethics Officer to determine what dual employment or outside activity policy exists at your agency.

According to Chief Compliance Officer Lamond Kearse, one of the main reasons we have

NOMINATE NOW!
THE SUSAN L. KUPFERMAN AWARD FOR EXCELLENCE IN PUBLIC SERVICE

Notices

Server Migration
On Wednesday, April 6, the computer servers that store MTA Today will be migrated from 347 Madison Avenue to 2 Broadway. While we expect the switchover to be seamless, if you have problems accessing MTA Today please contact the IT Service Desk at 646-252-8888.

Jewish American Heritage

Quick Links

- EAM SharePoint
- Employee Assistance Program (EAP)
- PeopleSoft 9.2 Upgrade
- Outlook Web Email

TRAINING AND COMMUNICATION

HOTLINE vs HELPLINE



TRAINING AND COMMUNICATION

March 15, 2017 Good Morning!

mta today 

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Hello, Can I Help You? The People at the Other End of the MTA Ethics Helpline.

On the 16th floor of 2 Broadway, when the MTA Ethics Helpline rings, it's usually Andrea Abaquin who picks up first, ready to help and experienced enough to expect anything.



Abaquin, manager, Ethics and Compliance, at MTA Corporate Compliance, has been with the department almost from its creation in 2006. After 11 years of picking up the helpline, she's honed her knack for patient listening and ironclad confidentiality. Which is a good thing, considering the range of inquiries handled by Abaquin and her colleague Ytzozy (Gio) Carey, a compliance coordinator.

Ready to help! Andrea Abaquin, left, and Ytzozy (Gio) Carey handle thousands of calls each year on the MTA Ethics Helpline.

"You'd be surprised," says Abaquin, who for obvious reasons can't divulge specifics. "Most of our callers are just looking for basic help with ethics or training questions. Some of them are upset, worried they missed the deadline for mandated training or filing a financial disclosure statement. But we also get unrelated calls from employees or even relatives of employees who don't know where else to go."

NOMINATE NOW!
THE SUSAN L. KUPFERMAN AWARD FOR EXCELLENCE IN PUBLIC SERVICE

[Notices](#) [Feedback](#)

New MTA Request Form for Outside Activities ^
If you are seeking approval for outside activities, you'll find a [new all-agency request form](#) here and accessible through the BSC portal under the "BSC Forms" section in the "Employment" folder.

Defensive Driving Courses v
HQ employees interested in taking [defensive driving classes](#) offered by

Quick Links

- [EAM SharePoint](#)
- [Employee Assistance Program \(EAP\)](#)
- [PeopleSoft 9.2 Upgrade](#)

IS YOUR PROGRAM SUCCESSFUL ?

Dr. No



IS YOUR PROGRAM SUCCESSFUL ?

Tune in Tomorrow to find out

Why your compliance officer should be Batman ?

SAME BAT TIME SAME BAT CHANNEL!

