

THE PORT AUTHORITY OF NY & NJ

Michael G. Massiah
Director
Management and Budget Department

March 4, 2014

Ms. Carmen Maldonado
Audit Director
Division of Governmental Accountability
Office of the State Comptroller
123 William Street, 21st Floor
New York, NY 10038-3804

Dear Ms. Maldonado:

On behalf of the Port Authority of New York and New Jersey (Port Authority), I want to thank you for your assessment of the progress we have made to implement the recommendations outlined in the 2009 audit report entitled *Contracts for Personal and Miscellaneous Services* 2009-S-54.

As your follow-up audit report 2013-F-18 notes, we have either fully or partially implemented the four recommendations related to documenting and justifying the need for new or continuing service contracts over the past couple of years. We plan to continue to advance these recommendations under our current executive team's strategy of "continuous improvements" designed to ensure the most effective use of our staff and contracted resources.

As for the one "unresolved issue" concerning disclosure of the number of individuals employed under our contracts and agreements (Recommendation 3), the primary focus of the service contracts we enter into is to accomplish specific tasks and achieve the optimal value for the Agency and the travelling public from the dollars spent. We find that the staffing models used by our contractors vary and are generally designed for cost efficiency based on such things as the frequency and type of work required, the variability of peak work periods, or the ad hoc nature of the work. We believe these varying tasks, staffing models as well as varying lengths of contracts make the implementation of a reporting process to track the number of individual contract employees administratively unwieldy and inaccurate. Instead, we will continue to publicly disclose through our financial statements the full cost of operating our facilities, including staffing and service contract costs, and seek Board of Commissioners review and approval as required by our contract authorization policy.

In closing, we have benefited from the assessment process and appreciate that the follow-up audit recognized the many changes and improvements we have already implemented in documenting and assessing the justification for new and/or continuing service contracts. The

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Port Authority will continue to build upon the recommendations to refine and improve our processes in order to advance our shared interest in transparency and public accountability.

Sincerely,



Michael G. Massiah
Director, Management and Budget

cc: David Samson, Chairman, Port Authority of NY & NJ
Patrick J. Foye, Executive Director, Port Authority of NY & NJ
Deborah L. Gramiccioni, Deputy Executive Director, Port Authority of NY & NJ
Elizabeth McCarthy, Chief Financial Officer, Port Authority of NY & NJ
Robert A. Sudman, Audit Director, Port Authority of NY & NJ
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