

**BROOME COUNTY
DEPARTMENT OF
AUDIT AND CONTROL**

TRANSIT FARES ADMINISTRATION AUDIT

July 2004

Alex J. McLaughlin, Comptroller

July 23, 2004

Jeffrey P. Kraham, County Executive:

The Department of Audit and Control has audited the Department of Public Transportation's administration of fares. The principle objective was to verify that proper fares are being charged and collected and that adequate cash handling safeguards are in place.

The audit was conducted in accordance with generally accepted auditing standards. Such standards require that the Department of Audit and Control plan and perform the audit to adequately assess the accuracy of the financial records and adequacy of the internal controls, and that we examine, on a test basis, sufficient, competent and relevant evidence to afford a reasonable basis for our conclusions.

Based on the results of our examination, except for the instances noted herein, it is our opinion that proper fares are being charged and collected and that adequate cash handling safeguards are in place.

Sincerely,

Alex J. McLaughlin
Comptroller

Cc: Daniel A. Schofield, Chairman of the Legislature
Members of the Legislature
Louis P. Augostini, Clerk of the Legislature
Carl G. Olson, Commissioner of Transportation

AUDIT FINDINGS, RECOMMENDATIONS AND RESPONSES

-PUBLIC TRANSPORTATION-

FINDING 1: FAILURE TO EMPLOY PROPER PHYSICAL SAFEGUARDS TO PROTECT CASH

During the course of our audit, we discovered several instances where physical safeguards to prevent loss of cash and other assets were not in place.

Deficiencies include:

- Cash collected from the weekend runs not taken off buses until Monday evening.
- Keys to the fare boxes are not labeled “DO NOT DUPLICATE”.
- BC Junction employees take their own deposits to the bank rather than an officer from the Security Division.

The lack of physical safeguards makes it possible for theft or loss to easily occur at several points in the process of collecting, counting and depositing the fares.

RECOMMENDATIONS:

We recommend the following to Public Transportation:

- An authorized individual along with a Security guard should remove the money from the buses on Saturday and Sunday and place the money in the safe until the deposit can be made on Monday.
- All keys must clearly state “DO NOT DUPLICATE”
- Arrange for the Security Division to make the deposits for BC Junction.
- A written policy should be developed and implemented to require that the combination to the safes be changed whenever an employee with access to the combination leaves his/her position.

MANAGEMENT RESPONSE:

The Department of Public Transportation will be initiating the process of labeling the fare box keys with the phrase “Do Not Duplicate”.

The Department is also in the process of finalizing an operating procedure which will direct an officer from the Broome County Security Division to make the cash deposits at the bank on behalf of the BC Transit Junction personnel.

Historically, the Department has had an effective procedure which was followed concerning how/when the combinations to safes should be changed. However, this policy has never been formalized in writing. In accordance with Audit & Control's recommendation, this policy has been formally put to paper and will continue to be followed by our staff.

With respect to the Finding/Recommendation concerning the removal of cash box revenues each day of the weekend by an employee accompanied by a Security Officer, our office has reviewed this suggestion and uncovered the following problems: (1) Current staffing levels with both this department, and the Broome County Security Division, would not allow for the consistent removal of weekend fare box revenues on a scheduled basis, (2) The cost of hiring/re-scheduling staff to accomplish this task would out-weigh the value of the weekend farebox revenues.

It should be noted that the design of our current fare boxes will not allow for unauthorized personnel to access the cash box portion of the fare box during the weekend periods, even for maintenance purposes. Additionally, the Department monitors the level of funds emptied when the fare box revenues are 'pulled' on Monday following the weekend. To date, no loss/theft/shrinkage problems with weekend revenues have been identified.

Accordingly, the Department of Public Transportation proposes that in lieu of increasing our staffing levels to provide for someone to remove the cash boxes each Saturday/Sunday; that instead, we continue with the current, more cost efficient procedures while also continuing to monitor results for problems.

FINDING 2: BC LIFT AND BC COUNTRY PROGRAM BROCHURES NEED TO BE UPDATED AND DISTRIBUTED

During the course of our audit, we noted that the Department does maintain and distribute an informative brochure describing their fixed route transit services, but does not provide similar materials regarding BC Lift and BC Country services.

Making descriptive materials available should help to promote the use of these services and reduce the volume of telephone inquiries that presently consumes a fair amount of staff time.

RECOMMENDATION:

We recommend that the Department of Public Transportation periodically review and update program brochures for all services and ensure that these materials are made widely available to the public.

MANAGEMENT RESPONSE:

The Department of Public Transportation will begin the development of a brochure highlighting our BC Lift and BC Country services which will be distributed to both our clients and potential clients. In addition, this same information will be available shortly on our new website, www.RideBCTransit.com.

FINDING 3: PARATRANSIT SERVICE FARES ARE NOT ALWAYS PAID/COLLECTED IN THE AMOUNT DUE

During the course of our audit, we observed that many fares on the Operator Manifest were paid in excess or not paid at the time of pick up and left to pay at a future date. The system to determine whether a person paid in advance or owed money for paratransit transportation is inadequate and not being properly administered. For those passengers that did not pay on a particular day or paid later in the week, monies owed are kept track of on the Weekly BC Lift or BC Country Fare Log by Client, however, there is no formalized process for managing this issue.

Cash fares are intended to be collected at the time the ride is taken.

The Department of Public Transportation does not have a policy to require that proper fares are collected each time a passenger uses a paratransit service. The present system has evolved for the convenience of the passengers, but it has become too unwieldy. Use of some controlled pre-paid fare media (tokens, passes, etc.) could be considered as an alternative if there is really a large demand for this among riders.

RECOMMENDATION:

We recommend that the Department of Public Transportation develop and implement a policy to require that proper fares are collected each time a passenger uses a paratransit service.

MANAGEMENT RESPONSE:

“The present system has evolved for the convenience of the passengers, but it has become too unwieldy.” Never could a statement be more true. The reason for this is that many of our customers are physically and/ or mentally handicapped and need a higher level of convenience in order to function outside of the home. Further contributing to this issue, is the constant growth in the ridership of these services which has placed a greater burden on our current system of fare collection.

In response to this audit finding, our Department has contacted the Dept. of Information Technology for assistance in creating/developing a database which would help us more efficiently/effectively administer our paratransit fare collection. This database will replace the current paper-file system and will systematically track a ‘client’s’ account. This new system will enable our office to immediately identify a discrepancy and then take corrective action.

It needs to be noted that while formalizing this process of fare collection and administration will assist our department, it will not resolve the issue of daily fare collection. As we discussed, the abilities and cognitive skills of most of our customers precludes us from aggressively enforcing our policy on paying for each ride as they board. Moreover, because of the repeat nature of our business our staff encounters the same customers many times each week – and will continue to indefinitely.

Accordingly, since our current practice of intermittently collecting fares pre/post ride enables our staff to provide a higher level of convenience for our customers; and with the support of an improved process for administering/monitoring this program, our department feels an obligation to continue with our existing policy along with continuing our current oversight practices.

FINDING 4: SPARE BUS RATIO EXCESSIVE

During the course of our audit, we found that Transit’s spare bus ratio was excessive. The bus garage has a total of 46 large transit buses, which represents an 18% spare factor when compared to the operation’s 39 bus peak fleet requirement.

The industry standard spare bus ratio is 10%.

Transit received a grant to purchase three natural gas buses. After several years it became too costly to repair them and Transit stopped using them regularly. They were replaced, but never gotten rid of.

Having the extra buses is a waste of space, the cost of insurance coverage and incidental maintenance.

RECOMMENDATION:

We recommend that Transit send the three natural gas buses to the annual County auction in order to keep in line with the recommended ratio for spare buses.

MANAGEMENT RESPONSE:

In accordance with the audit's recommendation, our office will be putting them up for auction during the county's upcoming auction this September.

FINDING 5: TWO DIFFERENT TYPES OF FARE BOXES ARE BEING USED ON TRANSIT BUSES

During the course of our audit, we noted that there are two different types of fare boxes being used on the Transit buses. Most of the Transit buses are using the electronic fare boxes, but a few of the buses are using the manual fare boxes on a rotating basis.

There were 43 electronic fare boxes purchased in 2000. Presently, the fare boxes are being sent away for updating, seven boxes at a time, leaving 3 fewer boxes on site than buses.

Having different types of fare boxes could lead to confusion for both the bus driver and the passengers.

RECOMMENDATION:

We recommend that in the future Transit consider purchasing extra fare boxes to use in case repair of a box is necessary.

MANAGEMENT RESPONSE:

Since purchasing the new electronic fare boxes from Agent Systems, Inc, a Texas company, our department has faced increasing struggles and frustrations in operating/maintaining these units. In response, our department opted to purchase new units, however, due to budget considerations this project was deferred. Accordingly, our office has

renewed our request to purchase new fare boxes for our bus fleet and listed this project as our number 1 CIP for 2005. As a part of this project our department will include a limited number of spare unites to be used as maintenance alternates.

FINDING 6: INADEQUATE MONITORING OVER BOARDING AND FAILURE TO SECURE BUS

During the course of our audit, we observed buses at BC Junction to ascertain whether or not the buses were left open and unattended. On one occasion the driver walked away from the bus with the front door closed properly however the side door in the middle of the bus was left open for public access. Also, on two different occasions, a driver allowed entrance to individuals through the middle door without getting up to check tickets/passes or take in fare. On another occasion, a driver left open the side middle entrance for an extended time, until the bus departed.

The bus driver should secure doors when exiting the bus as described in BC Transit Rules and Regulations for Coach Operators, Garagemen, and Other Employees. Drivers should only allow passenger entrance in the front of the bus where the fare box is located.

As a result of this failure to secure the bus, passengers may enter the bus without paying a fare.

RECOMMENDATION:

We recommend that drivers do not allow passengers to enter the bus in areas where there isn't a fare box, which includes the side middle door of the bus, and that they secure the bus as described in the rules and regulations when momentarily leaving the bus.

MANAGEMENT RESPONSE:

The importance of properly/safely securing a bus, along with not permitting a customer to board a bus without appropriate I.D. or payment, will receive a more thorough discussion during new driver training classes.

The need for driver adherence to this policy will be addressed to our existing drivers as a part of their ongoing training.

A reminder to our drivers expressing the importance of this issue will be posted in their break area.

Lastly, our Transit Supervisors will be more cognizant of this issue and will ensure proper compliance with the department's operating procedures.