

Handitran Operational Follow-Up Audit September 2011

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HANDITRAN OPERATIONAL FOLLOW-UP AUDIT

Office of the City Auditor
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Report #11-03

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Executive Summary

***13 of 15 prior audit
recommendations fully
implemented***

***Adequate mitigating
controls established for
one prior audit
recommendation that
was not implemented***

Fully Implemented

***Processes and reports to
increase operational
efficiencies***

***Source Code Escrow
Account and Business
Continuity Plan***

***Elimination of fare-owed
penalty and paper ticket
books***

Partially Implemented

***Records Retention
Schedule***

As part of the 2011 Annual Audit Plan, the City Auditor's Office conducted the Handitran Operational Follow-Up Audit. The audit was conducted in accordance with generally accepted government auditing standards, except for peer review. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The objective of the follow-up audit was to determine the implementation status of prior audit recommendations. There were 15 recommendations included in the initial audit report. Management concurred with each of those recommendations.

The City Auditor's Office concluded that 13 of the 15 prior audit recommendations were fully implemented. One was partially implemented and another recommendation was not implemented due to system limitations.

With relation to the prior audit recommendation that was not implemented, Ecolane system limitations prevented management from introducing recommended data field controls that would enable closure of each trip prior to the beginning of another. However, management introduced a mobile data device to capture total trip miles based on GPS readings.

The partially implemented audit recommendation related to Handitran's records retention schedule. Rather than proceeding with a records retention schedule for Handitran alone, City management is in the process of redrafting a city-wide retention schedule that will be submitted to the State of Texas for approval.

Audit Scope and Methodology

Documentation, correspondence and transactions from June 2010 to August 2011 were included in the scope of this audit. The audit was conducted in accordance with generally accepted government auditing standards, except for peer review.

The following methodology was used in completing the audit.

- Interviewed Handitran management and staff members in order to gain an understanding of measures taken to address prior audit recommendations
- Reviewed improved and/or new features implemented within Ecolane since the initial audit
- Obtained information from Handitran and the Fleet Services Division regarding Handitran vehicle repairs
- Reviewed daily cash reports and bank statements to determine timeliness of bank deposits

Status of Prior Audit Recommendations

Recommendation:

The Transit Manager should consider customizing trip efficiency ratings to correspond to each individual driver's trip performance, ensuring passenger safety and adjusting ratings as necessary on an on-going basis.

Management's Response:

Concur. A review of how to incorporate trip efficiency ratings is underway. Using these ratings to correspond with individual trip performance will be incorporated into driver performance ratings. We expect to have the plan implemented for the next driver performance evaluation and shift selection process beginning December 1, 2010. (Status: Ongoing)

Target Date: December 2010

*Responsibility: Bob Johnson, Transit Manager
Jan Hodge, Operations Supervisor*

Implementation Status:

Fully Implemented. Handitran employees now have the ability to configure drivers and vehicles. As each driver's skill level changes, his/her schedule can be sped up or slowed down. Handitran may also adjust runs by preference, skill level or volume.

Recommendation:

The Transit Manager should seek assistance from the system vendor to introduce data field controls that would enable closure of each trip prior to beginning of another and alert drivers when incorrect mileage is entered.

Management's Response:

Concur. The data field issue was caused by a technical limitation of the mobile data devices used by our contracted taxi service at the time of the audit review. Ecolane provided a replacement mobile data device in May 2010 which added the required functionality to meet the audit recommendation. (Status: Complete)

Target Date: May 2010

Responsibility: Paul Price, Operations Support Supervisor

Implementation Status:

Not Implemented. However, mitigating controls have been established. Drivers now input beginning mileage at the beginning of his/her shift. A mobile data device captures ending mileage based on the GPS reading.

Recommendation:

The Transit Manager in conjunction with the City's Chief Information Officer should coordinate with Ecolane to establish an escrow account for the software source code.

Management's Response:

Concur. A contract with Iron Mountain (a third party data storage company), Ecolane and the City of Arlington has been executed. The source code is now in an escrow account. (Status: Complete)

Target Date: April 2010

*Responsibility: Louis Carr, Chief Information Officer
Bob Johnson, Transit Manager*

Implementation Status:

Fully Implemented. A contract with Iron Mountain (a third party data storage company), Ecolane and the City of Arlington has been executed. The source code is now in an escrow account.

Recommendation:

The Transit Manager should allocate supervisory staff members to review and document Ecolane reports that would assist in monitoring and increasing operational efficiency. Use of system reports to optimize service should also be documented.

Management's Response:

Concur. Routine review of Ecolane service delivery reports has been implemented. Among the reports currently monitored are: Driver performance; System on time performance; Trouble trips; Billing summary; Vehicle manifests; Average trip distance and duration. Driver performance is routinely monitored and included in the computation for their shift selection criteria. (Status: Complete)

Target Date: January 2010

Responsibility: Bob Johnson, Transit Manager

Implementation Status:

Fully Implemented. A Driver Performance Scoring report is now being used to help select drivers' shifts. Also, a Problem Trips List is being used which takes into account rider mobility.

Recommendation:

The Handitran Manager, in conjunction with the Chief Information Officer, should contact Ecolane to ensure an adequate written and tested business continuity plan for the software exists, including tested redundant internet activity.

Management's Response:

Concur. Ecolane has stated they have a proprietary business continuity plan in effect. (Status: Complete)

Target Date: May 2010

*Responsibility: Louis Carr, Chief Information Officer
Bob Johnson, Transit Manager*

Implementation Status:

Fully Implemented. Ecolane has provided a written business continuity plan to the City's IT Department. IT management has indicated that they are pleased with the information provided by Ecolane.

Recommendation:

The Transit Manager should seek assistance from the Ecolane software vendor, to activate the passenger feedback menu and record passenger complaints in Ecolane, including transferring the complaints recorded in the Everest system.

Management's Response:

Concur. Ecolane has included a service report module. This customer service module allows any Handitran staff member to immediately enter feedback information directly into Ecolane. This information can be shared, responses tracked, and historical information to be retained. (Status: Complete)

Target Date: December 2009

Responsibility: Bob Johnson, Transit Manager

Implementation Status:

Fully Implemented. Passenger feedback information is now entered directly into the Ecolane software.

Recommendation:

The Transit Manager should submit an updated records retention schedule to the State of Texas. Once approved by the state, Handitran documents should be retained as authorized.

Management's Response:

Concur. Handitran has updated the records retention schedule to reflect current requirements. Knowledge Services, who maintain records for the City, is requesting approval of the retention schedule from the State of Texas. Once approved, Handitran will bring its storage and disposal of records into compliance with the new schedule. (Status: Ongoing)

Target Date: August 2010

Responsibility: Bob Johnson, Transit Manager

Implementation Status:

Partially Implemented. City staff within the Knowledge Services Division met with Handitran staff to discuss necessary revisions to the existing records retention schedule. However, since management has begun the process of preparing a city-wide redraft of records retention schedules, retention schedule revisions have not yet been submitted to the State of Texas.

Recommendation:

The Transit Manager should require supervisory approval for all non-routine repair work done on the Handitran fleet. The approval should be followed up with an assessment to determine the cause and responsible parties.

Management's Response:

Concur. Requiring approval of all non-routine repairs will allow supervisory staff to determine possible causes of damage, and take appropriate steps to respond, including disciplinary action for preventable damage. (Status: Complete)

Target Date: January 2010

Responsibility: Bob Johnson, Transit Manager

Implementation Status:

Fully Implemented. For the period June 2010 through August 2011, there had been no non-routine work on Handitran fleet that required supervisory approval (e.g., work that exceeded \$1,000). However, Handitran and Fleet Services staff indicated that Fleet Services has been instructed not to make cab and sheet metal repairs without Handitran's approval.

Recommendation:

The Transit Manager should reconsider the frequency of collection letters to ensure consistency and also consider utilizing a function within Ecolane to automatically generate an invoice or statements to passengers with delinquent fares.

The Transit Manger should evaluate if assessment of the fare owed penalty has achieved its intended results.

Management's Response:

Concur. Ecolane does not have a module to assist in managing collection letters. Renewed emphasis on fare owed customers has resulted in more consistent billing and collections.

The fare owed penalty of \$2.00 was introduced in 2008 in an effort to reduce fare owed status and encourage payment. After a brief positive effect, the fare owed penalty has not decreased the instances of fare owed status, nor sped the increase in payment. The intended result has not been achieved. In May, the Special Transit Advisory Committee approved sending the recommendation to City Council for approval. (Status: Complete)

Target Date: March 2010

Responsibility: Bob Johnson, Transit Manager

Implementation Status:

Fully Implemented. City Council approval was obtained and Handitran policies and procedures were revised to eliminate the \$2 fare-owed penalty.

Recommendation:

Handitran Transit Manager should consider a job rotational program, and utilizing part time drivers to offset driver shortages.

Management's Response:

Concur. An increase in the number of part-time drivers available to fill in when other drivers are sick or on vacation will reduce or eliminate the amount of schedules that must be closed due to absences. To that end, Handitran is in the process of hiring four part-time drivers. We anticipate these drivers to be trained and prepared to drive Handitran buses in August of this year. (Status: Ongoing)

Target Date: August 2010

Responsibility: Bob Johnson, Transit Manager

Implementation Status:

Fully Implemented. Handitran hired additional part-time drivers since the initial Handitran audit.

Recommendation:

The Transit Manager should discontinue the use of prepaid bus tickets and continue with monthly pass and cash fares for all passengers.

Management's Response:

Concur. The cost to convert the ticket books to a secure fare type, and the administrative time necessary to manage the ticket fare type are prohibitive. An effort to eliminate the possibility of fraud or abuse in any process is a priority. In May, the Special Transit Advisory Committee approved sending the recommendation to City Council for approval.

Research on future use of technology such as pre-loaded secure trip swipe cards will be investigated and implemented when available and cost effective. (Status: Ongoing)

Target Date: August 2010

Responsibility: Bob Johnson, Transit Manager

Implementation Status:

Fully Implemented. City Council approval was obtained and Handitran policies and procedures were revised to eliminate the paper ticket booklets.

Recommendation:

Handitran management should consider utilizing Ecolane software to include tracking and managing all revenue sources systematically. Daily collections should be reconciled to system sources.

Management's Response:

Concur. Handitran Operations Support discovered a data tracking issue in the Ecolane system that prevented accurate revenue management. The software issue was resolved in June 2010 and is currently in use. (Status: Complete)

Target Date: June 2010

Responsibility: Paul Price, Operations Support Manager

Implementation Status:

Fully Implemented. Handitran uses an Ecolane manifest (which notes daily trip activity and revenue) to reconcile accounts on a daily basis.

Recommendation:

The Transit Manger should ensure that deposits are made on a timely basis, as required by City policy.

Management's Response:

Concur. Re-aligned processes and review of internal controls have proven effective in ensuring deposits are made on a timely basis. (Status: Complete)

Target Date: April 2010

Responsibility: Bob Johnson, Transit Manager

Implementation Status:

Fully Implemented. Audit testing indicated that deposits were made in a timely manner.

Recommendation:

The Transit Manager, in conjunction with the Information Technology Department, should seek assistance from Ecolane to include the wheelchair-equipped minivan as a special vehicle type.

Management's Response:

Concur. Handitran has asked Ecolane to provide a cost quote to develop a special vehicle type specifically for the wheelchair-equipped minivan. Once obtained, staff will review the impact versus the cost and determine next steps. (Status: Ongoing)

Target Date: August 2010

Responsibility: Paul Price, Operations Support Supervisor

Implementation Status:

Fully Implemented. Handitran now has the ability to set up sedans with a wheelchair capability.

Recommendation:

The Transit Manager should seek assistance from Ecolane to determine the cause of errors in the system generated fare summary report for passengers transported in Yellow Cab taxis. An accurate fare summary report should be utilized to verify the accuracy of monthly Yellow Cab billing

Management's Response:

Concur. Handitran Operations Support discovered a data tracking issue in the Ecolane system that prevented accurate revenue management. The software issue was resolved in June 2010 and is currently in use. (Status: Complete)

Target Date: June 2010

Responsibility: Paul Price, Operations Support Supervisor

Implementation Status:

Fully Implemented. Handitran management indicated that initially there was a Blackberry device limitation, as the devices did not have an option for taxi drivers to enter fare amounts or fare types. This issue has been corrected via Nokia upgrades.