

COUNTY OF MILWAUKEE
Inter-Office Communication

Date: February 16, 2012
To: Supervisor Lynne DeBruin, Vice Chair, Committee on Finance and Audit
From: Jerome J. Heer, Director of Audits
Subject: Status Report - Audit of MCTS Fare & Data Collection Systems (File No. 09-84)

At its meeting in March 2009, the Committee on Finance and Audit passed a motion to receive and place on file our audit report, "An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems."

Subsequently, five status reports noting the progress made toward implementation of our audit recommendations were provided to the Committee. Dates the status reports were presented to the Committee, along with the actions taken are listed below.

01/28/10: Receive and place on file with a six-month status report.

06/17/10: Receive and on file with a report in September or at the call of the Chair.

09/23/10: Receive and place on file with a follow up report in March 2011.


03/10/11: Report was informational, no action taken.

09/22/11 Report was informational, no action taken.

The current status report is attached for your review. As indicated in the report, five of the eight recommendations have been fully implemented. Of the three outstanding recommendations, two relate to the impending implementation of an automated fare collection system.

Regarding the third outstanding recommendation (No. 5), we recommended that a schedule of periodic inventory counts of finished products should be instituted in the print shop. It is apparent in management's response that implementation is nearing completion.

This status report is informational.


Jerome J. Heer

JJH/PAG/cah

Attachment

cc: Finance and Audit Committee Members
Chris Abele, Milwaukee County Executive
Pat Farley, Director, Department of Administrative Services
Frank Busalacchi, Director, Department of Transportation
Lloyd Grant, Jr., Managing Director, Milwaukee County Transit System
Terrence Cooley, Chief of Staff, County Board Staff
Steve Cady, Fiscal & Budget Analyst, County Board Staff
Carol Mueller, Chief Committee Clerk, County Board Staff

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems

File Number: 09-84

Audit Date: February 2009

Status Report Date: February 2012

Department: MTS/DTPW

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
	1. Develop strategies for verifying, on a spot-check basis, key elements of its ridership profile, including the number of rides per week for various weekly pass fare categories, ratios and percentages used for allocating cash receipts, as well as those affecting transfer and free ride estimates. This should involve seeking resources outside of MTS for incorporating sound sampling techniques.		X				

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems

File Number: 09-84

Audit Date: February 2009 Status Report Date: February 2012 Department: MTS/DTPW

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
2. Once a sound and reliable strategy for verifying key elements of its ridership profile is implemented, use a consistent ridership profile for calculating revenue-ride estimates, fare structure analyses and for estimating the fiscal impact of route and service level adjustments.		X				X	Auditee: New fare collection equipment will provide ridership data by route which will be used when costing the fiscal impacts of route or service level adjustments. February 2012 Update: Bidder responses to the proposed fare collection system RFP include the requirement to provide ridership data by route to be used to calculate fiscal impacts of service adjustments.
3. Work with the County Executive and County Board to establish a capital expenditure plan for implementing a swipe-care system for MCTS buses.	N/A				X		Auditee: New fare collection equipment will be procured using Federal ARRA funds. This item is included in the County's 2010 Capital Budget.
4. Install additional security cameras in the interior of the print shop to record and deter potential theft, vandalism or sabotage.	N/A				X		Auditee: Security cameras were installed in the Print Shop in January 2011.

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems

File Number: 09-84

Audit Date: February 2009

Status Report Date: February 2012

Department: MTS/DTPW

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
5. Institute a schedule of periodic inventory counts of finished products in the print shop that can be matched against source documents for greater accountability.		X				X	<p>Auditee: <i>The Print Shop manager has incorporated additional recordkeeping of finished fares to better track fare form production. If it is determined that the Print Shop will continue to be involved with the production or handling of fare forms after the new automated fare collection system is implemented, a procedure will be developed to periodically inventory the finished fare forms against source documents for greater accountability.</i></p> <p><u>February 2012 Update:</u> <i>The MCTS Accounting Department has developed an audit plan that measures starting paper inventory, tracks finished products through the printing process, and accounts for the scrap sheets that result from the printing process. In addition, scrap stock will be secured in a locked room in the Print Shop and Accounting staff will be present at the time of destruction of the scrap pieces. Comprehensive unannounced audits will continue on a quarterly basis, rotating through all the different fare forms and an audit report will be submitted to the Managing Director.</i></p>
6. Void or mutilate previously redeemed CVCs upon receipt at MTS for storage until they are destroyed.		N/A			X		<p>Auditee: <i>All Commuter Value Certificates are stamped VOID when remitted to the Cashier's Division.</i></p>
7. Initiate a competitive bidding process for contracted ticket and revenue transport services.		N/A			X		<p>Auditee: <i>A competitive bidding process was carried out earlier this year and an award was made to the most qualified bidder.</i></p>

STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

Audit Title: An Audit of the Milwaukee County Transit System's Fare and Data Collection Systems

File Number: 09-84

Audit Date: February 2009 Status Report Date: February 2012 Department: MTS/DTPW

Number & Recommendation	Deadlines Established		Deadlines Achieved		Implementation Status		Comments
	Yes	No	Yes	No	Completed	Further Action Required	
	8. Employ a written contractual agreement for ticket and revenue transport services.	N/A				X	