STATUS OF IMPLEMENTING DEPARTMENT OF AUDIT REPORT RECOMMENDATIONS

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

Audit Report File Number: 09-84

Audit Date: February 2009   **Status Report Date:** June 2016   **Department:** MTS/DOT

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		Initial Auditee Response: Transit has retained the services of IBI Group as a consultant for the fare collection project. The consultant has reviewed the current fare policy and made a recommendation to proceed with a fare collection system that utilizes contact-less fare media (smart cards). The consultant is currently developing a specification for that technology and we expect to have a draft copy of the specification by the end of February 2011. After review and approval of the specification, a request for proposal will be issued and a contract awarded to a qualified vendor in late spring/early summer. The new system will provide statistical data for all ridership. This data will be used to update the current ridership profile, including rides per pass, ratios for cash receipts, and free ride calculations. Our goal continues to limit driver interaction with the system to the extent possible with available technology. **February 2012 Update**: Meetings to hear vendor presentations were held in December 2011 and as a result of these presentations, a request for modified offers was issued to the respondents. Modified offers were received on January 31, 2012 and are currently being reviewed by the evaluation committee. The goal is to have a Letter of Intent to Award issued by the end of the 1st quarter 2012. The validating fare box and smartcard technology will allow MCTS to collect key elements of its ridership profile including fare forms used by passengers on a daily basis at the route level thereby replacing statistical sampling techniques.

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							September 2012 Update: A contract was awarded on July 3, 2012 to Scheidt & Bachmann (S&B) for the fare collection system. The validating farebox and smart card system will use technology to provide a 100% passenger count. MCTS will use this data to develop an accurate passenger profile that will include the number of rides per fare form, as well as the numbers of free and transfer trips taken. This will eliminate the need for any type of sampling techniques to develop the ridership profile. **December 2013 Update :** The current fare collection system project schedule targets the end-of-year 2013 for farebox installations. Smart card functionality will be activated during first quarter 2014. **October 2015 Update**: Smart card functionality public testing began with U-PASS students on May 19, 2014. Smart card pass sales at sales outlets were launched on September 29, 2014, with additional pay-per-use value options launching on October 13, 2014. The internet revaluing portal was launched August 5th, 2015. Currently, all MCTS program passes have been converted to smart cards and approximately 70% of all pre-purchased fares are made on smart cards. MCTS is setting a tentative date to cease all paper fare media sales beginning during the first quarter of 2016. **June 2016 Update:** MCTS successfully ceased sales of paper fare media at all outlet locations on February 29, 2016. Only electronic fare media is sold by MCTS at retail outlets and on-line.

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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		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. **September 2012 Update:** The new fare collection system will provide 100% sampling of ridership and revenue statistics by route. The resulting ridership profile will then be used for fare structure analysis and to calculate the fiscal impacts on route and service level adjustments. **December 2013 Update:** Training in the use of the fare collection central support (computer) system was completed in November 2013. As ridership and revenue data is collected by the central support system, a ridership profile will be developed for calculating revenue-ride estimates. In turn this information will be used for route analyses beginning in mid-2014. **October 2015 Update:** MCTS is currently using new reporting methods for sales, revenue and overall ridership. IT department is building ridership by route reports for placement on the internal dashboard. A progress meeting was held September 9, 2015 where IT demonstrated what reports are in development. Once fully developed, reports will be vetted for accuracy and then used in route analysis. This is expected to happen beginning 2016.

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							June 2016 Update: The MCTS report dashboard includes farebox ridership reports. MCTS uses the reports to review ridership data by route. The data by route can be reported as ridership profile of fare payments. This information will be useful when assessing fiscal impacts of service level changes. Finally, FTA requires information that can only be collected by Automatic Passenger Counters (APCs), such as passenger miles; therefore, a combination of new farebox based reports, and existing APC based reports will continue to be used by MCTS.

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3. Work with the County Executive and County Board to establish a capital expenditure plan for implementing a swipe-care system for MCTS buses.					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.					X		Auditee: Security cameras were installed in the Print Shop in January 2011.

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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		**Auditee:** 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. February 2012 Update: 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. **September 2012 Update:** To date, the MCTS Accounting Department has conducted two audits. The first reviewed the January – August 2012 Monthly Pass production and the second reviewed the production of the Fall 2012 UPASS for Marquette University. Comprehensive unannounced audits will continue on a quarterly basis. A schedule of future audits has been prepared and submitted to the Managing Director.

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6. Void or mutilate previously redeemed CVCs upon receipt at MTS for storage until they are destroyed.					X		Auditee: All Commuter Value Certificates are stamped VOID when remitted to the Cashier's Division.
7. Initiate a competitive bidding process for contracted ticket and revenue transport services.					X		Auditee: A competitive bidding process was carried out earlier this year and an award was made to the most qualified bidder.
8. Employ a written contractual agreement for ticket and revenue transport services.					X		Auditee: A written contract has been issued as a result of the competitive bidding process for delivery services.