

SUBJECT: Review of BUS Revenue

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FROM: IG/OIG – Helen Lew /s/

Internal Operations No. 07-112

TO: BUS - Milo Victoria
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Background

We conducted this review as a follow-up to the BUS Revenue Audit Report (AUD 05-046) which was issued June 29, 2005. BUS is responsible for collecting, vaulting and safeguarding bus revenue until it is collected and transported to the Office of the Treasurer (TRES) by the Metropolitan Transit Police Department (MTPD). Employees who remove cash from buses are classified as farebox pullers.

TRES receives bus revenue at its Revenue Collection Facility (RCF). The RCF processes bus revenue on business days. Once revenue is separated and counted, a deposit slip is completed and the revenue is placed into a vault until it is deposited with Wachovia Bank. Bus revenue totaled \$51,724,744 during calendar year 2006.

The revenue collection operation is governed by Operations Administrative Procedure (OAP) 207-07. The procedure contains the responsibilities of employees involved in the bus revenue collection process and guidelines to ensure that revenue is removed from buses daily.

Objectives, Scope and Methodology

We performed the review to: (1) evaluate the controls over cash and ensure that they are adequate and effective, (2) evaluate the cash collection processes and procedures, (3) follow-up on the implementation status of recommendations from our previous audit report and (4) ensure that persons involved in the cash collection process are adhering to policies and procedures and are adequately trained.

The scope of our audit included transactions that occurred between February 1 and April 6, 2007. We reviewed the Probe Operators' Worksheets, which are completed by farebox pullers; the GFI Key and Portable Probe Transaction Forms; revenue deposit summaries; and the farebox puller procedures.

We interviewed permanent and utility farebox pullers and observed them as they performed their duties. We also interviewed staff in BUS Transportation (BTRA), BUS Maintenance

(BMNT), TRES, MTPD, and the Office of Track and Structures/Systems Maintenance (TSSM). Our review was confined to cash collected while buses were in revenue service.

Summary of Results of Review

TRES has controls in place to safeguard bus revenue. We found that cash collections were deposited timely and in accordance with established written policies and procedures. BUS has controls in place to collect and protect revenue, but the controls could be improved. BUS made significant improvements to the farebox puller procedures since the previous Audit Report (AUD 05-046) was issued. Procedures and internal controls were in place and the Operations Administrative Procedure (OAP) 207-07 was revised. Employees involved in the collection process complied with many of the policies and procedures but not all of them. Some of the conditions cited in the previous Audit Report were not resolved completely.

Revenue collection is an important component of BUS, and it should devote the resources necessary to make the process more effective and efficient. In AUD 05-046, we found that: (i) supervisors did not review adequately the Probe Operators' Worksheets; (ii) the worksheets were not completed correctly; (iii) all revenue buses were not probed and vaulted daily and (iv) all farebox pullers were not trained. We found those conditions still exist to some degree. To resolve those conditions, BUS should address the following:

- 1. Farebox pullers and supervisors still need training.**
- 2. The farebox pullers' worksheets should be reviewed daily and reconciled to the number of buses assigned to their respective divisions.**
 - The instructions used to complete the Probe Operators' Worksheets need to be adhered to ensure everyone in the process understands how to account for buses assigned to the divisions.**
 - The Probe Operators' Worksheets should be updated, as soon as fleet changes occur at the divisions.**
- 3. Responsibility and accountability for surveillance cameras located in the farebox lanes at the bus garages should be established.**
- 4. The chain of command for the farebox pullers should be reviewed.**

Farebox Pullers and Supervisors Need Training

In the previous Audit Report (AUD 05-046), we recommended that all farebox pullers and

supervisors receive training. BUS agreed with the recommendation and issued OAP 207-07, Bus Farebox Puller Procedures for SmarTrip Equipped Fareboxes; and the Farebox Shop conducted training for farebox pullers. However, during our review, we found eight farebox pullers who were not trained. This happened because BUS did not follow through to ensure that all farebox pullers were trained. According to OAP 207-07, all employees are required to complete mandatory training before they are assigned to the farebox puller position. Also, all farebox pullers are required to complete annual refresher training.

The farebox pullers could remove, vault, and replace fareboxes adequately. They were also able to resolve minor issues that occurred during the vaulting process. Farebox pullers were required to complete the Probe Operators' Worksheets at the end of their work shifts. The Probe Operators' Worksheets summarized the number of buses probed and not probed. Buses not probed were categorized according to the reason they were not probed, e.g., the bus was a shop cripple or garage cripple (the buses were inoperable). We noted that the farebox pullers did not complete the Probe Operators' Worksheets correctly or accurately account for every bus assigned to the divisions. For example, farebox pullers would record buses as "no shows". No shows are defined as buses that did not show up for probing and when that happens the supervisor should be notified immediately. We found no evidence that supervisors received immediate notification. No shows could be interpreted as buses that did not return to the division or buses that simply did not go through the farebox lane. No shows were recorded frequently.

For example on February 1, 2007, farebox pullers reported 77 no shows system-wide. We determined that no shows could occur for the following reasons:

- Operators did not take buses into the farebox lane.
- The farebox puller was not working the farebox lane at the time that the bus came in.
- Buses were transferred to another location; therefore, they would not be expected to go through the farebox lane.
- Buses did not enter revenue service that day (buses that did not enter revenue service would not be expected to enter the farebox lane and should not be called "no shows").
- Buses were in the shop for repairs.

The data contained in the 77 fareboxes was not downloaded (probed) at the locations that reported the no shows. Although 77 buses were reported as no shows, we found that 41 of the 77 buses were assigned to other divisions and not the locations that reported them as no shows. These buses were probed at the divisions where they were assigned.

Thirty-one of the remaining 36 buses reported as no shows were actually buses that were either in the shop for repairs, rehabilitation, or preventive maintenance inspections. When the 31 fareboxes were eventually probed, the fareboxes contained \$3,906.

Three other buses were in revenue service but the fareboxes were not probed on February 1, 2007. Those fareboxes contained \$483. These three buses represent the only buses that should have been reported as “no shows.”

Among the remaining two buses, one bus did not enter revenue service and the second bus was used to transport Metro rail passengers, which did not require fare collection.

Therefore, of the 77 no shows reported on February 1, 2007, only three of them should have been reported as no shows. The other 74 buses should have been recorded as not probed because they were either not assigned to the division, in the shop for repairs, rehabilitation, or preventive maintenance inspections.

Farebox pullers stated that they would record a bus as a no show if it were listed on their worksheet but did not enter the farebox lane. In some instances buses were no longer assigned to the division, but the worksheet was not updated to reflect fleet changes. The farebox worksheets should be updated as soon as buses are transferred or removed from the fleet. Buses that did not enter revenue service were also categorized as no shows. It would be more accurate to categorize these buses as buses that did not enter revenue service. Farebox pullers’ training should emphasize the correct way to complete the Probe Operators’ Worksheet.

We randomly selected February 12, 2007 and noted that 45 buses were not probed at one division. These buses had on average a five day interval since their last probing. Some of the buses were shop cripples (inoperative), but the farebox should have been vaulted. OAP 207-07 addresses probing and vaulting fareboxes that are shop cripples. It is important that fareboxes are probed and vaulted daily so that revenue can be collected and counted at the RCF, and deposited into the bank timely. Everyday that there is a delay in making a bank

deposit WMATA loses earned interest.

It should be emphasized in training that it is mandatory that all fareboxes are probed and vaulted daily. BUS should establish a better system to ensure that all revenue buses are probed daily. Divisions should determine why buses did not go through the farebox lane and take appropriate action to ensure that all revenue buses are probed and vaulted.

The Probe Operators' Worksheets Should Be Reviewed and Reconciled Daily

OAP 207-07 prescribes the procedures and processes that farebox pullers and supervisors should follow. Those procedures state that all required paperwork must be reviewed nightly by the respective maintenance supervisor or designee to ensure completeness and accuracy and the paperwork must be signed by the farebox puller. Subsequently, the paperwork should be reviewed and signed by the operations supervisor.

We noted several errors on the Probe Operators' Worksheets, which shows that management did not review them. We also noted that the farebox pullers did not reconcile adequately the probe status of buses assigned to their respective divisions. OAP 207-07 states that the operations and maintenance supervisors should review the Probe Operators' Worksheet to ensure completeness and accuracy.

We found errors in completing the Probe Operators' Worksheets. For example, buses were listed as no shows; farebox pullers would indicate that fareboxes were not probed but did not provide an explanation; supervisors did not always review the worksheets; and one maintenance supervisor did not sign any of the Probe Operators' Worksheets during the period we reviewed.

The instructions used to complete the Probe Operators' Worksheets were not always consistent with OAP 207-07. The worksheet has an acceptable glossary of terms, but one division used terminology that was not consistent with the glossary included in OAP 207-07. For example, when a bus was not probed the explanation used was "yard," which does not conform to the instructions and has an unclear meaning. Non-approved terminology could cause confusion during the bus reconciliation process. Non-approved terminology could delay the identification of buses not probed. Only terminology contained in OAP 207-07 should be used when completing the Probe Operators' Worksheets.

We noted that operations supervisors generally are not on duty at the bus divisions after 9:00 pm, but the maintenance supervisors are on duty. Farebox pullers seek supervision from maintenance supervisors when the BTRA operations supervisors are not on duty. However, maintenance supervisors are not formally responsible for supervising farebox pullers during their entire work shift. If BMNT was assigned ownership of the revenue collection process, better supervision would be provided because maintenance supervisors would be responsible for supervising farebox pullers during their entire work shift.

Every bus assigned to the divisions should be accounted for as either probed or not probed. The total number of buses probed and the number of buses not probed should equal the number of buses assigned to the division. We generally found that this type of reconciliation did not happen. For example, at one division the farebox puller's paperwork indicated 154 buses were accounted for although the division has only 139 buses assigned to it. During the review, BTRA revised the Probe Operators' Worksheets to make it easier to complete and prevent this type of error from reoccurring.

If the Probe Operators' Worksheets are not reviewed and reconciled daily, BUS has no assurance that revenue is reported and collected timely. Each day revenue collection is delayed causes a delay in depositing revenues into the bank.

GFI Key and Transaction Forms Had Missing Information

Completion of the GFI Key and Transaction form was required to sign out the padlock key used to unlock the revenue vault. This requirement is needed to ensure that the keys used to unlock the divisions' vaults are controlled and accounted for during work shifts. Our review found that between February 1 and April 6, 2007, 20 percent of the GFI Key and Transaction forms had missing information. OAP 207-07 requires that farebox pullers should complete the GFI Key and Transaction form and include the following information: the farebox puller's name, employee identification number, date, the time when the key was signed out and returned, and the name of the clerk(s) who issued the key at the beginning of the work shift and received the key at the end of the work shift.

We concluded that the information was missing because there was no supervisory review to ensure that all information was obtained. We also noted that two divisions used forms that they created and not the form prescribed by OAP 207-07. Those divisions created their forms because they were not aware of the standard GFI Key and Transaction form.

Responsibility and Accountability Needed for Surveillance Cameras

We contacted BTRA, BMNT, TRES, TSSM and MTPD to determine if the surveillance cameras in the farebox lanes were operational. The surveillance cameras were installed in the farebox lanes after the prior audit as a deterrent to theft. None of the offices/departments contacted could tell us if the cameras were operational. Since we were concerned as to whether the cameras were operational, we contacted BMNT and MTPD to request the surveillance tapes to review. We eventually obtained surveillance tapes from BMNT and found that cameras at five divisions were not operating. None of the offices/departments contacted stated that they are responsible for operating, maintaining or reviewing the surveillance cameras. Since there is no maintenance being performed on the surveillance cameras, BMNT's representative stated that they will take the lead to secure a maintenance contract for the farebox lane surveillance cameras. Since no one is presently accountable for operating or reviewing the cameras, we suggest that the BUS revenue collection process be reviewed and the responsibility and accountability for the surveillance cameras be assigned to the appropriate office/department. Ensuring that the cameras are operational and the tapes periodically reviewed is important because they serve as a deterrent to theft and could provide information relevant to the farebox puller's behavior and whether revenue collection procedures are followed.

Farebox Pullers Are Required to Wear Safety Vests

Generally, farebox pullers wore safety vests in the farebox lane. However, at one division the farebox puller did not have a safety vest. The supervisor on duty told the farebox puller it was a requirement to wear a safety vest while working in the farebox lane, and the farebox puller was issued a safety vest.

Recommendations

Timely collection and accounting of BUS revenue is critical to WMATA especially since the amount of revenue is considerable. Therefore, the identification of internal control weaknesses and taking corrective action to support BUS objectives is important. We recommend the following actions:

1. First time and refresher training for farebox pullers should be completed timely. The training should emphasize how to correctly complete the Probe Operators' Worksheet.
2. BUS superintendents should ensure that the Probe Operators' Worksheets are

- updated as soon as division fleet changes are made.
3. BUS management should revise the Probe Operators' Worksheet to include a category to show buses that did not enter revenue service instead of counting these buses as no shows.
 4. BUS management should devise a method to ensure that all revenue buses are probed and vaulted daily in accordance with procedure.
 5. Operations and maintenance supervisors should review daily the Probe Operators' Worksheet.
 6. BUS superintendents and supervisors should be informed that only terminology contained in OAP 207-07 should be used when completing the Probe Operators' Worksheet.
 7. BMNT superintendents or their designee should be required to periodically review the Probe Operators' Worksheets to ensure that maintenance supervisors are complying with policy.
 8. BUS should evaluate and consider whether it would be more efficient and effective to transfer responsibility of farebox pullers from BTRA to BMNT because this would provide better supervision and develop ownership of the process.
 9. Operations supervisors should review the GFI Key and Transaction forms to ensure that they are completed in accordance with OAP 207-07. Also, only the prescribed form should be used by employees.
 10. Since BMNT stated they would take the lead to secure a maintenance contract for the farebox lane surveillance cameras, management should follow-up to ensure that this occurs.
 11. BUS and MTPD should evaluate and determine the appropriate responsibility and accountability for operating and reviewing the surveillance cameras located in the farebox lanes at the bus garages.

BUS and TRES Comments

The Acting COO, BUS and the General Superintendent, BTRA met with us to discuss the findings and recommendations contained in this report. BUS concurred with the report's recommendations. BUS agreed that revenue collection is an important aspect of the BUS mission. They commented that our findings represent a systemic problem within the farebox puller process and procedures. If BMNT assumes management responsibility for the farebox pullers, they said they would need adequate resources to manage the process properly. BUS

estimated that approximately 45 positions would be needed to perform the probing and vaulting tasks adequately. Currently, bus operators and permanent farebox pullers are used.

If BMNT managed the process, bus operators would not be available to them to complete the manpower needed to perform revenue collection tasks adequately since they are in bus operations and not bus maintenance.

During the exit meeting, BUS stated that they felt that the revenue collection process should be elevated within BUS as a separate component with a superintendent. They also stated that many of the farebox pullers were not exemplary employees. Many farebox pullers are operators, who filed grievances or were terminated and subsequently reinstated. Farebox pullers perform important tasks and they should be of the highest caliber. BUS felt that to elevate the process would require a complete overhaul of the farebox process.

TRES concurred with the findings and recommendations.

/s/
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