



February 11, 2015

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer
Janet Sutter, Executive Director
Internal Audit Department

Subject: Review of Transit Performance Metrics

Overview

The Internal Audit Department has completed a review of the compilation and reporting of performance metrics of the Transit Division. Based on the review, the Internal Audit Department is recommending that controls over the compilation and retention of data be improved and reports be presented to the Transit Committee and the Board of Directors in a more timely manner.

Recommendation

Direct staff to implement recommendation provided in the Review of Transit Performance Metrics, Internal Audit Report No. 14-515.

Background

The Orange County Transportation Authority (OCTA) operates a countywide network of local, community, rail-connector, and express bus routes serving over 6,000 bus stops. To evaluate performance, a series of metrics are compiled and reported on a quarterly basis through the Transit Division (Transit) Performance Measurements Report (Report). The Report focuses on metrics related to safety, courtesy, and reliability, in addition to measurements commonly used in the transit industry such as ridership, operating data, financial data, and maintenance.

A Transit program controls analyst gathers performance data from various departments, systems, and contractors monthly, and compiles the Report, which is then reviewed by stakeholders from the various departments (Bus Operations, Service Planning and Customer Advocacy, Maintenance, Contracted Services, Financial Planning and Analysis, and Health, Safety, and Environmental Compliance). The draft Report is then reviewed and discussed

at a stakeholder meeting before approval and presentation of the final report to the Transit Committee (Committee) and Board of Directors (Board).

Discussion

Report data is derived from preliminary figures that are likely to vary from actual month-end figures. The Internal Audit Department (Internal Audit) identified instances in which the figures reported varied from the final month-end figures and supporting documentation was not on file. A few other instances of confirmed data entry errors were also identified. While the instances noted did not significantly change the outcome of reported performance in relation to performance standards, there are no controls in place to identify unsupported figures and/or input errors.

Finally, Internal Audit noted that, while data is compiled early using preliminary figures, Reports over the last three years were presented to the Committee an average of 83 days after quarter end.

Internal Audit recommended management consider utilizing final month-end figures or improve controls to ensure retention of supporting documents for preliminary figures. In addition, Internal Audit recommended management enhance controls to ensure the accuracy of manual input and improve the timeliness of reporting. Management responded that procedures have been implemented to help ensure accuracy and retention of supporting documentation. Also, management committed to providing Reports to the Committee no later than 45 days following quarter-end.

Summary

Internal Audit has completed a review of Transit Performance Metrics and is recommending improvement in controls over reporting and more timely presentation of Reports to the Committee and the Board.

Attachment

A. Review of Transit Performance Metrics, Internal Audit Report No. 14-515

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ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Review of Transit Performance Metrics

Internal Audit Report No. 14-515

February 3, 2015



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Conclusion

The Internal Audit Department (Internal Audit) has completed a review of the compilation and reporting of performance metrics of the Transit Division (Transit). Based on the review, Internal Audit is recommending that controls over the compilation and retention of data be improved and reports be presented to the Transit Committee (Committee) and the Board of Directors (Board) in a timelier manner.

Background

Transit

The Orange County Transportation Authority (OCTA) operates a countywide network of local, community, rail-connector, and express bus routes serving over 6,000 bus stops. Fixed-route bus service, operated by OCTA, is referred to as directly operated fixed-route service, while routes operated under contract are referred to as contracted fixed-route service. The ACCESS program is a contractor-operated demand-response service mandated by the Americans with Disabilities Act that is complementary to the fixed-route service. These three services make up the transit system provided by OCTA. To evaluate performance, a series of metrics are measured and reported on a quarterly basis through the Transit Division Performance Measurements Report (Report).

The Report focuses on metrics related to safety, courtesy, and reliability, in addition to measurements commonly used in the transit industry such as ridership, operating data, financial data, and maintenance.

A Transit program controls analyst gathers performance data from various departments, systems, and contractors monthly, and compiles the Report, which is then reviewed by stakeholders from the various departments (Bus Operations, Service Planning and Customer Advocacy, Maintenance, Contracted Services, Financial Planning and Analysis, and Health, Safety, and Environmental Compliance). The draft Report is then reviewed and discussed at a stakeholder meeting before approval and presentation of the Report to the Committee and the Board.

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Objectives, Scope, and Methodology

The objectives were to assess the accuracy of compilation of performance data and timeliness of reporting.

The methodology consisted of interviews of applicable staff and review of a sample of quarterly Reports for accuracy and timeliness.

The scope was limited to performance metrics of Transit during the period of July 1, 2011 through June 30, 2014. The scope included only the accurate compilation of data provided from various sources and systems, and did not include assessment of the integrity of the data obtained.

This review was conducted in accordance with Generally Accepted Government Auditing Standards. 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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Audit Comment, Recommendation and Management Response

Data Entry, Retention of Supporting Documents, and Timeliness of Reporting

Report data is derived from preliminary figures that are likely to vary from actual month-end figures; such as the figures for total revenues, expenses, vehicle accidents, complaints, etc. As such, preliminary reports from which the figures are taken must be retained; however, Internal Audit identified several instances in which the figures reported varied from the final month-end figures and supporting documentation was not on file. As a result, Internal Audit could not determine whether the figures were reported in error or were the result of preliminary data. A few other instances of confirmed data entry errors were also identified. While the instances noted did not significantly change the outcome of reported performance in relation to performance standards, there are no controls in place to identify unsupported figures and/or input errors.

Finally, Internal Audit noted that, while data is compiled early and using preliminary figures, reports over the last three years were presented to the Transit Committee an average of 83 days after quarter end.

Recommendation 1:

Internal Audit recommends management consider utilizing final month-end figures or improve controls to ensure retention of supporting documents for preliminary figures. In addition, management should enhance controls to ensure the accuracy of manual input and improve the timeliness of reporting.

Management Response:

Management agrees with the recommendations. Going forward, the Section Manager will perform spot checks of Report figures to ensure supporting documentation is maintained. Management has also enhanced controls by linking available data sources directly to the spreadsheet used to derive the Report; thus, significantly reducing the amount of manual input required. Management will continue to use preliminary figures with a goal of presenting Reports to the Transit Committee no later than 45 days following quarter-end. This goal will of course be subject to Transit Committee schedule changes and time constraints resulting from the presentation of other agenda items. Staff maintains a log that documents changes to the Report presentation schedule.