



## JTA Paratransit Audit - #798

### Executive Summary

#### ***Why CAO Did This Audit***

Pursuant to Section 5.10 of the Charter of the City of Jacksonville and Chapter 102 of the Municipal Code, all agencies of the Consolidated Government, including independent agencies, are subject to audit by the Council Auditor's Office. We conducted an audit of the JTA Connexion program, which provides the federally mandated Americans with Disability Act (ADA) paratransit service and the State organized Transportation Disadvantaged (TD) service for Duval County. These paratransit services are provided by JTA in conjunction with a third party contractor. The City provided JTA \$1,363,002 per year for a portion of its TD operations for fiscal years 2014/15 and 2015/16.

#### ***What CAO Recommends***

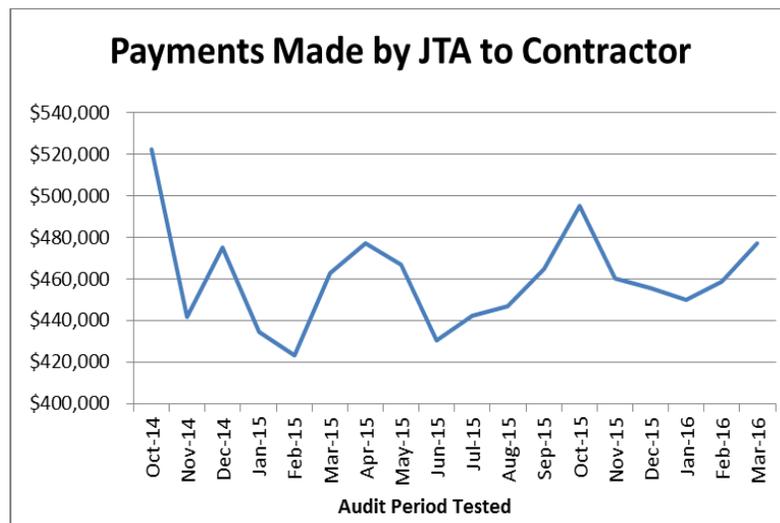
We recommend that JTA implement the following recommendations:

- Include the review of individual trip times in its validation process and perform periodic audit log reviews of user alterations on system trip data. Amend the contract to include language that would make unnecessary alterations of trip data a breach of contract resulting in substantial penalties to the contractor or termination of the Contract.
- Ensure that invoices are accurate, including penalty assessments.
- Review and update system access rights.
- Update all written standard operating procedures.
- Ensure that its practices are in agreement with the contract terms.
- Evaluate its scheduling model to improve late pick-up, drop-offs and trip lengths.

#### ***What CAO Found***

Overall we found JTA paid the contractor for paratransit services in a timely manner and that JTA had a process in place to properly determine whether riders were eligible for paratransit services. However, we identified the following overall issues:

- The contractor's staff altered late pick-up times to make it seem like riders were picked up on time, possibly resulting in less penalties, which could have impacted payments to the contractor by an undeterminable amount. Therefore, we are unable to conclude if the contractor was paid accurately.
- Miscalculations of penalty assessments by JTA.
- Inappropriate system access rights, including improper segregation of duties, excessive overrides related to trip type and fare amounts (ADA vs TD), and lingering terminated user accounts.
- Outdated standard operating procedures
- Practices that are in conflict with contract terms
- While JTA has tools to adequately schedule trips for paratransit riders in an effective and efficient manner, we found that 16.81% of trips had violations (even with altered data) related to late pick-ups, drop-offs and trip lengths.





**Council Auditor's Office**

**JTA Paratransit Audit**

**January 11, 2017**

**Report #798**

**Released on : July 5, 2017**

**EXECUTIVE SUMMARY**

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**OFFICE OF THE COUNCIL AUDITOR**  
Suite 200, St. James Building



January 11, 2017

Report #798

Honorable Members of the City Council  
City of Jacksonville

**INTRODUCTION**

Pursuant to Section 5.10 of the Charter of the City of Jacksonville and Chapter 102 of the Municipal Code, we conducted an audit of the Jacksonville Transportation Authority (JTA) Paratransit Program (Connexion). JTA is the Community Transportation Coordinator (CTC) for Duval County and as CTC, JTA is responsible for providing the federally mandated Americans with Disability Act (ADA) Paratransit Service along with the state organized Transportation Disadvantaged (TD) service. JTA's operations as the CTC began on October 1, 2001. JTA's total budget for its paratransit operations for fiscal years 2014/15 and 2015/16 were \$14,200,557 and \$13,991,092, respectively. Pursuant to an agreement between the City and JTA (approved on December 13, 2005), the City provided JTA with \$1,363,002 per year for a portion of its TD operations for each of those fiscal years.

Currently, JTA has contracted a significant amount of Connexion's operational requirements to one contractor. The contractor is responsible for trip scheduling, dispatching and the transportation of the eligible riders. The contractor has three sub-contractors that each handle a portion of the driving responsibilities. JTA has retained the responsibilities of determining rider eligibility, reserving trips, and the logging of complaints. JTA and the contractor use a scheduling and dispatching system, which was purchased by JTA, to electronically record all of the trip data. This trip data, along with the paper records of trips generally completed by the paratransit vehicle drivers, which are called driver manifests, constitute all trip information. JTA also provides the vehicles, maintenance, and fuel for the Connexion program.

The current contract in place (Contract), enacted January 1, 2014, covers a five-year service period with two (2) two-year extension options and was awarded through a competitive bid process. The Contract lists out several performance standards and dollar value incentives, as well as penalties for not attaining benchmarks. The following is a listing of some of the major performance standards identified:

- On-Time Performance: 95% of all pick-ups and drop-offs
- Passengers Per Revenue Hour (efficiency): 1.9
- Maximum Trip Lengths: 60 Minutes, 90 Minutes or 120 Minutes, depending on trip distance (miles)

On April 13, 2015, an amendment to the Contract was enacted to indefinitely suspend most of disincentives related to the performance standards, including the ones listed above. Due to poor

performance by the contractor, JTA reinstated the performance disincentives in November of 2015.

The Connexion program scheduled a total of 528,853 trips and transported 4,936 different clients during the audit period. The program collected \$1,585,903 in passenger fares and traveled a total distance of over 4 million miles.

JTA paid the contractor \$8,285,862 for services performed during the audit period. These payments were to compensate for 341,548 service hours (Revenue Hours) rendered. Total penalties assessed on the contractor were \$134,700, excluding suspended assessments.

### **PREVIOUS AUDIT**

On June 28, 1999, we issued Report #498, Duval County Transportation Disadvantaged Program. This audit focused on the paratransit services provided in Duval County. The audit reviewed program expenditures between February 1, 1991 (inception) and September 30, 1998. During these time periods, paratransit services were being provided by a company on behalf of the County. Ultimately, the audit determined that the paratransit program in Duval County lacked oversight from any of the funding agencies for the program. We recommended that JTA become the Community Transportation Coordinator (CTC) for Duval County in order to provide the paratransit services in the County. The City Council passed Resolution 1999-921-A urging JTA to take over as CTC.

### **STATEMENT OF OBJECTIVES**

The objectives of the audit were as follows:

1. To determine if:
  - a. JTA's contractor for paratransit services was paid accurately.
  - b. JTA's contractor for paratransit services was paid timely.
2. To determine if JTA has sufficient controls in place to determine whether riders of the Connexion service are eligible for the paratransit program per the applicable JTA, Federal, or State guidelines.
3. To determine if paratransit trips are scheduled in an efficient and effective manner.

### **STATEMENT OF SCOPE AND METHODOLOGY**

The scope of this audit included all Connexion trips booked and all contractor payments made between October 1, 2014 and March 31, 2016.

We performed the following steps in completion of this audit:

### **Objective 1**

- We obtained and reviewed all contractor invoices paid by JTA for services that were performed during the audit period.
- We traced all contractor payments to JTA bank statements.
- We reviewed all payments related to out of county (out of service area) trips.
- We obtained trip data for all trips taken during the audit period.
- We traced a sample of trip times to the driver manifest (underlying support) for accuracy.
- We recalculated performance-related figures and assessments, including revenue hours, to determine reasonableness.
- We judgmentally selected a sample of safety and operational-related assessments and reviewed underlying support for accuracy.
- We reviewed the different fare amounts charged to determine accuracy.
- We recalculated JTA's additional expenses due to the temporary suspension of performance assessments.
- We reviewed all free trips taken during the audit period to determine validity.

### **Objective 2**

- We randomly selected a sample of 93 unique rider trips for eligibility review.
- We reviewed the rider's eligibility file held by JTA to confirm that all required documentation was included and that JTA, State and Federal eligibility requirements were adhered to.

*(We **did not** perform steps to determine if the rider was physically or cognitively eligible for paratransit services.)*

### **Objective 3**

- We obtained and compared several paratransit agreements from other Cities and Counties to JTA's agreement to evaluate the reasonableness of program requirements and performance standards.
- We performed analytical testing on the trip data to evaluate the effectiveness and efficiency of scheduling.
- We obtained and reviewed a listing of all complaints issued during the audit period.

### **Additional Testing**

Due to the following anomalies identified in the trip data as part of Objectives 1 and 3 testing, we expanded our testing procedures:

- An exceptionally large number of pickups that were exactly 15 minutes after the scheduled pickup time (the cutoff for being on time).
- Significant fluctuation in the number of trips that were exactly 15 minutes after the scheduled pickup time, on a monthly basis.
- A questionable trip adjustment identified through statistical random sampling.

Based on the anomalies identified, we applied the following audit procedures specifically directed to ascertain the potential effect on the program under audit.

- We judgmentally selected trips based on the following data characteristics in order to isolate potential alterations to the data:
  - Unreasonable vehicle speed (greater than 70 MPH).
  - Unreasonable counts of pickups that were exactly 15 minutes late.
  - Pickups that appear to have taken place prior to the previous stop (in comparison to vehicle odometer readings).
  - Audit log data identifying adjustments made by a system user, including any employee of JTA, the contractor or sub-contractors.
- For the selected trips, we reviewed the sequence of activity, including the pickup, the drop-off and the adjustment to determine reasonableness.
- For the selected trips, we traced the times in the trip data to the driver manifests to confirm accuracy.

## **REPORT FORMAT**

Our report is structured to identify Internal Control Weaknesses, Audit Findings, and Opportunities for Improvement (OFI) as they relate to our audit objectives. Internal control is a process implemented by management to provide reasonable assurance that they achieve their objectives in relation to the effectiveness and efficiency of operations and compliance with applicable laws and regulations. An Internal Control Weakness is therefore defined as either a defect in the design or operation of the internal controls or is an area in which there are currently no internal controls in place to ensure that management objectives are met. An Audit Finding is an instance where management has established internal controls and procedures, but responsible parties are not operating in compliance with the established controls and procedures. An Opportunity for Improvement is a suggestion that we believe could enhance operations.

## **STATEMENT OF AUDITING STANDARDS**

We conducted this performance audit 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 that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## **AUDITEE RESPONSES**

Responses from the auditee have been inserted after the respective finding and recommendation. We received these responses from JTA, via Lisa Darnall, Vice President of Transit Operations in a memorandum dated June 27, 2017.

## **AUDIT CONCLUSIONS**

### By Objective

1. a. We cannot conclude whether the payments to the contractor for paratransit services were accurate because we found that the contractor altered trip times, which could have potentially impacted the penalties they were assessed for late performance and the corresponding net invoice amount.
  1. b. The contractor was paid timely based on our testing.
  2. JTA appears to have sufficient controls in place to determine whether riders of the Connexion service are eligible for the paratransit program per the applicable JTA, Federal, or State guidelines. However, we did discover a few instances of missing documentation related to the application process.
  3. JTA has an automated system to schedule trips in an effective and efficient manner. However, we did note a number of contract violations related to on-time performance and trip length that JTA needs to examine to improve its trip scheduling activities. Additionally, as mentioned in the conclusion for Objective 1a, because trip data was altered, the data we used for measuring efficiency and effectiveness would have been impacted.
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## **OVERALL INTERNAL CONTROL WEAKNESS**

### **Overall Internal Control Weakness - \*System Issues\***

We reviewed all Connexion users and found that 45 out of the 48 users (94%) had improper access rights in the trip scheduling system. We also found access rights issues with the system that tracks complaints.

#### Trip Scheduling System issues:

- One (1) user had full administrative access to the system but was not directly associated with JTA Connexion. Full administrative access allows any change to be made to the system with no limitations.
- 40 (or 83%) of the 48 users tested had improper override abilities which allowed them to perform one or more of the following:
  - The ability to change or eliminate the trip (ticket) price.
  - The ability to change or eliminate the funding source (i.e. ADA or TD).
  - The ability to book riders who are inactive (not eligible).
- 18 (or 38%) of the 48 users tested had improper segregation of duties related to rider eligibility and trip booking which would allow them to create a new rider and book that rider on a trip.

Complaint System Issues:

- Fifteen of the 51 users, or 29%, were not employed by JTA, the contractor or sub-contractors. Some of these users were employees of the previous paratransit contractor.
- One of the 51 users (a sub-contractor) had an inappropriate level of access to the complaints system which was similar to that of an upper level JTA Connexion manager.
- We identified ten complaints that were improperly closed by an employee of one of the subcontractors. JTA has stated that this individual was reprimanded at the time and is no longer involved in complaint processing. However, allowing non-JTA staff the ability to close complaints could lead to the contractor not being appropriately charged the penalty assessment related to complaints and also could lead to a decrease in JTA’s client satisfaction due to the appearance of JTA not responding to its Connexion complaints.

In addition, the trip scheduling system requires the user to sign in using a User ID and password. According to JTA, the system is capable of requiring periodic password updates but is not set up to do so. Periodic password updates are vital to system security and are common practice in most business environments.

**Recommendation to Overall Internal Control Weakness**

We recommend that JTA:

- Immediately terminate access for those users who are no longer employed by JTA or its contractors.
- Review proper segregation of duties and update system access accordingly or design and implement compensating controls to adequately mitigate risks associated with improper segregation of duties.
- Create specific user groups in the trip scheduling system for staff that do not need scheduler, reservationist, or dispatcher access in their job functions but may need access to the system in other ways.
- Periodically review system access rights to ensure that people who are no longer employed by JTA or its contractors, as well as current employees who no longer need access, are removed from the systems.
- Limit override abilities to supervisor level staff only or design and implement compensating controls to adequately mitigate risks associated with system overrides.
- Implement a periodic (such as once every 6 months) password update for the trip scheduling system.
- We recommend that JTA modify all contractor’s and sub-contractor’s customer service system access rights in order to eliminate any possibility of non-JTA staff improperly closing a complaint.

**Auditee Response to Overall Internal Control Weakness**

Agree           Disagree           Partially Agree

*1. During the audit when the auditors informed us of their areas of concern regarding Trapeze user access, we immediately conducted a reconciliation of the user accounts to include*

*modifying some access rights and removing users that were no longer associated with Connexion. Also, all users who are no longer employed by JTA or its contractors have their network access removed which removes their access to all systems including Trapeze.*

*2. We found that most of the permissions were appropriate to the specific job function. For example, Dispatchers and Reservationists need the ability to make these adjustments. They must be able to make fare and funding source changes as part of their job duties. We have identified, defined and documented the permissions associated with each job function to ensure that each user has the permissions appropriate to their job function.*

*3. "Read Only" and "Report Access Only" user groups currently exist in our scheduling system to limit access for specific users.*

*4. Going forward, monthly reviews will be done to assure proper system access. A policy has been created that details the proper notification when an employee is separated from service.*

*5. As stated in Item #2 above, Reservationists and Dispatchers need the ability to make these adjustments due to their specific job functions. We have a process in place that requires Supervisor approval for fare overrides.*

*6. We have reviewed the recommendation to implement a mandatory periodic Password Change Policy on the Trapeze software and agree it is an appropriate security measure. Prior to implementing this change, we will ensure that our IT Service Desk is properly staffed to support password resets for Trapeze and ensure all of our users, vendors and regional county partners are properly trained. We will implement this process by October 1, 2017.*

*7. The current version of our Customer Relationship Management (CRM) software program does not allow us to segregate access to close complaints from responders. Currently, we are working on upgrading the CRM system and the new version will eliminate the access for non-JTA responders to close a complaint. The upgrade is scheduled in late June.*

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## **AUDIT OBJECTIVE #1**

**To determine if JTA's contractor for paratransit services was paid accurately and timely.**

### **Finding 1 – 1 \*Manipulated Trip Data by Contractor Staff\***

We found that the contractor's staff misused their access to the trip scheduling system by altering the pick-up times of paratransit riders to make it seem like the riders had been picked up on time (i.e. within 15 minutes of their scheduled pick-up time). These adjustments directly impacted the on-time performance calculations.

The contractor's staff needs access to JTA's system to correct errors or system malfunctions in data that are input automatically through the recording devices in the paratransit vehicles. However, the alterations we found did not appear to be necessary. Additionally, the adjustments

were made by nine different employees of the contractor under three different on-site general managers that were also employed by the contractor throughout our audit period.

We initially performed a statistical random sample of the population in which 93 trips were randomly selected and reviewed. It was during this review that we discovered a questionable adjustment on one (1) of the days in our population. Next, as part of our established audit procedures, we performed analytical testing on the population. Our testing indicated a high number of pick-ups that were exactly 15 minutes after the scheduled pick-up time, which is the cut-off for on-time performance. While it did appear that there were high and low periods, the 15<sup>th</sup> minute pick-ups were significantly higher than the 16<sup>th</sup>, 17<sup>th</sup>, 18<sup>th</sup> etc., throughout the audit period. At this point, we started judgmentally selecting trips within the first quarter of 2015, due to the large spike in 15 minute trips. In total, we selected 63 questionable adjustments on seven separate days (7) for validation testing. Noting a consistency in the pattern and method of adjustments, we expanded our testing to evaluate the entire audit period. In doing so, we compiled a listing of 87 days throughout the audit period that contained anomalies. From this listing, we judgmentally selected a sample of 10 days for validity testing. We reviewed the entire day's worth of audit logs for each day selected, making note of user made adjustments. Among the three separate samples mentioned above, we reviewed adjustments on 18 different days.

Based on the procedures explained above, we documented 447 adjustments on those 18 different days. Seven of these days were during a period of time when penalties for late performance had been suspended. The results of our testing were as follows:

- For 389 of the 447 adjustments, or 87%, the contractor's staff unnecessarily altered actual pick-up times to fall within 15 minutes of the scheduled pick-up times. As a result, these pick-ups were not considered late, despite the fact that the driver manifests indicated late pick-ups. The contract allows for a monthly on-time performance penalty of \$1,000 for each whole percentage below 90% of all trips being picked up on time. Because of how the on-time performance penalty is structured in the contract and we did not review all 528,853 trips included in our population for possible adjustments, it is not possible to determine whether the contractor made enough adjustments to impact the penalties assessed and the payment it received from JTA. Additionally, 26 of the 389 adjustments should have been identified by a review process performed by JTA. This process involves the comparison of trip information in the system to the driver's manifest. This is the same process that we used to review the identified adjustments, which raises questions as to the sufficiency of JTA's review.
- Of the remaining 58 adjustments reviewed, we found the following:
  - ✓ Twenty (20) adjustments were made to the pick-up times even though they were already within the on-time window and the contractor would not have been penalized. We question the purpose of these adjustments, which may have just been an accidental inclusion in a process whereby staff appeared to be routinely making adjustments to the data.
  - ✓ One adjustment was made to a pick-up time, but its validity could not be determined because the driver's manifest could not be located by JTA.

- ✓ We also question the adjustments performed on the remaining 37 trips where the adjusted times match the driver's manifest. In all instances, the trip time was input/adjusted by a user under the same pretense as the adjustments identified above.
- Lastly, for 14 of the 447 altered trips, the trip adjusted was the first stop of the day on that route. If an adjustment is made to the first trip of the day, that adjustment will have an impact on Revenue Hours, which is the primary method of compensation for the contractor.

**Recommendation to Finding 1 – 1**

Ideally, we would recommend that the contractor's access to the trip scheduling system be removed due to this consistent pattern of altering the data, possibly to avoid potential penalties and create an appearance of better on-time performance. However, given that certain access must be maintained for the contractor's staff to perform their functions of the Contract, we recommend that JTA review the system access to see if any limitations can be imposed to minimize changes to data. Additionally, we recommend that JTA include in its validation process the review of individual trip times to confirm that they match the signed driver's manifests and that JTA perform periodic reviews of the audit logs specifically focused on manual adjustments. Also, we recommend that JTA amend the Contract to include language that would make unnecessary alterations of trip data a breach of contract resulting in substantial penalties to the contractor or termination of the Contract. Finally, JTA should conduct its own review of the data to determine if alterations are still being made by the contractor that would warrant any further action against the contractor.

**Auditee Response to Finding 1 – 1**

Agree                       Disagree                       Partially Agree

*We reviewed the system access and confirmed that the contractor needs access to the system in order to perform necessary job tasks. To ensure that users continue to have proper system access, a procedure has been written that includes a monthly review.*

*We are working with the software vendor to determine if a custom report can be created that will monitor actual arrival and departure time changes. This will assist in validating individual trip times against signed driver's manifests. In the meantime, staff is periodically reviewing the report provided by the contractor that includes all trip time changes.*

*The Accounting Department updated its manifest verification procedure, which allows for more robust auditing of the manifests. Accounting staff was trained on the updated procedure on May 9, 2017.*

*A contract amendment (#12) has been created that adds a penalty for any unauthorized alterations of trip data made by the contractor staff. Amendment #12 is currently in the review process.*

**Finding 1 – 2 \*Inaccuracies on Invoices\***

Based on the trip data and support provided, we identified \$5,100 in overpayments and \$5,000 in underpayments to the contractor. As part of the invoicing process, JTA reduces the amount to be paid to the contractor by the amount of any penalties assessed. These penalties may be safety or performance related and are assessed on the contractor based on the terms of the Contract. During our testing, we discovered the following calculation and assessment errors:

- JTA failed to calculate the Complaints per Trip assessment for 15 (or 83%) of the 18 months during the audit period. Ten (10) of these instances resulted in a net overpayment to the contractor of \$1,500. The remaining five instances were during the suspension period when performance penalties were not active, but would have resulted in an overpayment to the contractor of \$2,500 if the penalties had not been suspended.
- JTA failed to include \$3,000 of On-Board Violation (penalties related to trip length) assessments for the February 2016 performance period. This resulted in an overpayment to the contractor of \$3,000 for the March 2016 invoice.
- JTA assessed the contractor \$500 for an On-Board Violation assessment when the Contract dictated the assessment to be \$1,000. This resulted in an overpayment of \$500 for the December 2015 invoice.
- JTA erroneously assessed the contractor \$5,000 on the February 2015 invoice for an assessment that is applied once per quarter. This assessment is related to Riders per Revenue Hour and had already been correctly assessed on the January 2015 invoice. This resulted in an underpayment to the contractor of \$5,000 on the February 2015 invoice.
- On two invoices, December 2014 and May 2015, JTA under assessed the contractor \$50 for Late Complaint Responses (penalty based on the number of days that the contractor has to respond to rider complaints). This resulted in a total overpayment to the contractor of \$100.
- On the May 2015 invoice, JTA incorrectly calculated the Late Driver Manifest assessment (penalty based on the number of days it takes the contractor to turn over the manifests to JTA). This would have resulted in an overpayment of \$1,500 had the penalty assessment not been suspended at the time.

**Recommendation to Finding 1 – 2**

We recommend that JTA calculate and assess all incentives and penalties correctly in accordance with the Contract.

**Auditee Response to Finding 1 – 2**

Agree                       Disagree                       Partially Agree

*We created a reference guide and we enhanced the Contract Assessment Summary report to ensure that assessments and incentives meet the criteria outlined in the contract.*

**Finding 1 – 3 \*JTA Charged the Rider the Incorrect Fare Amount\***

During our testing, we discovered some instances where it appears that JTA’s staff overrode the trip price in the trip scheduling system, which resulted in the rider paying an incorrect fare amount. These fares range from \$2.50 to \$6.00 per person. Given that JTA deducts the fares charged when computing the invoice amount, this impacted JTA’s out-of-pocket costs of providing the service:

- 769 of the 510,283 completed trips, or 0.1507%, were simply charged the wrong rate. In all cases, the charge was +/- \$0.50 from the expected charge. This resulted in a net underpayment of \$265.50 paid by the affected riders, assuming the listed amount was paid.
- Sixty (60) of the 510,283 completed trips, or 0.0118%, included a charge for a Personal Care Attendant (PCA). Per JTA SOPs, PCA's are generally free to ride on ADA trips. In total, this resulted in additional fares of \$162.50 being paid by the applicable riders, assuming the listed amount was paid.
- 302 of the 304 out of county TD trips, or 99.34%, were charged an incorrect fare amount resulting in a total underpayment of \$918 by applicable riders. Per JTA’s written policy, out-of-county TD trips are supposed to be charged a fare of \$6 per rider.

In total, these instances only amounted to 0.2% (1,131/510,283) of the trips completed during the audit period.

**Recommendation to Finding 1 – 3**

We recommend that JTA limit the ability to change (override) fare amounts to the supervisor level or design and implement compensating controls to adequately mitigate risks associated with system overrides as recommended in the Overall Internal Control Weakness. We also recommend that either JTA adhere to current operating procedures by not charging for PCA’s and charging the stated rate of \$6.00 per person for out-of-county trips, or amend their policy to reflect current practice.

**Auditee Response to Finding 1 – 3**

Agree                       Disagree                       Partially Agree

*Funding source/fare type combinations are going to vary based on trip destination, purpose, service area, etc; therefore, certain positions need the access to change the fare type. The procedure, fare type and funding combination, has been created to ensure fare errors are detected and corrected before the trip scheduling process is completed. We also have a process in place that requires Supervisor approval for fare overrides.*

*It appears the majority of the trips (36 of the 60) can be attributed to a single subscription where the Personal Care Attendant (PCA) was charged generated by a subscription in which the person creating the subscription applied a fare to the PCA in error. During our review, we could not determine if the PCA actually paid a fare. However, the subscription has since been corrected.*

*TD Trips that are “out of county” and still within the ADA service area are not charged the \$6.00 fare. Only trips that meet both criteria, (out-of-county and out of the ADA service area) would be subject to the higher fare amount. This would include trips to and from the Orange Park Mall, which were charged correctly and our procedure has been updated to reflect this practice.*

**Finding 1 – 4 \*Unsupported Issuances of Free Trips\***

During testing, we found that 577 (or 13%) of the 4,489 free trips issued during the audit period had no explanations as to why or who eliminated the fare price for (or “comped”) the trip. Furthermore, 241 out of the 320 (75%) comped trips that included an explanation did not adequately disclose why and/or who comped the trip.

The fare price is a funding source of the program. In total, \$1,585,903 in fares was collected during the audit period, which equates to 16.4% (\$1,585,903/\$9,693,943) of the amount due to the contractor for services performed. Each comped trip places more financial burden on JTA. For the majority of the trips performed by JTA Connexion, the rider(s) is required to pay a fare (between \$2.50 and \$6.00). In some scenarios, JTA may comp the fare price due to some type of failure by JTA, the contractor or sub-contractors.

**Recommendation to Finding 1 – 4**

We recommend that JTA emphasize to its employees that a clear explanation be provided in the trip scheduling system as to why a trip will be provided for free. We also recommend that JTA limit the ability to provide comped trips in the trip scheduling system to the supervisor-level users or design and implement compensating controls to adequately mitigate risks associated with comped trips.

**Auditee Response to Finding 1 – 4**

Agree                       Disagree                       Partially Agree

*We immediately put a process in place to monitor free trips when the Auditors brought this issue to our attention while they were on site. We implemented a process for identifying trips with “zero fare” and the reason/cause. We began documenting “zero fare” trips in July 2016.*

*A policy has been created outlining when to use Zero fare based on service area or approved destinations.*

*Reservationists are required to get management approval to provide a free ride to a customer due to poor service performance. Dispatchers must be able to select a free fare with approval of the dispatch supervisor especially during early and night service when JTA management is not available.*

*JTA management conducts monthly reviews to ensure the policy is being followed.*

**Internal Control Weakness 1 – 1 \*Contract Amendment Approval Authority\***

JTA’s procurement policy does not contain any guidelines for approval authority when a change order amount is unknown.

Per JTA’s Procurement Rule 002, a Change Order is defined as “*a written modification to a Contract or Purchase Order... which revises the terms of, quantities or scope of services under, or provides for an extension of time to complete, a Contract.*” The sixth amendment to the contract between JTA and the contractor suspended some of the performance penalties for an unknown period of time (the amendment did not have an “end” date). Based on our understanding of JTA’s Procurement Rule, the sixth amendment would be considered a change order because it was a written modification to the terms of a contract.

The sixth amendment was signed by a Vice President of JTA, who was delegated the authority of the CEO of JTA. Per JTA’s procurement policy, the Vice President could authorize a change order of \$100,000 or less; any amount greater than \$100,000 required JTA Board approval. At the time the sixth amendment was enacted, the specific dollar impact was undeterminable because there was no end date for the amendment and suspended penalty amounts would be based on future performance. However, the actual dollar amount of the suspended penalties exceeded \$100,000 in just 8 months due to an increase in poor performance, but JTA never sought approval from its Board for this amendment.

**Recommendation to Internal Control Weakness 1 – 1**

We recommend that JTA update its procurement guidelines to specifically include provisions regarding the approval of contract amendments when the dollar impact of the amendment is unknown at the time the amendment is implemented.

**Auditee Response to Internal Control Weakness 1 – 1**

Agree                       Disagree                       Partially Agree

*We will update Procurement Rule 002 to include a process to handle change orders where the financial impact is unknown or nonexistent. The Procurement Department will be reviewing best practices and will make a recommendation to our Policy and Procedure Review Committee in August 2017.*

**Internal Control Weakness 1 – 2 \*Written Manifest Changes\***

Written changes are being made to the completed driver manifest without clear indication of who or why the change was made. The driver’s manifest is completed by the paratransit vehicle driver to document trip times, distances, fares collected, etc. The driver and a supervisor are required to sign the completed manifest at the end of a driver’s route, certifying the accuracy of the information. According to the contractor, the driver manifests may require adjustments from time to time to match information, primarily odometer readings, that are automatically calculated by the trip scheduling system. As part of the invoicing process, a staff member of the contractor is required to review the data in the system and the information on the manifest for accuracy.

### **Recommendation to Internal Control Weakness 1 – 2**

Given that the manifest is an important source document for verifying the accuracy of the invoice amounts owed by JTA to the contractor, we recommend that all changes made to the paper manifests after sign-off by the driver be signed and dated by the person making the change.

### **Auditee Response to Internal Control Weakness 1 – 2**

Agree                       Disagree                       Partially Agree

*The contractor made personnel changes where it was determined that already established procedures on changing manifest times were not properly followed. The Contractor also has retrained all dispatchers who handle manifest and trip edits and has put an updated written process in place. To date, all dispatchers have been trained. We will include this item on the agenda for the monthly carrier meeting to ensure new process is being followed.*

### **Internal Control Weakness 1 – 3 \*Outdated and Inaccurate Contract Provisions\***

We identified issues and discrepancies between the contract terms and current operations that could impact the accuracy of the invoice amount JTA pays the contractor:

- Section 9.3 of the contract requires JTA to provide a report on a daily basis to the contractor detailing the number of Revenue Hours for which JTA intends to compensate the contractor. This is currently not being done by JTA.
- The sixth amendment, which suspended some of the performance penalties, was dated effective April 13, 2014, but should have been dated April 13, 2015.
- One amendment changed agreement terms that had already been voided by a previous amendment. More specifically, the sixth amendment suspended the \$25 per trip assessment for most violations of the maximum trip length requirement even though the \$25 had previously been voided by the third amendment and changed to a percentage assessment.
- There is a penalty in the contract for mechanical breakdowns that JTA did not assess for the entire audit period. JTA indicated that they do not plan to charge this penalty because it is essentially penalizing the contractor twice for the same violation. For example, the contractor is already penalized for late trips which, theoretically, could be caused by a mechanical breakdown.
- In practice, JTA made a fundamental change to the way the on-time performance assessment is calculated and did not make the corresponding change in the agreement. (The system currently considers all arrivals later than 16 minutes to be “Late” for this assessment while the agreement clearly states that arrivals that are more than 15 minutes late should be counted as “Late”.) Although, JTA has indicated that they agreed to make this change, there is no written amendment to the contract indicating such.

### **Recommendation to Internal Control Weakness 1 – 3**

JTA needs to routinely review its contract, written policies and procedures and actual practices to identify any inconsistencies or outdated requirements that need to be addressed. For the items

that we noted above, JTA either needs to adhere to the terms of the contract or amend the contract to reflect current practice. We also recommend that JTA correct all errors in the current contract.

**Auditee Response to Internal Control Weakness 1 – 3**

Agree                       Disagree                       Partially Agree

*We conducted a review of the current contract and all amendments to identify any sections that need to be corrected based on the audit findings and these have been addressed in Amendment #12. Going forward, the contract will be reviewed annually.*

*All written policies and procedures are now maintained within our documentation system, Policy IQ, which requires users to review their policies/procedures every six months.*

**Internal Control Weakness 1 – 4 \*Insufficient and Outdated SOPs\***

Based on review of the procedures provided by JTA, there does not appear to be any written SOPs for the following trip types (which are provided at no cost to the rider):

1. Trips to and from the Connexion headquarters (100 N. Myrtle)
2. Trips to and from City Council Meetings
3. Trips to or from the Mayor’s Disability Council Meetings
4. Trips where both the pickup and drop off locations are within the Skyway ADA Service Area (3/4 of a mile surrounding the Skyway path)
5. Community Council for the Elderly (CCE) trips which are pre-paid by the CCE
6. Complimentary (comp) Trips which are provided on a judgmental basis in response to rider issues and satisfaction.

The lack of SOPs in this regard could result in inconsistencies in the application of issuing free trips, as noted in Finding 1-4.

Also, some SOPs that were provided by JTA appear to be outdated. Instances include the listing of former staff as primary contacts and process owners. Other instances include the listing of outdated rider fare amounts.

**Recommendation to Internal Control Weakness 1 – 4**

We recommend that SOPs be created for all instances that result in a free (\$0) trip. We also recommend that all SOPs be reviewed and updated immediately for any changes that need to be made.

**Auditee Response to Internal Control Weakness 1 – 4**

Agree                       Disagree                       Partially Agree

*A policy for zero fare trips has been created. All written policies and procedures are now maintained within our documentation system, Policy IQ.*

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**AUDIT OBJECTIVE #2**

**To determine if JTA has sufficient controls in place to determine whether riders of the Connexion service are eligible for the paratransit program per the applicable JTA, Federal, or State guidelines.**

**Finding 2 – 1 \*Missing and Outdated Rider File Documentation\***

We reviewed 93 different rider files and we found that nine (9), or 9.6%, were missing some form of required documentation, including applications, appeals information, approval letters and/or proof of income. JTA, Federal, and State guidelines require these documents, as well as medical information, to be provided to and from JTA as proof of eligibility for the paratransit service. Additionally, six of the 93 (or 6.5%) riders whose files we reviewed were scheduled for trips while their TD eligibility was expired. However, re-approval was eventually granted on a date after the trip(s) in question.

**Recommendation to Finding 2 – 1**

We recommend a checklist be created and used by eligibility staff to ensure that all necessary documents are included in the rider’s file. This checklist should be signed by eligibility staff certifying that all documents are included in the file. We also recommend that the trip scheduling system’s ability to book an inactive rider (one who’s eligibility has expired) be limited to the supervisor level, as identified in the Overall Internal Control Weakness.

**Auditee Response to Finding 2 – 1**

Agree                       Disagree                       Partially Agree

*We have revised the application checklist to include a sign-off section. Reservationists are now required to direct callers with expired eligibility to our Eligibility Department prior to booking their trip(s). Reservationists are no longer allowed to book inactive riders. This security permission was removed effective July 2016.*

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### **AUDIT OBJECTIVE #3**

**To determine if paratransit trips are scheduled in an efficient and effective manner.**

As mentioned in the conclusion in Finding 1-1 above, because trip data was altered, the data we used for measuring efficiency and effectiveness has been impacted. Even though these alterations have skewed the contractor's performance to make it appear as if it was operating more efficient and effective than in reality, based on the data we were provided, we still noted the following Opportunities for Improvement to enhance performance.

#### **OFI 3 – 1 \*Scheduling Review\***

Based on the trip data, 88,915 out of the 528,853 (16.81%) trips in our population included a violation related to late pickups/drop-offs or trip length. In addition, 44 out of a sample of 91 (48%) complaints we reviewed were also related to late pick-ups and drop-offs mainly due to scheduling/routing issues and same-day insertion of riders on a vehicle, usually by a dispatcher. Good business practices dictate that any transportation service should run at the optimal service level with a minimal number of complaints.

#### **Recommendation to OFI 3 – 1**

We recommend that JTA review its scheduling model and dispatcher practices of the contractor to determine whether changes could be made to foster better performance.

#### **Auditee Response to OFI 3 – 1**

Agree                       Disagree                       Partially Agree

*We will continue to monitor the contractor's performance. We will determine the feasibility of hiring a consultant who specializes in scheduling software to review the current scheduling model and determine if changes need to be made. We will also ask MV to evaluate their scheduling model and dispatcher practices and provide recommendations for improvements.*

#### **OFI 3 – 2 \*Unattainable Performance Goals\***

JTA has stated that the contractor has failed to attain the 1.9 Passengers per Revenue Hour (PRH) productivity goal as stated in the Contract for every month going back to the Contract's inception on January 1, 2014. While the contractor is not penalized for failing to attain the 1.9 PRH goal, they have been consistently penalized for having a PRH below 1.7, which is the Contract's minimum quarterly productivity goal. PRH is calculated on a monthly and quarterly basis, based on the number of individuals on the paratransit vehicle and the time in which the vehicle is in service.

Good business practice dictates that goals should not be easily achieved but should be reasonably attainable. The average PRH for the audit period was 1.6367. At this level, the contractor would need to have a 16% increase in productivity to attain the 1.9 PRH goal, which may not be achievable.

**Recommendation to OFI 3 – 2**

We recommend JTA reevaluate whether their PRH goal is reasonable. If JTA believes that it is attainable, then we recommend that JTA reassess whether the contractor is the best organization to perform the paratransit service.

**Auditee Response to OFI 3 – 2**

Agree                       Disagree                       Partially Agree

*The current contract expires in December 2018. We will evaluate all the goals for reasonableness as we prepare for a new bid in early 2018.*

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**SUPPLEMENTAL FINDING**

**Supplemental Finding \*Grant Match Not Received\***

During testing of payments to the contractor as part of Objective 1, we discovered that a matching grant payment owed to JTA from Clay County of \$32,533 was never received.

JTA received a grant from the Federal Transportation Administration for equipment for Connexion and paratransit providers for Baker, Clay, Putnam, St. Johns, and Nassau Counties, who were all sub-recipients of that grant. The grant required a 20% match for all recipients and sub-recipients. JTA fronted the 20% match for each of the counties, with the expectation that they would be reimbursed by the other counties. However, JTA did not receive the grant match from Clay County. This is disclosed as a supplemental finding because it is unrelated to the three audit objectives discussed above.

**Recommendation to Supplemental Finding**

We recommend that JTA take action to recover the matching funds owed to them from Clay County.

**Auditee Response to Supplemental Finding**

Agree                       Disagree                       Partially Agree

*We received the matching funds from Clay County on April 3, 2017. A copy of the check was provided to the Council Auditor Office on April 5, 2017.*

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We appreciate the assistance and cooperation we received from JTA Connexion staff throughout the course of this audit.

Respectfully submitted,

*Kyle S. Billy*

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Council Auditor

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