

# Municipal Transit Services

Summary of Audit Findings & Recommendations

October 21, 2014

# Municipal Transit Services

Transit Services was included in the original scope of the Accountability, Integrity and Transparency Audit

Due to a conflict for the External Auditor (KPMG), the Municipal Transit Services Audit was done internally.

# Municipal Transit Services

This review carried out by the Office of the Municipal Auditor resulted in 15 audit findings and 18 recommendations.

The findings and recommendations are summarized in this presentation and have all been discussed with, and accepted by management.

# 1. Intelligent Bus Transit System - Deployment

The transit contractor has not developed a strategy and deployment plan for IBTS.

The contract states that the strategy and deployment plan would be completed 15 business days after the commencement date of the contract. The contract commencement date was **July 1, 2013**.

# Internal Auditor's Recommendations

1. All documents pertaining to the IBTS should be in accordance with Municipal policies and procedures.
2. All stakeholders have to come to an agreement on the Strategy and Deployment Plan.

## 2. Intelligent Bus Transit System - Licenses

The transit contractor has not ensured all licenses and agreements related to IBTS are in the name of the Municipality as stated in the contract.

Licenses not in the name of the Municipality would constrain the use of the IBTS technology, in the event of a disagreement with the transit contractor.

# Internal Auditor's Recommendation

1. All licenses and agreements relating to IBTS should be in the name of the Municipality.

# **3. Request for Proposals (RFP) – Supporting Documents**

The Supply Chain Management Branch did not maintain all documentation for the selection process in accordance with their Standard Operating Procedures (SOP#1, sub-section 3.1).

The integrity of the selection process cannot be verified by an audit without the detailed report and scoring assessments.



# Internal Auditor's Recommendation

1. The Supply Chain Management Branch should follow proper process for retention and safe-guarding of all information, as in accordance with their Standard Operating Procedures.

## 4. RFP Submission Deadline

The Supply Chain Management Branch accepted a proposal that was not in accordance with the RFP criteria, as it was received by the Municipality after 2 pm on January 8, 2013.

It was accepted on the basis that an investigation confirmed it was sitting at the local courier depot as of January 6, 2013.

The late submission was not awarded the contract.

# Internal Auditor's Recommendation

1. Mandatory RFP criteria should be followed.

# 5. Advertising Policy

The transit contractor is providing more than the contract agreed amount of 10% of the total advertising space on the Revenue Vehicles and Heated Bus Shelters each month to the Municipality.

The Municipality has not been billed for the advertising space beyond the 10% allowance in the contract.

# Internal Auditor's Recommendation

1. The Communications Department should implement the advertising procedures to monitor advertising space.

# 6. Staffing Requirement

The transit contractor is not following the staffing requirements that are outlined in the contract as shown on the following slide.

# Staffing Requirement

<u>Details</u>	<u>Required</u>	<u>Actual</u>	<u>Variance (Favourable)</u>
<b>(No Variance)</b>	25	25	
<b>Inspectors</b>	4	5	(1)
<b>Office Support Clerks</b>	2	3	(1)
<b>FT Operators - Standard</b>	70	82	(12)
<b>PT Operators - Standard</b>	12	8	4
<b>FT Operators - Specialized</b>	9	5	4
<b>PT Operators - Specialized</b>	3	-	3
<b>Shop Foreman</b>	1	-	1
<b>Mechanical Apprentices</b>	3	4	(1)
<b>Facility Maintenance Staff</b>	<u>3</u>	<u>1</u>	<u>2</u>
<b>Total</b>	<u>132</u>	<u>133</u>	<u>(1)</u>

# Internal Auditor's Recommendation

1. The staffing terms and conditions of the contract should be followed.



# 7. Construction of Facility

The transit contractor did not meet the timetable for construction of the temporary Bus Facility. The contractor commenced service from the temporary bus shelter just over one year later as per what was outlined in the contract.

As a result of the delay, the contractor occupied a Municipal building rent-free for a year.

# Internal Auditor's Recommendation

1. The terms and conditions of the contract should be complied with on a timely basis.

# 8. Customer Complaints

The contract states that the number of substantiated customer complaints against the contractor will not exceed ten complaints per 100,000 passengers per quarter.

The number of complaints exceeds the acceptable threshold specified in the contract with the transit contractor as shown on the following slide.

# Customer Complaints

<u>Description</u>	<u>July - Sep 2013</u>	<u>Oct - Dec 2013</u>	<u>Jan - Mar 2014</u>	<u>Apr - June 2014</u>
<b>Average Ridership</b>	<u>396,794</u>	<u>556,668</u>	<u>558,712</u>	<u>358,229</u>
<b>Total Complaints</b>	140	172	88	82
<b>Acceptable Complaint Threshold Level</b>	<u>40</u>	<u>56</u>	<u>56</u>	<u>36</u>
<b>Complaints Above the Acceptable Threshold Level</b>	<u>100</u>	<u>116</u>	<u>32</u>	<u>46</u>

# Internal Auditor's Recommendation

1. Customer complaints should not exceed the limit specified in the terms and conditions of the contract (Standard 1.4A).

## 9. Delays and Missed Trips

The transit contractor had multiple delays and missed trips as shown in the table below.

YEAR	DELAYS	MISSED TRIPS
2013	774	5
2014 (JUNE 30)	1853	59

Delays and missed trips, according to documentation obtained, were caused by mechanical issues and operator delays.

# Internal Auditor's Recommendation

1. The Municipality's Transit Services Branch should ensure that the terms and conditions of the contract in Schedule I are followed.

# 10. Reporting Revenue

The transit contractor maintains revenues in accordance to the contract.

The transit contractor does not submit regular operational, financial, and performance based reports to the Municipality in accordance with the contract.



# Internal Auditor's Recommendation

1. Transit Services Branch should request the regular financial reports pertaining to transit operations from the transit contractor as per subsection 9.2 of the contract.

# 11. Financial Model

The financial model sets down the basis for the transit services contract.

Transit Services Branch did not have a copy of the “Financial Model” and without it, no monitoring of the financial results can take place.

# Internal Auditor's Recommendations

1. A copy of the Financial Model should be retained within the Municipality's Transit Services Branch.
2. Actual versus projected results should be monitored on a periodic basis

# 12. Passenger Utilization

No documented information was provided by Transit Services Branch confirming regular monitoring of routes are being performed.

Transit Services Branch will not have information to assess utilization of the transit system without regular monitoring of routes.

# Internal Auditor's Recommendation

1. The Transit Services Branch should enforce the contract by ensuring the implementation of the Intelligent Bus Tracking System (IBTS) in the transit system for accurate and reliable ridership data.

# 13. Emission Testing

There are no records of GHG or carbon dioxide emissions testing being completed by the transit contractor as per the contract requirement (subsection 20.6).

# Internal Auditor's Recommendations

1. The Transit Services Branch should enforce the terms and conditions of the contract for GHG or carbon dioxide emissions.
2. The transit contractor and the Municipality should agree on the appropriate reporting format for meeting the Performance Standard.

# 14. Storm Water Policy

There was no documentation provided to confirm that the transit contractor has or implemented a storm water policy in a form and content that is in compliance with the law and acceptable to the Municipality, as per the contract



# Internal Auditor's Recommendation

1. Transit Services Branch should ensure that the transit contractor complies with the terms and conditions of the contract related to storm water policy.

# 15. Emergency Management Procedures

There is no emergency response procedure for transit operators in the Health and Safety Manual provided by the transit contractor as required by the contract.

# Internal Auditor's Recommendation

1. The Transit Services Branch should enforce the contract by ensuring the documentation and approval of the emergency procedures for transit operators.

# Internal Audit Follow-Up

Internal Audit expects to follow up with the Municipal Transit Services Management on or before November 1, 2015, to verify that the Action Plan to address the audit findings has been fully implemented.

# Questions?