

Follow-up of the Audit of the Central Florida Regional Transportation Authority, d/b/a/ LYNX

**Report by the
Office of County Comptroller**

**Martha O. Haynie, CPA
County Comptroller**

County Audit Division

Christopher J. Dawkins, CPA, CIA
Director

Wendy D. Kittleson, CISA, CIA
IT Audit Manager

Audit Team:
Richard L. Scoles, CPA, CIA, Senior Auditor

Lisa A. Fuller, CISA, CIA, CGAP
Information Technology Audit Supervisor

**Report No. 450
September 2015**

TABLE OF CONTENTS

Transmittal Letter	1
Implementation Status of Previous Recommendations For Improvement	2
Introduction	6
Scope and Methodology	7
Follow-Up To Previous Recommendations For Improvement.....	8
1. LYNX Should Submit All Reports as Required to the County	9
2. Controls Over Bus Cash Fares Need Improvement.....	10
3. Simplification of Cash Fare Structure to Coincide With Rider Types Should Be Explored	14
4. Controls Over Black Box Cash Collections Need Improvement	15
5. Controls Over Ticket and Multi-day Pass Sales Need Improvement	17
6. Annual Physical Ticket Inventories Should Be Timely Reconciled to Inventory Records.....	18
7. LYNX Regional Funding Model Methodology Should Be Further Reviewed and Enhanced.....	18
8. LYNX Should Review the Methodology Used In Computing Ridership Counts.....	20
9. Performance Measure Computational Procedures Need Review and Refinement	21

September 22, 2015

Teresa Jacobs, County Mayor
And
Board of County Commissioners

We have conducted a follow-up of the Audit of the Central Florida Regional Transportation Authority (d/b/a LYNX). Our original audit included the period October 2008 through December 2009. Testing of the status of the previous Recommendations for Improvement was performed for the period October 2013 through March 2014. In addition, certain matters occurring outside the audit period were also reviewed.

We conducted this 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.

The accompanying Follow-up to Previous Recommendations for Improvement presents a summary of the previous conditions and the previous recommendations. Following each recommendation is a summary of the current status as determined in this review.

We appreciate the cooperation of the personnel of LYNX during the course of the audit.

Martha O. Haynie, CPA
County Comptroller

c: Ajit Lalchandani, County Administrator
Susan Black, LYNX Interim Chief Executive Officer

**IMPLEMENTATION STATUS OF
PREVIOUS RECOMMENDATIONS FOR
IMPROVEMENT**

**FOLLOW-UP OF THE AUDIT OF
THE CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY, D/B/A/ LYNX
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
1.	We recommend LYNX timely submits all required reports and information to Orange County.		✓		
2.	We recommend LYNX strives to implement a system that provides the following:				
A)	Deposits daily collections intact.	✓			
B)	Reconciles fare box cash transactions to each bus's reported rider transactions.	✓			
C)	Records fare revenues from expected collections from the automated fare box system.	✓			
D)	Establishes procedures for periodic random sampling of bus fare box collections reconciled to automated fare box reports and retains records of the results of such sampled cash collections to automated counts and reports.	✓			
E)	Verifies the amount of currency and coins collected at the Osceola Service Center prior to courier service providers pick up and delivery to the LYNX Operations Center.			✓	
F)	Performs periodic background and credit checks on all money room staff. Employee theft insurance coverage should be evaluated and obtained for money room staff in limits in line with the increased value of collections in their custody.		✓		

**FOLLOW-UP OF THE AUDIT OF
THE CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY, D/B/A/ LYNX
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
3.	We recommend LYNX reviews its current fare structure and, if possible, simplifies the classifications of cash fare types. Fare types no longer in use should be deactivated in the fare structure module of the automated fare box system. In addition, LYNX should consider the cost and ability to convert to a policy of no cash fares accepted on the bus, with the fare box programmed to accept only pre-purchased fare media and debit/credit cards.	✓			
4.	We recommend LYNX reviews and amends as needed cash collection and general ledger recording procedures for black box transactions to provide the following:				
A)	The use of pre-numbered receipts by Transportation Street Supervisors and Vault Pullers.	✓			
B)	Periodic accounting for the receipts issued and used, as well as reconciling dispatch records for black box service to money room records.			✓	
C)	The forwarding of all supporting documentation to the Finance Department to facilitate the entry of route and revenue data into the GFI Ride System. In addition, this documentation should be retained for audit.	✓			
5.	We recommend LYNX reconciles daily fare media sales to the ticket inventory system on a routine basis.	✓			
6.	We recommend LYNX completes yearly fare media inventory reconciliations as soon as possible to ensure an accurate record of fare media on hand.	✓			

**FOLLOW-UP OF THE AUDIT OF
THE CENTRAL FLORIDA REGIONAL TRANSPORTATION AUTHORITY, D/B/A/ LYNX
STATUS OF PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT**

NO.	PREVIOUS RECOMMENDATION	IMPLEMENTATION STATUS			
		IMPLEMENTED	PARTIALLY IMPLEMENTED	NOT IMPLEMENTED	NOT APPLICABLE
7.	We recommend LYNX reviews current Regional Funding Model methodology and amends the methodology to include updating computations for amended/approved budget amounts and actual costs incurred. In addition, LYNX should update the computation of the cost of capital per scheduled fixed route at least once every three years.			✓	
8.	We recommend LYNX reviews the systems used to capture and report ridership data and implements identified solutions to increase the accuracy of the process.		✓		
9.	We recommend LYNX takes appropriate action to perform the following:				
A)	Identify routes where other funding agreements have been entered into with third parties (whether they are other governmental agencies not legislatively required to fund LYNX or private corporate organizations) and identify the impact of including that additional revenue has on the route's performance measures.	✓			
B)	Provide additional route details together with the performance measures, such as each route's service miles by jurisdiction and the number of bus stops per route by jurisdiction.	✓			
C)	Revise its procedures in preparing and reporting the performance measure of the percentage of fare box recovery.			✓	

INTRODUCTION



Scope and Methodology

We have conducted a follow-up of the Audit of the Central Florida Regional Transportation Authority, d/b/a as LYNX (Report No. 420). Our original audit included the period of October 2008 through December 2009. Testing of the status of the previous Recommendations for Improvement was performed for the period October 2013 through March 2014. In addition, certain matters occurring outside the audit period were also reviewed.

We interviewed various personnel with LYNX, the Orange County Office of Management and Budget and the Office of Regional Mobility. We also reviewed source documents and performed tests necessary to determine the implementation status of the previous recommendations. We have described the specific methodologies utilized during our review in the implementation status of each recommendation in the Follow-up of the Previous Recommendations for Improvement section of this report.

**FOLLOW-UP TO PREVIOUS
RECOMMENDATIONS FOR
IMPROVEMENT**



1. LYNX Should Submit All Reports as Required to the County

During the prior review of LYNX' submission of financial information to Orange County required in the Funding Agreements, we had the following concerns:

- Quarterly reports submitted for the first and third quarters of the 2009 fiscal year did not include financial information for the proper reporting periods.
- Quarterly financial reports did not include explanations for all actual to budget variances greater than \$50,000.
- The reports submitted for the first and second quarter of the 2009 fiscal year were not submitted timely.

We Recommend LYNX timely submits all required reports and information to Orange County.

Status:

Partially Implemented. We reviewed the two quarterly reports submitted by LYNX to Orange County during the audit period. We determined both reports were submitted within the required timeframes required by the Funding Agreement. However, the reports continue to lack explanations for all actual to budget variances greater than \$50,000.

We Again Recommend LYNX submits all required reports and information to Orange County.

Management's Response:

Partially Concur. LYNX staff provides explanations of significant variances that have a direct impact to the LYNX bottom-line. However, not all budget variances greater than \$50,000 are necessarily considered significant variances. In some instances, the need for variance explanation may be based on percentage difference of actual compared to



budget as opposed to dollar difference. LYNX staff is working with Orange County staff to revise the language of the annual funding agreement. In the meantime, LYNX staff will continue to provide any additional explanations upon request from Orange County staff, regardless of dollar amount or percentage variance.

2. Controls Over Bus Cash Fares Need Improvement

During our prior review of bus fare box cash collection procedures, we noted the following concerns indicative of weakness in controls over cash:

- A) Cash collections from bus fare boxes were not deposited intact daily.
- B) Cash collections from individual bus fare boxes were not reconciled by bus, but comingled in large secured vaults and counted the next business day.
- C) LYNX did not use automated summary fare box cash collected reports (from the GenFare Systems) as a basis of daily cash revenue posted to the General Ledger. Instead, LYNX' Finance Department used amounts deposited as the basis of its fare box revenues entries.
- D) Daily reconciliations of all cash ridership by type counts were not made to Summarized Fare Box Cash Collected Reports. The automated fare boxes were not configured/programmable to reconcile total cash fares to cash rider counts. The LYNX Finance staff did not closely analyze the system's daily query reports to identify ridership counts placed in odd fare sets or types.
- E) Cash collections at the Osceola Service Center were not counted prior to being picked up by the armored courier service provider (courier) for transport to the money room at the LYNX Operations Center in Orlando.

FOLLOW-UP TO PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT



Follow-up of the Audit of the Central Florida
Regional Transportation Authority, d/b/a/ LYNX

- F) LYNX conducted employee background and credit checks at the time of initial hire for employees assigned to the money room. However, these employees were not subject to periodic background and credit checks. The employees were covered by the standard employee theft insurance policy with a \$100,000 limit, but our testing found times when cash in their custody exceeded that amount.

We Recommend LYNX strives to implement a system that provides the following:

- A) Deposits daily collections intact.
- B) Reconciles fare box cash transactions to each bus's reported rider transactions.
- C) Records fare revenues from expected collections from the automated fare box system.
- D) Establishes procedures for periodic random sampling of bus fare box collections reconciled to automated fare box reports and retains records of the results of such sampled cash collections to automated counts and reports.
- E) Verifies the amount of currency and coins collected at the Osceola Service Center prior to courier service providers pickup and delivery to the LYNX Operations Center.
- F) Performs periodic background and credit checks on all money room staff. Employee theft insurance coverage should be evaluated and obtained for money room staff in limits in line with the increased value of collections in their custody.

Status:

- A) Implemented. We reviewed a sample of one week's daily cash collections during the audit period and



found that each day's cash collections were deposited intact.

- B) Implemented. Fare box cash transactions are not reconciled to each bus's reported rider transactions. However, LYNX has implemented a procedure to reconcile fare box revenue recorded to the cash in the fare box for a sample of buses each quarter. Although not performed for each bus, each day; LYNX has instituted a compensating control that is sufficient in the circumstances. Further, as system changes are made, LYNX will continue to look for an efficient means to reconcile all buses daily.
- C) Implemented. During our review of recorded revenue, we found LYNX was still recording daily revenues in the financial system from the total of monies deposited and not the totals from the automated fare box system. However, LYNX does prepare an analysis each day of what should have been collected as reported through the fare box probe as compared to the actual cash collected and deposited for each day. Daily variances exceeding one percent are investigated by the Supervisor of Revenue Control. Documentation of this review is now retained.
- D) Implemented. We noted that procedures for periodic random reconciliations of bus fare box collections to the automated fare box collection reports are performed. Documentation of the reviews is retained.
- E) Not Implemented. We were informed that LYNX does not verify the amount of currency and coins collected at the Osceola Service Center prior to courier service provider's pickup and delivery to the LYNX Operations Center.

We Again Recommend LYNX strives to implement a system that verifies the amount of currency and coins collected at the Osceola Service Center prior to courier service provider's pickup and delivery to the LYNX Operations Center.



Management's Response:

Partially Concur. LYNX is not able to comply with this recommendation due to space limitations at OSF, which preclude assigning staff at OSF to count currency and coins prior to pick-up by courier service. However, LYNX does employ a security guard 24/7 whose sole responsibility is guarding the space used to probe OSF buses. Likewise, the Fare box Revenue Deposits Summary report reconciles OSF fare box collections separately from LOC fare box collections. As described above, this report is prepared daily and monthly.

- F) Partially Implemented. Periodic background and credit checks on all money room staff are not performed. The Director of Risk Management and Safety informed us she evaluates employee theft insurance coverage twice each year and coverage is obtained for money room staff in limits in line with the increased value of collections in their custody. During our review, we did not note any instances where the collections on hand for a day exceed the coverage obtained.

We Again Recommend LYNX strives to implement a system that performs periodic background and credit checks on all money room staff.

Management's Response:

Partially Concur. LYNX is currently reviewing a draft policy that will provide the appropriate balance of controls. In the interim, all staff undergo a thorough background check when initially hired. In addition, LYNX continues to maintain employee theft insurance coverage, the amount of which is routinely reviewed for adequacy of coverage.



3. Simplification of Cash Fare Structure to Coincide With Rider Types Should Be Explored

During our prior review of LYNX' cash fare structure, we noted the fare structure was complex with automated bus fare boxes programmed to recognize 100 different rider and fare types classified into three different fare sets. Many of the programmed fares were not being used.

We Recommend LYNX reviews its current fare structure and, if possible, simplifies the classifications of cash fare types. Fare types no longer in use should be deactivated in the fare structure module of the automated fare box system. In addition, LYNX should consider the cost and ability to convert to a policy of no cash fares accepted on the bus, with the fare box programmed to accept only pre-purchased fare media and debit/credit cards.

Status:

Implemented. In September 2011, the LYNX Board of Directors approved an amendment to LYNX' Fare Policy, which eliminated 23 Fare Types. We were informed that LYNX plans to periodically review the fare structure every three years and as such, a review will be forthcoming. LYNX staff informed us that, at present, it is not feasible to convert to a policy of no cash fares accepted on the bus. However, this issue will continue to be reviewed during upcoming fare reviews.

Management's Response:

Concur. LYNX will continue to review its fare structure at least every three years, and as a part of this review, will consider eliminating any fare types that are no longer required in order to continue simplification of cash fare type classifications where possible. In addition, LYNX continues to pursue policies that may result in a larger proportion of our riders utilizing non-cash fare payments, acknowledging that it is currently not appropriate or feasible to enforce a fare policy that excludes cash for fare payments.



4. Controls Over Black Box Cash Collections Need Improvement

When an automated fare box on a bus is inoperable, a lockable device on the bus referred to as a “black box”, is used to store cash and fare media (tickets/passes). Each bus has a black box device, but bus operators do not have keys to unlock them. During our prior review of the use of black boxes, we had the following concerns:

- A) No reconciliations were performed to ensure all receipts issued to bus drivers when the cash is removed from the black box were accounted for and black box cash was deposited. The receipts used were not pre-numbered and there was no comparison of Dispatch calls made to black box receipts submitted.
- B) When submitted black box contents and transactions were received by the money room staff the information was summarized and then deposited. (Individual receipts supporting summarized amounts were not submitted to Finance). Also, the summarization submitted to Finance did not contain route information impacting route revenue calculations.
- C) LYNX black box procedures had not been updated since 2004 and certain steps and forms were no longer used.

We Recommend LYNX reviews and amends as needed cash collection and general ledger recording procedures for black box transactions to provide the following:

- A) The use of pre-numbered receipts by Transportation Street Supervisors and Vault Pullers.
- B) Periodic accounting for the receipts issued and used, as well as reconciling dispatch records for black box service to money room records.

FOLLOW-UP TO PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT



Follow-up of the Audit of the Central Florida Regional Transportation Authority, d/b/a/ LYNX

- C) The forwarding of all supporting documentation to the Finance Department to facilitate the entry of route and revenue data into the GFI Ride System. In addition, this documentation should be retained for audit.

Status:

- A) Implemented. LYNX now uses pre-numbered self-sealing cash bags with detachable pre-numbered receipts when removing cash from black boxes.
- B) Not Implemented. Although LYNX has established written procedures to account for the receipts issued and used, LYNX staff are not following them. During our testing, we noted numerous gaps in the sequence of "black box" cash bag serial numbers in the daily deposit records. As such, we requested LYNX locate a sample of 21 "black box" cash bags recorded as issued, but not received by the LYNX money room. LYNX was unable to locate or determine what had happened to the missing bags. Additionally, LYNX does not reconcile dispatch records for "black box" service to money room records. As such, it is possible that a "black box" with cash was emptied, placed in the bag, and not provided to the money room for deposit.

We Again Recommend LYNX performs a periodic accounting for the receipts issued and used, as well as reconciling dispatch records for "black box" service to money room records.

Management's Response:

Concur. LYNX' Revenue Control staff within the Finance Department have created a spreadsheet to track black box bags. All of the bags provided to operations are added to the log and as they are used the information is entered onto the log. Finance staff updates the log daily. The log is reviewed by the Supervisor of Revenue Control on a monthly basis.



Note, however, that the pre-numbered bags are given to the vault pullers and to each transportation supervisor. Bags will not necessarily be used in sequential order, which explains some of the gaps in the serial numbers of bags used.

- C) Implemented. LYNX operations staff is forwarding all supporting documentation to the Finance Department to facilitate the entry of route and revenue data into the GFI Ride System. In addition, this documentation is being retained.

5. Controls Over Ticket and Multi-day Pass Sales Need Improvement

During our prior review of a sample of ticket and multi-day pass sales during the prior audit, we had the following concerns:

- Three instances where the sequence numbers recorded in the inventory system did not match the numbers reported on the sales log.
- One instance in which the numbers recorded on the sales log did not match those available for sale in the inventory system.
- One instance where an overage for the day was recorded when an additional ticket sale should have been recorded. Although the number of tickets sold was reported on the daily logs as eleven, the ticket sequence numbers recorded that ten had been sold.
- Instances where tickets sold were recorded as the wrong ticket type, but went unnoticed as several ticket types are the same price and the cash amounts reconciled.

We Recommend LYNX reconciles daily fare media sales to the ticket inventory system on a routine basis.



Status:

Implemented. From interviews of LYNX Finance Department staff and testing a sample of fare media sales, we determined the new point of sale system implemented by LYNX is updating fare media inventory automatically. Although LYNX is not reconciling fare media sales to the ticket inventory system on a routine basis, the use of the new automated system appears to have sufficiently mitigated the risk that existed under the previous manual system.

6. Annual Physical Ticket Inventories Should Be Timely Reconciled to Inventory Records

During our prior review, we noted LYNX did not timely complete the reconciliations of their physical inventory counts of fare media to inventory records for the years ending September 30, 2008, and 2009.

We Recommend LYNX completes yearly fare media inventory reconciliations as soon as possible to ensure an accurate record of fare media on hand.

Status:

Implemented. LYNX is timely completing annual inventory reconciliations.

7. LYNX Regional Funding Model Methodology Should Be Further Reviewed and Enhanced

During our prior review, we noted that LYNX' Regional Funding Model's (Model) computation relies upon an established methodology using preliminary revenue and expense budget values and an estimated cost of capital per fixed route mile. However, the budget values were not updated to the actual adopted values. In addition, the Model was not reconciled to the actual incurred costs and generated revenues.

FOLLOW-UP TO PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT



Follow-up of the Audit of the Central Florida
Regional Transportation Authority, d/b/a/ LYNX

The Model is not readily accepted by funding partners and annual amounts funded by the partners are not necessarily based on the Model's computation of projected need. However, at some point the Model could be used as a business tool to project service costs.

We Recommend LYNX reviews current Regional Funding Model methodology and amends the methodology to include updating computations for amended/approved budget amounts and actual costs incurred. In addition, LYNX should update the computation of the cost of capital per scheduled fixed route at least once every three years.

Status:

Not Implemented. Although an updated methodology was approved by the LYNX Board in January 2013, the updated Model is still based on preliminary budget amounts and not updated for amended/approved budget amounts and actual costs incurred. We further noted the LYNX Board approved cost of capital rate has not been updated.

We Again Recommend LYNX update Regional Funding Model computations for amended/approved budget amounts and actual costs incurred. In addition, LYNX should update the computation of the cost of capital per scheduled fixed route bus service revenue hour at least once every three years.

Management's Response:

Partially Concur. LYNX prepares the Regional Funding Model based on the preliminary annual budget and updates are made for the final adopted budget. In January 2013, the LYNX' Funding Model was formally adopted by the LYNX Board of Directors. During that process, the cost of capital was reviewed and determined to be sufficient at the \$2 per service hour. As a result of the formal adoption, LYNX has utilized the Funding Model for FY2014, FY2015, and FY2016 budget developments and the related funding requests. In addition, LYNX staff is working with the funding partners to



execute a “master agreement” formally agreeing to fund LYNX based on the Funding Model.

At the end of each fiscal year, LYNX’ staff provides each funding partner a copy of their Comprehensive Annual Financial Report (CAFR), which includes a budget-to-actual comparison. This report provides clear comparison of funding compared to actual results.

8. LYNX Should Review the Methodology Used In Computing Ridership Counts

During our prior review of the LYNX methodology of computing Ridership Counts, we identified the following procedural concerns:

- LYNX employees routinely create test transactions to verify the functioning of the fare boxes. We noted ridership volume from these testing scenarios was inadvertently included in volumes reported to the County.
- We found ridership that was not included in the volumes reported to the County on two days tested.
- We found two routes on one day had ridership duplicated in the volumes reported to the County.

We Recommend LYNX reviews the systems used to capture and report ridership data and implements identified solutions to increase the accuracy of the process.

Status:

Partially Implemented. We compared the ridership numbers recorded in the various systems utilized by LYNX to the monthly summary report used to prepare the ridership reports provided to the County for January 2014. Similar to the original audit, we found that a small percentage of riders (less than ½ percent) were not included in the counts provided to the County. According to LYNX personnel, this



is the result of a program coding error. We found that LYNX is now properly removing test transactions from the total ridership number reported to the County.

We Again Recommend LYNX reviews the systems used to capture and report ridership data and implements identified solutions to increase the accuracy of the process.

Management's Response:

Concur. LYNX' planning staff will continue to review the process to improve the checks and balances and verification of the ridership data to ensure the accuracy of the information reported. LYNX Finance staff will continue to provide the customer fare data to Planning staff on a monthly basis to assist with the accuracy of the process. LYNX Planning Department, Information Technology Department and Finance Department staff are working cooperatively together for successful completion of a new GFI Ride software application that is under development in-house.

**9. Performance Measure Computational Procedures
Need Review and Refinement**

During our prior review of the performance data submitted to the County as part of the contractual requirements, we had the following concerns:

- A) LYNX did not identify routes included in its monthly listing/ranking of routes' performance measures for which separate funding agreements to recoup costs that had been executed with third parties. As a result, the performance measures for those routes appeared less favorable.
- B) LYNX did not identify in the performance reports routes serving multiple jurisdictions. It also did not include in its monthly listing/ranking of routes' performance measures additional information reporting actual revenue miles, deadhead miles

FOLLOW-UP TO PREVIOUS RECOMMENDATIONS FOR IMPROVEMENT



Follow-up of the Audit of the Central Florida
Regional Transportation Authority, d/b/a/ LYNX

(operating without carrying or accepting passengers), revenue hours, and deadhead hours operated in each jurisdiction.

- C) LYNX did not accurately value the revenue from day passes. During our testing, we noted that LYNX procedures of including both the initial purchase and the average cost for each subsequent use of the day pass overstated the fare box recovery from day passes riders. As part of our testing, we recalculated a segment of one route's performance measure and in that specific instance it resulted in a nine percent lower fare box recovery percentage than reported.
- D) In the prior audit period, LYNX did not include the fare reimbursement received through the County's agreement to fund "the Club" student bus pass. Subsequent to the prior audit period, Orange County stopped funding the Kids Pass program.

We Recommend LYNX takes appropriate action to perform the following:

- A) Identify routes where other funding agreements have been entered into with third parties (whether they are other governmental agencies not legislatively required to fund LYNX or private corporate organizations) and identify the impact of including that additional revenue has on the route's performance measures.
- B) Provide additional route details together with the performance measures, such as each route's service miles by jurisdiction and the number of bus stops per route by jurisdiction.
- C) Revise its procedures in preparing and reporting the performance measure of the percentage of fare box recovery.



Status:

- A) Implemented. LYNX did not identify the routes with funding agreements on the monthly listing/ranking of routes' performance measures report. However, LYNX submits a separate report titled "Lowest Quartile Performance Report" that identifies the routes with the lowest fare box recovery percentages and the routes on this report with funding agreements are identified. Although this does not include all routes that have funding agreements, it meets the intent of the recommendation. LYNX decided not to include the dollar impact on the performance report. Performance measures presented by LYNX staff only include fare revenues; therefore, including additional contractual funding in the performance measures would not be consistent.
- B) Implemented. The performance information submitted to the County now includes the route's service miles by jurisdiction as well as other relevant data.
- C) Not Implemented. We reviewed and tested the formula used to calculate the fare box recovery percentage and noted that LYNX continues to include both the purchase price and average cost per rider to calculate the fare box recovery for day passes. For example, if a rider purchased a day pass for \$4.50 and subsequently used it three additional times, the revenue amount used to calculate the fare box recovery percentage would be \$7.95 (\$4.50 plus \$1.15 per use).

In addition to the overstatement noted above, we found LYNX is now adding an additional amount (based on a calculation that considers the number of riders and a revenue time per route factor) to the total monthly route revenue used to calculate the fare box recovery percentage. Although the factor does not cause a significant change in a route's reported fare



box recovery percentage, it does not appear to be an appropriate component of the revenue calculation.

We Again Recommend LYNX revises its procedures in preparing and reporting the performance measure of the percentage of fare box recovery.

Management's Response:

Concur. LYNX Planning and Finance staff have designed and implemented a new data input worksheet that will allow Planning staff to include daily pass revenue for those passes purchased on-board along with passes purchased through Customer Service or other pass outlets without any duplication in passenger fare revenue amounts within the Performance Measure computations. In addition, as noted in the response to item No. 8, LYNX Planning Department, Information Technology Department and Finance Department staff are working cooperatively together for successful completion of a new GFI Ride software application that is under development in-house. Ultimately, it is incumbent upon the Planning Department to ensure processes and procedures are in place to ensure the provision of accurate route performance reports.