

# TRANSIT ASSISTANCE PROGRAM AUDIT

*PROGRAM EVALUATION AND AUDIT*

DRAFT



**METROPOLITAN**  
C O U N C I L

June 19, 2019

# INTRODUCTION

## *Background*

The Metropolitan Council (the Council) created the Transit Assistance Program (TAP) in 2017 to help make public transit more affordable for low-income individuals. The program is administered by Metro Transit staff. It is designed to allow individuals who can certify as low-income access to \$1 fares on all regular-route Metro Transit buses for 365 days.<sup>1</sup> Additionally, the program allows an individual to apply a partial discount on NorthStar fares, but TAP enrollees cannot apply their discount to Metro Mobility or Transit Link rides. Acceptable forms of certification for low-income status include: Electronic Benefits Transfer (EBT) card, Women, Infants, and Children (WIC) ID folder, free/reduced lunch approval letter, Energy Assistance Approval Notice, among others. Individuals may enroll directly with Metro Transit or through a community partner, generally a non-profit that Metro Transit has pre-approved and has an agreement with. These organizations have broad authority to certify people if Metro Transit signs off on their policy. At the time of review, 43 community partners have signed up to distribute TAP cards and 14,000 TAP cards have been issued and registered since the start of the program.

## *Objective*

The objective of this audit was to evaluate controls in place for enrolling new riders in TAP, including verifying eligibility and issuing cards, as well as those in place for adding new community partners. This audit also considered the Council's Thrive 2040 Outcomes and Principles. Providing \$1 fares to low-income residents is reflected in Thrive 2040's desired outcomes of stewardship, equity, and livability. Thrive 2040's principle of collaboration is reflected in working with community partners to expand TAP.

## *Scope*

The audit's scope included a review of Council processes, policies and procedures related to the implementation of TAP; analysis related to implementation; and oversight mechanisms. The period of review was October 2018 to February 2019.

## *Methodology*

To accomplish the objectives of the audit, we interviewed Metro Transit staff and reviewed work instructions. Audit reviewed a sample of 18 TAP partner applications and agreements and the documentation of the only two rejected potential partners. From the 18 TAP partners, we selected three partners for on-site visits. While on-site, we reviewed review registration documentation for 110 users. Additionally, we analyzed Metro Transit's TAP database for unregistered and duplicate cards.

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<sup>1</sup> "Low-income" for TAP is a household's income that is equivalent to 185% of the federal poverty level.

# OBSERVATIONS

## Written instructions for processing enrollments and replacing cards are not detailed.

Metro Transit's work instructions for enrolling people in the TAP program did not include all elements of the process, including:

- A list of accepted certifications.
- How to review whether the person already has a reduced fare pass.
- What to do with enrollment paperwork once processed and how long to retain the documentation.

Additionally, the work instructions for replacing cards is unclear. TAP is a new program and work instructions have not been updated since program inception. As there were not many people working on the program, detailed work instructions were not as critical. As a best practice, there should be detailed work instructions to support critical processes. Having detailed work instructions is beneficial in the case of staff turnover or as staff are added. In discussions about the processes with staff, there was some confusion over the documentation that is acceptable to certify someone's eligibility for the program. New staff were also unaware they were supposed to review whether someone already has a reduced fare pass. Other staff expressed confusion over the procedures for replacing TAP cards.

## Recommendation

1. **(Essential)** Work instructions for Council staff enrolling people in the TAP program should be updated to include all elements of the process. Work instructions for replacing cards should also be updated. To ensure the work instructions stay current, the instructions should be reviewed annually.

### **Management Response:**

*Revenue Operations staff have updated documents that have been accepted for validation low income status for either in-house and external partner can be found at a single source:*

*<https://www.metrotransit.org/tap-riders>*

*Written enrollment instruction and talking points will be sent annually, or at a notice of the change in partner enrollment leadership, via email and by mail to review new and existing program updates.*

*Instructions include:*

- *How to enroll a rider and what documents can be accepted*
- *How to help the riders fill out the registration information*
- *How to register the card using Metro Transit's web site*
- *How and where to store the documentation and for how long*

*Additional instructions for online enrollment will be updated annually to reflect updates with increased use of technology.*

**Staff Responsible:** *Andrea Kiepe, TAP Coordinator*

**Timetable:** *First notice June 1, 2019*

**Thrive 2040 Principles:** *Accountability, Integration*

**Status:** Closed

### Application records for TAP partners were incomplete.

Audit reviewed a sample of 18 certifying partners and their agreements. Some partner agreements were missing (2), unsigned (3), or did not have the required documentation (6 of 10 non-profits). Additionally, one approved partner was an LLC, which is prohibited by the TAP agreement. The TAP agreement states that partner agencies must be “a charitable organization as described in section 501(c)(3) of the Internal Revenue Code.” Agencies are required to submit their form I-990 to prove they meet the requirement. Additionally, most agreements had been signed by Metro Transit’s Senior Manager of Revenue Collections on behalf of the General Manager. Metro Transit’s General Manager had not properly delegated his authority to the Senior Manager of Revenue Collections at the time of signature. Council procedure 3-3c requires managers to properly delegate their authority. Without proper authority, agreements could be invalid. Since the program has existed for 1.5 years, there were not written procedures for reviewing, approving and filing TAP applications which could have led to staff confusion on what to do with TAP applications. Without acquiring and maintaining the documentation of applying organizations, an unqualified partner could be approved.

### Recommendations

2. **(Essential)** Staff should create work instructions for reviewing TAP applications to ensure that all documentation is acquired and maintained, as well as to ensure only eligible organizations are approved.

**Management Response:**

*Revenue Operations staff have created a TAP applications processing document. All applications will be reviewed by the TAP Coordinator, Senior Manager of Revenue Collections and Revenue Operations Credit and Collection Specialist*

**Staff Responsible:** Mary Capistrant, Supervisor Revenue Operations

**Timetable:** April 2019

**Thrive 2040 Principles:** Accountability

**Status:** Closed

3. **(Essential)** Metro Transit’s Senior Manager of Revenue Collections should acquire the proper signature authority prior to signing any additional agreements.

**Management Response:**

*Signature authority has been updated and approved by the General Manager.*

**Staff Responsible:** Mary Capistrant, Supervisor Revenue Operations

**Timetable:** April 15, 2019

**Thrive 2040 Principles:** Accountability

**Status:** Closed

## **TAP rider registration documentation from partners did not meet requirements of partner agreement in many cases.**

Audit reviewed a sample of 110 records from 3 partners. Of these 110 records, audit could not locate registration documentation for 53 or the records (48%). Additionally, among those enrollees for which partners had registration documentation, Audit observed other issues with the enrollments including:

- Not indicating the date TAP card was issued.
- Not recording the certification document used.
- Not recording the serial number issued.
- Not recording the full name of the authorized agency representative.
- Attaching other documentation containing personal information to the enrollment.

The partner agreement states “the organization must keep a record of program enrollments and document the date issued, certification document used to enroll participant, TAP card serial number, and full name of authorized agency representative who distributed the TAP card.” Partners are not required to retain other documentation. Retaining other documentation may present privacy concerns. Without being able to review the enrollment documents, Audit (or Metro Transit) could not confirm the organizations are not enrolling someone who doesn’t qualify for the program, which could result in the overprovisioning of TAP cards. At the visited organizations, there were often several staff that enrolled participants which could result in inconsistencies in how program enrollments are documented and processed. Additionally, the partners could be unfamiliar with the requirements in the partner agreement.

### **Recommendation**

4. **(Essential)** Training documents should be created for partner organizations explaining what is required to enroll an individual in the program. This might include:
  - A brief video;
  - Instruction documents;
  - A frequently asked questions document.

#### ***Management Response:***

*Training documents have been revised and expanded. Staff will be visiting each existing partner to review updated documentation and answer frequently asked questions. This includes reinforcing that part of the terms and conditions of becoming an enrollment partner is that card registration will be completed with 48 hours. Staff who distribute cards at partner organizations will sign an acknowledgement form indicating they have read and understood our procedures.*

***Staff Responsible:*** Andrea Kiepe, TAP Coordinator

***Timetable:*** June 30, 2019

***Thrive 2040 Principles:*** Accountability, Collaboration

***Status:*** Open

## Unregistered cards are currently in active circulation.

Approximately 300 cards out of 20,200 are active, unregistered TAP cards (1.5%).<sup>2</sup> An “active” card is one that has been used to purchase a ride on Metro Transit services. An “unregistered” card is one that does not contain any information that would identify its owner. The TAP partner agreement states that, “each TAP card issued must be registered to the rider at [www.metrotransit.org](http://www.metrotransit.org) within 48 hours.” Cards could be unregistered due to partners or staff not fully registering users online, or due to manual entry errors. As registration is a form of fraud control, not registering cards impacts the effectiveness of the measure. Additionally, cards could be issued to somebody who already has a TAP card, resulting in them owning multiple cards. TAP users are prohibited from having more than one type of reduced fare.

### Recommendation

- 5. (Essential)** Staff should follow-up with the organizations that have unregistered cards to obtain registration information. If the information cannot be obtained, the cards should be considered for deactivation. Ongoing reviews should be conducted at regular intervals.

#### **Management Response:**

*TAP passes that have been tagged to the fare collection system but are not registered within as few as 30 days or during the quarterly data review will be deactivated. Patrons will be able to retain and use any stored value on the card, however the system will charge for the full-fare cost of the ride after the TAP pass is removed for non-compliance.*

**Staff Responsible:** Mary Capistrant, Supervisor Revenue Operations / Andrea Kiepe, TAP Coordinator

**Timetable:** May 2, 2019

**Thrive 2040 Principles:** Accountability

**Status:** Open

## Duplicate cards are currently in active circulation.

There are approximately 500 out of 20,200 registered cards with duplicate registration information (2.4%).<sup>3</sup> The TAP partner agreement, *Eligible Individuals 1*, states, “eligible individuals are not enrolled in other Metro Transit reduced fare programs including Limited Mobility, Reduced Fare card holder, or TAP.” Additionally, users who lose their card or wish to renew the TAP pass must contact Metro Transit directly to receive a replacement. Users may be contacting partners when they lose their card or TAP status for new cards, or Transit staff may not have checked the database prior to issuing a card. Additionally, Transit staff do not frequently review data for duplicate cards. If someone has a duplicate card, they could give it to another user, resulting in lost revenue for Metro Transit. Additionally, since the TAP discount only activates upon first purchase, an unused, duplicate card could be active for years.

### Recommendations

- 6. (Essential)** Staff should examine their TAP universe for duplicate cards regularly, contact the users in question, or disable duplicate cards.

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<sup>2</sup> Based off January 11, 2019 data.

<sup>3</sup> Based off January 11, 2019 data.

**Management Response:**

Riders who are identified as having two cards will be investigated to establish if the cards are being used during the same period. During past reviews staff have found that when a card is lost, a rider required a new card and an unknowing enrollment site staff issued a new card, unaware of the first card. Metro Transit data can show that the first card stopped being used when the new one was issued. In those cases, the unused card is deactivated. We have documentation of a fraud control process.

**Staff Responsible:** Mary Capistrant, Supervisor Revenue Operations

**Timetable:** May 1, 2019

**Thrive 2040 Principles:** Accountability

**Status:** Closed

7. **(Essential)** Staff should follow-up with the organizations that have issued duplicate cards to remind them that replacements and renewals should be issued by Metro Transit.

**Management Response:**

All partners will receive talking points that will be included to remind staff and partners to ask riders if they have already received a TAP card.

A planned 2020 system enhancement will notify the partner that the rider has a TAP card already and to contact customer relations about getting a replacement. Replacements are free and include balance transfer of funds.

**Staff Responsible:** Andrea Kiepe, TAP Coordinator

**Timetable:** June 30, 2019

Thrive 2040 Principles: Accountability

Status: Closed

## CONCLUSIONS

As TAP enrollment continues to increase, it is important to ensure controls are in place over the program. While there are controls in place, adherence and monitoring to these controls could be improved and maintained over time. This audit found that there are opportunities for creating or updating work instructions for program processes which should help provide clarity to Metro Transit staff or partners working on the program. Further, there is some analytical work that could be done by Metro Transit staff to ensure cards are registered and duplicate cards remain out of circulation. Performing this additional analysis could improve the controls surrounding TAP, as well as useful in expanding the program.

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## Appendix

Program Evaluation and Audit recommendations are categorized according to the level of risk they pose for the Council. The categories are:

- **Essential** — Steps must be taken to avoid the emergence of critical risks to the Council or to add great value to the Council and its programs. Essential recommendations are tracked through the Audit Database and status is reported twice annually to the Council's Audit Committee.
- **Significant** — Adds value to programs or initiatives of the Council but is not necessary to avoid major control risks or other critical risk exposures. Significant recommendations are also tracked with status reports to the Council's Audit Committee.
- **Considerations** — Recommendation would be beneficial but may be subject to being set aside in favor of higher priority activities for the Council or may require collaboration with another program area or division. Considerations are not tracked or reported. Their implementation is solely at the hands of management.
- **Verbal Recommendation** — An issue was found that bears mentioning but is insufficient to constitute a control risk or other repercussions to warrant inclusion in the written report. Verbal recommendations are documented in the file but are not tracked or reported regularly.

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