



## ***INTERNAL MEMORANDUM***

**TO:** Julia Patterson, HR Manager

**DATE:** November 29, 2011

**FROM:** Catherine Clark, Division Manager, Internal Audit & Review *CC*

**RE:** **REVIEW OF THE RTA TRANSIT BENEFIT FARE PROGRAM**

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In accordance with our 2011 work plan, Audit & Review is to perform a review of the control procedures in place over the RTA Transit Benefit Fare Program (Program), which is administered by Human Resources (HR).

### **Audit Objectives**

1. To determine HR's compliance with the RTA Transit Benefit Policy and Procedures (Policy).
2. To determine if unissued FareChecks are properly secured by the Custodian.
3. To determine if adequate supporting documentation is on file for the FareChecks and Chicago Cards ordered and issued to RTA staff.
4. To verify that the purchases of FareChecks and Chicago Cards are properly calculated and recorded.
5. To determine if returned FareChecks and Chicago Cards are properly documented and credited to the RTA account.
6. To determine if newly hired employees are issued the appropriate fare media and within the established time guidelines.
7. To determine if terminated employees are promptly removed from receiving fare media.
8. To verify that no employee is receiving both a FareCheck and Chicago Card.
9. To follow-up on recommendations made during the previous review.
10. To investigate and resolve unusual items.

### **Audit Procedures**

The steps taken during the course of this audit to accomplish the audit objectives are as follows:

1. Obtained the FareCheck and Chicago Card monthly distribution logs and the Perpetual Inventory Log from the time of the last audit to the present, which covered the period of December 29, 2010 through October 6, 2011.
2. Reviewed each of the purchases, distributions, and returns of FareChecks and Chicago Cards as recorded on the logs and the supporting documentation for the period under review.
3. Counted and reconciled the unissued FareChecks on hand.

4. Followed-up on any issues noted during the last review.

### **Audit Conclusions**

- At the time of the count, there were 8 FareChecks on hand totaling \$1,028.85. This total agrees with the activity of fare media purchases and distributions since the time of the previous audit. Furthermore, this activity was supported by the necessary documentation in the HR files.
- During the review of the Perpetual Inventory Log, and the FareCheck and Chicago Card monthly distribution logs, there were found instances (number of times shown in parenthesis) where:
  - The employee recorded the wrong month for the date they retrieved their FareCheck (1).
  - The employee did not record the full date for when they retrieved their FareCheck (3).
  - The date the employee recorded for when they received their initial Chicago Card is illegible (1).
  - The serial number for a FareCheck purchased and distributed to an employee is either not recorded or recorded incorrectly on the Perpetual Inventory Log (6).
  - An employee retrieved their FareCheck after the cutoff date (2).

*Recommendations:* To comply with the Policy, HR should ensure the monthly distribution logs are properly dated after each distribution to RTA staff and that fare media is not issued after the cutoff date. The Perpetual Inventory Log should also be reviewed to ensure all of the applicable serial numbers are included.

*Management's Response:* HR agrees with the recommendations and will ensure these types of errors are limited going forward

copy→ Joe Costello  
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