



**Seniors Ride Free  
People with Disabilities Ride Free  
Follow-up Review**

**Card Issuance and Program Administration**

**Vendor's Contract Compliance**

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Prepared by the RTA Audit Department  
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**EXECUTIVE SUMMARY**

The RTA Audit Department conducted a follow-up review of two reports issued in 2011 regarding the Seniors Ride Free and the People with Disabilities Ride Free programs. The two programs, administered by the RTA, allow eligible senior citizens and persons with disabilities to ride RTA regional services for free. The first report issued in March 2011 entitled, "*Card Issuance and Program Administration*" examined the issuance of such Ride Free cards and whether policies and procedures that govern the application process and subsequent activities related to the administration of the cards are in accordance with established criteria. The second report issued in May 2001 entitled, "*Review of Vendor's Contract Compliance*", sought to ensure that the external vendor which is responsible for the production and distribution of Ride Free cards and management of the program's database complied with the terms of the contract.

*Card Issuance and Program Administration:* The original review resulted in nine recommendations. The follow-up review found that four of the recommendations were implemented and five are currently in the process of being implemented.

*Review of Vendor's Contract Compliance:* The original review resulted in eight recommendations. The follow-up review found that three of the recommendations were implemented and five are currently in the process of being implemented.

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# **Seniors Ride Free People with Disabilities Ride Free Follow-up Review Card Issuance and Program Administration Vendor’s Contract Compliance**

## **INTRODUCTION**

The RTA manages both the Seniors Ride Free (SRF) and People with Disabilities Ride Free (PDRF) programs. These functions are managed by staff located in the RTA Communications Department, Customer Service (formerly the Department of Administrative Services, Customer Service). The two programs, which began in 2008, allow eligible seniors and those with disabilities to ride free on fixed-routes operated by the CTA, Metra and Pace.

The RTA 2010 External Audit Workplan included a fraud audit of the SRF Program, the objectives of which were to develop a workplan, determine whether there is fraud in the program, determine the extent and cost of any such fraud, identify weaknesses, and identify additional controls for fraud prevention. This audit was segmented into multiple phases. The first phase report was issued in September 2012, and focused on the continued usage of cards issued to Seniors Ride Free riders after they had died. In March 2011, the second phase report, which focused on the administrative controls over the SRF and PDRF programs, was issued. The third and final phase of the audit sought to ensure that the external vendor (ScreenCheck) was in compliance with the existing contract for the production and distribution of SRF and PDRF permits.

## **SCOPE OF REVIEW**

The scope of the follow-up review was limited to the observations set forth in the original reports issued in conjunction with the phase 2 and phases 3 audits. The follow-up review is divided into two parts, which reflect the two reports: (1) Card Issuance and Program Administration; and (2) Review of Vendor’s Contract Compliance. The follow-up report is not intended to expand upon the observations of the initial review, but rather to determine the current status of the recommendations included in those reports. Within this scope, we interviewed Vickie Bradley, Manager, Customer Programs, who had the responsibility for overseeing implementation of the recommendations.

## STATUS OF ORIGINAL OBSERVATIONS AND RECOMMENDATIONS

### CARD ISSUANCE AND PROGRAM ADMINISTRATION

1. **Develop, document and issue written procedures for the administration of the SRF and PDRF programs.**

**Previous Recommendation:** Evaluate the overall application review process and document the associated procedures so that RTA staff, the remote registration centers, and ScreenCheck can employ consistent practices. Revise procedures to reflect requirements and processes associated with the introduction of the SRF and PDRF programs. Provide training on the established procedures. Develop standards so that management may evaluate data input and review processes to ensure accuracy is maintained at an acceptable level. Establish key metrics so that performance can be monitored and corrective action taken when necessary.

**Previous Response:** Accepted.

**Status of Previous Recommendation:** Written procedures are still in development; we expect completion in the second quarter of 2012. However, procedures for the fulfillment vendor have been reviewed and minor adjustments were identified. Specifically, the Senior Ride Free program should be deleted and the Senior Circuit Ride Free is to be added.

2. **Consider implementing policy changes associated with the issuance and distribution of replacement cards. Review the intergovernmental agreement between the RTA and CTA governing damaged cards and either comply with or revise the agreement.**

**Previous Recommendation:** In concert with the Service Boards, consider modifying the fare media replacement policy so that customers who abuse fare cards are penalized for requesting an inordinate number of replacement cards. Such policy changes could include increased replacement fees or suspension or revocation of card privileges following a trend of abuse. Also implement a damaged card exchange policy whereby a replacement card will only be issued upon return of a damaged card. In order to discourage individuals from requesting replacement cards when the cards may not have truly been stolen, require them to provide a police report in order to receive a replacement. Also, require users to pick up their replacement cards from a central location rather than having the RTA mail the cards to their homes.

Review the agreement with the CTA regarding damaged cards and either comply with the agreement or amend the agreement.

**Previous Response:** RTA management has suggested increasing the cost of a replacement cards from the current \$5/\$10 structure in an effort to curb multiple requests from a customer to replace lost cards. Suspension and revocation of card privileges is under review to determine if it is proper to deny a senior or disabled person the right of reduced fares on public transportation in a federally mandated program. The return of damaged cards before receiving a new card is also under review. Customers face difficulties reporting their cards stolen to police unless it happens during the commission of a more serious crime, such as assault. RTA Customer Service will begin immediately returning damaged smart cards collected from customers to the CTA Revenue Equipment Department after they have been properly documented in the ScreenCheck database.

**Status of Previous Recommendation:** The RTA is currently actively reviewing replacement policies and fees. We are researching other transit systems' policies and are inclined to implement progressively higher fees for repeatedly reported lost or stolen permits. At this time, requiring a customer to turn in a damaged card before receiving a replacement is not feasible due to location and staffing. Smart cards are returned to the CTA if the customer returns the damaged card to the CSC.

**3. Perform an audit of ScreenCheck to ensure proper processing, affirm the integrity of the SRF and PDRF programs' databases, and review compliance with the terms of the RTA contract.**

**Previous Recommendation:** Perform an audit of ScreenCheck in order to ensure compliance with the agreement dated January 20, 2010, particularly the Scope of Services. Also conduct further research to document the cause of the exception noted with the SRF card that was improperly printed by ScreenCheck with the wrong card number on its face and identify the full magnitude of the issue. Ensure that adequate controls have been implemented to prevent a recurrence.

**Previous Response:** Accepted. An audit of ScreenCheck will be performed by the RTA Audit Department during the week of March 29, 2011.

**Status of Previous Recommendation:** Not applicable.

**4. Re-institute the utilization of applicants' social security numbers as a validation tool with the ScreenCheck database. Ensure compliance with the State Identity Protection Act to protect personal data from unauthorized disclosure.**

**Previous Recommendation:** Modify the fare card applications so customers can provide their social security numbers when they apply for fare cards. Ensure that social security numbers are input by both the RTA and ScreenCheck into the database for new and renewal applications. Perform an edit check when entering customer information to determine whether a customer record already exists, and reject any duplicate customer applications. In the interim, until the collection and use of social security numbers to validate customer applications is fully implemented, consider employing an automated solution to identify duplicate applications by comparing the applicant's name, birth date, address and phone number.

The collection and storage of customers' social security numbers also places added responsibility upon the RTA to ensure that it remains compliant with the Identity Protection Act. This Act requires that the RTA develop a policy, and appropriate training, to protect social security numbers from unauthorized disclosure. Regardless of whether the RTA implements changes to begin collecting social security numbers for the SRF and the PDRF programs, the database already houses a large number of social security numbers and it is obligated to ensure that such a policy is in place.

**Previous Response:** Accepted.

**Status of Previous Recommendation:** As supplies were depleted, new applications for seniors and replacements were redesigned to include a field for the customer to voluntarily supply their social security number. The applications for PDRF are currently being redesigned, and will also include this field. A copy of ScreenCheck's privacy policy is on file with the RTA. RTA employees are covered under the RTA Privacy Policy.

**5. Develop, document and issue written procedures surrounding card deactivation.**

**Previous Recommendation:** The RTA Customer Service unit should develop, document and issue procedures surrounding its card deactivation processes. Since the CTA plays an important role in the deactivation process, these procedures should be developed in concert with the CTA.

**Previous Response:** Accepted.

**Status of Previous Recommendation:** The RTA has worked with the CTA and ScreenCheck to develop a process where a deactivation list is sent to the CTA daily. Documentation of this procedure will be part of the completed Administrative Procedures for Customer Service as mentioned in response to Recommendation #1.

**6. Regularly conduct a review of fare media in the ScreenCheck database to ensure that deceased individuals' cards have been deactivated.**

**Previous Recommendation:** The status of cardholders should be regularly reviewed in order to identify deceased cardholders and deactivate cards issued to them.

**Previous Response:** Accepted.

**Status of Previous Recommendation:** This process is to be reviewed. Currently deceased individuals who are reported singly are deactivated by the RTA Customer Service Supervisor upon notification of the death. An annual death match is done to identify deceased individuals until legislation pending for the Illinois Department of Health is passed to provide notifications at no expense to the RTA. At that time, more frequent matches will be performed.

**7. Provide direction to the Service Board on how to handle confiscated cards.**

**Previous Recommendation:** The RTA should provide direction to the Service Boards on how to handle confiscated fare cards so that there is a clear and consistent process in place for the handling and reporting of such cards to the RTA.

**Previous Response:** Accepted.

**Status of Previous Recommendation:** This process is being developed as part of an overall updating of replacement card policies and procedures.

**8. Consistently manage the destruction of fare media.**

**Previous Recommendation:** Consolidate the destruction of non-valid fare media at the CTA.

**Previous Response:** RTA Management endorses implementing a consistent approach to the destruction of fare media. All magnetic stripe cards will be destroyed by the RTA, while all SmartCards will be destroyed by the CTA. Prior to destroying any cards RTA Customer Service should receive all cards so that they can be entered into the ScreenCheck database.

**Status of Previous Recommendation:** All cards that are returned to the RTA Customer Service Center are either destroyed by the RTA (magnetic stripe cards) or returned to the CTA (SmartCards). Although this arrangement was part of an intergovernmental agreement between the RTA and CTA established in November 2008, the policy was not fully implemented until April 2011.

**9. Modify ScreenCheck database report to include all cards requested for hotlisting.**

**Previous Recommendation:** The RTA should work with ScreenCheck to modify the logic used to generate the CTA Obsolete Card Report so that it could be submitted to the CTA without modification. Also, modify logic to include cards for deactivation that are no longer needed due to the cardholder's change in status.

**Previous Response:** Accepted.

**Status of Previous Recommendation:** ScreenCheck has made the recommended modification in November 2011.

## VENDOR'S CONTRACT COMPLIANCE

### 1. Ensure that the RTA's database is adequately protected.

**Previous Recommendation:** Database backups should be relocated to a different physical location separate from the main computer room so that they are not at risk in the event that the main computer room is disabled. Also ScreenCheck should continue to investigate alternatives that would protect the RTA's database in the event of a fire at the Indiana Data Center facility.

**ScreenCheck Previous Response:** ScreenCheck will work with Indiana Data Center to establish an offsite backup of the databases. Additionally, ScreenCheck will work with the Indiana Data Center to ensure they have explored all possible alternatives and industry "best practices" to reduce or eliminate the risk of loss of data because of a fire. These tasks are high priority tasks and will be completed and reported back to the audit team by September 1, 2011.

**Status of Previous Recommendation:** The Indiana Data Center is still working to get a fire suppression system in place. The target date is 90 days. However, ScreenCheck is looking to move the backup center to Rackspace. A final decision and target date have not yet been determined.

### 2. RTA should develop, document, and issue written procedures for the administration of the SRF and PDRF programs

**Previous Recommendation:** The RTA should ensure that the overall application review process is fully documented and communicated to ScreenCheck so that a consistent approach is used to assess the adequacy of each application.

**ScreenCheck Previous Response:** ScreenCheck will work with the RTA to establish a full set of procedures for processing SRF and PDRF programs. Additionally a change control procedure will be established to require an approval process before any procedure change can be implemented.

Since this requires RTA cooperation an end date is not known at this time, however we will work to complete this task as quickly as possible.

**RTA Previous Response:** The RTA is in the process of developing procedures for the administration of all programs administered by the Customer Service Department. We anticipate this to be complete by July 1, 2011.

**Status of Previous Recommendation:** The RTA has reviewed ScreenCheck's procedures, and noted several changes that must take place due to the elimination of

the Senior Ride Free program, and the introduction of seniors to the Circuit Ride Free program. Additionally, ScreenCheck has undergone internal changes that will affect the procedures. Once the Card Stock Inventory/Scrap/Reconciliation process is complete, it too will alter the procedures. This process will be an ongoing project, but we anticipate it to be complete within 90 days.

### 3. Develop inventory control system for card stock

**Previous Recommendation:** ScreenCheck should devise a method of tracking card inventory so that all cards are properly accounted for and in which card usage is balanced to the inventory level on a periodic basis.

**ScreenCheck Previous Response:** ScreenCheck will develop an inventory control system which matches and balances ordered card blanks, encoded cards and used cards. The process will establish a reconciliation of all cards including used, scrap, and non-personalized cards. This will require communication from the CTA regarding card scrap and their current inventory to be fully implemented.

ScreenCheck has already started establishing procedures for tracking cards through the process and has started a process of systematically recording scrap cards in the system.

This task will be completed by September 1<sup>st</sup>.

**Status of Previous Recommendation:** ScreenCheck has developed and implemented a process for tracking card stock. The next step is to develop a reconciliation reporting mechanism to be provided to the RTA on a periodic basis until a more automated process can be built into the website.

### 4. RTA should develop procedures surrounding the handling of spoiled card stock

**Previous Recommendation:** We recommend that the RTA provide direction to ScreenCheck regarding the disposition of these cards so that there is a proper accounting for the spoiled card stock.

**ScreenCheck Previous Response:** ScreenCheck will work with the RTA to establish a full set of procedures for processing and final disposition of scrap “spoiled” cards. This will be an additional component of the card inventory system. This will be including, but not limited to, sending the numbers to the CTA for removing from the system as active cards and disposal of the actual cards. As stated earlier, ScreenCheck has already started development of an internal system for managing and recording scrap cards.

This task will be complete by August 1<sup>st</sup>.

**RTA Previous Response:** RTA staff will work with ScreenCheck in the development of this procedure.

**Status of Previous Recommendation:** ScreenCheck has developed and implemented a process for tracking scrap card stock. The next step is to develop a reconciliation reporting mechanism to be provided to the RTA and CTA on a periodic basis, as well as establishing procedures for disposition of the damaged cards.

## 5. Ensure compliance with the contractual processing schedule

**Previous Recommendation:** Applications should be processed and cards or rejection letters should be mailed in accordance with the contractual processing schedule. Staffing levels should be adequately maintained to ensure that production deadlines are met, including the use of overtime and/or temporary personnel, if necessary.

**ScreenCheck Previous Response:** ScreenCheck always works very hard to get applications processed within or even sooner than the required 1-2 weeks. Our overall on-time delivery percentage is always quite good, and on a card by card basis – we exceed the 2 week response time a very high percentage of the time. Additionally, we have made some commitments to always prioritize the “daily” batch and make it a priority to get that out as quickly as possible and this sometimes impacts the ability to get the other batches processed.

The period that the audit was performed on our on-time processing was January 2011. This particular time of year is problematic because the holidays in December get our processing behind. Additionally, this January ScreenCheck was closed completely or partially for two days because of severe weather causing further delays in processing. However, ScreenCheck will work to achieve full compliance on the required response time of 1-2 weeks for applications and rejections. ScreenCheck will implement a report showing batches in-house and the received date vs. mail date to measure our response time. This report will be available to be viewed by the RTA. (A report similar to this was created and provided to the audit team to evaluate our on time performance and is also attached to this document.) If for any reason we are not achieving the required response time, ScreenCheck will communicate to the RTA why it happened and what we will do to achieve the desired response time.

The reporting and tracking tasks will be completed by November 1<sup>st</sup>. The execution of this will continue through the end of the contract.

**Status of Previous Recommendation:** None

## 6. Develop a disaster recovery plan and perform periodic testing

**Previous Recommendation:** ScreenCheck should document its plans to ensure continued production and distribution of cards and management of the database in the event of an incident affecting its facility or one of its subcontractors. Testing of its ability to recover data from the backup servers should also be performed periodically in order to identify any issues that should be addressed proactively.

**ScreenCheck Previous Response:** ScreenCheck currently utilizes the Indiana Data Center as a hot disaster recovery site. We have an agreement with the data center and our plans are to be able to move there within 24 hours and be up and running in the event of a failure of our building or operations. However, this is not currently fully documented and there are areas which we need to plan, test and coordinate for equipment and software to execute the plan. ScreenCheck will develop a fully documented disaster recovery plan which will include people, moving, equipment, facilities, communications and regular test plans. It is expected that we could be fully operational for the RTA contract within 24-36 hours.

This disaster recovery plan will be developed, tested and implemented by October 1<sup>st</sup>.

**Status of Previous Recommendation:** ScreenCheck is developing a plan, however a possible move from the Indiana Data Center to Rackspace will require a new plan to be established.

## 7. Ensure compliance with the DBE compliance plan

**Previous Recommendation:** ScreenCheck should develop a multi-year plan that documents its approach to achieve the DBE goal, including annual targets that can be benchmarked to ensure that the goal will be met at the end of the contract term.

**ScreenCheck Previous Response:** ScreenCheck takes the DBE goal very seriously and works hard to achieve compliance in this area. As stated during the audit, our DBE plan included sourcing the cards from a DBE as well as doing renewal mailings and sourcing printed materials from a DBE. However, very early in this contract the vendor supplying the blank cards to the DBE stopped producing the cards. Because the cards are such a vital part of the contract – ScreenCheck took a more active role in trying to source cards. However, we will continue to look into various ways of achieving compliance of the DBE goal.

This particular goal will be an ongoing process, but ScreenCheck will work with our current DBE as well as look at opportunities where another DBE might be used for other parts of the project. We expect to be fully compliant by the end of the current contract.

**Status of Previous Recommendation:** None

**8. Assess and document adequacy of required insurance coverage**

**Previous Recommendation:** We recommend that ScreenCheck assess the adequacy of coverage for each of the required types of insurance and modify its coverage, if necessary. Updated copies of the Certificates of Liability Insurance should be forwarded to the RTA each time the policy is renewed or modified. RTA should develop procedures to ensure that the certificate in its possession is current and includes all required coverage.

**ScreenCheck Previous Response:** ScreenCheck is not required to carry Worker's Compensation insurance. All employees who are not owners are leased employees. The company from which we lease the employees carries the insurance. Owners are not required to be covered. ScreenCheck is covered by \$5,000,000 in General Liability insurance, but per our insurance carrier it is common practice to issue certificates with a lesser amount showing. We will have a new certificate issued with the full amounts shown. Additionally, the certificates will be sent to the RTA each time the policy is renewed or modified.

Screencheck will complete this task by May 31<sup>st</sup>.

**Status of Previous Recommendation:** None