



Special Request - Human Services Department Transportation Vendor Invoices Maricopa County Internal Audit December 2019

Why This Audit Is Important

The Human Services Department (HSD) oversees public transportation assistance to elderly (65+) and/or disabled persons in unincorporated areas of Maricopa County. The transportation services are contracted to a vendor, Valley Metro, via an intergovernmental agreement.

This audit was requested by county leadership due to a surge in ridership and invoiced costs, combined with depleting program funds from outside sources. We performed procedures to validate the Valley Metro invoices for services rendered during fiscal year 2019 and to assess the impact of program funding changes.

Our scope of work was limited to interviewing key Valley Metro employees and reviewing their records, including system-generated reports. We did not perform completeness and accuracy testing of the system-generated information provided. We also did not review information and/or contracts between Valley Metro and its subcontractors used to provide the services.

Key Findings

- Charges exceeded the contract amount by \$53,502 in FY19
- Ridership and costs have surged over the last few years and program costs will increase if this upward trend continues
- Program funds from other sources, including carryforward funding, will drop by approximately \$650,000 during FY20 and the gap is to be funded by the County General Fund
- There is an opportunity to reduce costs by shifting trips, where possible, to the RideChoice system rather than Dial-A-Ride

All key findings requiring corrective action were addressed through agreed-upon management action plans.

What We Audited

Below is a summary of work performed and findings. Corresponding recommendations and responses start on page 3. The responses were approved by Bruce Liggett, Director, on December 4, 2019. More detailed observations and recommendations were communicated to management throughout the audit process.

Invoice Compliance with Agreement

Background – The intergovernmental agreement (IGA) established with Valley Metro included Maricopa County providing up to \$1.44 million for transportation costs for ADA mandatory and non-mandatory services provided to individuals in unincorporated areas of Maricopa County for FY19. Valley Metro sent the county two invoices, one for FY19 charges and one indicating adjustments for FY19 charges.

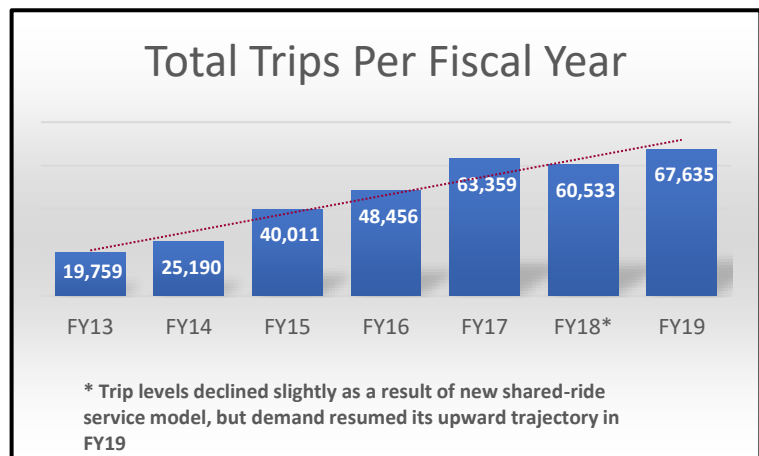
Observations – We reviewed the FY19 invoices and determined that the charges appeared reasonable based on our review of ridership data and other supporting documentation. However, the total amount charged for FY19 was \$53,502 higher than the “not-to-exceed” amount allowed by the FY19 IGA and the unpaid balance will be carried over to the FY20 invoice (**Recommendation 1**).

Ridership and Funding

Background – Population increases, aging population, development in unincorporated areas, and city expansion of transit services influence the number of riders using the transportation services provided. Continued forecasting of increases in ridership helps HSD anticipate budget resources and manage costs.

Observations – Anticipating an upward trend in ridership, we estimated that costs may increase by approximately \$100,000 for a 5% increase in ridership, and approximately \$530,000 for a 25% increase in ridership. On average, ridership has increased 24% per year over the past six fiscal years.

In addition to increasing costs, we noted that \$653,533 of excess program funds from other sources (e.g., lottery) were exhausted in FY19; for FY20 and beyond, these amounts will be required from the County General Fund.



Due to the changing costs and funding, there is a need for contract monitoring procedures to help ensure that changes in ridership, costs, or vendor performance are evaluated (**Recommendation 2**).

Non-ADA Trip Cost Reduction

Background – Two transportation systems are utilized by Valley Metro for providing transportation services. Dial-A-Ride is tasked with providing all ADA transportation needs; non-ADA transportation is typically managed through the RideChoice program.

Observations – We reviewed the FY19 supplemental invoice information and determined the average cost per ride was \$48.97 for Dial-A-Ride and \$22.44 for RideChoice. We also noted that

18,744 non-ADA trips were managed through the Dial-A-Ride program. If those trips were transferred to the RideChoice program, the annual savings would be nearly \$500,000 (**Recommendation 3**).

ADA Certifications

Background – Public transportation assistance is provided to elderly residents and to disabled individuals who are defined by the Americans with Disabilities Act (ADA) as being unable to utilize established bus route services due to physical or cognitive disabilities. Improper qualifying/certifying riders as eligible for ADA reduced/subsidized fares could result in higher than required ridership and higher than required billings to HSD.

Observations – Valley Metro contracts with another vendor for ADA certification procedures. We interviewed staff, reviewed applicable ADA applications and assessment guides, and examined the mobility testing center. We concluded that ADA certification processes were adequate.

Additional Information

This audit was approved by the Board of Supervisors and was conducted in conformance with International Standards for the Professional Practice of Internal Auditing. This report is intended primarily for the County Board of Supervisors, County leadership, and other County stakeholders. However, this report is a public record and its distribution is not limited.

If you have any questions about this report, please contact Mike McGee, County Auditor, at 602-506-1585.

Recommendations and Responses

Recommendations	Responses
<p>1 Prior to paying the excess invoice amount carried over from FY19 to FY20, consult with legal counsel to determine if payment is due based on the terms and conditions described in the IGA.</p>	<p>Concur – in progress</p> <p>Carryover charges and process are included within the new IGA with Valley Metro (C-22-20-007-3-00). HSD will confirm with legal counsel that this language is sufficient to pay the FY19 carryover charge.</p> <p>Target Date: 12/31/2019</p>
<p>2 Implement and maintain written procedures to monitor contract compliance and costs for the Maricopa County paratransit program.</p>	<p>Concur – in progress</p> <p>HSD will write and implement procedures to monitor contract compliance and cost for the Maricopa County transit program.</p> <p>Target date: 06/30/2020</p>

Recommendations	Responses
<p>3 Conduct a study to determine the feasibility of performing all non-ADA trips through the RideChoice system rather than the Dial-A-Ride system.</p>	<p>Concur – completed</p> <p>Policy changes were implemented as of October 1, 2019, which did the following: 1) Only provide Dial-A-Ride trips to ADA certified riders within the ADA mandated area; 2) Any non-ADA certified riders as of March 31, 2019 were grandfathered and are only authorized to use the RideChoice System; and 3) All new riders as of April 1, 2019 must receive ADA certification. ADA certification is required to receive trips in both the RideChoice and Dial-A-Ride systems.</p>