MONTGOMERY COUNTY, MARYLAND
OFFICE OF INSPECTOR GENERAL

RIDE-ON MANAGEMENT CONTROLS OVER SUPERVISOR OVERTIME AUDIT REPORT

APRIL 2004

TO THE HONORABLE COUNTY COUNCIL AND COUNTY EXECUTIVE FOR MONTGOMERY COUNTY, MARYLAND:

We engaged the services of a consultant to assist us in assessing management controls over supervisor overtime in the Ride-On program, Division of Transit Services, Department of Public Works and Transportation. Our audit was conducted in accordance with Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide a reasonable basis for our findings and conclusions. Accordingly, we and the consultant performed such procedures considered necessary in the circumstances.

The audit was designed to examine whether there were adequate management controls in place to authorize, justify, monitor, and document supervisor overtime; to determine whether there was any evidence of fraud, waste, and abuse in supervisor overtime; and to determine whether reported performance measures were based on valid and reliable data. The report contains five findings and recommendations.

The report is intended for the information of the County Council, the County Executive, and management of the Department of Public Works and Transportation. This restriction is not intended to limit distribution of the report, which upon delivery to the County Council and County Executive is a matter of public record.

Office of Inspector General

April 19, 2004

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LIST OF ABBREVIATIONS

FY Fiscal Year
OIG Office of Inspector General
TSS Transit Services Supervisor

MONTGOMERY COUNTY, MARYLAND
OFFICE OF INSPECTOR GENERAL

RIDE-ON MANAGEMENT CONTROLS OVER SUPERVISOR OVERTIME AUDIT REPORT

APRIL 2004

INTRODUCTION

Purpose

This audit reviewed management controls over supervisor overtime in the Ride-On program. The Ride-On program is managed by the Transit Services Division, Department of Public Works and Transportation. We conducted the audit in response to several complaints alleging fraud, waste, and abuse in supervisor overtime, and as part of our four-year work plan. It is also our practice when performing a program audit to include a review of program performance measures reported in Montgomery Measures Up! for data reliability and methodological validity.

Background

Ride-On plans, schedules, and manages the County's bus system consisting of 243 County owned and operated buses and 93 smaller contractor operated buses. The program provides fixed-route bus service throughout the County on more than 80 routes and provides a collector and distributor service to major transfer points and transit centers in the County. Ride-On, designed to complement the service provided by other transit providers in the County, provides over 22 million trips per year. Its mission is to provide timely, safe, and efficient bus service to passengers.

The Ride-On FY 2003 approved budget, the most recently completed fiscal year, included 528.6 work-years. For purposes of this audit, twenty supervisor positions were identified, including: transit service supervisors, transit operations supervisors, and communication supervisors. These employees work at three locations: the Silver Spring depot, the Gaithersburg depot, and central communications.

Management Controls

Management controls are the organization, policies, and procedures used by an agency to provide reasonable assurance that resources are protected from fraud, waste, and abuse, that resources are used consistent with program mission, and that reliable and timely information is obtained, maintained, reported, and used for decision-making. Proper stewardship of resources requires effective management controls. With regard to supervisor overtime events, management controls should include written policies and procedures that address

key concepts of documentation, justification, and supervision. Further, in programs performing similar tasks at multiple locations, management controls should include review of resource utilization across locations to ensure consistent use of resources and identification of best practices to improve efficiency and effectiveness at all locations.

Questioned Costs

A questioned cost is an expenditure that, at the time of the audit or investigation, was unsupported by adequate documentation or was an unnecessary or unreasonable expenditure of funds for the intended purpose.

SCOPE, OBJECTIVES, AND METHODOLOGY

The audit was performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States. The Office of Inspector General (OIG) contracted with Gardiner, Kamya & Associates, P.C. (consultant) to assist in assessing management controls over supervisor overtime and in evaluating performance measurement reliability and validity. The consultant performed the agreed upon procedures work in accordance with attestation standards established by the American Institute of Certified Public Accountants. Accordingly, the consultant included such procedures considered necessary in the circumstances. We believe the audit provides a reasonable basis for the findings and recommendations.

Scope and Objectives

The audit was conducted by the consultant under contract with this office. The audit period for supervisor overtime is fiscal years 2002 and 2003. The audit period for performance measures is fiscal years 2000 through 2002.

The objectives of the audit were as follows:

- To determine whether there were adequate management controls for monitoring supervisor overtime, and whether all elements related to supervisor overtime were clearly documented;

- To determine whether supervisor overtime was authorized and executed by persons acting within the scope of their authority, and whether management provided qualified and continuous supervision of overtime use;

- To determine the purposes for which supervisor overtime was used and whether there was proper justification for supervisor use of overtime, including compliance with all federal, state, local laws and regulations, and organizational policies and procedures;

- To determine whether key duties and responsibilities in authorizing, processing, recording, and reviewing supervisor overtime transactions were properly separated among individuals;

- To determine whether there was any evidence of fraud, waste, or abuse in supervisor overtime;

- To determine whether supervisor overtime was necessary to achieve program goals and objectives, and whether management considered alternatives to the use of supervisor overtime that would improve efficiency; and

- To determine whether management controls for measuring, reporting, and monitoring performance measures provided valid and reliable data.

Methodology

The consultant reviewed program organization, federal, state, local laws and regulations, and organizational policies and procedures applicable to the use of supervisor overtime. Inquiries were made to management regarding organizational goals and objectives, existing controls monitoring supervisor overtime, management consideration of alternatives to the use of supervisor overtime, and management practices regarding supervision of overtime use. The consultant identified all employees in supervisory positions who were eligible to be paid overtime, a total of twenty. A listing of all pay-periods for FY 2002 and FY 2003 was obtained and two pay-periods for each supervisor were randomly selected by the consultant for timesheet testing. The consultant reviewed the selected timesheets for overtime events and then tested management controls over those overtime events. Controls were tested at all three work sites (Silver Spring depot, Gaithersburg depot, and central communications) and involved tests of processes and systems input and output. The tests included obtaining copies of timesheets, reviewing timesheets for recording of overtime and authorized signatures, reviewing supporting documentation for justification and management approval, tracing stated justification to independent data, and observing separation of duties processes. For performance measure evaluation, the consultant reviewed organization policies and procedures for data collection and input; tested data completeness, data entry authorization, and data validation; and tested output report preparation procedures, report data accuracy and validation, and report quality review processes.

RESULTS IN BRIEF

At the time the consultant performed field work, Ride-On management controls over supervisor overtime were inadequate. Management did not clearly document supervisor overtime, did not document management review and approval of overtime use, and did not document justification for the overtime use. The condition of management controls was such that the consultant was unable to determine whether instances of fraud, waste, or abuse

had occurred. As a result, Ride-On expenditure of **$196,382** for supervisor overtime during fiscal years 2002 and 2003 is a **questioned cost**.

Ride-On stated that it intended to implement changes in management controls over supervisor overtime effective December 15, 2003. The changes as presented, when fully implemented, should improve documentation of supervisor overtime, including management review and approval and justification of overtime use. The new controls include a form designed to document overtime use and management review and approval.

With regard to performance measures, Ride-On was found to generally use sound methodology consistent with industry practices to evaluate performance. However, the consultant noted some shortcomings in data collection methodology that calls into question the reliability and validity of certain performance measures, in particular on-time performance.

The audit contains five findings and recommendations. The Department concurred with one and concurred in part with four. Findings include the following:

- Establish adequate management controls over supervisor overtime. (**Finding No. 1, p. 6**)
- Document justification of supervisor overtime. (**Finding No. 2, p. 9**)
- Improve management supervision of supervisor overtime. (**Finding No. 3, p. 11**)
- Review and standardize supervisor duties and responsibilities and implement best practices at all facilities. (**Finding No. 4, p. 17**)
- Improve data collection methodology for certain performance measures, such as on-time performance. (**Finding No. 5, p. 20**)

SUMMARY OF FINDINGS

No.	Title of Finding	Page	Council Action Required	Agency Response
1	Establish Controls Over Supervisor Overtime	6	No	Concur in part
2	Require Written Justification of Supervisor Overtime	9	No	Concur in part
3	Improve Management Oversight of Supervisor Overtime	11	No	Concur in part
4	Implement Staffing Best Practices Consistently Across Depots	17	No	Concur
5	Improve Performance Measures Data Collection	20	No	Concur in part

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OVER SUPERVISOR OVERTIME
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FINDINGS AND RECOMMENDATIONS

This section contains our five findings and recommendations as well as the department and Ride-On program responses.

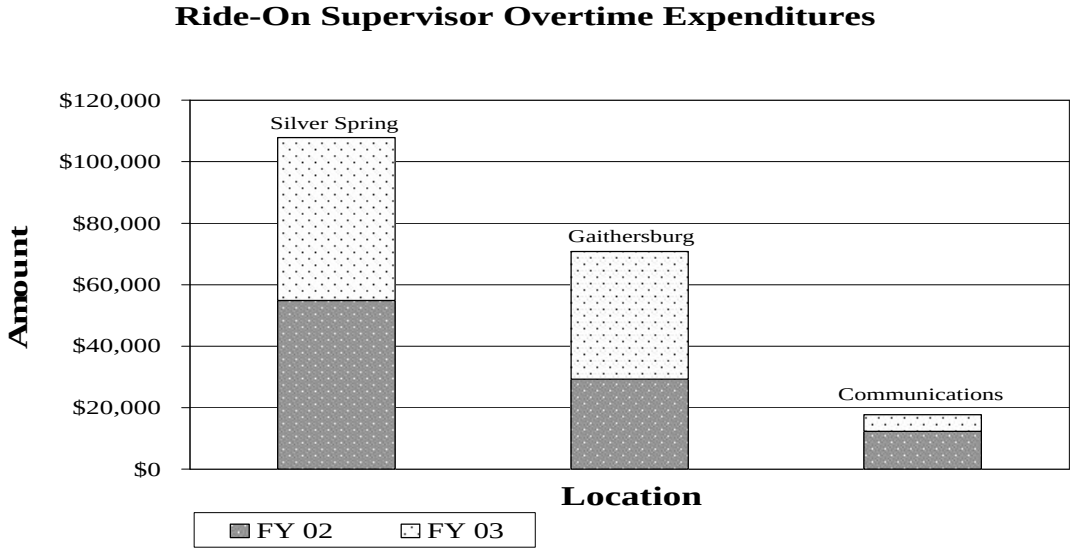
Supervisor Overtime

Ride-On has identified the following situations as acceptable justifications for supervisor overtime work:

- processing accident drug tests after an accident;
- covering the desk in the absence of the desk coordinator;
- driving buses when short-staffed;
- performing duties of another supervisor who is on leave;
- processing payroll timesheets for bus drivers.

During fiscal years 2002 and 2003, the division expended $196,382 on overtime work by Ride-On supervisors. The Silver Spring depot expended $107,819 (55% of total), Gaithersburg $70,824 (36%), and central communications $17,739 (9%). See Figure 1.

Figure 1



Source: OIG analysis of Ride-On data

Effective management controls protect program resources from fraud, waste, and abuse, and ensure resources are used consistent with the agency mission. There are several key concepts to management controls over supervisor overtime, including: written policies and procedures to provide guidance and consistency, documentation to support use of overtime, justification for supervisor overtime, management supervision of overtime use (including review and approval of overtime request and review and reconciliation of timesheet processing), and identification of reasonable alternatives to the use of overtime that would improve efficiency. The consultant reviewed and tested Ride-On program management controls to determine whether there was proper stewardship of program resources involving supervisor overtime.

A review of practices and procedures at the three Ride-On program work locations determined the management controls in place were inadequate. There were no written policies and procedures. In testing overtime recorded on supervisor payroll timesheets, which are the source documents for generating pay, it was determined that there was no documentation, with few exceptions, supporting the overtime. Without documentation there is no recorded justification for the supervisor overtime and there is no recorded management approval of the overtime. In response to inquiries regarding whether alternatives to supervisor overtime had been considered, management stated that it preferred to have supervisors work overtime as opposed to other alternatives because a supervisor can perform multiple tasks.

Lack of adequate documentation supporting the justification for the overtime worked hindered further analysis which could identify staffing issues causing the need for the overtime work. Lack of adequate documentation and lack of management review and approval of the overtime worked prevented a determination as to whether any instances of fraud, waste, or abuse had occurred.

Questioned Costs

During the audit period, Ride-On supervisors charged $196,382 in overtime. Based on the lack of controls over the use of overtime by supervisors, the entire amount is a questioned cost.

Finding No. 1: Establish Controls Over Supervisor Overtime

Ride-On has weak controls over supervisor overtime. The two depots and central communications do not have management controls including written policies and procedures over supervisor overtime.

We tried to determine whether there were adequate management controls for monitoring the use of supervisor overtime; and whether the management controls, all transactions, and other significant events related to the use of supervisor overtime were clearly documented and readily available for examination.

We noted that at the two depots:

- supervisors tracked their own time;
- supervisors worked overtime without prior approval;
- approval, after the fact, was not documented in writing except on timesheets; and
- timesheets were reviewed only for reasonableness and were not compared to any source document.

At central communications we noted that management told us supervisor overtime hours were manually tracked in a calendar kept by management. However, in our review of the calendar for selected pay periods, we noted that supervisor overtime hours were rarely tracked.

Only at the Silver Spring depot had management started using work vouchers recording the amount of overtime hours and the reason for the overtime hours worked. The work voucher was signed by the supervisor and attached to his/her timesheet. However, there was no management approval documented on the work voucher. There were no vouchers or other forms indicating management approval for any supervisor overtime.

Management controls are designed to ensure that resources are protected from fraud, waste, and abuse. Transactions and other significant events should be recorded, documented, and authorized by persons acting within their scope of authority. The use of overtime by supervisors should be documented and authorized.

Ride-On reported that effective December15, 2003, all supervisors will provide a written request for overtime using an "Additional Work Assignment Voucher" form. This form will serve as written documentation for supervisor overtime, will provide the justification of the overtime, and will record management review and approval. (See Appendix A). The reported corrective action is duly noted and Ride-On is commended for taking that action. However, according to generally accepted government auditing standards, corrective action taken during an audit should not be accepted as justification for dropping a significant finding or related recommendation. We will verify the corrective action when we do our audit follow-up work.

Recommendation:

We recommend written controls over supervisor overtime be established immediately for the two depots and central communications. Procedures should include:

- supervisor completion of a written request form to work overtime
- supervisor justification for the overtime noted on the request form
- management approval documented on the request form
- management review of work performed during overtime
- management comparison of approved overtime request forms to overtime recorded on supervisor bi-weekly timesheets

Agency Response:

2. FINDINGS AND RECOMMENDATIONS (Continued)

*We **concur in part** with some, but not all, of the findings. The following is our overall response to your Finding Number One:*

The complex nature of providing public transit service 24 hours a day, seven days a week, carrying over 23 million customers per year, requires a strong supervisory staff that can react to the multitude of service related emergencies and ongoing transit service responsibilities. While not specified, there are policies and practices in place to ensure that overtime is justified and is specifically job duty related. We concur in part because while the overtime may not be formally documented in all cases, the managers of the depots are constantly tracking the activities of the depot supervisors to ensure all the needs are met and within the normal scope of work of a supervisor. Supervisor's duties at a Ride On depot include the supervision of 30 to 50 drivers each, payroll record keeping for the drivers, responding to accident scenes, investigating and responding to customer complaints, taking drivers for required random drug tests, compiling monthly reports, training new drivers, providing depot security supervision, and ensuring service in all weather conditions (such as hurricanes and blizzards). Based on the above duties, and the unique challenges faced by the supervisors, overtime occurs but it is related to the practices that are required to provide safe and reliable public transit service

- *Supervisors completion of a written request form to work overtime*

Ride On Response:

Effective December 15, 2003, all Supervisors will provide a written request for overtime using the ADDITIONAL WORK ASSIGNMENT VOUCHER form. (see attached form). While this form will not always be able to be approved by management in advance, prompt management approval, after the fact in emergency situations, will occur.

- *Supervisor's justification for the overtime noted on the request form*

Ride On Response:

Effective December 15, 2003, all Supervisors will provide a written justification for overtime on the ADDITIONAL WORK ASSIGNMENT VOUCHER form.

- *Management approval documented on the request form*

Ride On Response:

Effective December 15, 2003, management authorized to approve supervisor's overtime will provide an approval signature on the ADDITIONAL WORK ASSIGNMENT VOUCHER form.

- *Management review of work performed during overtime*

Ride On Response:

Effective December 15, 2003, management authorized to approve supervisor's overtime will review the overtime work requested on the ADDITIONAL WORK ASSIGNMENT VOUCHER form and ensure work did indeed take place.

- *Management comparison of approved overtime request forms to overtime recorded on supervisor's bi-weekly timesheets*

Ride On Response:

Effective December 15, 2003, management authorized to approve supervisor's overtime, will compare the work requested and approved on the ADDITIONAL WORK ASSIGNMENT VOUCHER form against the supervisor's bi-weekly timesheets.

[See Appendix A - Additional Work Assignment Voucher]

Finding No. 2: Require Written Justification of Supervisor Overtime

Ride-On has insufficient written documentation to justify supervisor overtime.

We tried to obtain an understanding of the purpose of supervisor overtime and ascertain whether there was any evidence of fraud, waste, or abuse in the use of supervisor overtime.

We analyzed a sample of bi-weekly timesheets for each Ride-On supervisor for pay periods occurring during FY 2002 and FY 2003. The sample consisted of 40 timesheets, two timesheets selected randomly for each of the 20 supervisors. Twenty timesheets (50%) of the sample recorded overtime work, covering 53 separate overtime events.

We noted that for:

- forty-five of the 53 overtime events (85%) we were unable to determine any justification for the overtime;
- seven of the 53 overtime events (13%) we were unable to corroborate the stated justification through independent data.
- one of the 53 overtime events (2%) we were able to corroborate the stated justification for the overtime.

Due to the lack of management controls over supervisor overtime, we cannot determine if there is fraud, waste, or abuse.

Management controls are designed to ensure that resources are protected from fraud, waste, and abuse. Qualified and continuous supervision is to be provided to ensure that management control objectives are met. Current practices of Ride-On management are inadequate to ensure the use of supervisor overtime is free of fraud, waste, and abuse.

Ride-On reported that effective December 15, 2003, all supervisors will provide a written request for overtime using an "Additional Work Assignment Voucher" form. This form will serve as written documentation for supervisor overtime, will provide the justification of the overtime, and will record management review and approval. The reported corrective action is duly noted and Ride-On is commended for taking that action. However, according to generally accepted government auditing standards, corrective action taken during an audit should not be accepted as justification for dropping a significant finding or related recommendation. We will verify the corrective action when we do our audit follow-up work.

Recommendation:

We recommend that management ensure reasonable justification for overtime can be identified, documented, and supported.

Agency Response:

*We **concur in part** with some, but not all of the findings. The following is our overall response to your Finding Number Two and our specific response to each recommendation:*

Review of timesheet data provides a narrow window to observe the daily events that can and do occur at a depot. While the corroboration of overtime events cannot easily be determined for past events there are practices, procedures and sources that can support an event that requires overtime. Supervisors responding to an accident that requires a drug and alcohol test can be found in a separate accident file and from the drug test center records. Supervisors contacting a customer that submitted a complaint in the evening, when the customer is available, can be determined by the time and date a response is entered in the complaint tracking system and phone records. Supervisors supporting field operations during a weather event, like severe thunderstorms, can be tracked through our central dispatch records as they report in on the radio for duty. These are a few examples of when a supervisor's time is documented, justified and accounted for, but not reflected in the time sheet. When management reviews the timesheet, the above factors are considered when the time reported is reviewed.

Ride On Response

Effective December 15, 2003, management at the depots will be required to provide reasonable justification for all overtime identified, and will use the ADDITIONAL WORK ASSIGNEMENT FORM to document, and support the overtime used.

Depot management will be required monthly to review individual supervisor's overtime use and evaluate system alternatives that could provide more efficient and effective use of operational resources.

Finding No. 3: Improve Management Oversight of Supervisor Overtime

2. FINDINGS AND RECOMMENDATIONS (Continued)

Ride-On management oversight of supervisor overtime was insufficient and documentation of overtime authorization was inadequate.

We tried to determine whether transactions and other significant events related to supervisor overtime were authorized and executed only by persons acting within the scope of their authority; whether management provided qualified and continuous oversight of supervisor overtime; and whether management considered alternatives to the use of supervisor overtime that might have yielded desired results more effectively or at a lower cost.

We analyzed a sample of bi-weekly timesheets for each Ride-On supervisor for pay periods occurring during FY02 and FY03. The sample consisted of 40 timesheets, two timesheets selected randomly for each of the 20 supervisors. Twenty timesheets (50%) of the sample recorded overtime work, covering 53 separate overtime events.

We noted the following:

- none of 20 timesheets recording supervisor overtime had any form of written approval to work overtime.
- work voucher forms used at one depot do not document management approval of the overtime. (At the time of audit fieldwork, the Silver Spring depot had instituted the use of a work voucher form for supervisors to complete and sign indicating overtime hours worked.)
- one instance where a work voucher was not signed by the supervisor attesting that he/she worked the overtime hours indicated on the form
- one instance where a supervisor's timesheet was not signed by management and the supervisor was paid.

Ride-On managers stated a preference for having supervisors work overtime as opposed to other alternatives because of the ability of supervisors to perform various tasks on short notice.

Management controls are designed to reasonably ensure resources are used consistent with agency mission and used in an efficient and effective manner. Transactions and significant events such as management personnel regularly incurring overtime expenses need to be documented so that management can evaluate whether these recurring additional supervisory personnel expenses is an efficient and effective use of resources or whether other alternatives are available.

Ride-On reported that effective December 15, 2003, all supervisors will provide a written request for overtime using an "Additional Work Assignment Voucher" form. This form will serve as written documentation for supervisor overtime, will provide the justification of the overtime, and will record management review and approval. The reported corrective action is duly noted and Ride-On is commended for taking that action. However, according to generally accepted government auditing standards, corrective action taken during an audit should not be accepted as justification for dropping a significant finding or related

recommendation. We will verify the corrective action when we do our audit follow-up work.

Recommendation:

We recommend that management:

- provide supervisors prior or contemporaneous written approval to work overtime
- authorize supervisor overtime hours and ensure that the hours are logged in a tracking system
- compare timesheets to overtime log sheets before timesheets are authorized
- ensure work vouchers are signed by supervisors attesting that they worked the overtime hours indicated on the work vouchers
- ensure all timesheets are properly signed and approved before forwarding the timesheets to payroll department

We further recommend management review supervisor overtime and evaluate alternatives that could provide more efficient and effective use of operational resources.

Agency Response:

*We **concur in part** with some, but not all, of the findings and the following is our overall response to your Finding Number Three and our specific response to each recommendation:*

As indicated in our response to the previous finding, timesheets provide a limited view of the work that occurs at a Ride-On depot and do not reflect the overall work conducted. While the corroboration of overtime events cannot easily be determined for past events, there are practices, procedures and sources that can support an event that requires overtime. Lastly, due to the rapidly changing nature of providing public transit service, supervisors may not have the ability to schedule overtime in advance and need to be able to respond quickly to an incident as it happens versus seeking prior approval for all events. The timesheet layout does not allow for the written documentation and reasons for the overtime. The work voucher forms used at Silver Spring do provide an additional source of overtime documentation that is provided to the Section Chief at the time the timesheets are signed. The vouchers used in Silver Spring provide management the tools to track supervisor overtime used.

- *provide supervisors prior or contemporaneous written approval to work overtime*

Ride On Response:

Effective December 15, 2003, all Supervisors will provide a written request for overtime using the ADDITIONAL WORK ASSIGNMENT VOUCHER form. In many cases, prior written approval is not feasible. However, subsequent written approval on the form will be documented for all instances of overtime.

- *authorize supervisor overtime hours and ensure that the hours are logged in a tracking system*

Ride On Response:

Effective December 15, 2003, all supervisors, overtime hours will be authorized and identified on the ADDITIONAL WORK ASSIGNMENT VOUCHER form and will be entered into a supervisor tracking system that is similar to the one currently in use for operators and coordinators at each depot.

- *compare timesheets to overtime log sheets before timesheets are authorized*

Ride On Response:

Effective December 15, 2003, Depot Sections Chiefs will be required to verify overtime hours identified in the supervisor tracking system against the timesheets submitted and additional vouchers submitted.

- *ensure work vouchers are signed by supervisors attesting that they worked the overtime hours indicated on the work vouchers*

Response:

Effective December 15, 2003, all Supervisors will provide a written request where and when possible for overtime using the ADDITIONAL WORK ASSIGNMENT VOUCHER form which includes signatures from the supervisor and the Section Chief.

- *ensure all timesheets are properly signed and approved before forwarding the timesheets to payroll department*

Response:

Effective December 15, 2003, the Chief of Operations will verify with both Section Chiefs that they have completed all the required review of overtime authorized and that all time sheets have been properly signed and approved.

Best Practices

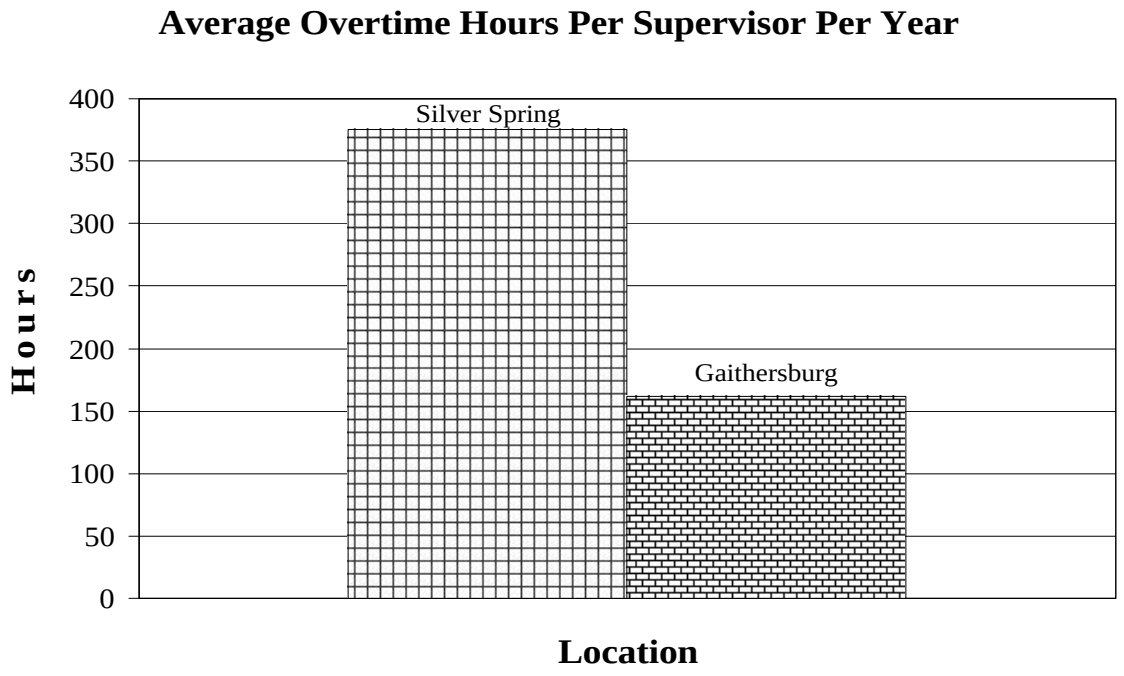
The Ride-On program operates from several work sites. Effective management controls provide information that identifies the manner in which resources are used throughout the

program so that management can evaluate the causes of any discrepancies and implement corrective action, if necessary, to ensure resources are not mismanaged. Best practices utilized at one location can be adapted for use at other locations.

An initial analysis of supervisor overtime expenditures indicated that the Silver Spring depot consistently incurred more overtime expenses than the other two work locations reviewed. Some of the differences among work locations in gross dollar amounts spent for supervisor overtime may be attributable to factors such as differences in size of operations at each location and individual employee salary rates. However, an analysis of average overtime hours worked and average overtime events per employee shows a consistent pattern – there are more overtime events and more overtime hours at the Silver Spring depot.

A review of overtime hours reported at each depot (based on a sample of supervisor timesheets for 26 consecutive pay-periods spanning FY 2002 and FY 2003) showed that overtime hours per supervisor employee at the Silver Spring depot averaged 376 hours per year, or almost 14.5 overtime hours per pay-period. In contrast, overtime hours reported per supervisor employee at the Gaithersburg depot averaged 162 hours per year, or 6.2 overtime hours per pay-period. See Figure 2.

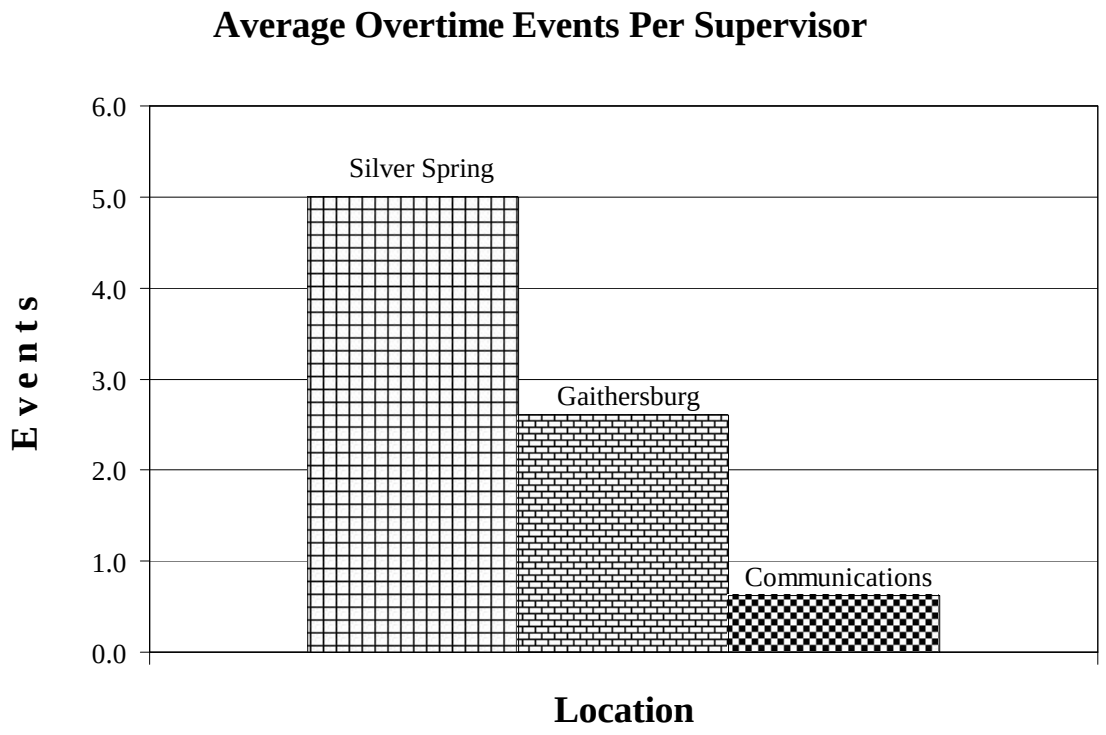
Figure 2



Source: OIG analysis of Ride-On data
(Note: data for central communications not available)

Likewise, a review of overtime events reported at each location (based on a sample of two timesheets for each supervisor during FY 2002 and FY 2003) showed that supervisor employees averaged 5.0 events at Silver Spring, 2.6 events at Gaithersburg, and 0.6 events at the central communications. See Figure 3.

Figure 3

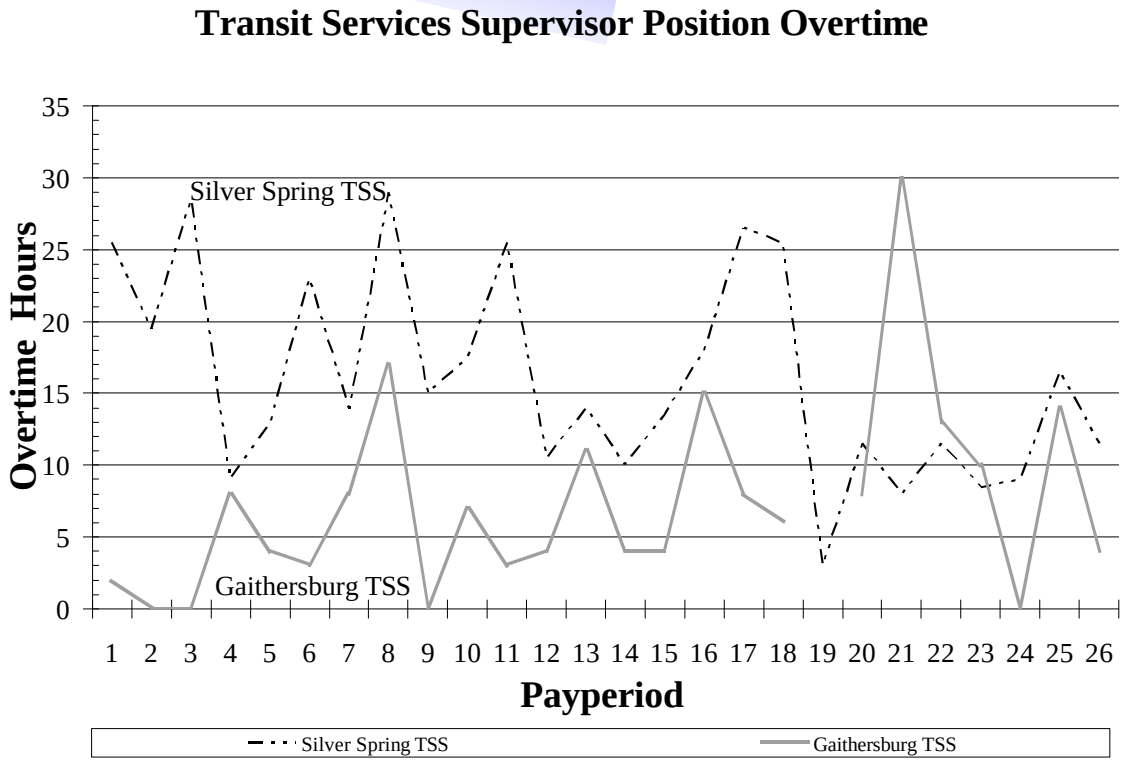


Source: OIG analysis of Ride-On data

In addition to the differences among program work locations in the amount of overtime hours incurred and number of overtime events, there were also differences noted in overtime use between similar positions at the two depots and differences among the locations as to when overtime events occur.

For example, there is a transit services supervisor (TSS) position at each depot. During one stretch of 52 consecutive weeks (26 pay-periods) spanning FY 2002 and FY 2003, the TSS assigned to the Silver Spring depot worked overtime in 100% of the pay-periods and had worked 2.5 times more overtime hours than the counterpart TSS at the Gaithersburg depot. An earlier analysis of overtime use by the TSS positions in FY 2001 showed a similar pattern in which the TSS assigned to the Silver Spring depot incurred twice the overtime hours as the TSS in Gaithersburg. See Figure 4.

Figure 4



Source: OIG analysis of Ride-On data

An analysis of a sample of reported overtime events occurring during FY 2002 and FY 2003 recording when overtime events occurred indicates differences among the work locations. At Silver Spring depot, 85 percent of overtime events and 74 percent of overtime hours occurred during the week (Monday-Friday); in contrast, at the Gaithersburg depot, the majority of overtime events and overtime hours occurred on the weekend. See Table 1.

Table 1. Overtime Event Occurrence

Location	Weekdays	Weekends
Communications	60.0%	40.0%
Gaithersburg	46.2%	**53.8%**
Silver Spring	**85.7%**	14.3%

Source: OIG analysis of Ride-On data

This suggests that management may have an opportunity to examine personnel practices to ensure uniformity of duties and responsibilities for supervisors and to ensure operational practices at each location are using resources in an efficient and effective manner. Resource allocation may need to be altered to more effectively meet work demand.

Finding No. 4: Implement Staffing Best Practices Consistently Across Depots

We found a significant difference in supervisory overtime use when comparing variables such as job classification and assignment location. The differences suggest staffing patterns and job duties are not consistent at the two depots.

We sampled supervisory employee bi-weekly timesheets to collect overtime use data. The sample included timesheets reviewed by the consultant and timesheets reviewed by OIG previously while conducting planning activities related to the audit. The data collected was analyzed by job classification and assignment location.

We noted significant differences in overtime use by certain job classifications, such as the transit service supervisor (TSS) position. We also noted differences on the timing of the overtime use at the Silver Spring and Gaithersburg depots.

Management controls are designed to ensure programs achieve their intended results in an efficient manner. For a program operating from multiple locations, one way to achieve efficiency is to identify best practices used at one location and implement the practices at other operational locations.

Recommendation:

We recommend management:

- review job duties assigned to TSS positions to provide consistency across depots, and if necessary, reduce scope of responsibilities of the TSS position to alleviate need for constant use of overtime
- review workload demands and staffing needs at each depot to identify optimum staffing patterns
- identify best practices utilized at each depot and implement those practices at the other operational locations

Agency Response:

*We **concur** with the findings and the following is our overall response to your Finding Number Four and our specific response to each recommendation:*

During the period of the review, both depots experienced a significant change in Section Chief Management. The Silver Spring Depot Section Chief changed over in April 2002 from the previous person that had been at the depot for over fourteen years. The Silver Spring Depot has had an acting Section Chief since April 2003. The Gaithersburg Depot Section Chief changed over as well, and had an acting Section Chief for seven months before a permanent person could be hired. In addition, a new position, the Chief of Operations was created to oversee all Ride On operations. The Chief of Operations was hired in January 2003 and immediately began the process of unifying the policies, procedures and practices at both depots. Our specific responses reflect the impact and benefit of the new Chief of

Operations with his responsibilities and direction that Ride On will undertake in the following months.

- *review job duties assigned to TSS positions to provide consistency across depots, and, if necessary, reduce scope of responsibilities of the TSS position to alleviate need for constant use of overtime.*

Ride On Response

The vacant Section Chief position in Silver Spring will be filled by January 1, 2004. The Chief of Operations will work closely with the new Silver Spring Section Chief and the Gaithersburg Section Chief to ensure that the Transit Services Supervisor in Silver Spring will be providing the same level of management supervision as the Transit Services Supervisor at the Gaithersburg Depot.

- *review workload demands and staffing needs at each depot to identify optimum staffing patterns*

Ride On Response

The Chief of Operations will routinely/monthly review supervisory work requirements with the Silver Spring Section Chief and the Gaithersburg Section Chief to develop optimum weekly supervisory staffing schedules.

- *identify best practices utilized at each depot and implement those practices at the other operational locations*

Ride On Response

The Chief of Operations will meet monthly with the Section Chiefs to review and identify best practices utilized at each depot to improve overall effectiveness and service continuity between both depots.

Performance Measures

The County has undertaken a vigorous effort to provide performance measures of its programs. Performance measures are a means to evaluate program progress in achieving goals over time and, in essence, how well a program is doing in providing efficient and effective services. Ride-On program performance measures are published in Montgomery Measures Up! (See Appendix D). The information can be used many ways, including use by management in decision-making to improve program efficiency and effectiveness, to enhance operational planning and control, and to strengthen accountability. As such, it is essential that measures are based on valid and reliable data.

The consultant evaluated certain published Ride-On program measures to determine whether valid and reliable data was collected and used to report performance. See Table 2. The selected measures included:

Outcomes/Results
- accidents per 100,000 miles
- passengers transported

Service Quality
- customer complaints per 100,000 passengers
- percentage on-time performance

Table 2. Selected Program Measures For Ride-On (FY00 – FY03)

Program Measure	FY00	FY01	FY02	FY03
Accidents per100,000 miles	3.72	3.47	3.57	3.69
Passengers transported (000)	20,568	21,858	23,012	23,023
Customer complaints per 100,000 passengers	5.51	7.13	9.50	10.80
Percentage on-time performance	91.5	92.0	75.6	80.0

Source: Montgomery Measures Up! For the Year 2003
(Note: data are self-reported)

The consultant observed and tested data collection methodology to determine whether collection methods were consistent with industry practices.

Accidents per 100,000 miles: Ride-On methodology appears to be sound and consistent with industry practice and reported performance measures are reliable. Management manually keeps track of accidents. All accidents are investigated, documented, and reviewed by senior managers. Accident drug tests, when applicable, are performed in accordance with Federal Transit Administration drug testing guidelines.

Passengers transported: Ride-On methodology appears to be sound and consistent with industry practice; however, failure to follow data collection procedures at the point of origin may cause the reported performance measures to be unreliable. Passengers transported are tracked through the use of a fare box system installed on each bus. As a passenger enters a bus, the bus driver presses a knob on the fare box to record that passenger. The consultant observed bus drivers not consistently recording passengers as they boarded the bus. As a result, reported performance may not be reliable if drivers are not accurately recording source data.

Customer complaints per 100,000 passengers: Ride-On methodology appears to be sound and data on complaints reliable. Customer complaints are entered into a database management system, which allows management to record and track complaint resolution.

Once a complaint is entered into the system, it can not be removed or deleted. Access to the complaint database system is limited and certain functions are restricted to senior managers. However, the complaint performance measure is calculated using a formula that includes the 'passengers transported' data. If that data is inaccurate, as mentioned above, the customer complaints measure would also be impacted.

Percentage on-time performance: Ride-On methodology is not sound and not consistent with industry practice for this measure. On-time performance is defined as a bus leaving a scheduled stop location not more than one minute early or more than five minutes late. Ride-On samples on-time performance at 600 – 700 locations but does not have a rationale for the size or location of the sample. Management represented that they try to sample as many locations as possible depending on staff availability. Based on this methodology, the data collected may not be a true representation of performance at all locations serviced by the program. Thus, the reported performance measures may not be valid and reliable.

Overall, Ride-On uses methodology to measure performance that is sound and consistent with industry practices with the noted exception of measuring on-time performance. That service measure, of course, is of particular importance to customers. Further, it is important that management have an accurate assessment of how it is doing in this important area as it attempts to market and promote the use of mass transit.

Finding No. 5: Improve Performance Measures Data Collection

Ride-On program data collection methods for some performance measures are inadequate to provide reliable and valid performance evaluations. Of particular concern is methodology used to evaluate on-time performance and data collection practices used to collect passengers transported data.

With regard to on-time performance, "On-time performance" is measured using a six-minute window at a scheduled stop location and is defined as a bus leaving the scheduled stop not more than one minute early or more than five minutes late. Ride-On samples approximately 600 to 700 locations depending on staff availability. This methodology is not sound and consistent with industry best practices and Ride-On management does not have a rationale for sample selection. Based on the methodology used, the data reported as percentage of on-time performance may not be a true representation of all of the locations serviced by the bus drivers. Therefore, reported on-time performance measures are not reliable.

"Passengers transported" data is collected through a fare box system located on each bus. Bus operators tally the number of passengers getting on the bus by pressing a knob on the fare box. The methodology used by Ride-On appears to be consistent with industry practices. However, we observed that bus operators did not consistently record the boarding of passengers. As a result, the number of passengers transported may be inaccurate and performance measures based on the number of passengers transported may be unreliable. Management controls are designed to reasonably ensure reliable and timely information is obtained, maintained, reported, and used for decision-making. While we applaud the Ride-

On management decision to engage in performance measurement efforts, it is essential that management have accurate and reliable data to assess its achievements in meeting organizational goals. Management decisions on new or refined initiatives to improve or maintain its current level of achievement will be flawed if based on an incorrect understanding of its present results.

Recommendation:

We recommend that management:

- ensure the number of samples collected for on-time performance measures are based on an established and sound sampling methodology; the total samples collected and reported represent the entire population which is comprised of all the bus routes served by Ride-On
- review passenger count procedures with bus operators and stress the importance of obtaining accurate data consistently

Agency Response:

*We **concur in part** with the finding regarding on-time performance data collection that states our "methodology is not sound and consistent with industry best practices." In the aggregate we believe our sampling provides a reasonably accurate representation of Ride On's on-time performance, and is consistent with industry best practices. It is true that this is sampling and the larger sample collected the more accurate the data, but that requires additional resources that are currently not available and we don't feel this will provide a different finding for our on-time performance on a system-wide basis. However, a larger sampling could provide more accurate information on a smaller route-level basis.*

We do not concur with the finding regarding passengers transported. Bus Operators are trained in the use of fareboxes when they are first hired and we stress to them the importance of this information and that it is an important part of their jobs as Bus Operators for Ride On. Refresher training is also provided if we become aware of a problem with a particular driver and correct farebox procedures/counting is often brought up to bus operators at the three drivers meetings management holds each year. Based on this audit our Safety & Training Officer will revisit the current training to ensure drivers are provided adequate training and aware of the importance of this issue. However, the information on passenger counts is consistent with our fare revenue data collected, and provides a reasonably accurate presentation of ridership for Ride On.

Ride On will be undertaking considerable efforts in calendar year 2004 to train bus operators in the use of the new Odyssey fareboxes scheduled for delivery during the Spring/Summer of 2004. These new fareboxes, which are "operator friendly" to use as well as having more discrete passenger boarding categories, will help insure more reliable and accurate counts of passengers.

MONTGOMERY COUNTY, MARYLAND
OFFICE OF INSPECTOR GENERAL

RIDE-ON MANAGEMENT CONTROLS
OVER SUPERVISOR OVERTIME
AUDIT REPORT

APRIL 2004

CONCLUSION

Accountability for the use of program resources is a paramount management obligation. Expenditures for supervisor overtime, particularly in these fiscally challenging times, should be carefully managed by a system that requires documented approval and justification for the expenditures. There were several objectives to the audit. First, were there management controls in place for monitoring supervisor overtime, for authorizing and supervising the overtime, for documenting the justification and necessity of the overtime to achieve program goals? We concluded that management controls were not in place. Overtime recorded on supervisor timesheets, with few exceptions, was not supported by adequate documentation providing justification for the overtime work or reflecting management review and approval of the overtime work. The controls did not include written policies and procedures. As a result, Ride-On program payments for supervisor overtime in FY 2002 and FY 2003, totaling $196,382, are a questioned cost. Second, were there any instances of fraud, waste, and abuse regarding the expenditures for supervisor overtime? The condition of management controls were such that we could not determine whether fraud, waste, or abuse had occurred.

We made recommendations that management controls be implemented to improve accountability in this important aspect of the Ride-On program. In addition, we recommended that management review operational practices at its various locations to identify best practices that can be adopted at all locations to ensure resources are used in an efficient and effective manner.

Ride-On management has represented that it intends to implement changes to its management controls over supervisor overtime. The proposed changes, if implemented as presented, should provide better accountability for the use of program resources. Management is commended for responding quickly to address shortcomings in its control system.

Ride-On management annually reports several performance measures for its operations in Montgomery Measures Up!. One of our objectives was to determine whether management controls for measuring, reporting, and monitoring performance measures provided valid and reliable data. We concluded that the program employs methodology for collecting data and reporting results that is consistent with industry practices for the most part. There is a need

to refine certain data collection procedures, particularly for on-time performance and passengers transported measures, to ensure published information is valid and accurate.

We would like to thank the department and Ride-On program management for the cooperation extended to this office and the consultant during the course of the audit. Again, we commend the department and program management for its commitment to improve management controls over supervisor overtime.

ADDITIONAL WORK ASSIGNMENT VOUCHER

RIDE ON
MONTGOMERY COUNTY TRANSIT

EMPLOYEE: _____ DATE: _____ 200
LAST FIRST

☐ FT ☐ PT ☐ SUB RUN #(S): _____ OR DUTY: _____

BASIS FOR REQUEST *(CHECK ONE)*

☐ WORK IN EXCESS OF REGULAR WORK DAY
☐ WORK ON REGULAR DAY OFF
☐ WORK ON HOLIDAY

DATE AND TIME ADDITIONAL WORK COMMENCED: _____ _____ ☐ AM ☐ PM
DATE TIME

TIME ADDITIONAL WORK COMPLETE: _____ AM _____ PM

TOTAL ADDITIONAL TIME (HOUR AND MINUTES) ACTUALLY WORKED _____ (LESS 1/2 HOUR LUNCH BREAK)

COMMENTS: _____

_____

_____ _____ _____
EMPLOYEE CONTROLLER SUPERVISOR

APPENDIX B

Independent Accountants' Report on
Applying Agreed-upon Procedures

Office of Inspector General (OIG)
Montgomery County, Maryland

We have performed certain procedures which were agreed to by the Montgomery County Office of Inspector General (OIG) solely to assist you in determining whether management overtime for fiscal years 2002 and 2003 for Montgomery County, Maryland's Ride-On was in accordance with specified criteria; and selected related performance measures for fiscal years 2000, 2001, and 2002 were produced from an adequate management control system and used valid, reliable data. This agreed upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the OIG. Consequently, we make no representation regarding the sufficiency of the procedures shown in attachment 1 to this report either for the purpose for which this report has been requested or for any other purpose.

The agreed-upon procedures performed are detailed in attachment 1 of this report. Attachment 2 provides details of the agreed upon procedures performed and the results obtained. Attachment 3 provides a crosswalk from the agreed upon procedures in Attachment 1 and the details of procedures and results shown in attachment 2.

We were not engaged to and did not perform an audit, the objective of which would be the expression of an opinion on the management overtime of the Montgomery County, Maryland Ride-On nor on selected related performance measures. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the OIG and the directors and management of the Montgomery County, Maryland, Department of Public Works and Transportation, and is not intended to be and should not be used by anyone other than these parties.

September 5, 2003
Washington, D.C.

APPENDIX C

MONTGOMERY COUNTY, MARYLAND
OFFICE OF INSPECTOR GENERAL (OIG)
AGREED-UPON PROCEDURES

Audit Periods:
Audit period for overtime (OT) issues is July 1, 2001 to June 30, 2003.
Audit period for program measures is fiscal years (FY) 2000, 2001 and 2002.

Agreed Upon Procedures:
Overtime

1. System - Is there an adequate management control system for monitoring the use of management OT?

2. Documentation - Were the management control system and all transactions and other significant events related to the use of management OT clearly documented and was that documentation readily available for examination?

3. Authorization - Were transactions and other significant events related to management OT authorized and executed only by persons acting within the scope of their authority?

4. Separation of duties - Were key duties and responsibilities in authorizing, processing, recording, and reviewing transactions related to management OT properly separated among individuals?

5. Supervision - Was qualified and continuous supervision provided to ensure that management controls related to management OT were achieved?

6. Expenditures - What amounts of OT were paid to identified management employees of Ride-On (in total, by pay period, by employee)?

7. Purposes - For what purposes was management OT used?

8. Necessity - To what extent was the use of management OT necessary to achieve organizational goals and objectives?

9. Relevance - Were the objectives regarding the use of management OT proper, suitable, and relevant for the public transportation industry?

10. Efficiency and effectiveness - Was Ride-On's use of management OT efficient and effective?

11. Alternatives - Did Ride-On senior management consider alternatives to the use of management OT that might have yielded desired results more effectively or at a lower cost?

12. Compliance - Did the use of management OT comply with all pertinent federal, state, and local laws and regulations, and organizational policies and procedures?

13. Fraud, waste, or abuse - Was there any evidence of fraud, waste, or abuse in the use of management OT?

Program Measures

Outcome/Results:	Accidents per 100,000 miles Passengers transported (000)
Service Quality:	Customer complaints per 100,000 passengers Percentage on-time performance

1. System - Is there an adequate management control system for measuring, reporting, and monitoring data related to program measures?

2. Data - Did management report data for program measures during the audit period that were valid and reliable?

PUBLIC WORKS AND TRANSPORTATION
Transit Services

PROGRAM:
Ride On

PROGRAM ELEMENT:

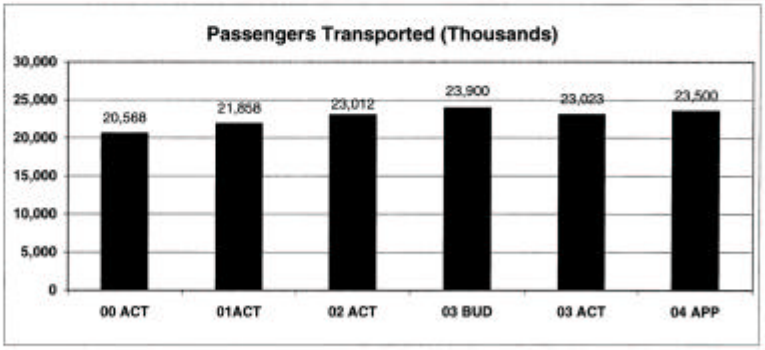
PROGRAM MISSION:
To provide timely, safe, efficient Ride On bus service to bus passengers

COMMUNITY OUTCOMES SUPPORTED:
- Reduced traffic congestion
- Improved accessibility to employment and retail centers
- Improved mobility for those with limited transportation options

PROGRAM MEASURES	FY00 ACTUAL	FY01 ACTUAL	FY02 ACTUAL	FY03 BUDGET	FY03 ACTUAL	FY04 APPROVED
Outcomes/Results:						
Accidents per 100,000 miles	3.72	3.47	3.57	3.16	3.69	3.50
Passengers transported (000)	20,568	21,858	23,012	23,900	23,023	23,500
Service Quality:						
Customer complaints per 100,000 passengers	5.51	7.13	9.50	8.00	10.80	10.50
Percentage on-time performance[a]	91.5	92.0	75.6	90.0	80.00	90.0
Efficiency:						
Cost per hour of service ($)	49.48	53.03	57.15	58.97	59.23	62.41
Cost per passenger ($)	2.05	2.15	2.26	2.29	2.39	2.50
Workload/Outputs:						
Hours of bus service (000)	854	885	910	929	929	940
Inputs:						
Expenditures - direct operating ($000)	42,258	46,930	52,003	54,780	55,020	58,665
Workyears	484.6	492.3	515.8	528.6	528.6	549.4

Notes:
[a]An industry acceptable standard for on-time performance is 90 percent.

EXPLANATION:
New service was added in FY00 in the Bethesda and Silver Spring central business districts as well as Upcounty, and the FY01 budget included additional service on the most heavily used Ride On routes. This new service, as well as a general increase in ridership, has increased passengers transported by Ride On by nearly 12% since FY00.



PROGRAM PARTNERS IN SUPPORT OF OUTCOMES: Washington Metropolitan Area Transit Authority, Division of Fleet Management Services, Maryland State Department of Transportation.

MAJOR RELATED PLANS AND GUIDELINES: Transit Services' Strategic Transit Plan.