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Authority

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TO: MTA BOARD OF DIRECTORS, ALTERNATES

FROM: JIM SMART 

SUBJECT: INSPECTOR GENERAL AUDIT RE: FAREBOX REVENUES

As you know the Inspector General has completed an audit regarding the handling of cash received in MTA fareboxes. An article is expected to run soon in the Los Angeles Times based on the audit.

We provided the newspaper a copy of the attached statement of actions taken in the wake of the audit.

**STATEMENT BY JUDITH PIERCE, MTA CHIEF ADMINISTRATIVE OFFICER
REGARDING I/G REPORT ON BUS REVENUE SYSTEM**

My staff has reviewed the Inspector General's report that reviews management controls over the bus revenue system. We agree with the assessment that MTA needs additional controls over the revenue system, and we have already taken the following steps to improve revenue and collection procedures:

- As recommended, we have hired a Director of Revenue to coordinate fare collection and revenue-related matters.
- We have discontinued weighing paper currency collected by our rail systems, and are now counting it and depositing it directly into the bank. We have reached a new agreement with our outside currency counting vendors that is saving us up to 30 percent off the previous contract, and we are evaluating how to bring all currency counting in-house.
- The repair of fare collection equipment has been separated and moved to its own facility, where security and work spaces are being improved.
- Tokens are no longer handled at the central cash counting facility, and have been moved to a private warehouse for handling and packaging. We also are looking into moving this operation strictly in-house.
- MTA Transit Police has established a Revenue Security Team dedicated solely to the security of cash operations.
- Vault truck drivers now must complete an "End of Cycle" procedure at each MTA division before removing safes from the truck.
- We also have revised the cash counting operating manual and procedures, and have distributed them for internal review.

(MORE)

JUDITH PIERCE STATEMENT

Page 2

In the next six months, we plan to:

- Improve security and upgrade the equipment and systems in our currency counting operation and the revenue equipment repair facility;
- Install a new camera surveillance system for the interior and exterior of the Central Cash Counting Facility; and
- Have regular meetings and training at the division level to review revenue procedures and equipment repair with operations, transit police, computer operations and maintenance staff.

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