

Route 128 Station Audit





Memo

Date August 31, 2009
To Paul F. O'Mara
Superintendent Passenger Services

From Gary E. Glowacki, Deputy IG - Audits
Department Office of Inspector General
Subject Route 128 Station Audit
Report #305-2009
cc Distribution

Message

The Office of Inspector General has completed a review of the Route 128 Station Ticket Office. Our objectives were to: (i) determine compliance with daily station accounting procedures; (ii) verify assigned working funds, ticket stock and other assets; (iii) evaluate safeguards over these assets; and (iv) appraise the efficiency of station operations.

The results of our audit were discussed with Stephen Brennan, District Manager Stations on August 20, 2009. Since you have provided us with your management action plan, which is incorporated into this report, no response to this final report is required. If you should have any additional comments or questions regarding this report, please let us know.

Amtrak OIG is required to make this report available to the public under the Inspector General Reform Act of 2008, 110 P.L.409; 122 Stat. 4302. To the extent that you believe this report contains confidential or proprietary information that should be withheld from public release, you must take the following actions **no later than September 14, 2009**: 1) highlight any words or phrases recommended for redaction; and, 2) provide a written detailed justification for each of your recommendations. If you do not provide written recommendations by **September 14, 2009**, the report will be made publicly available without your redaction on the date specified on the report.

Distribution:

Michael J. DeCataldo, General Superintendent Northeast Division
Stephen F. Brennan, District Manager Stations
Roy P. Wiegand, Senior Director-Audits

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Report Addressed To:

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Report Issued By:

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WASHINGTON, DC 20002**

**DATE OF REPORT: August 31, 2009
REPORT NUMBER: 305-2009
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Executive Summary

The Office of Inspector General performed a station audit of the Route 128 Station Ticket Office located in Westwood, Massachusetts. The purpose of our review was to:

- Test for compliance with station accounting and reporting procedures.
- Verify assigned working funds, ticket stock and other assets.
- Evaluate safeguards over these assets.
- Appraise the efficiency of station operations.

Our review indicated that the Route 128 Station ticket office is in compliance with station accounting and reporting procedures. Therefore, the report does not contain any formal audit findings. However, we made the following observations which are reported for management's information:

- Die stamp imprints were not clearly displayed on tickets (ink or cleaning issue).
- Exchange ticket transactions do not always show the amount of an upgrade on the original cancelled ticket.
- The Control Logs for manually issued tickets needs to be completed properly and the Station's copy of the ticket should be maintained with the Lead Ticket Agent.
- Training is needed for Ticket Agents regarding the proper reporting of manually issued tickets for Group Travel transactions, and the accounting of the transaction in the Automated Station Accounting Program (ASAP) and in the functional usage of ASAP.
- Passenger addresses should be recorded on refund documents.
- Maintenance is needed to correct excessive rust to the sides of escalators that service the tracks.

The above observations were discussed with Station Management at the time of our audit and corrective procedures were initiated. The details of our evaluation are presented in this report following the executive summary.

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I. BACKGROUND

Responsibilities of the Route 128 Station ticket office employees include selling tickets and assisting passengers. Procedures governing station accounting are continually updated. Some procedures have been transferred or are in the process of being transferred to Amtrak's Intranet; such as the Station Service Standards and Operations Manual and ARROW Bulletins. Other procedures are contained in the Reservation, Ticketing, and Station Procedures (RTSP) Manual. Each ticket office employee should be familiar with these procedures as they apply to their assigned duties.

Ticket office employees prepare and balance an automated Amtrak Station Sales Report daily. Sales transactions, refunds, exchanges, and other activities are recorded on designated lines and must be supported by appropriate documentation. A lead clerk or agent prints and reconciles the summary station sales report to the supporting documentation (usually the following day) and ensures that all monies are remitted. Cash receipts collected by ticket office employees are counted and stored in a station safe until picked up by a regularly scheduled armored car service.

Amtrak Station Sales Reports are electronically transmitted to Corporate. The respective departments such as Revenue Accounting, Bank Reconciliation, Treasury, and Finance, can access the data that they need to prepare their reports. The Station Sales Report supporting documents are sent to ACS Corporation (ACS) in El Paso, Texas for processing. ACS images all of the station sales support documents and transfers the images to a Station Sales system.

The Route 128 Station ticket office was selected for audit because of a recent misappropriation of funds already detected by station management. While the District Manager was processing a current day's bank deposit, during the Lead Ticket Agent's absents, he observed several days of missing cash deposits, at which time: (i) Amtrak Police was notified; (ii) an investigation was conducted; (iii) the Lead Ticket Agent was confronted regarding the missing funds and resigned; and, (iv) full restitution of the missing funds was made to Amtrak.

II. OBJECTIVE

The objectives of this review were to: (i) determine compliance with daily station accounting procedures; (ii) verify assigned working funds, ticket stock and other assets; (iii) evaluate safeguards over these assets; and (iv) appraise the efficiency of station operations.

III. SCOPE

The audit work encompassed a cutoff of all sales activity on July 14, 2009, including an inventory of ticket stock, and a count of working funds and cash items on hand. Station sales activities were tested for accuracy of reporting and compliance with station accounting procedures. Other activities; such as a verification of daily deposits, over and short ledgers, emergency exchange vouchers, and miscellaneous expenses were reviewed.

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We conduct this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provided a reasonable basis for our findings and conclusions based on our audit objectives.

IV. METHODOLOGY

The methodology used to gather and analyze evidence included the following:

- A review of original documentation supporting station sales transactions;
- A verification and reconciliation of assigned working funds and ticket stock;
- A review of remittances for accuracy and timeliness and compliance with procedures;
- An evaluation of the over and short reporting activity;
- A testing of records and reports for adherence to policies and procedures;
- An appraisal of the safeguarding of company assets; and
- An observation of the efficiency, effectiveness and safety of local operations.

V. EVALUATION OF INTERNAL CONTROLS

We did not perform an evaluation of management's system of internal controls. A surprise audit of the Route 128 Station Ticket Office was conducted on July 14, 2009. We reviewed station operations to assess compliance with the system of internal controls including prescribed daily station procedures. We also appraised the efficiency of station operations, and verified assigned working funds and ticket stock. All assigned working funds were satisfactorily reconciled to the Station's Working Fund Custody Transfer form.

VI. PRIOR AUDIT COVERAGE

Audit Report #01-302, was issued on December 21, 2000 and highlighted the following exceptions:

- Mini - Audits were not being conducted at this station.
- 1,410 Manual Book tickets were not accounted for and listed as missing.
- An employee's personal check was cashed the day prior to the audit and held in a ticket agent's cash drawer.
- Timely transfers of funds from the station's local bank account, to Amtrak's concentration account were not being made.
- Unauthorized employee expenses were being processed as station expenses on the Miscellaneous Station Expense Report.

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VII. OBSERVATIONS

As a result of our detailed verification of the previous day's sales activity and our observations of Ticket Agents' activity during our cut off period, we noted the following:

- The Control Logs for manually issued tickets needs to be completed properly and the Station's copy of the ticket should be maintained with the Lead Ticket Agent. During our review we noted that the Logs were being maintained correctly but there was no explanation for the disposition of 10 manually issued tickets and the Station's copy was missing for 8 of the same tickets.
- Die stamp imprints were not clearly displayed on tickets (ink or cleaning issue).
- Exchange tickets did not always show the amount of an upgrade on the original ticket.
- Training is needed for Ticket Agents regarding the proper reporting of manually issued tickets for Group Travel transactions, and the accounting of the transaction in the Automated Station Accounting Program (ASAP) and in the functional usage of ASAP.
- Passenger addresses should be recorded on refund documents.
- Maintenance is needed to correct excessive rust to the sides of the escalators that service the tracks. (See Appendix A).

The above observations were discussed with Station Management during our review and corrective actions were initiated before our departure.

Management's Comment

Listed below are management's actions to formally address the bulleted items listed in the Observations section above:

- Control logs for manually issued tickets – the Lead Ticket Agent has been instructed to review the log (NRPC 277) periodically (minimum once a month) to ensure that manual ticket stock is in sequential order and that all issued stock is properly identified by agent including date of issue. The lead agent will ensure station copies of manual tickets are kept with the daily work before the monthly reports are completed and stored.
- Reviewed with Lead Ticket Agent die stamps and die daters. Determined that several die plates are worn down to the point that it is difficult to read. Ordering replacement stamps and ribbons. Also ordering 2 new electronic die daters.
- Instructed Lead Clerk to review with agents procedures related to exchange tickets and review all exchange tickets to ensure upgrade amount is listed.
- Lead Agent has provided job aids on the correct procedure to follow regarding the issuance and accounting of group tickets. Copies with notations on ASAP line reporting are available, agents provided instruction.

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- Passenger addresses should be recorded in refund documents. This observation was made on refund requests which require the station to mail-in the refund to Revenue Accounting. Agents have been advised that the address must be listed on all manual refund forms.
- Maintenance on cleaning excessive rust on the sides of the escalators on Tracks 1 and 2. This rust is a result of the escalators' exposure to the weather. The material used on these units was not designed for exterior use in the northeast climate. The District Manager has a pending quote to refurbish all stainless steel surfaces which are exposed to the elements. This quote was received on June 16, 2009 from . The cost to remove and refinish the escalators is . The cost exceeds the allowable amount to proceed without a purchase requisition. Procurement will need to solicit additional bids.

Auditor's Comment

We agree with management's response to our Observations listed in section VII of this report.

This concludes our report.

Audit Staff:

Audit Project Supervisor
, Senior Director – Audits



Roy P. Wiegand
Senior Director – Audits

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Appendix A:



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