

# FOLLOW-UP OF SARASOTA COUNTY AREA TRANSIT LIBERTY PASS PROGRAM

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Original audit report issued September 2016

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## EXECUTIVE SUMMARY

As part of the Annual Audit Plan, the Clerk of Circuit Court and County Comptroller's *Internal Audit Department and Office of the Inspector General* conducted a follow-up audit of the Sarasota County Area Transit (SCAT) Liberty Pass Program.

- Follow-up audits have a scope limited to the observations reported on the original audit report and subsequent corrective actions taken by responsible management.
- Policies and procedures were reviewed for updates subsequent to the original audit.
- Discussed with management the steps taken to address the original audit's Opportunities for Improvement.
- Each area relating to an Opportunity for Improvement from the original audit was reviewed in order to ensure that they have been appropriately addressed.
- This report will conclude the follow-up process as it pertains to SCAT Liberty Pass Program.

## ORIGINAL AUDIT ISSUES AND STATUS

### ***Open***

- Signed agreements with third parties not retained intact.
- SCAT lacked processes to prevent and/or detect duplicate pass distribution (distribution of two passes to the same individual within the same month).

### ***Open/Partially Completed***

- Third parties not ensuring that Liberty Pass distributions are made to eligible citizens only.
- Third parties not consistently submitting required distribution reports and SCAT lacked policies and procedures to review the data.



## SUMMARY AND OVERALL RESULTS

### **Background**

The purpose of the September 2016 Audit of the Sarasota County Area Transit Liberty Pass Program was to determine if SCAT's internal controls related to the distribution of Liberty Passes were operating effectively. The scope of the audit included the time period of October 1, 2014 through June 8, 2016.

The original audit report concluded that:

- Third parties were not ensuring that distributions were made to eligible citizens only;
- Third parties were not consistently submitting the required distribution reports and the department did not have policies and procedures in place to review the data;
- Signed agreements with third parties were not retained intact; and,
- The department lacked processes to prevent and/or detect duplicate pass distribution.

### **Objectives**

The objectives of this follow-up audit were to evaluate corrective actions taken by responsible management related to the opportunities for improvement reported on the Sarasota County Area Transit Liberty Pass Program audit report dated September 2016. This was achieved by providing independent, objective analysis as well as reasonable assurance that the previous concerns have been addressed and appropriate corrective measures implemented. The scope of the audit included the time period of October 1, 2016 through April 30, 2017.

To meet the objectives of the follow-up audit, the following procedures were performed:

- Performed inquiries of the SCAT management and staff.
- Obtained an understanding of changes made to the Liberty Pass program since the original audit report date.
- Reviewed the *Participating Agency Enrollment Form* (Enrollment Form) for 100% (eleven) of the third party agencies identified as selling Liberty Passes.
- Tested compliance by third party agencies with the eligibility requirements for Liberty Pass distribution.
- Analyzed data to test for customers that were sold duplicate Liberty Passes.

## **Overall Results**

Based on the results of our follow-up audit procedures, SCAT has not addressed the previous concerns sufficiently and has not implemented appropriate corrective action on the conditions identified in the original audit report.

### **Open Conditions and Pending Corrective Action\***

3. Retention of complete signed Enrollment Forms with third party agencies
4. Duplicate Liberty Passes

### **Open/Partially Completed Conditions and Pending Corrective Action\***

1. Compliance by third party agencies
2. Compliance with reporting requirements per the Enrollment Form

*\*The conditions above are categorized by the current status and are numbered to correlate with the original audit report's Opportunities for Improvement.*

Although four *Opportunities for Improvement* remain open or open/partially completed, this concludes the follow-up audit process as it relates to the SCAT Liberty Pass Program.



## OPEN CONDITIONS AND PENDING CORRECTIVE ACTION

Two (2) of the four (4) conditions identified in the original report remain open and continue to require management attention.

### **3. Retention of complete signed Enrollment Forms with third party agencies.**

#### **Current Status, Follow-Up Audit dated June 2017:**

Policies and procedures to require that all pages of the signed Enrollment Forms be returned by third parties and retained intact have not been developed. Additionally, no corrective action was taken for the eight (8) third party Enrollment Forms with missing pages that were identified in the original audit.

#### **Original Audit Observation, Report dated September 2016:**

In order to become a distributor of Liberty Passes, third party agencies must sign an Enrollment Form, which states on the signature page that, “I agree to adhere to the terms of this Enrollment Form at all times when in custody of, or distributing Liberty Passes”.

SCAT provided Enrollment Forms for nineteen (19) third party agencies, while the website indicates that there are eighteen (18) third party agencies currently authorized to distribute Liberty Passes. The Enrollment Form for the third party agency that was not listed on the website had a date of February 9, 2016 on the signature page. While the signature page was provided for all nineteen (19) Enrollment Forms, eight (8) of the Enrollment Forms were missing the pages that include the terms. SCAT management advised that these agencies did not return those pages and retained them for reference.

#### **Original Recommendations, Report dated September 2016:**

To document that third party agencies agreed to the terms contained within the Enrollment Form, SCAT should develop and implement policies and procedures to require that all pages of the signed Enrollment Forms be returned and retained intact.

**Management Action Plan:**

Effective October 1, 2017, external agencies no longer sell Liberty Passes.

#### **4. Duplicate Liberty Passes.**

##### **Current Status, Follow-Up Audit dated June 2017:**

The auditor was notified that the proposed single database for tracking and monitoring of Liberty Pass sales for all locations has not been fully developed or implemented, and that there remains a lack of policies and procedures in place to prevent and/or detect duplicate Liberty Pass sales. Even though it was determined that controls were not implemented to ensure the prevention and detection of duplicate Liberty Pass sales, the auditor obtained and tested available sales data to identify instances where duplicate passes appear to have been distributed.

The Suncoast Partnership to End Homelessness (Suncoast) provided data from the Homeless Management Information System (HMIS) indicating that 1,923 Liberty Passes were distributed to individuals for the period of October 1, 2016 through April 30, 2017. The data was incomplete due to third party agencies being advised by SCAT that as of October 1, 2016, reports from HMIS would no longer be required [see OFI No. 1, Compliance by third party agencies, page 9]. Data from the SCAT database indicated that 5,406 Liberty Passes were distributed by SCAT Administration and the Downtown Transfer Station (DTTS) for the period of October 1, 2016 through April 30, 2017. Internal Audit evaluated the data, observing that there appears to have been 15 instances where an individual obtained a Liberty Pass from a third party agency and from SCAT Administration or the DTTS for the same month. Additionally, the data indicates that there appears to have been duplicate Liberty Passes sold within SCAT Administration and the DTTS 20 times and within third party agencies 43 times.

##### **Original Audit Observation, Report dated September 2016:**

Third party agencies use HMIS to record and track Liberty Passes distributed to clients while SCAT Administration and the Downtown Transfer Station (DTTS) use a separate database to record and track distributions. Data from the two sources is not compared, making it possible for a client to purchase two Liberty Passes (duplicate passes) each month, one from a third party agency and one from SCAT or the DTTS.

Per the Enrollment Form, third party agencies agree to, “distribute only one pass per client listed in HMIS every 25-30 days, regardless of which agency distributed the client’s last pass.” SCAT management advised that the same guidelines apply to Liberty Passes sold at SCAT Administration and the DTTS locations, which use the SCAT database for tracking.



The Suncoast Partnership to End Homelessness provided data indicating that 5,022 Liberty Passes were distributed to individuals for the period of October 1, 2015 through June 8, 2016. Data from the SCAT database indicated that 8,787 Liberty Passes were distributed by SCAT Administration and the DTTS for the same time period. Internal Audit evaluated the data, observing that there appears to have been 56 instances where an individual obtained a Liberty Pass from a third party agency and from SCAT Administration or the DTTS for the same month. Additionally, the data indicates that there appears to have been duplicate Liberty Passes sold within SCAT Administration and the DTTS 80 times and within third party agencies 148 times.

**Original Recommendations, Report dated September 2016:**

To ensure compliance with the intent of the Liberty Pass program, SCAT should develop and implement policies and procedures to prevent and/or detect duplicate Liberty Pass distributions.

**Management Action Plan:**

Effective October 1, 2017 external agencies no longer sell Liberty Passes. HHS and SCAT are selling the Liberty Pass using the eligibility database, which was implemented August 2, 2017.



## OPEN/PARTIALLY COMPLETED CONDITIONS AND PENDING CORRECTIVE ACTION

Two (2) of the four (4) conditions identified in the original report were partially addressed, but require additional management attention.

### 1. Compliance by third party agencies.

#### **Current Status, Follow-Up Audit dated June 2017:**

Third party agencies were advised by SCAT that as of October 1, 2016, reports from the HMIS were no longer required to be provided to SCAT. As a result, many third party agencies ceased entering data into the HMIS related to Liberty Pass sales. Suncoast provided data from the HMIS that was available for Liberty Passes distributions for the time period of October 1, 2016 through April 30, 2017. The available data indicates that of the 1,923 Liberty Pass distributions that occurred, there were 245 instances where none of the three eligibility requirements listed in the Enrollment Form were met.

Controls were not in place to monitor third parties for compliance with the eligibility requirements of those individuals sold or distributed Liberty Passes. However, subsequent to audit fieldwork, SCAT advised that a single database has been developed and implemented for tracking Liberty Pass distributions to eligible citizens.

#### **Original Audit Observation, Report dated September 2016:**

Third party agencies wishing to sell Liberty Passes sign an Enrollment Form, which states that, “Agency agrees that the Liberty Pass is only for use by eligible riders and agrees to screen clients requesting a Liberty Pass for eligibility before selling or distributing passes to clients.” The Enrollment Form specifies the eligibility requirements as:

- Client’s residency status is homeless; or
- Client is residing in a shelter; or
- Client’s total household income is no more than 150% of federal poverty level.

Currently, the third party agencies are required to determine eligibility based on the criteria stated above for new Liberty Pass riders and enter this data into the Homeless Management

Information System (HMIS). According to the U.S. Department of Housing and Urban Development website, the HMIS is an electronic database used by agencies serving the homeless to collect information on individuals and families at risk of homelessness or already homeless. When a client makes a request from a third party agency to purchase a Liberty Pass, the agency is expected to validate via the HMIS that determination of eligibility has occurred within the last 12 months. If not, then eligibility must be determined or re-determined.

Data was provided from HMIS by the Suncoast Partnership to End Homelessness for individuals that were provided Liberty Passes that included the time period of October 1, 2015 through June 8, 2016. The data indicates that of the 5,022 Liberty Pass distributions that occurred, there were 367 instances where none of the three eligibility requirements listed in the Enrollment Form were met.

**Original Recommendations, Report dated September 2016:**

To ensure compliance with the intent of the Liberty Pass program, the County should mandate third party agencies abide by the requirements as stated in the Enrollment Form.

**Management Action Plan:**

Effective October 1, 2017, external agencies no longer sell Liberty Passes. The need for reports and enrollment forms no longer exists.

## **2. Compliance with reporting requirements per the Enrollment Form.**

### **Current Status, Follow-Up Audit dated June 2017:**

During discussion with management, the auditor was notified that third party agencies were advised that they no longer needed to provide reports of Liberty Pass distributions to SCAT as of October 1, 2016. It was anticipated that a single database of individuals eligible to purchase Liberty Passes and the related distributions would be developed and implemented by October 1, 2016, eliminating the need for the HMIS reports. SCAT advised that subsequent to audit fieldwork, the database was developed and implemented.

### **Original Audit Observation, Report dated September 2016:**

Per the Enrollment Form, third party agencies are to submit a distribution report to the County to demonstrate that the agency is not issuing duplicate passes. The report is to be submitted prior to the County providing additional Liberty Passes to the third party agency and is to be generated from HMIS. Reports are to include the HMIS client identification number, Liberty Pass number, and pass issue date for each pass distributed since the prior reporting period. After the report is verified, the County may sell the third party agency additional Liberty Passes for distribution.

SCAT management advised that reports are received from the third parties agencies, but not consistently. Additionally, review of the data, when provided, does not occur.

The Enrollment Form states that the County may review and inspect records related to Liberty Pass distribution at any time. While the reports required to be submitted by third party agencies do not include data that would indicate eligibility, the County could request and review this information to ensure that Liberty Passes are distributed to eligible clients only.

### **Original Recommendations, Report dated September 2016:**

To ensure compliance with the intent of the Liberty Pass program, the County should mandate compliance with the reporting requirements provided in the Enrollment Form. Additionally, the County should develop and implement policies and procedures to review reports provided by third party agencies. These procedures should include monitoring for duplicate pass distributions and adherence to eligibility requirements.

**Management Action Plan:**

Effective October 1, 2017 external agencies no longer sell Liberty Passes. HHS and SCAT are selling the Liberty Pass using the eligibility database, which was implemented August 2, 2017.





## APPENDIX A

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Following is the original *Audit of Sarasota County Area Transit Liberty Pass Program* dated September 2016.