



September 14, 2016

To: Finance and Administration Committee

From: Darrell Johnson, Chief Executive Officer

Janet Sutter, Executive Director
Internal Audit

Subject: Customer Relations, Internal Audit Report No. 16-508

Overview

The Internal Audit Department has completed an audit of the Customer Relations function within the External Affairs Division. Based on the audit, procedures for research and response to customer comments are adequate; however, recommendations are being made to improve the reporting of customer comment statistics and to enhance controls over bus pass inventories.

Recommendation

Direct staff to implement two recommendations provided in Customer Relations, Internal Audit Report No. 16-508.

Background

Customer Relations (CR) staff is responsible for oversight of all customer comments, compliments, and complaints. Customers may write, e-mail, or call in to make suggestions, ask questions, or report a positive or negative experience. An Access-based application, known as C3, is used to record and track all customer comments, compliments and complaints as they are received. Comments that require research are electronically routed to the appropriate department, and results of the research are recorded in the system. If a written response is required, the system assigns a due date and CR staff generates and mails the letters. CR staff prepares Customer Comment reports on a monthly basis using data from the C3 system. The reports are published internally and are used by management to monitor the types and volume of comments, compliments, and complaints received.

Discussion

Monthly Customer Comment reports were found to contain numerous errors. Data reported did not always agree to the C3 system data and, in several instances, figures within the reports did not agree. Internal Audit recommended management implement controls to ensure the accuracy of these reports. Management responded that a review process will be implemented.

Customer Relations and Marketing staff were first assigned bus pass inventory in late 2015 for the purpose of providing passes for promotional events and customer relations; however, reconciliations of bus pass inventories and periodic, independent verifications of inventories were not being performed. Internal Audit recommended procedures be implemented for reconciliation and periodic, independent verification of bus pass inventories. Management agreed to update and implement policies and procedures as recommended.

Summary

The Internal Audit Department has completed an audit of the customer relations function within the External Affairs Division.

Attachment

- A. Customer Relations, Internal Audit Report No. 16-508

Prepared by:



Gerry Dunning
Senior Internal Auditor, Internal Audit
714-560-5875

Approved by:



Janet Sutter
Executive Director, Internal Audit
714-560-5460

Orange County Transportation Authority Internal Audit Department



Customer Relations

Internal Audit Report No. 16-508

August 31, 2016



Internal Audit Team: Gerry Dunning, CIA, CISA, CFE, Senior Internal Auditor
Janet Sutter, CIA, Executive Director

Distributed to: Ellen Burton, Executive Director, External Affairs Division
Stella Lin, Department Manager, Marketing

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Customer Relations
August 31, 2016**

Table of Contents

Conclusion	1
Background	1
Objectives, Scope, and Methodology	2
Audit Comments, Recommendations, and Management Responses	3
Monthly Customer Comment Reports Contain Errors.....	3
Bus Pass Reconciliations and Inventory Verifications are not Being Performed	3

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Customer Relations
August 31, 2016**

Conclusion

The Internal Audit Department (Internal Audit) has completed an audit of the Customer Relations function within the External Affairs Division. Based on the audit, procedures for research and response to customer comments are adequate; however, recommendations are being made to improve the reporting of customer comment statistics and to enhance controls over bus pass inventories.

Background

Customer Relations (CR) staff is responsible for oversight of all customer comments, compliments, and complaints. Customers may write, e-mail, or call in to make suggestions, ask questions, or report a positive or negative experience. The Orange County Transportation Authority (OCTA) website also provides an online form for use in reporting situations involving an OCTA bus.

Calls are first answered by Alta Resources, a third party vendor; however, unresolved issues are escalated to in-house staff members in the CR section. An access-based application known as C3, is used to record and track all customer comments, compliments, and complaints as they are received. Written procedures provide reference for entering call information into the system and assigning a code that identifies the responsible department and the nature of the comment. CR staff record in C3 any customer comments received through the mail, email, and online forms. Comments that require research are electronically routed to the appropriate department and results of the research are recorded in the system. If a written response is required, the system assigns a due date and CR staff generates and mails the letters. Staff maintains an inventory of bus passes that may be issued in response to customer complaints or issued to Marketing staff for promotional purposes.

CR staff prepares Customer Comment reports on a monthly basis using data from the C3 system. The reports are published internally and are used by management to monitor the types and volume of comments, compliments, and complaints received. For the twelve months ended April 2016, these reports reflected a total of 17,228 comments. Approximately 79 percent of all comments relate to bus service; other comments relate to freeway service patrol, the 91 Express Lanes, service planning, or other OCTA operations.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Customer Relations
August 31, 2016**

Objectives, Scope, and Methodology

The objective was to determine the adequacy of procedures in place to ensure appropriate and timely response to customer comments, accurate tracking and reporting of customer comment activity, and the adequacy of controls over bus pass inventories. The scope included comments entered into C3 and monthly customer comment reports for the twelve months ended April 2016. The scope did not include evaluation of the activities of the third party vendor, Alta Resources. The methodology included interview of applicable personnel, testing of selected monthly reports for accuracy, data analysis of the due dates and response dates to comments in C3, and review of a sample of customer complaints for evidence of appropriate and timely investigation. A haphazard sample of 7 monthly reports was selected for testing of the accuracy of figures within the reports and a haphazard sample of 2 reports was tested against actual data contained in C3. All data contained in C3 for the scope period was reviewed to determine the rate of occurrence of late response to customers. A judgmental sample of 10 of these occurrences, with a bias towards responses that were provided significantly past the due date, were selected for in-depth evaluation to determine the reason for the late reply. Additionally, a judgmental sample of 36 closed customer complaints, with a bias toward selecting one complaint for each type of bus service (e.g. directly-operated, contracted fixed route and contracted ACCESS service) for each of the twelve months during the scope period were selected for review to determine the appropriateness of investigation and timeliness of response. Since samples selected were non-statistical, any conclusions are limited to the sample items tested.

We conducted 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 the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Customer Relations
August 31, 2016**

Audit Comments, Recommendations, and Management Responses

Monthly Customer Comment Reports Contain Errors

Monthly Customer Comment reports contained numerous errors. Data reported did not always agree to the C3 system data and, in several instances, figures within the reports did not agree.

While variances were generally immaterial, and the reports are not utilized for measuring against transit performance metrics, the reports are used to identify issues and/or trends relating to OCTA operations.

Recommendation 1:

Management should implement a quality control review process to ensure the accuracy of monthly reports.

Management Response:

The monthly report referenced here is compiled through C3 to make it easier to gauge comments and is used for internal purposes only. Due to limited personnel resources, an intern compiled the particular reports analyzed for this audit. Going forward, Customer Relations will implement a quality control review process to ensure accuracy. In addition, Customer Relations is already working with Information Systems Department staff to automate reports through the dashboard, which will reduce the incidence of human error and increase accuracy.

Bus Pass Reconciliations and Inventory Verifications are not Being Performed

Procedures for reconciliation of bus pass inventories and for periodic, independent verifications of inventories have not been implemented. Customer Relations and Marketing staff were first assigned bus pass inventory in late 2015 for the purpose of providing passes for promotional events and customer relations.

Recommendation 2:

Internal Audit recommends that management establish criteria and procedures for performing documented reconciliations and periodic, independent verifications of bus pass inventories maintained by Customer Relations and Marketing staff.

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT
Customer Relations
August 31, 2016**

Management Response:

Customer Relations has updated the policies and procedures for performing documented reconciliations and independent verifications of bus pass inventories. An independent verification has begun and will be performed quarterly.