Revenue Control Strategy

Response to Auditor General Revenue Operations Phase One – Fare Evasion and Fare Inspection Report

September 25, 2019

Overview

$64 Million

Auditor General Estimated Fare Evasion in 2018

27

Auditor General Recommendations

4

Work Streams

Fare Inspection and Collection

Concession Card Fraud Prevention

Metrolinx Equipment and TTC Fare Gates

Foundational

Fare Inspection and Collection

Policy
TTC Bylaw (update), TTC Anti-Racism Strategy

Framework
Fare Inspection and Deployment Framework

Standard
Audit plans, fare evasion targets, fare inspection strategies by mode

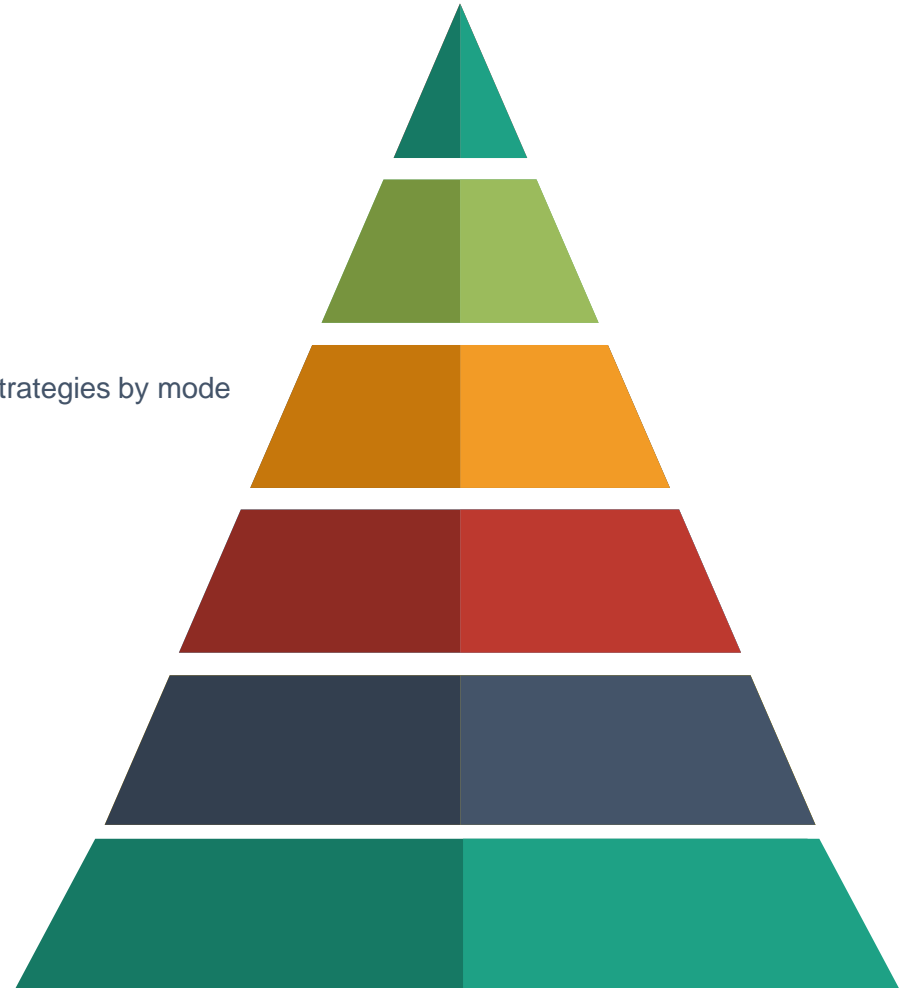**Procedure**
Appeal process, inspection deployment plans
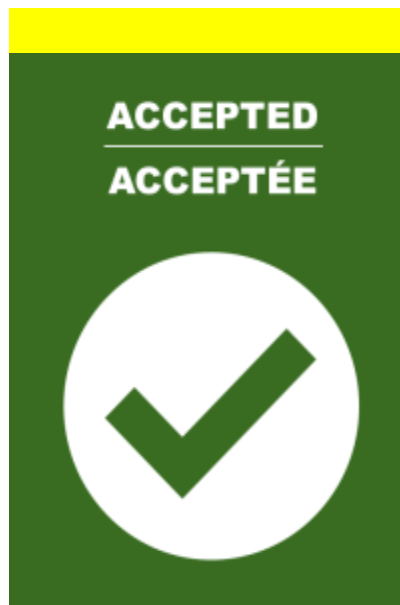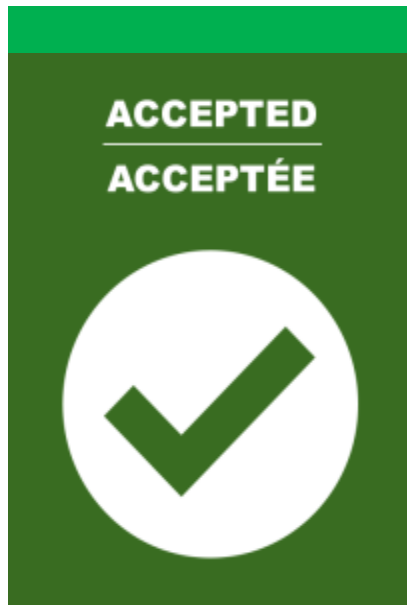
Tools and Templates
Training materials, FAQs, Systems.

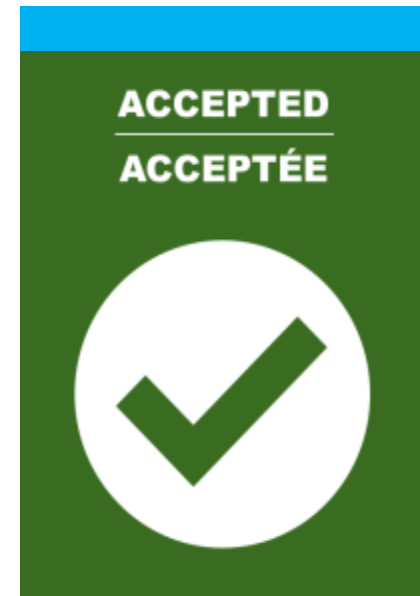**Records**
Reports, tickets, etc.

Concession Card Fraud Prevention

Current

Yellow light and a beep for all concession cards

Future

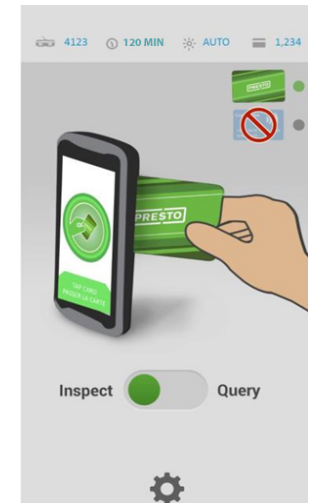A third light and sound will be implemented for child concession cards

Metrolinx Equipment and TTC Fare Gates

HHPOS - Hand Held Point of Sale

Device used for fare inspection
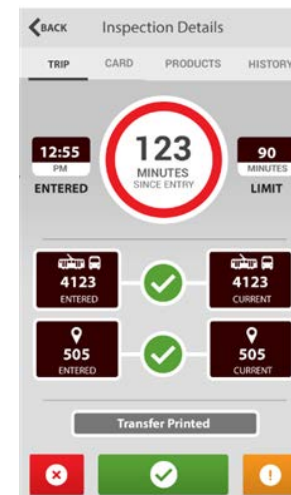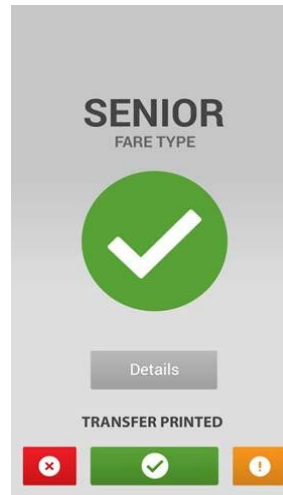
Requested Improvements

Present all essential inspection information on initial card tap

Add a function to allow the device to be set to automatic inspection

Also allows the inspector to quickly select inspection routes

Foundational

Customer Communications

Data-Driven Decision Making and Controls

Employee Awareness

Reporting and Oversight

Overview

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Fare Evasion in 2018

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Auditor General
Recommendations

122
Actions

4
Work Streams

Fare Inspection and Collection

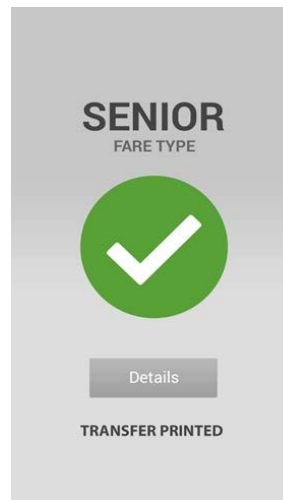This work stream includes the development of a Fare Inspection and Collection Framework revisions/development of supporting procedures, systems and training.

Concession Card Fraud Prevention

This work stream will focus on tightening controls around third-party distribution of concession cards, increasing identification of concession cards and enabling hot-listing fraudulently used concession cards.

Metrolinx Equipment and TTC Fare Gates

This work stream includes the implementation of hardware and software changes to TTC fare gates and Metrolinx equipment in order to increase reliability and availability.

Foundational

The foundational work stream is supporting group of actions that are continuously updated as the primary work streams in the Revenue Control Strategy are developed and implemented.

Overview

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AG Estimated Fare Evasion in 2018

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Auditor General Recommendations

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Work Streams

Fare Inspection and Collection

This work stream includes the development of a Fare Inspection and Collection Framework, revisions/development of supporting procedures, systems and training.

Concession Card Fraud Prevention

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Fare Inspection and Collection

Policy

Sets direction and higher level organizational rules. Answers "high level why/purpose" questions.
Deliverables include: TTC Bylaw (update), TTC Anti-Racism Strategy

Framework

Provides the minimum corporate expectations and encompasses standards and references to tools.
Deliverables include: Fare Inspection and Deployment Framework.

Standard

Outlines "what" is required or "what" should be done
Deliverables include: Audit plans, fare evasion targets.

Procedure

Execution: States "who", "what", "when", and "where" . Documents needed to plan, operate and control processes.
Deliverables include: Appeal process, inspection deployment plans, processes and work instructions.

Tools and Templates

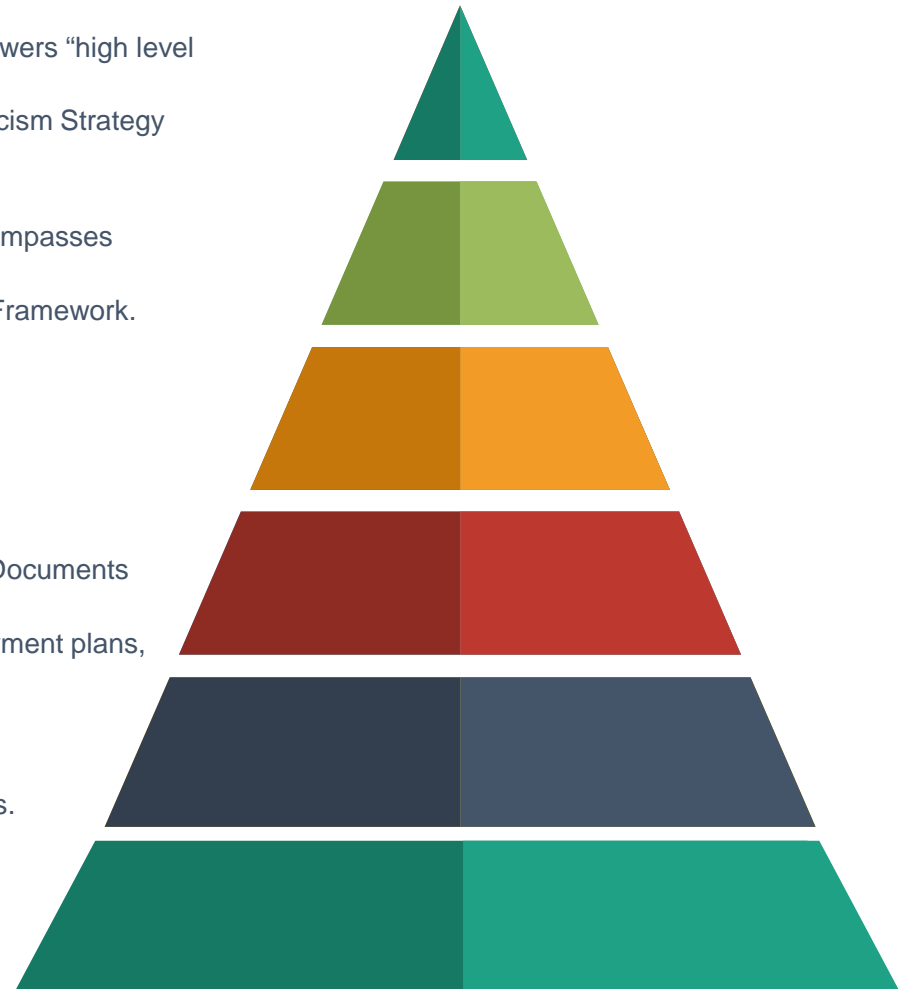States "how" . Specific steps to accomplish tasks.
Deliverables include: Training materials, FAQs, Systems.

Records

Evidence of results achieved and activities performed
Deliverables include: Reports, tickets, etc.

Concession Card Fraud Prevention

25% of child concession cards were used between 11 pm and 6 am for the time period between January and June of 2019

44% Increase in Child Card Taps between January and June of 2019

37% of child concession cards transactions were completed between 11 pm and 6 am for the time period between January and June of 2019

3% Increase in Taps for All Card Types between January and June of 2019

AM Peak

PM Peak

12am-6am

11pm

Jan

Feb

Number of Taps

40,000
35,000
30,000
25,000
20,000
15,000
10,000
5,000
0

0 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23

— Jan — Feb — Mar — Apr — May — Jun

Jan 1 – June 30, 2019

September 25, 2019   Data for the time period between January 1st and June 30th 2019.
Note: This analysis excludes transfers.

Concession Card Fraud Prevention

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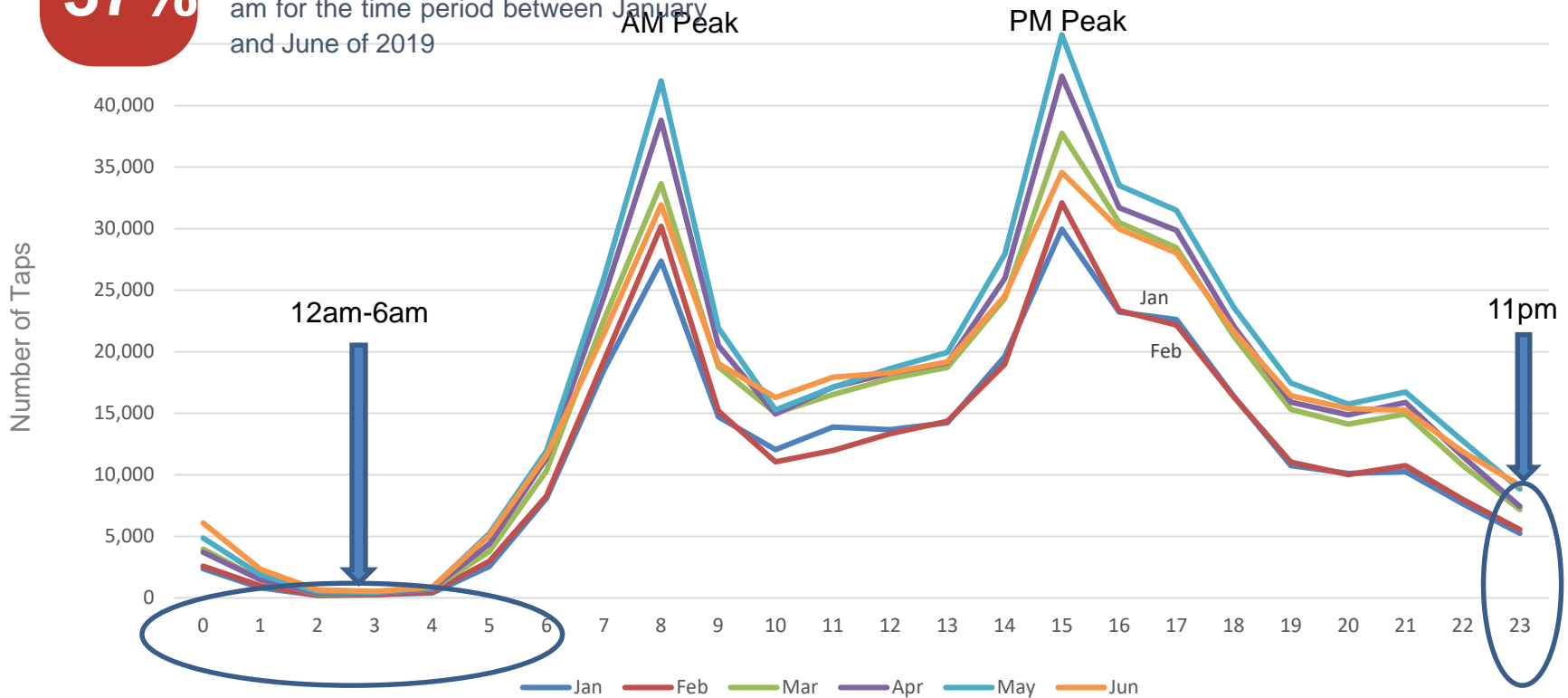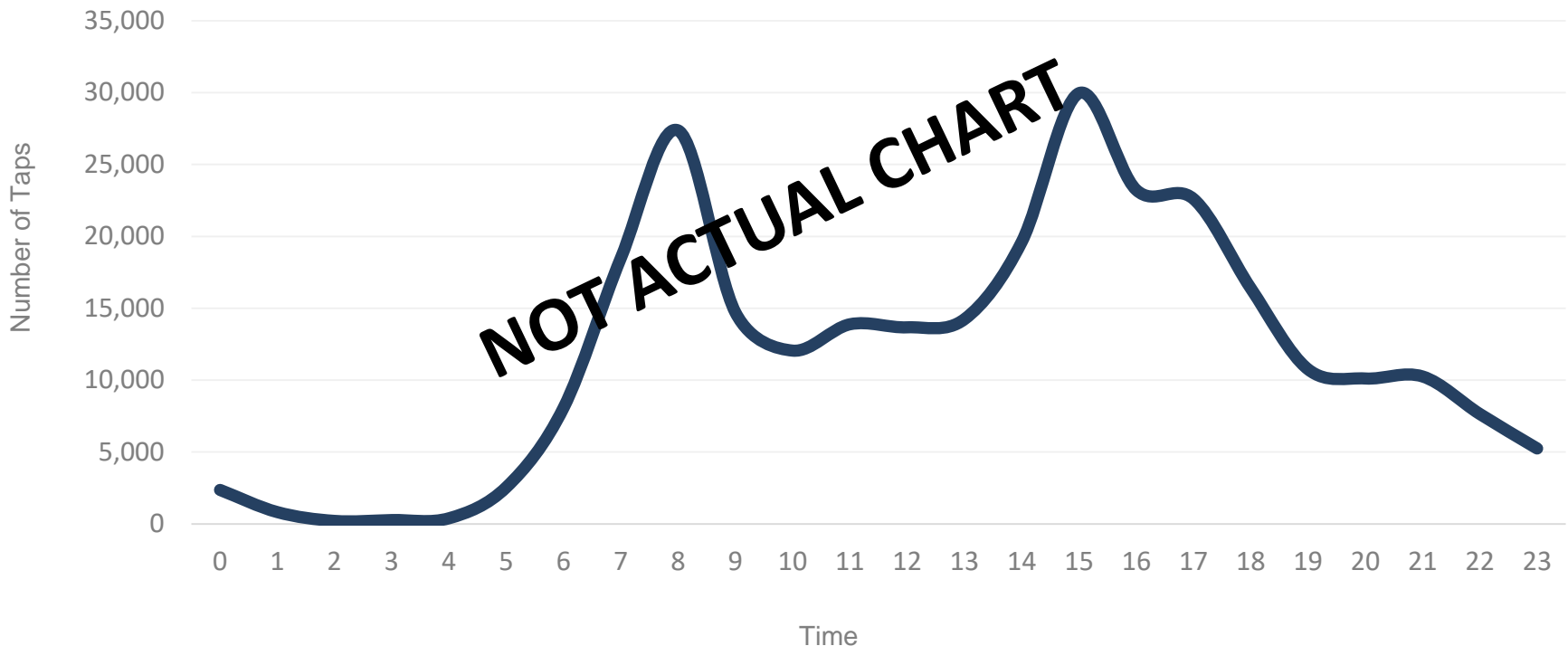
44% Increase in Child Card Taps between January and June of 2019

3% Increase in Taps for All Card Types between January and June of 2019

NOT ACTUAL CHART

Y-axis: Number of Taps (0, 5,000, 10,000, 15,000, 20,000, 25,000, 30,000, 35,000)

X-axis: Time (0, 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23)

September 25, 2019

Data for the time period between January 1st and June 30th 2019.
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Metrolinx Equipment and TTC Fare Gates

Methodology

Methodology for calculating lost passenger revenue due to malfunctioning devices.

Invoices

Invoices for lost passenger revenue due malfunctioning devices (2016 through 2018).

Fare Gates

Roadmap for TTC fare gate hardware and software improvements.
Fare gate software update to enable the collection of fare gate event data.
In-depth review and action plan to resolve fare gate motor issues.
Fare gate industrial computer replacement program.
Fare gate FareGo operating system upgrade.

Foundational

Customer Communications

The TTC launched a new fare evasion advertising campaign to educate people about the consequences of not paying a fare, specifically making customers aware of fines of up to $425.

Data-Driven Decision Making and Controls

Since March, the Revenue Control Unit has established additional analytics and reporting capabilities to improve the evidence base for fare inspection and fare collection programs to direct resources to those locations/times of day with higher risk of evasion and/or equipment failures. Some examples include: analysis on fare gate event data, fraudulent use of PRESTO child concession cards, etc.

Employee Awareness

Bus and streetcar operators were reminded to observe customers paying their fare, inform customers about appropriate fare payment if it appears a fare has not been paid and to report the inappropriate or lack of fare payment by pushing the fare dispute key.

All TTC employees were reminded in mid-July 2019 to do their part to ensure they are riding the system fairly.

Reporting and Oversight

A two-phased field study was conducted by the Audit, Risk and Compliance (ARC) department to observe customer PRESTO tapping behaviour on King and Queen streetcar routes. The first phase involved observations being made by four ARC staff and phase two involved four ARC staff paired with four Transit Fare Inspectors (TFI). The visible TFI presence significantly improved tapping behaviour from 64% in phase one to 80% in phase two representing a 25% increase in tapping behaviour.