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EXECUTIVE MANAGEMENT AND AUDIT COMMITTEE

February 21, 2008

SUBJECT: REPORT ON THE AUDIT OF ACCESS SERVICES INCORPORATED

ACTION: RECEIVE AND FILE

RECOMMENDATION

Receive and file report that summarizes results of the audit on Access Services Incorporated (ASI).

ISSUE

The Metro Board passed a motion introduced by Director Villaraigosa that directed the Office of Inspector General (OIG) to conduct a performance and compliance audit of ASI, and its contractors, including those charged with determining eligibility for paratransit services. In June 2007, the Board approved the scope of the audit developed by the OIG.

BACKGROUND

ASI contracts with (1) a single contractor to conduct Americans with Disabilities Act (ADA) paratransit eligibility evaluations, (2) five paratransit service providers that cover services for six regions within Los Angeles County, and (3) seven contractors that provide services to adjudicate eligibility appeals.

On June 30, 2007, ASI had approximately 67,300 eligible riders. During Fiscal Year (FY) 2007, ASI service contractors provided over 2.4 million ADA paratransit trips totaling over 31.5 million miles. In addition, during FY 2007, ASI's eligibility determination contractor conducted 28,978 eligibility evaluations, which represented 12,009 initial eligibility determinations and 16,969 recertifications of eligibility. ASI's appeal contractors completed 1,678 eligibility appeals during FY 2007. ASI operating expenses (before depreciation) totaled \$73.9 million for FY 2007.

In 2004, ASI made major changes to its paratransit eligibility process. ASI hired a new contractor to conduct paratransit eligibility evaluations using a functional testing process. ASI awarded a 38-month contract to C.A.R.E. Evaluators, LLC (CARE) to perform access eligibility evaluations effective May 1, 2004. CARE operates a centralized evaluation center located east of downtown Los Angeles. The contract was extended for one additional year until

June 30, 2008. In addition, in July 2005 ASI implemented a requirement that 100 percent of its eligible paratransit riders be recertified every 3 years, and go through the eligibility evaluation process.

DISCUSSION

On August 28, 2007, the OIG engaged Thompson, Cobb, Bazilio & Associates, PC (TCBA) to perform this audit. The audit included an evaluation of ASI's paratransit eligibility process; administration, performance, and management of paratransit operations; and compliance with the Memorandum of Understanding (MOU) with Metro. During the audit, two satisfaction surveys were conducted to determine the quality of the eligibility evaluation process and paratransit services. On January 22, 2008, TCBA finalized three reports:

- Evaluation of the Paratransit Eligibility Process; Administration, Performance, and Management of Paratransit Operations; and Compliance with Memorandum of Understanding
- Results of a Survey of Individuals Completing the Access Services Incorporated ADA Paratransit Eligibility Process
- Results of a Survey of Riders on Access Services Incorporated ADA Paratransit Services

The audit report made 16 recommendations. ASI management agreed with the recommendations in the report and indicated that corrective actions would be implemented. The results of the audit are summarized below.

1. Eligibility Process

- The audit found that ASI's eligibility determination and appeals policies and processes were in compliance with the ADA. However, it should be noted that the ADA guidelines for paratransit eligibility determinations are very general in nature. The ADA guidelines provide no specific requirements on the assessment approach used to determine eligibility.
- In July 2005, ASI implemented a requirement that 100 percent of its eligible paratransit riders be recertified every 3 years, and go through the evaluation eligibility process, including a functional test. Based on benchmarking of ASI with other paratransit organizations and the results of the customer satisfaction survey related to the evaluation eligibility process, the audit found that ASI should re-evaluate its policy on recertifying all eligible paratransit riders every three years. The audit recommended that ASI reassess its recertification policy and consider (a) periodically reviewing its criteria for determining individuals that are allowed to renew without in-person reevaluations, (b) increasing the recertification period on a case by case basis, and (c) adopting a tiered approach for recertifying riders. The tiered eligibility

determination approach should include an option to recertify a rider without the need for a face-to-face interview or functional test.

- In mid-2004, ASI made a major policy change to its paratransit eligibility process. ASI hired a new contractor to conduct paratransit eligibility evaluations and to implement a functional testing process. According to ASI management, this policy change was in response to policy direction received from the Metro Board of Directors to control the costs associated with the growth of its paratransit ridership. As a result, the percentage of total applicants that were denied paratransit eligibility doubled from about 10% in FY 2004 to about 20% during FY 2005 and FY 2006. However, by the end of FY 2007, the percentage of applicant denials declined to the 10% range.
- ASI's implementation of in-person functional evaluations in July 2005 resulted in evaluation determination appeals being sustained at a higher level (40.2% in FY 2004 versus 52.8% in FY 2007) and overturned at a lower level (55.7% in FY 2004 versus 31.2% in FY 2007). Although the appeals sustention rate increased, further improvements might be possible. The audit suggested that ASI determine whether the appeals sustention rate could be increased further by evaluating the reasons for the FY 2007 appeals that were overturned, and based on the results, modify the eligibility determination process accordingly. In addition, the audit recommended that ASI review the process for informing individuals who complete the eligibility evaluations of their right to appeal and the process on how to make an appeal.
- An Eligibility Satisfaction Survey was sent to 2,500 individuals who completed the ASI eligibility evaluation process during FY 2007. A total of 748 individuals responded to the survey. The survey results indicated general satisfaction with the eligibility determination process. For example, about 78% of the respondents rated the overall fairness of the eligibility evaluation as good or excellent, and 80% of the respondents rated the overall quality of the eligibility evaluation service as good or excellent.
- Although the survey results indicated that many of the respondents were generally satisfied, many of them provided comments on the survey where the eligibility process could be improved. Based on the customer input on the surveys, the audit recommended that ASI (a) review the customer comments included on the Eligibility Survey and initiate any appropriate actions or changes, (b) consider client comments and concerns when making future changes or improvements to the eligibility evaluation process or the evaluation facility, and (c) evaluate whether ASI can offer more evaluation locations through the use of mobile evaluation units.

- A comparison of the eligibility determination approach and processes used by other ADA Paratransit agencies demonstrated that the ADA guidelines provide substantial flexibility. The audit recommended that ASI critically evaluate its eligibility determination policies, general approach, and specific processes to ensure that reasonable eligibility determinations are being made, that the impact on and inconvenience to those seeking eligibility is reasonable, and that the total costs of the eligibility determination process are consistent with the value of the process.

2. **Administration, Performance, and Management of Paratransit Operations**

- A Rider Satisfaction Survey was sent to 2,500 individuals who took 10 or more trips using Access Services during FY 2007. A total of 823 individuals responded to the survey. The survey results indicated general satisfaction with most paratransit service areas. For example, about 87% of the riders who responded to the survey felt that paratransit services were improving (46%) or staying the same (41%). Just 13% of the respondents felt that services were getting worse.
- Although many customers generally felt that services were improving, they provided suggestions where services needed improvement. Based on the customer input on the surveys, the audit made several recommendations to improve rider services in areas such as scheduling trips and vehicles, quality of call takers and drivers, and making call outs.
- ASI's management and use of the complaint database needed improvement. The audit made several recommendations to improve the complaint process such as (a) improving written procedures for processing and inputting complaints, (b) instituting a formal training program, (c) recording all complaints relevant to the eligibility determination process, and (d) conducting periodic trend analysis of complaints to determine problem areas.
- The audit found that ASI should require paratransit service providers to conduct annual performance evaluations of drivers to assess driver conduct. The audit recommended that ASI require annual performance evaluations for drivers and develop a standard code of conduct for drivers.
- The audit found that ASI's tracking and reporting of average daily phone hold time per hour needed improvement. The audit recommended that ASI monitor average phone hold times to ensure compliance with the eligibility determination services contract.

3. Review of ASI's Compliance with the Memorandum of Understanding (MOU)

- ASI was found to have complied with the reporting requirements of the MOU with Metro.
- The also audit found that ASI needed to improve documentation of Accounting Policies and Procedures. The audit recommended that ASI improve administration over the Accounting Manual, General Accounting Desk Manuals, and other accounting policies and procedures.
- ASI's administrative cost limitations complied with MOU provisions.
- ASI complied with MOU provisions related to allocation and transfer of funds, use of funds and carryover of funds.



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