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INTERNAL AUDIT DEPARTMENT

Report Number 2015-008

***FINAL Follow-Up Report: Review of the Controls
Over the Revenue Recognition of the Breeze Card
Program***

January 30, 2015

***Latona Thomas, CPA, Director
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COBB COUNTY INTERNAL AUDIT

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Director

January 30, 2015

MEMORANDUM

TO: David Hankerson, County Manager

FROM: Latona Thomas, CPA, Director 

SUBJECT: **FINAL Follow-Up Report** – Review of the Controls Over the Revenue Recognition of the Breeze Card Program

We have completed our final follow-up review of the subject report. Our objective was limited to reviewing, as of January 20, 2015, actions to implement the eight remaining recommendations not implemented as of the date of our first follow-up report, November 7, 2013. This follow-up report should be read in conjunction with the original and first follow-up reports and does not represent a complete reexamination of the activities. The auditor's role in follow-up reviews is to compile corrective actions taken by the auditee, assess whether those actions are adequate to correct the reported deficiencies, and relay those results to County management.

Six of the recommendations have been fully implemented. These recommendations include the validation of monthly Breeze Card revenue; determination of reports relevant to Transit operations; discussions to establish guidelines and methodologies on dormant value distribution; initiation of an independent audit of clearinghouse functions;¹ additional physical security measures over the portable key; and development of a process for portable key usage and capabilities.

The remaining two recommendations have been initiated but remain partially implemented. An interim Letter of Understanding (LOU) to continue to operate under the provisions of the Breeze Card Participation Agreement was executed between the County and MARTA²; however, the LOU expired on September 30, 2014. Discussions on how to resolve this matter are in process with the County Attorney's office. Interim contract management procedures have been implemented, but final procedures, to include Federal Transit Administration (FTA) requirements, will be completed in 2015 after FTA training. We will not perform additional follow-up on the status of open items. Management should continue to implement the corrective actions and assumes the risk if not completed.

¹ A Request for Proposals (RFP) was initiated by the Atlanta Regional Commission (ARC) in January 2015 to audit the Breeze Card Clearinghouse and fare collection systems. The RFP had not been finalized as of the date of this report.

² Metropolitan Atlanta Rapid Transit Authority

We appreciate the cooperation by the Transit Division staff during our follow-up review. Should you wish to discuss any aspect of this report, please contact me at extension 2559 or Steven Harper, Auditor-in-Charge, at extension 2557.

Distribution:

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