

AUDIT AT A GLANCE

Review of Toronto Transit Commission's Revenue Operations: Phase Two – PRESTO/TTC Fare Equipment and PRESTO Revenue

WHY THIS AUDIT MATTERS

TTC provides a critical service - carrying millions of Torontonians around Canada's largest city every day. Due to issues, limitations, and a complicated system, the TTC may not be getting all the passenger revenue it should. TTC and Metrolinx need to work together to resolve these issues.

BY THE NUMBERS

- **\$1.162B:** TTC's total passenger revenue in 2018 (excludes Wheel-Trans)
- **At least 40%:** TTC's contracted deliverables not yet fulfilled by Metrolinx, according to TTC
- **7 years:** since contract signed and Service Level Agreement not yet agreed upon or signed
- **\$3.4M:** TTC's estimate of revenue loss in 2018 from malfunctioning PRESTO fare equipment
- **300:** frozen PRESTO card readers identified by 100 TTC bus operators for 168 buses over 2 days
- **60 days:** before information is purged from PRESTO card reader monitoring software tool
- **56%:** of the out-of-service incidents raised for PRESTO vending machines on new streetcars due to 'coin box full' during August 2019
- **7 days:** before encrypted device level data purged (not currently made available to TTC)

TTC AND METROLINX NEED TO WORK TOGETHER BETTER

The following fundamental 3 pillars need to be addressed to bring things back on track:

- 1. Foresight** – there needs to be a strategic refocussing at the top by both TTC and Metrolinx to tackle what matters most and to work together better.
- 2. Insight** – there are issues and limitations with key information that TTC needs to rely on. To gain insight, issues need to be unpacked and root causes identified, using the right level of information and analyzed using the right data.
- 3. Oversight** - there is a governance gap that needs to be addressed using the governance already called for in the Master Agreement, (Joint Executive Committee, SLA, Expert Panel) so that TTC and Metrolinx can work together directly to address TTC's contractual and ongoing operational needs.

WHAT WE FOUND

PRESTO Fare Equipment – Less Available Than Reported

TTC's reported PRESTO card reader availability rate for June 2019 was 98.8 per cent (target > 99.99 per cent). However, there are issues with this calculation. TTC estimates that the rate is overstated by 2-3%. The most significant issue is frozen PRESTO card readers, which may show as in-service when they are not. The availability calculation for vending machines on new streetcars is also overstated and doesn't include all out-of-service events, such as "coin box full".

Improvement Needed in Identifying and Resolving Issues with PRESTO Fare Equipment

PRESTO issues do not always get raised by TTC staff and PRESTO's vendor's monitoring team. This impacts how quickly the device is either remotely recovered or repaired by PRESTO staff. The process also needs to be improved for identifying and resolving issues on vending machines on new streetcars, particularly more regular coin collection.

TTC's Fare Gates Need Further Improvement

TTC needs to continue working with its vendor to improve subway fare gate functionality, including:

- Expediting a critical software upgrade to provide automatic notification of issues with fare gates and to resolve certain technical issues; and
- Continuing to hold the vendor accountable to improve fare gate availability and achieve its timeliness targets for contracted maintenance work.

TTC Needs More Assurance from PRESTO that it is Receiving All the PRESTO Revenue it Should

Metrolinx provides an audited report to all of its transit agencies to provide assurance over its revenue controls. However, we noted some gaps, including controls at Metrolinx's retailer network, that need to either be included, or a separate audited report should be provided by this vendor.

HOW RECOMMENDATIONS WILL BENEFIT THE CITY

Implementing the 34 recommendations will help TTC in working together with Metrolinx to ensure its contractual needs are met and that any potential loss to PRESTO passenger revenue is minimized.