

Cabinet and Governor Appointed Agencies' Performance Audit Action Item(s) & Status**WSDOT: Improving the Toll Collection System**

(See also [cabinet agency response](#) for full context to Washington State Auditor's Office (SAO) [report](#), May 2016)

The Department of Transportation (WSDOT) was the only agency audited for this performance audit.

SAO Issues Summary:

1. Toll system lacks key functions and has other operational limitations that affect toll processing, collection and reporting.
2. WSDOT has not been successful in enforcing toll system vendor compliance with information security requirements.
3. WSDOT's limited attention to adding necessary expertise, establishing functions and processes, and completing toll system development led to system issues.
4. Enhancing leadership and management activities is needed to ensure similar issues do not occur while developing and implementing the next generation toll system.

SAO Recommendations (Rec) Summary:

1. Require the Assistant Secretary of the Toll Division to develop a long-term business strategy to support and improve current operations as well as the next generation toll system. Items to address include:
 - a. Obtain input from stakeholders in the Legislature and the Washington State Transportation Commission, as appropriate to their roles in tolling operations, to develop a long-term business strategy and plan.
 - b. Obtain appropriate technical and project management expertise, either from within WSDOT or by hiring qualified technical experts.
 - c. Ask the Tolling Expert Review Panel to evaluate the strategic plan and to provide feedback to the Legislature and a progress update to the Transportation Commission.
 - d. Provide a progress update on the strategic plan to the Legislature and Transportation Commission.
 - e. Conduct an annual review of the strategic plan with the Review Panel and provide a progress update on any changes to the Legislature and Transportation Commission.
2. Address the leadership and management weaknesses identified in this report:
 - a. Develop appropriate processes and functions within the Toll Division to oversee all aspects of new initiatives and projects, including working with other state agencies to identify and resolve concerns, coordinating schedules and resources, and ensuring contract compliance.
 - b. Establish effective two-way communication protocols with key stakeholders in the Legislature and Transportation Commission, which include frequent interactions and outreach to assess whether the level of engagement and information provided meets their needs.
 - c. Ensure the toll system vendor completes the required independent reviews and assessments to comply with security standards, and seek remediation of any identified issues.
3. Address the current toll collection system limitations and operational challenges we identified in this report:
 - a. Implement processes and functionality that focus on toll collection before penalties are added, to maximize toll revenue collections and to give customers every opportunity to pay their bill before civil penalties are imposed.
 - b. Implement processes and functionality to facilitate write-offs of tolls, fees and penalties WSDOT no longer expects to collect.
 - c. Include functions that facilitate analysis and evaluation of toll transaction and financial data in the next generation system procurement.
 - d. Evaluate the costs versus the benefits of the 25-cent photo fee for image based tolls, and seek elimination of the fee if appropriate.

- e. Work with the Department of Licensing to improve the accuracy of registered vehicle owner information and consider the benefits of using software to verify the validity of customer addresses.
- f. Consider further reductions in the frequency and number of reconciliation reports manually prepared by the toll system vendor.
- g. Conduct customer outreach to provide added information on how to properly register, install and maintain Good to Go! accounts, passes and license plates.
- h. Resolve transaction processing flaws that complicate creation of toll bills.

The table below shows the current status of action items the agency initiated to address issues identified in the performance audit report. Please see the [cabinet agency response](#) for additional context and any additional steps already taken.

For an explanation of the columns below, [see the legend](#).

| Issue/ Rec | Status | Action Steps | Lead Agency | Due Date | Current Resources ? | Budget Impact? | Legislation Required? | Notes |
|------------|-------------|---|-------------|----------|---------------------|----------------|-----------------------|---|
| Rec 1 | Complete | Formalize the Toll Division business model. It will include identifying needs for additional expertise and approving a cohesive, long-term business plan prior to the 2017 legislative session. | WSDOT | 12/16 | Yes | No | No | The Toll Division completed its Strategic Business Plan in December 2016 and last updated in February 2017. The Business Plan identifies an integrated team of state staff and consultant support for specialized tolling expertise. We will continue to increase our in-house tolling expertise through hiring and staff training. However, specialized tolling talent is not available locally and it is hard to attract to state employment given high compensation for tolling expertise from consultants and from agencies in other states. We plan to update the business plan every two years. |
| Rec 2 | In progress | Incorporate in the Toll Division business plan the training and budget needed to support this recommendation. | WSDOT | 12/16 | No | Yes | No | Within current resources, the Toll Division has initiated Lean training and a limited in-house training program. For long-term needs, the Toll Division participates in agency-level efforts to identify systemic in-career training needed to retain talent and gain needed expertise that we currently contract for at a higher cost. The Toll Division is once again a member of the International Bridge, Tunnel, and Turnpike |

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| | | | | | | | | Association that will allow more access to training, conferences and current industry practices to better inform and develop WSDOT staff. |
| Rec 2 | Complete | Ensure the business plan addresses stakeholder involvement in the Toll Division's work program. | WSDOT | 12/16 | Yes | No | No | The Toll Division Strategic Business Plan contains a description of the division work program. Toll Division staff distributed a draft to Transportation Commissioners, legislative staff and members, and OFM staff to obtain their input and feedback prior to finalizing the work program. |
| Rec 2 | Complete | Ensure the vendor receives the final report from its external OCIO security standards audit. | WSDOT | 5/16 | Yes | No | No | ETCC received its OCIO audit and shared the final report with WSDOT by May 31, 2016. |
| Rec 3 | Complete | Work with the vendor to design, implement and install the write-off module for its back-office toll system. | WSDOT | 12/16 | Yes | No | No | As of June 2017, WSDOT has worked with the Vendor to design, test and implement the system functions for Write-off and Dismissals. The functionalities are designed to reduce the toll related receivables that are deemed uncollectable. The Write-off functionality is used for the transactions that had been recognized as Revenue; and the Dismissal functionality is used for the transactions that had not been recognized as Revenue. The Write-off function went live in late April 2017, and the Dismissal function went live in late June 2017. |
| Rec 3 | Complete | Review current business practices to find other opportunities to increase the toll program's efficiency without sacrificing customer service, and incorporate lessons learned in the | WSDOT | 12/16 | Yes | No | No | WSDOT has performed an extensive review of current processes as well as lessons learned exercises as part of the preparation of requirements for the new Back Office System Procurement. On December 1 st 2016, WSDOT released the RFP for the new Back Office System. The requirements |

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| | | procurement process for the next generation system | | | | | | <p>include improvements and additional system flexibility in the areas of:</p> <ul style="list-style-type: none"> • Advanced options for collections efforts for outstanding tolls early in the collection process • Application of the 25-cent fee for Pay by Plate toll transactions • Options to increase the amount and types of data exchanged between WSDOT and the Department of Licensing • More robust financial reporting and reconciliation requirements • Options for customer outreach to include phone, email, text and chat functions. • More robust toll transaction processing and reporting functions. <p>Other steps we have taken to improve the toll program’s efficiency include:</p> <ul style="list-style-type: none"> • Potentially providing an easier more cost efficient hearing method. We are reviewing current hearing scheduling process for a possible pilot to replace in person hearings with tele-hearings. The pilot would include transitioning the hearing scheduling from ETC to the Office of Administrative Hearings. . • Implementing a new phone system with added capabilities including: (1) providing customers call wait times, (2) more accurate call forecasting tools, and |

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| | | | | | | | | <p>(3) as part of this new phone system, the vendor is introducing skill based routing that enables more experienced representatives to respond to complex civil penalty calls.</p> <ul style="list-style-type: none"> Collaborating with our vendor and the Department of Licensing (DOL) to reduce the time it takes DOL to release a vehicle license hold when customers participate in the civil penalty forgiveness program. We expect this to reduce escalations into customer service. The Division has a funded position intended to focus on LEAN, quality assurance and process improvement. We plan to fill this position soon. <p>The Toll Division will continue to look for opportunities to incorporate lessons learned in ongoing processes of improvement.</p> |