



# Washington State Auditor's Office

## Performance Audit

Government that works for citizens

### Washington State Department of Transportation: Improving the Toll Collection System

Washington's statewide, all-electronic, toll collection system began its operations in 2011. Now, tolls are collected at four facilities in Washington: the Tacoma Narrows Bridge, the State Route (SR) 167 High Occupancy Toll Lanes, the SR 520 Bridge and the Interstate 405 Express Toll Lanes.

Since 2011, the system has processed millions of toll transactions that generated hundreds of millions in toll revenue to meet the transportation needs of Washingtonians. However, while the toll collection system has been operating for five years, and was formally accepted by WSDOT as complete in 2015, issues affecting the toll system persist.



It is crucial that WSDOT and its Toll Division continue to evaluate and improve the management of the tolling program, not only to address current issues but particularly before embarking on projects such as toll facility expansion and the procurement of a new toll system. The success of expansion efforts will depend on toll systems that accurately and securely process, collect and report toll transactions.

#### **Toll system lacks critical functions and has other operational limitations that affect toll processing, collection and managerial reporting**

We found the following missing or incomplete toll system functions:

- **Data warehouse** – Not having a data warehouse limits Toll Division's ability to perform analysis of tolling data to assess performance. Currently, WSDOT relies on time-consuming report reconciliation processes to verify accuracy of toll transaction processing, collection and reporting.
- **Collections and write-off functionality** – The lack of proactive collection processes and write-off functionality have contributed to the accumulation of \$96.4 million in outstanding tolls, fees and penalties, and the inability to write-off the portion of this outstanding debt WSDOT does not expect to recover. Currently, WSDOT's Toll Division expects to recover only \$37.1 million of this debt.
- **Data entry controls** – Lack of adequate data entry controls have resulted in the system having incorrect customer billing information, which contributed to 175,800 (about 6 percent of total mail) returned toll bills and notices, customer frustration, delays in creating accurate toll bills and missed opportunities for revenue collection.

Other system and operational limitations affecting toll processing, collection and reporting include: no automated financial reconciliation capabilities between WSDOT's tolling and accounting systems, transaction processing flaws that complicate creation of toll bills, and factors affecting toll lane equipment's ability to capture license plate images to create toll bills and read Good to Go! passes to collect tolls.

## **WSDOT has not been successful in enforcing toll system vendor's compliance with information security standards**

WSDOT has not succeeded in enforcing contract terms that require the toll system vendor comply with state and payment card industry (PCI) information security standards, leaving in question how well the system protects sensitive information. The vendor has not yet completed the independent audit required by the Office of the Chief Information Officer (OCIO), nor the PCI's required independent assessment of system controls designed to protect system security and customer payment information. Our own analysis of toll system vendor compliance with OCIO standards found that some security risks are present. We found the toll system vendor has fully addressed two of the state's 11 information security standards, partially implemented eight more standards, and not addressed the remaining standard.

However, the agency has already acted on alternative strategies to mitigate some of these risks, and the Director of WSDOT's IT Division told us the toll system vendor is expected to complete both the audit and the assessment in April 2016.

## **WSDOT's limited attention to adding necessary expertise, establishing key business functions and processes, and completing tolling system development led to problems**

Our analysis found that toll system issues resulted from WSDOT's limited attention to adding necessary expertise, establishing functions and processes, and completing tolling system development. We identified fundamental problems in the Toll Division's leadership and management activities that hampered its ability to effectively develop and operate this complex system:

- **Organizational vision and priorities** – The Toll Division did not sustain its vision, shared among key stakeholders, when it suspended system development in favor of toll facility expansion.
- **Business functions** – The Division did not establish formal business functions and processes that could have helped it prevent and resolve system-related problems and identify early-warning signs of operational difficulties.
- **Staff alignment to roles** – Division leadership did not always assign people with appropriate expertise to program managerial roles, directly affecting system development and timely enforcement of contractual requirements.
- **Communication and engagement** – WSDOT's efforts at communicating and engaging with key stakeholders have not been sufficient. Members of the Legislature and Transportation Commission have expressed frustration and concern about the completeness and timeliness of the information the Toll Division gave them and which they need for decision-making.

## **Improvement is necessary to ensure problems do not recur while establishing the next-generation toll collection system**

In anticipation of tolling additional state highway facilities, the Toll Division has requested and received funding from the Legislature to begin planning for an even more complex next-generation toll payment system. While the Toll Division's Work Program for the 2015-2017 biennium has promising goals, it does not contain a statement on the Division's ultimate vision for tolling, where the tolling system is today, where the Toll Division wants to be and, most important, detailed plans on how to address current and future administrative and infrastructure needs of the agency. Without a comprehensive long-term business strategy and plan, the success of future tolling facility expansion is at risk.



### **Recommendations in brief**

#### **We recommend the Secretary of Transportation:**

- Require the Assistant Secretary Toll Division develop a long-term business strategy and plan to support and improve current operations as well as the next-generation toll system.
  - Address the leadership and management weaknesses identified in this report
  - Address the current limitations and operational challenges in the toll collection system
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