

2016

Annual Report



Office of the
Inspector General

Internal Special Audit Unit

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Executive Summary

The Internal Special Audit Unit (“ISAU” or “the Unit”) within the Massachusetts Office of the Inspector General (“Office”) respectfully submits the following annual report in accordance with M.G.L. c. 6C, § 9(e).

The Office is an independent agency charged with preventing and detecting fraud, waste and abuse in the use of public funds and public property. In keeping with its broad statutory mandate, the Office investigates allegations of fraud, waste and abuse at all levels of government; reviews programs and practices in state and local agencies to identify systemic vulnerabilities and opportunities for improvement; and provides assistance to both the public and private sectors to help prevent fraud, waste and abuse in government spending.

In 2009, the Massachusetts Legislature created the ISAU as an independent unit responsible for monitoring the quality, efficiency and integrity of the Massachusetts Department of Transportation’s (“MassDOT” or “Department”) operating and capital programs. As part of its statutory mandate, the ISAU seeks to prevent, detect and correct fraud, waste and abuse in the expenditure of public and private transportation funds. Further, the ISAU is also responsible for examining and evaluating the adequacy and effectiveness of MassDOT’s operations, including the operations of the Massachusetts Bay Transportation Authority (“MBTA”).¹ To achieve these objectives, the ISAU performs in-depth reviews of MassDOT’s operations; evaluates whether MassDOT is complying with applicable policies, procedures, laws and regulations; works with the Department to strengthen its internal controls and procurement practices; and investigates complaints and allegations of fraud, waste and abuse in the expenditure of public and private transportation funds. This report highlights the ISAU’s significant accomplishments in 2016.

In 2016, for example, the Unit investigated MassDOT’s practice of allowing certain individuals and organizations to travel on the Massachusetts Turnpike (“Turnpike”)² without paying tolls.³ The investigation found that between November 1, 2009 and August 31, 2015, MassDOT forfeited over \$985,000 in toll revenue by allowing these individuals and organizations to travel on the Turnpike for free.⁴ The ISAU found no business need for providing this free access, or any collective bargaining agreement requiring the Department to provide these benefits. Thus, the ISAU recommended that MassDOT eliminate this practice. During the investigation, MassDOT discontinued the practice for public and private entities unaffiliated with the Department, as well as for 600 retirees. At the time that the ISAU issued its report, however, the Department continued to allow nearly 850 employees and retirees to travel on the Turnpike without paying any tolls.

¹ The MBTA is a part of MassDOT’s Rail and Trail division and the ISAU has a separate legislative mandate to review certain of its procurements. *See* Section 196 of Chapter 46 of the Acts of 2015.

² The Massachusetts Turnpike is Interstate 90, a 138-mile toll road that begins in Boston and runs to the New York state border. The reviewed also included the use of free E-ZPasses on the Tobin Bridge by certain individuals (not toll collectors) and organizations.

³ The ISAU did not review the use of E-ZPasses or MTA cards assigned to the following groups: MassDOT’s toll collectors, MassDOT’s fleet vehicles, the Massachusetts State Police and the Massachusetts Port Authority.

⁴ This amount includes some free tolls associated with the Tobin Bridge.

In a separate investigation in 2016, the Unit reviewed MassDOT's emergency-services contracts with nineteen cities and towns along the Turnpike. The municipalities provide ambulance response, fire, rescue and hazmat⁵ services to motorists on the Turnpike or to individuals and businesses at service plazas. In exchange, MassDOT pays the responding municipality a set fee based on the services it provides. With the exception of certain limited ambulance and hazmat services, municipalities typically do not charge a fee when their fire departments respond to car accidents, fires and other emergencies. Thus, MassDOT is paying for services that others do not pay for.

The ISAU's investigation revealed that since 2010, the Department has expended over \$600,000 in public funds under these contracts. The ISAU estimates that the total cost could reach over \$1 million by 2020, when the current contracts expire. Further, the contracts contemplate that MassDOT will recover some of the fees it pays by seeking repayment from motorists' or businesses' insurers. However, the Unit determined that MassDOT had not attempted to recover any of the fees that it had paid since 2009. Finally, the Unit identified billing errors, including duplicate charges, in some of the invoices municipalities submitted to MassDOT.

Following the investigation, the ISAU recommended that MassDOT allow the contracts to expire in 2020. The Unit also recommended that MassDOT reinstate its subrogation procedures and that it institute audit procedures to verify the accuracy of the bills it receives from the municipalities. After the completion of the ISAU's review, MassDOT revised its Standard Operating Procedures for recovering fees and initiated recovery of emergency-services expenses on any pending claims within the previous three years.

In 2016, the Unit also issued a report concerning the misuse of disabled persons' parking placards ("placards" or "disability placards"). In its investigation, the ISAU uncovered placard abuse in every Boston neighborhood it surveilled. The ISAU also found gaps in both the Registry of Motor Vehicles' ("RMV" or "Registry") placard process and the state's placard laws that make it easier for individuals to obtain and use placards inappropriately. The ISAU's analysis also determined that if just 10% of drivers who regularly park at Boston meters are misusing placards, this translates into approximately \$1.8 million in annual lost revenue for the city.⁶ The Unit issued a comprehensive set of recommendations to strengthen the placard application, update the placard laws and increase enforcement of placard abuse. As described below, the RMV has implemented many important changes in response to the ISAU's report.

Pursuant to legislation passed in 2015,⁷ the Office is required to review and analyze the contracts for certain services that the MBTA outsources. After the contract has expired, the Office must evaluate whether the outsourcing resulted from a competitive process, saved the MBTA money, and maintained the same level of quality of goods or services that the MBTA provided before the outsourcing. As of the date of this report, the MBTA has executed two contracts that fall within the parameters of the legislative mandate: (1) a contract to operate the

⁵ "Hazmat" refers to hazardous materials.

⁶ Based on a commuter parking at a meter for eight hours a day for 228 days a year.

⁷ See Chapter 46 of the Acts of 2015.

MBTA's cash-counting department;⁸ and (2) a contract for its warehousing and logistics operations. Because both contracts are still ongoing, the Office is not yet obligated to complete its statutory review. As a proactive measure, however, the ISAU intends to perform an interim analysis of one of the contracts in 2017.

Lastly, the ISAU operates hotlines and participates in an RMV task force dedicated to curbing placard abuse. Specifically, the ISAU maintains hotlines for members of the public, as well as for MassDOT's and the MBTA's employees, to anonymously report suspected fraud, waste and abuse in the expenditure of transportation funds. In 2016, the Unit received 259 complaints; the ISAU evaluates each complaint it receives to determine whether it falls within its jurisdiction and whether it merits action. Some complaints lead to extensive investigations, some are referred to other agencies and others are closed if a preliminary inquiry fails to substantiate the allegations.

The ISAU also participates in the RMV's Disability Placard Abuse Task Force, which is dedicated to addressing and resolving issues surrounding placard abuse, increasing enforcement of the current laws, amending state law to increase the penalties for placard abuse, and tightening administrative controls to prevent and detect abuse more easily. In May 2016, the Task Force conducted an "enforcement week" to combat placard misuse. As a result of that initiative, law enforcement officers in six cities and towns across the state issued 171 placard-abuse citations and parking tickets, cited four drivers for altering placards, and confiscated 42 placards. During 2016, the Task Force also provided input into the Office's proposed placard legislation, discussed improvements in the Registry's effort to combat placard abuse, shared ideas on best practices and received updates on the activities of the RMV's Medical Affairs Bureau.

⁸ The MBTA's cash-counting department is responsible for collecting, counting and depositing fare revenue from the subway, bus, ferry and commuter rail systems.

Background

I. ISAU

The ISAU has a staff of five professionals dedicated to performing audits, investigations and reviews of MassDOT's and the MBTA's operating and capital programs. The Unit assists the Commonwealth, the taxpayers, MassDOT and the MBTA by identifying potential cost savings, the waste or misuse of transportation funds, fraudulent activities and the abuse of public authority. The ISAU's activities include, but are not limited to:

- Investigating allegations of fraud, waste and abuse in the expenditure of public and private transportation funds.
- Auditing, investigating or reviewing specific operations at the request of the Inspector General Council, the Legislature, MassDOT's Board of Directors and MassDOT's management, as appropriate.
- Reviewing MassDOT's operations and programs to ascertain whether they are efficient, cost-effective and achieve established results. This includes reviewing the MBTA's operations, as well as the operations of other divisions within MassDOT.
- Determining whether MassDOT is complying with applicable policies, procedures, laws and regulations.
- Handling complaints from members of the public, as well as from MassDOT's and the MBTA's employees, regarding suspected fraud, waste and abuse in the use of transportation funds.
- Reviewing the MBTA's procurement of certain services, including evaluating bidding practices and identifying cost-saving opportunities.
- Participating in the Registry of Motor Vehicles' Placard Abuse Task Force and supporting its placard abuse hotline.

These activities enable the ISAU to promote responsible spending of taxpayer funds, transparency in government and increased public accountability.

II. MassDOT

Created as part of Transportation Reform in 2009, MassDOT manages the Commonwealth's roadways, public transit systems, and transportation licensing and registration. It is made up of four divisions: the Highway Division, the RMV, the Aeronautics Division, and Rail and Transit.

The Highway Division is responsible for the roadways, bridges and tunnels of the former Massachusetts Highway Department and the former Massachusetts Turnpike Authority. Among other duties, the RMV is responsible for the administration of driver's licenses, motor vehicle registrations and vehicle inspections across the state. The Rail and Transit Division oversees the

MBTA, commuter rail and the state's fifteen Regional Transit Authorities. The Aeronautics Division coordinates aviation policy and oversees the safety, security and infrastructure of thirty-seven public airports across Massachusetts.

Financial Recoveries, Fines and Cost Savings

A high priority for the Unit is to protect transportation funds by identifying opportunities for MassDOT to reduce costs, recover funds, eliminate wasteful spending, and uncover the misuse of transportation funds. In 2016, the ISAU identified nearly \$1 million in lost toll revenue and an estimated \$1 million in contracts with municipalities to provide emergency services to individuals and businesses on the Turnpike. The table below summarizes these costs. Further information about these expenditures can be found in the Audits, Investigations and Reviews section of this report.

| Transportation Funds | | |
|---|---------------------------|---------------------------|
| Investigation | | Cost to the Public |
| MassDOT's Provision of Free Access to Massachusetts Toll Roads | | \$985,942 |
| MassDOT Funds Used to Pay for Individuals' and Businesses' Emergency Services on the Massachusetts Turnpike | Paid to date | \$634,460 |
| | Estimated future payments | \$370,000 |
| Total | | \$1,990,402 |

In addition to the expenditures listed above, the Unit's placard investigation also determined that placard abuse may cost the city of Boston millions of dollars in lost meter revenue annually. Since vehicles with disability parking placards are not required to pay meter fees, the city of Boston loses revenue each day from persons who misuse placards. Given that the ISAU identified abuse at parking meters in every area of Boston it surveilled, it is likely that placard abuse exists throughout the city. While it is not possible to determine the exact financial cost of city-wide placard abuse, if just 10% of drivers who regularly park at meters in Boston are misusing placards, this translates into approximately \$1.8 million in annual lost revenue for the city.⁹

⁹ Based on a commuter parking at a meter for eight hours a day for 228 days a year.

Audits, Investigations and Reviews

I. MassDOT's Provision of Free Access on Massachusetts Toll Roads

Before MassDOT's creation in 2009, the former Massachusetts Turnpike Authority ("Turnpike Authority" or "MTA") allowed certain employees, retirees and unaffiliated entities to travel on state toll roads for free. After Transportation Reform in 2009, MassDOT continued to allow this practice. Specifically, the Department permitted certain employees, retirees, local governments and other entities to use MTA cards and non-revenue E-ZPass transponders ("free E-ZPasses"), both of which allow vehicles to pass through toll plazas without paying a toll.

In 2016, the ISAU reviewed this practice to determine whether it was appropriate and cost-effective.¹⁰ The ISAU also analyzed the cost of permitting individuals and organizations to have these privileges and found that MassDOT forfeited \$985,942 in toll revenue between November 1, 2009 and August 31, 2015. The breakdown of this lost revenue is as follows:

- 668 MassDOT employees and retirees had free E-ZPasses on their personal vehicles, which cost the state \$685,213 in lost toll revenue during the period reviewed. Of these employees, 106 also had state vehicles equipped with free E-ZPasses. The remaining employees had access to over 400 motor-pool vehicles if they needed to travel for state business.
- 80 free E-ZPasses belonging to entities unaffiliated with MassDOT cost the state \$94,728 in foregone toll revenue. These entities included Gulf Oil Limited Partnership, Bunker Hill Community College, Chelsea Soldier's Home and several local public safety entities.
- Drivers used 16 free E-ZPasses belonging to deceased persons for 117 toll transactions after the reported dates of death of the E-ZPass holders. The lost toll revenue for these trips was \$233.
- At the time of the ISAU's review, MassDOT could not identify the ownership, assignment or location of approximately 85 free E-ZPasses. After performing a reconciliation of E-ZPass inventory, the agency designated 76 free E-ZPasses as "unaccounted for" and deactivated them. Lost toll revenue associated with these free E-ZPasses was \$85,259 during the period reviewed.
- In addition to free E-ZPasses, 774 employees and retirees had MTA cards, which cost the state at least \$120,509 in foregone toll revenue.¹¹

The Unit found that the former Turnpike Authority distributed most of the free E-ZPasses and MTA cards before MassDOT's creation in 2009. The ISAU determined that MassDOT does not have a business need to provide retirees or employees (except toll collectors) with free E-

¹⁰ The ISAU did not review the use of E-ZPasses or MTA cards assigned to the following groups: MassDOT's toll collectors, MassDOT's fleet vehicles, the Massachusetts State Police and the Massachusetts Port Authority.

¹¹ The ISAU could not calculate the full cost to MassDOT because the Department did not always record when a driver used an MTA card.

ZPasses and MTA cards. Similarly, the Unit could not find any collective bargaining agreements that required MassDOT to offer these benefits.

The Unit concluded that free E-ZPasses and MTA cards cost the state significant transportation revenue. The ISAU therefore recommended that MassDOT eliminate all free E-ZPasses and MTA cards that were the subject of this review. After the Unit began its review and made inquiries into the Department's use of these devices, MassDOT deactivated the free E-ZPasses assigned to the unaffiliated public and private entities. It also discontinued the MTA cards distributed to 600 retired employees. However, as of the date the ISAU issued its report, MassDOT continued to allow nearly 850 employees and retirees to use MTA cards and free E-ZPasses.

II. MassDOT Funds Used to Pay for Individuals' and Businesses' Emergency Services on the Massachusetts Turnpike

In 2016, the ISAU examined emergency-services contracts that MassDOT entered into with nineteen municipalities that abut the Turnpike. Under the contracts, MassDOT pays the municipalities for ambulance response, fire, rescue, hazmat¹² and other emergency services the municipalities provided to motorists on the Turnpike, as well as to individuals and businesses at service plazas.

The Unit determined that since 2010, MassDOT has spent \$634,460 under these contracts. Further, based on the average costs for these services over the past six years, the ISAU estimates that MassDOT will spend over \$370,000 for emergency services during the remainder of the contract period. Thus, the total cost for these contracts could reach over \$1 million dollars by 2020, when the contracts expire. Additionally, the ISAU identified billing errors in some of the invoices the municipalities submitted. In one instance, the town of Weston overcharged MassDOT \$12,200 for emergency services. MassDOT did not identify the error and paid the full amount of the bill.

Moreover, the contracts contemplate that MassDOT will recover some of the fees it pays by seeking reimbursement from motorists' or businesses' insurers. Although MassDOT indicated that the Department historically recovered between 60% and 85% of these expenses,¹³ the ISAU determined that MassDOT has not initiated any subrogation efforts related to these payments since before November 2009. As such, the Department continues to pay for these expenses in full.

¹² "Hazmat" refers to hazardous materials.

¹³ The ISAU did not examine the accuracy of this statistic aside from discovering no cost recoveries since 2009. Further, absent statutory authorization, municipal fire departments cannot recover the costs of firefighting or responding to other emergencies. *See Town of Freetown v. New Bedford Wholesale Tire, Inc.*, 384 Mass. 60 (1981) (dismissing lawsuit seeking to recoup costs of fighting a fire on private property because no statute authorized town to recover such expenses). Thus, it is unclear how much of the costs incurred under these agreements are recoverable.

MassDOT does not pay for fire, ambulance and hazmat charges on any other state road, including other toll roads like the Tobin Bridge. Additionally, with the exception of certain limited ambulance and hazmat services, municipalities typically do not charge a fee when their fire departments respond to car accidents, fires and other emergencies. Thus, MassDOT is paying for services that others do not pay for. Moreover, MassDOT informed the ISAU that there is no statute requiring the Department to contract for emergency services on the Turnpike, and the Unit could find no such legal requirement.

The ISAU recommended that MassDOT discontinue these agreements once they expire. The Unit further recommended that MassDOT incorporate audit procedures into its review of the invoices under these contracts, including a process to verify the accuracy of the invoices. For example, the Department should not only reconcile each incident on an invoice with information from the Massachusetts State Police, it should also confirm that the charges conform to all of the contract terms.

Following the completion of the ISAU's review, MassDOT drafted a revision to the Standard Operating Procedures for the Accident Recovery Program. The proposed revision requires MassDOT to determine whether to pursue insurance reimbursement for emergency-services expenses. Further, MassDOT intends to pursue recovery of emergency-services expenses on any pending claims within the previous three years. Pursuing reimbursements will help MassDOT to offset some of the expenses it will incur under the new contracts. The ISAU acknowledges these positive steps toward the recovery of public funds.

III. The Abuse of Disability Parking Placards in Massachusetts

In February 2016, the ISAU issued a report concerning the misuse of disabled persons' parking placards ("placards" or "disability placards"). Placards allow persons with disabilities to park at parking meters for free for an unlimited period of time (the "meter-fee exemption"). The meter-fee exemption, coupled with the high cost of parking in urban areas, can act as an incentive to misuse placards, such as by using another person's placard to commute to and from work.

In its investigation, the ISAU uncovered placard abuse in every Boston neighborhood it surveilled. The ISAU also found gaps in both the RMV's placard process and the state's placard laws that make it easier for individuals to obtain and use placards inappropriately. The ISAU identified 325 drivers using a placard that did not belong to them, including placards belonging to deceased persons, canceled placards and expired placards. Working with the ISAU, the Massachusetts State Police cited 23 of the drivers for placard misuse and confiscated the placards they were using. These violations resulted in drivers paying a total of \$12,800¹⁴ in fines to the state.

In addition, 57 drivers covered some or all of the information on their placards (including the placard number and expiration date), or faced the front of the placard away from the windshield, thereby concealing the placard number and expiration date. This conduct enables

¹⁴ This includes \$100 that a placard-holder paid to reinstate his driver's license.

drivers to use placards that are cancelled, have expired or belong to someone else. None of the 57 vehicle owners had their own placards.

The ISAU also found that some placard-holders have job duties requiring physical activities that contradict the mobility limitations in the placard regulations, but the RMV has limited oversight or investigatory authority.¹⁵ Additionally, the ISAU determined that the RMV's placard application was inconsistent with state law because it listed arthritis as a stand-alone basis for receiving a placard. Arthritis does not, by itself, meet the regulatory requirements for a placard. Rather, an individual with arthritis qualifies for a placard if the arthritis prevents him from walking 200 feet without resting, assistance or ambulatory aids. The ISAU also found that approximately 50% of the placard applications the Unit sampled had incorrect healthcare providers recorded in the RMV's electronic system. This led to inaccurate recordkeeping at the RMV, as well as the inability to effectively monitor or analyze provider data.

The ISAU's analysis also determined that if just 10% of drivers who regularly park at Boston meters are misusing placards, this translates into approximately \$1.8 million in annual lost revenue for the city.¹⁶ Additionally, some temporary placards are extended multiple times, sometimes years beyond the original expiration date. While there are many medical reasons that an individual may need to extend a temporary placard, the RMV has limited authority to question suspicious applications, such as repeated placard renewals that list the same temporary condition.

Following the report, the Office filed legislation to update and strengthen the state's placard laws. The proposed legislation would increase fines and penalties for misusing a placard and would clarify what constitutes a citable offense, including concealing a placard's number or expiration date. The legislation would also add language requiring the return of placards when they have been cancelled. Additionally, the proposal would make it a crime to display a deceased person's placard or to make counterfeit placards with the intent to distribute them.¹⁷

Further, the ISAU recommended that the RMV take the following actions:

- Work with the Legislature and other stakeholders to revise the state's placard laws. Importantly, the RMV and the Legislature should consider a two-tier system that would limit the meter-fee exemption to individuals who are physically unable to approach or reach a meter, or to put coins into a meter. All other placard-holders would still be able to use designated handicapped parking spaces, but would pay to park at a meter. Alternatively, the RMV should work with state lawmakers to add a time limit to the meter-fee exemption.

¹⁵ In Massachusetts, an individual qualifies for a disability parking placard if he (1) cannot walk 200 feet without resting, assistance or an ambulatory aid as the result of a specific clinical diagnosis; (2) is legally blind; (3) has lost a limb or the permanent use of a limb; or (4) has specific cardiac or respiratory conditions listed in the placard regulations. *See* 540 CMR 17.03(2). The placards at issue here were not requested based on categories (2), (3) or (4).

¹⁶ Based on a commuter parking at a meter for eight hours a day for 228 days a year.

¹⁷ *See* House Bill 14, *An Act Related to Disability Placards*.

- Make the placard application consistent with state law by removing arthritis as a stand-alone basis for receiving a placard, but still allowing an individual with arthritis to obtain a placard pursuant to 540 CMR 17.03(2)(a).
- Consider adopting additional procedures for extending temporary placards.
- Work with municipalities to enforce the placard laws and explore ways for parking clerks to issue fines for certain placard violations.
- Educate the healthcare community on the specific criteria required for placards and the impacts of placard abuse.
- Develop an electronic reporting tool for local law enforcement officials to immediately report cases of placard abuse to the RMV.
- Update the medical provider information in the agency's electronic records and ensure that its database lists the correct provider who signed each placard-holder's application.
- Formalize the Placard Abuse Task Force that the Registry established in 2013, possibly through legislation.

The RMV implemented significant changes in response to the ISAU's report. Most notably, the Registry reconvened its Medical Advisory Board ("Board")¹⁸ to revise the application for a disability placard. The revised application removes arthritis as a stand-alone basis for obtaining a placard. In addition, the Registry added language to the application to deter abuse. The new language includes a statement that the placard is for individuals who are severely restricted in mobility and that the RMV grants placards on the basis of necessity and not convenience. Further, the new language indicates that placard abuse or misuse carries heavy fines and strict penalties. The Registry also added language on page one of the application stating that the misuse of placards may result in high motor-vehicle fines, license suspensions and the revocation of placard privileges. In January 2017, the Registry began using the new application.

The RMV also modified its process for replacing a lost or stolen placard. Specifically, when a placard-holder reports a placard lost or stolen, he must now certify that law enforcement has not confiscated the placard. Finally, the RMV developed a new, streamlined procedure for law enforcement to inform the RMV when a placard is confiscated.

IV. Investigations Referred to the Office of the Inspector General

In accordance with M.G.L. c. 6C, § 9(d), the ISAU may report and refer findings to the investigative division of the Office, and the results of such investigations may be referred to the Attorney General for appropriate action. During 2016, the ISAU continued to work

¹⁸ The Medical Advisory Board consists of the Commissioner of the Department of Public Health (or her designee) and a panel of approximately fifteen healthcare providers of varying specialties. It provides assistance to the RMV on a variety of health matters relating to the issuance of learner's permits, driver's licenses and disability placards. *See* M.G.L. c. 90, § 8C.

collaboratively with the Office's investigations division on a number of matters, referring complaints to that division as appropriate.

Statutory Mandates

In July 2015, the Massachusetts Legislature adopted Chapter 46 of the Acts of 2015, which exempted the MBTA from M.G.L. c. 7, §§ 52-55 – commonly known as the Pacheco Law – for three years. The Pacheco Law previously prevented the MBTA from outsourcing certain services without first seeking approval from the Office of the State Auditor and completing several other steps.¹⁹ Section 196 of Chapter 46 requires the Office to review and analyze certain contracts for the services that the MBTA outsources. For example, Chapter 46 directs the Office to evaluate whether the outsourcing resulted from a competitive process, saved the MBTA money, and maintained the same level of quality of goods or services that the MBTA provided before outsourcing. Specifically, the mandate provides that:

The office of the inspector general shall perform a review and analysis of all contracts performed pursuant to subsection (a). The Massachusetts Bay Transportation Authority shall provide the inspector general with all requests for proposals and a copy of any contracts entered into pursuant to said subsection (a). The analysis shall include, but need not be limited to, a review of: (i) the competitiveness and fairness of the procurement process resulting in the contract; (ii) the quality of the services provided by the contract; (iii) the expected and actual cost of the contract; and (iv) an analysis of whether the cost of the contract exceeded the benefits derived from the contract. The office of inspector general shall issue a report of the review and analysis of contracts performed pursuant to subsection (a) not later than 90 days after complete performance of such a contract. The report shall be filed with the clerks of the house of representatives and the senate, the house and senate committees on ways and means, and the joint committee on transportation. The office of the inspector general shall make said reports available on its website.

As of the date of this report, the MBTA has executed two contracts that fall within the parameters of Chapter 46: (1) a contract to operate the MBTA’s cash-counting department;²⁰ and (2) a contract for its warehousing and logistics operations. Because both contracts are ongoing, the Office is not yet obligated to complete a review under Chapter 46; however, as a proactive measure the ISAU intends to perform an interim analysis of one of the contracts in 2017.

¹⁹ The Pacheco Law still applies to other state agencies.

²⁰ The MBTA’s cash-counting department – often referred to as the “money room” – is responsible for collecting, counting and depositing fare revenue from the subway, bus, ferry and commuter rail systems.

Hotlines and Task Force

I. ISAU Hotlines

The ISAU maintains a hotline for members of the public to anonymously report suspected fraud, waste and abuse in the expenditure of MassDOT funds; the hotline is available on the Office's and MassDOT's websites. The ISAU also maintains employee hotlines on MassDOT's and the MBTA's intranets. The Unit evaluates each complaint it receives to determine whether it falls within its jurisdiction and whether it merits action. Some complaints lead to extensive investigations, some are referred to other agencies and others are closed if a preliminary inquiry fails to substantiate the allegations. During 2016, the Unit received 197 complaints from the public and employees.

Additionally, the Unit monitors the RMV's disability placard abuse hotline and receives reports of placard abuse from the public. The RMV's Medical Affairs Bureau records this information for further investigation. In 2016, the ISAU received and processed 62 reports of alleged placard abuse.

II. Massachusetts Disability Placard Abuse Task Force

In 2013, the Registry created the Disability Placard Abuse Task Force ("Task Force"), which is dedicated to addressing and resolving issues surrounding the misuse of disability placards. The ISAU participates in the Task Force along with members of the RMV, the Massachusetts Office on Disability, the State Police, the Boston Office of the Parking Clerk, the Boston Commission for Persons with Disabilities, the Boston Police Department, the Burlington Police Department and the Massachusetts Executive Office of Elder Affairs. The Task Force is committed to increasing enforcement of the current laws, amending state law to increase the penalties for placard abuse, and tightening administrative controls to prevent and detect abuse more easily. The ISAU participates in the Task Force's regular meetings and provides input when needed.

In May 2016, the Task Force conducted an "enforcement week" to combat placard misuse. As a result of this initiative, law enforcement officers in six cities and towns across the state issued 171 placard abuse citations and parking tickets, cited four drivers for altering placards, and confiscated 42 placards. During 2016, the Task Force also provided input into the Office's proposed placard legislation,²¹ discussed improvements in the Registry's effort to combat placard abuse, shared ideas on best practices and received updates on the activities of the RMV's Medical Affairs Bureau.

²¹ See House Bill 14, *An Act Related to Disability Placards*.

Reports and Publications

The ISAU's reports and publications are available on the Inspector General's website. Following are links to the ISAU's most recent reports:

1. MassDOT's Provision of Free Access to Massachusetts Toll Roads:
<http://www.mass.gov/ig/publications/reports-and-recommendations/2016/massdots-provision-of-free-access-to-massachusetts-toll-roads-march-2016.pdf>.
2. MassDOT Funds Used to Pay for Individuals' or Businesses' Emergency Services on the Massachusetts Turnpike: <http://www.mass.gov/ig/publications/reports-and-recommendations/2017/ig-letter-regarding-massdot-payments-for-emergency-services-on-the-massachusetts-turnpike-january-2017.pdf>.
3. The Abuse of Disability Parking Placards in Massachusetts:
<http://www.mass.gov/ig/publications/reports-and-recommendations/2016/abuse-of-disability-parking-placards-in-massachusetts-february-2016.pdf>.