Audit of Montachusett Regional Transit Authority (MART)

MassDOT Internal Audit Operations

July 15, 2026

To:	Finance and Audit Committee
From:	James Logan, Director of Audit Operations
Date:	July 15, 2026
RE:	Audit of Montachusett Regional Transit Authority (MART)

Executive Summary

MassDOT Internal Audit Operations completed an internal controls audit of Montachusett Regional Transit Authority ("MART"). The period under review is FY2024, covering dates between July 1, 2023, and June 30, 2024.

The primary scope and objectives of this audit were focused on reviewing RTACAP expenditures, vendor invoices, vehicle titles, asset security, contract tracking, standard operating procedures and internal controls documents.

Audit Operations identified one observation during the duration of this audit. The identified observation is minor.

CC:

Philip Eng, Interim Secretary and CEO, MassDOT
Jonathan Gulliver, Undersecretary and Highway Administrator, MassDOT
Meghan Haggerty, Chief Operating Officer, MassDOT
Stephen Oldfield, Administrator, MART
Steven Bliss, Chief Financial Officer, MART
Meredith Slesinger, Rail & Transit Administrator, MassDOT
Tom Schiavone, Deputy Administrator of Transit, MassDOT
Trevor Bayard-Murray, Manager of Compliance Oversight, MassDOT
Jeannette Orsino, Executive Director, Massachusetts Association of Regional Transit Authorities (MARTA)
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I. Introduction

Chapter 161B of the Massachusetts General Laws ("MGL") established regional transit authorities ("RTAs") to provide a public transportation system under the control of municipalities. Chapter 161B of the General Laws gives the Commonwealth certain oversight responsibilities, and it defines the process by which RTAs may be formed or expanded within the Commonwealth, as well as the duties, powers, and limitations of these RTAs.

This law also outlines the membership of RTA advisory boards and their authority to appoint administrators, approve budgets, and approve significant changes in service fares. Currently, there is a network of 15 RTAs (12 urban and 3 rural) operating in the Commonwealth, in addition to the transit services provided by the Massachusetts Bay Transportation Authority ("MBTA").

These RTAs serve a total of 262 cities, suburban municipalities, and rural communities outside the greater Boston area and provide transportation via buses and minibuses operated by private transit service companies. RTAs, which are locally controlled, manage their own operations but must hire private operating companies to provide their services in accordance with the General Laws of Massachusetts Chapter 161B ("MGL 161B").

Section 53 of MGL 6C makes the Rail and Transit Division ("RTD") of the Massachusetts Department of Transportation "responsible for overseeing, coordinating and planning all transit and rail matters throughout the commonwealth," including intercity buses, the MBTA, and RTAs. RTD carries out its responsibility of providing and managing financial assistance for RTAs through its Community Transit Program Unit, which oversees the federal, state, and local programs that financially support RTAs. The Audit Operations ("AO") team agreed to review the RTAs over a three-year rolling interval.

To support its operation and infrastructure, Montachusett Regional Transit Authority ("MART") relies heavily on capital funding from both federal and state sources, including the Federal Transit Administration ("FTA") and the Massachusetts Department of Transportation ("MassDOT"). With this funding comes a critical responsibility for MART and its contractors to comply with applicable federal and state regulations.

The State Regulations applicable to the audit area include MGL 161B, as well as policies and procedures implemented by MART.

II. Background

The 2022 audit of MART conducted by AO included a comprehensive review of critical business functions, such as:

- Cash room controls
- Vendor invoice processing
- Payroll and financial activities
- Vehicle asset titles

- Regional Transit Authority Capital Assistance Program (RTACAP) invoice and payment packages
- Federally funded contract awards

At the conclusion of the 2022 audit, no findings were reported, indicating that MART demonstrated a satisfactory level of compliance at that time.

MART’s operating revenue is derived from multiple sources, including:

- State and Contract Assistance (SCA)
- Local Assistance
- Federal Assistance
- Fixed-Route Income
- Paratransit Income
- Other Revenue (e.g., advertising, miscellaneous sources, and earned interest).

MART operates a mix of fixed-route and commuter services. The fixed route system includes twelve (12) local bus routes serving Fitchburg, Leominster, Gardner, and Athol. Additionally, six regional weekend-only routes provide expanded coverage with variable service intervals. MART also operates peak-hour commuter shuttles, linking with key population centers such as Gardner, Fitchburg, and Worcester.

III. Scope and Objectives

The objective of this engagement is to assess whether internal controls over RTACAP and State Contract Assistance (SCA) funding, related expenditures, asset stewardship, and supporting operational processes are adequately designed and operating effectively to ensure compliance with state requirements and proper use of state funds for FY2024.

Key Risks Identified

Based on preliminary risk assessment procedures, AO identified the following key risks:

1. **Risk of improper use of RTACAP funds** due to ineffective monitoring and approval controls, resulting in non-compliance with state requirements and potential misallocation of capital funding.
2. **Risk of misclassification or improper use of SCA funds** due to insufficient segregation of duties or ineffective review controls, resulting in inaccurate financial reporting or non-compliance with state funding requirements.
3. **Risk of inaccurate or unauthorized payments** due to ineffective invoice review and authorization processes, resulting in financial loss or inaccurate public reporting.
4. **Risk of loss, misuse, or undocumented disposition of state-funded assets** due to inadequate asset tracking, documentation, or physical safeguards, resulting in financial and reputational exposure

5. **Risk of operational disruption or data loss** due to inadequate disaster recovery planning and testing, resulting in service interruption or loss of critical information.

Scope – Key Control Areas to Be Assessed

AO has completed an internal controls audit, focused on the design and operating effectiveness of controls over the following areas for FY2024:

- **RTACAP Expenditures**

Controls ensuring expenditures are:

  - Related to approved RTACAP project lists
  - Within authorized project budgets
  - Supported by documentation
  - Tied to the existence of FY2024 project assets

- **State Contract Assistance (SCA) Funds**

Controls ensuring:

  - Proper classification between capital and operating expenditures.
  - Compliance with state funding requirements
  - Appropriate monitoring and oversight

- **Invoice Review and Authorization**

Controls ensuring:

  - Invoices are reviewed and approved by appropriate personnel prior to payment
  - Payments are supported and properly recorded
  - Payments are accurately reported to the Open Checkbook portal

- **Asset Stewardship**

Controls ensuring:

- Sufficient documentation of ownership and stewardship
- Verification of the existence of state-funded vehicles and assets

- **Physical Security Controls**

Controls ensuring adequate physical protection over MART-owned or leased facilities and assets.

- **Contract and Funding Tracking**

Controls ensuring**:**

- Accurate tracking of MassDOT contracts and funding
- Proper reporting of federally funded contracts in accordance with 2 CFR 200 Subpart F (where applicable)

- **Policies and Procedures**

Controls ensuring:

- Current and sufficient documented SOPs
- Clearly defined internal control documentation

- **Disaster Recovery Planning**

Controls ensuring:

- Existence of an up-to-date disaster recovery plan
- Periodic testing and documentation of recovery procedures.

Overall, internal controls are present and are functioning. However, some opportunities for improvement were identified as described in the Detailed Audit Findings and Observations on pages 13-14.

IV. Findings

Finding Title	Ranking	Page
Non-compliance with Open Checkbook/Government Posting Policy	Observation	18

1. Limitations in Open Checkbook Accessibility Impact Transparency and Independent Verification – Observation

Condition

During audit procedures, Audit Operations observed that transaction-level data available through the RTA's Open Checkbook portal required manual navigation across a high volume of individual pages (approximately 400+), without export or bulk download functionality.

Massachusetts General Laws Chapter 7, Section 14C requires agencies to provide financial data for inclusion in a searchable public website within specific timeframes.

In addition, effective public transparency practices support the availability of financial data in a format that is accessible and usable for independent review.

Cause

System design limitations and/or lack of data export functionality.

Effect

As a result, Audit Operations did not independently extract the full population of transactions from the Open Checkbook system and therefore was unable to analyze the full dataset. This limitation reduces the usability of the system for independent verification and may impact transparency for stakeholders.

Risk

Limitations in Open Checkbook accessibility may result in:

- Reduced transparency
- Increased reliance on internal data
- Potential for undetected errors or omissions
- Increased public records requests

Recommendation

Audit Operations recommends as a 'best business practice' that MART management consider the following:

- Enable bulk download/export functionality
- Improve search/filter capabilities
- Ensure system supports independent review

Management Response

MART enhanced its website in early 2026 addressing the Open Government/Open Checkbook concern. Specifically, we enhanced the Open Checkbook component of the site to support both search and export functionality.

Responsible Parties: MART Administrator, Chief Financial Officer

Management Implementation Date: February 2026

V. Appendix

Appendix 1: Finding Description

Finding Level	Definition	Action Required
Critical	Critical issues occur where required controls and safeguards are deficient or non-existent to mitigate the highest risks and/or to ensure statutory compliance. It is very likely that the issue will pose a significant imminent threat to employee and public safety and/or lead to significant financial loss, legal penalties, and major operational disruptions.	Immediate corrective action is necessary. Management should prioritize addressing these findings to mitigate risks and prevent further issues.
Major	Major issues occur when there are controls in place but may require some improvement or better execution to ensure full coverage of statutory requirements and/or to better mitigate significant risks. While not imminent or critical, the issue could affect safety, compliance, financial accuracy, or operational efficiency. These could become critical if not addressed promptly.	Management should develop and implement action plans promptly to address these findings and improve processes and controls.
Minor	A minor issue that must be addressed in a timely manner. These findings do not pose immediate threats but may lead to minor risks, inefficiencies or process gaps where improvements can enhance efficiency and effectiveness.	Management should address these findings as part of ongoing improvements efforts.

Observation	An observation that does not pose an immediate risk but represent opportunities for improvement. These may include best practices, process optimizations, or areas for increased efficiency.	Management may consider these observations for continuous improvement, but they do not require immediate action.