



Commonwealth of Massachusetts
Office of the State Auditor
Suzanne M. Bump

Making government work better

Official Audit Report – Issued August 24, 2018

Brockton Area Transit Authority

For the period July 1, 2015 through June 30, 2017





Commonwealth of Massachusetts
Office of the State Auditor
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Making government work better

August 24, 2018

Mr. Reinald Ledoux, Administrator
Brockton Area Transit Authority
155 Court Street
Brockton, MA 02302

Dear Mr. Ledoux:

I am pleased to provide this performance audit of the Brockton Area Transit Authority. This report details the audit objectives, scope, methodology, findings, and recommendations for the audit period, July 1, 2015 through June 30, 2017. My audit staff discussed the contents of this report with management of the agency, whose comments are reflected in this report.

I would also like to express my appreciation to the Brockton Area Transit Authority for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMBump".

Suzanne M. Bump
Auditor of the Commonwealth

cc: Stephanie Pollack, Secretary of Transportation and Chief Executive Officer, Massachusetts Department of Transportation (MassDOT)
Sally Atwell, Director of Internal Special Audit, MassDOT
Mayor William Carpenter, Chair, Brockton Area Transit Authority

TABLE OF CONTENTS

EXECUTIVE SUMMARY	1
OVERVIEW OF AUDITED ENTITY.....	3
AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY	9
DETAILED AUDIT FINDINGS WITH AUDITEE’S RESPONSE.....	11
1. The Brockton Area Transit Authority did not submit required financial information to the Commonwealth to be made available to the public on a searchable website.	11
2. BAT did not properly document the use of its non-revenue-producing vehicles by its employees.	12

LIST OF ABBREVIATIONS

BAT	Brockton Area Transit Authority
EOAF	Executive Office for Administration and Finance
FTA	Federal Transit Administration
MassDOT	Massachusetts Department of Transportation
MBTA	Massachusetts Bay Transportation Authority
RTA	regional transit authority
RTAI	Ron Turley Associates, Inc.
RTD	Rail and Transit Division

EXECUTIVE SUMMARY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of the Brockton Area Transit Authority (BAT) for the period July 1, 2015 through June 30, 2017. In this performance audit, we assessed certain aspects of this regional transit authority's preventive maintenance activities related to its fleet of vehicles, including equipment and vehicles for transporting passengers with disabilities under the requirements of the Americans with Disabilities Act of 1990. We also examined BAT's use of its non-revenue-producing vehicles, as well as its compliance with the General Laws regarding providing its financial records to the Secretary of Administration and Finance for public disclosure.

Below is a summary of our findings and recommendations, with links to each page listed.

Finding 1 Page 11	BAT did not submit required financial information to the Commonwealth to be made available to the public on a searchable website.
Recommendations Page 12	<ol style="list-style-type: none">1. BAT should develop formal policies and procedures for submitting this required information to the Executive Office for Administration and Finance.2. BAT should establish monitoring controls to ensure that the staff members assigned to this task adhere to these policies and procedures.
Finding 2 Page 12	BAT did not properly document the use of its non-revenue-producing vehicles by its employees.

Recommendations
Page 13

1. BAT should establish policies and procedures, consistent with those established by the Massachusetts Department of Transportation for its non-revenue-producing vehicles, that require a log that documents the following:
 - a. the name and driver's license expiration date of the employee who used the vehicle
 - b. the date and time the vehicle was picked up
 - c. the date and time the vehicle was returned
 - d. the vehicle's license plate number
 - e. the vehicle description
 - f. the intended destination and purpose
 - g. the beginning odometer reading
 - h. the condition of the vehicle before and after use
 - i. any damage
 - j. any maintenance issues identified during use
2. BAT should ensure that these policies and procedures include monitoring controls to ensure that they are adhered to.

OVERVIEW OF AUDITED ENTITY

Regional Transit Authorities

Chapter 161B of the Massachusetts General Laws established regional transit authorities (RTAs) to provide a public transportation system under the control of municipalities. Each RTA supports a number of communities (member communities) and is governed by an advisory board composed of the chief elected officials from those communities. 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 Chapter 161B of the General Laws.

Section 53 of Chapter 6C of the General Laws 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. State appropriations for the 15 RTAs increased from approximately \$70 million in fiscal year 2014 to approximately \$80 million in fiscal years 2016 through 2018.

The Brockton Area Transit Authority

The Brockton Area Transit Authority (BAT) was established in 1974 and reports to RTD under Chapter 25 of the Acts of 2009, “An Act Modernizing the Transportation Systems of the Commonwealth.” According to BAT’s website, its mission is as follows:

To proudly serve and be recognized as an innovative regional transit authority by providing safe, reliable and efficient service to our customers, clients and communities while achieving maximum

effectiveness in complementing other forms of transportation in order to promote the general, economic, and social well-being of the area and the Commonwealth.

An administrator is responsible for day-to-day administration of the agency, which had eight full-time and five part-time staff members during our audit period. BAT’s operations are overseen by an advisory board made up of one member from each of the 11 communities¹ the agency serves. The advisory board is responsible for hiring an administrator, setting fares, establishing service levels, and authorizing real-estate purchases. BAT contracted with East Coast Transit Services Inc. and NorthEast Transit Services Inc. to provide fixed-route and demand-response² transportation services, including maintenance and administrative functions, for fiscal years 2016 and 2017.

During our audit period, BAT’s capital fund expenditures were \$2,084,308 for fiscal year 2016 and \$6,272,032 for fiscal year 2017. The table below shows the types of capital fund expenditures made by BAT.

BAT Capital Fund Expenditures

Type of Expenditure	Fiscal Year 2016	Fiscal Year 2017
Building Improvements	\$ 18,817	\$ 693,699
Buses, Fare Boxes, and Support Vehicles	1,702,424	5,231,503
Miscellaneous Equipment	363,067	346,830
Total	<u>\$ 2,084,308</u>	<u>\$6,272,032</u>

In fiscal years 2016 and 2017, BAT received revenue from a variety of sources, including fares from riders and assistance from various federal, state, and local sources. The largest source of funding was state contract assistance,³ followed by fare revenue, local assessment⁴ payments, and Federal Transit Administration (FTA) grants. The table below shows the types of funding BAT received during the audit period.

1. The communities are Abington, Avon, Bridgewater, Brockton, East Bridgewater, Easton, Hanson, Rockland, Stoughton, West Bridgewater, and Whitman.
2. Demand-response transportation services are those that run on a flexible schedule and on flexible routes based on the needs of RTA passengers with special needs.
3. Under Section 23 of Chapter 161B of the General Laws, the Commonwealth, through the Executive Office for Administration and Finance, can contract with an RTA to fund 50% of the net cost of the service the RTA provides. Known as state contract assistance, this funding is provided through the Commonwealth Transportation Fund and the Massachusetts Transportation Trust Fund.
4. Under Section 9 of Chapter 161B of the General Laws, annual local assessment payments are adjusted based on the “loss” (operating cost minus revenue) for each specific transit route and the activity and the share of that loss attributable to each town or city.

BAT Operating Funding Sources

Type of Funding	Fiscal Year 2016	Fiscal Year 2017
State Contract Assistance	\$ 6,983,107	\$ 6,983,107
Fare Revenue	3,809,716	3,644,547
Local Assessments	2,784,505	2,854,118
Federal Grants	1,585,886	1,397,184
Other Funds*	297,058	282,337
Total	<u>\$ 15,460,272</u>	<u>\$ 15,161,293</u>

* Other funds include parking fees, advertising revenue, and reimbursements.

During our audit period, BAT's operating costs were as follows.

BAT Operating Expenses

Type of Expense	Fiscal Year 2016	Fiscal Year 2017
Transit Services	\$ 10,046,671	\$ 10,219,899
Maintenance	2,624,403	2,313,690
Insurance	880,344	900,677
Management Services	731,638	745,424
Other Operating Expenses*	1,123,191	872,752
Total	<u>\$ 15,406,249[†]</u>	<u>\$ 15,052,442</u>

* Other operating expenses include marketing and administrative costs.

† Discrepancy in total is due to rounding.

Vehicle Fleet and Service Route Area

BAT operates local fixed-route and demand-response services within the 86-square-mile Brockton area, serving a population of more than 284,000. It operates a network of 14 local transit routes (1 of which is specifically for commuters) and 1 supplemental school route. The local fixed-route service operates seven days a week; weekday service runs from as early as 4:50 a.m. to 12:25 a.m. the next day, Saturday service runs from 5:05 a.m. to 10:50 p.m., and Sunday service runs from 10:10 a.m. to 5:05 p.m. The supplemental school routes operate on weekdays, from as early as 7:20 a.m. to 8:00 p.m.

Buses and minibuses provide transit services to the vast majority of BAT passengers. The table below shows the number of revenue-producing and non-revenue-producing vehicles⁵ used at BAT during fiscal years 2016 and 2017.

Number of BAT Vehicles

Vehicle Type	Fiscal Year 2016	Fiscal Year 2017
Revenue-Producing	109	109
Non-Revenue-Producing	9	9
Total	<u>118</u>	<u>118</u>

Vehicle Maintenance

BAT operates an administrative office at 155 Court Street, and a maintenance facility in an approximately 19,500-square-foot building at 1442 Main Street, in Brockton. At the end of our audit period, BAT had a total of 118 vehicles in its fleet. The table below shows the types and average ages of the vehicles in BAT's fleet during the audit period.

BAT Vehicle Fleet Average Age

Make and Model	Vehicle Type	Vehicle Count	Average Age (Years)
Gillig Low Floor	Bus	41	8.76
Ford Starcraft	Minibus	21	5.33
Ford Elkhart Coach	Bus	19	1.95
Ford ElDorado AeroTech/E450	Minibus	19	9.42
Ford F350	Truck	2	5.00
Nova Rapid Transit Series	Bus	3	21.00
Chevrolet Silverado	Truck	2	8.00
Ford Explorer	SUV	1	8.00
Ford Taurus	Sedan	2	3.00
International HCCB	Bus	6	6.83
Chevrolet Colorado	Truck	1	2.00
Ford Transit	Van	1	1.95
Total		<u>118</u>	

5. Non-revenue-producing vehicles are light-duty vehicles for temporary use by BAT employees for agency-related business.

The table below shows BAT's maintenance expenses for the audit period.

BAT Maintenance Expenses

Expenses	Fiscal Year 2016	Fiscal Year 2017
Salaries	\$ 1,127,509	\$ 930,417
Parts and Equipment	506,258	495,712
Fuel	769,733	712,919
Other Vehicle Maintenance	24,270	29,908
Other Maintenance	196,633	144,734
Total	<u>\$ 2,624,403</u>	<u>\$ 2,313,690</u>

Below are the actual mileage and maintenance costs per vehicle for fiscal year 2017.

BAT Vehicle Mileage and Maintenance Expenses

Make and Model	Vehicle Count	Total Mileage	Labor Cost	Parts Cost	Total Maintenance Cost	Average Maintenance Cost per Vehicle
Gillig Low Floor	41	1,268,966	\$ 200,850	\$ 347,451	\$ 548,301	\$13,373
Ford Starcraft	21	311,868	40,364	32,540	72,905*	\$3,472
Ford Elkhart Coach	19	329,126	23,153	15,500	38,653	\$2,034
Ford Eldorado AeroTech/E450	19	14,196	2,180	2,181	4,361	\$230
Ford F350	2	7,129	114	56	169*	\$85
Nova Rapid Transit Series	3	68	465	638	1,103	\$368
Chevrolet Silverado	2	4,547	1,493	2,571	4,064	\$2,032
Ford Explorer	1	2,011	1,940	3,823	5,763	\$5,763
Ford Taurus	2	20,840	269	258	527	\$264
International HCCB	6	82,693	13,770	13,984	27,754	\$4,626
Chevrolet Colorado	1	5,382	132	537	669	\$669
Ford Transit	1	297	0	0	0	\$0
Total	<u>118</u>	<u>2,047,123</u>	<u>\$ 284,730</u>	<u>\$ 419,539</u>	<u>\$ 704,269</u>	

* Discrepancies in totals are due to rounding.

FTA requires all RTAs to report to it any information related to their transit vehicle inventories or maintenance and repairs that they conduct. This information is included in FTA's National Transit Database. At the time of our audit, BAT was using the Ron Turley Associates, Inc. Fleet Management Software to document all of its vehicle asset and expense information and report it to FTA.

BAT Programs

BAT works with Brockton Public Schools to promote the use of student passes. BAT is also an active member of several local organizations, such as Brockton's Chamber of Commerce, the Brockton Area Workforce Investment Board, the Southeast Regional Homeland Security Council, the Old Colony Planning Council's Metropolitan Planning Organization, and the Old Colony Planning Council's Joint Transportation Committee. Additionally, BAT provides transportation resources for the area's councils on aging.

AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

In accordance with Section 12 of Chapter 11 of the Massachusetts General Laws, the Office of the State Auditor has conducted a performance audit of certain activities of the Brockton Area Transit Authority (BAT) for the period July 1, 2015 through June 30, 2017.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Below is a list of our audit objectives, indicating each question we intended our audit to answer; the conclusion we reached regarding each objective; and, if applicable, where each objective is discussed in the audit findings.

Objective	Conclusion
1. Did BAT maintain a cost maintenance log for each vehicle to ensure that preventive maintenance for vehicles and equipment for transporting passengers with disabilities under the requirements of the Americans with Disabilities Act of 1990 was up to date per Federal Transit Administration (FTA) guidelines?	Yes
2. Did BAT submit all required financial records to the Commonwealth for inclusion on the Commonwealth's searchable website as required by Section 14C of Chapter 7 of the General Laws?	No; see Finding <u>1</u>
3. Did BAT properly manage the use of its non-revenue-producing vehicles?	No; see Finding <u>2</u>

To achieve our audit objectives, we gained an understanding of BAT's internal controls that we deemed significant to our audit objectives through inquiries and observations, and we evaluated the design of controls over cost maintenance logs, financial reporting to the Commonwealth, and non-revenue-producing vehicles.

In addition, we performed the following procedures to obtain sufficient, appropriate audit evidence to address the audit objectives:

-
- We analyzed the data in the Ron Turley Associates, Inc. (RTAI) software maintained by BAT, which documents all vehicle fleet maintenance and repairs, to determine whether all vehicles used and vehicle maintenance performed during the audit period were properly documented.
 - We verified that BAT's maintenance facility had a vehicle maintenance schedule and tested a nonstatistical random sample to determine whether the agency followed the recommended schedule for preventive maintenance and replacement. We tested the records for 90 of the 110 vehicles that received maintenance at the facility during our audit period. We compared records of the mileage traveled per vehicle to records of oil changes performed during the audit period and tested to determine whether BAT followed specific vehicles' manufacturer guidelines and the required FTA preventive maintenance guidelines.
 - We extracted from the RTAI software a fleet inventory list and maintenance records. We used original maintenance work orders, as well as copies, as evidence to verify the information in the RTAI software-generated report. We reviewed a nonstatistical random sample of 25 of the 123 work orders for non-revenue-producing vehicles, which we compared to the data in the RTAI software. We used nonstatistical sampling and therefore did not project our results to the population. We also reviewed a statistical sample of 30 out of 7,792 work orders for revenue-producing vehicles, using a 95% confidence level and a 10% tolerable error rate, which we compared to the data in the RTAI software. The RTAI database included 195 work orders that did not have specific revenue-producing or non-revenue-producing vehicles assigned to them. We tested 25 of the 195 unassigned vehicle work orders, which we compared to the data in the RTAI software and discussed with management to gain an understanding of them. We verified attributes of the work orders pertaining to the maintenance work performed and maintenance costs.
 - We asked BAT management about the use of non-revenue-producing vehicles and the process of lending a non-revenue-producing vehicle from the motor pool.
 - We asked BAT management whether the keys to non-revenue-producing vehicles were in the possession of the general manager of East Coast Transit Services Inc., the general manager of NorthEast Transit Services Inc., and/or BAT personnel or were left in the vehicles.
 - We requested and reviewed the sign-in/sign-out log for non-revenue-producing vehicles.
 - We examined the state's publicly available, searchable website, as well as BAT's website, to determine whether they included data for BAT expenditures, including payroll, to ensure transparency regarding the agency's spending.

We analyzed the RTAI Fleet Management Software by performing validity and integrity tests, including testing for missing data and scanning for duplicate records. We performed a source documentation review of the original hardcopy work orders to ensure that they matched the information in the RTAI software. We determined that the data from this system were sufficiently reliable for the purposes of our audit.

DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

1. The Brockton Area Transit Authority did not submit required financial information to the Commonwealth to be made available to the public on a searchable website.

The Brockton Area Transit Authority (BAT) did not submit required financial information about its operations (e.g., expenditures) to the Executive Office for Administration and Finance (EOAF) so this information could be made available to the public on a searchable website. Therefore, BAT did not allow the Commonwealth to give the public a sufficient level of transparency regarding BAT's operations, including its overall financial health and the nature and extent of its expenses.

Authoritative Guidance

Section 14C of Chapter 7 of the Massachusetts General Laws requires agencies, including quasi-public independent entities such as BAT, to report their "appropriations, expenditures, grants, subgrants, loans, purchase orders, infrastructure assistance and other forms of financial assistance" to the Secretary of EOAF for inclusion on the Office of the State Comptroller's searchable website. Section 14C(e) states, "All agencies shall provide to the secretary all data that is required to be included in the searchable website not later than 30 days after the data becomes available to the agency."

Reasons for Noncompliance

In its response to our draft report, BAT senior management stated,

The RTAs as a group proposed a low cost alternative to their participation in this initiative, which involved publication of the financial data on the RTAs' individual websites. Chapter 7, Section 14C under clause (g) contemplates and provides for the redirection of the public from the State's Open Checkbook website to other government websites as long as each of those websites complies with the requirements of this section.

The BAT has made a concerted effort over the years to comply with the spirit and transparency goal of the Chapter 7, Section 14C "Open Checkbook (CTHRU)" initiative through the publication of its payroll and financial payment information, audited financial statements, and approved fiscal year budgets on its website in a searchable format. We believe the financial information currently contained on our website provides the public with a sufficient level of transparency regarding the BAT's operations, including its overall financial health and the nature and extent of its expenses. As a matter of routine, we direct public requests for BAT's financial information to the Open Government section of our website, which in most instances satisfies the public's request for information. In those rare cases a request for information is not contained on our website, we

treat it as a Public Information Request and quickly respond to the individual, generally at no cost.

Recommendations

1. BAT should develop formal policies and procedures for submitting this required information to EOAF.
2. BAT should establish monitoring controls to ensure that the staff members assigned to this task adhere to these policies and procedures.

Auditee's Response

The RTAs met collectively with the State Comptroller's Office on Tuesday June 12 to determine the best way to provide data quickly for the Executive Office for Administration and Finance's website. BAT's link to its web-based open government data was made available immediately. The next step to be taken is to work out data submission timelines as state agencies have differing schedules of submission. BAT will develop its policy and monitoring controls once the timelines and final delivery criteria have been agreed to with the Office of the Comptroller. BAT is committed to open government and transparency.

Auditor's Reply

Based on its response, BAT is taking measures to ensure that it reports this required information to EOAF.

2. BAT did not properly document the use of its non-revenue-producing vehicles by its employees.

BAT did not properly document the use of its non-revenue-producing vehicles. Specifically, it did not properly document information such as the name and driver's license expiration date of the employee who used the vehicle, the trip's intended destination and purpose, the date and time the vehicle was picked up, the date and time it was returned, its license plate number, its description, its beginning odometer reading, its condition before and after use, any damage, and any maintenance issues identified during use, for every trip for all of its non-revenue-producing vehicles. According to BAT records, its nine non-revenue-producing vehicles were driven a combined total of 43,849 and 40,206 miles during fiscal years 2016 and 2017, respectively. As a result of the lack of monitoring of use, there is a higher-than-acceptable risk that these vehicles may be used for non-business purposes without detection.

Authoritative Guidance

BAT's oversight agency, the Massachusetts Department of Transportation (MassDOT), has a Motor Vehicles Policy, No. P-D0032-01, dated October 5, 2016, regarding the use of MassDOT's non-revenue-producing vehicles by its staff. This policy requires MassDOT management to maintain a log that documents the name and driver's license expiration date of the employee who used the vehicle, the trip's intended destination and purpose, the date and time the vehicle was picked up, the date and time it was returned, its license plate number, its description, its beginning odometer reading, its condition before and after use, any damage, and any maintenance issues identified during use. Although BAT is not required to follow this policy, it represents a best practice in vehicle fleet management that BAT should follow because it will allow the agency to more effectively manage the maintenance and proper use of these vehicles.

Reasons for Noncompliance

BAT management stated that the agency had a written policy, distributed to all staff members, that required employees to request the use of non-revenue-producing vehicles from BAT's fleet manager and state their purpose for doing so. They said they believed that the vehicles were adequately safeguarded from potential misuse because the fleet manager was the only staff member who had the keys when employees asked to sign out the non-revenue-producing vehicles. However, BAT had not established a log or specific monitoring controls to ensure that these policies and procedures were properly adhered to.

Recommendations

1. BAT should establish policies and procedures, consistent with those established by MassDOT for its non-revenue-producing vehicles, that require a log that documents the following:
 - a. the name and driver's license expiration date of the employee who used the vehicle
 - b. the date and time the vehicle was picked up
 - c. the date and time the vehicle was returned
 - d. the vehicle's license plate number
 - e. the vehicle description
 - f. the intended destination and purpose

- g. the beginning odometer reading
 - h. the condition of the vehicle before and after use
 - i. any damage
 - j. any maintenance issues identified during use
2. BAT should ensure that these policies and procedures include monitoring controls to ensure that they are adhered to.

Auditee's Response

BAT will revise its policy and procedures for the oversight and use of its non-revenue vehicles to incorporate best practices from other RTAs and MassDOT. At the same time, they will be tailored to the non-revenue vehicles of BAT. The revised policies and procedures will include a log for those non-revenue vehicles requiring such. This log will include all pertinent information regarding use, operator, and vehicles. BAT's revised policies and procedures will include monitoring controls to ensure compliance. The development of this log will be consistent with our policies and oversight responsibilities.

Auditor's Reply

Based on its response, BAT is taking measures to address our concerns in this area.