



# The Commonwealth of Massachusetts

## AUDITOR OF THE COMMONWEALTH

ONE ASHBURTON PLACE, ROOM 1819  
BOSTON, MASSACHUSETTS 02108

A. JOSEPH DeNUCCI  
AUDITOR

TEL. (617) 727-6200

NO. 2007-1008-3A

INDEPENDENT STATE AUDITOR'S REPORT ON  
CERTAIN ACTIVITIES OF THE  
CAPE COD REGIONAL TRANSIT AUTHORITY  
JULY 1, 2004 TO MARCH 31, 2007

OFFICIAL AUDIT  
REPORT  
NOVEMBER 7, 2007

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In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Cape Cod Regional Transit Authority (CCRTA). The Authority was established on October 13, 1976 pursuant to the provisions of Chapter 161B of the Massachusetts General Laws. The mission of the CCRTA is to address the transportation needs of its customers by planning, financing, and overseeing the delivery of quality public transportation services on Cape Cod through privately contracted vehicle maintenance and operations providers. Local control is maintained through an Advisory Board system whereby the Board is made up of one member from each of the 15 communities in Barnstable County. The Advisory Board is responsible for providing policy decisions for and general oversight of the CCRTA'S administrative operations.

The objectives of our audit were to assess the adequacy of the Authority's management control system for measuring, reporting, and monitoring the effectiveness of its operations and to evaluate its compliance with laws, rules, and regulations. We also reviewed the Authority's most recent IPA audit report and management letter to determine if it was conducted in compliance with GAGAS requirements and to determine whether the Authority had taken corrective action on any items identified in the management letter.

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Our prior audit (No. 2005-1008-3A) of the Cape Cod Regional Transit Authority disclosed internal control weaknesses over the collection of and accounting for fare-box revenues. The internal control weaknesses involved the reconciling, depositing and reporting of fare box revenues. Our follow-up review determined that the Authority has established new procedures for receiving, reconciling and recording fare box revenues.

## INTRODUCTION

### ***Background***

The Cape Cod Regional Transit Authority (CCRTA) was established on October 13, 1976 pursuant to the provisions of Chapter 161B of the Massachusetts General Laws. The mission of the CCRTA is to address the transportation needs of its customers by planning, financing, and overseeing the delivery of quality public transportation services on Cape Cod through privately contracted vehicle maintenance and operations providers. Local control is maintained through an Advisory Board system whereby the Board is made up of one member from each of the 15 communities in Barnstable County. The Advisory Board is responsible for providing policy decisions for and general oversight of the CCRTA'S administrative operations.

### ***Audit Scope, Objectives, and Methodology***

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of certain activities of the Cape Cod Regional Transit Authority for the period July 1, 2004 to March 31, 2007. The objectives of our audit were to assess the adequacy of the Authority's management control system for measuring, reporting, and monitoring the effectiveness of its operations and to evaluate its compliance with laws, rules, and regulations.

Our audit was conducted in accordance with applicable generally accepted government auditing standards for performance audits and, accordingly, included such audit tests and procedures as we considered necessary.

To achieve our audit objectives, we reviewed the Authority's:

- Internal controls over receipts and disbursements, including administrative costs and expenses, to determine their adequacy.
- Controls over contracts to determine if proper bidding, awarding and oversight procedures are in place.
- Overall compliance with applicable rules, regulations and laws.
- Most recent IPA audit report and management letter, to determine if it was conducted in compliance with GAGAS requirements, and to follow up on any identified issues.

In addition, we conducted a follow-up review of the conditions noted in our prior audit report (No. 2005-1008-3A).

Based on our audit, for the areas reviewed, we determined that the CCRTA maintained controls and records in accordance with established criteria, utilized an internal control structure that is suitably designed and implemented to achieve the desired control objectives, and complied with all applicable laws, rules, and regulations.

## AUDIT RESULTS

### **PRIOR AUDIT RESULTS RESOLVED - INTERNAL CONTROLS OVER FARE BOX REVENUES**

Our prior audit (No. 2005-01008-3A) of the Cape Cod Regional Transit Authority (CCRTA) disclosed serious internal control deficiencies over the collection of and accounting for fare-box revenues in its fixed-route bus service. Our prior audit disclosed that the CCRTA had not developed and implemented an adequate system of internal controls to reconcile the actual amount of fare box revenues collected from riders to the amount of money deposited in the bank and recorded on the CCRTA's books.

In addition, our prior audit report disclosed that burglaries had occurred at the Operations Center during the audit period that resulted in fare revenue boxes being stolen. The value of the loss amounted to \$24,363, and was reimbursed through an insurance claim.

Our follow-up review determined that the Authority has established new procedures for receiving, reconciling and recording fare box revenues, and has purchased a new, programmable fare box system. The Authority has also adjusted its fare structure to encourage the purchase of monthly passes and reduce the use of cash. In addition, the Authority secures all daily fare box revenues at its new Hyannis Transportation Center prior to counting and depositing funds.