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INDEPENDENT STATE AUDITOR'S REPORT
ON THE
MASSACHUSETTS BAY TRANSPORTATION
AUTHORITY'S ADMINISTRATION OF THE RIDE
PROGRAM
JULY 1, 2004 TO JUNE 30, 2008

OFFICIAL AUDIT
REPORT
DECEMBER 3, 2009

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Our review of the Massachusetts Bay Transportation Authority (MBTA) was conducted to determine the overall effectiveness of the MBTA's management and oversight of its paratransit program known as "The RIDE." We reviewed the MBTA's management policies and procedures utilized to ensure that the private vendors contracted to provide these services were being adequately monitored and that the MBTA has implemented comprehensive systems for rider eligibility, payments, on-time performance, customer complaints, and program and vehicle data. In addition, we reviewed the MBTA's contract solicitation and award process used for the RIDE contracts in effect during our audit, as well as the overall costs associated with maintaining this transportation service.

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1. \$15 MILLION OF FUEL REIMBURSEMENTS TO RIDE VENDORS LACKED ADEQUATE SUPPORTING DOCUMENTATION

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The MBTA's current five-year contract ending June 30, 2009 to operate the RIDE allows the contractors to be reimbursed, within limits, for their actual fuel expenses incurred. Upon request, the MBTA reimburses each RIDE contractor for the actual price paid per gallon, up to the average price per day in the Boston Metro Area, according to the AAA website. The contractors are responsible for providing actual receipts for all gasoline purchases for RIDE services rendered, and they must specify whether receipts submitted are for fuel purchases for MBTA-owned vehicles or contractor-owned vehicles. A test of these fuel reimbursements revealed that the MBTA did not adhere to its own program requirements and internal controls for fuel reimbursements made to all four RIDE vendors. Specifically, the accuracy of payments for fuel charges could not be verified because the MBTA could not provide us with the required supporting documentation to substantiate these charges. Required monthly detailed credit card reports and daily vehicle and ridership reports were not in the MBTA files. Without this needed supporting documentation the MBTA cannot be certain that all requests for fuel reimbursement are for actual RIDE purposes.

2. THE MBTA DID NOT PROPERLY INFORM ITS RIDE CUSTOMERS OF \$733,000 IN AVAILABLE UNUSED ACCOUNT BALANCES

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The MBTA's records indicate that 19,527 active customers had unused fare deposits to their credit of approximately \$733,000. When we inquired how often these customers are sent statements of these balances, the MBTA stated that it does not send out customer statements on a periodic basis because these customers could view their account activity and balances on-line, via the Internet, at any time. In addition, the MBTA stated that these customers may request a hard copy of their statement be sent to them through the mail. Our review of MBTA records revealed that since December 2004, only \$42,227 in credit balances have been returned to RIDE customers. If statements were mailed periodically, more customers and their families might attempt to recoup any unused credit balances.

INTRODUCTION

Background

The RIDE is the Massachusetts Bay Transportation Authority's (MBTA) paratransit program that provides door-to-door transportation to eligible people who cannot always use general public transportation (subways, buses, and trains) because of a physical, cognitive, or mental disability. The RIDE is operated in compliance with the Federal Americans with Disabilities Act (ADA) and is a shared-ride service that transports multiple persons in one vehicle. Lift-equipped vans are used to serve persons with disabilities, including those who use wheelchairs and scooters.

Since the RIDE began its operation in 1977, the service has grown from a relatively small operation serving a 12-square-mile area in Brookline, Cambridge, and parts of Boston to one of the largest paratransit operations in the nation covering approximately 729 square miles. The RIDE operates 365 days a year from 6:00 a.m. to 1:00 a.m. in 62 cities and towns and includes all areas where the MBTA operates buses, trolleys, and subway service. Currently, the RIDE service area comprises four geographical sectors, each of which is operated under contract by a private transportation vendor, as follows:

<u>Service Areas</u>	<u>Vendor Name</u>
North	Greater Lynn Senior Services, Inc. (GLSS)
Northwest	Veterans Transportation Services, Inc. (VTS)
South	Kiessling Transit, Inc. (KTI)
Southwest	Thompson Transit Inc./YCN Transportation Inc., a Joint Venture (JV)

For the contract period November 1, 2004 to June 30, 2009, the MBTA agreed to pay these vendors a combined total of approximately \$238.3 million to provide an estimated 7.21 million trips for RIDE services, as follows:

<u>Vendor Name</u>	<u>Contract Amount Not to Exceed</u>	<u>Estimated Trips</u>	<u>Average Cost Per Trip</u>
GLSS	\$ 69,868,000	1.99 Million	\$35.10
VTS	80,679,000	2.65 Million	30.44
JV	41,770,000	1.14 Million	36.64
KTI	<u>46,014,000</u>	<u>1.43 Million</u>	<u>32.18</u>
Totals	<u>\$238,331,000</u>	<u>7.21 Million</u>	<u>\$33.05</u>

During the fiscal year ended June 30, 2008 the RIDE completed over 1.764 million passenger trips, compared with approximately 1.309 million trips completed in fiscal year 2004, which represents an increase of 455,000 trips, or 34.7%, over this five-year period. During the entire five-year period over 7.45 million trips were completed, or an average of approximately 1.49 million trips annually. A breakdown of the annual completed trips, by vendor, follows:

Vendor	Total Passenger Trips					Totals
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	
GLSS	369,200	366,698	415,105	479,210	552,780	2,182,993
VTS	463,173	478,748	531,144	571,160	631,278	2,675,503
JV	200,547	211,250	227,576	244,767	269,175	1,153,315
KTI	<u>276,516</u>	<u>279,010</u>	<u>284,999</u>	<u>289,245</u>	<u>310,880</u>	<u>1,440,650</u>
Total	<u>1,309,436</u>	<u>1,335,706</u>	<u>1,458,824</u>	<u>1,584,382</u>	<u>1,764,113</u>	<u>7,452,461</u>

In order to qualify for the RIDE program, individuals must complete an application detailing why they are unable to use regular MBTA transit service and submit it to the RIDE program for review and approval. This application must be signed by either a physician or a human service provider, attesting to the nature of an applicant's disability and an estimated duration of this condition and need for specialized transportation services. Per ADA regulations, the MBTA RIDE program is allowed 21 days to process an application. Persons deemed eligible for RIDE services are responsible for reapplying prior to the expiration of their initial eligibility period. Accordingly, depending upon the nature of one's disability, eligibility periods can range from several months to several years.

The local one-way fare for each registered RIDE passenger trip is currently \$2. If the RIDE participant is traveling with a Personal Care Attendant (PCA), the PCA is not charged a fee.

Every RIDE customer has an electronic fare account that provides the option of payment via debit card, credit card, money order, cash, or check. The fare system maintains an online balance that the registered rider can access by telephone or via the Internet.

A minimum initial deposit of \$12 must be entered into a registered participant's account, and sufficient funds must be maintained at all times to complete a requested trip. RIDE vendors are not required to transport any persons who do not maintain adequate funds in their RIDE accounts.

The MBTA has several controls in place to monitor the performance of the four vendors who operate the RIDE program. Since on-time performance is a critical part of the program's mission, accurate scheduling and real-time monitoring of all RIDE vehicles is provided via several automated systems implemented by the MBTA. For on-time performance the MBTA has implemented a system called ADEPT, a real-time scheduling and management software program that is used by RIDE vendors to record and track all requests for service, the disposition of each request, the number and type of passengers served, and all fare revenues collected.

To supplement the ADEPT system, all RIDE vehicles are equipped with a Mobile Data Computer (MDC), which functions as an integrated global positioning system that enables the program managers, in real-time, to determine each vehicle's exact location, facilitates efficient zone dispatching, provides driver and passenger identification, and performs automated data collection and reporting. The MDC provides the MBTA with the data necessary to evaluate on-time performance and determine whether contractually provided-for penalties or bonuses for monthly performance are warranted.

The MBTA also has a system in place to ensure that all RIDE customer complaints and concerns are answered in a timely fashion. RIDE contractors are required to notify the MBTA in writing, on a daily basis, of all customer complaints received. Customers may also elect to register their complaints directly with the MBTA. The MBTA forwards all complaints received directly from RIDE participants to the appropriate vendor for resolution. All complaints are required to be documented to show proper investigation and resolution by the contractor; including a telephone interview with the customer, and evidence that appropriate action was promptly taken. To this end, contractors are required to notify the customer and the MBTA of the disposition of the complaint, in writing, within 10 days of receipt of the complaint. If a complaint is not answered within the required 10 days, the contractor is assessed a \$25 penalty.

The current contract provides for the following penalties to be assessed for unsatisfactory on-time performance:

- \$25 penalty per late trip in fiscal year 2005; \$27.50 per late trip in fiscal years 2006 through 2009
- \$50 per missed trip in fiscal year 2005; \$55 per missed trip in fiscal years 2006 through 2009

- \$25 penalty per infraction related to 85% on-time performance in fiscal year 2005; \$27.50 penalty per infraction related to 90% on-time performance for fiscal years 2006 through 2009.

The following summarizes the actual penalties assessed and collected by the MBTA for each RIDE vendor for the period July 1, 2003 through June 30, 2008:

Vendor	Penalties by Vendor					Totals
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	
GLSS	\$ 83,400	\$127,537	\$166,647	\$172,200	\$211,210	\$ 760,994
VTS	186,775	368,218	317,807	266,470	362,035	1,501,305
JV	53,550	214,030	255,987	153,740	116,750	794,057
KTI	<u>71,200</u>	<u>132,231</u>	<u>164,796</u>	<u>144,740</u>	<u>230,382</u>	<u>743,349</u>
Total	<u>\$394,925</u>	<u>\$842,016</u>	<u>\$905,237</u>	<u>\$737,150</u>	<u>\$920,377</u>	<u>\$3,799,705</u>

In addition to penalties for nonperformance, the current contract also provides for incentive payments that can be earned monthly by each RIDE vendor, as follows:

- \$2,500 for any month in which no “at-fault” accidents occur.
- Maximum of \$5,000 for any month in which no trips are late or missed.
- Maximum of \$5,000 for any month in which the Contractor meets or exceeds the Authority’s target for shifting requests onto fixed routes.
- \$5,000 for any month in which there are no “Ancillary” infractions covering: on-time performance standards; vehicle lift, ramp, or air conditioning failures; uniform violations, verification of trip request for prior eligibility, communication systems operations, and complaint resolution.

The following summarizes the actual incentive payments earned and paid by the MBTA to RIDE vendors during the period July 1, 2003 through June 30, 2008:

Vendor	Incentive Payments by Vendor					Total
	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	
GLSS	\$24,000	\$23,000	\$ 50,000	\$ 55,000	0	\$152,000
VTS	20,000	16,000	30,000	30,000	15,000	111,000
JV	21,000	6,000	2,500	30,000	25,000	84,500
KTI	<u>12,415</u>	<u>21,000</u>	<u>22,500</u>	<u>10,000</u>	<u>17,500</u>	<u>\$ 83,415</u>
Total	<u>\$77,415</u>	<u>\$66,000</u>	<u>\$105,000</u>	<u>\$125,000</u>	<u>\$57,500</u>	<u>\$430,915</u>

RIDE Contract Procurement

On August 22, 2003, the MBTA released Request for Proposals (RFP) No. 31-03 for paratransit services (The RIDE) for the period July 1, 2004 through June 30, 2009. During our audit period, the RIDE program serviced 62 communities throughout the Greater Boston area. These 62 communities are broken down into the following four service areas:

- North Service Area - comprising the City of Boston and the communities of Beverly, Chelsea, Danvers, Everett, Lynn, Lynnfield, Malden, Marblehead, Melrose, Middleton, Nahant, Peabody, Reading, Revere, Salem, Saugus, Stoneham, Swampscott, Topsfield, Wakefield, Wenham, and Winthrop
- Northwest Service Area - comprising the city of Boston and the communities of Arlington, Bedford, Belmont, Brookline, Burlington, Cambridge, Concord, Lexington, Lincoln, Medford, Newton, Somerville, Waltham, Watertown, Weston, Wilmington, Winchester, and Woburn
- Southwest Service Area – comprising the city of Boston and the communities of Canton, Dedham, Dover, Framingham, Medfield, Natick, Needham, Norwood, Sharon, Walpole, Wellesley, and Westwood
- South Service Area – comprising the city of Boston and the communities of Braintree, Cohasset, Hingham, Holbrook, Hull, Milton, Quincy, Randolph, and Weymouth

The bidders were instructed to submit proposals for one, two, three, or all four of the service areas. However, for this RFP, the MBTA received bids from only four companies, all from the current RIDE vendors, for the contract that was expiring in fiscal year 2004. Moreover, two of these vendors only submitted bids for their current operational service areas, whereas two vendors submitted competing bids for their areas and two of the other three service areas. Finally, we noted that these four bidders were the sole bidders and operators for the RIDE program since 1995. In addition to the ever-increasing demand for RIDE services, we believe that this demonstrated lack of competition in bidding to provide RIDE services may be a contributing factor to the ever-increasing costs incurred by the MBTA to provide this service.

MBTA officials indicated that the lack of bids received for all RIDE service areas was due to the large geographical areas and the number of cities and towns that needed to be served.

During the most recent five-year contract period of fiscal years 2005 through 2009, the MBTA incurred approximately \$238 million in contracted costs, as presented below:

Contracted Amounts			
<u>Vendor Name</u>	<u>Not To Exceed</u>	<u>Estimated Trips</u>	<u>Cost Per Trip</u>
GLSS	\$ 69,868,000	1.99 Million	\$35.10
VTS	80,679,000	2.65 Million	30.44
JV	41,770,000	1.14 Million	36.64
KTI	<u>46,014,000</u>	<u>1.43 Million</u>	<u>32.18</u>
Totals	<u>\$238,331,000</u>	<u>7.21 Million</u>	<u>\$33.05</u> (average)

In addition to these contracted costs, the MBTA also incurred an additional \$32 million in fuel and vehicle purchase costs, for a total of approximately \$270 million, or an average cost of \$54 million per year or \$37.45 per trip.

However, contrary to the MBTA's assertions about the problems presented due to large service areas, on May 9, 2008 the MBTA issued RFP No. 43-08 for RIDE paratransit services for the five-year period July 1, 2009 through June 30, 2014. Unlike the prior RFP, the RIDE service areas available for bids were decreased from four to three by combining the South and Southwest service areas, thereby increasing the geographical areas to be served by the successful bidder for this new area. In addition, effective July 1, 2009 the responsibility for providing Paratransit Ride services for the Towns of Framingham and Natick was transferred to the Metrowest Regional Transit Authority (MWRTA), thereby reducing the number of communities from 62 to 60 that will be serviced by these RIDE bidders. Ultimately, the MBTA received bids from five different companies for these three service areas. Four of the bidders were the longtime incumbent RIDE operators, and one new bidder, First Transit Inc., subsequently withdrew from the award process. The RIDE contract awards effective July 1, 2009, by bidder and service area, are presented below:

<u>Area</u>	<u>Operator Name</u>	<u>Fiscal Years 2010 – 2014</u> <u>Contract Caps</u>
North	GLSS, Greater Lynn Senior Services	\$137,511,719
Northwest	VTS/VTLLC Veteran's Transportation Inc.	205,766,973
South	JV, Thompson Transit and YCN Transportation	<u>163,130,869</u>
	Total	<u>\$506,409,561</u>

Included in these contracted costs of approximately \$506 million are approximately \$29.2 million for fuel reimbursements and \$2.6 million for incentive payments. This \$506 million contract cap represents an increase of more than \$236 million, or 87%, over the prior five-year combined contract of \$270 million to provide RIDE services.

Moreover, during the five-year period ended June 30, 2008 the RIDE completed more than 7.45 million passenger trips. The demand for this program, as expressed in rides provided, increased during this period by approximately 455,000 trips, or 8.68% annually (1.764 million vs. 1.309 million). Similarly, during the next five fiscal years ending June 30, 2014 more than 11.3 million passenger trips are estimated to be completed for the contract cap costs of \$506 million, or approximately \$44.77 in costs per trip. These 11.3 million trips represents an increase of more than 3.85 million trips, or 51.6%, over the prior five-year period ended June 30, 2009.

It is apparent that the ever-increasing demand for RIDE services, coupled with a lack of true competitive bidding to provide these services, may result in a new “budget buster” for the MBTA in the near future unless something is done to contain the net cost of providing these services to the public.

Ultimately, the MBTA needs to lower its RIDE operations costs either by increased competition resulting from bids solicited from national transportation firms or by devising a mechanism to encourage true competitive bidding for all RIDE areas from its current RIDE vendors. Also, if the MBTA subdivided the current service areas into smaller geographical regions, more small- to medium-sized firms may have responded to this RFP.

Audit Scope, Objectives, and Methodology

Our audit, which covered the period July 1, 2004 to June 30, 2008, was conducted in accordance with applicable generally accepted government auditing standards for performance audits. The objectives of this audit were to review and evaluate the MBTA’s management and operation of the RIDE program to determine whether it is meeting its goals and objectives and complying with established policies and procedures for these paratransit services.

Our methodology included a review and evaluation of the MBTA’s controls systems for: rider applications and eligibility determinations; payment systems utilized for RIDE participants and

vendors; on-time performance; customer complaints; and monitoring the activities of its RIDE vendors.

In addition, we reviewed the RIDE program's income and expenses to determine the net costs of operation to the MBTA as well as the number of people actively participating in the RIDE program. Lastly, we interviewed appropriate MBTA program officials.

Our review indicated that, except as noted in the Audit Results section of this report, the MBTA had adequate internal controls over RIDE program activities and complied with applicable laws, rules, and regulations for the areas tested.

AUDIT RESULTS

1. \$15 MILLION OF FUEL REIMBURSEMENTS TO RIDE VENDORS LACKED ADEQUATE SUPPORTING DOCUMENTATION

The Massachusetts Bay Transportation Authority's (MBTA) five-year contract ended June 30, 2009 to operate the RIDE paratransit program allows RIDE contractors to be reimbursed, within limits, for their actual fuel expenses incurred. In accordance with Exhibit A, Section 1D, of its contract, the MBTA reimburses each RIDE contractor for the actual price paid per gallon, up to the average price per day in the metropolitan Boston area according to the American Automobile Association (AAA) website. Contractors are responsible for providing actual receipts for all gasoline purchases for RIDE services rendered and must specify whether receipts submitted are for fuel purchases for MBTA-owned vehicles or contractor-owned vehicles. MBTA program guidelines allow the contractors to substitute detailed credit card reports in place of the actual gas receipts, provided that the purchase detail includes the vehicle identification number, date, time, mileage, and driver name with each credit card transaction, along with a daily report of fuel usage and mileage for each vehicle, as well as ridership data. (Under the terms of the prior contract, the cost of fuel was included in the total contract bid price and was paid by the contractors as a normal operating expense).

The following details the fuel reimbursements made by the MBTA to its RIDE contractors for the period July 1, 2004 through June 30, 2008:

Fiscal Year	Fuel Reimbursements				Total
	FY 2005	FY2006	FY 2007	FY2008	
	\$1,813,537	\$3,659,041	\$4,178,621	\$5,368,885	\$15,020,084

As part of our review of these reimbursements, we tested four months of fuel expenditure transactions totaling approximately \$265,609 that occurred during fiscal years 2006 and 2007. In addition, we selected for review four months of fuel reimbursements during fiscal year 2008 totaling approximately \$510,318. Each month we chose a different contractor and tested each transaction to ensure that fuel charges were accurate and included all required supporting documentation in accordance with the contract. We also determined whether the price per gallon per day was accurate; that actual receipts were submitted, including credit card purchases for vendor- and MBTA-owned vehicles; that fuel costs are reconciled each month to the AAA

recorded average per day; and that an accurately supportable monthly summary report by day and vehicle was provided. We also determined whether proper internal controls were maintained for the selected reimbursements.

The results of our testing revealed that, for all items selected for review during fiscal years 2006 and 2007, the MBTA did not adhere to its own program requirements and internal controls for these fuel reimbursements made to all four RIDE vendors. Specifically, the accuracy of the payments for fuel charges could not be verified because the MBTA lacked the required supporting documentation to substantiate these charges in that the required monthly detailed credit card reports and daily vehicle and ridership reports were not in the MBTA files. Similarly, for those items tested during fiscal year 2008, we found the same supporting documentation deficiencies, with the exception of one vendor, KTI Inc., which did submit the required supporting documentation with its requests for reimbursement.

A summary of the fuel reimbursements examined, by RIDE vendor, follows:

<u>Month</u>	<u>Vendor</u>	<u>Amount Reimbursed</u>	<u>Amount Properly Documented</u>
March 2006	GLSS	\$ 59,002	\$ 0
July 2006	VTS	105,978	0
July 2006	KTI	48,694	0
August 2006	JV	<u>51,935</u>	<u>0</u>
Total		<u>\$265,609</u>	<u>\$0</u>
January 2008	KTI	\$ 75,900	\$75,900
February 2008	JV	69,964	0
April 2008	GLSS	149,465	0
June 2008	VTS	<u>214,989</u>	<u>0</u>
Total		<u>\$510,318</u>	<u>\$75,900</u>
Grand Total		<u>\$775,927</u>	<u>\$75,900</u>

Without the required supporting documentation, the MBTA cannot ensure that all requests for fuel reimbursement are for actual RIDE purposes. Moreover, we noted that all four RIDE vendors also transport non-RIDE passengers privately. Therefore, without the required detailed

daily ridership and vehicle usage reports, the MBTA cannot differentiate between fuel costs incurred for RIDE passengers and fuel costs incurred for private passengers.

Recommendation

For all RIDE program fuel reimbursements, the MBTA should ensure that RIDE vendors comply with the terms of their contract and submit all required supporting documentation for payment, including data for fuel, vehicles, and ridership. Moreover, the MBTA should ensure that all such documentation submitted is accurate and complete prior to authorizing any requests for payment.

Auditee's Response

The MBTA's Office for Transportation Access (OTA) requires the RIDE vendors to submit documentation with their monthly invoice to support fuel reimbursement. The contract for the RIDE vendor clearly delineates the requirement for fuel reimbursement. See below for the reference point in the vendor contract regarding fuel reimbursement (Article II, Exhibit B Terms of Compensation, Section D, Page 38):

D. Fuel

The Authority shall reimburse the Contractor for the actual price paid per gallon up to the average price per day in the Boston Metro Area, as listed via the AAA website. The Contractor will be responsible for providing actual receipts for all gasoline purchases for services rendered hereunder, specifying whether receipts were for fuel purchases for Authority owned or Contractor owned vehicles, (note: credit card reports are acceptable if purchase detail is provided, i.e. vehicle id, date, time, mileage, driver), adjusting the amount of reimbursement sought each month to ensure nothing exceeds the AAA recorded average per day, and providing a summary report each month by day and by vehicle.

Additionally, we have enclosed copies of July 2009 invoices submitted by RIDE vendors that demonstrate fuel consumption records are provided for fuel reimbursement. These invoices meet the conditions set out in Section D cited above.

Furthermore, OTA takes very seriously the process and reconciles the RIDE vendor's monthly invoices. RIDE vendors are contractually responsible for keeping all business records in accordance with GAAP. Ride vendors are also required to keep records for three (3) years from the end of the contract. See below for the applicable section of the vendor contract (Article II – Audit and Inspection of Records, Items 1 and 2, Page 6):

Article VII – Audit and Inspection of Records

- 1. Contractor shall keep full accurate accounting books and records of the areas of revenue and expense of the service to be provided under this contract in accordance with Generally Accepted Accounting Principles and to furnish reports as requested by the MBTA including all reports listed in the Exhibit C. The Contractor shall also maintain the financial information and data used by the Contractor in preparation of supporting statements requesting payment. Contractor further agrees to make all said accounting books and records, and any other written or printed matter pertaining to the service, available to the*

Authority or its duly appointed representatives and to cause its officers or employees to cooperate fully with the Authority in explanation of any and all areas therein.

2. *Contractor shall permit MBTA and/or its designated representative, or at MBTA request, a representative of the United States Department of Transportation or the Comptroller General of the United States, the Massachusetts Executive Office for Administration and Finance, or the Massachusetts Department of Revenue, to review and examine at any and all times, the records pertaining to performance of this Contract, and the quality of work being performed (hereinafter collectively referred to as "the records") for term of this contract and three (3) years thereafter. In the event this Contract is terminated, MBTA shall have the right to examine original records and copy all such records and the right to take possession of copies of those records described in Exhibit C. In the event that collected compensation in excess of that due under the terms of this Contract, an equitable adjustment shall be made and Contractor shall promptly refund all such excess compensation to MBTA.*

The MBTA believes this level of documentation and the MBTA review of the documentation meets the requirements to justify the fuel reimbursement provided to the RIDE vendors.

Auditor's Reply

We are pleased that as of June 2009 the MBTA is maintaining the required supporting documentation for its RIDE program fuel reimbursements. However, the fact remains that, for those payments selected for review during our audit, the MBTA did not have in its files the key detailed credit card reports and daily ridership reports from RIDE vendors to adequately substantiate the reimbursements that were ultimately paid. Finally, we are well aware of the contract requirements for records retention for the Authority's RIDE vendors; however, we believe that the MBTA should nevertheless pre-audit its fuel reimbursements and eliminate any potential for overpayments, rather than incur unnecessary administrative and legal expenses in attempting to seek reimbursement later from a possible former RIDE vendor. Therefore, we continue to recommend that the MBTA ensure that RIDE vendors comply with the terms of their contract and submit all required supporting documentation with their requests for payment.

2. THE MBTA DID NOT PROPERLY INFORM ITS RIDE CUSTOMERS OF \$733,000 IN AVAILABLE UNUSED ACCOUNT BALANCES

As part of our review, we requested that the MBTA provide us with a listing of all registered RIDE passengers as of June 30, 2008. The MBTA supplied us with a listing of 56,218 passengers who are approved to utilize the RIDE transportation service. However, we noted that only 36,248 registered passengers had actually used the RIDE since December 2004, when the MBTA converted this data to its new computer system. Moreover, MBTA data indicates

that of these 36,248 active registered passengers, only 22,356 had used the RIDE services in the last 12 months. Finally, we noted that MBTA records indicate that 19,527 registered passengers had unused fare deposits to their credit of approximately \$733,000; however, it was not possible to determine how long these amounts have been on deposit and inactive due to the lack of an aging of these balances by the MBTA.

The MBTA indicated that reimbursements may occur for various reasons, including the death of a customer, a customer move from the service area, or when a customer's health improves or worsens and they can no longer use the RIDE. Our audit found that since December 2004 approximately \$42,227 in credit balances have been returned to RIDE customers. All of these reimbursements were the result of customer requests.

MBTA officials stated that although the MBTA does not send out customer statements on a periodic basis, customers can view their account activity and balances on-line via the Internet or by telephone, at any time or request that a hard copy of their statement be sent to them through the mail. However, if statements were mailed periodically, more customers and their families may attempt to recoup any unused credit balances.

Recommendation

In order to better inform RIDE participants of the status of their accounts and balances, the MBTA should:

- Mail account statements to all registered RIDE participants at least annually.
- Perform an annual aging of all registered RIDE passenger accounts to determine most recent activity (either date of last trip taken or date of last deposit made to account) to determine all possible dormant accounts, purge these dormant accounts from the data base, and refund any inactive credit balances.
- Monitor the return of any such unopened account statements marked "addressee unknown."
- Forward to the Abandoned Property Division of the State Treasurer's Office all balances for dormant accounts where the participant cannot be located.

Auditee's Response

The RIDE program follows the same business practice as the MBTA Fixed Route system, including the Charlie Card Program, under which customers are not notified by mail of their account balances. However, RIDE customers have multiple options available to them to obtain their current available and historical fare account information. RIDE customers can check their RIDE account balance 24 hours a day by either accessing an automated telephone Integrated Voice Recognition (IVR) system at the same toll free number dialed for trip reservations or by accessing the specific RIDE vendor's website.

Information on how to obtain their current available and historical fare account information is located on page 3 of the RIDE Guide. Every RIDE customer is issued this guide when certified for RIDE service. A copy of the RIDE Guide is provided herewith. Moreover, RIDE customers may also check their account balances when booking a trip with reservationists. Additionally, OTA also provide our customers with account balances, historical trip reports, deposit histories, and grants refunds when requested.

The MBTA believes RIDE customers are adequately informed and provided various means to obtain their current available and historical fare account information.

Auditor's Reply

We continue to urge that the MBTA perform an annual aging of all registered RIDE passenger accounts and consider mailing account statements to all registered RIDE participants at least annually. The health and age of typical RIDE participants would suggest that they are more likely to either enter a long-term care facility or pass away, and thereby discontinue using the RIDE system as opposed to the average Charlie Card passenger. For these reasons, we again recommend that the MBTA should perform the requested aging of all RIDE passenger accounts, purge from its records all dormant accounts, attempt to refund all inactive accounts, and forward to the Abandoned Property Division of the State Treasurer's Office all balances for dormant accounts where the participant cannot be located.