



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

*Making government work better*

Official Audit Report – Issued June 19, 2018

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## MetroWest Regional Transit Authority

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





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

*Making government work better*

June 19, 2018

Mr. Edward Carr, Administrator  
MetroWest Regional Transit Authority  
15 Blandin Avenue  
Framingham, MA 01702

Dear Mr. Carr:

I am pleased to provide this performance audit of the MetroWest Regional 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 MetroWest Regional Transit Authority for the cooperation and assistance provided to my staff during the audit.

Sincerely,

A handwritten signature in blue ink, appearing to read "SMB", written over a light blue circular background.

Suzanne M. Bump  
Auditor of the Commonwealth

cc: Stephanie Pollack, Secretary of Transportation and Chief Executive Officer, Massachusetts Department of Transportation (MassDOT)  
Michael Lambert, Deputy Administrator for Rail and Transit and Assistant to the General Manager, MassDOT  
Sally Atwell, Director of Internal Special Audit, MassDOT

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## LIST OF ABBREVIATIONS

EOAF	Executive Office for Administration and Finance
FTA	Federal Transit Administration
MassDOT	Massachusetts Department of Transportation
MBTA	Massachusetts Bay Transportation Authority
MWRTA	MetroWest Regional Transit Authority
OSA	Office of the State Auditor
RTA	regional transit authority
RTD	Rail and Transit Division

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## 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 MetroWest Regional Transit Authority (MWRTA) for the period July 1, 2015 through June 30, 2017. In this performance audit, we assessed certain aspects of MWRTA'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 MWRTA'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.

<b>Finding 1</b> <b>Page <a href="#">10</a></b>	MWRTA did not submit required financial information to the Commonwealth to be made available to the public on a searchable website.
<b>Recommendations</b> <b>Page <a href="#">10</a></b>	<ol style="list-style-type: none"><li>1. MWRTA should develop formal policies and procedures for submitting this required information to the Executive Office for Administration and Finance.</li><li>2. MWRTA should establish monitoring controls to ensure that the staff members assigned to this task adhere to these policies and procedures.</li></ol>
<b>Finding 2</b> <b>Page <a href="#">11</a></b>	MWRTA did not properly document the use of its non-revenue-producing vehicles by its employees.

**Recommendations**  
**Page 12**

1. MWRTA 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. MWRTA should ensure that these policies and procedures include monitoring controls to ensure that they are adhered to.

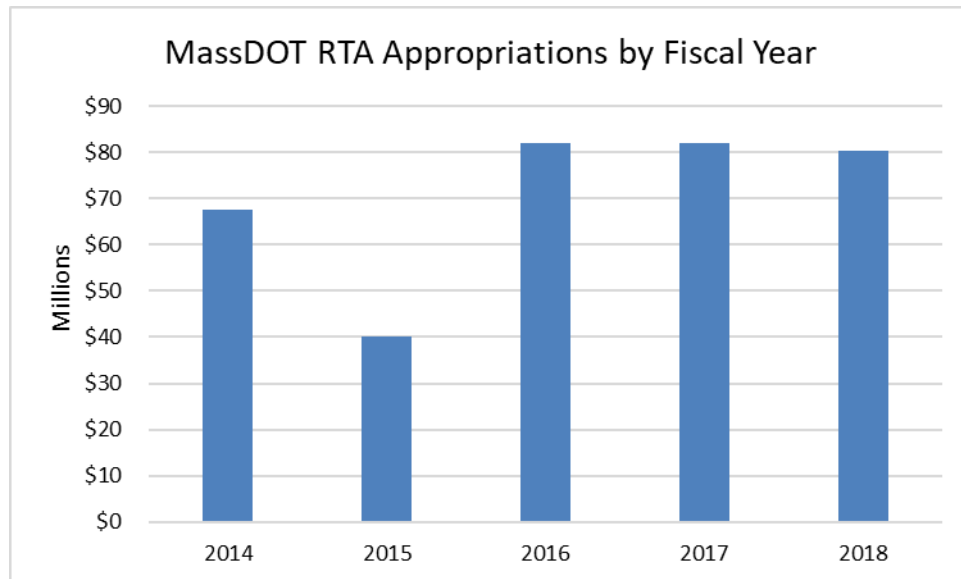
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## OVERVIEW OF AUDITED ENTITY

### Regional Transit Authorities

In 1973, 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 (MassDOT) “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. As shown below, 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 MetroWest Regional Transit Authority

The MetroWest Regional Transit Authority (MWRTA) was established on July 1, 2007 by Chapter 25 of the Acts of 2009, “An Act Modernizing the Transportation Systems of the Commonwealth.” According to MWRTA’s senior management, the agency’s mission is to increase the use of regional mass transit. An administrator is responsible for day-to-day administration of the agency, which had 28 full-time and 23 part-time staff members during our audit period. MWRTA’s operations are overseen by an advisory board made up of one member from each of the 15 communities<sup>1</sup> the agency serves. The advisory board is responsible for policy decisions and general oversight of MWRTA’S administrative operations. In fiscal year 2016, MWRTA contracted with First Transit Incorporated to provide fixed-route and demand-response<sup>2</sup> transportation services, including maintenance and administrative functions. However, in fiscal year 2017, MWRTA discontinued this contract and assumed responsibility for these services.

During our audit period, MWRTA’s capital fund expenditures were \$3,577,754 for fiscal year 2016 and \$5,411,778 for fiscal year 2017. The table below shows the types of capital fund expenditures made by MWRTA.

1. The Metrowest area that MWRTA serves consists of the communities of Ashland, Dover, Framingham, Holliston, Hopkinton, Hudson, Marlborough, Milford, Natick, Sherborn, Southborough, Sudbury, Wayland, Wellesley, and Weston.
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.



### MWRTA Capital Fund Expenditures

Type of Expenditure	Fiscal Year 2016	Fiscal Year 2017
Land	\$ 37,446	\$ 328,169
Building and Improvements	3,042,515	4,496,797
Service Equipment	31,550	133,293
Transit Equipment	364,459	424,148
Service Vehicles	80,607	0
Furniture and Fixtures	21,177	29,371
<b>Total</b>	<b><u>\$ 3,577,754</u></b>	<b><u>\$5,411,778</u></b>

In fiscal years 2016 and 2017, MWRTA 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 is state contract assistance,<sup>3</sup> followed by local assessment<sup>4</sup> payments, Federal Transit Administration (FTA) grants, and fare revenue. The table below shows the types of funding MWRTA received during the audit period.

### MWRTA Operating Funding Sources

Type of Funding	Fiscal Year 2016	Fiscal Year 2017
State Contract Assistance	\$2,715,598	\$ 3,015,598
Local Assessments	2,546,081	3,351,903
Federal Grants	2,473,503	2,266,915
Fare Revenue	582,951	622,656
Other Funds*	234,546	437,697
<b>Total</b>	<b><u>\$8,552,679</u></b>	<b><u>\$ 9,694,769</u></b>

\* Other funds include shuttle service fares and reimbursements.

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

### MWRTA Operating Expenses

Type of Expense	Fiscal Year 2016	Fiscal Year 2017
Transit Service	\$ 5,457,431	\$ 5,841,362
Call Center	477,301	535,898
Maintenance	1,377,288	1,816,675
Other Operating Expenses	1,223,524	1,616,220
<b>Total</b>	<b><u>\$ 8,535,544</u></b>	<b><u>\$ 9,810,155</u></b>

- 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.
- 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.

## Vehicle Fleet and Service Route Area

MWRTA operates local fixed-route and demand-response services within the 214-square-mile Metrowest area, serving a population of more than 231,000. It operates a network of 14 local transit routes, 4 commuter routes, and 2 supplemental school routes. The local fixed-route service operates six days a week; weekday service runs from as early as 5:30 a.m. to 8:45 p.m., and Saturday service runs from 8:00 a.m. to 6:30 p.m. The 2 supplemental school routes operate on weekdays, from as early as 7:15 a.m. to 7:00 p.m.

Minibuses provide transit services to the vast majority of MWRTA passengers, and its vanpool provides paratransit services. The table below shows the number of revenue-producing and non-revenue-producing vehicles<sup>5</sup> used at MWRTA during fiscal years 2016 and 2017.

### Number of MWRTA Vehicles

Vehicle Type	Fiscal Year 2016	Fiscal Year 2017
Revenue-Producing	58	100
Non-Revenue-Producing	4	4
Total	<u>62</u>	<u>104</u>

## Vehicle Maintenance

MWRTA operates its administrative office and a maintenance facility in an approximately 3,000-square-foot building in Framingham. At the end of our audit period, MWRTA had a total of 104 vehicles in its fleet. The table below shows the types and average ages of the vehicles in MWRTA's fleet during the audit period.

### MWRTA Vehicle Fleet Average Age

Make and Model	Vehicle Type	Vehicle Count	Average Age (Years)
Ford E350	Minibus	57	3.18
Ford E450	Minibus	34	2.76
Ford MV-1	Paratransit Van	8	3.00
Ford Explorer	Van	4	9.75
Ford Crown Victoria	Sedan	1	8.00

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

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

### MWRTA Maintenance Expenses

Expenses	Fiscal Year 2016	Fiscal Year 2017
Salaries	\$ 278,821	\$ 528,054
Parts and Equipment	143,154	201,783
Fuel	491,735	549,301
Insurance	233,963	263,788
Other Vehicle Maintenance	32,479	71,477
Other Maintenance	197,136	202,272
<b>Total</b>	<b><u>\$ 1,377,288</u></b>	<b><u>\$ 1,816,675</u></b>

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

### MWRTA Vehicle Mileage and Maintenance Expenses

Make and Model	Vehicle Count	Total Mileage	Labor Cost	Parts Cost	Total Maintenance Cost	Average Maintenance Cost per Vehicle
Ford E450	34	1,398,516	\$ 132,309	\$ 114,499	\$246,809*	\$7,259
Ford E350	57	1,073,040	91,492	62,216	153,708	\$2,697
Ford MV-1	8	40,654	6,043	2,038	8,081	\$1,010
Ford Explorer	4	40,060	1,338	808	2,145*	\$536
Ford Crown Victoria	1	19,407	425	299	724	\$724
<b>Total</b>	<b><u>104</u></b>	<b><u>2,571,677</u></b>	<b><u>\$ 231,607</u></b>	<b><u>\$ 179,860</u></b>	<b><u>\$ 411,467</u></b>	

\* Discrepancies in cost totals are due to rounding.

FTA requires all RTAs to report to it any information related to their transit vehicle inventories and maintenance and repairs that they conduct. This information is included in FTA's National Transit Database. At the time of our audit, MWRTA was using fleet management software called Fleetio Manage to document all of its vehicle asset and expense information and report this information to FTA.

### MWRTA Community Programs

In an effort to create employment opportunities, MWRTA offers Commercial Driver's License Program training for anyone who is interested a career in the transportation industry. In a separate program, MWRTA collaborates with Framingham State University to provide transportation to students and faculty members through a student-operated transit system. Under the program, MWRTA provides the vehicles and maintenance for the program, as well as some oversight and training for the students. MWRTA has also been an active participant in the Framingham Intermodal Program, which creates coordinated, efficient transportation in the communities around Framingham.

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## 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 MetroWest Regional Transit Authority (MWRTA) 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 MWRTA 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 MWRTA 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 MWRTA 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 MWRTA'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 Fleetio Manage software maintained by MWRTA, 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 MWRTA had a vehicle maintenance schedule and tested to determine whether the agency followed the recommended schedule for preventive maintenance and replacement.
- We compared records of the mileage traveled per vehicle to records of oil changes performed during the audit period and tested to determine whether MWRTA followed specific vehicles' manufacturer guidelines and the required FTA preventive maintenance guidelines.
- We extracted from Fleetio Manage 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 Fleetio Manage-generated report. We reviewed a nonstatistical random sample of 5 of the 22 work orders for non-revenue-producing vehicles, which we compared to the data in Fleetio Manage. We used nonstatistical sampling and therefore did not project our results to the population. We also reviewed a statistical sample of 30 out of 2,206 work orders for revenue-producing vehicles, using a 95% confidence level and a 10% tolerable error rate, which we compared to the data in Fleetio Manage. We verified attributes of the work orders pertaining to the maintenance work performed and maintenance costs.
- We asked MWRTA 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 MWRTA management whether the keys to non-revenue-producing vehicles were in the possession of the general manager of First Transit Incorporated or MWRTA personnel or were left in the vehicles.
- We requested the sign-in/sign-out log for non-revenue-producing vehicles.
- We examined the state's publicly available, searchable website, as well as MWRTA's website, to ensure that they included data for MWRTA expenditures, including payroll, to ensure transparency with regard to the agency's spending.

We analyzed Fleetio Manage data 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 Fleetio Manage. We determined that the data from this system were sufficiently reliable for the purposes of our audit.

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## DETAILED AUDIT FINDINGS WITH AUDITEE'S RESPONSE

### **1. The MetroWest Regional Transit Authority did not submit required financial information to the Commonwealth to be made available to the public on a searchable website.**

The MetroWest Regional Transit Authority (MWRTA) 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, MWRTA did not allow the Commonwealth to give the public a sufficient level of transparency regarding MWRTA'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 MWRTA, 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**

MWRTA senior management stated that they were unaware of this requirement and thought that posting the information on the agency's publicly accessible and searchable website would fulfill the state requirement. They subsequently stated that they would submit this information to EOAF as required. MWRTA did not have documented policies and procedures in place to ensure that the required information was transmitted to the Secretary of EOAF.

#### **Recommendations**

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

## **Auditee's Response**

MWRTA indicated in a letter to the Office of the State Auditor (OSA) that in response to our audit finding, it had developed formal written policies and procedures for the submission of required financial information to EOAF. The agency gave us a copy of these policies and procedures.

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

MWRTA 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 MWRTA records, its four non-revenue-producing vehicles were driven a combined total of 81,813 and 40,060 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**

MWRTA'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 MassDOT's 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 MWRTA is not required to follow this policy, it represents a best practice in vehicle fleet management that MWRTA should follow because it will allow the agency to more effectively manage the maintenance and proper use of these vehicles.

## Reasons for Noncompliance

MWRTA management stated that the agency had an informal policy, verbally communicated to all staff members, that required individuals to request the use of non-revenue-producing vehicles from MWRTA's fleet director. They said they believed that the vehicles were adequately safeguarded from potential misuse because the fleet director was the only staff member who had the keys when employees asked to sign out the non-revenue-producing vehicles. MWRTA does not have policies and procedures in place for the use of its non-revenue-producing vehicles or monitoring of that use.

## Recommendations

1. MWRTA 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. MWRTA should ensure that these policies and procedures include monitoring controls to ensure that they are adhered to.

## Auditee's Response

MWRTA indicated in a letter to OSA that, based on our audit finding, it had developed a formal policy on the use of non-revenue-producing vehicles for its employees. It gave us a copy of this policy.



### **Auditor's Reply**

We believe that the measures MWRTA has taken in response to our finding partially address our recommendations. However, the policy that the agency gave us did not require the establishment of a log to document information on the use of non-revenue-producing vehicles. Therefore, we again urge MWRTA to include this requirement in its policy.