



# The Commonwealth of Massachusetts

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**INDEPENDENT STATE AUDITOR'S REPORT ON  
THE SOUTHEASTERN REGIONAL TRANSIT  
AUTHORITY'S USE OF AMERICAN RECOVERY  
AND REINVESTMENT ACT FUNDS  
JULY 1, 2009 THROUGH APRIL 30, 2010**

**OFFICIAL AUDIT  
REPORT  
JULY 26, 2010**

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**INTRODUCTION**

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The Southeastern Regional Transit Authority (SRTA) was established in accordance with the provisions of Chapter 161B of the Massachusetts General Laws to provide fixed-route bus service and paratransit service to the cities and towns of Acushnet, Dartmouth, Fairhaven, Fall River, Freetown, Mattapoisett, New Bedford, Somerset, Swansea, and Westport. Local control is maintained through an Advisory Board that is co-chaired by the mayors of Fall River and New Bedford and consists of one member from each of the remaining communities served. In addition, a member representing the disabled community also serves on the board. The Advisory Board is responsible for providing policy decisions for and general oversight of SRTA's administrative operations.

In accordance with Chapter 11, Section 12, of the Massachusetts General Laws, we have conducted an audit of SRTA's use of American Recovery and Reinvestment Act (ARRA) funds for the period July 1, 2009 to April 30, 2010. The objectives of our audit were to review SRTA's controls over and monitoring of ARRA funds received and expended. Also, we reviewed ARRA expenditures to determine whether these funds were expended for their intended purposes.

Based on our review, we have concluded that, during the 10-month period ended April 30, 2010, SRTA maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

## INTRODUCTION

### *Background*

The Southeastern Regional Transit Authority (SRTA) was established in 1974 pursuant to the provisions of Chapter 161B of the Massachusetts General Laws. SRTA provides 63 fixed-route buses along with 23 Demand Response buses that service the cities and towns of Acushnet, Dartmouth, Fairhaven, Fall River, Freetown, Mattapoisett, New Bedford, Somerset, Swansea, and Westport. SRTA contracts with a private company to operate its buses, perform maintenance services, and conduct various administrative functions. Local control is maintained through an Advisory Board that is co-chaired by the mayors of Fall River and New Bedford and consists of one member from each of the remaining communities served. The Advisory Board is responsible for providing policy decisions for and general oversight of SRTA's administrative operations.

During our audit period, SRTA was awarded an American Recovery and Reinvestment Act (ARRA) grant totaling \$9,122,985, which included an amendment in the amount of \$2,607,985 from the Federal Transportation Administration (FTA). As of April 30, 2010, SRTA received and expended ARRA funds totaling \$102,591, as detailed in the table below.

<u>Date</u>	<u>Funds Received</u>	<u>Funds Expended</u>
August 27, 2009		\$13,891.50
August 27, 2009		56,400.00
October 7, 2009		18408.00
October 21, 2009		13,891.50
December 15, 2009	<u>\$102,591.00</u>	<u>0</u>
Total	<u>\$102,591.00</u>	<u>\$102,591.00</u>

In addition to the funds drawn down from the ARRA grant, SRTA has obligated \$4,945,882 of the total funds awarded under the grant: \$382,880 for the purchase of six Demand Response vans, and \$4,563,002 for the purchase of 13 buses.

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

In accordance with Chapter 11, Section 12, of the General Laws, we have conducted an audit of certain SRTA activities for the period July 1, 2009 to April 30, 2010. The objectives of our audit

were to review SRTA's controls over and monitoring of ARRA funds received and expended. Also, we reviewed ARRA expenditures to determine whether these funds were expended for their intended purposes.

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 following:

- The ARRA Application and Grant awarded to SRTA by the Federal Transportation Administration;
- Controls over the receipt and expenditures of ARRA funds;
- The receipt and expenditure of ARRA funds to ensure that they were reasonable and allowable under the terms of the grant award; and
- SRTA's ARRA reports to ensure they were in compliance with reporting requirements.

Based on our review, we have concluded that during the 10-month period ended April 30, 2010, SRTA maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.