



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

*Making government work better*

Official Audit Report – Issued August 3, 2018

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## Worcester Regional Transit Authority

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





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Office of the State Auditor  
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*Making government work better*

August 3, 2018

Mr. Jonathan E. Church, Administrator  
Worcester Regional Transit Authority  
60 Forester Street  
Worcester, MA 01608

Dear Mr. Church:

I am pleased to provide this performance audit of the Worcester 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 Worcester 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)  
Sally Atwell, Director of Internal Special Audit, MassDOT  
Vincent A. Pedone, Chair, Worcester Regional Transit Authority

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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
RTA	regional transit authority
RTAI	Ron Turley Associates, Inc.
RTD	Rail and Transit Division
WRTA	Worcester Regional Transit Authority

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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 Worcester Regional Transit Authority (WRTA) for the period July 1, 2015 through June 30, 2017. In this performance audit, we assessed certain aspects of WRTA'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 WRTA'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>	WRTA 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="#">11</a></b>	<ol style="list-style-type: none"><li>1. WRTA should develop formal policies and procedures for submitting this required information to the Executive Office for Administration and Finance.</li><li>2. WRTA 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>	WRTA did not properly document the use of its non-revenue-producing vehicles by its employees.

**Recommendations**  
**Page 12**

1. WRTA 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. WRTA 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 Worcester Regional Transit Authority**

The Worcester Regional Transit Authority (WRTA) was established in September 1974 and reports to RTD under Chapter 25 of the Acts of 2009, “An Act Modernizing the Transportation Systems of the Commonwealth.” According to its website, WRTA’s mission is “to provide convenient, comfortable, safe, reliable, cost-effective mobility services contributing to the economic vitality of the region.” An administrator is responsible for day-to-day administration of the agency, which had up to four full-time

staff members during our audit period. WRTA's operations are overseen by an advisory board made up of one member from each of the 36 communities<sup>1</sup> the agency serves. The advisory board is responsible for hiring an administrator, setting fares, establishing service levels, and authorizing real-estate purchases. WRTA contracts with First Transit, Inc. to provide fixed-route and demand-response<sup>2</sup> transportation services, including maintenance and administrative functions.

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

### WRTA Operating Funding Sources

Type of Funding	Fiscal Year 2016	Fiscal Year 2017
State Contract Assistance	\$ 11,483,258	\$ 11,483,258
Federal Grants	4,659,215	5,482,152
Local Assessments	4,531,045	4,656,779
Fare and Terminal Revenue	3,570,770	3,315,902
Other Income*	165,202	135,868
Total	<u>\$ 24,409,490</u>	<u>\$ 25,073,959</u>

\* Other income includes advertising income.

1. The communities are Auburn, Barre, Berlin, Boylston, Brimfield, Brookfield, Charlton, Clinton, Douglas, Dudley, East Brookfield, Grafton, Holden, Holland, Leicester, Millbury, New Braintree, North Brookfield, Northborough, Northbridge, Oakham, Paxton, Princeton, Rutland, Shrewsbury, Southbridge, Spencer, Sturbridge, Sutton, Wales, Warren, Webster, West Boylston, West Brookfield, Westborough, and Worcester.
2. Demand-response transportation services are those that run on a flexible schedule and 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.



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

### WRTA Operating Expenses

Type of Expense	Fiscal Year 2016	Fiscal Year 2017
Transit Service	\$ 23,188,771	\$ 23,965,831
Depreciation and Amortization	5,493,488	5,963,937
Professional Services and Other Services	646,762	564,560
Administrative Salaries and Fringe Benefits	267,792	423,911*
Other Administrative Expenses	98,316	102,289
Travel Training Services	50,549	59,509
<b>Total</b>	<b><u>\$ 29,745,678</u></b>	<b><u>\$31,080,037</u></b>

\* Administrative salaries and fringe benefits increased with the hiring of additional personnel.

During our audit period, WRTA received capital grants funded by the US Department of Transportation and the Commonwealth to be used for the modernization and expansion of transportation services. Those grants totaled \$40,667,672 for fiscal year 2016 and \$7,470,832 for fiscal year 2017.

### Vehicle Fleet and Service Route Area

WRTA operates local fixed-route and demand-response services within the 866-square-mile Worcester area, serving a population of more than 544,900. It operates a network of 26 local transit routes, including 3 commuter routes. The local fixed-route service operates seven days a week; weekday service runs from as early as 5:00 a.m. to 10:00 p.m., Saturday service runs from 6:00 a.m. to 10:00 p.m., and Sunday service runs from 9:30 a.m. to 7:00 p.m.

Buses and minibuses provide transit services to the vast majority of WRTA passengers. The table below shows the number of revenue-producing and non-revenue-producing vehicles<sup>5</sup> used at WRTA during fiscal years 2016 and 2017.

### Number of WRTA Vehicles

Vehicle Type	Fiscal Year 2016	Fiscal Year 2017
Revenue-Producing	88	87
Non-Revenue-Producing	11	11
<b>Total</b>	<b><u>99</u></b>	<b><u>98</u></b>

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

## Vehicle Maintenance

WRTA operates its administrative office and a maintenance facility in an approximately 150,000-square-foot building in Worcester. At the end of our audit period, WRTA had a total of 98 vehicles in its fleet. The table below shows the types and average ages of the vehicles in WRTA's fleet during the audit period.

### WRTA Vehicle Fleet Average Age

Make and Model	Vehicle Type	Vehicle Count	Average Age (Years)
Gillig Low Floor	Bus	46	6
Ford E350	Minibus	35	2
Proterra EcoRide Battery Electric	Bus	6	4
Nova Rapid Transit Series	Bus	1	21
Ford F350	Truck	3	6
Ford Escape	SUV	3	6
Ford Explorer	SUV	2	1
GMC Sierra	Truck	1	15
Ford Taurus	Sedan	1	9
<b>Total</b>		<u>98</u>	

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

### WRTA 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	46	1,825,653	\$ 13,654	\$ 399,716	\$ 413,370	\$8,986
Ford E350	35	739,098	23,816	47,360	71,176	\$2,034
Proterra EcoRide Battery Electric	6	153,742	761	25,169	25,930	\$4,322
Nova Rapid Transit Series	1	122	3	0	3	\$3
Ford F350	3	11,083	1,142	965	2,107	\$702
Ford Escape	3	27,272	264	1,179	1,443	\$481
Ford Explorer	2	3,849	3	49	52	\$26
GMC Sierra	1	167	193	362	555	\$555
Ford Taurus	1	4,730	4	6	10	\$10
<b>Total</b>	<u>98</u>	<u>2,765,716</u>	<u>\$ 39,840</u>	<u>\$ 474,806</u>	<u>\$ 514,646</u>	

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, WRTA 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.

### **WRTA Community Programs**

WRTA is currently developing a Public Participation Plan with the 36 communities it serves. The plan will encompass WRTA's future public participation goals to improve its relationship with the public. In an effort to better accommodate its customers, WRTA collaborates with Ascentria Care Alliance to train WRTA's operations and customer-service staff on language-barrier encounters with customers. Additionally, WRTA partners with the City of Worcester's Department of Parks and Recreation to offer a summer youth pass.

## 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 Worcester Regional Transit Authority (WRTA) 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 WRTA 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 WRTA 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 WRTA 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 WRTA'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) Fleet Management Software maintained by WRTA, 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 WRTA had a vehicle maintenance schedule and tested a nonstatistical sample to determine whether the agency followed the recommended schedule for preventive maintenance and replacement. We tested 15 out of the 98 vehicles active during our audit period, choosing the 10 vehicles with the highest number of work orders and the 5 vehicles with the lowest number of work orders. We compared records of the mileage traveled per vehicle to records of oil changes performed during the audit period and tested to determine whether WRTA followed specific vehicles' manufacturer guidelines and the required FTA preventive maintenance guidelines. Since we used a nonstatistical sampling approach, we could not project the results of the test to the entire population.
- We asked WRTA 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 WRTA management whether the keys to non-revenue-producing vehicles were in the possession of the general manager of First Transit, Inc. or WRTA 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 WRTA's website, to determine whether they included data for WRTA expenditures, including payroll, to ensure transparency with regard to the agency's spending.

We analyzed the RTAI software by performing validity and integrity tests, including testing for missing data and scanning for duplicate records. We performed a source documentation review of WRTA's vehicle list to ensure that each vehicle 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 Worcester Regional Transit Authority did not submit required financial information to the Commonwealth to be made available to the public on a searchable website.**

The Worcester Regional Transit Authority (WRTA) 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, WRTA did not allow the Commonwealth to give the public a sufficient level of transparency regarding WRTA'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 WRTA, 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 response to our draft report, WRTA 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 WRTA 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 WRTA'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 WRTA'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. WRTA should develop formal policies and procedures for submitting this required information to EOAF.
2. WRTA should establish monitoring controls to ensure that the staff members assigned to this task adhere to these policies and procedures.

## Auditee's Response

*The WRTA, with all other RTAs, met with the State Comptroller's Office on Tuesday, June 12, 2018, to figure a way to get the data quickly on the EOAF website, this initially by placing the WRTA's website URL for the open government data to be available as a link immediately. The next step to be taken is to work out the data submission time lines as even the state offices have differing schedules of submission. WRTA will develop its policy and monitoring controls once the time lines and final delivery criteria have been agreed to with the State Comptroller's Office. The WRTA is committed to open government and transparency.*

## Auditor's Reply

Based on its response, WRTA is taking measures to ensure that it properly reports this information.

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

WRTA 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 WRTA records, its four non-revenue-producing vehicles were driven a combined total of 44,398 and 47,101 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**

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

## **Reasons for Noncompliance**

WRTA management stated that the agency had an informal policy, verbally communicated to all staff members, that required employees to request the use of non-revenue-producing vehicles from WRTA'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. WRTA does not have policies and procedures in place for the use of its non-revenue-producing vehicles or the monitoring of that use.

## **Recommendations**

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

### **Auditee's Response**

*The WRTA will develop a policy and procedure manual for the use of its non-revenue-producing vehicles. The WRTA recognizes the importance of this policy and procedure manual to improve transparency and accountability in its daily operations. The WRTA policy and procedure manual will incorporate best practices from other RTAs and MassDOT. At the same time, it will be tailored to the non-revenue-producing vehicles of the WRTA. This policy and procedure manual will include a log for those non-revenue-producing vehicles requiring such. This log will include all pertinent information regarding use, operator, and required vehicle information. The WRTA policy and procedure manual will include monitoring controls to ensure compliance.*

### **Auditor's Reply**

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