



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

Making government work better

Official Audit Report – Issued August 17, 2011

Cape Cod Regional Transit Authority's Use of American Recovery and Reinvestment Act Funds

For the period July 1, 2009 through January 31, 2011



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The Cape Cod Regional Transit Authority (CCRTA) was established in 1976 pursuant to the provisions of Chapter 161B of the Massachusetts General Laws. CCRTA's mission 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 that is composed 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 CCRTA's administrative operations.

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) for the period July 1, 2009 through January 31, 2011. The objectives of our audit were to review CCRTA's controls over and monitoring of American Recovery and Reinvestment Act (ARRA) funds received and expended. Also, we reviewed ARRA expenditures to determine if these funds were expended for their intended purposes.

Based on our review we have concluded that, for the period July 1, 2009 through January 31, 2011, the Authority maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

INTRODUCTION

Background

The Cape Cod Regional Transit Authority (CCRTA) was established in 1976 pursuant to the provisions of Chapter 161B of the Massachusetts General Laws. CCRTA's mission 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 that is composed 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 CCRTA's administrative operations.

During our audit period, CCRTA was awarded federal stimulus funds that totaled \$6,988,547 from the federal Department of Transportation (DOT) through the Federal Transit Administration's (FTA) Urbanized Area Formula Program. As of January 31, 2011, CCRTA had received and expended ARRA funds totaling \$4,691,258, or 67.1% of the total federal stimulus funds awarded, as detailed in the following table:

<u>Program</u>	<u>Award Number</u>	<u>Award Amount</u>	<u>Funds Received</u>	<u>Funds Expended</u>
Urbanized Area Formula Program	MA-96-X009	\$6,353,225	\$4,691,258	\$4,691,258
Urbanized Area Formula Program	MA-66-X0006	<u>\$ 635,322</u>	<u>\$ 0</u>	<u>\$ 0</u>
TOTALS		<u>\$6,988,547</u>	<u>\$4,691,258</u>	<u>\$4,691,258</u>

According to CCRTA officials and our review of reports CCRTA has filed with the FTA for its two grants, the stimulus funds have created 17 permanent full-time positions at CCRTA: 12 drivers, three schedulers, one facilities manager, and one mobility manager. In addition, stimulus funds provided 87 grant-related jobs. In summary, a total of 104 jobs were created or saved as of January 31, 2011.

In addition to grant-related jobs, the FTA-approved ARRA stimulus funds are to be used by CCRTA as follows:

- The replacement of one intercity bus
- The replacement of 10 paratransit vehicles
- Purchase of 30 bus shelters
- Capital improvements and renovations to the existing transportation center
- Development of a mobility management program
- Acquisition of support equipment
- Acquisition of shop equipment
- Purchase and installation of an Massachusetts Bay Transportation Authority - compatible electronic fare system
- Operating assistance

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 CCRTA for the period July 1, 2009 through January 31, 2011. The objectives of our audit were to review CCRTA's controls over and monitoring of American Recovery and Reinvestment Act (ARRA) funds received and expended. Also, we reviewed ARRA expenditures to determine if these funds were expended for their intended purposes.

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.

To achieve our audit objectives, we reviewed the following:

- All federal stimulus funds applications and grants awarded to CCRTA.
- Whether internal controls were developed to ensure that federal stimulus funds are safeguarded against loss, theft, and misuse.
- Recordkeeping procedures to verify that stimulus programs are properly authorized, supported by adequate documentation, and accounted for separately in CCRTA's records.
- The receipt and expenditure of stimulus funds to determine whether they were reasonable and allowable under the terms of the grant award.
- The adequacy and timeliness of CCRTA's federal stimulus reports to determine whether they were in compliance with reporting requirements.
- Reports on jobs created or sustained utilizing ARRA funds that were filed with FTA to ensure compliance with FTA reporting requirements.

Based on our review we have concluded that, for the period July 1, 2009 through January 31, 2011, CCRTA maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.