



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

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Official Audit Report – Issued January 20, 2012

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

For the period April 13, 2009 through June 30, 2011



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The Lowell Regional Transit Authority (LRTA) was established in accordance with the provisions of Chapter 161B of the Massachusetts General Laws to provide public fixed route bus transportation service as well as supplementary paratransit service for the City of Lowell and the towns of Acton, Billerica, Carlisle, Chelmsford, Dracut, Dunstable, Groton, Maynard, Pepperell, Tewksbury, Townsend, Tyngsboro and Westford. Local control is maintained through an Advisory Board that is composed of 14 members from the local communities served plus an additional member representing the disabled community (Americans with Disabilities Act member). The Advisory Board is responsible for providing policy decisions for and general oversight of the LRTA's administrative operations.

In accordance with Chapter 11, Section 12, of the General Laws, we have conducted an audit of LRTA's use of American Recovery and Reinvestment Act (ARRA) funds for the period April 13, 2009 through June 30, 2011. The objectives of our audit were to review LRTA'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. During the audit period, the LRTA was awarded ARRA funds totaling \$6,747,016, received ARRA funds totaling \$4,588,820 and expended ARRA funds totaling \$4,783,704.

Based on our review we have concluded that, for the period April 13, 2009 through June 30, 2011, the LRTA maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.

INTRODUCTION

Background

The Lowell Regional Transit Authority (LRTA) was established in accordance with the provisions of Chapter 161B of the Massachusetts General Laws to provide public fixed route bus transportation service as well as supplementary paratransit service for the City of Lowell and the towns of Acton, Billerica, Carlisle, Chelmsford, Dracut, Dunstable, Groton, Maynard, Pepperell, Tewksbury, Townsend, Tyngsboro and Westford. LRTA contracts with Lowell Transportation Management Incorporated, a division of McDonald Transit Corporation to operate its fixed route bus service including maintenance and various administrative functions. Demand transportation services are provided by Paratransit Management of Lowell Incorporated, a division of First Transit Corporation. Local control is maintained through an Advisory Board that is composed of 14 members from the local communities served plus an additional member representing the disabled community (Americans with Disabilities Act member). The Advisory Board is responsible for providing policy decisions for and general oversight of the LRTA's administrative operations.

Our review of the American Recovery and Reinvestment Act (ARRA) funds showed that the LRTA was awarded two grants for the Urbanized Area Formula Program under 49 U.S.C 5307, MA-96-X006-00¹ (\$4,770,014), and MA-66-X006-00² (\$477,002). LRTA also was awarded \$1,500,000 under the Transit Investment Greenhouse Gas and Energy Reduction (TIGGER) program MA-77-X001.³ The ARRA grants totaling \$6,747,016 were awarded by the Federal Transit Administration (FTA) within the U.S. Department of Transportation.

The MA-96 grant has been used for the purchase of two large buses, two mini-buses, support vehicles, fare boxes and vehicle cameras, passenger counting and global positioning system, bus

¹ Recovery Act funds appropriated for Transit Capital Assistance Urbanized Area Formula – Economic Recovery. Under the Supplemental Appropriations Act of 2009, recipients of Transit Capital Assistance Urbanized Area Program funds may use up to 10% of the amount appropriated under ARRA for operating assistance expenses.

² Recovery Act funds appropriated for Transit Capital Assistance from the Surface Transportation Program (STP) Urbanized Area Formula – Economic Recovery (FHWA Flex). Funds are to be used to restore LRTA's ARRA capital program to its original level following the award of MA-96-X006-1, which allocated 10% of LRTA's ARRA program from capital to operating funds. The \$477,002 will be used with the TIGGER award to pay for the photovoltaic roof project.

³ Recovery Act funds awarded under the TIGGER program. The new roof and photovoltaic panel project is also funded from other unspent federal grants totaling \$1,164,000, the TIGGER grant, and state monies totaling \$341,000.

maintenance equipment and upgrades. The grant was also used for renovations at the terminal and storage facility, operating assistance and preventative maintenance.

The TIGGER grant has been used to supplement other funding for the roof replacement and Solar Photovoltaic Panel Installation at the LRTA's 70,000 square feet Hale Street bus operations and maintenance facility. The project also required structural enhancements and extensive electrical work. As of June 30, 2011, LRTA received and expended ARRA funds as described in the following schedule.

<u>Grant Award</u>	<u>Award Amount</u>	<u>Amount Received</u>	<u>Amount Expended</u>
MA-96-X006-00	\$4,770,014	\$3,465,026	\$3,659,910
MA-66-X006-00	477,002	-	-
MA-77-X001-00	<u>1,500,000</u>	<u>1,123,794</u>	<u>1,123,794</u>
Total	<u>\$6,747,016</u>	<u>\$4,588,820</u>	<u>\$4,783,704</u>

Audit Scope, Objectives, and Methodology

In accordance with Chapter 11, Section 12, of the General Laws, we have conducted an audit of the LRTA's use of American Recovery and Reinvestment Act (ARRA) funds for the period April 13, 2009 through June 30, 2011. The objectives of our audit were to review the LRTA'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 purpose.

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 objective. We believe that the evidence obtained provides a reasonable basis for our finding 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 LRTA.
- 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 LRTA'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 LRTA'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, during the period April 13, 2009 through June 30, 2011, the LRTA maintained adequate management controls and complied with applicable laws, rules, and regulations for the areas tested.