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March 30, 2018

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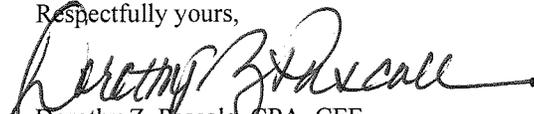
Dear Ms. DiLauro:

The Office of Internal Audit (OIA) has completed its limited scope audit of the Rhode Island Public Transit Authority (RIPTA). OIA reviewed RIPTA's compliance with the Quasi-public Corporations Accountability and Transparency Act and certain procedures surrounding employee overtime and para transit operations. The audit was conducted in conformance with the Institute of Internal Auditors (IIA) International Standards for the Professional Practice of Internal Auditing and by the authority given to the unit as stated in accordance with the Rhode Island General Laws (RIGL) §35-7.1-2(a) – Establishment of office of internal audit. The recommendations included herein have been discussed with members of management, and we considered their comments in the preparation of this report.

RIGL §35-7.1-10 (d), entitled Annual and interim reports, states that, "Within twenty (20) calendar days following the date of issuance of the management response copy of the draft audit report, the head of the department, agency, public body or private entity audited shall respond in writing to each recommendation made in the audit report." Accordingly, management submitted its response to the audit findings and recommendations on March 26, 2018, and such response is included in this report. Pursuant to this statute, the OIA may follow up regarding recommendations included in this report within one year following the date of issuance.

We would like to express our sincere appreciation to the staff of RIPTA for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,



Dorothy Z. Pascale, CPA, CFF  
Chief

- c- Jonathan Womer, Director, Office of Management and Budget
- Honorable William J. Conley, Jr., Chairperson, Senate Committee on Finance
- Honorable Marvin Abney, Chairperson, House Finance Committee
- David Birkin, Chief Operating Officer, Rhode Island Infrastructure Bank

# Audit Executive Summary

## Why the Office of Internal Audit Did This Review

Rhode Island General Law §42-155-7, *Audit of quasi-public corporations*, requires the Office of Internal Audit to conduct a performance audit of all quasi-public corporations once every five years. The Office of Internal Audit established an initial five-year schedule; this audit was performed in compliance with the statute and the established schedule.

The Office of Internal Audit conducted a limited scope audit of Rhode Island Public Transit Authority (RIPTA) procedures surrounding employee overtime and para transit operations and conformity with the Quasi-Public Corporation Accountability and Transparency Act Section 42-155-2.

## Background Information

The Rhode Island Public Transit Authority is a quasi-public agency, created under Chapter 39-18-2 of the Rhode Island General Laws to provide public transit services that meet mobility needs of the people of the state, including the elderly and disabled. The transportation system consists primarily of bus routes both fixed and flexible.

To strengthen controls and improve operational efficiency for the Paratransit eligibility program, and minimize the use of double time to cover driver shifts:

- Improve control over the review of applications for Para-transit program eligibility
- Hire new employees to cover shifts that would require a senior employee to work a seventh day.
- Consider negotiating part time employees to cover seventh-day shifts, presently the Labor Union Contract does not allow for part-time employees in the Fixed Route Program.

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## Introduction

The Rhode Island Public Transit Authority is a quasi-public agency, created under Chapter 39-18-2 of the Rhode Island General Laws to provide public transit services that meet mobility needs of the people of the state, including the elderly and disabled. The Office of Internal Audit (OIA) has reviewed RIPTA's driver long term sick leave, overtime, and para transit eligibility determination, and compliance with the Quasi-Public Corporation Accountability and Transparency Act Section 42-155-2.

## Recommendations and Management's Responses

### Paratransit Program Eligibility

Riders requesting participation with the Paratransit Program submit their applications for approval to RIPTA. RIPTA reviews the applications and decides on the applicants' eligibility for the program. RIPTA bases the determination upon a medical provider signed application form, which is reviewed under the requirements set forth within the Federal Transit Administration's ADA Regulations in Appendix D to C.F.R. Section 37.123e guidelines.

Initially, RIPTA reviews the application to determine why an applicant is unable to provide their own transportation or ride a Fixed Route bus. Other considerations are:

- Is the applicant's condition is temporary or not
- IS the use of a cane, walker, or wheelchair, necessary
- Is an attendant needed

RIPTA's current policy is that the medical professional must be a someone who has access to the passenger's medical file. The medical professional address listed by the verifier to confirm that the address is verified to the medical facility or doctor's office. Once the applicant's eligibility is approved, RIPTA forwards the response to the Customer Service Agent, who will print and mail the decision along with an ADA Paratransit User's Guide.

Our testing included a sample of 40 applications for Paratransit eligibility, resulted with 2 approved incorrectly. The approvals were based upon old standards; management asserts that updating the form would result in erroneous approvals. Our review of the applications indicated that the approvals required inquiry to RIPTA management who confirmed that the two applications had flaws that affected eligibility.

The Para Transit application and approval process does not contain sufficient control to ensure only qualified applicants are approved for inclusion in the program. The process contains an ineffective verification step.

### **Recommendation:**

1. Institute improved control in the Paratransit application process including verification of evidence presented and review of accepted and declined applications.

**Management's Response:**

- Revised Application February 1, 2018
- Applicant required to provide more detailed information as to why they are unable to use fixed route system.
- Medical Professional is required to complete application.

ADA Coordinator review completed applications, there are three different criteria and a person must meet one or more of these criteria to become paratransit eligible. The first criteria is that the person with a disability is unable to board, ride, or disembark from any vehicle in the fixed route system without the assistance of another individual. The second is that a person with a disability can access and use a fixed route service vehicle, but the vehicle does not operate on the route the person wishes to travel or one or more of the bus stops/ transit facilities on that route is inaccessible to them. The third and final criteria is that a person with a disability has a specific impairment related condition that prevents travel to a boarding location or a disembarking location along the fixed route system.

After the initial verification Quality Control Officer, reviews all approved and denied application.

An applicant can appeal if denied eligibility.

Ride is presently weighing the cost benefit to going to an in person application with a full functional assessment. The first step was revising the application and we are collecting data to measure the impact of the revised application.

- RIPTA is not allowed to ask if applicants if they can provide their own transportation
- Sentence referring to medical professional address listed by the verifier to confirm that the address is verified to medical facility or doctor's office. (Not applicable to ADA service) ADA emphasizes nondiscriminatory access to fixed route service. Complementary paratransit service as a "safety net" for individuals who because of their disabilities are unable to use fixed route services.

Responsible Party: M. Therrien

Anticipated Completion Date: Completed

**Overtime**

Management plans and schedules fixed bus routes according to rules built into their transportation information system. Any analysis of over time is contingent on the scheduling of routes that require

overtime. RIPTA hires new employees or transfers employees from the Flex Program or Paratransit Program to cover as many fixed route shifts to the need for double time. Double time is defined in the union contract<sup>1</sup> and is calculated when an Operator works a seventh day during the work or has a 12-hour shift. The Labor Union Contract stipulates that management must offer any overtime to the most senior employee. Practically, it is the most senior employees who work the extra hours and are paid double time for them.

We performed an analysis of fixed route double overtime to determine a breakeven point. Double overtime payments to drivers totaled \$624,511 and \$690,944 for fiscal years 2016 and 2017 respectively; this represents a 10.64% increase year to year.

Fixed route overtime analysis indicates that the tipping point in hourly wages occurs between 24 and 36 months of employee experience. Once the employee exceeds the breakeven point and has 3 or more years of experience, they begin to cost more than to pay a senior employee for overtime at the 1.5x rate. The hiring of additional drivers is cost justified when they are working shifts that would qualify for the payment of double overtime(seventh day or more than 12 hours in a day).

During our testing of all employees overtime for two payroll cycles, we determined that it is not uncommon for RIPTA to have to cover approximately 300 hours per pay period at the double time rate. As such, additional employees should be hired who can cover the shifts that are currently being paid at the double time rate. Ideally, part-time workers would alleviate the overtime problems, as workers could be paid at the regular rate without RIPTA incurring the cost of benefits, however, the Labor Union Contract does not allow for part-time employees in the Fixed Route Program.

### **Recommendation:**

2. Hire employees to cover shifts that require a senior employee to work a seventh day.

### **Management's Response:**

- We are actively attacking the overtime issue by gradually increasing the amount of FTE's from 391 to 394 to eventually 401 and even higher once the additional staffing for the DTC and PIRC staffing are needed. Our recent efforts have all but eliminated double time (7<sup>th</sup> day) and reduced the number of six day opportunities. Further, as the Para-Transit serves as the feeder system for Transportation and Utility, our goal is to have 3 to 6 Operators available at all times to transfer in order to maintain full staffing levels for Fixed Route. However, as always, several factors constantly affect our ability to maintain sufficient staffing needs such as attendance, recruitment and current limitations on training (3 per class).

We have already seen some progress on this front and planning on it continuing to improve as we are able to limit the amount of overtime available which in turn has a direct correlation with improved attendance. Once overtime is not always readily available then Operators tend to be

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<sup>1</sup> Labor Union Contract 618 Sections 2.1 and 2.4

absent less given that it won't be a guarantee that they can pick up O.T. on their regular days off (RDO's) to supplement their absences.

As far as recommendations for limiting or eliminating 7<sup>th</sup> days, the policy/procedure already exists in transportation were all operators available for a six day are exhausted before a seven day can be offered.

- RIPTA had part time employees which was eliminated due to it was not cost effective, because according to the contract they will receive full time benefits.

**Responsible Party:** James Dean, Executive Director of Transportation

**Anticipated Completion Date:** Continuous process due to retirements and Schedule changes.

## **Objective and Scope**

The Office of Internal Audit (OIA) conducted a limited scope audit of the Rhode Island Public Transit Authority. OIA reviewed RIPTA's compliance with the Quasi-public Corporations Accountability and Transparency Act and certain procedures surrounding employee overtime and para transit operations. The purpose of the engagement was to determine if operations are being administered efficiently and effectively in accordance with requirements, statutes, and state procedures.

## **Methodology**

As part of our audit work, the Office of Internal Audit gained an understanding of the existing controls in place at the RIPTA for performance management. To address our audit objective, we performed the following:

- Reviewed, documented, and gained an understanding of meeting minutes
- Depicted work flows.
- Identified process control
- Assessed the risks within the Transit programs
- Reviewed long term leave, sick time, and overtime
- Assessed compliance with policies and procedures related to Transparency Act
- Noted control or efficiency deficiencies

The OIA used an external audit firm, Citrin Cooperman, to supplement its staff during the performance of this audit. Citrin Cooperman performed the detailed audit work and was selected using a competitive bidding process.