



**Regional
Transportation
Authority**

Triennial ADA Paratransit Audit

Prepared by the RTA Audit Department

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Triennial ADA Paratransit Audit

EXECUTIVE SUMMARY

This report summarizes the results of the RTA Audit Department's audit of the ADA Paratransit Service. The operation of the ADA Paratransit Service, which provides transportation to eligible individuals who are unable to use accessible fixed-route services in the RTA region due to their disabilities, is the responsibility of Pace. The audit was conducted in order to comply with the amendment to the RTA Act in 2008 which requires the RTA to conduct triennial financial, compliance, and performance audits of ADA Paratransit services to assist in the determination of the projected annual costs of such services. The audit included the verification of the financial integrity of data used by the RTA, assessment of the accuracy of data used for compliance monitoring, and determination of the accuracy of data used to evaluate performance.

- All financial data that was reviewed in conjunction with the audit was adequately supported. ADA Service Revenue and ADA Service Expenses were supported by key data elements including ridership statistics, service hours, on-time performance and missed trips, all of which are captured in Pace's system. Fuel costs were agreed to supporting documentation. We reviewed the methodologies for determining Administrative Expenses and the Indirect Overhead Allocation and found them to be reasonable.
- Compliance monitoring was validated through a comparison to Pace's policies and evaluation of selected performance statistics and practices. Pace's disclosure of policies in its' Customer Guide was appropriate. Statistics reviewed indicated that Pace was generally compliant with ADA requirements.
- Key elements used to evaluate performance were identified through the National Transit Database (NTD), and then agreed to supporting documentation. No detailed testing of these elements was performed since they were already reviewed in conjunction with the annual external audit of NTD data conducted by an independent auditor. No findings were identified by the auditor that were required to be reported regarding the information included in the NTD report.

No findings or recommendations were identified in conjunction with the audit.

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Triennial ADA Paratransit Audit

Introduction

Pace's ADA Paratransit Service provides origin-to-destination transportation to ADA Paratransit eligible individuals who are unable to use accessible bus and rail service due to their disabilities. Pace is responsible for the operation of all ADA complementary paratransit services in the six-county RTA region and RTA is responsible for its funding, financial review, and oversight. In 2011, Pace provided nearly 3 million rides to eligible customers in the program at a cost of \$128.1 million.

Audit Objectives

The RTA Act was amended in 2008 to require the RTA to conduct triennial financial, compliance, and performance audits of ADA paratransit services to assist in the determination of the projected annual costs of ADA paratransit services that are required to be provided pursuant to the Americans with Disabilities Act of 1990 and its implementing regulations. This audit is intended to comply with the requirement that RTA conduct such audits, with the following objectives:

- Verify the financial integrity of the data used by the RTA to evaluate the costs of delivering ADA paratransit services.
- Assess the accuracy of the data used for monitoring compliance.
- Determine whether the data used to evaluate compliance with performance standards is accurate.

Scope of Audit

- Determine whether the 2011 operating expenses are adequately supported. Key expenses that will be reviewed include ADA service expenses (purchased transportation), fuel, and administrative expenses.
- Determine whether contractor invoices for purchased transportation are reviewed for accuracy by Pace staff and whether such invoices are supported by service hour data and fares collected.
- Verify data used for monitoring ongoing compliance with ADA Paratransit Requirements.

- Verify that semiannual desk audits are being conducted for each purchased transportation contractor.

Background

The Americans with Disabilities Act of 1990 (ADA) requires that all public entities that provide non-commuter fixed route transit service also provide complementary paratransit service for persons who are unable, because of a disability, to use the fixed route service. The ADA complementary paratransit must meet specific regulatory criteria related to service area, response time, fares, days and hours of operation, trip purposes, and capacity constraints. These regulatory criteria are designed to ensure that ADA complementary paratransit service provides a level of service that is comparable to that provided by the associated fixed route services. Entities are also required to establish a process for determining who is eligible to receive this complementary paratransit service.

ADA complementary paratransit service is required where the CTA and Pace operate non-commuter fixed route transit services. The service provided by Metra does not require complementary paratransit since it is strictly commuter service.

From 1992 through June 2006, CTA and Pace operated separate ADA paratransit services. CTA operated ADA paratransit in the City of Chicago and Pace operated ADA paratransit in the suburbs outside of the city.

On July 29, 2005, the General Assembly made changes to the RTA enabling legislation that affected the structure of paratransit service. Pace was tasked with assuming responsibility for the operation of all ADA paratransit services. The RTA was also made responsible for the funding, financial review and oversight of all ADA paratransit services provided by any of the Service Boards.

On July 1, 2006, in response to this legislative directive, Pace assumed responsibility for the operation of all ADA paratransit services throughout the region, both city and suburban services. Initially, Pace continued to operate service in Chicago based on the model that had been developed by the CTA. In 2006 and 2007, Pace analyzed the ADA paratransit services in an effort to develop a design and policies that could both improve customer service and service efficiency while ensuring that the service was operated in full compliance with ADA requirements.

Currently, 3 primary carriers operate the service in Chicago (one in each of 3 zones) with one additional carrier providing supplemental service in this market. An additional 10 carrier zones are defined in the suburban market.

ADA Service Providers by Responsibility

Market Coverage / Responsibility	Service Provider
Chicago – Zone 1	SCR Transportation
Chicago – Zone 2	CDT Transportation
Chicago – Zone 3	MV Transportation
Chicago	Jay Transportation
Cook County – west	MV Transportation
Cook County – south	MV Transportation
Cook County – north	First Transit Services
DuPage County	MV Transportation
Kane County	MV Transportation
Kane County	Aurora Township
Kane County	River Division
Lake County – north	First Transit Services
McHenry County	First Transit Services
Will County	First Transit Services

Amendment to the RTA Act

The amendment to the RTA Act in 2008 contained a new provision requiring the RTA to annually provide a written determination of the projected annual costs of ADA paratransit services that are required to be provided pursuant to the Americans with Disabilities Act of 1990 and its implementing regulations. The legislation also requires the RTA to “conduct triennial financial, compliance, and performance audits of ADA paratransit services to assist in this determination” (70 ILCS 3615/2.01d).

Two reports regarding ADA Paratransit were issued by the RTA subsequent to the enactment of this legislation. The *ADA Paratransit Requirements* study and the *ADA Paratransit Service Changes* audit were conducted in order to assess the region’s compliance with the ADA paratransit requirements and the efficiency of the service.

Completed in July 2009, the *ADA Paratransit Requirements* three-part project: (1) reviewed requirements for ADA paratransit service; (2) compared ADA paratransit practices to requirements to determine in what ways services exceed the requirements, and (3) identified cost impacts from changing current paratransit practices that vary from ADA requirements to only meeting ADA requirements. The report identified no serious compliance issues, but several areas were identified, and quantified, where existing policies exceed ADA requirements. Finally, a future cost estimation model was developed to assist the RTA with evaluating the potential cost impact of making changes to various administrative and operating policies associated with the delivery of ADA paratransit services.

In October 2009, an Audit of *ADA Paratransit Service Changes* was released. The audit was in response to changes in the responsibility for the operation of ADA paratransit services. One of the purposes of the audit was to evaluate the performance and operating measures established by Pace and to compare service performance relative to these

standards. The report discusses possible service design alternatives, and also recommended the consideration of a number of items, including ride time standards and scheduling procedures.

Pursuant to the legislative mandate, the RTA initiated a Triennial ADA Paratransit Audit addressing the financial, compliance and performance aspects of operating the ADA paratransit service. The objective of the audit was to reach concurrence with the reasonableness of the costs to operate the service within the framework of compliance with Federal regulations and standards. The data reviewed was for the most recent calendar year and, depending upon its nature, was for either the calendar year 2010 or 2011.

Financial Audit

Pace's 2010 Annual Financial Statements were audited by Crowe Horwath LLP, who issued an unqualified opinion regarding the basic financial statements. Pace's ADA Paratransit Services Fund financial statements are included as exhibits within Pace's 2010 Annual Financial Report. The ADA Paratransit financial data were subjected to the auditing procedures applied in the audit of the financial statements. Certain limited audit procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information, were employed by Crowe Horwath LLP on the ADA Paratransit Services Fund financial statement exhibits.

Since Pace's 2011 financial statements (unaudited) were available at the time of our review, they served as the basis for our testing. Operating revenue and expenses for August 2011 and full year 2011 appear below:

2011 Operating Revenue and Expenses

	August 2011	Full Year - 2011
Operating Revenue		
ADA Service Revenue	\$ 706,373	\$ 8,849,501
Other Income	128,376	4,659,142
Total Operating Revenue	\$ 834,749	\$ 13,508,643
Operating Expenses		
ADA Service Expenses	\$ 9,472,381	\$ 115,641,722
General centralized support	15,728	183,393
Fuel	235,070	2,533,418
Risk management expenses	24,095	352,691
Health insurance expenses	18,748	359,994
Administrative expenses	508,624	5,248,749
Indirect overhead allocation	328,228	3,815,645
Total Operating Expenses	\$ 10,602,874	\$ 128,135,612

The August 2011 *Statement of Revenue and Expenses and Changes in Net Assets* was used to select key operating revenue and operating expenses for further testing using the line items identified in the financial statements shown above. ADA service revenue, which represented 85% of the August revenue, was selected for further review. Other income represented reimbursements from the RTA for transportation provided to potential Chicago and Suburban Paratransit customers who attend certification testing. ADA service expenses (purchased transportation), fuel, administrative expenses, and indirect overhead allocation were also selected for review. Collectively, these expense items represented 99% of the August expenses. Pace's Accounting Department provided account detail supporting the total revenue and expenses for each category, as requested.

ADA Service Revenue

The carriers submit monthly invoices to Pace. One component of these invoices is the imputed fares collected from riders (\$3 fare rate x number of riders), which Pace uses to offset against the expenses being requested for reimbursement. Pace validates the amount of revenue reflected on the invoices through the generation of a Pace report (Hours and Ridership Report) that identifies the number of passengers. The total revenue is calculated by extending the number of passengers at the applicable rate. In 2011, Pace provided nearly 3 million passenger trips for which it collected \$3 from each passenger. Pace's calculated revenue is used for determining the amount of revenue for settlement with the carriers, as opposed to the amounts reflected on the carrier's invoices which may differ slightly from Pace's calculation. The carriers accept Pace's calculated revenue as correct since the data is extracted directly from Pace's system.

A sample of carrier invoices from the account detail was selected for testing. Each invoice was reviewed to verify that the amount of revenue was correctly calculated based on the ridership and fare. Invoices selected included the following carriers/service areas:

August 2011 Carrier Invoices – Revenue

Carrier	Territory	Invoice Amount
SCR	Chicago Zone 1	\$ 211,575
CDT	Chicago Zone 2	\$ 218,520
MV Transportation	Kane County	\$ 2,112
First Transit	Lake County	None ⁽¹⁾
MV Transportation	Cook County - south	\$ 34,329

(1) The selected invoice did not reflect any revenue. The invoice was for transportation for an ADA Paratransit customer to attend an ADA Committee meeting.

The revenue amounts were traced to the billing reconciliation prepared by Pace. The number of passenger trips was then traced to the Pace report of passenger trips for which fares were collected and the extended amount based on the applicable fare was recalculated without exception.

Other Income

Other income includes reimbursements from the RTA for trips provided to potential ADA Paratransit customers to attend certification testing and current customers for recertification. These trips are scheduled at the request of the RTA which reimburses Pace for their cost. In 2011, the RTA reimbursed Pace \$1.6 million for 25,529 trips.

Other income recognized in 2011 also includes Medicaid reimbursements from the State of Illinois, although there was none in August 2011. In 2011, the reimbursements for eligible trips were \$3.1 million.

ADA Service Expenses

The carrier's monthly invoices to Pace also include sections pertaining to expenses for providing the service less liquidated damages associated with non-compliance with contract requirements. Pace validates the expenses reflected on the invoices through a Pace report (Hours and Ridership Report) that identifies the number of service hours. The total expenses are calculated by extending the number of service hours at the applicable rate. Pace's calculation is used for determining the total expenses for settlement with the carriers, as opposed to the amounts reflected on the carrier's invoices which may differ slightly from Pace's calculation. The carriers accept Pace's calculated expenses as correct since the data is extracted directly from Pace's system.

Liquidated damages represent offsets to expenses due the carriers' instances of not meeting certain performance targets. Pace generates several reports (i.e. On-time Performance Report, Missed Trip Report, Carrier Report) that are used to determine the number of instances of non-compliance. The number of instances is extended by the applicable rate to arrive at the total damages by type. Charges are imposed upon the carriers for failure to meet a variety of targets including:

- On-time performance goal not achieved (late pick-ups)
- On-time performance goal not achieved (late appointments)
- Missed trips
- Missed trips not reported
- Productivity goals not met
- Vehicle maintenance issues not addressed
- Reporting requirements not met
 - General monthly reporting
 - Not answering complaints
 - Accident reporting
 - Denial reporting
 - Scheduling/dispatch/reporting

A sample of invoices was selected for review, which were the same carriers/service areas used for the ADA service revenue testing. Each invoice was reviewed to ensure that the amount billed was correctly calculated based on the number of service hours offset by the liquidated damages. Service hours were traced to supporting reports to ensure their accuracy. The service hour rates were traced to the appropriate rates in the carrier's contract. The hourly rates for the carriers/service areas we tested ranged from \$41.97 to \$66.98, with the variability in rates dependent upon whether the carrier provided its' own vehicles, fuel or insurance. Accordingly, individual carrier's per trip costs vary considerably and do not serve as a valid basis of comparison to other carriers. The extended amounts were recalculated based on these elements. No exceptions were noted. Invoices selected included the following carriers/service areas:

August 2011 Carrier Invoices – Expenses (net of liquidated damages)

Carrier	Territory	# of Trips	Invoice Amount
SCR	Chicago Zone 1	69,003	\$ 2,979,957
CDT	Chicago Zone 2	71,099	\$ 3,207,901
MV Transportation	Kane County	739	\$ 22,140
First Transit	Lake County	2	\$ 248 ⁽¹⁾
MV Transportation	Cook County - south	18,468	\$ 679,813

(1) NOTE: This invoice was for round-trip transportation for an ADA Paratransit customer to attend an ADA Committee meeting. Routine monthly charges for ADA service expenses were billed separately on an invoice that was not selected for testing.

Liquidated damages were also recalculated to ensure they were correctly computed. Instances of non-compliance were traced to supporting reports. The cost of each category of liquidated damages was recalculated based on the contract terms. The total cost of each category was extended to ensure its accuracy. No exceptions were noted. The amount of liquidated damages for the carrier invoices reviewed are as follows:

August 2011 Carrier Invoices – Liquidated Damages

Carrier	Territory	Invoice Amount
SCR	Chicago Zone 1	\$ 117,698
CDT	Chicago Zone 2	\$ 182,865
MV Transportation	Kane County	\$ 4,377
First Transit	Lake County	0
MV Transportation	Cook County - south	0

Fuel

Per the terms of the agreements with the suburban carriers, Pace either contracts with a vendor to deliver diesel fuel directly to the carrier's location or provides fuel cards for the purchase of diesel fuel and gasoline through a network of service stations. Carriers that service the City of Chicago are responsible for providing their own fuel.

A sample of invoices was selected for review. All invoices were from the primary vendor (Wright Express) that provides fuel cards to the carriers for the purchase of diesel fuel. Carriers/service areas reviewed were as follows:

August 2011 Fuel Invoices

Carrier	Territory	Invoice Amount
First Transit Services	Cook County – north	\$ 79,047
MV Transportation	Cook County - west	\$ 39,903
MV Transportation	Kane County	\$ 24,958

Each invoice was reviewed to verify that the amount billed corresponded with the entry in Pace's account detail and that the invoice was reviewed by Pace. No exceptions were noted.

The invoice for Kane County was selected for further review. Pace provided the detailed invoice supported the retail fuel purchases appearing on the invoice. The detailed invoice lists each transaction and includes, by vehicle, the purchase location, date and time of purchase, the driver's name, odometer reading, type of fuel purchased, amount of fuel, cost per gallon and total cost. It also displays the miles per gallon based on the miles driven since the last fill-up and the amount of fuel purchased, along with monthly miles per gallon calculations.

Due to the nature of the account arrangement with the Wright Express, fuel charges associated with the Ride in Kane and Call-in Ride programs are also included on these invoices. Adjustments are subsequently made to transfer the cost of these purchases out of the general ledger account based on purchases attributable to these programs, based on the charges associated with particular vehicles.

A separate section of the detailed invoice also identifies "exception" purchases that were outside of an acceptable tolerance. Exceptions are noted due to a variety of reasons including gallons purchased or transaction cost exceeding an established criterion, multiple transactions in a day, fuel type, day and hour of purchase. Pace establishes the criteria by which these transactions appear on the exception report. It then examines the exceptions in order to facilitate an analytical review of fuel usage.

Administrative Expenses

Administrative expenses consist primarily of salaries (and associated benefits) for the staff who work on the ADA program, the cost of providing certification transportation, and other miscellaneous support costs including IT, rent and utilities related to the ADA staff located in the Chicago Office at 547 W. Jackson Blvd. An allocation of salaries and benefits associated with the Paratransit staff that supports both ADA and non-ADA functions is also made.

Our procedures were limited to gaining an understanding of the types of costs included within administrative expenses and the methodology for accumulating these expenses within the account. Pace's accounting system captures all costs associated with staff assigned solely to the ADA function and services directly attributable to ADA. An additional allocation of costs associated with staff assigned to the Paratransit function is made through an annual survey process whereby the revenue hours allocated to ADA and non-ADA functions is used to distribute the following year's costs. The percentage used to allocate these costs in 2011 was 56.6%, which was based on the proportion of ADA to non-ADA revenue hours from 2010.

Based on our evaluation of the process by which costs are directly charged or allocated to the administrative expenses, it appears that the methodology is reasonable and reflective of the costs incurred.

Indirect Overhead Allocation

Pace incurs overhead costs on behalf of managing and operating the ADA program. Such costs consist of a variety of overhead activities that support the functioning of the ADA program, but cannot be directly associated with ADA. These include the myriad of support functions provided at Pace headquarters by the following departments: Audit, Budget Planning, Finance, General Counsel, Government Affairs, Human Resources, Marketing & Communications, Purchasing, and Risk Management.

Our procedures included gaining an understanding of the types of costs included within the Indirect Overhead Allocation and the methodology for accumulating these expenses within the account. The allocation is based on a process whereby an annual survey is conducted of all support functions. The time attributable to supporting ADA is accumulated and used to develop a rate that is then applied to the ADA activity based on the actual ADA salary costs incurred during the current year. The percentage used to allocate these costs in 2011 was 213.16%, which was based on the survey results from 2010 (2009 costs). This methodology was developed by a third-party consultant and is reviewed annually to ensure its continued applicability.

Based on our understanding of the process by which costs are allocated to Indirect Overhead, it appears that the methodology is reasonable and reflective of the costs incurred in support of the ADA function.

Compliance Audit

Key compliance-related topics were identified for evaluation. Each topic was initially compared to Pace's policies, which are documented in the *Pace ADA Paratransit Service Customer Guide*. Topics reviewed included:

- Service areas and hours
- Fares
- Trip purpose restrictions/priorities
- On-time pickups
- On-time drop-offs
- Trip denials
- Trip lengths
- Waiting list

As applicable, the policies pertaining to the topics were included in the Customer Guide. Disclosure was appropriate and consistent with the ADA requirements.

Support for certain selected statistics was also obtained from Pace for further review. Data from 2011 was evaluated for ADA compliance.

A. On-time pickups

Pace considers a pickup on-time if it is no more than 20 minutes after the scheduled time in Chicago and no more than 15 minutes after the scheduled time in the suburbs. Vehicle arrivals before the scheduled time are considered on-time. Pace has a goal of 95% on-time pickups in Chicago and the suburbs, which is sufficient for ADA compliance. Pace's actual performance during 2011 was generally 92%-93% in Chicago and 95%-96% in the suburbs.

B. On-time drop-offs

While there is no specific goal for on-time drop-offs, FTA has stated that customers should be able to book their trips based on their appointment times and that drop-offs should not occur after the appointment times. There is also a requirement that on-time performance must be tracked and compared to standards for these trips. Pace's performance during 2011 was generally 90% in Chicago and 89% in the suburbs, although there were numerous instances throughout the year of carriers only achieving on-time performance in the range of 80%-85%. Pace has recently established a 90% target and incorporated it into recently signed carrier agreements.

C. Trip denials

Contractors must accommodate trip requests as required by the FTA ADA regulations. All trip denials are required to be recorded by the Contractor according to Pace guidelines and submitted to Pace in the specified format along with the monthly report accompanying the Contractor's billing for the service provided. Liquidated damages may be imposed if the Contractor exhibits a pattern of failure to record and report denials.

Pace monitors trip denials to ensure that customers are not being denied requests for service. The information provided by Pace indicated that one trip was denied during all of 2011, and that the Call Center staff member who denied the trip was temporarily removed from service and retrained. Since trip denials are not permitted by FTA, the action undertaken by Pace to address the denial appears to be appropriate.

D. Trip lengths

Trip lengths are supposed to be comparable to trips with the same origin and destination in the fixed-route system, including transfers and wait times. Since Pace's system does not have the functionality to compare performance to the fixed-route system, Pace utilizes two methods to evaluate travel time.

Once a month, Pace puts flyers on the ADA vehicles inviting riders to file a complaint if they believe their trip exceeded the fixed route travel time. The Passenger Ride Time Report Form is also accessible on Pace's website for customers who prefer to submit a complaint on-line. The results of these complaints are each reviewed to determine whether they exceeded the fixed-route travel time and whether there was a pattern or practice of trips with excessive travel times. 25 complaints were received during 2011, and each one was researched to assess its validity. In those cases where there appeared to be a pattern of excessive travel time, Pace took appropriate corrective action by placing the carrier on notice and requiring it to submit an action plan to correct the pattern. Pace removes the carrier from the watch list once the pattern has been corrected.

Pace also conducts a random sample from one day during the year for which it samples 1% of trips and compares the travel time of those trips to the fixed route travel time to determine whether there was a practice or pattern of excessive travel times. The sample of 75 trips from April 21, 2011 indicated that 96% of Pace trips did not exceed the fixed route travel time.

As a result of its monitoring activities, Pace concluded there was no pattern or practice of excessive ride times on the ADA service in 2011.

E. Waiting list

FTA requirements prohibit the maintenance of a waiting list for trip requests. Pace does not maintain a waiting list, which is compliant with the FTA requirement.

F. Complaint processing time

Pace's Customer Relations staff logs all complaints into a database that is used to track the number of days until they are closed. The database tracks the number of days the complaints have been assigned to the QA/Paratransit unit for research and investigation plus the number of days they have been in Customer Relations pending closure.

We obtained a list of all complaints closed during June 2011. There were 347 complaints closed during the month. The average number of days that a complaint remains in QA/Paratransit is 7, and the average number of days in Customer Relations is 5. The longest number of days a complaint remained in QA/Paratransit was 20, and the longest number of days one remained in Customer Relations was 15.

G. Responses to complaints

A sample of 10 complaints from the June 2011 log of complaints closed during the month was selected for further testing. The Customer Assistance Form for each complaint was reviewed in order to assess the responsiveness to the complaint and determine whether the action taken appeared appropriate.

Based on the review of these complaints and management's responses, it appears that the action taken appropriately addressed the issues that were reported. When appropriate, corrective action was noted that should reduce the likelihood of a recurrence of a similar complaint.

Performance Audit

National Transit Database Reporting

Data used to monitor ADA Paratransit performance is extracted from the National Transit Database. This information is entered into the database by Pace via an NTD Internet Reporting web site.

Key data elements include:

- Vehicle Revenue Miles (VRM) – Demand Response
- Vehicle Revenue Miles (VRM) – Demand Response Taxi
- Vehicle Revenue Hours (VRH) – Demand Response
- Vehicle Revenue Hours (VRH) – Demand Response Taxi
- Unlinked Passenger Trips (UPT) – Demand Response
- Unlinked Passenger Trips (UPT) – Demand Response Taxi
- Passenger Miles Traveled (PMT) – Demand Response
- Passenger Miles Traveled (PMT) – Demand Response Taxi
- Total Actual Vehicle Miles – Demand Response
- Total Actual Vehicle Hours – Demand Response

In order to assess the validity of the data entered into NTD, Pace provided supporting documentation detailing the amounts entered. This documentation consisted of worksheets that listed each carrier along their respective monthly volume. Detailed testing of these worksheets was not performed due to our reliance on alternative procedures performed by an external auditor, as noted below.

FTA requires agencies in urbanized areas with populations greater than or equal to 200,000 with 100 or more vehicles operated in annual maximum service across all modes and types of service to have an independent auditor review all NTD data used in the Urbanized Area Formula Program and the Capital Program for Fixed Guideway Modernization allocations. This is an annual requirement and must be documented via the Independent Auditor Statement for Federal Funding Allocation Data. FTA provides a suggested list of procedures to satisfy the requirements of this review.

The independent auditor is expected to perform procedures in order to attest to the following:

- Assurance that a system exists to record and gather data on a continuing basis.
- Assurance that a system exists, and is maintained, for recording data in accordance with NTD definitions. This means that the correct data are being measured and that there are no systematic errors.
- Assurance that source documents are available to support the reported data and are maintained for FTA review and audit for a minimum of three years following

- FTA's receipt of the NTD Annual report. The data must be fully documented and securely stored.
- Assurance that there is a system of internal controls to ensure the accuracy of the data collection process and recording system and that reported documents are not altered.
 - Assurance that a supervisor reviews and signs documents as required.
 - Assurance that the data collection methods are those suggested by FTA or have been approved by FTA or a qualified statistician as being equivalent in quality and precision. The collection methods must be documented and followed.
 - Assurance that the deadhead miles, computed by taking the difference between the reported total actual vehicle miles data and the reported total actual VRM data, appear to be accurate.
 - Documentation that reported data have undergone analytic review to ensure that they are consistent with prior reporting periods and other facts known about transit agency operations.
 - Documentation of the specific documents reviewed and tests performed.
 - Documentation of how purchased transportation fare revenues and contract expenditures are reported.

As required, Pace contracts annually with an external auditor to perform certain procedures that validate the accuracy of the reported NTD data. In June 2011, Crowe Horwath LLP issued a report covering the 2010 NTD data. Crowe Horwath LLP followed procedures established by FTA with regard to the data reported in the annual Regional ADA Paratransit Services Fund National Transit Database (NTD) report for the fiscal year ended December 31, 2010. These procedures were agreed to and specified by FTA and were agreed to by Pace. In performing these procedures, no findings came to the attention of Crowe Horwath LLP that they were required to report regarding the information included in the NTD report.

Monthly Carrier Performance Reviews

Pace performs monthly carrier performance reviews of each of the 14 carriers/service areas. A review is also performed of the regional call center that services DuPage County and Kane County. The purpose of these reviews is to ensure that performance-related issues are identified timely so that corrective action can be taken. They assist in identifying performance deficiencies that could impact customer service related to transportation and call center activities. The reviews cover numerous issues, which can be categorized within the following areas:

- Staffing levels
- Vehicles
- Technology
- Operations
- Call Center
- Runs
- Other

Pace provided copies of each of the reviews from June 2011 and December 2011. Our review indicated that reviews were conducted of all 14 carriers and the call center operator.

Carrier On-site Reviews

Pace performs semi-annual carrier on-site reviews of each of the 14 carriers/service areas and the regional call center. The purpose of these reviews is to ensure proper collection and reporting of statistical data through a review of source documents; compliance with procedures concerning the use of Pace's system; professionalism in handling telephone calls; adequate documentation of drug and alcohol testing, licensing, physicals and background checks in employee files; and compliance with quality assurance procedures.

Observations and Recommendations

Observations: Our review identified no areas of non-compliance with the reporting of financial and statistical data, compliance with ADA requirements or performance monitoring. Pace is actively monitoring compliance-related metrics in order to improve its statistics in furtherance of improving the services it provides to customers. It also effectively manages its vendor contracts with carriers and call center operators which further ensures that the customer-facing aspects of providing the service are maintained at high standards.

Recommendations: No findings or recommendations were identified in conjunction with this audit.