Office of Inspector General
Audit Report

FTA'S NATIONAL TRANSIT DATABASE: DATA USED FOR ALLOCATING TRANSIT GRANTS WERE GENERALLY SUPPORTED

Federal Transit Administration

Report Number: MH-2014-117

Date Issued: September 16, 2014

Memorandum

Subject: **ACTION:** FTA's National Transit Database:
Data Used for Allocating Transit Grants Were
Generally Supported
Federal Transit Administration
Report Number MH-2014-117

Date: September 16, 2014

From: Thomas E. Yatsco
Assistant Inspector General for
    Surface Transportation Audits

Reply to
Attn. of: JA-30

To: Federal Transit Administrator

The Federal Transit Administration (FTA) distributed $4.3 billion to 179 urbanized areas, as well as to States and territories, through the Urbanized Area Formula Program[1] in fiscal year 2014. The program is FTA's largest grant program that provides funding to the Nation's major transit systems for capital, operational, and planning assistance. All recipients and beneficiaries of formula grants are required to report operating expense and transit service characteristics (such as annual miles traveled or number of passengers) data to FTA through its National Transit Database (NTD). FTA uses NTD data as a basis for distributing over 63 percent (or over $3 billion) of formula grant funds annually.[2]

We initiated this audit to assess FTA's oversight of the NTD to determine whether recipients of Urbanized Area Formula grants submit complete, accurate, and timely data to the NTD. Specifically, we assessed whether (1) the documentation provided by transit agencies supported information used to allocate Urbanized Area Formula funding and (2) FTA had oversight controls and guidance for transit agencies' NTD reporting.

To conduct our audit work, we focused on data related to bus operations—the category that receives the largest portion of Urbanized Area Formula grant

---

[1] This program provides Federal transit funds directly to urbanized areas with a population of 200,000 or more and to States for use in urbanized areas with populations between 50,000 and 199,999, based on data from the Bureau of the Census. Funding is apportioned based on legislative formulas.

[2] The remaining 37 percent is distributed based on population and density information from the Bureau of the Census.

funding.[3] We then selected a statistical sample of 15 of 129 transit agencies from randomly selected urbanized areas that had a total population of 1 million or more. We reviewed documentation that the 15 sample transit agencies used to support their NTD data submissions for report years 2008 through 2011.[4] We also interviewed FTA and transit agency officials, and evaluated FTA's current actions to modernize the NTD system and its future plans to oversee the NTD data validation process. Exhibits A and B provide more details on our scope and methodology and site visits. We conducted this audit in accordance with generally accepted Government auditing standards.

RESULTS IN BRIEF

FTA uses two categories of NTD data submissions to allocate Urbanized Area Formula funds for buses: operating expenses and transit service characteristics. All 15 transit agencies in our sample provided support for data on operating expenses. For data on transit service characteristics, 4 of the 15 agencies had minor weaknesses in documentation. We reviewed supporting documentation associated with thousands of data fields and found only a few instances in which transit agencies had incomplete documentation for information reported to the NTD. For example, one agency did not maintain the required supporting documentation for transportation services purchased from another provider.

FTA has implemented a range of controls to oversee transit agencies' NTD reporting, including automated validation checks performed by the NTD system and manual validation procedures performed by an FTA contractor. However, FTA does not have a systematic process to ensure consistent follow up on recurring NTD data problems identified in its annual reviews—allowing some data inaccuracies to remain unresolved for years. For example, FTA warned one agency for 3 consecutive years that it had not completed a required independent review of its data. In addition, FTA no longer examines the collection and reporting of NTD data in its triennial reviews of transit agencies. By eliminating NTD-related steps in the triennial review, FTA may be overlooking an opportunity to mitigate documentation weaknesses.

We are making a series of recommendations to enhance FTA's oversight controls and guidance for NTD reporting.
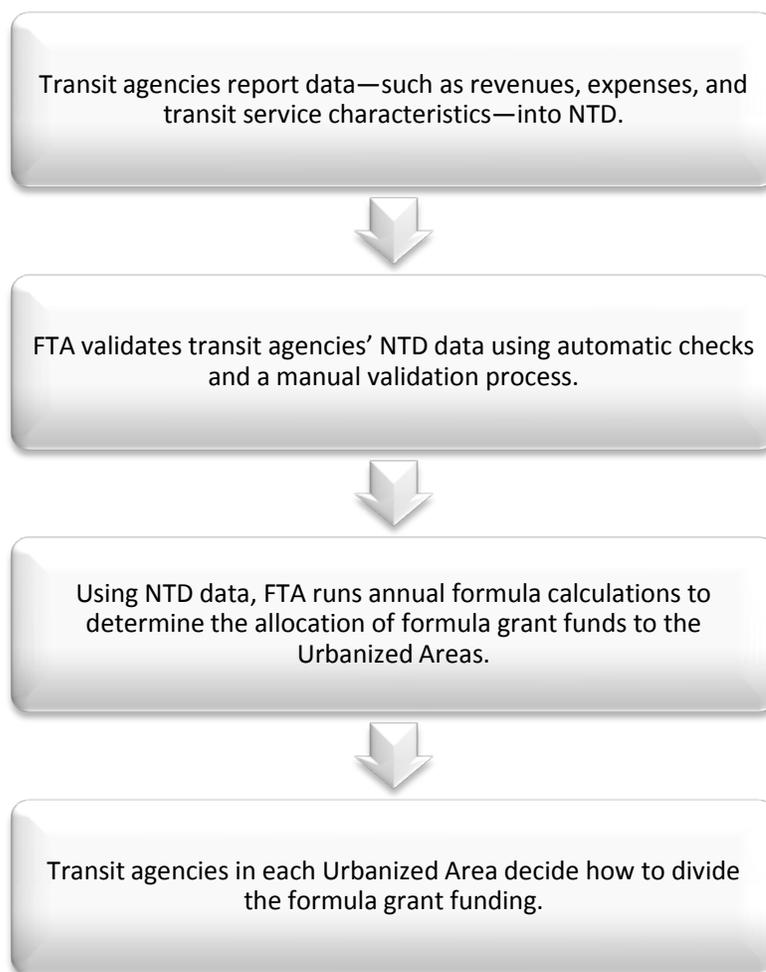
---

[3] The bus operations category makes up about 67 percent of Urbanized Area Formula funding.

[4] NTD report year submissions include data from agencies whose fiscal years end in June, September, or December of a given year.

BACKGROUND

In 1974, Congress directed the Department of Transportation to establish a system to collect uniform data on the Nation's transit systems. This system, now known as NTD, provides Congress and the transit industry with critical performance and safety information. FTA uses NTD performance data and data from the Bureau of the Census to calculate each grantee's annual apportionment. The majority of this funding goes through the Urbanized Area Formula Program to the 30 largest transit systems. Figure 1 outlines FTA's Urbanized Area Formula grant process.

Figure 1. FTA's Urbanized Area Formula Grant Process

Transit agencies report data—such as revenues, expenses, and transit service characteristics—into NTD.

FTA validates transit agencies' NTD data using automatic checks and a manual validation process.

Using NTD data, FTA runs annual formula calculations to determine the allocation of formula grant funds to the Urbanized Areas.

Transit agencies in each Urbanized Area decide how to divide the formula grant funding.

Source: OIG summary of FTA grant process

Once transit agencies submit their data to the NTD, an FTA contractor performs data validation procedures to confirm that the data are complete and do not vary 10 percent more or less from the previous year's data. The contractor notifies the transit agency of any data issues discovered during the validation process, which

the transit agency then explains or corrects. After all issues are addressed, FTA approves the data and sends a close-out letter to the transit agency.

FTA also requires transit agencies to obtain annual independent auditor reviews of their financial and transit service characteristics data that are used in the allocation of formula grant funds before reporting them to the NTD. Transit service characteristics include information such as passenger miles traveled[5] and vehicle revenue miles.[6] FTA defines—and the independent auditors and transit agencies agree to—a specific set of procedures that allow auditors to make assurances about data collection, supervision, and record retention. These reviews are intended to assist the transit agencies' chief executive officers in certifying that the data are accurate and meet Federal reporting requirements.

In April 2012, the Office of Management and Budget (OMB), DOT's Chief Information Officer, and FTA's Chief Information Officer performed a joint review of the NTD. According to the review, the NTD relies on antiquated data collection and dissemination tools and on an inefficient and costly manual validation process. In response, FTA began development of a new NTD system. FTA plans for the new system to begin accepting transit agency data by August 2014.

While we have not conducted previous audit work on the NTD, OIG received a hotline complaint in 2011 alleging that a transit agency had over-reported its vehicle revenue miles, resulting in the agency erroneously receiving additional Federal funds. We reviewed the allegations and referred the matter to FTA officials, who took action on the issue. (See exhibit C for further details.)

OIG DID NOT IDENTIFY SIGNIFICANT WEAKNESSES IN NTD DATA, BUT SOME MINOR DOCUMENTATION WEAKNESSES EXISTED AT 4 OF 15 TRANSIT AGENCIES

For the 15 transit agencies in our statistical sample, we reviewed supporting documentation associated with thousands of data fields and found only a few instances of documentation weaknesses.[7] All 15 transit agencies provided support for operating expenses—one of the two types of data used to allocate Urbanized Area Formula funding for bus operations. Four of the 15 agencies had minor documentation weaknesses for their transit service characteristics—the other type of data used to allocate formula funds.

---

[5] Passenger miles traveled are the cumulative sum of the distances ridden by each passenger.
[6] Vehicle revenue miles are the miles that vehicles are scheduled to or actually travel while in revenue service.
[7] We reviewed 15 transit agencies' supporting documentation for 4,065 data fields related to bus operations that could have an impact on the allocation of Urbanized Area Formula funds.

All 15 Transit Agencies Had Support for Operating Expense Data

Our review determined that the 15 transit agencies in our sample had support for their NTD operating expense data—one of the two types of NTD data used to allocate Urbanized Area Formula funding for bus operations. We also reviewed each sample agency's required independent financial audit report[8] to determine the accuracy of the operating expense data. The independent auditors concluded that the financial statements were found to accurately reflect the financial conditions at the agencies we reviewed and were free from material misstatement that could adversely affect funding allocation.

The NTD divides operating expenses into 15 categories, such as wages, fuel, and supplies. Agencies must report their day-to-day operating expenses in these categories for each type of activity performed (vehicle operations, vehicle maintenance, non-vehicle maintenance, and general administration), as well as for directly operated transportation and purchased transportation. For the 15 agencies in our sample, we compared the agencies' NTD operating expense data with their supporting documentation. For example, we verified that the Fort Worth Transportation Authority (the T) in Fort Worth, TX, maintained budget and accounting information to support over $233 million in operating expenses reported to the NTD for report years 2008 through 2011.

Four of 15 Transit Agencies Had Minor Documentation Weaknesses for Transit Service Characteristics Data

For the 15 transit agencies in our sample, we compared over 4,000 NTD data fields containing transit service characteristics information, such as passenger miles traveled, with the agencies' supporting documentation. While the majority of the transit agencies in our sample provided supporting documentation, we identified four agencies with minor documentation weaknesses, such as incomplete documentation for passenger miles traveled. If transit agencies do not maintain complete supporting documentation for data reported to the NTD, FTA has less assurance that data are accurate and grant funds have been properly allocated.

First, the Regional Public Transit Authority (RPTA) in Phoenix, AZ, could not provide support for some transit service characteristics data it reported to the NTD. Specifically, RPTA was unable to provide supporting documentation for passenger miles traveled from 2008 to 2010.[9] In 2008 and 2009, the agency reported about 203,000 passenger miles traveled per week, and in 2010, the

---

[8] Transit agencies are required to have independent auditors sample and examine evidence supporting the amounts and disclosures in the financial statements and provide an opinion based on Title 49 United States Code Section 5307(f).

[9] RPTA provided adequate support for passenger miles traveled in 2011, which was based on an approved sampling methodology.

agency reported about 154,000 passenger miles traveled per week. However, RPTA's documentation showed over 7.2 million passenger miles traveled per week. In addition, RPTA could not provide support for some bus lines on high-occupancy vehicle (HOV) lanes, which the agency reports as fixed guideway directional route miles in the NTD. The agency had appropriate support for the segments of HOV lanes where it was the sole transit operator but could not provide support for some HOV lane segments it shared with other transit agencies. RPTA officials were unable to explain the discrepancies in supporting documentation for passenger miles traveled or the lack of documentation for fixed guideway directional route miles. FTA did not review the support for these data fields because the information appeared reasonable and did not vary significantly from the previous year.

Second, Phoenix Valley Metro did not retain documentation to support the purchased transportation information it reported to the NTD. As a result, Phoenix Valley Metro had to request this supporting documentation from its purchased transportation contractor who maintains this information. Agency officials stated that they access this information on an as-needed basis—a practice that is contrary to FTA policy. FTA's NTD Annual Reporting Manual requires transit agencies to retain source documents on file and be available for audit for a minimum of 3 years following FTA's receipt of the NTD annual report.

Finally, two agencies did not provide supporting documentation that would allow us to replicate the data calculations for certain NTD data fields. The T in Fort Worth, TX, provided a summary table to document its reported vehicle revenue miles related to purchased transportation, but the table did not include the sources or formulas used to calculate the data. Similarly, the Washington Metropolitan Area Transit Authority (WMATA) in Washington, DC, did not provide detailed documentation to support its reported fixed guideway directional route miles; the maps it provided as documentation were illegible. While the numbers provided by these agencies matched information in the NTD, the lack of documentation provides FTA with less assurance that the data are accurate.

SOME GAPS EXIST IN FTA'S OVERSIGHT CONTROLS AND GUIDANCE FOR NTD REPORTING

FTA has a range of controls in place to oversee transit agencies' NTD reporting, including automated validation checks performed by the NTD system and manual validation procedures performed by the NTD contractor. However, FTA lacks a systematic process for resolving recurring problems identified in NTD close-out letters and independent auditor reviews. In addition, FTA's triennial review process—a tool for examining grantee performance and adherence to FTA

requirements and policies—does not assess the accuracy of transit agencies' data reporting.

FTA Has Data Validation Controls but Does Not Have a Process for Consistent Follow Up on Problems Identified in Annual Reviews

The NTD has more than 700 automated validation checks used to validate the accuracy of transit agencies' NTD annual reports.[10] NTD's contractor staff also conducts manual data validation reviews and works with transit agencies to resolve data issues. At the end of each annual reporting cycle, FTA issues close-out letters to transit agencies to document FTA's acceptance of the data and to identify any issues with transit agencies' data collection methods or data accuracy that need correction.

However, FTA does not have a systematic process for either NTD contractor staff or FTA officials to follow up on recurring issues identified in previous years' close-out letters. Without such a process, FTA cannot ensure that transit agencies take appropriate actions to correct previously identified problems—allowing some data inaccuracies to remain unresolved in the NTD for years. During our review, we identified the following recurring data problems:

- From 2008 to 2010, the T in Fort Worth, TX, reported data with significant variances in its NTD annual reports, even though NTD contractors had noted these problems during their annual reviews. For example, the agency's vehicle revenue miles increased by over 140 percent in 1 year—well beyond the 10-percent variance threshold specified in the NTD data validation procedures. In 2009, officials from the T responded to the data accuracy concerns by stating that the vendor had provided incorrect data. FTA issued a close-out letter that accepted this explanation for the variances—on the condition that the errors would be corrected in the following year. However, the T continued to report data with significant variances through 2010.[11] Without follow up on data variances, FTA has less assurance that grantees are addressing data inaccuracies in a timely manner and that over- or under-reporting has not occurred.

- From 2009 to 2011, FTA issued three close-out letters stating that the T had failed to certify whether it obtained required independent auditor reviews of its financial and service data. FTA warned that this issue could impact the agency's annual formula grant funding, but the issue remained uncorrected for 3 years. Moreover, the T was delayed in completing the independent auditor

---

[10] For example, if an agency's reported cost per passenger mile is 10 percent more or less than the previous year—which is considered a significant variance—the system marks the data as needing correction or further justification.

[11] There were no significant variances in data fields that could impact formula funding between 2010 and 2011.

reviews and still has not updated the NTD to reflect that the independent auditor reviews are complete.

- The Bee-Line System in Westchester County, NY, hires a contractor to operate its motorbus service. However, from 2008 to 2011, Bee-Line officials incorrectly reported to the NTD that the bus service was directly operated. Although NTD validation analyst identified the error in 2008, it was not corrected until 2012.

Additionally, the guidance for validating NTD data is contained in the Point-by-Point Reference Manual that a prior NTD contractor developed. FTA and the current contractor continue to use this manual to guide the annual data validation process. However, FTA has not formally approved the manual as an official guidance document. This is contrary to OMB Circular A-130[12] and the Government Accountability Office's Internal Control Standards, which state that Federal agencies should properly document policies and transactions.

FTA's Triennial Reviews of Transit Agencies Lack an Assessment of NTD Data Accuracy

During our audit, FTA officials stated that its triennial reviews provide a core oversight control designed to ensure the completeness and accuracy of data reported to the NTD. However, FTA's current triennial review guidance[13] for fiscal year 2014 does not include any questions directly related to NTD data accuracy. Every 3 years, FTA regional staff, with the assistance of contractors, evaluates recipients of Urbanized Area Formula funding on a range of topics to assess whether they comply with FTA requirements and policies. These triennial reviews include site visits to transit agencies and reviews of critical documentation.

While FTA's 2014 triennial review guidance does not include any questions directly related to NTD data accuracy, its 2013 triennial review guidance included limited NTD-related questions. Specifically, the 2013 triennial review guidance included five questions related to the NTD, focusing on data collection and reporting. For example, the 2013 review process included an assessment of NTD data completeness, which involved comparing NTD expense report data to transit agencies' financial statements. The 2013 reviews also included evaluations of whether transit agencies have documented procedures for recording unlinked passenger trips[14] and passenger miles data, which are both reported to the NTD.

---

[12] OMB Circular A-130, Management of Federal Information Resources, Nov. 2000.

[13] FTA's triennial review guide can change from year to year. The guide provides the questions to ask grantees, a list of grantees' documents to examine, and a method for determining whether grantees are meeting Federal requirements.

[14] Unlinked passenger trips mean the number of passengers who board public transportation vehicles. Passengers are counted each time they board vehicles no matter how many vehicles they use to travel to their destination.

These NTD-related review areas were limited and did not include, for example, an assessment of a targeted sample of supporting documentation for NTD data fields, such as vehicle revenue miles. Further, FTA's past and current triennial review guides reference NTD data as a source of information for verifying transit agencies' data, such as their maintenance expenses. Therefore, accurate NTD data contribute to effective triennial reviews.

According to FTA officials, the NTD review area was removed from the 2014 triennial review guidance because it produced few findings among FTA grantees and was duplicative of the annual NTD data validation process. While we do not take issue with the removal of prior NTD-related questions, our review indicates opportunities to include new NTD-related steps in the triennial review to address issues we identified and support current initiatives. Unlike the NTD data validation process, the triennial review provides an opportunity for FTA to examine supporting documents, speak with transit agency officials, and evaluate transit agencies' processes in person. As a result, FTA is not using its triennial review process as a tool to mitigate NTD data issues, such as the ones we identified during this review.

CONCLUSION

FTA relies on NTD data to distribute billions of Federal dollars to transit agencies for capital, operational, and planning assistance. FTA has oversight controls in place to help ensure NTD data accuracy and appropriate allocation of Urbanized Area Formula grant funds. However, FTA can do more to follow up with transit agencies that have problems reporting NTD data and to enhance its oversight procedures. FTA's ongoing efforts to modernize the NTD system provide an opportunity to re-examine its NTD procedures and requirements. By taking action now, FTA can gain greater assurance that the NTD appropriately distributes Federal grant funds and maximizes its ability to provide critical industry data to transit agencies and Congress.

RECOMMENDATIONS

We recommend that the Federal Transit Administrator:

1. Establish a process requiring follow up on recurring problems with transit agency data, including outstanding issues identified in prior years' close-out letters.

2. Establish FTA standard operating procedures for the NTD data validation process that are signed and approved by FTA.

3. Revise triennial review procedures to include an assessment of transit agencies' supporting documentation and controls for NTD data used in the Urbanized Area Formula Program.

AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

We provided a draft of this report to FTA on July 15, 2014, and received its response on August 21, 2014, which is included in its entirety as an appendix to this report. FTA concurred with all three of our recommendations and provided appropriate planned actions and timeframes for completion. Accordingly, we consider all three recommendations resolved but open pending completion of planned actions.

ACTIONS REQUIRED

FTA's planned actions and timeframes for addressing our recommendations are responsive. We consider recommendations 1 through 3 resolved but open pending completion of the planned actions. We appreciate the courtesies and cooperation of FTA representatives during this audit. If you have any questions concerning this report, please call me at (202) 366-5630, or Gary Middleton, Program Director, at (202) 366-0625.

#

cc: FTA Audit Liaison (TBP)
       DOT Audit Liaison (M-1)

EXHIBIT A. SCOPE AND METHODOLOGY

We conducted our work from June 2012 through July 2014 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 evaluate FTA's oversight of the NTD, we analyzed (1) documentation provided by transit agencies to support information used to allocate Urbanized Area Formula funding and (2) FTA's oversight controls and guidance to transit agencies reporting to the NTD. Specifically, we focused on data related to motorbus operations, which receives the largest portion of Urbanized Area Formula grant funding, by selecting a two-stage statistical sample. For the first stage of the statistical sampling process, the OIG statistician selected a statistical sample of 10 urbanized areas from the universe of 28 urbanized areas with probability proportional to the amount of apportionment received.[15] For the second stage, the audit team compiled a list of all public transit agencies located within the sample of 10 urbanized areas. The OIG statistician then selected 2 transit agencies from each of the 10 urbanized areas with probability proportional to the number of unlinked passenger trips, resulting in a statistical sample of 20 out of 129 transit agencies. Out of the 20 transit agencies, 4 were selected twice due to the "with replacement" sample design, and 1 provided only rail service. As a result, the statistical sample was ultimately comprised of 15 transit agencies with motorbus operations. (See exhibit B for a list of the 15 transit agencies in our sample.)

To verify documentation provided by the transit agencies, we identified key NTD financial and transit service forms providing specific data fields used to calculate the apportionment formula. The transit agencies in our sample provided supporting documentation for data submitted to the NTD on these forms for report years 2008 through 2011. Our audit compared the data fields on the forms with the transit agencies' corresponding supporting documentation to identify variances in the data reported to the NTD (see exhibit D for key data fields reviewed). We also reviewed each sample transit agency's independent financial audit report.

We analyzed key documents related to the Urbanized Area Formula Program (Section 5307 Program) and the NTD to gain an understanding of the NTD system, and to assess FTA's oversight of the system and the transit agencies' reporting. We reviewed various reports accessed through the NTD system, such as

---

[15] Out of 600 total urbanized areas, we identified 28 that had a total population of 1 million or more.

Exhibit A. Scope and Methodology

operating expense and transit service characteristic reports. We also reviewed NTD manuals and guidance, documentation related to FTA's Section 5307 and Section 5311 (Formula Grants for Other Than Urbanized Areas) programs, apportionment tables, NTD oversight documents, planning documents, meeting minutes, NTD information technology (IT) documentation and contracts, and independent audit reports.

We interviewed FTA officials at FTA Headquarters in Washington, DC; FTA's Washington, DC, Metropolitan Office; and at regional offices in Atlanta, GA, and Chicago, IL. We also interviewed the previous NTD contractor and the current IT and validation contractors. In addition, we met with transit agencies' independent auditors. Further, we reviewed transit agencies' agreed-upon-procedures reports prepared by independent auditors.

Finally, we conducted site visits at 3 of the 15 transit agencies in our sample and held teleconferences and discussions with the other 12 transit agencies. We also met with American Public Transportation Association officials and contacted the Research and Innovative Technology Administration-Bureau of Transportation Statistics. (See exhibit B for a list of the sample transit agencies and other organizations we visited or contacted.)

Exhibit A. Scope and Methodology

EXHIBIT B. ACTIVITIES VISITED OR CONTACTED

FTA

Offices	Location
FTA Headquarters	Washington, DC
FTA Region 3 Officials in Washington, DC, Metropolitan Office	Washington, DC
FTA Region 4	Atlanta, GA
FTA Region 5	Chicago, IL

FTA NTD CONTRACTORS

Organization	Type	Location
Savantage Solutions	Previous Contractor	Rockville, MD
ActioNet, Inc.	Current IT Contractor	Fairfax, VA
Boyd, Caton and Grant Transportation	Current Validation Contractor	Charlottesville, VA

INDEPENDENT AUDITORS

Organization	Type	Location
CliftonLarsonAllen, LLP	WMATA independent auditor	Washington, DC
Crowe Horwath, LLP	CTA independent auditor	Chicago, IL
Cherry, Bekaert & Holland, LLP	MARTA independent auditor for 2008–2010	Atlanta, GA
Mauldin and Jenkins Certified Public Accountants, LLC	MARTA independent auditor for 2011	Atlanta, GA

Exhibit B. Activities Visited or Contacted

INDUSTRY ASSOCIATIONS AND OTHER AGENCIES

Organization	Type	Location
American Public Transportation Association	Industry Association	Washington, DC
Research and Innovative Technology Administration-Bureau of Transportation Statistics	Government Agency	Washington, DC

PUBLIC TRANSIT AGENCIES SAMPLED

Organization	Type of analysis performed	Location
Washington Metropolitan Area Transit Authority (WMATA)	Site visit; financial and transit service data analyzed	Washington, DC
Metropolitan Atlanta Rapid Transit Authority (MARTA)	Site visit; financial and transit service data analyzed	Atlanta, GA
Chicago Transit Authority (CTA)	Site visit; financial and transit service data analyzed	Chicago, IL
Massachusetts Bay Transportation Authority (MBTA)	Financial and transit service data analyzed	Boston, MA
MTA New York City Transit (NYCT)	Financial and transit service data analyzed	New York, NY
Westchester County Bee-Line System (The Bee Line)	Financial and transit service data analyzed	Mount Vernon, NY
Southeastern Pennsylvania Transportation Authority (SEPTA)	Financial and transit service data analyzed	Philadelphia, PA
Dallas Area Rapid Transit (DART)	Financial and transit service data analyzed	Dallas, TX
Fort Worth Transportation Authority (The T)	Financial and transit service data analyzed	Fort Worth, TX
City of Phoenix Public Transit Department: Valley Metro (Valley Metro)	Financial and transit service data analyzed	Phoenix, AZ

Exhibit B. Activities Visited or Contacted

Regional Public Transportation Authority: Valley Metro (RPTA)	Financial and transit service data analyzed	Phoenix, AZ
Los Angeles County Metropolitan Transportation Authority (LACMTA)	Financial and transit service data analyzed	Los Angeles, CA
Long Beach Transit (LBT)	Financial and transit service data analyzed	Long Beach, CA
Alameda-Contra Costa Transit District (AC Transit)	Financial and transit service data analyzed	Oakland, CA
San Francisco Municipal Railway	Financial and transit service data analyzed	San Francisco, CA

Exhibit B. Activities Visited or Contacted

EXHIBIT C. FTA ACTIONS REGARDING OIG HOTLINE COMPLAINT ON CHICAGO TRANSIT AUTHORITY'S REPORTING OF REVENUE MILES

The Chicago Transit Authority (CTA), the second largest transit agency in the United States,[16] allowed buses to pick up passengers at any point on a service route, regardless of whether it was a bus's established route. A 2007 Illinois State audit found that the Chicago Transit Authority (CTA) incorrectly reported these so-called deadhead[17] hours and miles as revenue. During the course of the Illinois State audit, CTA officials asked FTA staff to review their method of reporting revenue service and deadhead miles, and FTA allowed CTA to continue reporting in the same manner. Subsequently, a 2011 OIG hotline complaint alleged that CTA overstated its vehicle revenue miles and hours in the NTD. In response, FTA directed CTA to stop including the miles that buses travel from the bus depot to the established route. Based on FTA's actions, OIG closed the complaint in June 2012.

---

[16] CTA is the second largest transit agency ranked by unlinked passenger trips.

[17] Deadhead means hours and miles that a vehicle travels when not in revenue service.

Exhibit C. FTA Actions Regarding OIG Hotline Complaint on Chicago Transit Authority's Reporting of Revenue Miles

EXHIBIT D. KEY NTD DATA FIELDS REVIEWED

FINANCIAL DATA

Data Type	NTD Forms	5307 Formula Abbreviation
Operating Expenses/Costs	F-30, F-40, FFA-10	OC

SERVICE DATA

Data Type	NTD Forms	5307 Formula Abbreviation
Bus Passenger Miles Traveled	S-10, FFA-10	BPMT
Bus Vehicle Revenue Miles	S-10, FFA-10	BVRM
Fixed Guideway Directional Route Miles	S-10, S-20, FFA-10	FGDRM

ADDITIONAL SERVICE DATA NOT IN FORMULA CALCULATION

Data Type	NTD Forms	Abbreviation
Vehicle Revenue Hours	S-10	VRH
Unlinked Passenger Trips	S-10, FFA-10	UPT

Exhibit D. Key NTD Data Fields Reviewed

EXHIBIT E. MAJOR CONTRIBUTORS TO THIS REPORT

Name	Title
Gary Middleton	Program Director
Krystal Patrick	Project Manager
Jennifer Hoffman	Senior Analyst
Jamila Mammadova	Analyst
Michelle Starkey	Auditor
Shirell Butcher	Auditor
Petra Swartzlander	Senior Statistician
Megha Joshipura	Statistician
William Savage	IT Specialist
Seth Kaufman	Senior Counsel
Christina Lee	Writer-Editor

Exhibit E. Major Contributors to This Report

APPENDIX. AGENCY COMMENTS

Memorandum

U.S. Department of Transportation
Office of the Secretary
of Transportation

Subject: INFORMATION: Management Comments - Office of Inspector General (OIG) Draft Report on the National Transit Database

Date: **[Note: Date listed below.]**

From: Therese McMillan
Acting Administrator
Federal Transit Administration

To: Thomas E. Yatsco
Assistant Inspector General for Surface Transportation Audits

Every year the Federal Transit Administration (FTA) collects service, financial, and safety data from grantee agencies in its National Transit Database (NTD). This data is used annually to apportion over $6 billion in formula grant funds. The NTD has more than 700 automated validation checks to ensure the accuracy of the reported data. This process is managed by dedicated NTD validation staff working with transit agencies to resolve data issues.
To improve our processes:

- FTA will establish a process to follow-up on recurring problems with transit agency data, including outstanding issues identified in prior years' agency close-out letters. This will be formally documented in NTD standard operating procedures (SOPs).

- FTA will approve the updated NTD SOPs for the data validation process and for the new procedures described below.

- FTA will institute an annual process for assessing a sample of transit agencies' supporting documentation and controls for NTD data used to apportion formula funds. This process will be implemented and documented as part of the NTD SOPs.

Based upon our review of the draft report, we agree to implement each of the OIG recommendations. Recommendations 1 and 2 will be implemented by February 27, 2015. Recommendation 3 will be implemented by September 30, 2015. This date is consistent with the annual NTD reporting cycle.

We appreciate the opportunity to offer additional perspectives on the OIG draft report. Please contact Uchenna Okezie, the FTA Audit Liaison, at 202-366-1591 with any questions or if the OIG would like to obtain additional details about these comments.

9/3/2014

X ~Therese W McMillan~

Therese W. McMillan
Acting Administrator

Appendix. Agency Comments