

Department of Public Works

Limited Scope Review

Federal Transit Administration

Grant Program

DIAL~A~RIDE

February 8, 2021



**American Samoa Government
Territorial Audit Office**

Sualauvi Su'a, Acting Director

Report Number: 21-04

American Samoa Government
Department of Public Works
Dial-a-Ride Grant Program

I. INTRODUCTION

We conducted a limited scope review at the Department of Public Works (DPW), American Samoa Government on February 8, 2021 at the Dial-a-Ride Grant Program.

American Samoa receives Section 5310, 5311, 5339 grant programs of the Federal Transit Administration (FTA) that provide federal financial assistance to the transportation systems and services for the people of American Samoa. The Governor of American Samoa has designated the Department of Public Works (DPW) Federal Transit Administration Division as the administering agency for the FTA programs.

This program reflects the Department policies and procedures to ensuring that no person shall, on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity provided by the Department.

Audit Purpose:

Overall

- Determine whether grant objectives were met.

Financial Compliance

- Determine whether costs claimed are allocable, allowable and reasonable in accordance with the grant terms and conditions.

Non-financial Compliance

- Determine whether DPW practices and procedures comply with federal government requirements and grant conditions and the effect of any noncompliance on amounts incurred by DPW Dial-a-Ride Program and reimbursed by the federal government.

II. BACKGROUND

1. **Grantee Name:** American Samoa Government Department of Public Works
2. **Program Name:** 5311 (b) Bus Shelters & Rolling Stock/FFY's 2018 & 2019
3. **Grant/Contract Number:** Duns No. 854993297 **Recipient ID:** 2161
4. **Date of Grant/Contract Award:** 09/15/2020
5. **Objective of the Grant:** This grant funding is being proposed to purchase ADA Accessible Vans and 30-foot buses to expand fleet: repair and construct new bus shelters.
6. **Grant Amount:** \$1,716614.00
7. **Project Period:** 09//30/2023
8. **Budget Period:** 09/30/2023
9. **Any Special Conditions:** There are no special conditions.

10. **Enacting legislation that authorized the grant under audit:** The audit was conducted in accordance with the United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government. Accordingly, we performed tests of source documents, records, and other auditing procedures to obtain sufficient and appropriate evidence to support our findings and recommendations.

Dial-a-Ride service is provided by the Department of Public Work's Transit Division. This program receives its funding from the Federal Transit Administration (FTA) of the U.S. Department of Transportation through grants administered by the Regional Transportation Authority. FTA provides financial assistance to develop new transit systems and improve, maintain, and operate existing systems. Recipients are responsible for managing their programs in accordance with federal requirements, and FTA is responsible for ensuring that recipients follow federal statutory and administrative requirements. (See Appendix A – Grant References)

FTA performs a State Management Review to assess state management practices and program implementation to ensure that the FTA programs are administered in accordance with FTA requirements and are meeting program objectives. The reviews are performed every three years or as circumstances warrant. FTA last State Management Review Final Report for American Samoa Government (ASG) was on May 17, 2017.

This review focused on ASG's compliance in fourteen areas. As reported, no deficiencies were found with the FTA requirements in six areas. However, deficiencies were found in eight areas:

1. Technical Capacity
2. Maintenance
3. Americans with Disabilities Act (ADA)
4. Title VI
5. Procurement Requirements
6. Disadvantage Business Enterprise (DBE)
7. Satisfactory Continuing Control
8. Drug Free Workplace and Drug and Alcohol Program

Furthermore, ASG has had four repeated deficiencies from the 2014 State Management Review:

1. Technical Capacity (deficiency 1)
 - a. State Management Plan out of date/incomplete.
2. Technical Capacity (deficiency 2)
 - b. Inadequate oversight of subrecipients.
3. Title VI
 - c. Public outreach.
4. Satisfactory Continuing Control
 - d. Inadequate property control system.

The State Management Review report also confirmed that the American Samoa Department of Port Administration (DPA) Water Transportation Division is the only 5311 subrecipient to the FTA grant. DPA received funding for two ferry vessels and one pick truck. See table below:

Purchased	Description
1. The Segaula Ferry	39-foot Catamaran Boat
2. The Manu'a Tele III	140-foot Cargo & Passenger
3. Pick Up Truck	To haul the vessels from the water for dry docking.

DPW Dial-a-Ride and DPA Water Transportation Division are currently undergoing preparations for the Triennial State Management Review this year and is working together with a Contractor that has been assigned by the Grantor on closing out deficiencies for ASG being compliant for basic requirements.

The Dial-a-Ride program has six running FTA-funded accessible vehicles that services over 600 clients annually. The Dial-a-Ride program is an on-demand paratransit service for Tutuila that operates from 2:30 am to 9:00 pm, seven days a week. The service is only offered to seniors and persons with disabilities providing transportation for work, shopping, medical appointments or for leisure and family visits. Riders schedule trips in advance and Dial-a-Ride vehicles provide curb-to-curb service from the rider's desired pick-up location to the drop-off destination. Dial-a-Ride is a shared-ride service, so vehicles may make stops along the way to pick up and drop off other passengers. There is a \$1.00 fare per ride per stop per passenger and the escort is free all the way

III. SCOPE OBJECTIVE, AND METHODOLOGY

SCOPE

We conducted an unannounced cash count audit for DPW Dial-a-Ride Grant Program Income for fare collections on February 8, 2021 in accordance with the United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government. Those standards require that we plan and perform our review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our objectives.

The Dial-a-Ride project being a Grant Program Income has received written authorization from the Grantor to allow fare collections be retained as a funding source to support continued transit services.

OBJECTIVES

1. Determine the existence and adequacy of written cash collection policies and procedures.

2. Determine that cash and supporting payment receipting records are adequately safeguarded.
3. Determine that cash receipts are complete, accurate, and adequately documented, recorded, and deposited in a timely manner.

METHODOLOGY

To address our objective, we performed the following:

1. Conduct a surprise cash count,
2. Reviewed receipts and collection procedures,
3. Reviewed deposits to Treasury Revenue Division,
4. Reviewed the sequential number order of receipts,
5. Safeguard of the funds collected and unused receipts during operations and after hours,
6. Determining cash collections and receipts were deposited in a timely manner.

IV. RESULTS

We reviewed the Dial-a-Ride expenditure costs and identified non-operating costs that do not support transit operations. The results of our examination are detailed in the table below and the accompanying notes.

Summary of Questioned Costs

COST CATEGORY	AMOUNT CLAIMED	INELIGIBLE COSTS QUESTIONED	UNSUPPORTED COSTS QUESTIONED	UNREASONABLE COSTS QUESTIONED	NOTE
Non-operating	\$179.85			X	1
Non-operating	\$69.90			X	2
Non-operating	\$83.80			X	3
Non-operating	\$80			X	4
Non-operating	\$50			X	5
Non-operating	\$25			X	6
Non-operating	\$30			X	7
Non-operating	\$30			X	8
TOTAL	\$548.55				

Note 1: Costs questioned of \$179.85, represents unreasonable costs in accordance with the Grantor instructions for fare collections to be retained as a funding source to support continued transit service. Three cases of 18x18 vinyl tiles for OPADM dated November 18, 2020, from K & K.

Note 2: Costs questioned of \$69.90, represents unreasonable costs in accordance with the Grantor instructions for fare collections to be retained as a funding source to support continued transit service. Christmas lights for department decorations dated December 11, 2020, from Manu’s Malaemi Store.

Note 3: Costs questioned of \$83.80, represents unreasonable costs in accordance with the Grantor instructions for fare collections to be retained as a funding source to support continued

transit service. Christmas lights for department decorations dated December 14, 2020, from Manu's Tafuna Store.

Note 4: Costs questioned of \$80.00, represents unreasonable costs in accordance with the Grantor instructions for fare collections to be retained as a funding source to support continued transit service. Donation for Nikki's son's funeral dated January 15.

Note 5: Costs questioned of \$50.00, represents unreasonable costs in accordance with the Grantor instructions for fare collections to be retained as a funding source to support continued transit service. Donation for Nikki's son's funeral dated January 15, 2021, from Alefaio.

Note 6: Costs questioned of \$25.00, represents unreasonable costs in accordance with the Grantor instructions for fare collections to be retained as a funding source to support continued transit service. Donation for Nikki's son's funeral dated January 15, 2021, from John.

Note 7: Costs questioned of \$30.00, represents unreasonable costs in accordance with the Grantor instructions for fare collections to be retained as a funding source to support continued transit service. Mary IOU for Martha's birthday dated February 1, 2021.

Note 8: Costs questioned of \$30.00, represents unreasonable costs in accordance with the Grantor instructions for fare collections to be retained as a funding source to support continued transit service. Adelle IOU from Tafa's birthday dated February 4, 2021.

V. FINDINGS

Finding #1:

A total of \$548.55 unreasonable cost questioned presented in a table under the results section of the report.

Finding #2:

We determined that daily deposits were not done (or discontinued) and although it was permitted to use the local revenues from fare collections for expenses and immediate needs, Treasury analyst confirmed that these collections must first be deposited daily with the Revenue Office. Once those local funds are available, they can be expended through the normal accounts payable voucher process and that automatically takes care of the accountability of additional revenues and expenses and shifts the payment approval process to the Budget Office and Treasury officials rather than DAR personnel. This will also address the issues in Findings #1 where DAR revenues were used for unallowable costs and personal expenses.

Finding #3:

No written Cash Policies and Procedures have been established for Dial-a-Ride cash collections. As required by FTA for each state's role in program administration. The SMP is to document the state's procedures.

Based on our interview conducted, we found weaknesses in Internal Controls not completing this specific requirement that was also confirmed with FTA 2017 State Management Review SMP being outdated and incomplete.

Finding #4:

After a thorough review reconciliation of Dial-a-Ride fare collections and expenses, we noticed a discrepancy in the totals for the running balance in the daily cash sheet from December 2020 to January 2021.

Consequently, after our complete calculated analysis, we found a total of \$193.84 cash that is unaccounted for.

Our unannounced cash count for fare collections and expenditure receipts confirmed an overage of \$215.25.

REVIEW OF FARE COLLECTIONS & EXPENDITURES					
	DIAL-A-RIDE Balance		AUDITED BALANCE		Deficit as per Audited Balance
Nov 2020 Beg. Balance		278.37		252.37	
NOVEMBER 2020					
Fare Collections	1,784.00		1,734.00		
Expenses	1,836.05	(52.05)	1,886.05	(152.05)	(152.05)
CASH End/Dec 2020 Beginning		226.32		100.32	
DECEMBER 2020					
Fare Collections	2,507.36		2,465.00		
Expenses	1,965.94	541.42	2,008.30	456.70	456.70
Dec 2020 Ending Balance		767.74		557.02	
Shortage		(193.84)		-	
Jan 2021 Beg. Balance		573.90		557.02	
JANUARY 2021					
Fare Collections	2,593.00		2,593.00		
Expenses	2,977.62	(384.62)	2,977.62	(384.62)	(384.62)
Cash End/Feb 2021 Beginning		189.28		172.40	
FEBRUARY 2021					
Fare Collections	662.00		662.00		
Expenses	672.44	(10.44)	672.44	(10.44)	(10.44)
February Ending Balance		178.84		161.96	(90.41)

VI. RECOMMENDATIONS

We recommend that the DPW Director:

1. Establish clear and specific cost allocations that are allowable for operating and non-operating cost eligible under grant conditions.
2. Establish a set petty cash amount from fare collections to be utilized only for transit operation services, remaining funds to be deposited to Revenue for Program Income expenses.
3. Furthermore, that the accounting personnel refrain from using their current running balance format report but use a simpler format that would separate fare collections and expense accurately for monthly records.
4. Establish clear cash collection and expense written policies and procedures that work in conjunction with ASG Treasury Department and FTA State Management Plan requirements.
5. Install a Point of Sale (POS) system to streamline the cash collection process immediately as the turn-ins are received and recorded for each Van at their Tafuna site at the end of each day-shift. The system will instantly account for revenues received and will default each transaction to the right revenue account in the ASG Accounting System, the One Solution, and summarizes all transactions on a daily basis. This computerized POS system will also ensure efficiencies, generate receipts and receipt numbers automatically and will allow Treasury Revenue and the DAR administrators to view only access options. The cost to have this system set-up, programmed, installed and maintained are quite minimal and will certainly improve cash collections.

VII. CONCLUSION

The Territorial Audit Office (TAO) conducted an exit meeting with the DPW Director, Management and Staff Representatives: Program Manager, Program Coordinator, Compliance and Administrative Assistant on April 7, 2021. The purpose of the meeting was to present, review and discuss proposed audit findings and recommendations contained in the preliminary report, with representatives from the audited agency.

The audited agency is then required to submit a written statement explaining or rebuttal the proposed audit findings, including any corrective actions to be taken that are designed to preclude recurrence of adverse findings. The Agency's response is required to be submitted to TAO within 15 days after receipt of the proposed findings, and subsequently published in the final audit report.

VIII. COMMENTS FROM THE DEPARTMENT OF PUBLIC WORKS



AMERICAN SAMOA GOVERNMENT
Department of Public Works
 Tafuna Industrial Park, DPW Complex
 Pago Pago, American Samoa 96799

Lemanu P.S. Mauga
 Governor

Talauega E. Ale
 Lt. Governor



Faleosina Voigt
 Director

Fa'alava'i Ta'ase
 Deputy of Engineering

Laupule Tilei
 Deputy of Finance & Admin

In reply refer to: 142-21

April 29, 2021

Sualauvi Su'a, Acting Director
 Territorial Audit Office
 Executive Office Building
 Pago Pago, AS 96799

Re: Response to limited scope review February 8, 2021.

Dear Mr. Su'a:

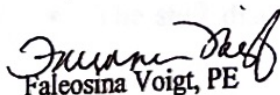
I would like to thank you and your team for the audit performed for our Federal Transit Administration funded program operated by our Transit division under the leadership of Cathy Faoa-Danielson. From this report we have been able to strengthen our policies and procedures in our cash handling and recording. We have responded briefly to the findings on the narrative submitted herewith.

We are currently working with the FTA contractor on providing technical assistance in closing out findings from our last State Management review as well as preparations for our 2021 State Management Review.

Feel free to work with Cathy and our team on any corrective actions you see will benefit our program in moving forward.

Your efforts and due diligence in ensuring compliance with our Federal grants is commended.

Respectfully,


 Faleosina Voigt, PE

**Response to Limited Scope Review
Dated February 08, 2021**

IV. RESULTS

Note 1: Are cost in relation to our move to the ODAPM office at the ending of last year (2020).

Note 2 & Note 3: Christmas decorations for the Holiday season.

Note 4 & Note 8: These funds have been replenished since the visit. Funds are not normally used for these purposes however, because of the time constraint and availability of funds from the staff for our office donation for one of our employee's son's funeral funds was used to cover their cost with the understanding that the Transit funds would be replenished right away. Failure on admin to recover and collect cost from staff resulted in the delay of recovering these costs. We currently do not encourage this practice.

V. FINDINGS

Finding #1: Already been resolved. Funds are only being used for operational cost related to Transit operations.

Finding #2: Deposits since Audit are recorded below. Deposits have been made consistently. Cash expenses are recorded and documented accordingly.

1. February 17, 2021	\$652.00
2. February 22, 2021	\$608.00
3. March 08, 2021	\$561.78
4. March 15, 2021	\$500.00
5. April 06, 2021	\$800.00
6. April 12, 2021	\$550.00
7. April 27, 2021	\$700.00

Finding #3: Cash handling policy used is the ASG policy.

Internal Cash handling procedures – DPW Transit Division

\$1 is collected for every Rider per trip regardless of the distance. One free caretaker is allowed per rider. Extra caretakers will have to pay \$1 each.

- The driver collects all passenger fares.
- The shift dispatcher verifies the cash against the manifest and completes report for the next shift.
- The dispatcher for the last shift tallies up the daily fares collected and finalizes the report.
- Cash and report is stored in the safe at the end of the day.

- Finance team collects the cash and manifest the next day from the safe to review and certify the report.
- Cash is stored in safe until deposited to Revenue.
- Cash expenses are documented using a valid vendor invoice or receipt pre-approved by Transit Manager.
- Collaboration needs to be made with Treasury office as to the use of quick POs or voucher for emergency purposes.

Finding #4: I believe the accounting of the cash has been improved with our finance team. The numbers presented in the TAO report is most definitely due to miscalculations and recordings rather than any misuse of funding.

IX. APPENDIX A – GRANT REFERECNES

U.S DEPARTMENT OF TRANSPORTATION – FEDERAL TRANSIT ADMINISTRATION.

CIRCULAR FTA C 9040.1G (November 24, 2014)

Subject: FORMULA GRANTS FOR RURAL AREAS: PROGRAM GUIDANCE AND APPLLICATION INSTRUCTIONS.

PROGRAM OVERVIEW

SECTION 5311 STATUTORY AUTHORITY The Formula Grants for Rural Areas Program, codified at 49 U.S.C. 5311 (Section 5311), is authorized under the provisions set forth in the Moving Ahead for Progress in the 21st Century Act (MAP-21), Public Law 112- 141. Under this program, the secretary may make grants to assist states and local governmental authorities in financing capital, operating, planning, and job access and reverse commute projects, associated with providing public transportation in rural areas. The Catalogue of Federal Domestic Assistance (CFDA) number for the Formula Grants for Rural Areas Program is 20.509. The state may use up to 10 percent of its Section 5311 program funds to administer the program and provide technical assistance to subrecipients. Technical assistance includes project planning, program and management development, public transportation coordination activities, and research the state considers appropriate to promote effective delivery of public transportation in rural area. Planning activities are an eligible expense under Section 5311, and shall be in addition to funding awarded to a state under Section 5305 for planning activities that are directed specifically at the needs of rural areas in the state. There is no limitation on use of Section 5311 funds for operating assistance; however, the state must use at least 15 percent of its annual apportionment to support intercity bus service, unless the governor certifies, after consultation with affected intercity bus providers, that the intercity bus needs of the state are adequately being met. Annually, each state prepares and submits to FTA a program of projects. A state's program of projects must provide for fair and equitable distribution of funds within the state, including Indian reservations, and provide for maximum feasible coordination with transportation services assisted by other federal sources. A state may pass through its Section 5311 program funds to subrecipients that are state or local governmental authorities, nonprofit organizations, operators of public transportation services, or intercity bus operators.

PROGRAM GOALS.

Pursuant to 49 U.S.C. 5311, FTA apportions or awards funds to states, Indian tribes, or other eligible recipients located in rural areas for planning, public transportation capital projects, operating costs, job access reverse commute projects, and the acquisition of public transportation service. The Section 5311 program supports both the maintenance of existing public transportation services and the expansion of those services through the following program goals: a. enhancing access in rural areas to health care, shopping, education, employment, public services, and recreation; b. assisting in the maintenance, development, improvement, and use of public transportation systems in rural areas; c. encouraging and facilitating the most efficient use of all transportation funds used to provide passenger transportation in rural areas through the coordination of programs and services; providing financial assistance to help carry out national goals related to mobility for all, including seniors, individuals with disabilities, and low-income individuals; e. increasing availability of transportation options through investments in intercity bus services; f. assisting in the development and support of intercity bus transportation; g. encouraging mobility management, employment-related transportation alternatives, joint development practices, and transit-oriented development; and h. providing for the participation of private transportation providers in rural public transportation.

STATE ROLE IN PROGRAM ADMINISTRATION

To the extent permitted by law, FTA gives the states maximum discretion in designing and managing the Section 5311 program to meet its rural public transportation needs. Where possible, FTA defers to a state's development of program standards, criteria, procedures, and policies to provide the state with the flexibility it needs to standardize its management of FTA assistance and related state programs. In addition, under the Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments (Common Grant Rule) at 49 CFR part 18, DOT permits a state to rely on its own laws and procedures instead of federal procedures in the areas of financial management systems, equipment, and procurement. As noted in 49 CFR part 18, a state may pass its procedures down to its subrecipients that are public authorities. Similarly, when a private provider of public transportation services enters into a third-party contract with a state or public subrecipient of a state, as opposed to a subagreement, the state's procedures will apply to the third-party contract. However, private, nonprofit subrecipients must comply with the "Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations" at 49 CFR part 19. FTA delegates authority to the state whenever allowed.

a. **Role of the State Agency.** The governor designates a state agency that will have the principal authority and responsibility for administering the Section 5311 program. Specifically, the role of the state agency is to: (1) document the state's procedures in a state management plan (SMP); (2) notify eligible local entities of the availability of the program; (3) plan for future transportation needs, and ensure integration and coordination among diverse transportation modes and providers; (4) solicit applications; (5) develop project selection criteria; (6) review and select projects for approval; (7) forward an annual program of projects and grant application to FTA; (8) certify eligibility of applicants and project activities; (9) ensure compliance with federal requirements by all subrecipients; (10) monitor local project activity; (11) oversee project audit and closeout; and (12) file an NTD report each year for itself and each subrecipient

BUS AND BUS FACILITIES FORMULA PROGRAM (Section 5339)

The Section 5339 Bus and Bus Facilities Program is a formula grant program that provides funding to states and UZAs for bus-related capital projects. This program was established under MAP-21, which concurrently repealed the Section 5309 Bus and Bus Facilities discretionary grant program. Under the Section 5339 Bus and Bus Facilities formula program, a portion of the funds are allocated through an initial national distribution to states. The remaining funds are apportioned consistent with the formula under 5336 (other than subsection (b)) to states and UZAs on the basis of population, vehicle revenue miles, and passenger miles. Section 5307 requirements apply to Section 5339 grants. The governor of a state or the governor's designee may transfer funds apportioned under the nation distribution to supplement amounts apportioned under the Rural Area (Section 5311(c)) or Urbanized Areas Formula (5307) programs. However, the law does not allow Section 5339 funds apportioned pursuant to the Section 5336 formula to be transferred to the Section 5307 or 5311 programs. States are responsible for administering the funds apportioned to small UZAs, which includes applying directly to FTA for the funds. Additional information on the Section 5339 Bus and Bus Facilities Formula Program, including transfer provisions to Section 5307, can be found in the successor to FTA Circular 9100, which FTA expects to publish as FTA Circular 5100.

GENERAL PROGRAM INFORMATION

Funds Availability. Section 5311 funds remain available to the states for obligation for three federal fiscal years, beginning with the year of apportionment plus two additional years. For example, funds apportioned to a state in fiscal year 2014 are available until September 30, 2016. Any funds remaining unobligated at the end of the period of availability are added to the next year's program apportionment and are reapportioned among all states. Funds that a state deobligates from an approved program of projects during the period of availability remain available to the state for reobligation during the period that the funds were originally available to the state. Funds deobligated after the period of availability lapse to the state and return to FTA. FTA then reapportions these funds among all the states.

If a state carries funds over from one fiscal year to the next, it should obligate the oldest funds first. If a grant contains funds from more than one fiscal year, FTA will disburse the oldest funds first. However, if a grant included funds restricted to nonoperating projects (e.g., transfer of flex funds), restricted funds would be disbursed for a capital drawdown, even if older nonrestricted funds remained available in the grant. States can make revisions without changing the scope of the program of projects and can also make revisions that do change the scope but only if there are sufficient undisbursed funds remaining that are within their period of availability. Chapter IV provides more information on procedures for revising an approved program of projects.

ELIGIBLE ACTIVITIES

State Administration, Planning, and Technical Assistance. The state may use not more than 10 percent of its apportioned Section 5311 funds, including funds apportioned under Section 5340 but not the RTAP allocation, to administer the Section 5311 program, related planning, and to provide technical assistance to subrecipients.

Allowable administrative costs include salaries, overhead expenses, supplies, and office equipment used to administer the program. Allowable technical assistance costs may include program planning, program development, development of vehicle and equipment specifications, management development, coordination of public transportation programs (public and private for-profit and nonprofit), and such research as the state may deem appropriate to promote effective means of delivering public transportation service in rural areas. No local share is required for these expenses. The state may pass any portion of these funds on to subrecipients for the same purposes and, at its discretion, may impose a local share requirement.