



EDWARD M. BIRN
Director (Direktot)
ELIZABETH T. FISHER
Deputy Director (Sigundo Direktot)

**DEPARTMENT OF
ADMINISTRATION**
DIPATTAMENTON ATMENESTRASION
DIRECTOR'S OFFICE
(Ufisinan Direktot)
Telephone (Telifon): (671) 475-1101/1250



LOURDES A. LEON GUERRERO
Governor (Maga'håga)
JOSHUA F. TENORIO
Lt. Governor (Sigundo Maga'låhi)

Guam Regional Transit Authority Vehicle Procurement and Maintenance

Internal Audit Section Report No. 2023-03

September 13, 2023

The Department of Administration (DOA) Internal Audit Section (IAS) completed IAS Report No. 2023-03, Guam Regional Transit Authority (GRTA) Vehicle Procurement and Maintenance.

Reason for Audit

This audit was initiated as part of the IAS' calendar year 2023 Audit Plan.

The audit objectives were to:

1. Determine whether applicable procurement laws and regulations were complied with in the acquisition of vehicles;
2. Determine the maintenance cost for each vehicle; and
3. Determine whether proper controls were in place to ensure that preventive maintenance for each vehicle was up to date.

The period of our review encompassed January 1, 2019 through September 30, 2022.

Results of Audit

Based on the Internal Audit Section's assessment, the audit team noted the following:

- From January 1, 2019 through June 30, 2023, GRTA spent a total of \$4.8 million (M) on vehicle-related equipment and services. Based on our review, the audit team noted that GRTA spent approximately \$2M on the maintenance of 33 of its vehicles.
- There is a need for updated standard operating procedures to ensure that internal controls exist in the tracking of contract deviations, verification of whether purchases are allowable, documentation of invoices review and approval, and systems updates and control in relation to vehicle procurement and maintenance.
- In January 2021, three purchase orders were issued for 10 14-Passenger ADA-Compliant Buses totaling \$1.6M. Although it is required by law, the audit team could not ascertain whether the Attorney General was involved in the procurement process.
- While GRTA owns and maintains a total of 43 vehicles, DPW and DOA reported a total of 48 vehicles and 24 vehicles, respectively. Of the 43 vehicles managed by GRTA, only seven vehicles were properly accounted for amongst the three agencies.
- Through the approval of the General Services Agency, GRTA issued blanket purchase agreements that exceeded the \$15,000 threshold in FY 2021 and FY 2022. While it was not part of the audit scope, GRTA

issued a blanket purchase agreement for air conditioning repairs for GRTA vehicles in excess of \$15,000 in FY 2023.

- Although GRTA and the awarded vendor signed a contract for preventive maintenance, major, and minor repairs of all vehicles that totaled \$103,618, GRTA paid the awarded vendor a total of \$2.2M from September 2019 through June 2023.

Conclusion and Recommendations

GRTA's internal controls could be designed more effectively to ensure that standard operating procedures related to vehicle maintenance and contract management are implemented for staff accountability, procurement laws and regulations related to competitive sealed bids and blanket purchase agreements are followed, and contracts are managed effectively.

As a result of this audit, the audit team made 11 recommendations to the GRTA Interim Executive Manager to improve processes moving forward. The GRTA Interim Executive Manager has acknowledged our recommendations and has designed improvement actions to address them.

The full report has been prepared solely for the use of GRTA Management. The information in the full report is deemed confidential and not for public distribution.