



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

THE AMERICAN SAMOA GOVERNMENT'S EXECUTIVE BRANCH DID NOT HAVE EFFECTIVE INTERNAL CONTROLS FOR GOVERNMENT-OWNED AND -LEASED VEHICLES

This is a revised version of the report prepared for public release.



OFFICE OF
INSPECTOR GENERAL
U.S. DEPARTMENT OF THE INTERIOR

Memorandum

SEP 28 2018

To: Douglas W. Domenech
Assistant Secretary for Insular and International Affairs

From: Mary L. Kendall *Mary L. Kendall*
Deputy Inspector General

Subject: Final Audit Report – The American Samoa Government’s Executive Branch Did Not Have Effective Internal Controls for Government-Owned and -Leased Vehicles
Report No. 2017-WR-056

This report presents the results of our audit of the American Samoa Government’s (ASG’s) internal controls for the use of government-owned and -leased vehicles. We determined that the ASG did not have effective internal controls over the use of its vehicles. We found that the ASG’s vehicle records were inaccurate and incomplete, the ASG had no comprehensive and governmentwide policy to regulate and monitor the use of government-owned and -leased vehicles, and departments did not adhere to available guidance. As a result, the fleet of government vehicles is subject to misuse, misappropriation, theft, and other loss.

We offered 13 recommendations to address the deficiencies in the ASG’s policy and practices and help the ASG improve its ability to ensure proper use of its government vehicle fleet. We provided the results of our audit to Governor Lolo Matalasi Moliga.

The Governor provided the ASG’s response to the report and corrective action plan. Based on the August 14, 2018 response, we consider all recommendations resolved but not implemented. Appendix 3 of this report contains the ASG’s response and corrective action plan, and Appendix 4 contains the status of recommendations.

The Office of Insular Affairs (OIA) is the U.S. Department of the Interior’s coordinator for Federal policy and activities impacting Insular Area territories and governments. As such, we recommend that the OIA monitor and track the ASG’s efforts, including resolution and implementation of the recommendations in our audit report.

The legislation creating the Office of Inspector General requires that we report to Congress semiannually on all audit, evaluation, and inspection reports issued; actions taken to implement our recommendations; and recommendations that have not been implemented.

If you have any questions regarding this memorandum or the subject report, please do not hesitate to contact me at 202-208-5745.

Attachment

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Results in Brief

In collaboration with the American Samoa Territorial Audit Office, we audited the American Samoa Government (ASG) executive branch to determine whether it had effective internal controls to detect and prevent unauthorized use of government-owned and -leased vehicles. We determined that the executive branch did not have effective internal controls over its vehicles because the executive branch's vehicle records were inaccurate and incomplete; the executive branch did not have a comprehensive, governmentwide policy to regulate and monitor the use of government-owned and -leased vehicles; and departments did not adhere to available guidance.

We found the Office of Property Management's vehicle records to be inaccurate and incomplete. Property Management's records for government-owned vehicles contained discrepancies and could not account for 143 out of 519 sampled government vehicles in the inventory records. Further, Property Management did not keep inventory records for government-leased vehicles.

In addition, instead of developing comprehensive, governmentwide policy for vehicle control, the Governor's Office issued a general memorandum as guidance. The memorandum directed the departments to develop their own individual policies for vehicle use, but did not establish timeframes, monitor progress, or impose remedial action for noncompliance.

Finally, we found that the majority of departments sampled did not adhere to the general memorandum. These departments did not establish internal control policies to detect and prevent unauthorized use of vehicles, use vehicle-activity logs, follow guidance on the issuance of after-hours use permits, or monitor after-hours use of government vehicles. Only 1 of the 17 departments in our sample developed vehicle-use policies and actively used vehicle-activity logs; 2 departments either had vehicle-use policies or used vehicle-activity logs.

Without accurate vehicle records, a comprehensive and governmentwide policy, and enforcement of the general memorandum, the ASG's vehicles are subject to misuse, misappropriation, theft, and other loss. We made 13 recommendations to address the weaknesses in the ASG's policies and procedures to help it better account for and control inappropriate and unauthorized use of government-owned and -leased vehicles. The ASG responded to our draft report on August 14, 2018. Based on its response, we consider all recommendations resolved but not implemented and will refer them to the Assistant Secretary for Insular and International Affairs to track implementation.

Introduction

Objective

We collaborated with the American Samoa Territorial Audit Office to determine if the American Samoa Government's (ASG's) executive branch had effective internal controls to detect and prevent unauthorized use of government-owned and -leased vehicles. See Appendix 1 for the scope and methodology of this report.

Background

General Memorandum No. 0003-13

On January 4, 2013, the American Samoa Governor's Office issued General Memorandum (GM) No. 0003-13 to regulate the use of government vehicles and establish an oversight policy for the executive branch. Shortly thereafter, the Governor's Office issued several additional memoranda to reiterate the requirement to ensure oversight and address the executive branch departments' noncompliance with the general memorandum. Specifically, the Governor's Office notified departments of how to properly request after-hours permits, how to release an impounded government vehicle, and how to enforce disciplinary action against employees who repeatedly violate vehicle-use policy. In our audit, we did not consider any other governmentwide guidance that may have existed prior to the general memorandum because we were unable to obtain any additional policy or guidance.

Office of Property Management Standard Operating Procedures

The ASG Office of Property Management is responsible for identifying, inspecting, and inventorying all government property and maintaining current and accurate records. It is also responsible for overseeing the proper disposal of government assets. As a part of its responsibilities, Property Management has standard operating procedures (SOPs) for managing all government property. The requirements that apply to vehicle control for government-owned vehicles are as follows (the SOPs do not apply to government-leased vehicles):

- All property acquired by the ASG must be charged to an accountable officer.
- All ASG vehicles must be marked with a "For Official Use Only" sticker, ASG decals, and identification plates.
- A physical inventory of all capital equipment must be completed at least once annually and reconciled with inventory control documents to ensure accuracy of the record.

To maintain an accurate record, each department's property management officer is responsible for conducting an annual inventory of assets and updating inventory records accordingly. After the inventory and reconciliation, the accountable

officer certifies the information with Property Management to ensure the inventory reports are reconciled with the general ledger control accounts.

Single Audit Reports

The ASG's single audit reports from 2013 through 2016 identified numerous weaknesses in internal controls, specifically in capital asset management. For example, the ASG's physical inventories of equipment and property purchased with Federal grants were incomplete. This was attributed to the government's low dollar asset threshold, which created a significantly large asset pool and prevented the government from completing its asset reconciliation in a timely manner. In each of the periods reviewed, the auditors stressed the need to rectify this situation to reduce the risk of misappropriation and inappropriate destruction or transfer of assets. In addition, the single audit reports called for the ASG to link the Property Management system and the Integrated Financial and Administrative Solution system to reduce errors and the amount of time spent on quarterly reconciliations between Property Management and Department of Treasury records, which was never accomplished. As of issuance of this report, the ASG has still not linked these two systems.

Findings

We determined that the ASG's executive branch did not have effective internal controls to detect and prevent unauthorized use of government-owned and -leased vehicles. According to the U.S. Government Accountability Office's (GAO's) *Standards for Internal Control in the Federal Government* (Green Book), internal control systems should be designed to provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized use or disposal of an entity's assets. In contrast, the ASG executive branch did not provide reasonable assurance that assets were safeguarded. Specifically, we sampled 519 government-owned vehicles from an ASG inventory report that included 637 vehicles and found that it was not accurate; the inventory sampled contained discrepancies and 143 unaccounted-for vehicles (27.6 percent of the sampled vehicles). In addition, the inventory was incomplete as the ASG did not track government-leased vehicles. Further, it did not have comprehensive, governmentwide policies and procedures and departments did not adhere to available guidance. As a result, the ASG's vehicles are at risk for being misappropriated or used for unauthorized purposes.

Vehicle Records Were Inaccurate and Incomplete

We found that Property Management's vehicle inventory records were inaccurate and incomplete. Property Management provided us with inventory records for government-owned vehicles that contained discrepancies and 143 unaccounted-for vehicles. Further, Property Management does not keep inventory records for government-leased vehicles.

Property Management Records for Government-Owned Vehicles Were Inaccurate

We found that Property Management's vehicle inventory records for the ASG's government-owned vehicles were inaccurate. Specifically, we found discrepancies in the documentation and 143 vehicles unaccounted for.

During our audit, Property Management provided two inventory reports, supposedly accounting for all vehicles within the ASG executive branch. We received the first inventory report during survey, and the second—identified as an updated version of the first report—approximately 3 weeks later. When compared with the first report, the second report included fewer vehicles and contained approximately 214 differences. We conducted a physical inventory of 519 executive branch vehicles¹ contained in the first report² and found that 143

¹ We sampled 519 vehicles from the initial inventory provided by Property Management, which consisted of 637 general-purpose vehicles. These included sedans, SUVs, and light-duty trucks used to transport people and cargo. Excluded were specialty vehicles, such as fire trucks, school buses, and heavy-duty equipment.

² The second inventory report was provided to us after we had completed our physical inventory of the first report.

(27.6 percent) of the vehicles could not be located. In addition, we found 60 discrepancies between the report and our inventory of vehicles. Most of these discrepancies were with the listed license plate number, but also included variation in vehicle identification numbers and the make or model of the vehicle.

According to Property Management's SOPs, each department is responsible for managing and inspecting its assets. The SOPs further stipulate that all property acquired by the government will be charged to an accountable officer who maintains inventory records. The accountable officer of each department must complete a physical inventory of equipment annually and reconcile that inventory with department records and with Property Management's inventory records to ensure continued accuracy.

Property Management could not account for all government-owned vehicles because departments did routinely not complete an annual inventory and reconcile department records with those maintained by Property Management. For example, the Governor's Office requested a list of all vehicles from each department on July 17, 2017. In response, several departments simply provided the list from their annual budget justification, which we learned was an unverified inventory list that had not been reconciled with the records maintained by Property Management. Other departmental inventories were generated internally, but also did not appear to reconcile to the records maintained by Property Management.

The fact we could not determine whether Property Management's inventory included vehicles that were still in the possession of the department listed shows that SOP requirements were not met.

In addition to departments not performing a reconciliation with Property Management's records, departments did not provide appropriate documentation for vehicles that were removed from inventory after disposal. Within our sample, we identified 127 vehicles that were marked as removed from the inventory listing. Disposal documentation was provided for approximately half of the vehicles that were removed from the inventory. In addition, not only had the records not been updated in a timely manner, but also the supporting documentation was not sufficient, as the reports did not have signatures and were easy-to-manipulate Excel files.

Because inventory lists were not accurate, it was unclear if the unaccounted-for vehicles had been transferred between departments, disposed of without supporting documentation, or misappropriated. Improper transfer or disposal of vehicles could result in an increased risk for misappropriation or lost revenue.

Recommendations

We recommend that the Governor's Office:

1. Require Property Management to coordinate with each department's accountable officer or property management officer to determine what vehicles are currently in each department's possession and update all inventory records accordingly
2. Require Property Management to establish a baseline inventory of all government-owned vehicles
3. Require Property Management oversight in the disposal of all government vehicles, including obtaining signed disposal documentation and support for either the sale or proper disposal of government vehicles

Property Management Did Not Keep Inventory Records for Government-Leased Vehicles

The ASG's government-leased vehicles, which are typically acquired as a condition of certain Federal grants, are not accounted for in Property Management's inventory of government vehicles.

The Green Book stipulates that the purpose of internal controls is to provide reasonable assurance regarding the prevention or prompt detection and correction of unauthorized use of an entity's assets. Further, Federal grant agreements require agencies with leased vehicles to properly track, monitor, and report vehicle-use activity.

Property Management did not maintain a government-leased vehicle inventory because it was not explicitly required to and because the Office of Motor Vehicles policy prohibited leased vehicles from having government license plates.

As a condition of the grant agreement, departments are responsible for vehicles leased with grant funds. Property Management's policy, however, does not require departments to track leased vehicles because it does not consider vehicles to be government property until they have been paid off and their titles transferred to the government, at which point they receive a government license plate and are tracked. Some departments put decals on leased vehicles, but Property Management will not track these vehicles in the asset management system if they are not issued a government license plate. Leased vehicles do receive civilian plates, but this makes it hard to distinguish them from other privately-owned vehicles.



Figure 1. An example of a government-leased vehicles with modest department marking.
Source: U.S. Department of the Interior, Office of Inspector General

According to department officials with leased vehicles, Federal grant agreement terms require them to maintain some form of an internal inventory record, but we could not obtain a comprehensive inventory report of leased vehicles from applicable departments.

Without accurate and complete inventory records for government-leased vehicles, these assets can become susceptible to being used for unauthorized purposes, misappropriated, or abandoned, leading to further repair and replacement costs.

Recommendations

We recommend that the Governor's Office:

4. Require Property Management to revise its SOPs to require inventory records for government-leased vehicles
5. Require Property Management to conduct an annual inventory of all government-leased vehicles
6. Require Property Management to work with accountable officers to track leased vehicles and incorporate them in the master inventory list

Vehicle Policy Was Not Comprehensive and Governmentwide

We found that the ASG's executive branch did not have comprehensive, governmentwide policies and procedures to regulate and monitor the use of government-owned and -leased vehicles.

According to the Green Book, management should design internal control systems to prevent and detect unauthorized use or disposal of an entity's assets. It is also management's responsibility to ensure the internal controls are effective.

The Governor's Office did not develop such policies and instead indicated that executive branch departments were to follow the guidance issued in GM No. 0003-13, which delegates vehicle policy development to the department level. The departments, however, did not implement the memorandum. Rather than creating comprehensive, governmentwide guidance for the departments and enforcing implementation of the memorandum, the Governor's Office continued to rely on the original memorandum, which did not contain clear instructions for compliance, implementation timeframes, or remedial actions for noncompliance. The Governor's Office also did not monitor whether any of the memoranda were implemented. Examples of the memoranda that were issued and not followed since January 2013:

- January 4, 2013: General instruction for the executive branch departments to follow the guidance in GM No. 0003-13; during our audit, we saw that departments had made little effort to comply.
- June 16, 2013: A memorandum stating that impounded vehicles can only be released with approval from the Governor's Office; we found release authorizations without the Governor's signature.

- July 19, 2013: A memorandum requiring 48-hours' notice prior to issuing after-hours permits and restricting permits to 5 days of use; we found that the Chief of Staff issued permits that authorized 2 weeks of after-hours use.
- August 6, 2013: A memorandum to the Director of Human Resources to enforce disciplinary action against employees who continue to violate policy, including termination; ASG officials did not take formal disciplinary action against employees who violated policy and, on limited occasions, would issue a written reprimand against the employee.

We issued a Notice of Potential Findings and Recommendations about the absence of a comprehensive, governmentwide policy and the inaccurate vehicle inventory. In response, the Governor's Office issued another memo (Executive Order 010-2017) on December 29, 2017, instructing executive branch departments to implement vehicle-use reporting, prepare department-specific use policies, and reevaluate the use of after-hours permits. It does not include guidance as to how the government would address the remaining issues identified, such as improving vehicle inventory management, after-hours monitoring efforts, and regulation of vehicle-use permits.

Orders that delegate policy development to departments without oversight are susceptible to being ignored, overridden, or forgotten. Without a comprehensive, governmentwide policy for government vehicle use, the ASG cannot ensure oversight of vehicle use. While implementation of the general memorandum is not sufficient as a substitute for a comprehensive, governmentwide policy, implementation of the memorandum could temporarily help the departments control their fleet.

Recommendations

We recommend that the Governor's Office:

7. Direct departments to comply with GM No. 0003-13 and Executive Order 010-2017 until it implements comprehensive, governmentwide policies and procedures
8. Direct departments to develop and implement supplemental policy to address specific agency needs as necessary to assist them in following the guidance of GM No. 0003-13, without impeding the guidance of the governmentwide policy
9. Develop and implement comprehensive, governmentwide vehicle-use policies and procedures that include proper use and storage, monitoring requirements, and penalties for violations, and meets individual department needs

Available Guidance Was Not Followed

We found that the ASG executive branch departments did not follow GM No. 0003-13, which directed each of the 32 executive branch departments to establish a vehicle-use policy for its respective government vehicle fleet. We sampled 17 ASG executive branch departments and found that most did not establish internal control policies and procedures or use vehicle-activity logs. We also found the Governor's Chief of Staff was not following guidance on issuance of after-hours use permits, and the road marshals did not consistently document monitoring of after-hours vehicle use. See Appendix 2 for the sampled departments and their results.

Departments Did Not Establish Internal Control Policies and Procedures

We found that 15 out of the 17 departments sampled did not establish or could not provide documented evidence of their internal policies for use of government vehicles. When asked about required policy, 9 of the 17 departments sampled confirmed that they did not have any written policy on the use of their government vehicles. The remaining eight departments claimed to have a written policy, but only two could provide us with their policy.

According to GM No. 0003-13, each executive branch department is required to have its own set of internal control policies for operating government-owned vehicles.

The majority of the departments from our sample did not comply with the guidance because the memorandum does not provide timeframes or ramifications for failure to implement the policies. As noted previously, after issuing GM No. 0003-13, the Governor's Office released a series of memoranda to clarify the original guidance, but departments appeared to deviate from or did not comply with the additional guidance. In addition, we were informed that additional guidance or clarification was sometimes disseminated verbally, which creates further enforcement issues.

Despite the absence of clarification, the Department of Homeland Security implemented department-specific vehicle internal control policies and used vehicle-activity logs for their government vehicles, Public Health implemented a vehicle control policy, and Youth and Women implemented vehicle-activity logs. In each of these cases, the department's policies and/or activity logs demonstrated compliance with GM No. 0003-13.

Without internal control policy to serve as a foundation for the proper use of government vehicles, the likelihood that employees will use vehicles for unauthorized purposes is increased.

Recommendation

We recommend that the Governor's Office:

10. Define the departments' requirements for establishing internal control policies and establish timeframes for implementation and consequences for noncompliance

Departments Did Not Use Vehicle-Activity Logs

We found that 14 out of the 17 departments sampled did not implement or could not provide documented evidence that they implemented vehicle-activity logs. Of the three departments that were documenting vehicle use, one was not in full compliance with the minimum standards established by the Governor's Office.

According to GM No. 0003-13, each executive branch department is required to update and maintain vehicle-activity logs to report fuel consumption, repair expenses, mileage, and accidents. In addition, Property Management's SOPs stipulate that all property acquired by the government will be charged to an accountable officer, who is also the head of the department. The accountable officer's primary responsibilities include safeguarding property and maintaining proper records for these assets. It is also the accountable officer's responsibility to ensure property under his or her custody is properly used and safe from damage or loss. The department can elect to appoint a property management officer to fulfill the responsibilities of the accountable officer.

We found that departments did not use vehicle-activity logs because their accountable officers and property management officers failed to require these logs be regularly used and maintained. In addition, GM No. 0003-13 does not provide timeframes or ramification for failure to implement the policies.

By not using vehicle-activity logs, departments cannot determine how the vehicles are being used, maintained, and repaired, or by whom, increasing the risk for misuse.

Recommendation

We recommend that the Governor's Office:

11. Require each appointed accountable or property management officer to develop and implement a process to ensure regular use and maintenance of the vehicle-activity logs

Chief of Staff Did Not Follow Guidance on Issuance of After-Hours Permits

We found that the Governor's Chief of Staff did not adhere to guidance regarding the issuance of after-hours government vehicle-use permits.

The ASG authorizes after-hours government vehicle-use through two mechanisms: a 24-hour use sticker and an after-hours use permit. The 24-hour stickers are typically limited to department directors and emergency service vehicles, while the after-hours permits can be issued to any eligible ASG employee for temporary use of a government vehicle between the hours of 4 p.m. and 8 a.m. The Governor's Office reviews and approves the requests for 24-hour stickers, and the Governor's Chief of Staff reviews and approves requests for temporary after-hours use permits.

According to GM No. 0003-13, department directors must provide sufficient justification before their staff can be issued an after-hours use permit for a government vehicle. The memorandum states that the justification must demonstrate a "life or death" threat necessitating the use of the vehicle after hours. The Chief of Staff issued a follow-up memorandum on July 19, 2013, to clarify that requests for after-hours use permits should be submitted 48 hours prior to the date needed and use should not exceed 5 days.

The Chief of Staff did not adhere to the guidance provided in either memorandum because he was reluctant to reject requests for an after-hours use permit as he believed that each department's request was warranted and did not want to hinder department operations. The Chief of Staff also told us that he would typically authorize permits for up to 2 weeks.

The Chief of Staff's actions directly contradicted the Governor's guidance to limit after-hours use of government vehicles to those who sufficiently justify an urgent need to perform work after-hours.

Recommendation

We recommend that the Governor's Office:

12. Establish and adhere to clear eligibility criteria for after-hours government vehicle-use permits and enforce penalties on policy violators

Road Marshals Did Not Consistently Document Monitoring of After-Hours Vehicle Use

The road marshals did not consistently document their monitoring efforts and provided little to no documentation of their monitoring activities from 2015 through 2017. Without documentation, the ASG has no assurance that the road marshals were performing their duties and has no justification for the salaries paid from 2015 through 2017, which totaled approximately \$289,142.

In March 2013, a team of road marshals began assisting Public Safety with its requirement to patrol for and impound government vehicles being used in violation of the Governor's memorandum. The road marshals told us that they have the same authority over after-hours enforcement as Public Safety. In addition, they must provide daily activity logs to the Governor's Office. The road marshals also told us that the Governor's Office issued a memorandum in 2013, deputizing them and formally assigning them the monitoring duties, but neither the Governor's Office nor the marshals could produce this document.

Despite road marshals being responsible for after-hours monitoring, we found lapses in reporting and inconsistencies in the detail of reported after-hours use, as shown in Figure 2. We requested copies of the road marshals' activity logs from 2013 through 2017. We received reports for most of 2013 and 2014, reports for 13 days of 2015, and neither the Governor's Office nor the road marshals could provide documentation for either 2016 or 2017.

Year	Vehicles Impounded	Verbal Warnings	No Violation	Ambiguous/ No Action	Total Reporting
2013	26	13	256	96	391
2014	5	0	257	41	303
2015	0	0	34	2	36
2016	–	–	–	–	–
2017	–	–	–	–	–
Totals	31	13	547	139	730

Figure 2. After-hours vehicle use reported by the road marshals for 2013 through 2017. Columns denote when road marshals documented violations (“Vehicles Impounded” and “Verbal Warnings”), documented authorized vehicle use (“No Violation”), or were unclear in their documentation (“Ambiguous/No Action”). No data were provided for 2016 and 2017.

Without documented evidence of their daily monitoring efforts, we cannot determine the overall effectiveness of the road marshals’ monitoring activities. In addition, we cannot determine whether vehicle-use violations occurred or whether they were reported the Governor’s Office.

Recommendation

We recommend that the Governor’s Office:

13. Develop and implement monitoring policy that defines road marshal roles, expectations and penalties for failing to provide daily patrol reports

Conclusion and Recommendations

Conclusion

The ASG executive branch did not have effective internal controls to detect and prevent unauthorized use of government vehicles because it did not have accurate and complete vehicle inventory records and did not have comprehensive, governmentwide policy to regulate and monitor the use of government-owned and -leased vehicles; and because executive branch departments did not follow pre-existing guidance on vehicle management. Until the Governor's Office addresses these issues, vehicles are at risk for being misused, misappropriated, lost, or stolen.

Recommendations Summary

We issued a draft version of this report for the ASG to review and respond. The Governor provided us with the ASG's August 14, 2018 response and corrective action plan (see Appendix 3). Based on the response, we consider the recommendations resolved but not implemented and will refer them to the Assistant Secretary for Insular and International Affairs to track implementation.

We recommend that the Governor's Office:

1. Require Property Management to coordinate with each department's accountable officer or property management officer to determine what vehicles are currently in each department's possession and update all inventory records accordingly

ASG Response: Property Management and ASG departments and divisions have updated their inventory listings to include all government-owned and -leased vehicles in FY 2018. The ASG will begin site visits to all departments to reconcile the new inventory listings to the physical inspection.

The ASG indicated that it completed the necessary actions on August 1, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

2. Require Property Management to establish a baseline inventory of all government-owned vehicles

ASG Response: Property Management has developed a baseline inventory of all owned vehicles, and this task is still ongoing.

The ASG indicated that it completed the necessary action on August 3, 2018.

OIG Reply: While the ASG reported that this action was completed, it did not provide any supporting documentation to verify the action taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

3. Require Property Management oversight in the disposal of all government vehicles, including obtaining signed disposal documentation and support for either the sale or proper disposal of government vehicles

ASG Response: Property Management updated all files and records of disposed government vehicles and has been directed to review policies and regulations related to vehicle disposal and sale documentation.

The ASG indicated that it completed the necessary actions on August 3, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

4. Require Property Management to revise its SOPs to require inventory records for government-leased vehicles

ASG Response: Property Management reviewed, revised, and strengthened its SOPs to include strict rules, regulations, and procedures on all leased vehicles and is recommending departments follow a step-by-step guide when considering the option to lease a vehicle.

The ASG indicated that it completed the necessary actions on August 8, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

5. Require Property Management to conduct an annual inventory of all government-leased vehicles

ASG Response: Property Management prepared a listing of all government-leased vehicles and included these vehicles in its annual inventory.

The ASG indicated that it completed the necessary actions on August 8, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

6. Require Property Management to work with accountable officers to track leased vehicles and incorporate them in the master inventory list

ASG Response: Property Management revised its SOPs to include tracking of all government-owned and -leased vehicles. The Office of Grants Management (OGM) has been assigned to work with Property Management and report back to the Governor. Property Management will begin providing the Governor quarterly inventory reports on government-leased vehicles.

The ASG indicated that it completed the necessary actions on August 8, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

7. Direct departments to comply with GM No. 0003-13 and Executive Order 010-2017 until it implements comprehensive, governmentwide policies and procedures

ASG Response: Property Management and the OGM will ensure all ASG departments comply with the existing policies and work with departments that have not yet developed internal policies on the use of government vehicles.

The ASG did not indicate that it had completed these activities.

OIG Reply: Based on the information provided, we consider this recommendation resolved but not implemented.

8. Direct departments to develop and implement supplemental policy to address specific agency needs as necessary to assist them in following the guidance of GM No. 0003-13, without impeding the guidance of the governmentwide policy

ASG Response: Property Management and the OGM worked with ASG departments to review and develop vehicle policies that will not conflict with the goals of GM No. 0003-13 and Executive Order 010-2017. ASG departments have been encouraged to collaborate on improving implementation and monitoring of these policies. All departments have submitted copies of their internal vehicle use policies to the Governor's Office.

The ASG indicated that it completed the necessary actions on August 8, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

9. Develop and implement comprehensive, governmentwide vehicle-use policies and procedures that include proper use and storage, monitoring requirements, and penalties for violations, and meets individual department needs

ASG Response: Property Management, the OGM, Human Resources, and the Office of the Attorney General worked with ASG departments to update policies on proper use, storage, and monitoring of government vehicles. These updates address remedial action for employees found in violation of these policies.

The ASG indicated that it completed the necessary actions on August 15, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

10. Define the departments' requirements for establishing internal control policies and establish timeframes for implementation and consequences for noncompliance

ASG Response: Property Management revised its policy to include the departments' internal vehicle-use policies and communicated it to all ASG departments.

The ASG indicated that it completed the necessary actions on August 8, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

11. Require each appointed accountable or property management officer to develop and implement a process to ensure regular use and maintenance of the vehicle-activity logs

ASG Response: Property Management and department directors have developed a process and guidance for vehicle use. Directors have been instructed by the Governor to enforce these policies for employees directly under their supervision.

The ASG indicated that it completed the necessary actions on August 10, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

12. Establish and adhere to clear eligibility criteria for after-hours government vehicle-use permits and enforce penalties on policy violators

ASG Response: The Governor's Chief of Staff and Department of Public Safety (DPS) Commissioner reviewed eligibility requirements for after-hours vehicle use. The DPS will assist in enforcement of vehicle policies and developed a process for ticketing and processing policy violators.

The ASG indicated that it completed the necessary actions on August 10, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken

to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

13. Develop and implement monitoring policy that defines road marshal roles, expectations and penalties for failing to provide daily patrol reports

ASG Response: Property Management, the OGM, the DPS, and the Governor's road marshals reviewed and developed appropriate vehicle policy and reconciled them with the department interim policy for monitoring all government vehicles. These groups have defined the roles and responsibilities of the road marshals and the DPS when addressing misuse of government vehicles.

The ASG indicated that it completed the necessary actions on August 15, 2018.

OIG Reply: While the ASG reported that these actions were completed, it did not provide any supporting documentation to verify the actions taken to implement the recommendation. Therefore, we consider this recommendation resolved but not implemented.

Appendix I: Scope and Methodology

Scope

Our objective was to determine whether the American Samoa Government (ASG) executive branch had internal controls to detect and prevent unauthorized use of government-owned and -leased vehicles. To address this objective, we reviewed the ASG executive branch's inventory records, the Governor's memoranda related to government vehicles, departmental policies and procedures on vehicle use and controls, and processes for after-hours vehicle use and monitoring.

We conducted a judgmental sampling of government vehicles based on the initial inventory provided by Property Management, which consisted of 637 general-purpose vehicles. This included sedans, SUVs, and light-duty trucks used to transport people and cargo. We excluded specialty vehicles, such as fire trucks, school buses, and heavy-duty equipment and conducted a physical inventory of the 519 vehicles from the 17 sampled departments.

We also met with officials from the Governor's Office, Office of Property Management, and Departments of Public Works and Public Safety. We conducted our audit from July 2017 to January 2018.

We conducted our audit 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 findings and conclusions based on our audit objectives.

We did not include a review of ASG information system controls to determine if the executive branch possessed internal controls to detect and prevent unauthorized use of government vehicles. We did not rely on computer-processed data but rather conducted a judgmental sample of ASG executive branch vehicles.

Methodology

To accomplish the audit objective, we:

- Gathered background information on ASG vehicle use through Office of Inspector General reports, American Samoa Territorial Audit Office reports, prior single audit reports, and budget documents
- Identified and reviewed ASG memoranda related to vehicle use and storage, internal control policies, and after-hours use and monitoring

- Interviewed ASG officials in the Governor’s Office, as well as representatives from the 17 departments within the executive branch that we sampled
- Interviewed ASG officials from the Office of Property Management, the Department of Public Works, the Office of Procurement, the Department of Treasury, the Office of Planning and Budget, and Department of Public Safety
- Interviewed the Governor-appointed road marshals
- Reviewed the internal control policies and vehicle-activity logs from the 17 departments that we sampled
- Conducted a physical inventory of vehicles from the 17 departments that we sampled
- Reviewed and compared the two inventories provided by Property Management

Appendix 2: Sites Visited and Contacted and Audit Sample Results

Executive Branch Agency*	Vehicle Use Policy	Vehicle Activity Logs
Utulei Area		
Governor's Office		
Department of Administrative Services		
Department of Commerce		X
Department of Education	X	✓**
Department of Human and Social Services		X
Department of Marine and Wildlife Resources		X
Department of Port Administration	X	X
Department of Public Health	✓	X
Department of Public Safety	X	
Department of Treasury	X	
Department of Youth and Women Affairs		✓
Office of Planning and Budget (Not Sampled)		
Tafuna Area		
Department of Agriculture	X	
Department of Homeland Security	✓	✓
Department of Public Works		
Medicaid Office		
Office of Property Management (Not Sampled)		
Office of Vocational Rehabilitation		X
Territorial Energy Office	X	
Total Claimed	8	9
Total Verified	2	3

* Fields with a checkmark indicate that the audit team was able to obtain physical support of the marked item. Fields with an "x" indicate that a department director or deputy director claimed to have the subject item but could not provide support prior to the end of audit fieldwork. Blank fields indicate that the department did not possess the questioned item.

** The Department of Education indicated that only the School Lunch Program documents government vehicle activity.

Appendix 3: ASG Response to the Draft Report

The American Samoa Government's response to our draft report follows on page 25.



LOLO M. MOLIGA
GOVERNOR

OFFICE OF THE GOVERNOR
AMERICAN SAMOA GOVERNMENT
Telephone: (684)633-4116 Fax: (684)633-2269

LEMANU P. MAUGA
LIEUTENANT GOVERNOR

August 14, 2018

Serial: 635

Honorable Mary L. Kendall
Deputy Inspector General
Office of the Inspector General
U.S. Department of the Interior
1849 C Street NW - Mail Stop 4428
Washington, D.C. 20240

Dear Deputy Inspector General Kendall:

We have taken judicious note of the findings and recommendations of the OIG Report No. 2017-WR-056 concerning American Samoa Government's (ASG) vehicle policy and we have accordingly prepared a Plan of Corrective Actions (POC), which is attached, to mitigate cited weaknesses to ensure that all government vehicles are properly accounted for and managed in the future.

We do recognize with appreciation the significance of the OIG Report as it has given us specific direction on the required actions, which must be adopted by all agencies of the American Samoa Government to make sure that government vehicles are fully documented along with processes to dispose of vehicles deemed to have exceeded their useful lives. This effort will also improve the integrity of the American Samoa Government's financials.

The Plan of Corrective Actions (Matrix) lists the citations, requisite recommendations, proposed actions to be implemented, the responsible agency, suspense time for implementation, and the status of the actions implemented aimed to mitigate and eliminate the finding and recommendation. The work has started and will continue until the findings have been sufficiently resolved and removed.

The responsibility to ensure that the POC is implemented will be under the administrative purview of the Governor's Office under Mr. [REDACTED], [REDACTED] (@gmail.com) Administrator of the Office Federal Grants Management and Compliance. All future communication specific to the OIG Audit Report on government vehicles are to be directed to him.

Sincerely,

A handwritten signature in black ink, appearing to read "Lolo M. Moliga". The signature is fluid and cursive, with the first name "Lolo" being more prominent.

LOLO M. MOLIGA
Governor of American Samoa

cc: Douglas Domenech, Assistant Secretary, USDOJ Office of Insular Areas
Nikolao Pula, Director, USDOJ Office of Insular Areas
Honorable Lemanu P. Mauga, Lieutenant Governor
Niumata M. Niumata, Director, Office of Property Management
HTC Fiu J. Saelua, Chief of Staff

Appendix 4: Status of Recommendations

Recommendations	Status	Action Required
I – 13	Resolved but not implemented	We are referring these recommendations to the Assistant Secretary for Insular and International Affairs to track implementation.

Report Fraud, Waste, and Mismanagement



Fraud, waste, and mismanagement in Government concern everyone: Office of Inspector General staff, departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and mismanagement related to departmental or Insular Area programs and operations. You can report allegations to us in several ways.



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