



Final Report Issued: 4/21/2026

Chatham Area Transit - Paratransit

Final Audit Report

Prepared for: Michael Kaigler, County Manager

**Prepared by: Julie Rodgers, Interim Director of Internal Audit
Allen Cantrell, Senior IT Auditor**

Objective/Scope

The objective of this internal audit was to provide independent and objective assurance that Chatham County taxpayer funds for fiscal years 2022 - 2025 provided to Chatham Area Transit for paratransit services were expended solely for eligible paratransit services provided to Chatham County residents, in accordance with the terms and conditions of the applicable Intergovernmental Agreements.

In support of this objective, the audit will focus on determining whether:

County funds allocated for paratransit services for fiscal years 2022 - 2025 were used exclusively for authorized paratransit activities benefiting Chatham County residents, and not to subsidize or support paratransit or other transit services outside the County's funding responsibility;

Paratransit costs charged to Chatham County are accurate, allowable, and properly allocated, and supported by sufficient, appropriate, and reliable financial documentation;

Financial and ridership data used to support County billings and funding requests accurately reflect paratransit services provided to County residents and are free from material misstatement;

Controls over cost allocation, eligibility determination, and financial reporting are designed and operating effectively to prevent the misapplication of County funds to non-County or non-paratransit services.

This audit is intended to support Chatham County's fiduciary responsibility by providing assurance that public funds are used as intended, restricted to their authorized purpose, and supported by transparent and reliable financial reporting, consistent with the IIA 2025 Global Internal Audit Standards.

Background

Chatham Area Transit (CAT) provides fixed-route, paratransit, and other transit services throughout Savannah and Chatham County, with the County funding the paratransit program to support eligible residents who require demand-response transportation. Paratransit service represents a significant public investment, with an average cost of approximately \$100 per trip during the audit period. Overall program costs increased 37 percent—from \$4.80 million in FY2022 to \$6.55 million in FY2025—while ridership grew by only 2,339 trips (approximately 3.7 percent), indicating reduced cost efficiency over time. As part of its fiduciary responsibility, Chatham County must ensure that taxpayer funds provided to CAT for paratransit services are used solely for authorized purposes and supported by transparent, reliable financial reporting. This internal audit was conducted to assess whether County funds allocated for paratransit services during fiscal years 2022–2025 were expended exclusively on eligible paratransit activities, accurately documented, and properly allocated in accordance with the Intergovernmental Agreements. The audit also evaluated the effectiveness of controls over cost allocation, eligibility determination, and financial reporting to determine whether they prevent the misapplication of County funds to non-County or non-paratransit services.

Audit Conclusions

Needs Improvement - Many controls and operating procedures evaluated did not provide reasonable assurance that risks were being effectively mitigated within an acceptable tolerance level.

Follow-Up Due Date: 7/1/2026

The audit identified significant deficiencies in CAT's reporting processes, cost-allocation practices, and controls over paratransit service data, which limited Chatham County's ability to verify the accuracy and appropriateness of paratransit expenditures. CAT did not consistently provide timely, complete, or service-specific reports, and key operational data—such as complaint classifications, AVL information, and fueling activity—were incomplete or not segregated between paratransit and fixed-route services. These gaps prevented the County from confirming whether billed services were delivered as reported or whether paratransit assets were used solely for authorized purposes.

The methodology used to allocate shared operating costs—including maintenance, insurance, administrative, and call center expenses—had not been periodically reviewed or updated. As a result, allocated costs exceeded actual paratransit-related expenditures, increasing the risk that the County subsidized a disproportionate share of CAT's shared operating expenses. These conditions demonstrate that essential controls over cost allocation and verification of paratransit service activity were not operating effectively.

Analysis of operational data also identified weaknesses in the classification and usefulness of trip outcome information. Undefined categories, such as "NULL" and "o," were used within no-show and cancellation datasets, including 8,187 records labeled as NULL, limiting the County's ability to understand the causes of failed or completed trips. Of the 86,979 total rides, 7,519 were canceled, representing 8.6 percent. The absence of standardized trip classifications and formal monitoring of cancellation trends reduces transparency into service performance and limits the County's ability to identify inefficiencies and address root causes.

Collectively, these conditions reflect deficiencies in data governance, operational oversight, and financial monitoring controls that impair the County's ability to validate service delivery, assess performance, and ensure that taxpayer-funded paratransit services are delivered efficiently, transparently, and in a financially responsible manner.

Exceptions in Control Procedures

Below is a summary of the issues identified during our evaluation of internal controls. Each write-up presents the results of our testing, the underlying cause of any exceptions noted, the potential impact if the issue remains uncorrected, and Internal Audit's recommendation, along with the management corrective actions taken or planned. These items were reviewed and discussed during the exit conference, and all agreed-upon revisions have been incorporated into this finalized report. Internal Audit will assess the status of implementation approximately 120 days after issuance of the finalized audit report.

Significant Deficiency (Major)

Finding #1 :Lack of Submission and Review

CAT did not provide paratransit service reports in a timely manner, and the County has not assigned staff to review these reports for accuracy. In addition, CAT's prior system required manual compilation of complaint data, without distinguishing between Fixed-Route and Paratransit services. As a result, the County cannot reliably verify service delivery or assess paratransit-specific performance issues, increasing the risk that inaccurate, incomplete, or unauthorized service activity goes undetected.

Audit Recommendations:

CAT will provide all required paratransit service reports to the County according to an established reporting schedule and will implement processes to ensure complaint and performance data are accurately tracked and distinguish between Fixed-Route and Paratransit services.

The County will assign a designated staff member to obtain CAT's paratransit service reports, review them for accuracy and completeness, and monitor complaint and performance data to verify that services delivered comply with the contract.

Management Response Planned/Taken:

CAT agrees with the observation and acknowledges the importance of timely, accurate, and service-specific reporting to support Chatham County's oversight of the County-funded paratransit program.

CAT has already taken significant efforts to modernize and automate its Paratransit service reporting process and control environment through the acquisition and implementation of IT Curves in October of 2025, a more formal, documented review and reporting process that includes an established reporting calendar, defined roles and responsibilities, and review checklists for key process owners. As part of this process, CAT will produce all required paratransit service reports in accordance with the agreed-upon schedule and will ensure that complaint and performance data clearly distinguish between Fixed-Route and Paratransit services.

To strengthen data quality and consistency, CAT will implement a multi-step internal review process prior to report submission. This process will include:

- Preparation of reports using standardized report templates and calculations;
- Completion of a reporting checklist to confirm completeness, accuracy, and service-specific classification;
- A secondary review by supervisory personnel to validate data integrity and reasonableness prior to submission to the County.

CAT will document this process and associated controls and will work with Chatham County management and the County auditor to walk through the revised reporting and review procedures. CAT will seek feedback to ensure the process design meets oversight expectations and supports effective monitoring of paratransit service delivery.

Significant Deficiency (Major)

Finding #2 :Allocated Costs higher than actual

Chatham County is charged allocated expenses by Chatham Area Transit (CAT) for Maintenance, Insurance, Call Center, and Administrative services related to the County-funded Paratransit program. Supporting documentation reviewed indicates that the actual costs for Maintenance and Insurance attributable to the Paratransit service are lower than the amounts allocated to the County. Additionally, the allocation percentages used to distribute these shared costs have not been periodically reviewed or updated. The allocation methodology and associated percentages used to distribute shared expenses have not been reassessed to ensure they reflect current operational data or actual program costs. Outdated allocation percentages increase the risk that County funds are being used to subsidize a disproportionate share of shared operating expenses.

Audit Recommendations:

Chatham County management will work with Chatham Area Transit (CAT) to review the current cost-allocation methodology and the percentages used to distribute shared expenses for the County-funded Paratransit program. Management will request supporting documentation for allocated costs and evaluate whether the allocation methodology appropriately reflects actual program expenses.

Management Response Planned/Taken:

While variances may occur in recurring allocations, we believe the risk of inaccurate total annual cost allocations is substantially mitigated by the annual true-up process, which is reviewed by an independent CPA firm. As the Authority takes a comprehensive look at its IT systems to ensure data reported is work program-specific and produced directly from the IT system being utilized. This considered, CAT agrees with the observation and recognizes the importance of ensuring that shared cost allocations charged to the County funded paratransit program are supportable, transparent, and reflective of actual program usage.

CAT will perform a structured review of the current cost-allocation methodology and the percentages used to distribute shared Maintenance, Insurance, Call Center, and Administrative expenses. The review will be performed using actual historical cost data and

will result in new proposed rates for each allocation category. To further strengthen ongoing governance over cost allocations, CAT will implement a formal allocation review process, which may include:

- Documentation of the allocation methodology and underlying assumptions;
- Documentation on fuel cost is provided by Chatham County and forwarded to CAT for information. This cost is accounted for in the annual true-up process.
- Use of a standardized allocation review checklist to validate data sources, allocation drivers, and calculation accuracy;
- Periodic reassessment of allocation percentages to reflect changes in operations or service delivery;
- Management review and approval of allocation updates prior to implementation.

CAT will document this process and coordinate with Chatham County management and the County auditor to review the revised methodology and controls. CAT will seek confirmation that the allocation process design appropriately supports transparency, equitable cost sharing, and audit expectations.

Currently CAT utilizes a new telephone system, Nextiva, which will be fully implemented at the end of April 2026 that will allow CAT to track all incoming calls by date, time, call duration, and other features by queue selection from a main menu eliminating manual tracking of Paratransit and Fixed-route call data. This data will be used to compute Call Center cost allocation percentage for Paratransit services.

The Authority currently uses RTA maintenance software that tracks vehicle repair, fuel, parts, and preventive maintenance by department code that will document the maintenance cost share.

Significant Deficiency (Major)

Finding #3 :Lack of Supporting Data for Paratransit Asset Usage

Prior to the October 2025 upgrade, CAT lacked a process to separate paratransit calls from fixed-route calls, resulting in aggregated call data rather than service-specific totals. In addition, the location data available for review was limited to pickup and drop-off AVL points. Fueling activity by bus could not be verified. As a result, the County had limited ability to review and confirm that paratransit services and related activity were appropriately charged to Chatham County, reducing overall visibility and monitoring of service levels.

Audit Recommendations:

CAT will implement processes to produce complete, service-specific paratransit reports—including segregated call data, detailed AVL information, and verifiable fueling activity—and will provide these reports to the County in accordance with an established reporting schedule.

The County will designate staff to obtain and review CAT's paratransit service reports, verify the accuracy and attribution of service activity, and monitor service-level performance to ensure that paratransit services and related activity are appropriately charged and compliant with contract requirements.

Management Response Planned/Taken:

CAT agrees with the observation and acknowledges the importance of reporting an accurate separation of Fixed-Route, Paratransit services, and other transit system modes of transportation service delivery. This is evidenced by our acquisition and implementation of the IT Curves system in October of 2025 (Paratransit), Clever Devices in September 2025 (Fixed route) & Marine Services, and the Nextiva Telephone System in January 2026.

In conjunction with our response to Finding #1, CAT will continue to strengthen data quality and consistency by using IT Curves and implementing a multi-step internal review process for future reports but believes this finding should be closed and/or consolidated with Finding #1.

Audit Methodology:

Our internal audit activities are conducted in conformance with the Global Internal Audit Standards. These activities are designed to provide independent, objective assurance of the reliability and integrity of financial reporting, the effectiveness and efficiency of operations to achieve objectives, the safeguarding of assets, and compliance with laws, regulations, contracts, policies, and procedures.

Julie Rodgers

Julie Rodgers, CPA, CIA, CFE
Interim Director of Internal Audit

cc: Michael Kaigler, County Manager
Linda Cramer, Assistant County Manager