



American Samoa Government
Department of Public Works
Finance and Administration Sections

Unannounced Cash Count
Follow-Up Review

June 23, 2022



Territorial Audit Office

Tofa Sualauvi H. Su'a, Acting Director

Report Number: 22-05



**AMERICAN SAMOA GOVERNMENT
TERRITORIAL AUDIT OFFICE
Tolu Street - Lions Park
Tafuna, Pago Pago, AS 96799**



Hon. Lemanu P. P. S. Mauga
Governor

Tofa Sualauvi H. Su'a
Acting Territorial Auditor

Hon. Talauega E. V. Ale
Lt. Governor

Liua T. Fatuesi
Deputy Auditor

Date: August 16, 2022

To: Honorable Lemanu P.S. Mauga
Governor of American Samoa

SUBJECT: Department of Public Works Cash Count Report - Administration & Finance, June 23rd, 2022

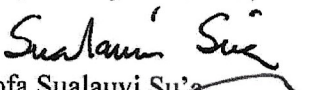
The Territorial Audit Office conducted an announced cash count verifying funds on hand and the processes by which funds are receipted and safeguarded. This is the Audit Office routine process and cycle plan.

The department has no petty cash fund in custody and the need for a petty fund was discussed with the Director during the exit meeting. We recommend the establishment of a petty cash fund for minor office purchases eliminating usage of receipted proceeds for any purpose.

Our spot checks revealed inconsistencies in policies and procedures and the report describes individual findings, observations and recommendations identifying opportunities for strengthening internal controls. We also retested prior year cash count activities and found out that not all issues were resolved and accordingly have been highlighted for implementation.

We wish to thank Director Faleosina Voigt and her staff that assisted in our funds validation and information gathering.

Respectfully submitted,


Tofa Sualauvi Su'a
Acting Territorial Auditor

List of distributors

Hon. Talauega V. Ale - Lieutenant Governor
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INTRODUCTION

Framework

The Department of Public Works mission and vision are as follows:

i. Mission Statement

American Samoa Government Department of Public Works is committed to providing the people of American Samoa with top quality infrastructure along with maintenance and engineering services that are efficient, effective, supportive and reliable; supporting the people of American Samoa.

ii. Vision Statement

Our commitment to our mission enhances the quality of life for the people of American Samoa. The Department of Public Works arrives to continuously improve public infrastructure, maintenance and operations as well as engineering services in order to provide a safe and suitable environment for the people of American Samoa.

Physical Cash Count, Change and Petty Cash Funds

To count cash on an announced basis to ensure propriety over Department of Treasury cash collections processes and we verified all cash on hand. Currently, there is no Change and Petty Funds held by the Department. The Department should put in a request to the Department of Treasury on the require amount for the Petty Cash Fund.

A. BACKGROUND

As part of our ongoing review of Cash Management activities throughout the Government, we conducted a follow up visit our last year's cash count and a surprise count for the Finance & Administration Section at the Department of Public Works. The department has seven divisions namely:

- Architecture & Engineering
- Building branch
- Civil Highway
- Gas Station
- Land & Survey
- Maintenance & Operations, Tafuna and;
- Maintenance & Operations, Manu'a (**O**fu and **T**a'u)

The Administration and Finance is responsible for issuance receipts and receive proceeds from the above facilities. The proceeds are for building permits and construction service fees (new constructions, demolitions, renovations, extensions, rock walls, roads and parking lots, repairs and utilities). Construction fees are assessed based on the structure(s) dimension.

Manu'a Branch Activities

There is no record of Manu'a Branch processing made available to us and we cannot confirm that receipted proceeds collected are properly accounted for and remitted to the Tutuila main office.

B. OBJECTIVES and SCOPE

The unannounced cash count was performed on June 23, 2022 which comprises of receipt activities from June 17th to June 23rd, 2022. The cash count objectives are to:

1. Determine that cash handling and receipting process are properly performed
2. Determine that the Department of Public Works and ASG Treasury Cash Receipts Policy and Procedures manual are being followed
3. Determine that adequate internal controls are in place to prevent potential fraud, waste and abuse of the Department of Public Works funds
4. Determine that adequate controls existed over safeguarding of assets

The physical cash count was conducted in accordance with the *Quality Standards for Inspection and Evaluation* (contained in the Blue Book - December 2020 revision) developed by the Council of the Inspector's General on Integrity and Efficiency (CIGIE). Accordingly, we performed tests of source documents, records, and other auditing procedures to obtain sufficient and appropriate evidence to support our findings and recommendations.

C. METHODOLOGY

The audit team performed the following procedures and actions:

- Observations and verification of cash on hand held by the cashier at the Administration and Finance Section and reconciled to duplicate receipt copies (yellow copies)
- Obtained copies of Transmittal Letters including the latest on June 17th, 2022 before the physical cash count and confirm details.
- Inquiries of responsible personnel and follow up on audit findings from the previous year (2021)

The review and examination of current practices were made through observations. Selected daily cash receipts and weekly transmittal letters where applicable was performed to assess compliance with the ASG Treasury Cash Receipts Policy Manual and applicable internal control practices.

PRIOR YEAR CASH COUNT ACTIVITIES

Retesting of prior audit findings was also performed where applicable. The Department’s administrative and accounting staff was supportive of our work. The Department has clearly made a good start in its efforts to establish controls over receipting and cash handling. However, some issues remain to be resolved and persistent efforts will be needed to ensure that newly developed control procedures are followed and operated as intended.

The following were findings on February 5th 2021 cash count:

1. Missing cash collection of \$3,665.00; none existed in the current examination, however the Department did not respond to the finding and the matter has not been satisfactorily resolved. *A copy of the report was given to the Attorney General for his review and to date we have not received any more information on this missing amount.*
2. No written Policies and Procedures for Cash Collections; **remains a current issue and reported again.**
3. Lack of Safeguard of Cash Collection and Unused Receipts; **remains a current issue and reported again.**
4. Cash Receipts were missing, deposits were not made on time and unaccountable cash from Manu’a; **remains a current issue and reported again.**

CASH COUNT RESULTS

The physical cash count was conducted at the Finance and Administration Section to ensure all cash is being handled in accordance with procedures and policies and that adequate internal controls are in place to prevent potential fraud, waste and abuse of the department’s funds.

The following chart list details of funds counted by the audit team.

| Location | Total Amount of Funds Counted | Totals Amount Per Records |
|--------------------------|-------------------------------|---------------------------|
| Administration & Finance | \$65.00 | \$65.00 |

There was no discrepancy during the cash count and above funds were subsequently deposited with the Treasury Revenue Section on June 24, 2022 per transmittal letter no.299104.

CONCLUSION, FINDINGS and RECOMMEDATIONS

Conclusion

Controls existed over cash handling and collections; however, opportunities for improving controls were identified in the following areas as discussed below.

Findings, Recommended practices and Opportunities for improvement

The following were identified as internal control weaknesses over the receipting and cash handling process:

- There is no internal written policies and procedures on cash handling in place
- There is no segregation of duties; the Supervisor (Staff Accountant) both receipt payments and prepare the Transmittal Letter
- Funds and records are locked and kept inside a desk drawer; the Supervisor was not present during the duration of the cash count
- Receipts were not deposited on time

Audit Concern

The Department is not sending deposits to Treasury Revenue Section on a daily basis but remitting proceeds on a weekly manner; 1.8 of the ASG Cash Receipting Policies and Procedures Manual states that *“in the event that amounts of cash collected at certain remote locations do not warrant the time and costs required of making daily trips to the bank or the Revenue Department, Treasury will establish a minimum threshold, on a case by case basis, for cash receipts collected before a deposit is prepared”*.

We have not seen a confirmation that Treasury through the Treasurer had allowed the Department of Public Works that **Cash Receipts will not be deposited daily**.

INTERNAL WRITTEN POLICIES AND PROCEDURES SHALL BE IN PLACE

Level Risk: Moderate

FINDING No.1: Cash Handling

The Department has not formalized a set of written policies and procedures (internal use) for cash handling. There is the benefit of having such procedures in written form as this will serve as a useful training tool for staff, facilitates the audit process and an effective tool for management control purposes. The ASG Treasury has already prepared a Cash Receipts Policy Manual for reference and guidance, *refer appendix A*.

We see the need for proper documented cash receipting procedures and policies as this will set the direction and baseline expectations. It also put very important safeguards in place.

Cause

Lack of management efforts in setting up and have a documented set of procedures in place.

Effect

Having proper procedures and policies in place can prevent fraud and abuse of public monies. The basic premise should be that **cash** is never handled by one person.

Recommendation

The Department should prepare a set of written internal guidelines in handling cash. Procedural steps shall highlight office tasks and responsibilities so that staff has a clear understanding of managerial staff expectations. The purpose of cash guidance and procedures is to ensure the use of the most economical and effective cash management principles such as Cash Receipting and Cashiering procedures are design with consideration to the volume and character of collections, complete and deposit processing. The policies and procedures shall coincide with the ASG Department of Treasury current Cash Receipts Policy Manual.

SEGREGATION OF DUTIES

Level Risk: Moderate

FINDING No. 2: Employees working as cashiers also prepared deposits

In managing public funds, basic internal controls require a clear segregation of duties between persons having custody of funds and/or performing cashiering duties and those having access to and maintain accounting records. Segregating these functions protect the employees involved and mitigate the risk of theft or misuse of public funds through fraudulent record keeping. Supervisory oversight enforces the separation of duties, creates an atmosphere of employee accountability and strengthens the control environment.

A previous surprise cash count carried out in 2021 (March 8th, 2021) found that employees that performed cashiering duties also prepared Transmittal Letter for deposits at the end of the day. A retest showed that the in like manner for employees who performed cashiering duties also prepared the weekly deposit.

1.1 of the ASG Cash Receipts Policy Manual states that *“the person who collects cash and issues receipts should not be responsible for reconciling daily receipts or preparing daily cash deposits”*.

Cause

Cash handling procedures should be enforced at all times that receipting of proceeds and preparation of deposits should be segregated.

Effect

When depositing duties are not segregated from cashiering functions, funds are at a greater risk of being lost, stolen or diverted for personal use.

Recommendation

We strongly recommend that deposits should be prepared by someone who does not perform cashiering duties.

While no misappropriation funds were found during the surprise cash count, a lack of segregation of duties and a lack of management oversight can create an environment where misappropriation and fraud could occur.

SAFEGUARDING OF FUNDS

Risk Level: Moderate

FINDING No.3: Cash Security Devices

The department does not have a secured physical control over funds security. Collected funds are held and kept by the Supervisor inside a locked desk drawer. From an audit perspective and under no circumstances should public monies be held in desk drawer(s).

At the Department section of the ASG Cash Procedures states that “*Securing and safeguarding these monies are the primary responsibility of the departments. Until payments are turned in to the Revenue Division, metal lock boxes and vaults are recommended*”.

Cause

There is no cash safe equipment on-site for safekeeping of funds.

Effect

Without a secured device to protect funds, cash can be easily lost via theft or a disaster.

Recommendation

The following should be considered:

- Acquiring a cash register or safe cash lock box for safekeeping of funds during business working hours.
- During non-business hours where access to cash is not required, all funds must be stored in a fire and waterproof resistant locked vault, safe or approved cash storage drawer. The safe, vaults or approved drawers shall be positioned so that they are not visible to unauthorized employees or the general public.
- Vault or safe combinations shall be limited to the smallest number of individuals practicable, given the Department’s needs.
- Where the custodian leaves employment, absent from work or serves as back up to everyday users, the combination should be changed promptly and writes down the combination and keep offsite of on their person.

CASH RECEIPTS

Risk Level: Moderate

FINDING No.4: Receipts are not banked daily and on time

Not all receipts are banked on time thus indicates that proceeds are held by custodians and not remitted to the Treasury Revenue Section on a timely manner.

For example;

| Receipt dates | Receipt nos. | Amounts \$ | Transmittal numbers | Transmittal dates |
|---------------|--------------|------------|---------------------|-------------------|
| 5/27/2022 | 0804124 | 34.00 | 299102 | 06/10/2022 |
| 04/19/2022 | 0804108 | 58.00 | 298169 | 04/29/2022 |
| 03/29/2022 | 0804104 | 12.00 | 298168 | 04/08/2022 |

The ASG Cash Receipts Policy Manual state that “*All deposits should be made daily and intact - no cash should be retained or expended. ASG Treasurer may make exceptions to the daily deposit requirement in writing*”.

Cause

Lack of written instructions and of management timely review.

Effect

Without adequate internal controls, it is difficult to prevent discrepancies and to safeguard assets.

Recommendation

Receipted proceeds should be deposited on a timely manner to improve accountability and reduce the risk of misappropriation of funds and should comply with the ASG Cash Receipts Policy Manual.



**AMERICAN SAMOA GOVERNMENT
CASH RECEIPTS POLICY MANUAL**

**AMERICAN SAMOA GOVERNMENT
CASH RECEIPTS POLICY MANUAL**

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**AMERICAN SAMOA GOVERNMENT
CASH RECEIPTS POLICIES AND PROCEDURES MANUAL**

1. CASH RECEIPTING FOR ALL DEPARTMENTS

1.1 Cash Receipting Duties will be Adequately Segregated

In general, cash handling duties should be segregated from recording and reconciling duties. The person who collects cash and issues receipts should not be responsible for reconciling daily receipts or preparing daily cash deposits. Similarly, the person who makes the deposit should not be responsible for reconciling daily receipts and preparing the deposit. The site supervisor or equivalent should perform the daily cash reconciliation and prepare deposits. The number of persons handling cash should be kept to a minimum to ensure accountability. Cash drawers should not be shared by cashiers. If these procedures cannot be adequately segregated, the department director will ensure monitoring tools are in place.

1.2 Acceptable Receipting Methods

All Cash Collected Will Be Accounted for Using One of the Following Types of Receipting Methods:

- Electronic Cash Register
- Pre-printed, Pre-numbered Receipts
- Theater Tickets

Only one receipting method shall be used at each point of sale (location). In the event of a power outage, those locations with electronic cash registers should use pre-printed, pre-numbered receipts. Receipts will be provided to every customer. Furthermore, signs will be posted informing customers to ask for a receipt if they do not receive one.

All cash collected at any ASG department will be immediately accounted for at the time of each transaction, using one of the three methods mentioned above. The use of electronic cash registers is the preferred method of recording cash collections in most circumstances. However, regardless of the method of receipt, cash should be maintained in a neat and orderly fashion. One dollar bills should be bundled in groups of 25, five and ten dollar bills should be bundled in groups of 20, and twenty dollar bills should be bundled in groups of 25.

Acceptable sources of payment are cash, personal check (local bank only?), money order, cashier's check, credit cards and debit cards. Bank drafts are not accepted unless approved by the Treasurer.

Electronic Cash Register

All sales will be recorded into the cash register. Customers shall be given a machine generated receipt. The internal sequentially numbered transaction system shall not be reset to zero. Voided receipts for errors and overages shall be retained with the daily records and initialed by a supervisor or equivalent.

A reconciliation (daily summary) shall be completed at each collection site for the day's transactions taking into account: beginning cash balance (change fund), sales per cash register's internal tape receipting records, voids, a next day's change fund and cash to be deposited. This summary will identify potential cash overages or shortages. This daily summary shall be submitted with the Treasury Transmittal Letter and retained by Treasury for audit purposes.

Official Pre-printed, Pre-numbered Receipts

Receipt forms must be official Department of Treasury pre-numbered, pre-printed with the header, "American Samoa Government Office of the Treasury." The receipt form must provide spaces for and include the following information: date of receipt, payee, method of payment (currency and coin, money order, check), dollar amount received, reason for payment, and signature of cashier. When individuals make in-person payments, a receipt must be issued promptly. In addition, the numerical sequence of receipts should be controlled and properly accounted for, e.g., if a transaction is voided due to error or other reasons, the associated receipt should be retained. The Manual receipts should be reconciled daily to the deposit.

• Departments Will Account For All Pre-numbered Receipt Forms

Official receipt books shall be issued only by Treasury in numeral sequence. Treasury shall keep copies of invoices showing every receipt book purchased/printed and a control log which specifies who they were issued to, issue date and cash collection location. The departmental cashier or accounting clerk will account for all pre-numbered receipts and/or receipt books that are in their possession. Voided receipt forms will not be destroyed, but kept with each day's receipting records on file in department offices. A log shall be maintained of all receipt books issued by Treasury's Revenue Division to departments. Issuance of receipt books shall be logged out and signed for by the departmental cashier. Someone independent should review this log periodically.

• **Procedures for Voiding Manual Receipts**

There are two types of manual receipts, cash receipts and book receipts¹. When voiding a cash receipt, both the customer copy and office copy is submitted to Treasury Revenue Division with the daily deposits. The audit copy remains on file with the department. When voiding book receipts, the customer copy and revenue copy is submitted to Treasury Revenue while the audit copy remains with the department.

Receipt forms must not be altered in any way. If changes are necessary, the receipt must clearly be marked "VOID" and a new receipt is issued.

Theatre Tickets

Two-part (duplicate) theatre tickets can be used to receipt cash under circumstances when cash register or manual receipting is not feasible. Department directors shall be responsible for the following:

- Safeguarding of all unused tickets.
- Maintaining invoice copies for all ticket rolls purchased. Invoices will include serial number of each roll, ticket color of every roll, ticket denomination for each roll, number of tickets in each roll and beginning and ending ticket number of each roll.
- Maintaining an inventory control log that specifically identifies ticket rolls by series number, date issued and the employee to whom the tickets were issued.
- Maintaining daily summaries and duplicate tickets, as identified below.

Every ticket issued as a receipt shall include the denomination (dollar value) on the face of the ticket AND its adjoining ticket stub.

At the end of each day's transactions the site supervisor or equivalent shall prepare a daily summary to reconcile cash receipts with the duplicate ticket stubs remaining. If no one else is available, the cashier may be required to perform this function. The daily summary will be retained with all duplicate ticket stubs representing total sales for the day. The daily summary should also show the beginning and ending ticket number sold from each roll used, the ticket color(s), the denomination per ticket and unique series number of the roll. A copy of the daily summary will be retained with the duplicate tickets of each receipting location. The original daily summary shall be submitted with the Treasury Transmittal Letter and validated deposit slip.

¹ Cash receipts are issued for payments received at the Executive Office Building, whereas book receipts are used by ASG employees taking receipts at field locations.

1.3 Cash Receipts Received By Mail

Checks, money orders, or cashier's checks received by mail should be opened and entered into a cash receipts log by an employee who is not responsible for processing the payment. The cash receipts log should contain the date received, the check amount, check number, and description of services paid for.

1.4 Responsibilities for Cash Receipts

Cash shall be receipted according to Treasury Department policies regardless of where the cash is received. (See step 1.2 regarding appropriate recording of cash)

- a. If funds are received by an incorrect department from a customer in person, the cashier or clerk shall inform their supervisor immediately. The supervisor will determine whether to process the receipt or send the customer to the correct department for proper receipting.
- b. If unopened mail is received by an incorrect department, the unopened mail must be placed in outgoing postal mail immediately or routed to the correct department in a timely manner, taking into consideration the 24-hour rule as outlined in item #7.
- c. If an envelope containing cash/check has been opened, the monies must be receipted and recorded by the person in possession of the funds. The ASG Office of the Treasurer receipt book or a receipt log will suffice for these purposes.

1.5 Policies for Accepting Personal Checks

Customers shall be instructed to make checks payable to ASG. Signs informing customers to make checks payable to ASG shall be posted at all government cash receipting locations.

All checks will be restrictively endorsed 'For Deposit Only – ASG' immediately upon receipt.

Third party checks as a means of payment is strictly prohibited. Cashing paychecks and personal checks at any government department is also prohibited.

1.6 Policies for Accepting Credit/Debit Card Payments

Credit or Debit Card payments should not be accepted without a valid photo ID issued by a government agency. Cashiers should verify that the card has been signed.

1.7 Cash Collected Will Be Reconciled Daily

Cash receipts should be reconciled daily to register tapes, manual receipts, or theatre tickets prior to submission of the Treasury Transmittal Letter. The reconciliation should be performed at the location at which the cash was received, preferably by a site supervisor or equivalent. Cash reconciliations should not be performed by the employee handling cash receipts. Cash shortages should be identified, documented, and analyzed to determine if corrective action is necessary. Cash-to-check composition of the receipts and deposit is verified by an independent person to ensure integrity.

1.8 Cash Receipts Will be Deposited Daily

All deposits should be made daily and intact – no cash should be retained or expended. ASG Treasurer may make exceptions to the daily deposit requirement in writing. In the event that the amounts of cash collected at certain remote locations do not warrant the time and cost required of making daily trips to the bank or the Revenue Department, Treasury will establish a minimum threshold, on a case-by-case basis, for cash receipts collected before a deposit is prepared. **Under no circumstances are ASG employees permitted to cash payroll or personal checks using cash receipts.**

All cash deposited directly with the ASG Treasury will be accompanied by a Treasury Transmittal Form. All supporting documentation for cash deposit and receipt should be filed in department offices. Documentation must be of sufficient detail to satisfy audit requirements including cash-to-check composition.

1.9 Cash Collections Will Be Adequately Safeguarded

During the day, all cash collections will be kept in locked drawers, cash boxes or cash registers. If a safe is available, all cash kept overnight will be placed in the safe.

The key to the cash register and/or safe is kept on the person or in a secured drawer. The combination to the safe (if applicable) shall be changed periodically and recorded when it was last changed. (This is particularly important to do after an employee who knows the combination leaves the department).

The combination to the safe should be safeguarded and not written or maintained where it can be viewed by others. Any duplicate keys and combinations to the safe shall be submitted to the department head or designee for use if the fund custodian is out. The cash handling areas must be secured from entry by unauthorized persons.

Ideally, the combination to the safe and/or key to the lock box should be controlled by only two individuals, the custodian and one individual in management as backup.

Examples of unacceptable places to keep the safe combination are: on a desk calendar, inside a file cabinet or folder with common access, on shared computer files/server, in a place not locked but "assumed" others would not look, etc. Examples of where the combination can be secured if deemed secure/appropriate by the custodian are: in their wallet that is kept on their person but does specify "combination to safe" or within a desk drawer that is locked at all times that does not have common access.

In addition, when closing the safe, be certain that the combination tumbler is turned several times after closing the safe door, and not left at the last combination number, to ensure that the safe is properly closed. Successful locking should be tested by hand.

1.10 Cash in Depository Accounts Will Be Transmitted Monthly to ASG Treasury

All receipts that have been deposited in a depository account will be transmitted at least monthly, to the ASG Treasurer. All December receipts, however, will be transmitted on or before the last day of the month to ensure proper cut-off for the calendar year.

1.11 Unidentified Checks or Money Orders

Research all reasonable possibilities in determining how an unidentified check or money order should be coded. If a phone number is listed on the check, contact the Payor to determine how funds are to be applied.

1.12 ASG Treasury Transmittal Forms Will Show Proper Distribution

All Treasurers' Transmittal Forms submitted with cash deposits will be filled out to show proper distributions of cash received. All cash deposits and receipts should balance to the total transmittal form before submitting to Treasury Revenue Division.

1.13 Review/Approval of Cash Collections Batches

All Cash Collections Batches along with the Treasurer's Transmittal Forms will be reviewed and/or approved by the appropriate supervisor, finance officer, or their delegate(s) before transmitting to Treasury Revenue Division.

1.14 Depository Accounts Will Be Established By The ASG Treasurer

New depository bank accounts will be established by the ASG Treasurer and reported to ASG Treasury, General Accounting Division.

2. BANK RETURNED (NSF) CHECKS

2.1 ASG Will Handle Returned Checks as Delinquent Accounts

Returned bank checks will be handled as delinquent accounts of ASG. Interest and/or penalties will be charged as appropriate.

2.2 ASG May Stop Service or Revoke License Or Permit For Returned Checks

If a check issued in payment of goods or services is returned by the bank, then no payment has been received for the goods or services. When appropriate, the service may be stopped, the license or permit revoked, the action avoided, or other suitable action taken. No new goods or services should be provided until payment is received for the prior goods or services.

2.3 ASG Will Charge Processing Fee For Returned Checks

ASG will charge a \$30.00 handling and processing fee on all checks returned from the bank due to insufficient funds (NSF). Payment of the fee, along with the amount of the NSF check, is required before ASG will resume service or reissue license or permit. If the NSF check is a payment for an account receivable, \$30.00 NSF fee will be added to the customer's account receivable balance.

2.4 ASG Will Notify Check Writer of Returned Check

Treasury Credit & Collections will send out written notice to all persons who have a check returned by the bank. The notice will inform the payor of the NSF fee and any action taken to stop service or revoke license or permit, as applicable.

2.5 ASG May Refuse to Accept Checks From Those Issuing NSF Checks

Only the following will be accepted as payment for an NSF check: cash, money order, or cashier's check.

Treasury Credit & Collections should maintain lists of persons who have bad checks returned by the bank and distribute lists accordingly to all departments that collect cash on behalf of ASG. Personal/business checks may be refused from these customers per determination of the department's management. However, if checks are returned by the bank, government employees that accepted the checks will be held liable for payment.

2.6 ASG Will Take Appropriate Legal Action on Returned Checks

Unpaid accounts will be sent to Treasury Credit & Collection. Other legal action may be taken as appropriate. If ASG determines that checks were passed fraudulently, then criminal legal action will be taken as appropriate.

2.7 ASG Treasury Management Will Approve Write-Offs of Bad Debts Due to NSF Checks

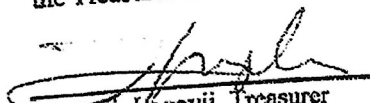
Treasury staff will periodically review accounts receivable to determine whether long outstanding accounts should be deemed uncollectible and written off as bad debts. The Treasurer or Deputy Treasurer will approve the write-off bad debts due to NSF checks or other reasons when all appropriate collection methods have been tried and/or the account is deemed uncollectible.

3. RECEIPT OF ELECTRONIC & CREDIT/DEBIT CARD PAYMENTS

The receipt produced by a POS terminal (credit card machine) is for the transaction only and will not substitute the ASG receipt. An official government receipt is issued for the transaction upon approval. The cardholder must show proof of identification with a government issued photo ID before proceeding with the transaction. Credit card transactions are then settled at the end of the day; a settlement report is printed and filed with the proof batch.

4. AUTHORIZED BY

This Cash Policy Manual is in full force. Any amendments shall be authorized by the Treasurer of the American Samoa Government.


Magalei, Iogovii, Treasurer

March 1, 2011

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Unpaid accounts will be sent to Treasury Credit & Collection. Other legal action may be taken as appropriate. If ASG determines that checks were passed fraudulently, then criminal legal action will be taken as appropriate.

2.7 ASG Treasury Management Will Approve Write-Offs of Bad Debts Due to NSF Checks

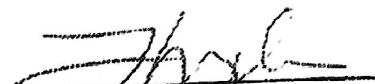
Treasury staff will periodically review accounts receivable to determine whether long outstanding accounts should be deemed uncollectible and written off as bad debts. The Treasurer or Deputy Treasurer will approve the write-off bad debts due to NSF checks or other reasons when all appropriate collection methods have been tried and/or the account is deemed uncollectible.

3. RECEIPT OF ELECTRONIC & CREDIT/DEBIT CARD PAYMENTS

The receipt produced by a POS terminal (credit card machine) is for the transaction only and will not substitute the ASG receipt. An official government receipt is issued for the transaction upon approval. The cardholder must show proof of identification with a government issued photo ID before proceeding with the transaction. Credit card transactions are then settled at the end of the day; a settlement report is printed and filed with the proof batch.

4. AUTHORIZED BY

This Cash Policy Manual is in full force. Any amendments shall be authorized by the Treasurer of the American Samoa Government.


Magalei, Logovii, Treasurer

March 28, 2011



AMERICAN SAMOA GOVERNMENT

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Pago Pago, American Samoa 96799
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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

August 10, 2022

Tofa Sualauvi Sua
Director
Territorial Auditing Office

Subject: Department of Public Works follow-up and unannounced cash count

ASGDPW appreciates the continued audits and reviews of our processes and procedures, we understand the need to improve these areas for accountability and compliance. ASGDPW will work to finalize its SOP and to improve in all the areas as recommend. We ask for your continued support through this time as we improve upon these processes and procedures to better manage public funds.

Attached is our responses to the review as provided. If there are any questions or concerns please let us know.

Sincerely,

Laupule Tilei

Laupule Tilei
Department of Public Works
Deputy Director
Finance & Administration

TAO FOLLOW UP REVIEW: Finance Division JUNE 23, 2022

FINDING 1). CASH HANDLING

Current Situation: ASDPW - Finance Division does not have written policies and procedures for cash handling.

- ❖ Recommendation from TAO: ASG Treasury Policy manual for Cash Receipts handling for guidance.
 - ✚ Response: Deputy Director Tilei will review Treasury policy and finalize a policy by the middle of Qtr. 4 of FY22. An SOP to cover both Transit and Finance cash receipt operations which will ensure proper cash handling and reporting as recommended utilizing the Treasury Cash Receipts Manual as a guide or reference.

FINDING 2). SEGREGATION OF DUTIES: Employees working as Cashiers also prepared deposits.

Current Situation – Currently 3 employees under the accounting section, either of them are responsible for receiving of payments from customers and either of them as well will prepare the deposit for Deputy Director of Finance & Administrations review and Signature.

- ❖ Recommendation from TAO: Deposits should be prepared by someone not performing cashiering duties.
 - ✚ Response: ASGDPW will adhere to recommendations and begin the segregation of duties as recommended. These duties will also be outlined in the SOP once finalized.

FINDING 3). SAFEGUARDING OF FUNDS: Cash Security Devices

Current Situation – No current cash security device.

- ❖ Recommendation from TAO: Purchasing of Safeguarding Devices i.e. Register, Safe. Security protocols on safeguarding of funds in security devices.
 - ✚ Response: ASGDPW is in the process of procuring cash security devices. Due to limited local funding ASGDPW will be looking into other funding sources to secure the purchase of a cash lockbox for cashiers and a safe for further safeguarding of funds.

FINDING 4). Receipts are not banked daily and on time

Current Situation – Due to minimal amounts of cash received and ASGDPW planned to deposit weekly due to costs associated with drop off. In a previous meeting with TAO, Treasurer and Revenue office weekly deposits were ok due to this concern. But as shown in report ASGDPW missed a few weekly and ASGDPW will address as advised.

- ❖ Recommendation from TAO: ASGDPW to make timely deposit to improve accountability and avoid misappropriation of funds
 - ✚ Response: ASGDPW will ensure timely deposit of proceeds whether daily or weekly. If allowed ASGDPW will recommend a threshold for daily deposits and will not hold proceeds further than the end of the work week. Further details will be included in the SOP when finalized.