

American Samoa Historic Preservation Office (ASHPO)

Grant Award P20AF0003 (ASG Grant F00180)

Award Amount \$404,737

PERFORMANCE AUDIT

For the Period of:

October 1, 2019 thru March 31, 2021



American Samoa Government

Territorial Audit Office

Tofa Sualauvi Su'a, Acting Territorial Auditor

Report Number: 21-07



TERRITORIAL AUDIT OFFICE

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November 29, 2021

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

From: Tofa Sualauvi H. Su'a, Acting Territorial Auditor
Territorial Audit Office

Subject: American Samoa Historic Preservation Office (ASHPO)
PERFORMANCE AUDIT for the period of October 01, 2019 through March 31, 2021

Talofa lau Afioga Governor Lemanu,

On behalf of the Territorial Audit Office management and staff, I would like to present to you our report on the Performance Audit we conducted on the American Samoa Historic Preservation Office (ASHPO). The findings and recommendations are presented with the hope that they help improve certain aspects of the ASHPO moving forward. While this project took a bit longer than expected, I am proud to say that our small staff put in their hard efforts in producing a fairly good report and a reasonable assessment of the objectives reviewed.

I want to express my appreciation to ASHPO Director, Mr. Tuimalo Elvis Zodiacal and his staff for their cooperation during this audit.

I also want to thank the Arts Council Director, Mr. Fuata Faasamisamia Male Tiumalu and the Chief Procurement Officer, Dr. Ti'alemasunu Mikaele Etuale and the Procurement Office staff, the Department of Public Works Director, Mrs. Faleosina Faiai-Voight and staff, and Mr. Drummond Kahn of the Graduate School USA - Pacific and Virgin Islands Training Initiatives (PITI-VITI), for their assistance during this project.

I want to recognize the work of the TAO staff: Deputy Auditor, Mrs. Liua Fatuesi, the Auditors: Mr. Vena Lemana, Mrs. Alva Lulu, Ms. Arny Martinezo, and Ms. Necia Leason for their work in contributing to this audit report.

Ma le faaaloalo tele. Faafetai,

Tofa Sualauvi H. Su'a
Tofa Sualauvi H. Su'a

American Samoa Government
American Samoa Historical Preservation Office

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**American Samoa Government
American Samoa Historical Preservation Office**

I. INTRODUCTION

At the request of the Executive Director of the American Samoa Historic Preservation Office (ASHPO) per his letter of March 30, 2021, the Territorial Audit Office (TAO) conducted a Performance Audit on federal grant award no. P20AF0003 from the U.S. Department of the Interior's National Park Service. This grant covers the performance period of October 1, 2019 to September 30, 2021; (ASG Grant No. F00180). The grant award amount is \$404,737. The review is to determine whether ASHPO's program fulfills its purposes and meets its stated goals. Furthermore, our audit was to ensure that terms and conditions were followed in the disbursement of grant funds.

Our objectives were to:

1. Determine whether ASHPO administered the grant funds in compliance with the terms and conditions of the grant award. (See Finding No.1 thru No.6)
2. Determine whether ASHPO claimed and incurred expenditures were allowable, reasonable and in accordance with grant terms and conditions. (See Findings No.1 thru No.4)
3. Determine whether ASHPO complied with the American Samoa Government procurement requirements. (See Findings No.1 thru No.4)

We found that ASHPO was lacking documentation of expenses, made financial decisions that may conflict with the terms and conditions of grant awards, and found potential noncompliance with procurement rules in several areas:

1. Questionable Cost on \$75,000 and Change Order No.1 for Museum Rehabilitation Project
2. Questionable Cost on \$375 Payment to Island Technologies Inc.
3. Questionable Cost - \$ 9,794 Purchase of Office Computers
4. Questionable Cost - \$2,300 Training Registration Fee – Lack of Supporting Documentation
5. No Written Policy and Procedures for Ensuring Compliance with Federal Awards
6. Inactive American Samoa Historical Commission (Review Board)

In conclusion, we found concerns with ASHPO's administration of grant funds, its claims and incurred expenditures, and potential noncompliance with procurement rules. We make

recommendations for ASHPO to improve these processes to best fulfill its purposes and meet its goals.

II. BACKGROUND

The American Samoa Historic Preservation Office (ASHPO) was established in accordance with the National Historic Preservation Act of 1966. It is funded by a federal grant administered by the National Park Service of the U.S. Department of the Interior. ASHPO is made a division of the Governor's Office and administered by the Historical Preservation Officer. Its main responsibilities are to: identify, evaluate, register, interpret and protect American Samoa's cultural and historic reserves. In addition, ASHPO must maintain an inventory of historic properties, nominate eligible properties to the national register, and other services to the general community regarding historical preservation.

Accordingly, there are thirty-one (31) sites in American Samoa listed on the National Register of Historical Places, and seven (7) sites listed as National Natural Landmarks. Also, there are nine hundred and seventy-four (974) known historic and archeological sites listed on the ASHPO database. American Samoa includes the islands of Tutuila, Manu'a, Swains, Aunu'u and Rose Atoll. See links below for details:

1. https://en.wikipedia.org/wiki/National_Register_of_Historic_Places_listings_in_American_Samoa
2. https://en.wikipedia.org/wiki/List_of_National_Natural_Landmarks_in_American_Samoa

III. SCOPE AND METHODOLOGY

SCOPE

The scope of the Performance audit for ASHPO includes examination of current policies, procedures and controls over the grants management process from October 1, 2019 through March 31, 2021.

METHODOLOGY

The TAO performed the following procedures to accomplish the objectives of the audit:

1. Randomly selected disbursement of funds was tested to ensure that they were in compliance with the conditions of the grant agreement.
2. Review disbursement of funds to determine that they were budgeted and authorized by ASPHO.
3. Review ASHPO policies and procedures relating to the safeguarding of assets in order to ascertain that asset are protected from loss, theft or misuse.

4. Conduct inquiries through interviews of ASPHO personnel to determine internal controls, process and file maintenance by the agency.
5. Obtain ASG Treasury reports on expenditures, cash drawdowns, budget and other reports necessary for our review.
6. Review projects funded by ASHPO to ensure that they were in compliance with conditions of the grant agreement.
7. Examined and reconciled payroll payments and in particular attention was given to pay rates changes.
8. Reconciled lease payments for new office.
9. Interviewed ASHPO staff responsible for grant monitoring and program responsibilities.
10. Site visit to determine and confirm old Museum Building Rehabilitation, costs, work and upgrade.
11. Performed overall financial analysis of grant funds to ensure funds were not expended over budget;
12. Verified that the drawdown of expenditures was performed in accordance with ASG Treasury Grant Policies.

We conducted our audit in accordance with Generally Accepted Government Auditing Standards, except for the external peer review requirement. We are scheduling a review for 2022. 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 the audit's findings and conclusions based on the audit objectives.

IV. FINDINGS

Finding No 1: Questionable Cost on \$75,000 and Change Order No.1 for Museum Rehabilitation Project

In reference to Contract No. C01149, American Samoa Government and Paramount Builders, Inc. **Change Order No.1**, amounting to \$59,488, dated August 5, 2019 for the Fagatogo Museum Rehabilitation - Labor Only; work to be completed by April 30, 2020. The cost proposal is for; (1) finishing works; (2) erection of wooden stairs and (3) plumbing works:

Table 1: Contract Agreement - Description of Change		
Original contract (labor only)	\$50,000	Museum Re-roofing Project
Change order no.1 (labor only)	\$59,488	Fagatogo Museum

Rehabilitation New Contract Sum	\$109,488	
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<u>A/P Voucher No.</u>	<u>APV Date</u>	<u>Invoice Date</u>	<u>Invoice Nos</u>	<u>Amount</u>
1. Q269168	7/1/2020	6/9/2020	12109	\$25,000
2. Q269169	7/1/2020	6/15/2020	12110	\$25,000
3. Q269167	7/1/2020	6/22/2020	12111	\$25,000
Total				\$75,000

Our review identified a payment of \$75,000 (check # 00306962, dated July 2, 2020) issued to the Contractor (ref. C01149) for labor cost, Museum - Sogelau Rehabilitation Projects. We found inadequate supporting documentation made available to support the labor cost claim of \$75,000. We are therefore unable to confirm the reasonableness of amounts claimed on the contractor's invoices.

According to the former Historic Preservation Officer, the Department of Public Works (DPW) assists in monitoring the phases of the project. This is to ensure that the contractor complies with the scope of the work. The Department of Public Works is required to approve the contractor's invoices and evidence of such approval must be documented.

It was also confirmed that the former Historic Preservation Officer authorized the Accounts Payable Voucher (APV) for processing, without adequate supporting documentation. The fact that they by-

passed the proper procurement process is in our view a violation of the contract Agreement Payment Term.

Furthermore, the Director of Public Works indicates that because these contractor claims (labor cost) for payment were processed using a quick purchase form, it by-passed the Department of Public Works monitoring process, which is to ensure accuracy of contractor's claim on labor cost. As noted on the Contract, the Department of Public Works acts on behalf of the government to oversee and monitor contractors' work on this project.

- A. We found the following non-compliance of the Historic Preservation Fund Special with Conditions of the grant award:
 - a. ASHPO has no available documentation(s) filed on this project; reference: Grant Agreement #23, Demonstration of Effort - Performance Goals

- b. No evidence of required publicity and press releases on this project; reference: Grant Agreement #9, Publicity and Press Release
- c. No available evidence of required project signs and notification display on project site; reference: Grant Agreement #10, Requirement for Project Sign/Notification.

B. Circumventing of ASG Procurement Rules:

The \$75,000 payment to the contractor, as previously noted, was made through an Accounts Payment Voucher (APV) or Quick Purchase Form. The APV form is restricted to the purchase of goods and services, according to ASG Treasury, Accounts Payable policies and Procedures Manual, 2.3 Direct Payment to Vendors, it states "...The direct or quick payment voucher may be used under specific conditions but never to avoid Procurement or Property Management policies or the Federal Common Rules for purchases under grants or federal award."

Also, the ASG Procurement Rules on Purchases of construction and services worth \$10,000.01 and over requires a Procurement Request Form (PRF). In reference to ASG Contract Agreement C01149, part 3 for Payment, it states "All payments to which CONTRACTOR is entitled shall be made upon certification of completed obligation by the government Agency Head and approved by the Contracting Officer, Office of Procurement. The Department of Public Works (DPW) role is to act as the Program Manager for this project. However, according to DPW personnel, they are not in full control of the project management, it was between DPW and the Governor's Office. As a result, there was no available signed Letter of Acceptance issued for the Museum Renovation Project.

The Director of Public Works indicated that the contract payments used the Quick Purchase form and did not go through her office. Therefore, they did not verify the payment request for the adequacy of charges claimed.

Our further review showed that the process of using the APV affects the required retainage fee of 10% assessed by ASG Contractor's payment until the project is satisfactorily completed and issued a completion notice. Afterwards, ASG then released the retainage fee to the Contractor.

C. Contract Change Order no.1 - Issued After the Fact

Our review of the Contract No. C01149, Change Order No.1 shows a new date of completion - April 30, 2020. Upon our review of the contract authorized signatures, it shows the Chief Procurement Officer signed the contract on May 01, 2020 which clearly conflicts with the completion date of April 30, 2020. As noted on the contract form that "All change orders must have all signatures prior to the commencement of the work included in the change order to be effective." From our review, the contract no. C01149,

change order no.1, amount \$59,488 is considered **not effective** due to the noted completion date of the contract.

Although it was a day after, the irregularities indicate a breakdown that should be addressed and promptly explained by the Office of Procurement (OP).

Recommendation #1:

We recommend the ASHPO Director to ensure compliance with ASG Procurement Rules and Conditions of Grant Award. In addition, ASG Office of Procurement (OP) should establish a periodic tracking system to verify completion dates for each Contract.

Management Response: Concurred with the recommendation

OP Response: They also question the decision made to utilize the DPV process when there was a fully executed contract in place to process payment. It creates a number of issues when payments for construction projects are not processed through OP against a fully executed contract.

Also, the contract change order was signed by the Department of Commerce as a funding agency, but not Historical Preservation Office. (See Exhibit 2)

Finding No 2: Questionable Cost on \$375 Payment to Island Technologies Inc.

Our review disclosed a payment of \$375 made to Island Technologies Inc. for ground website and webhosting was not successfully performed nor completed. We tested the ASHPO website and confirmed that it was not working. This is in reference to Purchase Order No. P2031582, dated 8/10/2020 for twelve (12) months subscription from June 29, 2020 to June 29, 2021.

According to ASPHO Administrative Officer, the vendor refused to perform this work request due to debt accumulated by ASPHO that is still pending payment (past account). She was informed by the vendor that although they accepted payment, this will go to reduce debt for ASPHO account. However, she has no recollection of how much ASPHO owed this company.

In our effort to gather more information from Island Technologies Inc., we found the vendor was either relocated to another area or no longer in business (as of June 23, 2021).

in accordance with the grant agreement "Retention and Access Requirements for Records. All Recipient financial and programmatic records, supporting documents, statistical records, and other grants-related records, shall be maintained and available for access in accordance with 2 CFR Part 200.333 – 200.337".

Recommendation #2:

We recommend the ASHPO Director:

- Ensure compliance with ASG Procurement Rules and Conditions of Grant Award.
- Ensure proper record or file maintenance of supporting documents and all other records pertaining to the grant are properly maintained and available for access to the auditor and other interested parties.

Management Response: Concurred with the recommendation

OP Response: We were surprised that this situation happens as noted in the audit report because we were not informed by ASHPO for Vendor Non-Performance despite having received payment. (See Exhibit 2)

Finding No 3: Questionable Cost - \$ 9,794 Purchase of Office Computers

Our review of Purchase Orders: P2130326 - Apple Mac Desktop for \$ 4,999.00 and P2130325 - Apple Mac Laptop for \$ 4,795.00, respectively. We found out that ASPHO did not comply with the ASG Procurement rules on small purchases threshold of \$2,500 to \$9,999.99. The following requirement specified the following:

- a. Obtain three (3) quotations from different vendors, and
- b. ASG Treasury Department (TR), Information Technology (IT) approval. All quotes that included PC desktops, PC laptops, printers, and scanners require an IT review. All quotes including the emails with no response must be emailed to TR-IT for their review.

We found a lack of supporting documents to justify these purchases meet the ASG Procurement Rules requirements as stated.

In accordance with HPF grant agreement Article XVII Special Provisions - No. 6 Procurement Procedures, indicates CFR 200.317 states "When procuring property and services under a Federal award, a State must follow the same policies and procedures it uses for procurements from its non-Federal funds."

Our review confirmed that ASG Office of Procurement (OP) failed to follow their own proper procedures for small purchases related to IT equipment.

Recommendation #3:

We recommend the ASHPO Director:

- Ensure compliance with ASG Procurement Rules and Conditions of Grant Award.
- Ensure proper record or file maintenance of supporting documents and all other records pertaining to the grant are properly maintained and available for access to the auditor and other interested parties.

Management Response: Concurred with the recommendation

OP Response: Not concurred with this finding due to following:

The audit report noted one purchase order #P2130325, amount \$4,795 and not \$9,794 as noted. Our records indicate that ASHPO had in fact solicited three vendors for quotes, however, only one vendor respond. This does not come as a surprise as Apple Macs are not common computer stock by local vendors.

- Strongly objects to the finding that we had failed to follow our own procedures for small purchase

TAO Response: To stand corrected, the audit finding specified two purchase order numbers which totaled \$9,794; not one as stated in the Office of Procurement (OP) response.

Result: Based on OP response, TAO considered this finding as Resolved.

Finding No 4: Questionable Cost - \$2,300 Training Registration Fee – Lack of Supporting Documentation

Our review disclosed two ASHPO employees paid \$2,300 registration fee to attend on-line training. However, we are unable to verify if they attended or completed the training due to lack of supporting documentation to justify neither training subjects nor notice of completion in file.

Table 3: Payment Reference Check No.

A/P Voucher	Date	Amount	
Q273072	10/13/2020	\$1,150.00	ASHPO Director
Q273072	10/13/2020	\$1,150.00	Administrative Officer
		\$2,300.00	

In accordance with grant agreement "Retention and Access Requirements for Records. All Recipient financial and programmatic records, supporting documents, statistical records, and other grants-related records, shall be maintained and available for access in accordance with 2 CFR Part 200.333 – 200.337".

Recommendation #4:

We recommend the ASHPO Director:

- Ensure proper record or file maintenance of supporting documents and all other records pertaining to the grant are properly maintained and available for access to the auditor and other interested parties.

Management Response: Concurred with the recommendation

Finding No 5: No Written Policy and Procedures for Ensuring Compliance with Federal Awards

Our review confirmed that ASHPO has no written policies and procedures as to the evaluation and effectiveness of the Historic Preservation Funds (HPF) program. According to the former ASHPO Director, the office follows the requirements in the NPS, HPF grants manual.

The HPF Grant Manual clearly states the following:

"Written Procedures (Code of Conduct). Each SHPO organization and the National Trust must maintain a written code with standards of conduct governing the performance of their employees engaged in the award and administration of contracts. This code must, at a minimum, comply with the requirements of this section...The grantee may adopt more stringent requirements than those specified by NPS. The standards established in this section shall be considered the minimum. In those situations where existing State procedures are more stringent, those shall apply."

Furthermore, as a general rule for Secretary of Interiors Standards Section 106 in the HPF manual, States must document that grant-assisted work meets the Secretary Standards and other HPF requirements, these include:

1. Standards and Guidelines for Preservation Planning,
2. Standards and Guidelines for Identification,
3. Standards and Guidelines for Evaluation,
4. Standards and Guidelines for Registration,
5. Standards and Guidelines for Historical Documentation,
6. Standards and Guidelines for Architectural and Engineering Documentation,
7. Standards and Guidelines for Archeological Documentation,

8. Standards for the Treatment of Historic Properties,
9. Standards and Guidelines for the Rehabilitation of Historic Buildings, and
10. Historic Preservation Professional Qualification Standards.

The manual specifies that grantees are responsible for administering and monitoring their own activities as well as activities performed under subgrants and contractual agreements. Federal regulations require entities to establish and maintain effective internal controls over Federal award and manage the award in compliance with Federal statutes, regulations, and the terms of conditions of Federal award.

Recommendation #5:

We recommend the ASHPO Director:

- Develop and implement written policies and procedures to ensure compliance with Federal and Local statutes, regulations and grant or contract terms.

Management Response: Concurred with the recommendation

Finding No 6: Inactive American Samoa Historical Commission (Review Board)

The Governor appoints six (6) members to serve as the American Samoa Historical Commission (Review Board). Its establishment is not only to serve as the community oversight board for the ASHPO but also as an advisory board to the Governor on matters of cultural and historical importance.

Our audit review showed that the last known meeting held of the Commission was in 2015. Based on our inquiries with ASHPO staff, the review Board meets only when necessary and approvals are done verbally. Due to the absence of Board minutes, we are unable to confirm of any subsequent Board meetings held in 2016 and up to March of 2021.

As a basic program requirement for Historic Preservation Fund Grant, each state shall maintain a Review Board whose qualifications and responsibilities in the administration of the program and composition are in accordance with those defined in 36 CFR 61. ASHPO responsibilities are to perform work in accordance with the Secretary of the Interior's Standards and Guidelines for Archeology and Historic Preservation in the assigned mandatory program areas as defined by the National Historic Preservation Act.

The Federal regulations (36 CFR, 61) state that the Review Board must:

1. Meet at least three times a year;
2. Review each nomination forwarded by the SHPO to the Keeper of the National register prior to its submission. The Review Board makes a

recommendation to the SHPO as to whether the property meets the criteria for listing in the National Register.

3. Participate in the review of the National Register nomination appeals and provides written opinions on the issues or matters of the appeal.
4. Provide advice on documentation submitted in conjunction with the States Comprehensive Statewide Historic Preservations Plan and States Historic Preservation Fund Grant included but not limited to, the State's grant applications, subgrant proposals, and the State's End-of-Year Report.
5. Provide general advice and professional recommendations to the SHPO in conducting the comprehensive statewide survey, preparing the Comprehensive Statewide Historic Preservation Plan, and carrying out the other duties and responsibilities of the SHPO.
6. Adopt operating bylaws consistent with these regulations. These bylaws must address Federal minimum requirements concerning conflict of interest.

Recommendation #6:

We recommend the ASHPO Director:

- Evaluate the status of the ASHPO Commission (Review Board) with the Governor to ascertain its activation for the benefit of this agency's requirements.

Management Response: Concurred with the recommendation

V. COMMENTS

ASHPO Executive Director and Historic Preservation Officer concurs with the findings and recommendations of this audit report, (see Exhibit 1). The TAO also extended the invitation for comments to the associated Departments of Public Works, no response was received and The Office of Procurement, (see Exhibit 2).

VI. EXHIBIT 1

AMERICAN SAMOA GOVERNMENT - TERRITORIAL AUDIT OFFICE
 Audit Coverage: 10/01/2019 - 3/31/2021

AGENCY: AMERICAN SAMOA HISTORIC PRESERVATION OFFICE

Program Name: HISTORIC PRESERVATION PROGRAM

Fiscal Year: 2021

Grant Award: \$ 404,737.00

Fund Org: 175

Funding Period: 10/01/2019-9/30/2021

CFDA: 15.904

ASG Acct. No. F00180

Grant Agreement: P20AF00003

A APPROVED BUDGET	B OBJECT CODE	C AMOUNT	D DRAWDOWN	E		QUESTION COSTS
				Actual Expenses as of 3/31/21	Actual Remaining Balance	
3/31/2021						
Intergovernmental Revenue	4300		301,089.06			
Personnel Services	5100	228,058.00		193,690.50	34,367.50	
Materials & Supplies	5200	4,500.00		2,669.08	1,830.92	375.00
Contractual Services	5300	77,200.00		51,998.75	25,201.25	75,000.00
Travel Expenses	5400	18,916.00		8,610.00	10,306.00	
Other Expenses	5500	51,609.00		32,889.86	18,719.14	7,299.00
Capital Outlays	5600	5,000.00		4,795.00	205.00	4,795.00
Indirect Costs	5900	19,454.00		8,258.28	11,195.72	
TOTALS:		404,737.00	301,089.06	302,911.47	101,825.53	87,469.00

VII. EXHIVIT 2

Lemanu P. S. Mauga
Governor

Talauega E. V. Ale
Lieutenant Governor



Executive Offices of the Governor
American Samoa Historic Preservation Office
American Samoa Government
Pago Pago, American Samoa 96799



Elvis Zodiacal
Executive Director and Historic Preservation Officer

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November 30, 2021

005-22HP

Tofa Sualauvi H. Su'a, Territorial Auditor
American Samoa Government Territorial Audit Office
Pago Pago, American Samoa 96799

Re: Concurrence for the Territorial Audit Office's 2021 Final Audit Report for the American Samoa Historic Preservation Office

Talofa Territorial Auditor Su'a:

This letter is my concurrence to your office's findings as noted in your Territorial Audit Office's 2021 Final Audit Report for the American Samoa Historic Preservation Office (ASHPO).

My sincere thank you to you and your hard-working staff for your kind help in completing ASHPO's 2021 Performance Audit and findings.

Sincerely,

Elvis Zodiacal, MA, MS
Executive Director and Historic Preservation Officer

cc: ASHPO Admin File

VIII. EXHIBIT 3

Lemano P. S. Mauga
Governor
American Samoa

Talouega E. V. Ale
Lieutenant Governor
American Samoa



Dr. Tifaemasunu Mikaele Etu'ale
Chief Procurement Officer

Sapla'i Ma'ole E'ua
Deputy Chief Procurement Officer

Serial: 005-22

Office of Procurement
American Samoa Government
Pago Pago, AS 96709

October 18, 2021

Tofa Sualauvi H. Su'a, Acting Territorial Auditor
Territorial Audit Office
American Samoa Government
Pago Pago, AS 96799

Re: ASHPO Historic Preservation Fund (HPF) Grant Program - Performance Audit

Dear Director Su'a:

I appreciate the opportunity afforded to our office to respond to the findings noted in the American Samoa Historic Preservation Office (ASHPO) Historic Preservation Fund (HPF) Grant Program Performance Audit conducted by the Territorial Audit Office. Please find our response to each of the following findings:

Finding #1: Questionable Cost on \$75,000 & Change Order #1 for Museum Rehabilitation

The Department of Public Works (DPW) had solicited and received bids from 3 contractors for the Museum Reroofing (Labor Only) project. A recommendation of award was submitted to the Chief Procurement Officer (CPO) to award the lowest bidder, Paramount Builders, for the amount of \$50,000. Upon approval of the recommendation by the CPO, a contract was drafted and routed for signatures. On July 19, 2019, Purchase Requisition #PR43270 in the amount of \$50,000.00 was initiated by the Department of Commerce (DOC) utilizing their account #F81214 for this contract, which was also fully executed on this same day.

A Change Order #1 was presented to our office for additional work in the amount of \$59,488.00. The encumbrance under the aforementioned Purchase Requisition #PR43270 was changed by the Budget Office from \$50,000.00 (original contract amount) to \$59,488.00 (Change Order #1 amount). We believe this was due to the original contract amount having been paid out by Direct Payment Voucher (DPV #Q261956 - Check #00802198) on August 15, 2019 utilizing Governor's Office Special Programs account #531215.

I would like to note that with the approval of Change Order #1, the total contract amount for the Museum Rehabilitation approved by the Office of Procurement is \$109,488.00. However, upon researching this project to prepare our response to the Audit Report, our office discovered the

*Office of Procurement Response to
ASHPO Historic Preservation Fund Grant Program - Performance Audit*

following payments in OneSolution made to Paramount Builders for the Museum project totaling \$250,561.29:

<i>Voucher #</i>	<i>Amount</i>	<i>Account #</i>	<i>Dept</i>	<i>Check #</i>	<i>Check Date</i>
Q260011	\$1,000.00	F81214	DOC	00297009	07/11/2019
Q261956	\$50,000.00	531215	GO-SP	00802198	08/15/2019
Q263222	\$94,561.29	531102	GO-SP	00804820	10/04/2019
Q264302	\$30,000.00	531102	GO-SP	00806573	11/22/2019
Q269167	\$25,000.00	F90180	ASHPO	00306962	07/02/2020
Q269168	\$25,000.00	F90180	ASHPO	00306962	07/02/2020
Q269169	\$25,000.00	F90180	ASHPO	00306962	07/02/2020

Given the aforementioned, it is difficult to determine which of the above payments, including the 3 payments made against the HPF funding (Account #F90180), can be attributed to Contract #C01149. This office also questions the decision made to utilize the DPV process when there was a fully executed contract in place to process payments.

As mentioned in the Audit Report, a number of issues can arise when payments for construction projects are not processed through the Office of Procurement against a fully executed contract:

- Contracts issued by the Office of Procurement contain a scope of work, total cost and payment terms. These items are closely monitored when payments are processed through the Office of Procurement.
- Contract payments for construction contracts routed through the Office of Procurement are processed on a Pay Application form which is reviewed and approved by the Department of Public Works and the funding agency. To ensure compliance with the Davis Bacon Act, all contractors are further required to submit Certified Payroll forms together with their Pay Applications. Our office then verifies that the paperwork submitted by contractors certifies that they are paying their workers at the minimum wage rate, to include overtime rates.

Finally, Change Order #1 appears to have been initiated on February 18, 2020. While it was not signed by the Chief Procurement Officer until May 1, 2020 for a completion date of April 30, 2020, it appears that there was a holdup with the Department of Commerce and the Budget Office. Regardless, I would like to reiterate that this change Order was signed by the Department of Commerce as the funding agency. It was not approved by the American Samoa Historic Preservation Office, as protocol would indicate if the HPF funding was to apply to this Change Order.

Finding #3: Questionable Cost on \$375 Payment to Island Technologies Inc.

This office is troubled to read about the non-performance of Island Technologies to host ASHPO's website for the period noted on Purchase Order #P2031582 despite having received payment against Invoice #11342 issued by the vendor. We are surprised to read this in the Audit Report as ASHPO had never contacted our office to report the issue.

*Office of Procurement Response to
ASHPO Historic Preservation Fund Grant Program - Performance Audit*

I would like to further note that if departments do not retain their Purchase Order files, our office also keeps these records which are available for review by departments, grantors and auditors upon written request.

Finding #4: Questionable Cost - \$9,794 Purchase of Office Computers

I would like to note that Purchase Order #P2130325 mentioned in this finding was issued for \$4,795.00 and not \$9,794 as noted in the Audit Report. Furthermore, as previously noted, departments do not always have all of the proper documentation in their records. However, our office keeps a full set of records used to approve each purchase. Our records indicate that ASHPO had in fact also reached out to (1) Island Technologies, (2) Ricky's, and (3) IBC via email with no response, and SSAB/GIAS was the only vendor to issue a quote. This does not come as a surprise to our office as Apple iMac's are not a common computer held in stock with our local vendors and are usually special order items. Attached is a copy of the emails, which indicate an attempt to solicit quotes as required. This office therefore strongly objects to the finding that we had failed to follow our own procedures for small purchases.

I trust that the above response to the audit findings will assist with finalizing your Performance Audit Report. I would like to remind and encourage the Territorial Audit Office to utilize the records kept at our office when you are unable to find appropriate documentation at the department level. Please feel free to contact our office should you have any further concerns or questions.

Sincerely,


Dr. Talemassau Mikaele Etuale
Chief Procurement Officer

cc: Elvis Zodiacal, ASHPO Director