



# American Samoa Government

## Department of Health

Unannounced Cash Count

July 1<sup>st</sup> & 5<sup>th</sup>, 2022



**Territorial Audit Office**

Tofa Sualauvi H. Su'a, Acting Director

Report Number: 22-07



**AMERICAN SAMOA GOVERNMENT  
TERRITORIAL AUDIT OFFICE  
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Governor

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Acting Territorial Auditor

Hon. Talauega E. V. Ale  
Lt. Governor

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Deputy Auditor

Date: July 29, 2022

To: Afioga Lemanu P.S. Mauga  
Honourable Governor of American Samoa

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

Subject: **DEPARTMENT OF HEALTH, UNANNOUNCED CASH COUNT**

As part of the Territorial Audit Office cycle audits, we performed the procedures which we agreed solely to conduct the unannounced cash count of the Department of Health at its main office, at the Ottoville Professional Building, Tafuna. The Physical Cash Count was performed on July 1<sup>st</sup> and 5<sup>th</sup>, 2022.

Herewith is the Cash Count Audit Report together with suggestions and recommendations on matters derived from the performance and observance of such. The report was discussed during the exit meeting with the department's director and his management team and they concurred with our findings and their written responses are included therein.

Ma le fa'aaloalo lava.

*Sualauvi Su'a*

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# ASG Department of Health Unannounced Cash Counts



American Samoa Government  
Territorial Audit Office  
Tofa Sualauvi H. Su'a, Acting Director  
Report Number: 22-07

July 1st & 5th, 2022

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## Unannounced Cash Counts Report on Cash Handling Procedures and Controls at the Department of Health (DoH)

### CASH COUNT RESULTS IN BRIEF

This audit determined whether the Department of Health has adequate cash control practices. The Department of Health programs and activities include health information and laboratory services, inspecting, permitting and monitoring a wide range of services related to public health.

Our enquiries reveal that the Department does not have a Petty Cash Fund. Given the size of the Department and its daily activities, we suggest that if the need arises, a request shall be made to the Department of Treasury for a Petty Cash Fund. A threshold limit shall be included in the request and strictly for Office expenses only and shall be reimbursed on a timely basis.

#### Audit Findings

The Department of Health cash practices and controls had several weaknesses and needs to improve its internal controls.

#### **Significant Issues**

Consider the processes and internal controls related to cash handling; the results of procedures performed reveal several opportunities for enhancing internal controls over cash handling and depositing of cash receipts. The weaknesses included:

Risk rating is **HIGH**

- a. Cash receipts are not deposited timely as required by the ASG Cash Receipts Policy Manual; instead some receipts are remitted to the Treasury Revenue Section after a week or two after receipting.
- b. Duties are not properly segregated; preparation of transmittal letters and checking of deposits
- c. There is no secured cash device at the main office to control safeguarding of funds during normal business hours. Instead funds are placed inside a cabinet drawer for safekeeping. The ASG Cash Receipting Policy Manual requires the maintenance of secured locked cash drawers, safe or vault.
- d. Missing receipts sequence was noted and book copies could not be made available; the Physical Clinic at Faga'alu could not provide reasonable explanation(s) nor confirm missing receipts.
- e. Important accounting records (unused receipt books) are not securely locked away but are kept under an office desk, easily accessible to unauthorized personnel.

Risk rating is **MEDIUM**

- f. We were advised that written procedures for the cash handling process were in place; however none were made available for review.
- g. Policies for accepting personal checks - signs shall be placed at the department informing customers to make checks payable to ASG.

## A. INTRODUCTION

The Territorial Audit Office (TAO) has completed unannounced cash counts on July 1<sup>st</sup> and 5<sup>th</sup> 2022 at the Department's main office at the Ottoville Professional Building, Tafuna. The examination considered the effectiveness of internal controls in place relating to cash handling, compliance with the ASG Cash Receipts Policy Manual and to ensure proceeds collected are properly recorded. The audit was included in the Territorial Audit Office fiscal year (FY) 2022 Audit Plan.

## B. BACKGROUND

The American Samoa Government Department of Public Health purpose is to identify and strengthen the public health infrastructure to improve the public's health. It's mission is to provide leadership, protect and promote the public's health by:

1. Assuming the conditions in which individuals can be healthy
2. Providing or assuring the provisions of essential public health services and functions that are culturally and linguistically appropriate for the Territory
3. Encouraging collaboration among public and private sector partners in the public health system and;
4. Seeking to provide essential public health services and functions or accomplish public health goals

Revenue is generated from the following services performed and collected at the following clinics, three (3) "collection points";

1. **Physical Clinic** at Faga'alu; collect fees for food handlers health card IDs and physical clearance examinations for ASG employment, commercial drivers' (1<sup>st</sup> time) and private licenses, visa applications, permanent residencies, missionaries and laboratory tests requirements.
2. **Vet Clinic** in Tafuna; collect fees on administering vaccinations, medications and surgeries on animals (mainly dogs and cats) that paid daily visits, either through appointments or walk-ins. This division was previously under the Department of Agriculture.
3. **Vessel/Seaport**; collects fees from agents on behalf of vessels. All vessels that call into Pago Pago harbor after hours and weekends are charged for overtime clearing fees (inspections). Vessels that docked during working hours are not charged.

Cash receipts collected at each point are composed at the Finance office before submitting to the Treasury Revenue's office. Preparation of Transmittal Letters (TL) per clinic is handled by designated finance people of each clinic except the Vessel/Seaport. The vessel/seaport team is supposed to carry a receipt book, however vendors are asked to pay their fees at the main office and the finance staff prepares all transmittal letters.

Cash handling is manually performed by issuing ASG approved pre-numbered, pre-printed cash receipt forms. These receipts are numerically sequence and log by the Treasury Revenue Division. The ASG accounting system is automated and controlled by the Department of Treasury.

The Department's collections are allocated as follows in the General Ledger Transaction Detail;

Organization Fund	Account No.	Collection Point	Description
100997	4660	Vet Clinic	Program Income
F10926	4660	Physical Clinic	Program Income
100915	4660	Vessel/Seaport	Program Income

### C. OBJECTIVES, SCOPE and METHODOLOGY

#### Objectives

The following are the cash count objectives:

- a. that written policies and procedures are in place, and responsible employees adhere to
- b. that cash and checks on hand and were counted agree with cash receipts on the day of the count
- c. that cash receipts issued are in strict numerical sequence (*any voided receipts are attached*)
- d. monies collected are intact and remitted to the Revenue's office daily (*a must*)
- e. that funds and accounting records in the custody of the Department of Health are adequately safeguarded
- f. Determine if petty cash and change funds exist and are necessary per location

#### Scope and Methodology

The cash count procedures were performed to:

- Gain an understanding of the Department of Health cash management practices and controls
- Ensure practices are in accordance with the ASG Cash Receipts Policy Manual
- Conducted walk-throughs, observations and determines that adequate controls are in place over cash receipted and collected, and is being deposited in a timely manner
- Confirm that receipts are issued in strict numerical sequence, cancel, voided copies are retained in receipt books and;
- Ensure that proceeds and receipts are adequately safeguarded

The results of the above tests provide a reasonable basis in assessing the Department of Health cash handling procedures and controls.

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.

The scope of our work did not constitute an evaluation of the overall internal control structure of the Department of Health. Management is responsible for establishing and maintaining a system of internal to ensure that the Department's assets are safeguarded, financial activity is accurately reported and reliable; and management and employees are in compliance with policies and procedures. The objectives are to provide management with reasonable but not absolute assurance that the controls are in place and effective.

**D. CASH COUNT ACTIVITIES**

The following is a summary of the cash count activities;

Collection Points	Total Cash Verified	Total per Records	Variance
Physical Clinic	\$1,500.00	\$1,500.00	Nil
Vet Clinic	\$3,030.00	\$3,030.00	Nil
Vessel/Seaport	\$1,560.00	\$1,560.00	Nil

Breakdown by Collection Points:

- Physical Clinic

Transmittal Letters Nos.	TL dates	TL amount	Receipts Sequence	Receipt dates	Days delay
299880	7/01/22	\$195.00	33470 to 33476	6/22/22 & 6/23/22	8
299879	7/01/22	\$195.00	33458 to 33469	6/21/22	10
299878	7/01/22	\$90.00	33480 to 33485	6/27/22 & 6/28/22	4
299543	6/17/22	\$330.00	41596 to 41600 33451 to 33457	6/17/22 & 6/17/22	0
299542	6/15/22	\$690.00	41574 to 41595	6/14/22 & 6/15/22	0
	<b>Total</b>	<b>\$1,500.00</b>			

- Vet Clinic

Transmittal Letter Nos.	TL dates	TL total amount	Receipts Sequence	Receipt dates	Days delay
299872	6/29/22	\$1,050.00	45284 to 45300	6/27/22	2
299873	6/28/22	\$565.00	48601 to 48614	6/28/22	0
299874	6/29/22	\$465.00	48615 to 48621	6/29/22	0
299875	6/30/22	\$950.00	48622 to 48638	6/30/22	0
	<b>Total</b>	<b>\$3,030.00</b>			

- Vessel/Seaport

Transmittal Letter Nos.	TL dates	TL total amount	Receipt Sequence	Receipt dates	Days delay
299887	7/1/22	\$1,560.00	34422 to 34423	7/1/22	0
	<b>Total</b>	<b>\$1,560.00</b>			



There were no discrepancies found, however matters of audit concern were noted which derived from breakdowns in procedures and internal controls. Checks counted were payable to the ASG Department of Health and endorsed to the same. There is a need for further improvement to mitigate the risk of error and/or fraud.

**E. CONCLUSION, FINDINGS and RECOMMENDATIONS**

**Conclusion**

We noticed that controls existed over cash handling, however opportunities for improvement were identified in the below discussed areas:

Finding No.1: CASH RECEIPTS ARE NOT DEPOSITED TIMELY

(Risk rating = HIGH)

The ASG Cash Receipts Policy Manual; under **Cash Receipting for all Departments**; 1.8 states 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. 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”*.

In order to determine compliance with the above regarding timely depositing of daily cash receipts, we calculated the number of days between cash collection date and deposit date.

Collection Points	Transmittal Letter Nos.	TL date	Cash Receipt dates	Delivered to Treasury	Cash Receipts total amount	No of days delay
Vessel	299668	6/8/2022	6/8/2022	6/13/2022	\$315.00	5
Vessel	299877	6/16/2022	6/16/2022	6/22/2022	\$50.00	6
Physical	299542	6/15/2022	6/14 & 6/15	7/5/2022	\$690.00	17
Physical	299543	6/17/2022	6/16/2022	7/5/2022	\$330.00	16
Physical	299879	7/1/2022	6/21/2022	7/5/2022	\$195.00	15

**Recommendation**

The management should ensure that cash receipt proceeds should be deposited on a timely basis and in accordance with the ASG Cash Receipts require policies. To prevent and reduce the possibility of misappropriation, lost or stolen, all monies received should be deposited intact without delays. Funds should not be withheld without valid reasons and only at the written approval of the Director.

Finding No.2: DUTIES ARE NOT PROPERLY SEGREGATED - preparation of deposits/transmittal letters (TL)

(Risk rating = HIGH)

The ASG Cash Receipts Policy Manual; under Cash Receipting for all Departments; 1.1 **Cash Receipting Duties will be Adequately Segregated** states *“In general, cash handling duties should be segregated from recording and reconciling duties. The person who collects cash and issue receipts should not be responsible for reconciling daily receipts or preparing daily cash deposits. 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."*

We noted that transmittal letter forms (TL) prepared at the Finance Section contains only one (1) signature. It is assumed that the preparer and approver is the same person, therefore duties are incomplete and not properly assigned and or segregated. All employees in the finance office take and verify the transmittal letter.

#### **Recommendation**

Good internal controls require separation of duties as preventative and detective measures. We strongly recommend for the management should work with each receipting division to ensure that, where possible, no one individual handles cash transactions from beginning to end. In areas where it is impossible to properly segregate duties due to size constraints, management should identify compensating controls and monitor them to ensure they operate effectively.

#### **Finding No.3: INSUFFICIENT INTERNAL CONTROL OVER THE SAFEGUARDING OF FUNDS - main office** (Risk rating = HIGH)

It was noted during the cash count performance at the main office that funds are held in a locked drawer with a key attached during working business hours. The access by unauthorized employees is therefore evident.

The ASG Cash Receipts Policy Manual; 1.9 **Cash Collections Will be Adequately Safeguarded**, states that *"During the day, all cash collections will be kept in locked drawers 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"*

#### **Recommendation**

The Department shall consider a more secure cash device for funds safekeeping. Best business practices and under no circumstances should public monies be held in desk drawers, file cabinets with key locks, or other devices where they are readily susceptible to theft.

#### **Finding No.4: MISSING RECEIPTS SEQUENCE - Faga'alu Physical Clinic** (Risk rating = HIGH)

The cashier has responsibilities which include monitoring cash handling and that receipts are issued numerically and these duties are performed effectively. As a result of substantive testing and review efforts, we noticed some missing receipts. Our enquiries could not provide satisfactory explanations and the missing sequence could not be confirmed. For instances: *Receipt nos.33477 to nos.33479*

The ASG Cash Receipts Policy Manual; **Official Pre-printed, Pre-numbered Receipts** states *"When individuals make in-person payments, a receipt must be issued promptly. In addition, the numerical sequence of receipt should be controlled and properly accounted for, e.g., 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"*.

**Recommendation**

It is recommended that all cash receipt forms should be properly accounted for and any missing dockets should be investigated with reasons for the discrepancies. The in-charge person should performed timely review of daily deposits to ensure that ALL cash receipts are properly accounted for and the possibility of missing or lost revenue do not occur.

Finding No.5: IMPORTANT ACCOUNTING DOCUMENTS - unused and used cash receipt books  
(Risk rating = HIGH)

Issuance of book and cash receipts is logged and controlled by the main office. During our visit, we observed that unused cash receipts were not locked in a secure place; instead these were placed under one of an employee's desk, which is unsecured and accessible to unauthorized personnel.

In addition, used cash and book receipts are not kept at the main office but held at locations of collection. A substantive testing reveals at one collection point that the validated deposit copy was filed separately from book receipt copies (pink). For example: *Receipt numbers 41564 to 41573*

**Recommendation**

We strongly recommend that all unused receipt books should be stored in a locked cabinet not easily accessible by unauthorized personnel. Additionally, used book and cash receipt books shall be under the custody of the main office for safe keeping.

Finding No.6: CASH HANDLING WRITTEN PROCEDURES - for all collection points  
(Risk rating = MEDIUM)

The department has not provided us with a set of internal written instructions on cash handling policies and procedures. We also noted opportunities to improve internal controls over cash handling. Without written cash handling policies and procedures, cashiers do it on their own, may cut corners and undertake bad practices.

**Recommendation**

The management should prepare a set of internal written procedures on cash handling which can assist employees in performing of their tasks. Good cash handling procedures can eliminate cash loss, save time and improve accountability. The internal procedures shall be designed and in-line with the ASG Cash Receipts Policy Manual.

Finding No.7: POLICIES FOR ACCEPTING PERSONAL CHECKS  
(Risk rating = MEDIUM)

The ASG Cash Receipts Policy Manual; 1.5 states that "*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*". We observed that there are no notices visible around the main office and other collection points.

**Recommendation**

We recommend that the department should put up notice(s) as require by 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 receipts<sup>1</sup>. 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.

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<sup>1</sup> 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 each 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, Logovii, Treasurer

March 1, 2011

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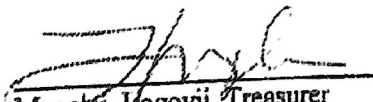
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Magalei, Logovii, Treasurer

March 28, 2011



HON. TOGIOLA T.A. TULAFONO  
GOVERNOR

HON. AITOFELE T.F. SUNIA  
LT GOVERNOR

**DEPARTMENT OF TREASURY**  
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VELEGA SAVALL, JR.  
TREASURER

UELIGITONE TONUMAPEA  
DEPUTY TREASURER

## CASH PROCEDURES

### GENERAL

The Treasury Revenue Division has sole authority to distribute and monitor receipts from various government agencies. Receipts are released only to authorized persons approved by department directors.

All payments are due to the Revenue Division by 2:00pm every business day. Payments received after the cut-off time will be dated and processed the following business day. Should the Revenue Division discover any discrepancies with payments collected, the department director or designated person will be notified immediately. If the discrepancy is not resolved within 24 hours, the Treasurer or immediate supervisor will be notified and may result in legal action.

To avoid unreported revenues, departments are not permitted to make any purchases with the cash collected. If a department needs a petty cash fund, a request should be made through proper channels at the Treasury Department.

### PROCEDURES

#### At the Department:

Monies held at the departments are at high risk of being stolen or lost. 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.

When a cash payment is received, a prenumbered cash receipt, field receipt or INSIGHT (IFAS) receipt must be issued. If handwritten receipts are issued, the department must retain the audit copies while office copies are forwarded to Revenue with the cash. All receipts must be accounted for in order to provide an accurate reconciliation of cash received. Revenue will only issue receipts upon receiving all prior receipts.


#### At the Revenue Division:

When cash collection is received from the departments, the revenue cashier will verify cash, checks and receipts received to ensure it agrees with the total amount listed on the Cash Receipt Transmittal Letter (TL). The cashier certifies that distribution of funds to various accounts provided on the TL are applied accordingly. An INSIGHT receipt and a duplicate copy of the TL are then issued to the department representative.

Checks issued must always be made payable to the department receiving the payment and be endorsed immediately. If the payee is left blank, The Department of Treasury will be written on the check.



Daily Cash collections will be deposited to the bank on the following business day. Bank receipts are verified to the Batch Proof report to ensure deposit totals and accounts are properly credited. Entries are posted immediately by Revenue after thorough verification.



Ueligitone Tonumaipa  
Deputy Treasurer



LEMANU P. MAUGA  
Governor

TALAUEGA E. V. ALE  
Lieutenant Governor

# DEPARTMENT OF HEALTH

American Samoa Government  
Pago Pago, American Samoa 96799



**Public Health**  
Prevent, Promote, Protect.

American Samoa  
Department of Health  
MOTUSA T. NUA  
Director

FARAITOAEA M. UTU  
Deputy Director

Tofa Sualauvi H. Su'a  
Acting Director  
Territorial Audit Office  
American Samoa Government

July 28, 2022

**RE: Response Letter to ASDOH Unannounced Cash Counts Report Number: 22-06**

Talofa Acting Director Tofa Su'a,

With utmost respect, this letter conveys our response to the findings during an audit for the ASG Department of Health Unannounced Cash Counts Report Number: 22-06 provided and explained on July 7, 2022.

**Reference: Pp. 5 under Background depicted in the table.**

Response: The correct account number and object code for the Seaport/Airport collections is as follows;

Organization Fund	Account No.	Collection Point	Description
100915	4407	Seaport/Airport	Charges for Services (Reimbursable Overtime)

**Finding No. 1: CASH RECEIPTS ARE NOT DEPOSITED TIMELY**

**Management Comments/Response:** The Department's Finance Administrator will assign a staff to ensure that cash receipt proceeds should be deposited on a timely basis and in accordance with the ASG Cash Receipts require policies. Also, the Department's Finance Manager provides implied routine checks to ensure daily deposits are properly and accurately accounted, recorded and reported.

**Finding No. 2: DUTIES ARE NOT PROPERLY SEGREGATED - preparation of deposits/transmittal letters(TL)**

**Management Comments/Response:** The Department's Finance Administrator will appropriately segregate tasks and duties among finance staff for the below operations.

1. Department Cashier/Clerk will be in receipt of cash payments and issuing receipts to customers and closing out their end-of-day cash collections and signs.

2. Department Finance Staff as delegated by the Department Finance Administrator will verify end-of-day cash collections of the DOH Cashier/Clerk and sign.
3. Department Finance Administrator conducts Final verification with signature of approval on the Transmittal Letter.

**Finding No. 3: INSUFFICIENT INTERNAL CONTROL OVER THE SAFEGUARDING OF FUNDS**

**Management Comments/Response:** The Department's Finance Administrator will ensure the safety of cash and receipts be kept in a safe-deposit vault to safeguard cash and documentations for end-of-day verification and deposit. This is for accuracy and accountability of daily cash collections throughout the week.

**Finding No. 4: MISSING RECEIPTS SEQUENCE - Fagaalu Physical Clinic**

**Management Comments/Response:** All cash receipts forms should be properly accounted for. The Department's Finance Administrator provides implied checks to ensure daily deposits are properly and accurately accounted, recorded and reported so the possibility of missing or lost revenue do not occur.

**Finding No. 5: IMPORTANT ACCOUNTING DOCUMENTS - unused and used cash receipt books**

**Management Comments/Response:** In reference to Finding #3, all cash receipts including unused cash receipt books will be safeguarded in a safe deposit vault/box for accountability and security purposes preventing any possible fraudulent activity.

To warrant security of cash, the Department's Finance Administrator and designee will be the authorized users to access the safe deposit vault/box.

The Department's Finance Office will acquire a safe deposit vault/box for safekeeping of all overnight cash transactions and receipts for next business day deposit.

**Finding No. 6: CASH HANDLING WRITTEN PROCEDURES - for all collection points**

**Management Comments/Response:** The department will provide the following in accordance with Findings No. 2:

1. The Department's Standard Operating Procedure (SOP)
2. The Department's SOP to include and enforce the ASG Treasury Cash Procedures
3. Consequences for withholding funds

**Finding No. 7: POLICIES FOR ACCEPTING PERSONAL CHECKS**

**Management Comments/Response:** In reference to the ASG Cash Receipt Policy Manual; 1.5 states that "Customers shall be instructed to make checks payable to ASG". The Department will display signages informing the customer to make checks payable to ASG at all collection points for transparency to avoid misinformation and possible fraudulent activities.

Respectfully,



Motusa Tuileama Nua  
Director  
Department of Public Health