



# **TERRITORIAL AUDIT OFFICE 2021 ANNUAL REPORT**

---

**2021**  
EDITION

# 2021 ANNUAL REPORT



TERRITORIAL AUDIT OFFICE  
AMERICAN SAMOA GOVERNMENT



# CONTENTS

<b>Introduction</b> .....	<b>3 - 4</b>
Establishments	
Duties and Responsibilities	
Audit Reports	
Administration	
<b>Highlights of Activities: Accomplishments 2021</b> .....	<b>6</b>
<b>Department Audits &amp; Findings:</b> .....	<b>6 - 11</b>
Department of Public Safety (Office of Motor Vehicles and Records)	
Department of Public Works (Finance Division)	
Department of Public Works (Dial-A-Ride)	
Sports Complex Management Office (Veteran’s Stadium & Golf Course)	
Department of Port Administration (Seaport & Water Transportation)	
Department of Public Works – Survey Division (Citizen’s Complaint, Confidential Report)	
American Samoa Historic Preservation Office	
American Samoa Election Office	
Department of Treasury (Tax Office)	
Department of Agriculture (Market, Office & Airport)	
Department of Homeland Security (Vital Statistics)	
<b>Successful Hosting of APIPA 32nd Annual Conference</b> .....	<b>12 - 14</b>
<b>Holiday Greetings from:</b>	
TAO Acting Territorial Auditor, Tofa Sualauvi Su’a .....	<b>15</b>
New APIPA Chairman Haser Hainrick .....	<b>16</b>
<b>Appendix I</b> .....	<b>17</b>



Talofa lava,



It is with great pleasure that I present the 2021 Annual Report of the Territorial Audit Office. As promoters of positive change, our continuing efforts to improve and to strengthen the internal financial controls of the American Samoa Government have resulted in the issuance of eight completed reports and four more that are in progress, pending issuance next month, January 2022.

During the year, we performed unannounced cash counts, limited scope audits, performance audits, and a special investigation – confidential reports. Engagement results have been reported to heads of departments audited, reports were hand-delivered to the Governor and the Fono leaders for their information.

We successfully hosted for two weeks the 32nd Annual Conference of the Association of Pacific Islands Public Auditors (APIPA) virtually, which brought together thirteen (13) Audit Offices from Pacific Islands and US Territories and insular areas and close to seven hundred (700) participants. The underlying theme of this conference was to continue promoting integrity, accountability, transparency, and quality in the lives of our Pacific people and future generations.

We understand that our people expect nothing less from us but our very best in delivering the government's mandate to root out fraud, misuse, abuse and corruption in government. But our work involves more than that. Our drive is to streamline processes, improve each department operations effectively and efficiently to remain accountable and compliant with local and federal requirements.

The Territorial Audit Office's findings and recommendations identify benefits that can be achieved, but their enforcement must be spearheaded by the auditee's management. Without enforcement and immediate implementation, the considerable benefits of our recommendation are lost.

This has been a momentous year for the Territorial Audit Office (TAO) of American Samoa, as we tried to revamp and revitalize the office from the virtually non-existent position it held in the last nine (9) years. I am happy and proud to report some of the work we did collaboratively with my staff. 'E leai se faiva e 'asa ma se maumau' (Even with the greatest of effort and skills, there is no fishing expedition free of error). But with God's help and guidance, we will persevere, improve and prevail!

Faafetai,

Tofa Sualauvi H. Su'a

**Acting Territorial Auditor**

**AMERICAN SAMOA GOVERNMENT**

# INTRODUCTION



## **Establishment:**

The Territorial Audit Office was established by the Legislature of the American Samoa Government (ASG) as an independent agency to be under the direction of the Territorial Auditor (TA)

## **Duties and Responsibilities:**

The duties and responsibilities of the TAO are to perform independent appraisals of programs and activities of the Government as well as to perform audit tests to determine that:

- Programs and activities of the ASG including federal grants are being carried out in an effective, efficient, and economical manner.
- Government assets are properly safeguarded and
- Instances where fraud, waste, abuse, and misuse of local and federal funds are uncovered and reported to proper officials.

# INTRODUCTION

## **AUDIT REPORTS:**

According to the American Samoa Annotated Code (ASAC 4.0413), an audit report shall make special mention of:

- Any apparent violation of laws within the scope of the audit; and
- Any improper expenditure, any improper accounting procedures, all failures to properly record financial transactions and all other inaccuracies, irregularities, shortages and defalcations.

## **Administration:**

The scope of the audit, the findings, the underlying cause and significance of the findings, and an explanation or rebuttal submitted by the audited agency must be included in each report (auditee). It must be sent to the Governor, Senate President, House Speaker, and the audited agency head. If the audit discloses an apparent violation of a criminal statute, a copy of the report is sent to the Attorney General. Audit reports are public records. 2022 with a bang at the TAO!

## Our Mission

- **To conduct our auditing work in a consistent, fair, and professional manner and comply with the *US Government Auditing Standards (GAS)*.** Our process is built around critical decision points and ongoing communication. Our goal is to make decisions early in the audit process to best target our efforts while remaining flexible to deal with uncertainty.

## Core principles

- **Accountability** - We believe, all in government are accountable to citizens for their performance, use of resources, stewardship of assets, and ethical conduct.
- **Transparency** - We believe that free and open access to information is necessary for government officials and agencies to be accountable
- **Integrity** – We conduct our work and report results fairly, honestly, objectively, and independently. We strive to be accurate, but will publicly acknowledge and correct our mistakes.
- **Quality** – We are committed to producing high-quality work and continuously strive to improve our performance

## Code of conduct

- Because we evaluate the performance and conduct of other ASG employees, we hold ourselves to high standards. In brief, **we must preserve independence, act with professionalism and make proper use of information, resources, and position.** Failing to abide by these standards of conduct could have a negative impact on employees of the TAO.



# HIGHLIGHTS/ACCOMPLISHMENTS 2021

As we mark the end of 2021, I am honored to share the TAO's accomplishments that reflect our commitment to mission, core principles, and code of conduct.

The focus on the Territorial Audit Office's audits and reviews in 2021 was mainly on the prevention and detection of fraud, waste, abuse and on the improvement of effectiveness, efficiency, and economy of government operations. Highlights of TAO's 2021 YEAR IN REVIEW!

## **Department Audits and Findings:**

### **1. Department of Public Safety**

#### **(Office of Motor Vehicles & Records [2])**

The OMV collects an average of about \$25,000 every week and we noticed:

- Untimely deposits of daily cash collection
- Lack of internal controls to protect & safeguard the cash collected and unused receipts
- No written policies and procedures for cash collection
- Inefficient and time-consuming ways of recording cash collection e.g. writing the same description on 100 receipts for drivers' licenses
- TAO recommended installing a Point of Sale (POS) system to streamline the cash collection process

### **2. Department of Public Works (Finance Division) [1]**

There were many findings but we highlighted the following:

- Missing Cash of \$3,665.00 from payments of building permits, land use fees, and more
- Personal checks people used to pay their fees were not deposited in a timely manner and became stale after 6 months
- No written SOPs - standards operating policies and procedures for cash collection

# DEPARTMENT AUDITS & FINDINGS

- The cash on hand at the time of our visit was not in a safe or secured box but was kept in the custodian's purse
- Days delayed for some deposits were 238 days or 7 months
- TAO recommended to:
  - a. Make daily deposits to the Revenue division per Treasurer's Cash policy
  - b. Install a Point of Sale (POS) system to capture all receipts
  - c. Submit a request to Treasurer for a Petty Cash float to cater to the immediate needs of the office rather than touching collections
  - d. Heed Treasury Cash policy: "To avoid unreported revenues, departments are not permitted to make any purchases with the cash collected"
  - e. Buy a safe to lock in cash collected and unused receipts

### **3. Department of Public Works (Dial-a-Ride Program)**

This was a Limited Scope Review audit on a Federal Transit Administration Grant program. We found the following findings:

- There were quite a few unallowable and questionable costs.
- No written SOPs or Cash Policies and Procedures for the dial a ride cash collections
- Employees were borrowing from daily collections
- TAO recommended the daily depositing of collections and submit a request to Treasury for a Petty Cash
- TAO recommended installing a Point of Sale (POS) to streamline and capture all transactions

### **4. Sports Complex Management Office (Veterans Stadium & Golf Course) [2]**

TAO highlighted weaknesses of internal controls especially in collections at the Stadium and at the Golf Course.

# DEPARTMENT AUDITS & FINDINGS

- We mentioned the cart rental business at the course being operated by a private business that does not bring in any revenue to the Iliili Golf Course
- Starters used to take the cash home even on weekends
- Starters hardly use the receipts to record when golfers enter the course, they use their own handwritten lists
- Recommended a safe to keep cash and unused receipts
- Recommended the use of POS system to assist with their collections.

## **5. Department of Port Administration (Seaport & Water Transportation) [1]**

Most of the cash collections were from passengers traveling and cargoes shipped to and from the Manu'a Islands. Our findings revealed that:

- Cash collections were not always deposited on time or given to Treasury as quickly as possible. At times collections were used for office needs and reimbursed later.
- Two receipt books were used concurrently - one for fares and one for cargoes.
- Recommended to request Treasurer for Petty Cash. They did and was granted Petty Cash for both locations Wharf and Tafuna
- We also recommended a POS system to improve cash handling and efficiencies.

## **6. Department of Public Works (Survey Division) – *Citizen's Complaint Confidential Report***

We have addressed this complaint with the Director for the use of the department's equipment and vehicle during working hours and charging members of the public for fees that are not allowed by the department.

# DEPARTMENT AUDITS & FINDINGS

TAO supported the Director's decision to cancel the invoice because surveyors do the work only for government projects and this division should not be charging fees to the public. The citizen that reported the incident did not pay the invoice of \$600. We concurred with the Director's decision.

## **7. American Samoa Historic Preservation Office (ASHPO) (Performance Audit)**

This was a Performance Audit on a Grant Award for the period of October 1, 2019, through March 31, 2021.

We found out that the ASHPO was lacking documentation of expenses made financial decisions that may conflict with the terms of the grant awards, and found potential noncompliance with procurement rules in several areas. The CPO and the Office of Procurement in their rebuttal agreed with our many findings of this Office.

- Questionable costs on the \$75,000 and Change Order No.1 for the Museum Rehabilitation Project.
- We have seen with great concern the use of the Accounts Payable Voucher (APV) or the Quick PO system which in our opinion may have compromised the ASG Purchase Order System that is following procurement rules, policies, standards, and procedures. As in this case, while payments were rushed and made thru the Quick PO system, files and records of this project still remain open on the other end, at the DPW and the Procurement Office. These two departments cannot put closure to their files and records because the payment was done thru the Quick PO System and not through the ASG Procurement Purchase Order System.

# DEPARTMENT AUDITS & FINDINGS

- DPW indicated that because these contractor claims (labor costs) for payment were processed using the Quick PO system, no retainer's fee of 10% was cut from the contractor's last payment and it by-passed the DPW's monitoring process which is to ensure accuracy of the contractor's claim on labor costs. DPW acts on behalf of the government to oversee and monitor contractors' work on the Museum Rehabilitation project
- ASHPO had no written policies or procedures to ensure compliance with Federal awards.
- ASHPO has an inactive American Samoa Historical Commission (the Review Board). We found out that the last known meeting of this Board was in 2015 and everything was verbal and no meeting minutes were kept. The Federal regulations (36 CFR,61) states that the Review Board must meet at least three (3) times a year
- ASHPO Executive Director concurs with the findings and recommendations of this audit report

## **8. American Samoa Election Office (Performance Audit)**

This was a Performance Audit from the period of October 1st, 2019 to September 30th, 2021 which covered three different grants under the HAVA Election Security Acts totaling \$1.8million. While there was a high number of findings (20) in this audit, our examination revealed no material weaknesses that may have an adverse effect as to the accuracy, completeness, and validity of the Election Office financial environment as a whole.

- But there was a matter of significant deficiencies that derived from observation of the Election Office control framework. While this matter took longer to sort out due to its possible legal ramifications, I'm grateful to the CEO for offering a wise solution that will guide the Election Office into the future.

# DEPARTMENT AUDITS & FINDINGS

- Our audit found that collections from some candidates filing fees and lost ids were used to pay for office expenses
- There were some questionable costs and we strongly recommended complying with the requirements and conditions of the grants.
- There was no SOP Manual for staff to follow and we recommended trying and having one set up asap.
- There were no records of minutes of meeting proceedings
- We also found some contradictions in the ASAC with regards to the compensation of Board members. Title 2, Section 6.0202 stated that members are to serve without compensation. However, Title 10, Section 6.1002 allows payment for the Board as election expenses.
- Our audit revealed that two candidates in the last election did not file contribution reports

## **9. Department of Treasury (Tax Office) In progress**

- This is a Limited Scope Review Audit of the tax office to determine why only about 55% of businesses filed their business tax returns in 2018, 2019 and 2020

## **10. Department of Agriculture (Market, Office & Airport) In progress [3]**

- This is an Unannounced Cash Count in three locations at the Market in Fagatogo, Airport and Main Office report is being finalized on Jan 22

## **11. Department of Homeland Security (Vital Statistics) In progress [1]**

- This is an Unannounced Cash Count that will be finalized on Jan 22

## SUCCESSFUL HOSTING OF THE APIPA 32ND ANNUAL CONFERENCE



In a joint effort with the Governor's Office and ASG departments and agencies, the TAO hosted the 32nd APIPA annual Conference virtually, from August 23rd to September 3rd, 2021.

The APIPA is the Association of Pacific Island Public Auditors from thirteen (**13**) island nations and groups mostly from other US Territories and insular areas namely Guam, Saipan, the Marshal Islands, Pohnpei, the Commonwealth of the Northern Mariana Islands, Palau, Kosrae, Yap, the Federated State of Micronesia, Samoa, Fiji, and American Samoa.

American Samoa's Acting Territorial Auditor Tofa Sualauvi Su'a, was chosen as the Chairman of the APIPA in 2021.

## SUCCESSFUL HOSTING OF THE APIPA 32ND ANNUAL CONFERENCE



Our Territory had the highest number of participants (**126**) out of **688** total conference participants from other parts of the Pacific.

Participants were given the opportunity to receive up to 40 hours of continuing professional education (CPE) credits, required by government auditing standards for auditors to maintain their professional competency.

There were twenty-four (**24**) ASG departments and agencies and one (**1**) from the private sector that participated ranging from deputy directors, senior management auditing, accounting, and finance staff, and administrative assistants during the two-week training and workshops.



# SUCCESSFUL HOSTING OF THE APIPA 32ND ANNUAL CONFERENCE



As a result, **898-course** certificates and **2452** CPE credits were issued by the Graduate School USA and the PITI-VITI organization who conducted the training to participants from American Samoa and ASG issued its own certificates of recognition, to appreciate employees' efforts during these professional development courses.

The conference was funded by the Department of Interior through the Office of Insular Affairs' technical assistance program.

# **CHAIRMAN SU'A'S THANK YOU EMAIL AND CHRISTMAS MESSAGE TO ALL APIPA AUDIT OFFICES**

Greetings and Talofa APIPA Principals and PITI-VITI Officers,

I take this wonderful opportunity to thank you all for your support and help during my tenure as the APIPA Chairman. I want to recognize also the American Samoa Government, his Honorable Governor Lemanu P.S. Mauga, and Honorable Lt. Governor Talauega E. V. Ale for their full support during the virtual hosting of the APIPA's 32nd Annual Conference by our Territorial Audit Office. Nothing would have happened without your assistance and commitment. For that, I am very grateful for your encouragement and kindness in the past months.

Most of all, I want to wish you, your staff, and your loved ones a Merry Christmas and Happy New Year. I believe 2022 will bring us more blessings and more endless opportunities.

Before leaving you all, I welcome our new Chairman, Mr. Haser Hainrick, Public Auditor of the Office of the National Public Auditor of the Federated States of Micronesia, and wish him well. Your entire APIPA and PITI-VITI families stand ready to support you.

Please continue to thrive on our core values: Accountability, Transparency, Integrity, and Quality that make our profession stand out from the rest!

From American Samoa, Thank You so much, Faafetai tele and God bless.

Yours sincerely,

Tofa Sualauvi Hine Su'a  
**APIPA 2021 CHAIRMAN**  
**American Samoa Acting Territorial Auditor**

# MESSAGE FROM THE NEW APIPA CHAIRMAN

Mr. Tofa Sualauvi Sua,  
Immediate Past Chair for APIPA,

My advance Happy New Year 2022 to you and all staff of the American Samoa Territorial Audit Office.

Thank you very much for your able leadership as Chair during the Year 2021. As I mentioned before, I thought that the 2021 annual conference which was held virtually was a big success as well as the rest of the APIPA activities that were conducted during the year. You navigated the affairs of our ship so well and many thanks and acknowledgement to you as the Chair. I also want to take this opportunity to commend and to extend deep appreciation to the leadership of the Government of American Samoa for their strong support and assistance to APIPA during the Year 2021. Thank you very much Mr. Governor and Mr. Lt. Governor!

We look forward to assuming the roles and duties as Chair during the Year 2022 and, in advance, we are grateful to you and the rest of the Principals for your willingness to guide us where we may need help and assistance.

Best wishes to all Principals and all your respective staff, and indeed many thanks and appreciation to the other stakeholders and supporters most notably the PITI/VITI team - - Drummond and Jason and their staff! We look forward to continuing to collaborate with you in 2022.

Thank you  
Haser Hainrick  
**Public Auditor**  
**Office of the National Public Auditor**

# APPENDIX I

## REPORTS ISSUED BY THE TERRITORIAL AUDIT OFFICE IN CALENDAR YEAR 2021

<b>REPORT NO</b>	<b>REPORT TITLE</b>
<b>21-01</b>	<b>DEPARTMENT OF PUBLIC WORKS</b> UNANNOUNCED CASH COUNT
<b>21-02</b>	<b>DEPARTMENT OF PUBLIC SAFETY</b> <b>(OFFICE OF MOTOR VEHICLES &amp; RECORDS)</b> UNANNOUNCED CASH COUNT
<b>21-03</b>	<b>SPORTS COMPLEX MANAGEMENT OFFICE</b> UNANNOUNCED CASH COUNT
<b>21-04</b>	<b>DEPARTMENT OF PUBLIC WORKS</b> <b>(DIAL-A-RIDE PROGRAM)</b> LIMITED SCOPE REVIEW
<b>21-05</b>	<b>DEPARTMENT OF PORT ADMINISTRATION</b> <b>(SEAPORT &amp; WATER TRANSPORTATION)</b> UNANNOUNCED CASH COUNT
<b>21-06</b>	<b>DEPARTMENT OF PUBLIC WORKS</b> <b>(SURVEY DIVISION)</b> CITIZEN'S COMPLAINT
<b>21-07</b>	<b>AMERICAN SAMOA HISTORIC PRESERVATION</b> <b>OFFICE</b> PERFORMANCE AUDIT
<b>21-08</b>	<b>AMERICAN SAMOA ELECTION OFFICE</b> PERFORMANCE AUDIT

Territorial Audit Office  
AMERICAN SAMOA GOVERNMENT

