

**American Samoa Government
Department of Treasury
Customs Office Division**

**Unannounced Cash Count
February 2, 2022**



**American Samoa Government
Territorial Audit Office
Tofa Sualauvi Su'a, Acting Territorial Auditor
Report Number: 22-01**



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



Hon. Lemanu P. P. S. Mauga
Governor

Tofa Sualauvi H. Su'a
Acting Territorial Auditor

Hon. Talauega E. V. Ale
Lt. Governor

Liua T. Fatuesi
Deputy Auditor

June 07, 2022

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

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

Subject: ASG Treasury - Customs Division - UNANNOUNCED CASH COUNT on 02/02/2022

Talofa Honorable Governor Lemanu,

The Territorial Audit Office paid an unannounced visit to the ASG's Customs Division to ensure they are following proper protocols and are in compliant with Treasury's existing Cash policies.

As one of the two main revenue sources (besides the Tax Office) for the American Samoa Government, we also used the same opportunity to review how cash documents were being used prior and after February 02, 2022. While our visit lasted only a few hours, it was enough to pin-point areas of concerns and where improvements can be made for transparency and accountability. Our main recommendation to increase operational efficiencies due to the substantial volume of cash handling on a day to day basis is through the use of systems and technology (Point of Sale or Cash Receipting system) and strict controls, at each of its four locations.

I want to express my appreciation to the ASG Treasurer, HTC Malemo Tausaga, the Chief of Customs, Elisara Elisara & Customs Lieutenant, Joe Uti and his staff for their hard work and cooperation during this audit.

I also want to thank Acting Treasurer Levi Reese, Carri-Lee Magalei and Andrew Berquist of the Treasury Department Accounting Division for their support.



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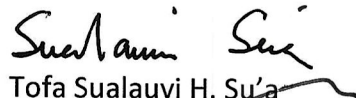
Hon. Talauega E. V. Ale
Lt. Governor

Liua T. Fatuesi
Deputy Auditor

Last but not least, I want to recognize the work of the TAO staff: Deputy Auditor, Mrs. Liua Fatuesi, the Auditors: Mr. Vena Lemana, Ms. Talaleu Fanene, Ms. Arny Matienzo, and Ms. Witt Mariner, Agalelei Togafau, Dona Mase for their work in contributing to this audit report.

Ma le faaaloalo tele.

Faafetai,


Tofa Sualauvi H. Su'a

cc: President of the Senate – Honorable Tualo Manaia Fruean
: Speaker of the House of Representatives – Honorable Savali Talavou Ale
: Lt. Governor – Honorable Talauega Eleasalo Vaalele Ale
: ASG Treasurer – HTC Malemo Tausaga

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ASG Department of Treasury - Customs Division Surprise Cash Count

A. AUTHORIZATION

The Territorial Audit Office (TAO) conducted a surprise cash count at the Department of Treasury, Customs Division at its temporary office at the Fagatogo Building on February 2nd, 2022. This is in accordance with the authority of Title 4, Chapter 4.0401 of the American Samoa Code Annotated (A.S.C.A); Definitions - (b) "Audit" *includes financial compliance audits, economy and efficiency audits, and program result audits or any combination thereof as the territorial auditors may deem appropriate*" and also a routine process of the Territorial Audit Office annual cycle audits.

B. BACKGROUND INFORMATION

The Customs office is a division of the Treasury Department and collects excise taxes and fees on imported supplies based on Customs Regulations. These regulations are outlined in the American Samoa Annotated Code (A.S.C.A), Title 11 Revenue; Chapter 10 "Excise Taxes on Imports" and are levied and payable at points of entry namely the Pago Pago International Airport or the Post Office and Port facilities at the Fagatogo Main Dock. The office has an internal in-charge officer, Chief of Customs who oversees daily operations and reports directly to the ASG Treasurer.

The Customs office maintains significant holding of liquid funds from time to time because of the nature of operations. Therefore cash documents are very important and are properly maintained at the main office and collection outlets for the purpose of accounting for received funds. These cash documents are in the form of pre-numbered manual cash receipts (AR100) and book receipts (STD-10) and are provided by the Revenue Division of the Treasury Department.

Currently, there are four collection locations;

- i. The temporary office at Fagatogo (relocated from the main dock to Tedi of Samoa Building)
- ii. The Pago Pago International Airport office (newly Customs office warehouse)
- iii. The Post Office location and;
- iv. The Lady Naomi outlet at the small dock

The three outlets submit their cash collections to the main office where funds are verify to book receipt copies. The main office custodian(s) issue cash receipts for the three collection locations and prepares transmittal forms that accompany cash deposit to the Treasury Department. The recorded collections are also batched into the OneSolution software. All collections are physically hand carry to the ASG Department of Treasury Revenue Division. The ASG Treasury Department, Revenue Section is responsible for placing deposits with the commercial bank, Territorial Bank of American Samoa.

C. OBJECTIVES, SCOPE and METHODOLOGY

Objectives

The following are the objectives of our procedures were to:

- ✓ Determine the existence and adequacy of written policies and procedures on cash collections and responsible employees are adhere to
- ✓ Determine that cash and checks on-hand counted on the day of the cash count was deposited in a timely manner
- ✓ Determine that cash and book receipts are issued in strict numerical sequence (all voided receipts are accounted for) and all funds collected are deposited intact with the Department of Treasury, Revenue Section.
- ✓ Determine that funds and receipt records in the custody of the Office are adequately safeguarded

ASG Department of Treasury - Customs Division Surprise Cash Count

Scope and Methodology

The surprise cash count was conducted in accordance with Government Auditing Standards (GAS). 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 our findings and conclusions based on our audit objectives.

The scope was to perform a physical cash count at the main office and other locations where significant cash holdings are collected and held. As part of the cash count, we also included a review of related cash documents prior to and subsequently from January 2022 to February 3rd, 2022 for all locations.

The following procedures were performed:

- ✓ We requested all of the Department's written policies and procedures relating to cash collections
- ✓ Physically counted all cash and checks on hand and compare total of funds to receipt records
- ✓ Accounted for numerical and chronological sequence of receipts issued by Customs Division (including deposit reports)
- ✓ Through inquiries with the in-charge officer (Processing Section) and observations
- ✓ Verify physical security of collected funds and receipt records held at the main office

D. DETAILS OF FUNDS COUNTED

Our noted observations and findings derived from procedural breakdowns in policies and procedures are discussed together with recommendations under the commentary finding section of the report.

The following is the summary of funds counted at the Main office (which includes funds from the Post Office outlet).

Date of count	Location of count	Funds Counted	Amount
02/02/2022	Main office	Checks	8,061.20
		Cash - notes and coins	697.56
		Total funds counted	\$8,758.76
		Total receipts per below	\$8,758.67
		Variance - overage	\$0.09
		<i>Receipts breakdown:</i>	
		Post Office location - rec#18153 to #18171	1,349.05
		Main Office - rec#23605 to #23608	7,409.62
		Total – above	\$8,758.67
02/02/2022	Main office	Funds counted - ANZ check	\$4,680.03
		Main office receipt#23610	\$4,680.03
		Variance	\$Nil

Explanatory notes

- The variance is considered immaterial and warrants no further work.
- Receipt no.23609 was issued for the Post Office collections of 02/01/2022.
- All checks on hand were issued in the name of ASG Customs Office and were deposited at the Department of Treasury per Transmittal Letters #298980 and #298981, dated February 2nd and 3rd 2022 respectively.
- The Department does not maintain a Change nor a Petty Cash Fund.

ASG Department of Treasury - Customs Division Surprise Cash Count

E. CONCLUSION, FINDINGS and RECOMMENDATIONS

Overall Conclusion

A variance was noted and considered immaterial and the following matters were identified and were discussed in detail for improvement. An exit conference was held on April 14, 2022 with the Treasurer and two senior staff was present where findings were discussed. The Customs officials have agreed and support in principle the suggestions and recommendations for implementation and the Department's responses are attached therein and form part of the report.

The Treasury IT issues are unresolved as of the time of the report. The IT Division is working with the Finance people in defining specific roles and other needs from the standpoint of the system. In addition, they are also developing manuals internally for the software use.

Finding No. 1

Cash handling - there are no formal internal written policies and procedures in place

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

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

Recommendation

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

Finding No.2

Internal cash spot counts

There is no available record to confirm that the Office conducts internal cash spot counts. Counting cash is an important part of internal controls of a business entity that takes in significant amounts of liquid funds (checks and cash). Keeping unusual large amounts of funds in the hands of custodians from time to time are vulnerable to theft and misappropriation.

Recommendation

Cash receipts are the most liquid of all government assets and arguably the most risk for misappropriation. They are unique in that funds are handled by numerous persons, sometimes in outer locations throughout the organization. We recommend that an established system be in place through implementation of good and effective policies and procedures to minimize the risks of theft and misappropriation. One of the simplest measures is to perform timely surprise spot counts by senior staff that has no involvement with cash receipting and collections. The office shall keep a log of these spot counts and all findings and discrepancies (if any) shall be investigated and resolved.

ASG Department of Treasury - Customs Division Surprise Cash Count

Finding No.3

Segregation of duties - cash receipts and cashiering functions

There is evident of inadequate segregation of duties in cash receipts and cashiering functions. Our observations and review of financial documents reveals that preparation of transmittal letters (TL) and processing of cash receipts is not properly segregated. The ASG Cash Receipts Policy Manual states that "Cash Receipting duties shall be adequately segregated and cash handling duties should be segregated from recording and reconciling duties". The department is therefore not following the ASG cash handling procedures and policies.

Recommendation

It is strongly recommended that function(s) of cash receipting and cashiering shall be independent from participation in the accounting of transmittal letters preparation, checking of deposits and processing of transactions into the ONESolution software. Segregation of duties prevents the misuse of cash receipts and concealment of fraud in the accounting records.

We suggest that job responsibilities should be assigned to individuals in such a way as to encourage checks and balances. This will makes it difficult for users to exercise complete control of a transaction and subvert it to fraudulent activities. Rotation of duties is an additional deterrent to fraud and seen as very critical in that it facilitates employee cross-training and improve depth of personnel skill and succession. These tasks shall be documented in the office (internal) written policies and procedures and be in-line with the ASG Department of Treasury Cash Receipts Policy Manual, **refer appendix C**.

Some critical areas of policy requirements over receipting operation is for the in-charge or manager(s) to periodically observe and review internal controls to ensure these are properly designed and are operating as intended.

Finding No.4

Inadequate internal controls over collections

Our review of cash documents reveals that there is a greater need of establishing and maintaining better and effective internal controls. The maintenance of appropriate internal controls over assets and the responsibility discharge in administrative procedures on the adequacy of accounting and internal controls are not followed. This is a clear indication that cash receipts are not properly controlled; i.e not issued in chronological and numerical order. This is an area of audit concern and shall be addressed immediately. For example; the Main Office

Receipt dates	Cash Receipt Sequence	Collections
01/24/2022	Rec#21736	\$60.00
01/21/2022	Rec#21737 to Rec#21759	\$21,759.00

The ASG Cash Receipts Policy Manual states that "Official and pre-numbered receipts and that numerical sequence of receipts should be controlled and properly accounted for. The Manual receipts should be reconciled daily to the deposit". Again, this is an indication that the ASG cash handling procedures and policies are not followed.

Recommendation

We strongly recommend for the Office to identify where possible that the performance of established controls is adequate to detect deficiencies in the system. An independent person other than collection officers performing the functions should examine numbered receipts to ensure these are properly accounted for, recorded and support the reported deposits. It is good business practice for ALL cash receipts to be issued numerically (no exceptions) and any deficiencies identified shall be investigated and resolved.

ASG Department of Treasury - Customs Division Surprise Cash Count

Finding No. 5

Book receipts are not issue in strict numerical sequence at outer locations

We noted from review of cash receipt transmittal letter reports (TL) that manual book receipts are not issued in strict numerical order. This resulted in off-sequence numbers not properly documented on TL reports prepared at the main office. This is a neither indication that the physical register which records movements of all cash and book receipts is not reconciled, updated nor review by a senior officer. This is an area of audit concern and shall be addressed immediately.

The ASG Cash Receipts Policy Manual requires that "a log shall be maintained of all receipt books issued by Treasury's Revenue Section to departments. Issuance of receipt books shall be logged out and signed for by the departmental cashier. Someone independent should review this log periodically". Again, this is a clear indication that ASG cash handling procedures and policies are not followed.

For example; the Airport office

Dates	Book Receipt Sequence	Collections
1/10/2022	Rec#15177	\$5.00
1/11/2022	Rec#15166 to Rec#15176	\$2,537.20
1/19/2022	Rec#16606 to Rec#16633	\$3,271.12
1/20/2022	Rec#16634 to Rec#16650	\$3,963.18
1/12/2022	Rec#16651 to Rec#16655	\$2,740.00

Recommendation

It is strongly recommended that all book receipts shall be issued in strict numerical sequence. The custodian of all book receipt records shall make sure documents are issued in the order of book numbers and receipts sequence. The process in-charge officer must ensure these procedures are effectively carried out and evident of such shall be documented, for instance: custodians and supervisor(s) are to sign off on the physical register during issuance and returning of used receipt books. Any missing sequence(s) has a financial impact and allows for significant breakdown(s) in the control environment and personnel can take advantage of those weaknesses to cover for misappropriation of funds.

Finding No. 6

Delay in submission of collections from outer locations to the main office

We observed the delay in submission of collections at the airport location to the main office. One summary shows that funds were held for seven days. This method is not recommended without a reasonable and valid cause(s). Such method can create significant accounting issues not only in the Customs office itself but the ASG financial environment as well. Designated permanent employees who handle cash receipting and cashiering functions must faithfully record, safeguard and deposit funds. These responsibilities are very important; keeping funds safe, turn in to the main office and depositing funds at Treasury as soon as practicable. The recommended practice is that all receipted funds must turn in on a timely basis as such delays encourage misuse of funds. For example:

Receipt dates	TL dates	Location	Receipt Sequence	Collections
1/10/2022 & 01/11/2022	1/18/2022	Post Office	Rec#15113 to Rec#15177	\$7,337.46

The above breakdown is to be read in conjunction with findings no. 1 and no.4

ASG Department of Treasury - Customs Division Surprise Cash Count

Recommendation

The custodian(s) of funds at locations outside of the main office shall properly turn in collections on a timely basis. The in-charge officer shall make sure collected funds are submitted on time and reasons for delays must be documented. Any discrepancies identify shall be satisfactorily resolved, explained and have the approval of the Chief of Customs.

In accordance with the ASG Cash Receipts Policy Manual under "Cash Receipting for all Departments, Cash Receipts shall be deposited daily; all deposits should be made daily and intact - no cash should be retained or expended". Only the ASG Treasurer has the authority to decide or make changes to timely deposits requirements and this shall be in writing.

Finding No.7

Safeguarding of public funds

We found out from discussions that the combination to the vault (fireproof safe) is not frequently review nor changed and access to the lock is only by one person.

Recommendation

We recommend that the vault combination shall be in a sealed, signed and dated envelope and retain in a secured place. Changing of the lock combination shall be made (whenever necessary) as an extra security protection and the Chief of Customs and his designee shall be responsible for the security of the vault combination. From an audit perspective 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. 8

Duplication of receipting

Collecting payments and issuing manual receipts is a labor intensive and costly task(s). Manual receipts are issued both at the main office and outer locations and we observed that receipts information is also input into ONESolution software (the ASG accounting system). We view that there is much duplicated work.

Recommendation

From an economical perspective, there are advantages of the Cash Receipting and Cashiering functions in the ONESolution as the alternative for collections. One very important aspect of the automated system is to enable cash receipting and cashiering functions to be as convenient, much easier and more secure. It also enables complicated challenges to be made available instantly such as generating of financial reporting; other benefits are minimizing errors resulting in higher efficiency, reduced time and costs and enable compliance with policies and procedures and audit trail.

We recommend for the following and shall be in place:

- a. Eliminate the manual cash and book receipts and ALL receipts shall be automated from the ONESolution system
- b. The reporting side of the system shall have a detailed receipt listing by revenue and general ledger codes
- c. A receipt summary by revenue account as basis in balancing

The above shall also be checked independently to ensure the reporting side of the system is properly monitored.

ASG Department of Treasury - Customs Division Surprise Cash Count

OTHER MATTERS DERIVED FROM THE PERFORMANCE OF THE SURPRISE CASH COUNT

Finding No.9

Cash Receipting and Cashiering functions in ONESolution

From observations, the ONESolution generated receipts do show another sequence of multiple numbering on the face of documents. We were not told of the purpose on why such numbering is visible and perhaps this is something that has to do with the system set-up.

Since this is an area that will have an effect on users (government departments) that are and will utilize the software, the Department of Treasury shall assigned a competent person to look into such issues and take necessary steps to ensure identified problems are promptly addressed and satisfactorily resolved. Sometimes, such issues may require modification(s) of the existing program(s) and procedures to suit the needs of each department (user).

We are of the view that there may be similar issues in other areas that have not being resolved since the inception of the ONESolution program.

Finding No.10

Cash Receipting and Cashiering devices

We noticed the need to revisit Cash Receipting functions in regards to cashiering point of sale devices and terminals; i.e laptops, wireless cash registers, receipt printers and so on. This is very essential in an organization like Customs where there are field collection locations such as the Airport and Post Office. In addition, this is one of the internal solutions in managing cash, simple devices for prompt payment.

Using of technology (online and automated) can save money over time and reduces cashiers activities over the counter(s). It also facilitates decreased manual work and assists in delivering of a faster customer service and makes the best use of the system to its full potential. Although technology can cost money to purchase and implement, it is very important to consider the amount of staff time it could save and the efficiency in the performance of work.

Finding No.11

ONESolution user guide and or manual

We have not seen nor made available by Treasury officials a user accounting manual of the ONESolution software. Having an accounting manual or a guide on hand is of great value as these contain very pertinent financial resources, accounting rules and other information specific to the American Samoa Government for which the software was designed to support.



Appendix A

LEMANU P. MAUGA
GOVERNOR

TALAEUGA ELEASALO V.
ALE
LT. GOVERNOR

DEPARTMENT OF TREASURY
American Samoa Government
Pago Pago, American Samoa 96799

MALEMO L. TAUSAGA
TREASURER

TINA VA'A
DEPUTY TREASURER

LEVI REESE
DEPUTY TREASURER

June 3, 2022

To: Territorial Audit Office (TAO)
Fm: Chief Customs Officer

Re: TAO AUDIT - CUSTOMS OFFICE SURPRISE CASH COUNT at FAGATOGO
BUILDING - ASG DEPARTMENT OF TREASURY: CUSTOMS DIVISION RESPONSE

Talofa Lau Tofa Sualauvi Su'a,

My sincere apologies for the late response due to unforeseen circumstances. Please find below as requested.

Finding No. 1 Cash handling: The Processing & Collection division (P&C) oversees all cash management at ASG Treasury Customs and will be responsible to prepare written internal guidelines for handling cash. Customs Lieutenant, Joe Utu, will work with the Department's Chief Accountant and Revenue manager to make certain these new policies and procedures coincide with the Department's current Cash Receipts Policy Manual and with P&C's standard operating procedures. Customs' deadline for its cash guidelines is June 30, 2022.

Finding No. 2 Internal cash spot counts: The Chief of Customs or his designee will perform cash spot counts. Two random spot counts will be conducted on a monthly basis. Procedures for the random cash spot checks will be detailed in the Customs cash guidelines.

Finding No. 3 Segregation of duties: Customs Lieutenant, Joe Utu, who manages the Processing & Collection division will oversee and assign duties to include segregation of cash receipting and cashiering functions. These duties will be outlined in the Customs Cash guidelines. In situations where lack of staffing (due to absenteeism) does not allow for segregation of duties, P&C will detail in the guidelines other internal controls to implement such as cash spot checks throughout the day and/or verification of cash and receipts every two or three hours. If Customs staff work in shifts, verification will occur at the end of one shift and prior to the start of the next shift.

Finding No. 4 Inadequate internal controls: Once the cash guidelines are written, approved and implemented, strict adherence to internal controls will be enacted by the Chief of Customs and the P&C Customs Lieutenant. Regarding receipts used out of sequence, a brief notation by



the Customs agent to the Custom Lieutenant will be required where the Lieutenant will sign off that he knows of the out of sequence receipts.

Finding No. 5 Book receipts: Similar to our response to Finding No. 4, strict adherence to the use of cash receipt books in sequential order will be implemented and supervised by the P&C Customs Lieutenant. Treasury Customs receive the cash books from Revenue already in sequential order. It will be the responsibility of Customs Lieutenant, Joe Uti, to make certain receipt books go out to the cash locations in sequential order. He will also manage the logbook that documents the issuance and returning of used receipt books.

Finding No. 6 Delay in submission of collections: ASG Customs will be seeking the Treasurer's approval for the following procedures regarding daily submission of collections.

- All cash point locations will turn in their collections to the Treasury Customs main office (P&C) at 2:30pm.
- Any cash transactions after 2:30pm will be counted towards the next day's cash
- P&C will turn in their cash collections to Revenue the next day before 8am.
- Any transactions collected after 2:30pm Friday and over the weekend will be held in the Customs vault until Monday.

A detailed SOP will be outlined in the Customs Cash guidelines regarding daily collection cash submissions. All policies and procedures in the cash guidelines will have final approval from the Treasurer prior to training and implementation.

Finding No. 7 Safeguarding public funds: ASG Customs will put in a request with the Treasurer for a new, digital vault that allow users to change the combination after a certain time span. As recommended, the Chief of Customs and his designee will be responsible for the security of the vault combination. Treasury Customs hopes to have this issue resolved before the new fiscal year. (Please note the TAO report states only one person has access to the current vault. This is not correct. Two persons have access to the vault).

Finding No. 8 Duplication of receipting: Until Treasury IT can resolve our technical issues (such as more point of sale devices/terminals and network connectivity), this finding will not be resolved anytime soon. In the interim, Treasury Customs will strengthen its internal controls regarding manual cash receipting and using receipt books in sequential order. Such updates will be outlined in the Customs Cash guidelines.

Finding No. 9 Cash receipting: This finding is an IT issue. Treasury Customs will share with the finding with Treasury IT and Treasury leadership.

Finding No. 10 Cashiering devices: Treasury Customs recognizes and understands the need for more cashiering point of sale devices and terminals at our cash locations at the Airport, Post Office, and Warehouse. The need for such technology has been communicated to the Treasurer, Deputy Treasurer and IT manager.

Appendix A



Finding No. 11 OneSolution user guide: The Treasury IT division has the technical user manual for the OneSolution software. If this is what TAO is requesting, please email Treasury IT Manager, Andrew Berquist at andrew.berquist@tr.as.gov.

If you should have any questions, please contact me and your convenience at elisara.elisara@tr.as.gov.

Sincerely,



Elisara Elisara

cc. Malemo L. Tausaga, Treasurer
Levi Reese, Deputy Treasurer
File

Appendix B

Treasury IT responses to TAO Customs cash audit:
Finding #8 –

The IT Division agrees with this finding. In the Fiscal Year 2023 budget, an allocation will be presented to ensure that the Customs Division has an adequate number of receipt printers, computers and cashing machines to accommodate this request. Due to the potential for system failures and the fact point to point connectivity is linking all the remote sites back to one central point – the Division recommends the continued availability of manual receipts for backup purposes only – in the event of a connectivity failure.

There is reporting available that is inclusive of GL Codes and Revenue Types, as well as receipt summarizes at the completion of the pre-posting phase within OneSolutions Smart Cash receipts system. The IT Division will work at better configuring these settings to ensure that these summaries are as detailed as possible in the future.

Finding #9

The IT Division will investigate the generation of receipts showing multiple sequence of numbering on the receipt documents.

At present the IT Division is working with the finance office in the near future to work on better defining functions, roles and needs for cash receipts and accounts receivable as part of ARPA funding to address improved revenue collection (from the standpoint of the system). This will be addressed.

Finding #10

The IT Division has rolled out receipt printers and cash collection points to all Customs locations, with the exception of the Airport presently. We will work at ensuring that cash collection systems are available at all points where Customs collections cash. Consideration of collecting cash in the field will be addressed with management, at this time there is not a way to conduct this, but this can be explored with the later version of OneSolution (Finance Enterprise) to see if the functionality is available and if there is a need.

Finding #11

The IT Division is working with all Treasury divisions to work on developing standard operating procedures and manuals for the use of the software. The manuals available for OneSolution are directly integrated into the software and cannot be exported from the software with much ease. They are also highly technical and aimed for users who are configuring the software and not end users. To address this, the IT Division has started to highlight SOP needs and as it performs its software upgrade to Finance Enterprise will start building these manually internally. They will be published to an intranet that will be available to Department users.

Appendix B

Currently this intranet site exists already but with limited documentation for Accounts Payable, Payroll and Human Resources only.

Appendix C

AMERICAN SAMOA GOVERNMENT
CASH RECEIPTS POLICY MANUAL

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Appendix C

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.

Appendix C

Electronic Cash Register

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

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

Official Pre-printed, Pre-numbered Receipts

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

◦ **Departments Will Account For All Pre-numbered Receipt Forms**

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

• **Procedures for Voiding Manual Receipts**

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

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

Theatre Tickets

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

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

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

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

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

1.3 Cash Receipts Received By Mail

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

1.4 Responsibilities for Cash Receipts

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

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

1.5 Policies for Accepting Personal Checks

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

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

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

1.6 Policies for Accepting Credit/Debit Card Payments

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

1.7 Cash Collected Will Be Reconciled Daily

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

1.8 Cash Receipts Will be Deposited Daily

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

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

1.9 Cash Collections Will Be Adequately Safeguarded

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

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

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

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

Examples of unacceptable places to keep the safe combination are: on a desk calendar, inside a file cabinet or folder with common access, on shared computer files/server, in a place not locked but "assumed" others would not look, etc.

Examples of where the combination can be secured if deemed secure/appropriate by the custodian are: in their wallet that is kept on their person but does specify "combination to safe" or within a desk drawer that is locked at all times that does not have common access.

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

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

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

1.11 Unidentified Checks or Money Orders

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

1.12 ASG Treasury Transmittal Forms Will Show Proper Distribution

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

1.13 Review/Approval of Cash Collections Batches

All Cash Collections Batches along with the Treasurer's Transmittal Form 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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TREASURER

UELIGHTONE TONUWAIPEA
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