

American Samoa Government Election Office (EO)

Performance Audit

For the Period of:

October 1, 2019 thru September 30, 2021



American Samoa Government
Territorial Audit Office

Tofa Sualauvi H. Su'a, Acting Territorial Auditor
Report Number: 21-08

Territorial Audit Office

The Territorial Audit Office (TAO) role is mandated by law and requires to report to the Governor on the financial performance audit of an agency and must include a statement of the scope of the audit, the findings resulting from the audit, the underlying cause and the significance thereof and an explanation or rebuttal submitted by the audited agency.

Copies of the report are also distributed to the President of the Senate, the Speaker of the House and head of the audited agency.

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American Samoa Government Election Office

Audit coverage: October 1st 2019 to
September 30th 2021

Contents	Page
EXECUTIVE SUMMARY	1 - 3
SUMMARY OF FINDINGS	4 - 12
CONCLUSION	13
Scope and approach of the audit Annex A	14
Election Office responses Annex B	15 - 17



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December 28, 2021

Honorable Lemanu Peleti. S. Mauga
 Governor of American Samoa

**American Samoa Government Election Office
 Performance Audit Report
 For the period, October 1st 2019 to September 30th 2021**

EXECUTIVE SUMMARY

Introduction

A performance audit was conducted as part of the Territorial Audit Office (TAO) annual cycle plan to determine that controls and processes are designed and operating effectively to ensure that grants management are administered in accordance with regulated requirements. These grants cover the performance period of October 1st, 2019 to September 30, 2021. The Election Office received the following federal grants totaling to \$1.8million;

- 2018 HAVA Election Security Grant, Notice of Grant Award Agreement no.AS18101001 (ASG Organization Key no.F83203)

CFDA no.	Project period	Cumulative funding	Actual expenditures	Questioned costs
90.404	March 23, 2018 to March 22, 2023	\$600,000.00	\$256,925.22	\$Nil

- 2020 HAVA Election Security Grant, Notice of Grant Award Agreement no.AS20101001 (ASG Organization Key no.F03203) and;

CFDA	Project period	Cumulative funding	Actual expenditures	Unallowable costs
90.404	December 21, 2019 to December 20, 2024	\$600,000.00	\$299,919.64	\$6,797.18

- 2020 HAVA CARES ACT, Notice of Grant Award Agreement no.AS2010001 (ASG Organization Key no.F03204)

CFDA	Project period	Cumulative funding	Actual expenditures	Questioned costs
90.404	December 31, 2020	\$600,000.00	\$600,000.38	\$57,727.50

OVERALL RESULTS OF THE PERFORMANCE AUDIT

The audit examination revealed no material weaknesses which are considered significant and have an adverse effect as to the accuracy, completeness and validity of the Election Office financial environment as a whole. The findings, observations and recommendations are summarized, with a more commentary in the Summary of Findings section of the report.

A *material weakness* is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement in the entity's financial reports will not be prevented or detected on a timely basis.

The scope and approach were communicated to the management and is summarized in **Annex A**.

The summary of findings is divided into the following as outlined in the body of the report namely;

1. matters that derived from review of Help America Voting Act grants (HAVA) 2020
2. other matters derived from observations and examination of the Election Office control environment, procedures and policies

Below is a matter of audit emphasis and our conclusion discussed the potential impact of identified deficiencies and breakdowns.

MATTER OF AUDIT SIGNIFICANCE

▪ Territorial Bank of American Samoa (TBAS) checking account

We view this as a departure from key components of internal routine and controls. From an accounting standpoint, the control environment begins with senior management. The management is responsible to develop effective internal control systems and respect their importance. The control system was designed to provide reasonable assurance that appropriately implemented internal controls will prevent and detect materially inaccurate, incomplete or unauthorized transactions and deviations from regulations and policies. *The same is further discussed in the Summary of Findings section of the report.*

Matters of added value

Another matter although less significant but draws the audit attention is the duration of time to process a request for payment. We noticed from documentation that the process is sometimes delayed and seen as inefficient and unsatisfactorily. The delay indicates a number of factors either within or beyond control(s) and we recommend for Treasury and other key departments shall continue to identify and implement suitable options that simplify the process particularly those that reduce the burden on respective departments.

The Department of Treasury had already implemented procedures and policies in accordance with statues and mandates as outlined in the Policy Guidance Manual of October 2014 - Finance Division (Standard Operating Procedure and Policy Manual). We are of the opinion that a review of specific areas should be carried out to ensure procedures and policies are still relevant and coincide with the current state of operations; for example: the new accounting software, One Solution has replaced the Integrated Financial Accounting System (IFAS).

Background

The Election Office uses funding sources provided by the U.S Election Assistance Commission under the Help America Voting Act (HAVA) 2020 to improve future elections and ensuring a safe and secure process. The fact that the voting process in the territory is less technologically than other territories and states, the Office focus was to ensure the Voter Registration System is reliable and accessible.

Management Issues

We have reported and discussed deficiencies and breakdowns in internal control and believe these are simple to fix and if they are not addressed promptly may escalate to a significant or high risk.

We have prepared recommendations and suggestions under the summary of findings heading and obtain comments from the Election Office officials to assist in fulfilling their obligation in overseeing for which they are responsible for - *Election Office responses are summarized in Annex B.*

General

Throughout the assignment, routine discussions were held or were the subject of correspondence with key personnel regarding the applications in connection with processes and transactions.

In our judgement, we received the full cooperation of the Office's officials and staff and had unrestricted access to senior management in the performance of our audit except for details of specific checks drawn from the Territorial Bank of American Samoa checking account - *this is further discussed under Finding no.8 in the Summary of Findings section of the report.*

Follow up visit

The Territorial Audit Office will perform a subsequent follow up on findings raised in the report. The Election Office shall come up with a strategy to make sure important and priority matters are satisfactorily resolved. The strategy should identify the resources, human and others and how the Election Office plans to deliver these.

Acknowledgement

We wish to record our appreciation for the willing co-operation and assistance extended by the Chief Election Officer and his staff throughout the course of the audit.

Ma le fa'aaloalo lava,



Tofa Sualauvi H Su'a
Acting Territorial Auditor

cc: Talapega Eleasalo Va'alele Ale, Hon. Lieutenant Governor
Tuaolo Manaia Fruean, Senate President
Savali Talavou Ale, Speaker House of Representatives
Uiagalelei Dr. Lealofi Uiagalelei, Chief Election Officer

SUMMARY OF FINDINGS

1. GRANT AWARDS FROM HELP AMERICA VOTING ACT (HAVA) 2020

2020 HAVA Election Security Grant, Grant Award Agreement no.AS20101001 (ASG Grant Organization Key no.F03203)

FINDING No.1 - Unallowable costs of \$6,797.18

The above grant expiration date is December 20, 2024 and the audit reveals a number of disbursements which are not clearly defined and considered in conflict with the authorized criteria of the grant. The Notice of Grant Award specifies that the purpose provided is to “improve the administration of elections including to enhance election technology and make election security improvements to the system and processes used in elections”.

For example:

Date paid	Check nos.	Payee/vendor	Amount \$	Description	Cost Category
6/10/2021	318652	Private Caterer <i>(Invoice no. 120; dated 5/6/2021)</i>	3,500.00	Catering, 100 special tray food - ASG Cabinet meeting	Acct Code: 5228; Food for consumption
6/10/2021	318503	Public Relation Specialist <i>(Reimbursement for; invoice no. 224; dated 5/4/2021)</i>	3,000.00	Catering & rental - ASG Cabinet meeting	Acct Code: 5228; Other contractual services
5/27/2021	218200	KS MART <i>(Invoice no. 2730524; dated 01/29/2021)</i>	297.18	Food items - donation for the first repatriation flight	Acct Code: 5391; Other miscellaneous
Total			\$6,797.18		

Recommendation

It is strongly recommended for the Election Office to comply with requirements and conditions of federal financial assistance.

Audit comments to Election Office written responses

We still view the above costs as unallowable and considered in conflict with the purpose of the grant award. We are satisfied that \$612.87 were costs directly related to “Election Day” services for support personnel; *(original amount of \$7,410.05 less \$612.87 (being cleared) = \$6,797.18 as unallowable).*

FINDING No.2 - Inadequate supporting documents

It was revealed from examination of disbursements that not all payments have complete supporting documentation filed. The check copies on file do not add up and therefore shows discrepancies.

**American Samoa Government Election Office
Performance Audit Report
October 1st 2019 to September 30th 2021**

For example:

Date paid	Travelers	Check nos.	Total amount of checks processed	Supporting copies on file	Nature of payment
7/26/2021	Chief Election Officer <i>T21-0071</i>	320708 & 320752	\$10,199.10	\$7,695.10	Annual National Conference for CERA
8/6/2021	HAVA Grant Coordinator <i>T21-0072</i>	320739 & 320719	\$7,033.10	\$7,495.10	Annual National Conference for CERA

Recommendation

We recommend that all disbursements should have proper and complete supporting documents. A checklist shall form part of supporting documents, prepared and signed-off and attached as evident that everything was intact and in order.

Audit comments to Election Office written responses

The Election Office must keep complete records of all disbursements. The Finance Officer or whoever is responsible shall make sure supporting documents are intact and securely filed regardless of amounts.

2020 HAVA Cares Act grants, Grant Award Agreement no.AS2010001CARES (ASG Grant Organization Key no.F03204)

FINDING No.3 - Questioned costs of \$57,727.50

The Cares Act clearly states that funds are for activities related to the pandemic. Although the list of allowable include but not limited as that the Election Office may encounter other costs, the below purchases were not clearly specified under the Purpose and Use of Funds Letter nor in the Progress Narrative Report. We considered the following disbursements as questioned costs.

- i. Check no. 00315809 for \$6,227.50 issued to K&K CORP for tools for tile repairs
- ii. Check nos. 00311662/00311186, totaling to \$6,000.00 issued to TAUTAI CAR RENTALS for vehicle rental services
- iii. Check no. 00316810 for \$45,500.00 issued to SAMOA MOTORS INC. for acquisition of a 2021 Hyundai Palisade. *A letter (copy seen) was sent to the Governor requesting approval and his signature was evident on the vendor's invoice for payment*

Recommendation

It is strongly recommended for the Election Office to comply with requirements and conditions of federal financial assistance.

Audit comments to Election Office written responses

The documentation in the Progress Narrative Report of April 7, 2020 did not adequately specify the accounting of funds for the above. The report highlights the following cost categories; Voting processes for printing to include scanners/ mailing ballots; Staffing, poll/temporary workers; Security & Training on prevention processes; Communication, changes in registration & precautions on voting procedures AND Supplies, additional laptops/mobile IT equipment/cleaning supplies & masks.

2. OTHER MATTERS OF SIGNIFICANT DEFICIENCIES DERIVED FROM OBSERVATIONS and EXAMINATION OF THE ELECTION OFFICE CONTROL FRAMEWORK

i. SIGNIFICANT DEFICIENCIES

TERRITORIAL BANK OF AMERICAN SAMOA CHECKING ACCOUNT

FINDING No.4 - Checking account establishment

The bank account was established on September 4th, 2018, upon request and administered and operated by the Chief Election Officer as holder and signer - *a trail of correspondences between the Election Office and the previous Administration on the subject matter were made available for audit inspection.*

The account was funded from locally raised revenues of candidates filing and voters ID fees collected at the Election Office - *details of funds are summarized and discussed under Finding nos.6, 7 and 8.* Check payments were for urgent and needed expenses such as meetings, official workshops and the like. The logics were to accommodate the Office operating needs and such are to be made available and process in a convenient manner. The Election Office feels that Treasury's routine process does delay and could hold-off some activities which are very urgent and in dire need.

Recommendation

Whilst the initiation was documented, we are of the view that the account establishment and operation are outside of the Election Office authority. Reference is made to A.S.A.C Title 5, Section 4.0503 "Powers and duties of the Treasurer" that unless otherwise provided by law, the Treasurer has the powers and duties to (1) collect and deposit all locally raised revenues from any source and, (11, b) unless otherwise provided by law, all receipts so collected shall be transmitted to the Department of Treasury".

Since these are locally raised revenues, the monies (public funds) should have been remitted to the Department of Treasury as required by statute. The bottom line is that the checking account shall be closed and transfer all funds to the Department of Treasury. As an alternative, the Election Office has to request Treasury for an approved Petty Cash Fund for its daily purchase requirements.

Audit comments to Election Office written responses

Comments are well noted and we will follow up for prompt implementation.

FINDING No.5 - Checking account not in the name of the Election Office

The checking account is registered under the name of the Chief Election Officer and is not in conformity with good accounting practice.

Recommendation

We recommend that all funds are to be made the property of ASG must be the held in the name of ASG Department of Treasury. This will ensure proper accounting control is exercised over all such accounts and to comply with ASG Department of Treasury cash procedures and policies.

FINDING No.6 - Not all candidates filing fees and ID proceeds were banked

Our scrutiny of receipt books reveals that not all proceeds were banked into the Territorial Bank of American Samoa checking account (*as the intention*). This was highlighted by variances where comparison was made between receipts and deposit slips. The absence of proper documentation and reconciliation certainly indicates a fact that funds were used for office purchases. The following shows the variance:

American Samoa Government Election Office
 Performance Audit Report
 October 1st 2019 to September 30th 2021

Details (from October 01, 2019 to September 30, 2021)	Candidates filing fees \$	Voter ID fees \$	Total \$
Funds collected and receipted	18,800.00	6,660.00	25,460.00
Funds actually deposited into TBAS checking acct			17,550.00
VARIANCE - unbanked funds			\$ 7,910.00

We were advised that funds were used to pay for office expenses. It is very important to maintain basic record keeping as this will help with efficiency and provides support when the information is needed.

Comments on a future audit outcome

We recommend that in future, all locally raised funds, receipted and collected at the Election Office must be remitted to the ASG Department Treasury as required by law.

FINDING No.7 - Timely bank reconciliations are not prepared nor is bank account reconciled

From enquiries, there were no bank reconciliations prepared for the checking account nor there is written evidence that it was reconciled. The following was prepared to show the cash position based on bank statements as available records on hand are incomplete.

<u>Movement</u>	\$
Initial deposit	300.00
ADD	
Deposits from September 2018 to September 2019	11,393.00
Interest earned and credited for the same period	3.52
LESS	
Checks issued and presented to the bank for the same period	(10,286.47)
Balance as at September 30, 2019	\$1,410.05

Balance brought forward from September 30, 2019	1,410.05
ADD	
Deposits from October 01, 2019 to September 30, 2021	17,550.00
Interest earned and credited for the same period	1.97
LESS	
Checks issued and presented to the bank for the same period	(15,131.29)
Bank fees for the period	(18.00)
Balance as at September 30, 2021	\$3,812.73

Comments on a future audit outcome

Again, the continuation of the checking account lies with the Executive and the Department of Treasury to sort out.

Recommendation

This is a routine accounting practice that bank reconciliations shall be prepared monthly by someone independent of cash handling, reconciled, reviews by the in-charge Finance Officer and filed promptly. Evident of such review and approval shall be documented on work schedules.

FINDING No.8 - Inadequate supporting documents or none were kept in file, totaling to \$11,300.00
A total of \$8,300.00 in checks were issued from the checking account, presented and cleared by the bank and our examination shows that supporting documentation on hand have incomplete details or none were kept in file. We are therefore unable to confirm the reasonableness of these payments.

Details of checks:

Check no. 144 - \$300.00 - *cleared on January 2nd 2020*
Check no. 145 - \$1,000.00 - *cleared on July 20th 2020*
Check no. 146 - \$500.00 - *cleared on July 20th 2020*
Check no. 150 - \$1,000.00 - *cleared on November 10th 2020*
Check no. 160 - \$1,000.00 - *cleared on February 1st 2021*
Check no. 162 - \$1,000.00 - *cleared on February 2nd 2021*
Check no. 163 - \$1,000.00 - *cleared on February 23rd 2021*
Check no. 164 - \$1,000.00 - *cleared on March 10th 2021*
Check no. 165 - \$500.00 - *cleared on April 21st 2021*
Check no. 169 - \$1,000.00 - *cleared on May 3rd 2021*

There was also a bank withdraw of \$3,000.00 showed in the bank statement on March 12, 2021 and no documentation was provided to support and confirm the payment. We were advised that funds were used for official meetings and other related office activities hosted by the Election Office.

Comments on a future audit outcome

Depending on the outcome of the checking account status, the disbursement process shall be strictly control and under the ASG Department of Treasury.

Recommendation

It is good accounting practice for the proper recording of payments before issuance of each check. This will enable the reviewer to determine the reasonableness of each payment.

We recommend that documentation of all disbursements shall be completed and to include name(s) of payees and reason(s) for payment. The supporting documents must be marked or stamped "PAID" immediately to avoid presenting again for payment. The supporting documents should then be filed in a secure place.

Audit comments to Election Office written responses

Comments are well noted and we will follow up for prompt implementation.

ORGANISATION CHART

FINDING No.9 - Organization Chart

While the Office has already written up the Organization Chart, the Organization Chart itself has not been updated nor revised. At the time of writing the report, the Election Office has made plans to update the Organization Chart and submit to the Governor for review and approval.

Recommendation

It is strongly recommended that the Organization Chart be updated to reflect the proper definition of responsibilities and allocation of duties of officials and employees on which largely depends the smooth functioning of the Office and development of a good system of internal control. It also helps in defining risk assessments and guidance on compliance with applicable laws and regulations.

ii. **DEFIENCIES**

STANDARD OPERATING PROCEDURES MANUAL (SOP)

FINDING No.10 - Standard Operating Procedures Manual

We were advised that a Standard Operating Procedures Manual has already been prepared, however no copy was made available to the auditors. We are the assumption that there is no written procedures manual in place.

Recommendation

We recommend that a manual shall be set-up and shall include all written essential tasks and will assist and removes contradictory procedures and ensures that policies and procedures are comply with laws, regulation and Office best practice. It also gives a broader picture of how things shall be run for the Office to meet its goals, provides a better service and operate efficiently.

Audit comments to Election Office written responses

This was discussed with the Deputy Director and he is not aware of any approved and filed copy. No written record was located and up to the time of field work completion.

BOARDS AND COMMITTEE MINUTES

FINDING No.11 - No records of meeting proceedings

The American Samoa Annotated Code stipulates,

- Title 1, Section 03.0104 (g) states that the Campaign Spending Commission through the Chief Election Officer shall have the charge of the commission's official proceedings "the minutes of all actions taken by the commission".
- Title 2, Section 6.0225 dictates that the Board of Registration is required to "keep books and record in which full and detailed minutes are preserved of all its proceedings".

Recommendation

Minutes of all Committee proceedings shall be documented and filed as require by law. The Boards designated Secretaries shall ensure these records are kept on a day-to-day basis and shall contain the require information as contained in the American Samoa Annotated Code.

AMERICAN SAMOA ANNONATED CODE (A.S.A.C)

FINDING No.12 - Review of relevant Titles and Chapters

Our review of other miscellaneous charges reveals that stipend disbursements were issued to eight (8) board members at \$500 each and the Chairman for \$700. Title 2, Section 6.0202 states that "members of the Board of Registration are to serve without compensation", however Title 10, Section 6.1002 allows payments to the Board of Registration as election expenses.

There has been no revision nor amendment(s) to the current American Samoa Annotated Code provisions. We have also not seen an executive approval to waive or specify alternative requirements for any provision of statute in connection with payment of compensation.

Recommendation

It is important for the Election Office to carry out a review of specific chapters and sections in the Code and refine those that needs revision and or amend to reflect changing values of the present time. It also removes confusion on the interpretation of various components in the Code.

CANDIDATES FILING REPORTS

FINDING No.13 - Preliminary and final financial reports

Our examination of candidates' election contribution reports as require by law are not met. Out of all candidates, only two did not file reports. The explanation given was that these candidates travelled off-island and could not provide the require reports on time.

The American Samoa Annotated Code specifies under Chapter 1, Section 03.0141 and Section 03.0143 that all running candidates shall filed and submit preliminary and final reports to the Election Office before and completion of the election process.

Recommendation

We strongly recommend that it is important for require reports under law to be filed accordingly. The Election Office shall make sure that such requirements from candidates are pursued and fulfilled.

VOTERS REGISTRATION FILES

FINDING No.14 - Expiry dates noted on Application for Voter Registration files

Our examination of selected registrations show that expiry dates recorded on some Application for Voter Registration forms contained in manual files do not match with the information in the system. The expiration date under the current ID system is three (3) years. We understand that the printing process of all IDs is outside the parameters of the inputting personnel. For example:

Voter ID	Village	Type of registration	Expiry date
09A1428	Pago Pago	Replacement	10/04/2031
10A194	Atu'u	Replacement	06/30/2030
12A637	Fagasa	Replacement	05/15/2030
15E2189	Tafuna	New	08/13/2028
11A1341	Aua	New	04/28/2030
13A1083	Leone	Re-registered	03/04/2030
17C325	Malaeloa	Re-registered	10/05/2030
01A343	Faleasao	Replacement	11/08/2026

Recommendation

We strongly recommend that recorded information shall be checked for accuracy and completeness. The final approver shall make sure the information shown in the system does match the information in manual files.

UNUSED SUPPLIES - RECEIPT & INVOICE BOOKS

FINDING No.15 - Physical register to control issuance of unused manual receipt and invoice books

Although unused manual receipt and invoice books are locked, there is no register to physically control their issuance. The Office receipt books were acquired from local retail stores and not ASG printed books.

Comments on a future audit outcome

The use of an electronic cash register or a POS system to be installed will improve the accountability and safeguarding of assets.

Recommendation

We strongly recommend for a register to physically control the issuance of all unused invoice and receipt books. The register shall have complete information of issued date, book numbers and sequential numbering. The person who uplifts shall also signed as evidence of receiving the supplies.

FINDING No.16 - Missing manual receipt copies

Our review of manual receipts reveals that not all receipt copies are properly kept and filed.

For example: Rec.#500109 and Rec.#727960 - *this is to be read in conjunction with findings discussed under the Territorial Bank of American Samoa checking account.*

Comments on a future audit outcome

Again, the use of an electronic cash register or a POS system will improve the accountability and safeguarding of assets.

Recommendation

We strongly recommend that all manual receipt copies shall be kept and attached to receipt books. Adequate documentation shall be noted for missing or unaccounted sequence with complete explanations for such.

FINDING No.17 - Locked Cash drawers and/or an electronic Cash Register

From observations, there is no locked cash drawers nor an electronic cash register made available and used for the purpose of securing and safeguarding cash during normal business hours - *this is to be read in conjunction with findings discussed under the Territorial Bank of American Samoa checking account.*

Recommendation

The Office shall consider acquiring an electronic cash register for daily collections. Cash must be physically protected and also improved security and accountability through the use of locked cash drawers and/or an electronic cash register.

PAYROLL

FINDING No.18 - Filing and maintenance of payroll records

Payroll expense is a major cost in the Office expenditures. Our selected sample for testing reveals that not all payroll records (*copies of time cards*) were securely kept. We assumed that the missing payroll records were misplaced. In addition, payroll reports for the 2020 election poll workers were not made available for inspection.

For example:

Time cards for pay-periods ending; 080820, 082220, 090520, 091920, 100320, 101720 and 103120.

Recommendation

We strongly recommend that payroll records must be stored in a secure place. The clerks responsible for filings shall ensure at all times that ALL payroll records are securely kept.

FINDING No.19 - Employees pay rates

Employee pay rates in files do not correspond with the payroll report (*labor distribution reports*). Our examination reveals variances. The explanation given was that these variances derived from the rollback process. We have not seen a written confirmation from either the Department of Treasury or the Human Resource confirming that the issue has been finalized. However, later payrolls for the period under examination show additional payments were made to respective employees.

For instance:

Employee ID	Rate per file	Rate per Labor Report (payroll)
0551039	\$6.04	\$5.73
0510660	\$6.04	\$5.73
0224212	\$31.25	\$23.08
0247754	\$5.77	\$5.21

Comments for added value to corrective action already taken

Although the matter has been corrected, this is a very important issue in that employee pay information must be correctly recorded and in a complete manner. A senior officer shall review and confirm that all information is correctly updated in files and any shortcomings shall be immediately investigated and resolved.

TANGIBLE (FIXED) ASSETS

FINDING No.20 - Tangible assets inventory report

From enquiries and observations, the Office did not prepare nor maintain updates of all tangible assets in its possession. In addition, there shall be a system in place to assess asset conditions and keep them in working order. There was no physical count performed for the Office entire assets, therefore the accuracy of all capital expenditures acquired and, in possession cannot be accurately determined.

We understand the Property Management Office has completed the motor vehicles verification yet other assets had not been fully inventoried.

Recommendation

It is very important that timely physical counts are performed to verify the existence of ALL assets acquired. The Office shall implement a system for assessing and monitoring to ensure assets are safeguarded from damaged (*and equipment failure*), misuse and theft.

CONCLUSION

The performance audit has identified a number of issues which are view to be easily fix otherwise these will escalate to a higher risk. Important matters that have a significance impact on the Election Office shall be a matter of priority. The bottom line lies with the management team whose obligations and responsibility are to make sure internal controls and processes are operating effectively and efficiently.

The Election Office was at times lacks in the preparation and documentation of expenses on certain disbursements. The decision making in determining whether disbursements do fall within the conditions of grants have a conflict with the terms and requirements under the Notice of HAVA Grant Awards. The examination also found that there was a potential non-compliance with the ASG cash handling procedures and the establishment of the Territorial Bank of American Samoa checking account.

The Territorial Audit Office can conclude that the deficiencies identified are the result of not complying with regulated and administered procedures, policies and controls and management lacking in making of sound financial judgements.

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Definition

The definition of deficiency and significant deficiency are as follows:

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when (a) a properly designed control does not operate as designed or (b) the person performing the control does not possess the necessary authority or competence to perform the control effectively.

A *significant deficiency* is a deficiency or combination of deficiencies in internal control that adversely affects the entity’s ability over financial reporting that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

AUDIT SCOPE and APPROACH

1.1 Audit Scope

We performed our audit of the Election Office in accordance with relevant provisions of the American Samoa Annotated Code (A.S.A.C), Department of Treasury Cash Handling Procedures and requirements of the 2018 & 2020 Having America Voting Act (HAVA) Election Security and CARES Act Grant Awards.

The periods covered in the review were from October 1st 2019 to September 30th 2021.

1.2 Audit Objectives

The objectives were:

- i. grant funds are being utilized economically, efficiently and effectively and in compliance with conditions, rules and regulations
- ii. candidates filing fees and voters replacement ID funds are receipted and deposited in accordance with ASG Department of Treasury cash procedures and policies
- iii. procedures addressing payroll activities have been developed and documented and Election Office does comply with established ASG policies

1.3 Auditing Standards

Our audit was conducted as applicable in accordance with generally accepted *Government Auditing Standards* (2018 revision) as issued by the Comptroller General of the United States. Accordingly, we included such tests of records and procedures that were considered necessary under the circumstances and obtain sufficient evidence to provide a reasonable basis of our findings and conclusions based on audit objectives.

1.4 Audit Approach

Procedures performed in this examination included inquiries of functional management and personnel to understand the process and control framework, review process and procedural documentation and inspection of management documentation to determine whether the identified controls have been implemented and are functioning as intended.

The following procedures were performed to attain the objectives of the audit:

- obtain Department of Treasury Expenditure Reports, Election Office approve budgets and other reports necessary for examination
- test selected disbursements to ensure these are properly authorized by the Election Office and within the conditions and requirements of HAVA grant awards
- review procedures and policies in place to make sure assets are safeguarded from loss (damaged), misuse and theft
- test selected payrolls for completeness and activities are within the ASG established policies and procedures

Our audit procedures were designed and selected to obtain audit evidence and depend on our judgement, including the assessment of risks whether caused by fraud or error. Our consideration of internal control was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

Election Office Performance Audit Report

Finding No. 1. – Unallowable costs of \$7,410.75

Write up justifications for these incurred costs are as follows:

Ck.#318652/#318503 : Pre-Election Summit

Ck.#314177/#314178/#218200 : Early Election Registration Outreach

Under these programs, these costs are allowable according to the grantor as they are part of ongoing programs funded by HAVA since first receiving grant funds in 2002.

Finding No. 2. – Inadequate supporting documents

The packages for the named checks that were disbursed are attached to the TA for which these checks were issued. These checks are per diems for the travelers and the costs are highlighted in the TA that Treasury pre-approves. An effort will be made to retrieve a copy of these supporting documents for our office to keep records of as well. Checks are still active and intended for its original purpose. The CERA/Standards Board Meeting that is held annually was temporarily postponed until a later date due to the Omicron Variant of the Corona virus and has been announced for early next year, participation is mandatory for all states and territories.

Finding No. 3 – Questioned Costs of \$57,727.50

The 2020 HAVA Cares Act Grant has gone through the closeout of the grant and the final FFR has been received and approved by the Election Assistance Commission (Grantor). The EAC or grantor was satisfied with the closeout of the Cares Act Grant.

Finding No. 4 – 8 - Checking account establishment

Recommendation Noted. After the Audit, it has been decided by the Chief Election Officer and managing staff that the Checking account will be closed and any revenue collected by the Election office will be deposited into the ASG General Fund with the Department of Treasury. A request will be put to the Treasurer to process petty cash for the Election Office as recommended by the Auditor.

Finding No. 9 – Organization Chart

The Election Office's Revised Organizational Chart has already been submitted to the Office of the Governor for approval. Once approved by the Governor, the approved copy will be made available and submitted.

Finding No. 10 – Standard Operating Procedures (SOP)

The Election Office does in fact have a Standard Operating Procedures Manual, however, it is very much outdated and needs to be reviewed and updated. It is the intention of this office to complete the review and update of the SOP before the end of the quarter.

Finding No. 11 – *No records of meeting proceedings*

Recommendation duly noted and it is the intention of the Election Office to make this a practice for future board meetings and to include this practice in the updated version of the SOP.

Finding No. 12 – *Review of Relevant Titles and Chapters*

The Governor currently has a project with all government offices, departments and agencies in progress and has been since January of this year. It is the Rule Reform Project and its purpose is to review and update all rules, policies and laws that are currently in place for all ASG offices. Conflicting laws/titles will surely be reviewed and changed accordingly, by all counsels involved in the project.

Finding No. 13 – *Preliminary and Final Financial Reports*

It is common practice for our office to enforce collection of preliminary and final financial reports for all candidates during the election process. The Audit's recommendation is noted with thanks and additional efforts will be made to ensure the completion of all reports by candidates before the certification of the election results.

Finding No. 14 – *Expiry Dates on Voter Registration Files*

Files and records have since been corrected; additionally an effort is currently in process to review all voter records and files and should be completed before the upcoming 2022 Midterm Election.

Finding No. 15-17 – *Electronic or Physical Register/Missing Manual Receipts/Locked Cash Drawers*

The Recommendation highlighted by the Audit Report is duly noted and the Election Office will work on putting a system in place that includes the use of a cash register, electronic generation of receipts and records for day to day operations.

Finding No. 18 – *Filing and Maintenance of Payroll Records*

The system the division of Administration and Finance have in place for filing payroll records is a reliable one. In an effort to further ensure the maintenance of these records, our office will write in to the SOP that a review and inventory of records shall be completed by the division at the closing of every fiscal quarter.

Finding No. 19 – *Employee Pay Rates*

The employee pay rates mix up as highlighted by the Audit is understandably beyond that of the control of the Election Office. At the beginning of the year, the rollback performed by the Department of Human Resources changed the entire Election Office staff's pay rates 3 different times. We did not receive prior notice to the last two changes until our Administration/Finance Division staff noticed the changes upon receipt of the payroll checks. This new fiscal year, records and rates have been corrected.

Finding No. 20 – *Tangible Assets Inventory Report*

ASG's Property Management Office is responsible for all of ASG's inventory as they tag and distribute along with Procurement every item that ASG pays for. However, as this is a concern highlighted by the Audit, an inventory is currently being taken of everything at the Election Office and a copy of that will be submitted to Property Management.