



American Samoa Government
Sports Complex Management Office

Unannounced Cash Count
and
Follow-Up Review on Prior Audit Report

June 27, 2022



Territorial Audit Office
Tofa Sualauvi H. Su'a, Acting Director
Report Number: 22-04



**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

August 16, 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: Sports Complex Management Office – Follow-up Visit & Unannounced Cash Count on June 27, 2022

Talofa Honorable Governor Lemanu,

The Territorial Audit Office (TAO) conducted a follow-up visit on last year's unannounced cash count with the Sports Complex Management Office (SCMO) to check on the enforcement of corrective actions implemented per recommendations. During this visit, TAO also performed a cash count to ensure that cash was deposited daily and intact as required under the ASG Treasury's Cash policies.

The results of our audit, along with recommendations for corrective actions and SCMO's management responses, are included in this report. Furthermore, we are pleased that SCMO has implemented two out of four previous recommendations, only one remains to be implemented, and another one, for a Point of Sale – POS is still pending, awaiting Treasury's IT personnel implementation.

I acknowledge the assistance and cooperation of the SCMO's Director Utaifeau Lefiu Bill Kalasa, and Staff during this audit.

Ma le fa'aaloalo tele,

Tofa Sualauvi H. Su'a

cc: President of the Senate – Honorable Tuaolo Manaia Fruean
: Speaker of the House of Representatives – Honorable Savali Talavou Ale
: Lt. Governor – Honorable Talauega Eleasalo Vaalele Ale

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1 Introduction

This audit is a follow-up to report no. 21-03, issued on February 19, 2021 for the Sports Complex Management Office (SCMO). Our review focused on the office’s daily green fees collected at the Ili’ili Golf Course and events at the Veterans Memorial Stadium.

To accomplish our follow-up review, we conducted an unannounced cash count on June 27, 2022 at the Ili’ili Golf Course and the SCMO.

2 Background

ILI’ILI GOLF COURSE

Ili’ili Golf Course is under the jurisdiction of the American Samoa Government (ASG) Sports Complex Management Office (SCMO). The Golf Course collects cash from green fees, seven days a week.

The Golf Course refers to their cash collection cashiers as Starters who accept payments from players. The cash collection office for the Starters is located at the entrance of the golf course. The office is a small building that only fits two employees and has no power and internet service.

Although the last known update for the green fees was July 29, 2013, the rates still apply today. The following are golf course hours and current green fees:

Hours of Operation: Monday to Sunday 6:30am to 6:30pm

Green Fees:

Weekends & Holidays	18 Holes	\$10.00
	9 Holes	\$5.00
Weekdays	18 Holes	\$7.00
	9 Holes	\$4.00

In our observation, we noted the cart rentals are provided and operated by a private business. We were not informed of the current arrangement between the Golf Course Management and the carts rental operators that has existed for some years.



VETERANS MEMORIAL STADIUM

The SCMO is also the site for many main sporting events in American Samoa as well as other various official events, including Flag Day festivities and large gatherings. The 10,000-capacity Veterans Memorial Stadium is the largest venue for sports in the Territory and serve as

American Samoa's national stadium. It is the home venue of the American Samoa national football team, hosting all of their home games. The Veterans Memorial Stadium is currently utilized mostly for seasonal High School and Youth football leagues, rugby, soccer, and various track and field sports events. Collections for High School sporting events and other events are being administered and handled by SCMO.

3 Scope

The follow-up audit covers the period of June 20-27, 2022.

4 Objective

The audit objectives were to:

- i. Determine the existence and adequacy of written cash collection policies and procedures.
- ii. Determine whether cash and supporting payment receipting records are adequately safeguarded.
- iii. Determine whether cash receipts are complete, accurate, and adequately documented, recorded, and deposited in a timely manner.
- iv. Determine whether the prior audit recommendations were implemented.

5 Methodology

- i. Conducted an unannounced cash count.
- ii. Interviewed management staff and fund custodians.
- iii. Reviewed receipts and collection procedures.
- iv. Reviewed the sequential number order of receipts.
- v. Reviewed deposits to Treasury Revenue Division.
- vi. Verified that the cash collected was properly safeguarded.
- vii. Obtained and reviewed the transmittal letters to ensure cash was deposited in a timely manner.

The audit was conducted in accordance with the Office of Inspector General (OIG), Quality Standards for Internal Inspection and Evaluation (I&E); by Council of the Inspectors General on Integrity and Efficiency (CIGIE). Accordingly, we performed tests of source documents, records, and other auditing procedures to obtain sufficient and appropriate evidence to support our findings and conclusions based on our audit objectives.

6 Cash Count

We conducted an unannounced cash count on June 27, 2022, at the Ili'i Golf Course cash collection office. We counted a total cash of \$89, which agreed with supporting receipt numbers 49403-49416, no exceptions noted.

Additionally, we visited the SCMO office to verify cash collections during the weekend (June 24-26, 2022) but we were told the cash collection was already submitted to ASG Revenue division for deposit. We later reviewed and verified the deposit receipts which agreed with the supporting receipts and we found no exceptions. We also verified the deposit receipts for the week days (June 20-23, 2022) and found a shortage of \$15 for the receipt numbers 35971-47150 (refer to Finding #2).

During our physical site inspection, we verified an existing vault in the Director's office to properly safeguard the cash collected at the end of the day. The Director and Assistant have the key to the office, whereas the Supervisor and Head Starters are the only two that can access the vault.

6.1 Findings and Recommendations

Finding #1: No written policies and procedures for cash collections.

This is a recurring finding from the previous audit report.

We found that SCMO still does not have their own written policies and procedures specific for cash collections at the Golf Course and Veterans stadium.

Having cash collection policies and procedures specifically for the department will help eliminate cash loss, guide employees in executing their work and increase accountability.

Recommendation: We recommend that the SCMO Director work in conjunction with the Treasury Department to establish and implement their own written policies and procedures specific for cash collections at the Golf Course and SCMO.

Finding #2: Cash collections not deposited timely.

We found during our reviews that SCMO is not making daily deposits but withholding cash for up to four (4) days.

The ASG Cash Receipt Policy Manual; under Cash Receipting for all Departments; 1.8 states that *"All deposits should be made daily and intact – no cash should be retained or expended. ASG Treasurer may make exceptions to the daily deposit requirement in writing. In the event that the amounts of cash collected at certain remote locations do not warrant the time and cost required of making daily trips to the bank or the Revenue Department, Treasury will*

establish a minimum threshold on a case-by-case basis for cash receipts collected before a deposit is prepared.”

As proof of the non-compliance with the above-mentioned policy we summarized below our findings of the number of days the cash was delayed in being deposited.

Table 1

Transmittal Letter No.	TL Dates/ Total	Date of Deposit/ Total	Cash receipt Dates/ Total	Cash receipt no./ Total	Variance	No. of days delay
299774	6/20/22 \$1,180	6/24/22 \$1,180	6/20/22 \$1,195	35971-47150 \$1,195	\$15	4
299775	6/21/22 \$282	6/24/22 \$282	6/21/22 \$282	47151-47200 \$282	\$0	3
299776	6/22/22 \$293	6/24/22 \$293	6/22/22 \$293	47201-47247 \$293	\$0	2
299777	6/23/22 \$444	6/24/22 \$444	6/23/22 \$444	47248-47319 \$444	\$0	1

Recommendation: We recommend that the Director of SCMO comply with the ASG Cash Receipt Policy to avoid any fraud, waste and abuse of cash collection funds.

Finding #3: Misuse of Cash Collection Funds

Our review of Transmittal Letter (TL) number 299774 dated June 6, 2022; supported by cash receipt numbers 25971-47150 was deposited to ASG Revenue division totalled \$1,180. Consequently, our review showed that total collections based on receipts issued was \$1,195. In our review we found the following:

1. Lack of verification of deposit by supervisor or equivalent.
2. A cash shortage of \$15 (refer to Table 1 above).
3. Incorrect total amount of \$1,180 noted on TL for deposit (refer to Exhibit A – Figure 1). Based on our review, total cash receipts amount to \$1,195.
4. Falsification of cash receipt amount on receipt nos. 47141-47149 from \$5.00 to \$4.00; based on our verification of fund custodian adding machine tape which supports the deposit of \$1,180 (refer to Exhibit A – Figure 2).

a. SCMO

The fund custodian prepared the transmittal letter which totalled all cash collections (including the Golf course and Veterans stadium) and agreed to all cash receipts issued. Afterward, it should be forwarded to the Supervisor, who reviews and verifies the accuracy of the deposit before submission to ASG Treasury, Revenue Division.

However, our review showed there was no supervisory review, as shown on the TL number 299774 submitted to ASG Treasury, Revenue Division on June 24, 2022. Therefore, the lack of supervisory review which was to ensure the accuracy of deposit made, resulted in cash shortage going undetected.

b. Treasury – Revenue division

According to Revenue Manager, the teller verifies the deposit based on the total cash and checks submitted, to the total amount shown on the transmittal letter. Revenue division is unable to verify the accurate amount of deposit without recalculating the total receipts supporting the TL which resulted in cash shortage going undetected.

The ASG Cash Receipt Policy Manual; under Cash Receipting for all Departments; 1.7 states that *“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 reconciliation should not be performed by the employee handling cash receipts. Cash shortages should be identified, documented, and analysed 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.”*

Recommendation: We recommend the SCMO Director to ensure the Cash Collection Supervisor properly reviews all cash collection deposits before submission to ASG Treasury, Revenue division. The employee handling cash receipts should not perform the reconciliation of deposit. Also, cash shortage should warrant disciplinary action for employees, if necessary.

We recommend the Revenue Manager to ensure tellers: (a) properly verify deposits by calculating all supporting receipts and agrees to amount noted on transmittal letter, to eliminate any shortages. (b) Immediately inform the agency when discrepancy is noted. (c) Issue Revenue receipt on accurate amount of deposit, any shortages should be reported to agency Director to recover funds.

Finding #4: Absence of a fee schedule for public awareness.

During our visit, we noticed no fee schedules posted anywhere on the premises. However, a fee schedule is essential for customers, to provide public awareness and avoid overcharging of fees. Moreover, publishing a fee schedule is considered good business practice.

Recommendation: We recommend a fee schedule to be displayed at the cash collection’s office for the customers. This is a good business practice for players to be aware of existing green fees rate at the golf course.

7 Follow-up on Prior Audit Report No. 21-03

Finding #1: No written policies and procedures for cash collections.

Recommendation: We recommend that the SCMO Director work in conjunction with the Treasury Department to establish and implement their own written policies and procedures specific for cash collections at the Golf Course.

Follow-up result: NOT IMPLEMENTED. The SCMO has not written up their own policies and procedures for cash collection.

Finding #2: The Golf Course uses multiple receipting methods.

Recommendation: We recommend the SCMO Director use only one receipting method. Revenues generated by the Golf Course are the main collections for the SCMO and this source of income should be properly controlled and safeguarded. Failure to have the appropriate controls in place over cash receipting increases the risk that cash could be misappropriated.

Follow-up result: IMPLEMENTED. The Starter issues one receipt per customer. According to the Starter, their sign-in sheet is for reference only, for customers who paid but were unable to complete a game due to bad weather. The sign-in sheet would allow such customers to return at a later date to play without having to pay again if they provide receipt.

Finding #3: Starters hold on to daily cash collections overnight.

Recommendation: We recommend the SCMO Director immediately stop their current practice of having the Starters take home cash collections overnight and establish a procedure that will comply with end of shift cash to be reconciled daily. The Director should also put in place safeguards for overnight to cash collections.



Furthermore, we recommend that the cash collected be stored in the vault at the end of each shift. This minimizes the possibility for the misappropriation or loss of cash.

Follow-up result: IMPLEMENTED. We verified an existing vault in the Director's office.

Finding #4: Lack of physical safeguard for cash collection.

Recommendation: We recommend the SCMO Director to install a Point of Sale (POS) system to streamline the cash collection process at the Ili'i Golf Course. The system will instantly account for revenues received and will default each transaction to the right revenue account

and summarizes all its transactions on a daily basis. This computerized POS system will also ensure efficiencies, generate receipts and receipt numbers automatically and will allow Treasury Revenue and the SCMO administrators to view only access options. The costs to have this systems set-up, installed and maintained are quite minimal and will certainly improve cash collection procedures.

Follow-up result: NOT YET IMPLEMENTED. Pending due to Treasury Division still in the process of developing this system.

8 Results

As a result of our unannounced cash count, we found two out of four previous recommendations were implemented. Only one remains to be implemented, and another is yet to be implemented as it is still pending.

We encountered three new findings during our visit; (1) Cash collections not deposited timely, (2) Misuse of cash collection funds, and (3) Absence of a fee schedule for public awareness.

Complying with ASG policies and procedures is essential for the smooth operation of any department.

9 Conclusion

The findings noted above are a sign of risks in cash collection procedures that can lead to potential fraud, abuse, and mismanagement of funds by employees involved.

The Territorial Audit Office (TAO) conducted an exit conference with the Sports Complex Management Office (SCMO) Director, and Management Representatives: Division head and Golf course supervisor on July 20, 2022. The purpose of the meeting was to present, review and discuss proposed audit findings and recommendations contained in the preliminary report, with representatives from the audited agency.

The Sports Complex Management is then required to submit a written statement on whether they agree or rebuttal the proposed audit findings, including any corrective actions to be taken that are designed to prevent recurrence of these findings. The Agency's response is required to be submitted to TAO within 15 days after receipt of the proposed findings, and subsequently published in the final audit report.

10 Response from SCMO

Upon meeting with the Sports Complex Management Office, the management concurred with all of our findings. Refer to Exhibit B.

11 EXHIBIT A

- Figure 1: Copy of TL #299774 and Revenue Office's receipt
- Figure 2: Copy of receipts #47141-47149 and SCMO's register tape for TL #299774

AMERICAN SAMOA GOVERNMENT
CASH RECEIPT TRANSMITTAL LETTER

DK-00 (10-00)
R-299774

To: Treasurer: Sports Complex (Golf Course) Date: June 30, 2022

This remittance with supporting documents, represents all collections made by this office per receipt Nos. 34971-36058
and 47141-47150 dated 06-20-22

REMITTANCE		ACCOUNTING DISTRIBUTION					
Description	Amount	Fund/Obj	Account	Fund	Obj	Cost Center	Amount
Currency	\$100 50 25 10 5 2 12.19	41000	4100				
Cash							
Cash							
Checks, by names:							
TOTAL	1180						1180.00

Cash received: 6/30/22 By: [Signature] District: [Signature] Title: [Signature]
AGS/Off. TREASURY (107-186) ORIGINAL (Purple) - White
COLLECTING DEPT. - Yellow

RECEIPT FOR PAYMENT
GOVERNMENT OF AMERICAN SAMOA

NAME <u>Sports Complex</u>	RECEIPT NO. (COLS. 11-14) <u>48554</u>	
ADDRESS <u>TL # 299774</u>	DATE (COLS. 17-22) <u>6/20/22</u>	
	CUSTOMER NO. (COLS. 23-28)	
CHECK NO. <u>CA</u>	PAYMENT ON ACCOUNT	
REFERENCE (COLS. 30-34) <u>454520</u>	BILLING UNIT OR REVENUE CODE (COLS. 35-39) <u>4562</u>	AMOUNT (COLS. 43-51) <u>1180</u>
BY <u>[Signature]</u>	TOTAL AMOUNT	<u>1180</u>

Figure 1: Copy of TL #299774 and Revenue Office's receipt both with a total amount of \$1,180. Verified amount was \$1,195.

Receipt #	Name	Green Fee	Register Tape
47141	Miss	\$5	10 +
47142	Fa	\$5	10 +
47143	Volone	\$5	10 +
47144	James	\$5	10 +
47145	Fale	\$5	10 +
47146	Rudy	\$5	10 +
47147	Fale	\$5	10 +
47148	Ch...	\$5	10 +
47149	Jerry	\$5	10 +
			1,180 +

Figure 2: Receipt #47141-47149 with green fees amount of \$5 whereas SCMO's register tape has green fees amount of \$4.

TAO
RECEIVED
AUG 11 2022





EXHIBIT B

OFFICE OF THE GOVERNOR
AMERICAN SAMOA
SPORTS COMPLEX

HON. LEMANU P.S. MAUGA
GOVERNOR

HON. TALAUEGA E. ALE
LT. GOVERNOR

LEFIU BILL KALASA
EXECUTIVE DIRECTOR
Phone: 699-6330

August 9, 2022

SPORTS COMPLEX MANAGEMENT OFFICE RESPONSE TO THE OFFICE OF AUDIT FINDINGS:

FINDING 1: No written policies and procedures for cash collections.

Response:

SPORTS COMPLEX POLICIES AND PROCEDURES:

Purpose:

The purpose of this policy is to delineate Sports Complex's responsibilities within the governor's office and to provide a procedural framework for the day-to-day financial management of the Sports Complex collection process.

Sports Complex Management Office (SCMO) Division Responsibilities:

Sports Complex is responsible for the collection and safeguarding of the Stadium and Golf Course revenues.

a. Golf Course:

Ili'ili Golf Course is under the jurisdiction of the American Samoa Government Sports Complex Management Office (SCMO). The Golf Course collects cash from green fees, seven days a week. The Golf Course refers to its cash collection cashiers as Starters who accept payments from players. The only Golf Course in the Territory of American Samoa.

b. Veterans Memorial Stadium:

The Veterans Memorial Stadium is a site for many main sporting events in American Samoa as well as other various official events, including Flag Day festivities and large gatherings. The 10,000-capacity Veterans Memorial Stadium is the largest venue for sports in the Territory and serves as American Samoa's national stadium. It is the home venue of the American Samoa national football team, hosting all their home games. The Veterans Memorial Stadium is currently utilized mostly for seasonal High School and Youth football leagues, rugby, soccer, and various track and field sports events. Collections for High School sporting events and other events are being administered and handled by SCMO.

EXHIBIT B

Sports Complex (SCMO) /Golf Course Cash Collections:

"When the Starter closes for the day, his/her daily collection will be verified by the Golf Course Supervisor. After the collection is verified, the Supervisor will place the money in the Safety Deposit Box/Vault. On the very next day, Division Head/Manager and Supervisor will open the Safe Deposit Box. Supervisor then hands over the collection to Division Head, but before Division Head takes the collection, they will re-verify the money again. When everything is cleared, Division Head will take the collection to the main Office at the Stadium. He will prepare the Turn-In to be taken over to the Revenue Office for deposit. Theodora Faletoi, a clerk who is responsible for hand-carrying the Turn-In to the Revenue Office will also verify the Turn-in with the Division Head before she goes to the Revenue Office."

FINDING 2: CASH COLLECTIONS WERE NOT DEPOSITED TIMELY.

Response:

SPORTS COMPLEX (SCMO) WILL COMPLY WITH THE AMERICAN SAMOA GOVERNMENT CASH RECEIPT POLICY AS MENTIONED IN YOUR FINDINGS ON WEEKDAYS ONLY. And for Fridays, Saturdays, and Sundays Turn-Ins, these Turn-Ins will lock in our Safe Deposit Box until the following Monday because Revenue Office does not open on weekends.

FINDING 3: MISUSE OF CASH COLLECTION FUNDS

Response:

Division Head to be responsible for Cash Collection review of all cash collection deposits before it goes to the ASG Treasury Revenue Office for deposit.

FINDING 4: - ABSENCE OF A FEE SCHEDULE FOR PUBLIC AWARENESS.

Response:

A board of fee schedule will be put up next to the Starters office on September 3, 2022.


Lefiu Bill Kalasa
Sports Complex Director