

Department of Public Works
Unannounced Cash Count
February 5, 2021



American Samoa Government
Territorial Audit Office

Sualauvi Su'a, Acting Director

Report Number: 21-01



LEMANU P.S. MAUGA
Governor

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TALAEUGA E.V. ALE
Lieutenant Governor

March 8, 2021

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

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

Subject: Department of Public Work - Finance
Unannounced Cash Counts
As of February 05, 2021

A. INTRODUCTION

We conducted an unannounced cash count at the Department of Public Works (DPW), American Samoa Government on February 5, 2021 at the Accounting Division.

The audit determined whether DPW, (1) complied with policies and procedures on cash collections and whether those policies and procedures were adequate, (2) cash receipts transactions were complete, accurate, adequately documented, recorded and deposited timely and intact; and (3) maintain physical safeguard of cash, checks and unused receipts.

B. BACKGROUND

The audit conducted was to review payment fees for building permits that were issued from the Building Branch Division. DPW collects construction service fees using the form "The Application for Land Use – Building Permit" such as new construction, demolition, renovation, extension, rock walls, roads & parking lots, repairs and utilities. Construction Service fees are computed based on structure dimensions prior to cash collections made at the Finance Division.

While administering our cash count procedures, we noted several weaknesses in the internal controls that constitute reportable conditions under standards established by the ASG Treasury Cash Policy and Procedures and the American Institute of Certified Public Accountants (AICPA). These weaknesses could result in losses and could affect the department's ability to properly safeguard, record, and process cash transactions.

C. SCOPE, OBJECTIVES, AND METHODOLOGY

In preparation for this count, we looked at the entire department as one of the local revenue-generating departments of the ASG but limited the scope of our count on collections from July 14, 2020 to February 05, 2021 for building permit fees on new constructions of homes and businesses, extensions and repair work.

The objectives of the cash count are to determine:

1. That cash and checks agree with payment receipts for the day of the count.
2. That payment receipts are in sequential and chronological order.
3. Those daily collections are deposited in a timely manner.
4. That there are adequate, written policies and procedures for cash collections, and that the employees responsible for cash collections adhere to them.
5. That cash, checks and payment receipt records are adequately safeguarded.

We performed the following procedures to achieve the objectives:

1. Conduct surprise cash and check counts at the specified cash collection location.
2. Reconcile the cash collection to support payment receipts. Account for the numerical and chronological sequence of payment receipts.
3. Verify that deposits are transmitted to the ASG Treasury on a daily basis.
4. Determine the adequacy of written policies and procedures.
5. Determine that employees responsible for cash collections perform their duties in accordance with policies and procedures.
6. Determine the adequacy of safeguards for cash, checks and payment receipts through inquiry and observation.

D. FINDINGS

Finding #1 – Missing of Cash Collection of \$3,665.00

When we first conducted the cash count, we found out there was \$164.00 cash and \$1,139.00 checks for a total of \$1,303.00 with the Cash custodian. We then added up all the receipts and the total came out to \$5,654.00 and realized a cash shortage of \$4,351.00.

It should be noted that at the time of this writing, the cash and checks counted in the amount of \$1303.00 have not been deposited to ASG Revenue.

Upon questioning the Cash custodian, she explained that the cash was used to purchase supplies for the office and other urgently needed items for the department per instructions from the deputy director and this has been the common practice for some time. We then asked for receipts for the missing amount of \$4,351.00 but she couldn't come up with any until about two weeks later on February 22, 2021 the cash custodian and the deputy director submitted a report to the Deputy Treasurer with a deposit report of \$1,303.00 and supporting documents for the missing amount of \$4,351.00 with a letter from their director that everything was okay and complete. However, upon further review of the supporting documents submitted, TAO found out only \$685.00 were within the time frame of the date receipts but the other \$3,665.00 were still missing and unaccounted for up to the cash count date. (See Exhibit A and B)

This practice is a direct violation of AICPA and Government Accountability Office (GAO) standards and not allowed by ASG Treasury as per ASG Cash Policy Manual states **“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.”

The fact that these inconsistencies have been revealed, evidence has shown a possible cover up, negligent and fraudulent misrepresentation. If further investigation is required and revealed that all or part of the missing funds is due to irregularities, the responsible parties could be subject to prosecution.

Finding #2 - No Written Policies and Procedures for Cash Collections

We found out that DPW Finance Division does not have their own department cash collection policies and procedures. Therefore, existing practices do not comply with ASG Treasury Cash Policy Manual. TAO has offered to work with PWD Finance division to update with these important policies and procedures from the Treasury.

Finding #3 – Lack of Safeguard of Cash Collection and Unused Receipts.

We found that unused receipts are kept in an unlocked drawer and cash collection are kept in the supervisor purse where cash is taken home overnight for safekeeping due to no lock safe in the office. Furthermore, a cash register is not being utilized; the cash collections are kept in the Supervisor drawer with all cashiers open to the funds during regular hours of operation.

Physical safeguarding of cash collections and unused receipts require immediate improvement for DPW Finance Division to be locked in a vault. Without adequate safeguards and security, the risk of theft and misappropriation increases. When feasible, cash collections and unused receipts should be protected through the use of safes, vaults, locked cash drawers, cash registers and locked metal boxes.

Other Findings #4

Due to so many irregularities we discovered during the Cash Count; TAO extended the scope of its findings to include all transactions from January 1, 2020 to July 2020.

1. Receipt # 0682115 was missing between March 20, to March 27, 2020 - no copy was found, (See Exhibit C).
2. Due to misuse of cash, checks collected were not deposited on time so checks eventually became stale. This was a situation where on April 15, 2020, deputy director wrote to Treasury informing them of the alteration of information on these four receipts that were paid by checks were to be changed to show that they were being paid by cash. This again, was a clear violation of falsification of records and against auditing and accounting principles enforced by ASG Treasury, AICPA and OIG confirms that this unauthorized practice has been on-going for many months if not years! (See Exhibit C)
3. Days-delayed deposits between January 1, 2020 to February 05, 2021 were about 238 days or seven months. This is not acceptable at all. It's why receipts for monies received in July 2020 were only turned into the Treasury Revenue Office on January 21, 2021.
4. Unaccountable Cash from Manu'a PWD for the use of heavy equipment. We discovered a copy of a cash transmittal from Manu'a of the list of payment receipts the cash custodian confirmed cash collections were in fact received, however those payments were never deposited to the Treasury Revenue Office.

E. RECOMMENDATIONS

1. Daily cash collection deposit to the ASG Revenue Office is highly advised without exceptions.
2. Cash collections and reports must be reviewed and checked on a daily basis before turning-in to deposit in the Revenue Office.
3. Advise DPW Accounting staff to strictly comply with ASG Treasury Cash Collection policy.
4. Must have a Secured Vault or Safe to store overnight cash and unused receipt books.
5. Rotation and separation of cash handling duties among staff(s) must be implemented to monitor high risk issues in cash management. With proper separation of duties, no single employee has control over the entire cash process.
6. There should be a daily reconciliation report which will aim to compare the building permits log to cash receipts issued.
7. Training for staff especially to the Building Inspection Division to generate and utilize MS Office software such as Excel and/or equivalent, to facilitate recording logs for easier tracking and time efficient flow of work.
8. Install Point of Sale (POS) type of computer systems at PWD - Finance division in Tafuna to streamline these processes. IT Treasury and sub-contractor can assist with the

setting up and installation of systems. The system will account for the receiving of revenues almost instantly, default each transaction to the right revenue account and can also summarize transactions on a daily basis. This POS will also ensure efficiency and will generate and provide receipts and will also allow transactions to be seen by Treasury Revenue Office personnel at the end of each day and expect to receive from PWD that amount the following business day. The cost to have these systems set up are extremely minimal and Treasury Revenue collections will certainly improve.

F. CONCLUSION

A meeting was held on Tuesday March 02, 2021 at 11.00am at the Treasurer's Office with Treasurer and Treasury Officials, the PWD Deputy Director and Finance Manager TAO Acting Director and staff discussing this report and PWD official present accepted our findings and were ready to implement daily deposits.

For the missing \$3,665.00, I would await your decision but a copy of this same report will be made available to the AG for appropriate actions for the full recovery of ASG monies.

Secondly, immediate implementation of 'POS' systems to safeguard cash and to block the holes, is highly recommended!

G. EXHIBITS

EXHIBIT A

Department of Public Works							
List of Receipts to Justify Missing Cash Collections of \$4351.00							
From Period Jan 8, 2019 thru Dec 22, 2020							
DATE	C/N	T/AMT	DESCRIPTION	VENDOR	OR INV NO.	Unaccounted	Accounted
1/8/19	PC07-19	\$59.95	FAN BELT	AUTO PARTS	10939	\$59.95	
1/31/19	PC08-19	\$145.90	HYDRAULIC HOSES FOR /HOE	MEE WON	13,656	\$145.90	
2/5/19	PC09-19	\$75.00	ID IMMIGRATION RENEWAL FOR JULIUS GALATY	REVENUE	SEE RECEIPT	\$75.00	
3/8/19	PC10-19	\$62.68	WRAPPER FOR WRAPPING MATERIALS	TOOLS INC	1903-237845	\$62.68	
3/12/19	PC11-19	\$75.50	PARTS FOR PW08 BUILDING OFFICE	HAWTHORNE	7436-199084	\$75.50	
3/26/19	PC12-19	\$75.00	ID IMMIGRATION RENEWAL FOR LOLOANE ALI	REVENUE	SEE RECEIPT	\$75.00	
5/8/19	PC13-19	\$18.95	FITTING FOR VACTOR TRK PW403	MEE WON	SEE RECEIPT	\$18.95	
5/4/19	PC14-19	\$84.00	LAMPS FOR D/TRUCK PW403	HAWTHORNE	7436-204951	\$84.00	
6/20/19	PC15-19	\$75.00	ID IMMIGRATION RENEWAL FOR DYMPA RATO	REVENUE	SEE RECEIPT	\$75.00	
7/9/19	PC16-19	\$330.00	BATHROOM TISSUES 48 CT	SSAB	1250	\$330.00	
7/23/19	PC 17-19	\$52.75	HOSES REPAIR FOR BACK HOLE PW413	MEE WON	17,266	\$52.75	
7/26/19	PC18-19	\$280.00	PAPER TOWEL ROLLS	SSAB	1261	\$280.00	
7/26/19	PC19-19	\$8.00	TIRE PLUG FOR HEAVY EQUIP TIRE REPAIRS	HAWTHORNE	7436-211334	\$8.00	
7/29/19	PC20-19	\$74.95	TOILET PAPER FOR PW BATHROOM MONITOR	ACE	6715338	\$74.95	
7/31/19	PC21-19	\$17.98	HAND SOAP FOR LADIES BATHROOM	COST U LESS	6239	\$17.98	

8/9/19	PC22-19	\$22.50	FUEL HOSES FOR BACKHOE PW413	MEE WON	17,618	\$22.50
8/9/19	PC23-19	\$58.15	HYDRAULIC HOSES FOR D/T PW403	MEE WON	17,626	\$58.15
8/20/19	PC24-19	\$55.00	TOILET TISSUES FOR DPW	AVEINA BROS	2141602	\$55.00
8/20/19	PC25-19	\$32.00	PARTS FOR D/T PW403	HAWTHORNE	7436-213444	\$32.00
9/3/19	PC26-19	\$11.25	TIRE PLUG FOR B/H PW413 TIRE REPAIRS	NAPA	119839/122474	\$11.25
9/5/19	PC27-19	\$19.95	TIP FOR WELDER MACHINE AT TAU MANU'S	INDUSTRIAL GAS	IG094749	\$19.95
9/10/19	PC28-19	\$150.00	INKS FOR PRINTERS	SSAB	2249	\$150.00
9/11/19	PC29-19	\$13.00	CLEANING SUPPLIES (CLOROX 1GAL)	KS MART	2325656	\$13.00
9/18/19	PC30-19	\$140.95	HYDRAULIC HOSES FOR BACKHOE PW413	MEE WON	18,516	\$140.95
9/22/19	PC31-19	\$330.00	BATHROOM TISSUES 48 CT	SSAB	1286	\$330.00
9/25/19	PC32-19	\$349.56	CLEANING SUPPLIES	SSAB	1285	\$349.56
10/1/19	PC33-20	\$43.96	HINGES FOR ADMIN KITCHEN CABINETS	TOOLS INC	1910-008916, 1910-009157	\$43.96
10/10/19	PC34-20	\$17.42	EXHAUST VALVE FOR CONCRETE MIXER CABINETS	TOOLS INC	1910-011919	\$17.42
10/10/19	PC35-20	\$12.95	ADDING MACHINE RIBBON FOR PERSONNEL	S. MARKETING	A45612	\$12.95
11/8/19	PC36-20	\$165.00	TONER CARTRIDGE TN450 FOR TAU MANUA	IBC	190127	\$165.00
11/13/19	PC37-20	\$168.50	HYDRAULIC HOSES FOR BACKHOE PW413	MEE WON	19,767/19,762	\$168.50
11/25/19	PC38-20	\$20.60	FAN BELT FOR CEMENT MIXER	HAWTHORNE	7436-221488	\$20.60
1/15/20	PC39-20	\$85.60	HYDRAULIC HOSES FOR BACKHOE PW416	MEE WON	20,899	\$85.60
1/21/20	PC40-20	\$8.00	BUFFER STICK FOR TIRE REPAIRS	NAPA	126832	\$8.00

2/19/20	PC41-20	\$40.00	TRASH BAGS FOR DIRECTOR OFFICE	SSAB	3009	\$40.00	
2/20/20	PC42-20	\$99.10	MAILING DOCUMENTS OFF ISLAND	W.UNION/DSL	SEE RECEIPT	\$99.10	
3/4/20	PC43-20	\$15.73	SAFETY ZONE TAPES (CAUTION)	TOOLS INC	2003-063010	\$15.73	
3/6/20	PC44-20	\$102.65	HAND SANITIZER & LOG BOOK FOR OFFICE USE	SSAB	1333	\$102.65	
3/10/20	PC45-20	\$23.00	BALL BEARING FOR AUNUU CONCRETE MIXER	MEE WON	RECEIPT SALE #5	\$23.00	
4/9/20	PC46-20	\$100.00	LAMINATING GAS COUPONS (1,000CT)	SSAB	1355	\$100.00	
5/22/20	PC47-20	\$144.81	TRAIL TIRE & WHEEL FOR CEMENT MIXER	TOOLS INC	2005-102913	\$144.81	
9/14/20	PC 48-20	\$294.00	HYDRAULIC HOSE FOR LOADER PW468	MEE WON	26,588		\$294.00
9/23/20	PC49-20	\$75.00	ID IMMIGRATION RENEWAL FOR HERNILO	REVENUE	SEE RECEIPT		\$75.00
9/27/20	PC50-20	\$89.99	PRINTER FOR BUILDING DIVISION OFFICE USE	COST U LESS	9867		\$89.99
11/18/20	PC51-20	\$77.00	VASE FOR ROSA'S RETIREMENT	PHOTOGENIX/AVE DESIGN	5072/659367		\$77.00
12/11/20	PC52-20	\$22.25	BOX/OUTLET FOR PW XMAS DECORATIONS	TOOLS INC	2012-193622		\$22.25
12/14/20	PC53-20	\$58.42	ELECTRIC WIRE FOR PW XMAS DECORATIONS	MANUA TAFUNA STORE	545706		\$58.42
12/22/20	PC54-20	\$69.00	XEROX PAPER (LS) FOR OFFICE USE	SSAB	3252		\$69.00
	TOTAL	\$4,351.00				\$3,665.34	\$685.66

SOURCE: DPW & ADMIN DIVISION

EXHIBIT B

**DPW - BUILDING PERMITS COLLECTION
UNDEPOSITED CASH COLLECTION RECEIPTS - as of February 9, 2021**

RCPT DATE	RCPT#	AMOUNT	CHK#	Delays	Turned-in to TR
7/14/20	0749401	\$ 25.00		206	2/22/21
7/14/20	0749402	\$ 12.00		206	2/22/21
7/15/20	0749403	\$ 12.00		205	2/22/21
7/17/20	0749404	\$ 80.00		203	2/22/21
7/17/20	0749405	\$ 60.00		203	2/22/21
7/17/20	0749406	\$ 75.00		203	2/22/21
7/17/20	0749407	\$ 40.00		203	2/22/21
7/17/20	0749408	\$ 20.00		203	2/22/21
7/17/20	0749409	\$ 50.00		203	2/22/21
7/20/20	0749410	\$ 60.00		200	2/22/21
7/21/20	0749411	\$ 15.00		199	2/22/21
7/21/20	0749412	\$ 60.00		199	2/22/21
7/22/20	0749413	\$ 50.00		198	2/22/21
7/23/20	0749414	\$ 45.00		197	2/22/21
7/23/20	0749415	\$ 60.00		197	2/22/21
7/23/20	0749416	\$ 50.00		197	2/22/21
7/24/20	0749417	\$ 68.00		196	2/22/21
7/24/20	0749418	\$ 68.00		196	2/22/21
7/30/20	0749419	\$ 60.00	8395	190	2/22/21
7/31/20	0749420	\$ 35.00		189	2/22/21
7/31/20	0749421	\$ 65.00		189	2/22/21
8/3/20	0749422	\$ 85.00		186	2/22/21
8/6/20	0749423	\$ 40.00		183	2/22/21
8/12/20	0749424	\$ 70.00		177	2/22/21
8/12/20	0749425	\$ 60.00		177	2/22/21
8/12/20	0749426	\$ 20.00		177	2/22/21
8/12/20	0749427	\$ 48.00		177	2/22/21
8/13/20	0749428	\$ 80.00		176	2/22/21
8/13/20	0749429	\$ 12.00		176	2/22/21
8/13/20	0749430	\$ 12.00		176	2/22/21
8/14/20	0749431	\$ 25.00		175	2/22/21
8/17/20	0749432	\$ 12.00		172	2/22/21
8/18/20	0749433	\$ 25.00	177	171	2/22/21
8/25/20	0749434	\$ 60.00		164	2/22/21
8/25/20	0749435	\$ 47.00		164	2/22/21
8/26/20	0749436	\$ 12.00		163	2/22/21

RCPT DATE	RCPT#	AMOUNT	CHK#	Delays	Turned-in to TR
9/1/20	0749438	\$ 12.00		157	2/22/21
9/2/20	0749439	\$ 10.00		156	2/22/21
9/2/20	0749440	\$ 60.00		156	2/22/21
9/4/20	0749441	\$ 50.00		154	2/22/21
9/4/20	0749442	\$ 150.00		154	2/22/21
9/9/20	0749443	\$ 12.00		149	2/22/21
9/11/20	0749444	\$ 61.00		147	2/22/21
9/14/20	0749445	\$ 25.00		144	2/22/21
9/17/20	0749446	\$ 25.00		141	2/22/21
6/25/20	0749447	\$ 35.00		225	2/22/21
9/29/20	0749448	\$ 30.00		129	2/22/21
9/29/20	0749449	\$ 60.00		129	2/22/21
9/29/20	0749450	\$ 25.00		129	2/22/21
9/30/20	0749451	\$ 61.00		128	2/22/21
10/9/20	0749452	\$ 40.00		119	2/22/21
10/9/20	0749453	\$ 12.00		119	2/22/21
10/13/20	0749454	\$ 20.00		115	2/22/21
10/14/20	0749455	\$ 120.00		114	2/22/21
10/14/20	0749456	\$ 80.00		114	2/22/21
10/14/20	0749457	\$ 60.00		114	2/22/21
10/16/20	0749458	\$ 80.00		112	2/22/21
10/19/20	0749459	\$ 25.00		109	2/22/21
10/20/20	0749460	\$ 42.00		108	2/22/21
10/21/20	0749461	\$ 12.00		107	2/22/21
10/21/20	0749462	\$ 12.00		107	2/22/21
10/21/20	0749463	\$ 20.00		107	2/22/21
10/21/20	0749464	\$ 130.00		107	2/22/21
10/22/20	0749465	\$ 45.00		106	2/22/21
10/23/20	0749466	\$ 80.00		105	2/22/21
10/23/20	0749467	\$ 20.00		105	2/22/21
10/26/20	0749468	\$ 80.00		102	2/22/21
10/29/20	0749469	\$ 80.00	131	99	2/22/21
10/29/20	0749470	\$ 36.00		99	2/22/21
10/29/20	0749471	\$ 50.00		99	2/22/21
10/30/20	0749472	\$ 224.00		98	2/22/21
11/2/20	0749473	\$ 65.00	2083	95	2/22/21
11/2/20	0749474	\$ 40.00		95	2/22/21

RCPT DATE	RCPT#	AMOUNT	CHK#	Delays	Turned-in to TR
11/6/20	0749476	\$ 50.00	17029	91	2/22/21
11/6/20	0749477	\$ 60.00		91	2/22/21
11/6/20	0749478	\$ 90.00	174	91	2/22/21
11/12/20	0749479	\$ 12.00		85	2/22/21
11/23/20	0749480	\$ 75.00		74	2/22/21
11/30/20	0749481	\$ 120.00	7198	67	2/22/21
12/2/20	0749482	\$ 100.00	2856	65	2/22/21
12/11/20	0749483	\$ 12.00		56	2/22/21
12/11/20	0749484	\$ 25.00		56	2/22/21
12/11/20	0749485	\$ 25.00		56	2/22/21
12/17/20	0749486	\$ 25.00		50	2/22/21
12/17/20	0749487	\$ 25.00		50	2/22/21
12/22/20	0749488	\$ 350.00		45	2/22/21
1/4/21	0749489	\$ 48.00		32	2/22/21
1/5/21	0749490	\$ 80.00		31	2/22/21
1/7/21	0749491	\$ 80.00		29	2/22/21
1/14/21	0749492	\$ 80.00		22	2/22/21
1/21/21	0749493	\$ 50.00	262	15	2/22/21
1/27/21	0749494	\$ 100.00	4426	9	2/22/21
1/27/21	0749495	\$ 65.00	1020	9	2/22/21
1/28/21	0749496	\$ 53.00		8	2/22/21
2/2/21	0749497	\$ 50.00	125	3	2/22/21
2/4/21	0749498	\$ 50.00	1022	1	2/22/21
2/4/21	0749499	\$ 68.00		1	2/22/21
	0749500			0	2/22/21
TOTAL		\$ 5,654.00	14.00		

Column Legends:

Delays

-computation is based from Cash Count Date 2/5/21 down to original receipt date

SOURCE: Unannounced Cash Collection Feb 5, 2021

EXHIBIT C



Lolo M. Moliga
Governor
Lemani P. Mauga
Lt. Governor

AMERICAN SAMOA GOVERNMENT
Department of Public Works
Tafuna Industrial Park, DPW Complex
Pago Pago, American Samoa 96799
Tel: (684) 699-9921 FAX: (684) 699-9913



Faleosina Voigt, P.E.
Director
Fa'alavai Tu'ase
Deputy of Engineering
Laupule Tilei
Deputy of Admin & Finance

April 15, 2020

TO: Manager, Revenue Division
FROM: Deputy Director of Admin & Finance Division
SUBJECT: Receipts paid in cash

Dear Florence,

This letter is to inform your office that the three (4) receipts that were issued by checks are now paid by cash due to expired checks date. Here are the following receipts with the total amount of \$329.00;

Recpt#0682052 for \$125.00
Recpt#0682065 for \$70.00
Recpt#0682075 for \$67.00
Recpt#0682084 for \$67.00

If you have any question concerning the above matter please contact our office at 699-9921.

Sincerely,

LAUPULE TILEI