

Sports Complex Management Office
Ili'ili Golf Course

Unannounced Cash Count

February 19, 2021



American Samoa Government
Territorial Audit Office

Sualauvi Su'a, Acting Director

Report Number: 21-03

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Sports Complex Management Office
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I. INTRODUCTION

We conducted an unannounced cash count at the Sports Complex Management Office (SCMO), American Samoa Government on February 19, 2021 at the Ili'ili Golf Course. The SCMO is also responsible for the managing of the affairs and events at the Veteran's Memorial Stadium.

The audit was to determine whether SCMO, (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.

II. BACKGROUND

ILI'ILI GOLF COURSE

The Ili'ili Golf Course is under the management of the American Samoa Government Sports Complex Management Office (SCMO). The Golf Course collects cash on a daily basis from green fees only. The cart rentals are being provided and operated by a private business. We were not informed of the current arrangement between the Management and the carts rental operators as it has been in existence for some years.

The golf course is open seven (7) days a week, the green fees to golf are very reasonable. The golf course refers to their cash collection cashiers as Starters who accepts payments from players. The last known update for these fees was July 29, 2013. The followings are the 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

At the time of our visit, the main Office Building for the Golf Course at Iliili has been totally demolished and a foundation for the new building has been laid. Construction is scheduled to start at any time soon. The cash collection office for the Starters is located in a small hut (shack) that only fits two employees at the entrance of the golf course that has no power and internet services.

VETERANS MEMORIAL STADIUM

The SCMO is also the site for many main sporting events in American Samoa as well as for various official events including Flag Day festivities and other large gatherings. The 10,000-capacity Veterans Memorial Stadium is the largest venue for sports in the Territory and serve as Americans 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 other various track and field sports events. Collections for High School sporting events are being administered and handled by the Department of Education – ASHSA. Other events are being collected by the SCMO.

III. SCOPE, OBJECTIVE, AND METHODOLOGY

SCOPE

We conducted an unannounced limited scope audit at the Sports Complex Management Office on February 19, 2021.

OBJECTIVES

1. Determine the existence and adequacy of written cash collection policies and procedures.
2. Determine that cash and supporting payment receipting records are adequately safeguarded.
3. Determine that cash receipts are complete, accurate, and adequately documented, recorded, and deposited in a timely manner.

METHODOLOGY

1. Conduct a surprise cash count,
2. Reviewed receipts and collection procedures,
3. Reviewed deposits to Treasury Revenue Division,
4. Reviewed the sequential number order of receipts,
5. Interviewed fund custodians and Director, and;
6. Safeguard of the funds collected and unused receipts during operations and after hours,
7. Determined cash collections and receipts were deposited in a timely manner.

The audit was conducted in accordance with the United States Government Accountability Office (GAO) Standards for Internal Control in the Federal Government. Accordingly, we performed tests of source documents, records, and other auditing procedures to obtain sufficient and appropriate evidence to support our findings and recommendations.

IV. FINDINGS

Finding #1 – No Written Policies and Procedures for Cash Collections

We found out that the SCMO has no formal written policies and procedures for cash receipting to provide guidance and assurance over their process.

The ASG Cash Policy Manual provides a limited, general narrative of policies and procedures relative to the collections, receipting and subsequent transmittal of money to the Treasury Revenue Division for deposit. The written cash procedure (based on a receipting method that requires the use of pre-numbered cash receipt form) does not completely describe all elements required to effectively control cash collect activity.

Recommendation #1

We recommend 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.

Finding # 2 – The Golf Course Uses Multiple Receipting Methods

In our review, we found that the assigned ASG booklet receipts used are not being applied appropriately. There are two types of cash receipting methods being used to record collections. The first involves the Starters using a department created sign-in sheet as their primary record for green fees paid. Thereafter, when the Starter is not occupied, the ASG sequence receipts are than filled out using SCMO sign in sheet for each player paid with no official copy of the receipt given to the player in real time for the point of sale.

ASG Cash Policy Manual 1.2 has three acceptable receipting methods for all cash collected: Electronic cash register, Pre-printed, Pre-numbered Receipts, and Theater Tickets. There should only be one receipting method that is used. Using multiple types of receipting methods is a control weakness that increases the risk of cash being misappropriated.

This process is also a high risk for internal control structure and its operation that we consider to be a significant deficiency under standards established by the American Institute of Certified Public Accountants (AICPA). A deficiency in internal controls exist when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned function, to prevent, or detect and correct misstatements on a timely basis.

Recommendation #2

We recommend the SCMO Director use only one receipting method. Revenues generated at 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.

Finding #3 – Starters Hold on to Daily Cash Collections Overnight

During our interview with the Golf Course Starter, we found that after a shift ends the cash collections for the day and into the weekends are taken home with the Starter overnight to be turned into the main SCMO office the next business day.

ASG Cash Policy Manual 1.7 states that Cash Collected will be reconciled daily. The reconciliation should be performed at the location at which the cash was received, preferably by the site supervisor or equivalent. Cash reconciliations should not be performed by the employee handling the cash receipts. There must be another senior official to do and witness this reconciliation process with the Starters.

This process is also a high risk for internal control structure and its operation that we consider to be a significant deficiency under AICPA. Failure to have the appropriate controls in place over cash collections increases the risk of misappropriation such as theft, fraud and abuse.

Recommendation #3

We recommend the SCMO Director immediately stop their current practice of having the Starters take home cash collections overnight, but establish a procedure that will comply with end of shift cash to be reconciled daily and secure safeguards for overnight to cash collections.

Furthermore, we recommend the SCMO Director set a cut off time for cash collections to be taken to the main office each day that will lessen the amount of cash held onto by the Starter at the end of shift.

Finding #4 – Lack of Physical Safeguard for Cash Collections

We found the SCMO did not have adequate physical safeguards over cash collections. During our interview with the Division Head, it was confirmed that SCMO does not have a safe, cash box or locked drawers to hold all cash collections received at the golf course. There is a vault in the Division Head office at the Stadium but it cannot be used because the key for the vault is lost.

Also, as mentioned in finding #3 Starters should never take daily cash collections home with them overnight. These funds need to be safeguarded and kept in a safe, locked cash box or drawer, and vault that are not shared space or accessible to everyone.

Recommendation #4

We recommend the SCMO Director to install a Point of Sale (POS) system to streamline the cash collection process at the Iliili 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.

V. CONCLUSION

Weaknesses noted above are a sign of high risk in cash collection procedures and it can lead to potential fraud, abuse and mismanagement of funds by employees involved.

The Territorial Audit Office (TAO) conducted an exit meeting with the SCMO Director, and Management Representatives: Division Head Manager, Program and Project Coordinator, and Golf Course Supervisor on March 24, 2021. 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 audited agency is then required to submit a written statement explaining or rebuttal the proposed audit findings, including any corrective actions to be taken that are designed to preclude recurrence of adverse 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.

VI. COMMENTS FROM SPORTS COMPLEX MANAGEMENT OFFICE

Email submission from SCMO Division Head Manager.

FINDINGS:

1. No written Policies and Procedures for Cash Collections

SCMO Response:

Sports Complex will work closely with Treasury in implementing a written Policies/Procedures, and all as mentioned below are to be included.

GOLF COURSE CASH COLLECTION POLICY AND PROCEDURE

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 Collected Will Be Reconciled Daily.

Cash receipts should be reconciled daily to register tapes, manual receipts 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 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. All cash deposit directly with the ASG Treasury will be accompanied by a Treasury Transmittal Form. All supporting documentation for each deposit and receipt should be filed in department officers. Documentation must be of sufficient detail to satisfy audit requirements including cash-to-check composition.

Cash Collections Will Be Adequately Segregated.

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.

2. The Golf Course Uses Multiple Receipting Methods.

SCMO Response:

In order to be properly controlled and safeguarded, the daily collection at the Golf Course, starting in May, Sports Complex Starters will no longer use a Verification Log Form. They will use the receipt book only.

3. Starters Hold on to Daily Cash Collections Overnight

SCMO Response:

We will buy a Safe Deposit Box or a Small Vault. As soon as we get one of the two as mentioned above, this is the method Sports Complex will use for its daily Cash Collection. When the Starter closes for the day, his/her daily collection will be verified by the Golf Course Supervisor. After the collection is being verified, the Supervisor will place the money in the Safety Deposit Box/Vault. On the very next day, Division Head Manager and the Supervisor will open the Safe Deposit Box. The Supervisor will then hand over the collection to the Division Head Manager who will take the collection to re-verify the money again. When everything is cleared the Division Head Manager will take the collection to the Stadium Office to prepare the turn-in to be taken over to the Revenue Office for deposit. A clerk who is responsible to hand-carry the turn-in to the

Revenue Office will also verify the Turn-in with the Division Head Manager before cash collections are deposited.

4. **Lack of Physical Safeguard for Cash Collections**

SCMO Response:

A request to the Treasurer for a Point-of-Sale machine to use at the Sports Complex will be done, but we believe that if we buy/install a Point of Sale, the bank fee will cost more than what we collect from a player or the whole amount of the collection per day.