



**AMERICAN SAMOA GOVERNMENT
TERRITORIAL AUDIT OFFICE**

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TAFUNA, PAGOPAGO, AS 96799



Performance Audit Report
of the American Samoa Visitors Bureau (ASVB)
A Report to the Governor and the Legislature of the
American Samoa Government
For three fiscal years ending September 30, 2022



AMERICAN SAMOA GOVERNMENT
TERRITORIAL AUDIT OFFICE
Report Number: 23-04

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Executive Summary

The Territorial Audit Office (TAO) conducted an audit of the American Samoa Visitors Bureau (Bureau) as part of its 2023 annual workplan. The audit was included in the workplan in response to a directive from the legislature, which requires the TAO to examine the condition of financial records and accounts of the Bureau at least once a year.

The Bureau has been operating as a semi-autonomous entity since 2009 and has been under the same governance structure since the introduction of the American Samoa Visitors Bureau in 2009. The Bureau has an Executive Director and is accountable to the Board of Directors.

The Bureau's primary objectives of the organization are to expand, develop, and strengthen the local tourism and hospitality industry, as well as to increase awareness of the economic benefits that the travel, tourism, and hospitality sector can bring to our territory. The Bureau also plays a crucial role in preserving our culture and traditions through the activities and initiatives it undertakes.

The primary objectives of this audit were to evaluate internal controls, for compliance with applicable policies, procedures, laws and regulations pertaining to the following:

- a. Purchases, Receiving, and Disbursements
- b. Personnel, Payroll Processing, and Accounting
- c. Fixed Assets Accounting - movements (acquisitions, disposals, transfers and depreciation) and physical verification
- d. Governance processes for Conflicts of Interest Processes, Disclosure and Monitoring

As reported in Finding 1, our review of quarterly performance reports revealed that significant work has been done by the Bureau as evident by a considerable array of information reporting progress towards improved performance. However, we identified deficiencies with the present arrangement:

- Although there are efforts toward establishing an effective approach, the Bureau currently has no overall guiding framework for competitiveness, standards or methodology have been introduced to engender consistency or the methods used to produce such information. For instance, according to the Bureau's Marketing Manager, the Bureau has no marketing plan.
- The Bureau's reporting system lacks a proper assessment and validation of reported information. As a result, whatever information is reported has not been subject to a Board review (absence of regular Board meetings and no documented minutes). It is anomalous that performance information goes unvalidated.

Finding 2 reveals several areas that require the Bureau's attention due to the lack of policies and procedures. Accordingly, the audit report recommended the Bureau update and complete written policies and procedures to ensure processes are in accordance with internal controls and with the American Samoa Code Annotated.

Specifically, we noted the following:

- The Board did not fully comply with its duties and responsibilities as contained in the Code
- Board members may have potential conflict of interests driven by their involvement in the travel industry in American Samoa
- The Bureau's Standard Operating Procedures are outdated
- The Bureau did not satisfactorily prepare Accounts Payable Voucher forms
- The Bureau's employees did not comply with established travel policies in all instances

Finding 3 reports the Bureau spends approximately \$400k to \$500k annually for goods and services. Accordingly, the Bureau has established various rules, policies, and procedures for procuring supplies and services. The Bureau also has various controls in place to ensure that payments are valid, accurate, and permitted. However, we identified several issues with the Bureau's procurement and payment processes as listed below:

- The Bureau accepted vendor services without executing written contracts, which demonstrate inconsistencies with procurement and purchasing requirements.
- Purchase orders were not issued for all purchases requiring purchase orders
- Required supporting documentations for payments were not securely filed in vendor files.

Finding 4 addresses Internal controls over timekeeping and payroll processes necessary to ensure that employees are paid for only the hours worked and at the correct pay rate. The Bureau, however has not established adequate controls for timekeeping and payroll. Specifically, the Bureau does not:

- Effectively track all employees working hours
- Document timesheet reviews
- Adequately review payroll transactions
- Properly monitor leave usage
- Properly document employee's information in its files

As a result, the Bureau cannot provide adequate assurance that employees were paid for the correct number of hours worked and at the correct pay rate.

Finding 5 addresses the Bureau's controls over fixed assets. The Bureau categorized fixed assets as capital items acquired with a purchase price of \$1,000 or more and with a useful life of more than one year. The Executive Director approves purchases up to \$5,000 and the Board of Directors approves purchases over \$5,000.

The Bureau has established policies and procedures where:

- Fixed assets shall be recorded when acquired and Bureau is responsible for all assets, tagged and assigned, and maintained in a fixed asset listing
- Depreciated and presented in the financial reports in accordance with GASB Statement 34

Although a fixed asset listing is maintained, the accuracy and completeness cannot be determined. This increases the risk of unrecorded assets, overstated or understated asset values, and unknown asset conditions.

Specifically, we noted the Bureau did not:

- Conduct an inventory of all its fixed assets
- Follow its procedures for disposing of fixed assets
- Follow its capitalization policy
- Establish sufficient controls for fixed assets

To address the issues noted above, the report includes 19 recommendations for the Bureau and the governing Board. Overall, the Bureau agrees with these recommendations and its written response is included in this report.

Introduction

The Territorial Audit Office (TAO) conducted an audit of the American Samoa Visitors Bureau (Bureau) as part of its 2023 annual workplan. The audit was included in the workplan in response to a directive from the legislature, which requires the TAO to examine the condition of financial records and accounts of the Bureau at least once a year.

The primary objectives of the Bureau are to expand, develop, and strengthen the local tourism and hospitality industry, as well as to increase awareness of the economic benefits that the travel, tourism, and hospitality sector can bring to our territory. The Bureau also plays a crucial role in preserving our culture and traditions through the activities and initiatives it undertakes.

The Bureau had collaborated and hosted a number of calendar activities as part of its core activities including:

- Coordinated arrival of cruise ships into the territory
- Promoting American Samoa overseas through collaboration with regional and off-island agents and local tourism projects such as the “Mosooi month” in partnership with the American Samoa Council of Arts, Culture & Humanities, Tisa’s Annual Tattoo Festival, Department of Agriculture Farm Fair, Land Grant Forestry Division and “Spotlight On” with the Department of Commerce and KVZK as a means of attracting future tourists and more. The Bureau believes the Spotlight On is the only public awareness program that contractually guarantees airing nationwide for public viewers.

The COVID-19 pandemic and the measles outbreak have significantly impacted the Bureau's operations, forcing a reevaluation of what tourism means for the community. The Bureau has adapted its approach to focus on domestic and sustainable tourism plans, with an emphasis on local product development. In response to the challenges posed by the pandemic, the Bureau has increased its use of social media and other online marketing tools to promote tourism in the territory and abroad.

While various departments and agencies contribute to the achievement of tourism-related outcomes, this audit specifically concentrated on evaluating the performance of the American Samoa Visitors Bureau. It is noteworthy that this is the first performance audit conducted on the Bureau since its establishment in 2009. Throughout this report, we will refer to the organization as the "Bureau."

Background

The mission of the Bureau is to promote American Samoa as a destination for the Pacific region and around the world. The Bureau promotes tourism within American Samoa and among its people by getting the people involved with various projects and activities aimed at elevating American Samoa as a competitive destination.

The Bureau is responsible for creating a vision and developing a long-range strategic plan for tourism in American Samoa and for promoting, marketing, and developing the tourism industry. Additionally, the Bureau plays an important role in the preservation of the Samoan culture and heritage, environment, cultural sites, locations, artifacts, oral traditions, and festive arts.

According to statistical data obtained from the *World Tourism Organization*¹ (WorldData.info), American Samoa recorded a total of 900 tourists in 2020, ranking 203rd in the world in the number of tourists. By putting the tourist numbers in relation to the population of American Samoa, the territory had 0.020 tourists per resident, placing American Samoa 171st in the world and 5th in Polynesia. The same data shows tourism dropped substantially after COVID-19 from 2015 to 2019, when the number of tourists averaged approximately 20,000 visitors annually.

The Bureau does not administer a Transient Occupancy Tax (TOT) from guest lodging businesses such as hotels, motels or short-term vacation rentals, and other lodgings. However, in 2015, ASG approved a Hotel Tax of 5 percent of the lodging costs which was earmarked for improvements to the Pago Pago International Airport.

The Bureau releases its performance reports on a quarterly basis which highlights progress of specific projects and events such as:

- In FY2019-2020, 23 cruise ships were scheduled to arrive, however only 6 cruise ships arrived. The decline in the cruise ship business greatly affected the tourism industry such as local tour operators, transportation business services, hotels, and restaurants.
- Most of off-island marketing and promotional activities were cancelled and put on hold and the tourism industry faced challenges for future development and potential travelers. Cruise ships continued to cancel and efforts were shifted to local products development.

This was a direct result of the measles pandemic in the later part of 2019 and the COVID-19 in 2020, which significantly affected tourism in American Samoa.

Fiscal year 2021 was also riddled with challenges given the continued impact of the COVID-19, however, the Bureau had several accomplishments including:

- Upgrading media equipment and visiting Manu'a Islands to determine future development
- Surveying and assessing the National Marine Park and creating promotional videos for marketing campaigns and increasing social media coverage by 48% (Facebook), 600% (Instagram) and 765% (YouTube); this is an online visibility for entries for potential future promotions. The Bureau continued networking with the *South Pacific Tourism Organisation*² (SPTO) on regional tourism development efforts.

¹ **World Tourism Organisation** (UNWTO) is the leading international organization for promotion of tourism as a driver of economic growth, inclusive development and environmental sustainability. It is headquartered in Madrid, Spain.

² Established in 1983 and formerly known as **Tourism of the South Pacific, South Pacific Tourism Organisation** (SPTO) is the mandated Organisation and the key **Tourism** body in the Pacific region. SPTO markets, promotes and develops tourism in the Pacific in overseas markets. The main office is located in Suva, Fiji.

The first quarter of 2022 saw additional changes as the Bureau ended its contract with an independent contractor, which managed the Bureau's website and email system for 13 years. This service is now managed internally as a measure to lower costs and provide a quicker turnaround on web content updates.

Another change included the re-launching of the Bureau's new interface site, rebranding homepage, and adding important COVID-19 travel information and updates.

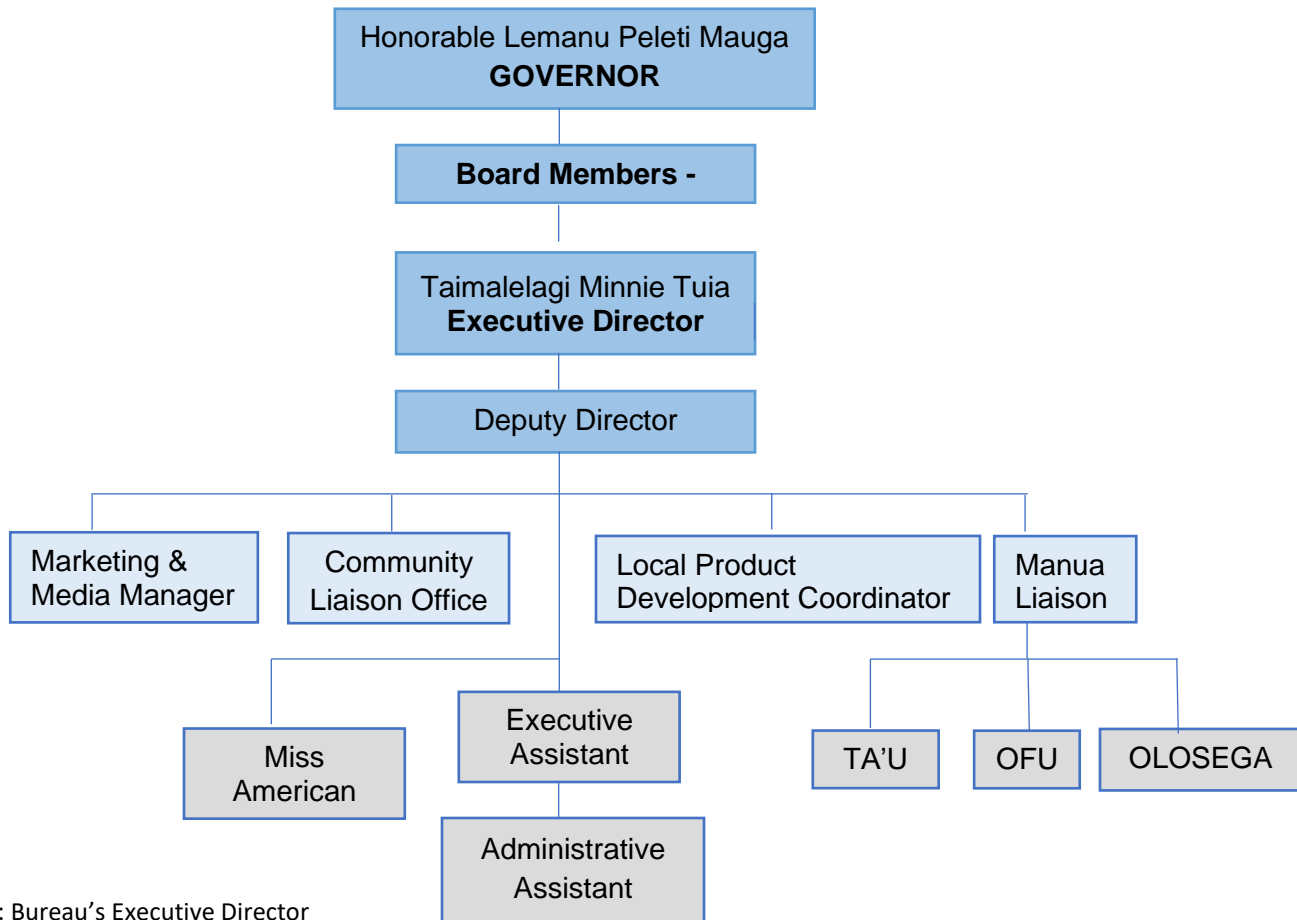
The Bureau sends out a monthly electronic newsletter globally to subscribers throughout Europe, America, Africa, Asia, and Oceania. These subscribers include airlines, travel wholesalers and retailers, international consumer and travel media and the general public. The newsletter gives an update on American Samoa tourism industry news and local events.

Bureau Staffing

The Bureau has been operating as a semi-autonomous as a statutory entity since 2009 and has been under the same governance structure since the introduction of the American Samoa Visitors Bureau in 2009. The Bureau has an Executive Director and is accountable to the Board of Directors. The organizational structure of the Bureau is shown on the next page.

The Bureau has eight active employees which consist of the Executive Director, Deputy Director, Marketing & Media Manager, IT & Media Specialist, Local Product Development Coordinator, Executive Assistant, Administrative Assistant, and the Miss American Samoa.

Organizational and Operational Overview



Source: Bureau’s Executive Director

Board of Directors

The Bureau is headed by a five (5) member policymaking Board of Directors nominated by the Governor and confirmed by the Legislature of American Samoa. Members are appointed for terms of three (3) years and serve without compensation, according to the requirements of the American Samoa Code Annotated (A.S.C.A), Title 17 Chapter 6, Sections 17.0612 and 17.0615.

The Board shall consist of the following members:

- One member is selected from the Department of Commerce
- One member is selected from the Office of Samoa Affairs
- Two members represent the airline, travel agency, hotel, lodging, or cruise ship industries and;
- One member from the American Samoa Chamber of Commerce.

Three members constitute a quorum, and the Board elects its own chairperson from amongst the members. The Board members are to review and approve every activity proposed by ASVB management prior to execution. A detailed description of ASVB Board’s roles and responsibilities as stipulated in Section 17.0614 of the Code is available in Appendix 1.

Funding Sources and Spending

The Bureau’s annual budget is prepared by the management, reviewed by the Board, and sent to the ASG Budget Office for screening. The Fono (legislature) appropriates funding for the Bureau.

ASG subsidizes the Bureau

For fiscal years 2019-2020, 2020-2021 and 2021-2022, ASG provided annual subsidies to support the operation and administrative of the Bureau. **Exhibit 1** depicts the annual subsidies the Bureau received from ASG for fiscal years 2020 throughout 2022.

EXHIBIT 1: BUREAU’S ANNUAL SUBSIDIES FROM ASG

FY2019-2020	FY2020-2021	FY2021-2022
\$676,350	\$743,500	\$743,500

Source: summary based on records from the Bureau’s financial system

During the COVID-19 pandemic, the Bureau also received monies to stabilize the tourism industry in American Samoa. In fiscal year 2019-2020, the Bureau received a COVID-19 grant of \$300,000, which was distributed throughout fiscal years 2020 to 2022. Two other smaller grants were given for fiscal year 2021-2022. **Exhibit 2** depicts how much was spent for each fiscal year.

EXHIBIT 2: BUREAU’S COVID MONIES

Sources	Appropriated	Expended	Unexpired (overspend)
FY2019-2020			
• Covid-19 Stabilization Fund	\$300,000	\$88,291	\$211,708
FY2020-2021			
• Covid-19 Stabilization Fund		\$160,442	\$51,266
FY2021-2022			
• Covid-19 Stabilization Fund		\$29,804	\$21,462
• DOI - Heritage Trail	\$2,794	\$2,794	
• DOI - Visitor Attraction	\$14,848	\$18,321	(\$3,473)

Note: unexpired monies from grants at fiscal year-end are to remain in the Fund

Financial Information Comparative Statistics

In order to gain an understanding of the Bureau’s performance in relation to financial operations. **Exhibit 3** contains financial information about the Bureau’s unaudited financial statements for three fiscal years ending September 30, 2022:

EXHIBIT 3: COMPARATIVE FINANCIAL POSITION

Description	Actual FY2020 \$	Actual FY2021 \$	Actual FY2022 \$	Increase (Decrease) FY2021-2022	Increase (Decrease) FY2020-2021
Total Assets	481,193	552,279	562,052	9,773	71,086
Total Liabilities	226,255	180,701	243,096	62,395	(45,524)
Fund Balance	254,937	371,577	318,956	(52,621)	116,640

EXHIBIT 4: BUREAU'S ASSETS

Description	FY2020 \$	FY2021 \$	FY2022 \$	Increase (Decrease) FY2020-2021	Increase (Decrease) FY2021-2022
Cash at banks	313,696	376,834	382,458	63,138	5,624
Fixed assets	162,173	170,567	175,294	8,394	4,727
Other assets	5,324	4,878	4,300	(446)	(578)
Total Assets	\$481,193	\$552,279	562,052	\$71,086	\$9,773

Increase in total assets reflects movement in cash balances as a result of grant funds from 2020. Most of the expenses were incurred in fiscal years 2021-2022. Fixed assets showed a slight increase as new additions were acquired in fiscal years 2021-2022.

Other assets consist of advance deposits required for the former executive director's rental house, the office space (rental) at Fagatogo and immigration bonds for two former employees. Immigration bonds and the former director's house deposit have been subsequently refunded.

EXHIBIT 5: BUREAU'S LIABILITIES

Description	FY2020 \$	FY2021 \$	FY2022 \$	Increase (Decrease) FY2020-2021	Increase (Decrease) FY2021-2022
ASG Tax Payable	3,263	2,882	53,733 ³	(381)	50,851
FICA & Retirement	2,446	2,986	4,345	540	1,359
Other Payables	58,373	4,266	9,724	(54,107)	5,458
Investment in Fixed Assets	162,173	170,567	175,294 ⁴	8,394	4,727
Total Liabilities	\$226,255	\$180,701	\$243,096	(45,554)	\$62,395

Significant other payables were outstanding at the end of fiscal year 2020, which stemming from promotional and other campaign activities during 2019-2020. These were settled in fiscal year 2021. The Bureau was able to pay dues on time except a prior year adjustment of \$59,622.06 in 2022 and *Exhibit 6* provides details.

EXHIBIT 6: DETAILS OF THE PRIOR YEAR ADJUSTMENT

ASG tax Reference	Tax Period	Amount \$
369	9/30/2017	9,644.15
369	3/31/2018	11,607.47
369	6/30/2018	13,138.26
369	9/30/2018	11,381.25
369	12/30/2018	13,850.93
	Total	\$59,622.06

³ Included a prior year adjustment of \$59,622.06 which derived from 2017 and 2018. An agreement was entered but the ASG Tax Office did not honor with the former director, David Vaeafe. In November 2021, the ASG Treasurer agreed to waive total penalties and interest of \$3,466.84 and confirmed for settlement agreement of \$1,000 per month starting in January 2022.

⁴ The Bureau recognizes investment in fixed assets as a liability to conform to requirements of Government Accounting.

A summary of the appropriated budget for three fiscal years is shown in **Exhibit 7**.

EXHIBIT 7: SUMMARY OF THE BUREAU'S APPROVED BUDGET BY FISCAL YEARS

	FY2020	FY2021	FY2022
Approved budget	\$	\$	\$
Local Funding - appropriated	\$676,350	\$743,500	\$743,500

The Bureau received grants funding in fiscal year 2020 of \$300,000 and \$17,642 in fiscal year 2022.

A comparison position of revenues and expenditures incurred during fiscal years 2020-2022 is given in **Exhibit 8**.

EXHIBIT 8: THE BUREAU OPERATING REVENUES EXCEEDED EXPENDITURES

Description	Actual FY2020 \$	Actual FY2021 \$	Actual FY2022 \$	Increase (Decrease) FY2020-2021	Increase (Decrease) FY2021-2022
Revenue					
ASG subsidy	702,531	743,500	743,500	41,069	
Covid-19	300,000			(300,000)	
DOI programs			17,642		17,642
Others		830	2,738	830	1,908
Total Revenue	1,002,531	744,330	763,880	(258,201)	19,550
Expenditure					
Accounting fees	20,643	15,820	18,223	(4,823)	2,403
ED/Board expenses	16,932	21,040	40,296	4,108	19,256
Event sponsorships	28,253	24,078	57,164	(4,175)	33,086
FICA/Retirement	22,895	24,845	32,800	1,950	7,955
Other professional services	30,746	9,500	13,631	(21,246)	4,131
Other Administrative	242,303	243,957	199,729	1,654	(44,228)
Promotions/travel shows	80,677	17,116	40,546	(63,561)	23,420
Rent	31,202	36,913	33,235	5,711	(3,678)
Salaries	299,167	234,421	321,255	(64,746)	86,834
Total operating costs	772,918	627,690	756,879	(145,228)	143,191
Excess	229,613	116,640	7,001	(112,973)	(109,639)

Source: extracted from the Bureau's financial reports

The exhibit shows both revenues and expenditures dropped in fiscal year 2021 by 25.8 percent and 18.8 percent respectively. This reflects COVID-19 restrictions that were put in place when ports of entry were closed. In addition, the COVID-19 grant was recognized in fiscal year 2020.

In reviewing movements in operating costs and changes to revenues was expected given our understanding of the structure of revenue and expenditure processing. The Bureau's results and spending are within the parameters of the Fono approved allocations.

Audit Objectives, Scope and Methodology

Objectives

The primary objectives of this audit were to evaluate internal controls, for compliance with applicable policies, procedures, laws and regulations pertaining to the following:

- a. Purchases, Receiving and Disbursements
- b. Personnel, Payroll Processing and Accounting
- c. Fixed Assets Accounting - movements (acquisitions, disposals, transfers and depreciation) and physical verification
- d. Governance processes to Conflicts of Interest Processes, Disclosure and Monitoring

Scope

This performance audit covers three fiscal years from 2020 through 2022.

Methodology

Audit techniques used for gathering evidence and conducting audit analysis included the following:

- Inquiries and interviews of the Bureau's management, personnel and third party bookkeeping contracted staff
- Reviews of legislation, policies and procedures instructions, Board minutes, performance and financial reports
- Performed detail tests of financial transactions for purchases, fixed assets and payroll payments

To achieve our audit objectives, we obtained an understanding of the auditees operations and how funds are being spent. If any grant was awarded to the auditee, we will also review any grant agreements. Our conclusions were supported by inquiries from management and staff, as well as observations and reviews of documentation and internal controls.

We have applied certain limited procedures to the required financial information in accordance with auditing standards generally accepted in the United States of America which consisted of inquiries of management about methods of preparing the information and comparing the information for consistency with management responses to our inquiries and other knowledge we obtained during the audit. Therefore, the limited procedures do not provide us with sufficient evidence to provide any assurance on the financial information.

STANDARDS USED FOR THE AUDIT

Our audit was performed from February 2023 through May 2023 and conducted in accordance with Generally Accepted Government Auditing Standards (GAGAS) published by the General Accountability Office (GAO), except for an external peer review which is planned for 2024. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions in this report.

Detailed Audit Findings

Finding 1: The Bureau has not developed a framework for competitiveness to evaluate the effectiveness, efficiency and economy of its performance

Summary Paragraph

Our review of quarterly performance reports reveal that significant work has been done by the Bureau and a considerable array of information being reported to move towards improved performance. However, identified deficiencies with the present arrangement:

- Although there are efforts toward establishing an effective approach, the Bureau currently has no overall guiding framework for competitiveness, standards or methodology have been introduced to engender consistency or the methods used to produce such information. For instance, according to the Bureau's Marketing Manager, the Bureau has no marketing plan.
- The Bureau's reporting system lacks a proper assessment and validation of reported information. As a result, whatever information is reported has not been subject to a Board review (absence of regular Board meetings and no documented minutes). It is anomalous that performance information goes unvalidated.

Performance reporting practices by the Bureau satisfy a number, but not all. To further raise the standard of accountability to ASG, the Territorial Audit Office recommends actions to further reform and refine the performance reporting framework and to achieve greater consistency.

The Bureau shall also consider other options such as creating a limited set of meaningful and robust indicators useful for evaluation and to measure tourism competitiveness over time and guide in its policy choices. The aim of the framework is not to produce an index or ranking against the most competitive destinations but to provide a tool guide within the Bureau to analyze tourism competitiveness and inform policies.

[The Bureau needs to develop a framework for competitiveness to evaluate the effectiveness, efficiency and economy of reported information to support the delivery of its marketing plan\(s\) and performance](#)

Currently, the Bureau does not have a capability model or framework for competitiveness in place to evaluate and report the efficiency, effectiveness and economy of its performance. The Board's lack of transparency where meetings are not held monthly and minutes were not documented for important matters and key decisions discussed, making it difficult for the Bureau to assess its performance. Data was collected and ranges of existing performance reports are provided to the Board. However, there is a lack of comparable indicators over time. This means that the Board did not place itself in a position to identify and address ongoing issues and tends to respond reactively to concerns.

The audit also found that the resulting performance information is routinely presented as part of quarterly financial and performance reporting but that information is not optimally used to support the monitoring and management of resources.

Recommendation

The Bureau through the Board shall introduce a framework for competitiveness and reporting of performance which will:

1. Provide a consistent approach to performance accountability and standards for data collection. The performance measures must be accurate, reliable, relevant, reviewed and endorsed in Board minutes.
2. Information validation be made a policy requirement

ASVB RESPONSE:

1. The American Samoa Tourism Master Plan, includes the STRATEGIC TOURISM FRAMEWORK.

COVID 19 greatly impacted and changed the tourism, travel and hospitality industry on a global level. Prior tourism and marketing practices needed to and continue to be evaluated with these industry changes and as such, all plans for our territorial tourism industry development are being assessed and developed to address these world-wide industry changes. American Samoa's borders fully opened January 2023, thus sufficient time has not been given for full evaluation. All development plans and programs are undergoing modifications and/or complete revisions.

2. Recommendation acknowledged, thank you

Finding 2: The Bureau's lack of policies and procedures

Summary Paragraph

The findings from the audit of the Bureau found several areas that require attention and improvement. The reported issues stemmed from the lack of policies and procedures.

Specifically, we noted the following:

- The Board did not fully comply with its duties and responsibilities as contained in the Code
- Board members may have potential conflict of interests driven by their involvement in the travel industry in American Samoa
- The Bureau's Standard Operating Procedures are outdated
- The Bureau did not satisfactorily prepare Accounts Payable Voucher forms
- The Bureau's employees did not comply with established travel policies in all instances

Accordingly, we recommended the Bureau to update and complete written policies and procedures to ensure processes are in accordance with internal controls and with the Code Annotated.

[The Board did not fully comply with its mandated duties and responsibilities as contained in the Code](#)

The Bureau's Internal Control Policy on "Law and regulation compliance" requires that the Board of Directors monitor the activities of the Bureau through inspection of financial reports; review of the financial and internal control audits; periodic visits to the Bureau during operating hours, and attendance at monthly board meetings and; 1.2, The Director shall ensure compliance to the applicable laws and regulations through the implementation of the financial internal control policies, planning programs that adhere to the rules of grantors, and daily interaction in the programs of the Bureau.

Chapter 6 of the Code, under the following sections, requires the following:

- Section 17.0614; (e) review and approve of accounting and financial management policies and procedures to ensure compliance with Generally Accepted Accounting Principles (GAAP).
- Section 17.0614, sub-section (d) "the board shall meet at least once a month and hold special meetings when necessary. **It shall record and keep minutes of all such meetings and make said minutes available for public inspection**".
- Section 17.0615; "Board members shall not be entitled to compensation, special benefits, or reimbursements".

Our scrutiny of available meeting minutes, review of policies and procedures and supporting documentation noted the following:

- The Bureau lacked documentation that the Board fulfilled its roles in relation to reviewing internal controls, inspecting and reviewing financial reports, performing periodic visits to the Bureau during working hours, and attending monthly board meetings. To provide proper oversight, the Board should be aware of the processes and internal controls of the Bureau.
- The Board plays a vital role in monitoring the financial health of the Bureau and has a fiduciary responsibility to do so. The financial reports prepared by the outside accounting firm contained no “Notes to the Financial Reports”. Such information is the responsibility of the Board and management and is important in that they describe the practices and reporting policies and accounting methods and additional information that cannot be shown on the face of the balance sheet and operating revenue and expenditure statement themselves.
- The Board lacked evidence that it authorized payments to outgoing Board members. Board members are not allowed to get paid unless approved by a Board resolution. Although a discussion regarding this matter was recorded in the unsigned Board minutes of September 29, 2022, the Board neither adopted a formal resolution authorizing the questionable payment of \$1,000 to the two outgoing Board members nor requested that these payments be repaid.
- Board members have not complied with the Code's mandate for regular monthly meetings and have not ensured that complete minutes of its Board meetings are recorded. The purpose of Board minutes is to capture essential motions, decisions, and significant discussions pertaining to the Board meeting agenda. Without such detailed minutes, the Board lacks an adequate record of the actions it has taken and it cannot provide adequate assurance that it has fulfilled its statutory responsibilities.

[The Board and individual Board members should address potential conflicts of interest due to their involvement in the tourism industry in American Samoa](#)

The Board comprised of senior public servants, airline and travel industry, and business personnel. As such, Board members may have potential conflicts of interest with their involvement in Bureau’s decisions making process.

Applicable and relevant practices require employees and officers to disclose any conflict of interest. Conflicts of interest should be disclosed and documented on a form and filed with the Executive Director’s office or any other place as approved by management. A waiver may be granted to a person with a properly disclosed conflict of interest if approved by the Board. If a waiver is granted, the person may be allowed to participate in discussions related to the conflict but should abstain from voting on any matter in which a conflict exists.

We reviewed the available Board of Directors meeting minutes, policies and procedures and supporting documentation and noted the following:

- The Board has no formal documented conflict of interest policy that memorializes the current practice. Formalized written policies and procedures are critical to provide clarity, continuity and consistency of operations.
- An officer of the Bureau was providing recording services to ASVB at a cost of \$600 per recording; [refer](#) to **Exhibit 9** on page 16 for summary details.
- A consultant writing contracts for third party vendors on behalf of ASVB was paid \$150 per hour; [refer](#) to **Exhibit 9** on page 16 for summary details.

Without a formal conflict of interest policy, the Board is at greater risk that officers vote on issues that pose a private or a business conflict of interest. Moreover, there is an increased risk of negative public perception in the absence of a formalized policy. The Board of Directors should avoid conflicts of interest within the Bureau and officers should not receive direct benefit from the Bureau without Board authorization.

[The Bureau Standard Operating Procedures \(SOP\) are outdated](#)

The Bureau currently operates on internal control policies and procedures written in 2009. Moreover, the Bureau was unable to provide evidence of the Board's formal approval of these policies and procedures. Without SOPs, the Bureau must rely on the institutional knowledge of the director, the deputy and executive assistant to effectively carry out their duties and manage the Bureau.

The routine functions within the following areas should be assessed, formalized, and documented:

- Planning
- Budgetary process
- Accounting (e.g., receipts, bank reconciliations, petty cash, checks issuance, payroll etc.)
- Purchasing
- Management reporting, administrative activities and personnel management
- Quality control, Statistical research and reporting

SOPs will help ensure uniform and routine processes exist within the Bureau in the absence of those staff members who maintain extensive institutional knowledge. Moreover, the existence of SOPs may provide additional assurance that key processes are consistently executed and that shared functions between employees are properly defined and approved by the Board of Directors.

[Accounts Payable Vouchers were incomplete and were not signed](#)

Our review of 65 AP vouchers sampled revealed that 17 voucher forms lacked any signatures and 17 check vouchers contained only one approval signature, instead of the two required signatures.

The Board did not approve the Executive Director's travel

The audit identified one instance in which the Bureau did not follow its Internal Control Policy on Work Duty Travel implemented on 05/08/2013, which requires the Chairman of the Board to authorize work duty travel of the Executive Director. Without a proper approval process, travel costs may not be properly controlled.

Employee travel policies

Internal Control Policy on Work Duty Travel states "airfares shall be booked at the full economy airfare rate for flights up to 8 hours in duration (per sector only, point to point) and business class rate for flights over eight (8) hours in duration (per sector only, point to point etc.)".

The audit noted one instance in which an employee flew business on a return flight from Hawaii to American Samoa instead of the required economy class. The employee was reimbursed for the business class total of \$1,646.56, including taxes and fees, instead of the economy airfare for a flight from Daniel K. Inouye International Airport to Pago Pago International Airport.

The Bureau has an established policy on employee reimbursements and the employee should have repaid the difference of the business class ticket and the economy ticket.

Recommendations

3. The Board of Directors must comply with requirements of the Code such as minutes of all Board meetings be recorded and made available. The role of the Board is to provide oversight for the Bureau which means they need to be updated regularly on the Bureau's status and recent developments. Ultimately, the Board shall consider the needs of the Bureau and the availability of officers when deciding on a decision.
4. The Bureau shall establish and implement a formal conflict of interest policy which includes employees and officers, and the policy should be approved by the Board of Directors. The policy should -
 - a) Document the process for disclosing conflicts of interest, including the utilization of a Form.
 - b) Document the process for obtaining a waiver from the Board to participate in discussions related to the conflict.
 - c) Require all employees and officers to submit an annual conflict of interest statement. The statement should be submitted upon appointments and thereafter include a statement that they have attended an ethics training.
5. To ensure operational continuity, the Bureau should update its Standard Operating Procedures (SOP) instructions that formally articulate key Bureau's functions. Critical processes should be assessed, formalized, and documented. Comprehensive and relevant SOPs can serve as a management tool and help further define processes including bookkeeping functions.

The SOP should be distributed and made available to all staff and officers and should be utilized and relied upon as an authoritative guide to accomplish their assigned tasks. Once the Standard Operating Procedures manual is finalized, the Board of Directors should approve the version before implementation.

6. The Bureau must adhere to its policies and procedures and that all required information on accounts payable vouchers forms should be filled and satisfactorily completed.
7. To provide accountability on the funding spent on travel, all travel authorization forms must be approved by the Board for any management traveling on behalf of ASVB.
8. The Bureau's management should comply with its internal control policies and procedures on employee travels.

ASVB RESPONSE:

The ASVB Board and Bureau management have discussed the above recommendations and have begun corrective actions.

3. The Board has elected a secretary and have set a monthly date for Board meetings. These two measures ensure better oversight from the Board.
4. Noted. Thank you for the reminder. A 'Conflict of Interest' document will be completed by all ASVB Board members.
5. The ASVB By-Laws clearly identify Board responsibilities and will be reviewed and modified as deemed necessary by the Board.
6. Noted, with thanks, and will make better effort to have vouchers properly completed.
7. Noted and will move forward to meet recommendation.
8. Recommendation acknowledged; actions being taken for mitigation of findings

Finding 3: The Bureau needs improved controls over its purchasing and payment processes

Summary Paragraph

The Bureau’s total expenditures showed a reduction of 18.8 percent from 2020 to 2021 and an increase of 22.8 percent from 2021 to 2022. Approximately \$400k to \$500k is spent annually for goods and services.

The Bureau has various rules, policies and procedures to comply when procuring supplies and services. Depending on the need of the Bureau and the dollar of the goods or services, the Bureau applied different methods such as Purchase Orders, Bidding, and Non-Purchase Order payments. The Bureau has various controls in place to ensure that payments are valid, accurate, and permitted.

The Bureau employs an outside bookkeeping service contractor to process its payments. Specifically, we found the following issues in the procurement and payment processes:

- The Bureau accepted vendor services without executing of written contracts which demonstrate inconsistencies with procurement and purchasing requirements.
- The Bureau did not issue Purchase orders for all purchases requiring a Purchase Order
- The Bureau did not secure required supporting documentations for payments in vendor files.

[The Bureau accepted vendor services without executing of written contracts which demonstrate inconsistencies with procurement and purchasing requirements](#)

The Code, Chapter 6, Section 17.0608, (3) “**Powers and duties of the Bureau**” allows the Bureau to make contracts, as authorized in this chapter.

During our review, we found that contracts were not properly executed. The audit established that the administration and oversight process, which requires completed agreements and or arrangements to ensure compliance with provisions of the law, was not sufficient. Improperly executed contracts are not valid under the law and may be unenforceable and put the Bureau at risk of liability.

The processing of payments without executed contracts should not be approved. Moreover, we considered that the sample selected in our testing are questionable costs. A summary of charges is shown in *Exhibit 9*.

EXHIBIT 9

SUMMARY OF CHARGES PAID TO VENDORS WITHOUT PROPERLY EXECUTED CONTRACTS

Type of services	FY2020 \$	FY2021 \$	FY2022 \$
Bookkeeping services	20,643	15,820	23,211
Other professional services	30,746	9,500	10,681
Other contract services	0	0	10,000

Source: based on contracts reviewed in our contract sample

Purchase Orders were not issued for all purchases

Purchase Orders allows the Bureau to purchase goods and services from different vendors and then authorizes the payment to the vendor or service provider. The Purchase Order justifies the request and justification for purchase(s). The procurement of goods and services are governed by the Bureau's Purchasing and Receiving Internal Control Policy manual with the following key procedures.

- 1) Place the order. A purchase request/purchase order is issued for all purchases merchandise from off island and some local purchases. The purchase order documents the ASVB's understanding of how much each item will cost per the vendor's terms. This includes estimates for freight and any other charges. Purchase order numbers should be included on all vendor invoices.
- 2) The packing slip or receiving report is signed and dated by the person unpacking and verifying the merchandise.
- 3) The packing slip or receiving report is stapled on top of the purchase request/purchase order.
- 4) The quantities shown shipped or delivered on the packing slip or receiving report is compared to the purchase request/purchase order.

Our sample of payments found that 10 purchases requiring Purchase Orders were processed without purchase orders. These purchases totaled \$36,382.06

The Bureau did not secure required supporting documentations for payments in its vendor files

The procurement of goods and services are governed by the Bureau's Purchasing and Receiving Internal Control Policy manual which states that **Receipt of Merchandise** under 3.1; states - upon receipt of the merchandise the department personnel who initiated the purchase request unpack and check the merchandise against the packing slip and/or receiving report.

Our sample of 65 payments revealed that:

- Nine purchases totaling to \$62,450 lacked vendor invoices
- Eight purchases totaling to \$28,889.13 lacked receiving reports issued.

We could not confirm whether vendor invoices were obtained at the time of payment processing or whether receiving reports were issued when the supplies and services were delivered.

Recommendations

9. The Board of Directors should appropriately review and amend where necessary provisions of the Code, policies, and procedures to ensure compliance.

If the Bureau is unable to adequately address its deficiencies, the Board should consider adopting best practices or techniques to help and avoid problems in the administration of contracts. Best practices are practical techniques gained from practical experience that may be used to improve the process.

10. The Bureau must comply with its written procurement procedures without exception. The Bureau's finance personnel should ensure purchase orders are issued for all purchases.
11. The Bureau must comply with its written procurement procedures without exception. The Bureau's finance personnel should ensure receiving reports are issued for all supplies received; Receiving Reports are prepared to confirm validity of purchases received.

ASVB RESPONSE:

9. Recommendation acknowledged, thank you
10. Noted; will move forward to improve.
11. Recommendation acknowledged, thank you.

Finding 4: The Bureau needs better controls over its timekeeping and payroll processes

Summary Paragraph

Internal controls over timekeeping and payroll processes are necessary to ensure that employees are paid for only the hours worked and at the correct pay rate. The Bureau, however has not established adequate controls for timekeeping and payroll. Specifically, the Bureau does not:

- Effectively track all employees working hours
- Document timesheet reviews
- Adequately review payroll transactions
- Properly monitor leave usage
- Properly document employee's information in its files

As a result, the Bureau cannot provide adequate assurance that employees were paid for the correct number of hours worked and at the correct pay rate.

[The Bureau did not effectively track all employee working hours](#)

We determined that the Bureau did not effectively track all employee work hours because it has not established timekeeping mechanism such as a time clock, biometric clock, or attendance book/sign-in sheet) to record employee time and attendance. Thus, employees are allowed to record their hours worked on their timesheets without an independent source to verify the accuracy of the hours reported. Additionally, the Bureau has not established adequate oversight or monitoring process to identify process issues and potential abuses. This indicates the lack of a strong tone at the top regarding the importance and accountability of accurate time and leave recording.

[The Bureau does not document reviews of employee timesheets](#)

Internal Control Policy on Payroll implemented in 2009 requires the Executive Director to review and approve employee timesheets prior to processing them for payment.

The Bureau's Executive Assistant manually prepares payroll timesheets on a bi-weekly basis. Timesheets are then forwarded to the Executive Director for review and approval. Sometimes, the Executive Director is not present at the office and Executive Director's approval is given by email. It is typically the Executive Director's responsibility to review and make adjustments if needed and evidence of such reviews should be documented.

The Bureau is not following the Internal Control Policy requiring review and approval of timesheets. For instance, between FY20-FY22, we did not see evidence of the Executive Director's review and approval for 21 payroll periods. Without a proper review and approval, errors or inappropriate of work hours in timesheets can go undetected.

The Bureau does not properly document employment information in its personnel files

The Bureau currently has eight active employees and its hiring process is performed internally and does not go through the ASG Human Resource Department. Therefore, the Bureau is the sole custodian of its personnel records.

The Bureau should maintain complete personnel files on all its employees. These files should include the names of employees, social security numbers, emergency contacts, hiring documentation, performance evaluations, training records, compensation, and work-related agreements. Poor file maintenance resulting from missing or not updating records may violate legal requirements.

The Bureau's Internal Control Policy on Payroll implemented in 2009 requires employee information be kept in their respective personnel files in the Executive Director's Office. Our observations and inquiries with management, however, revealed that the Bureau does not maintain complete information of employees' employment as required by its Internal Control Policy.

The Bureau does not properly monitor leave usage

The Bureau's eight full-time equivalent employees accrue leave time for absences such as sickness, personal time off, and vacation. Although the Bureau's Internal Control Policy manual addresses leave usage, the Bureau has no established formal process for reporting and recording employee leave.

We identified the following weaknesses that may have contributed to the leave time discrepancies:

- a. The accuracy of attendance and absence time reporting is heavily relied on the Executive Assistant and Executive Director to ensure they are monitoring time appropriately.
- b. The Internal Control Policy procedures are not sufficiently detailed for effective training, resources and guidance to illustrate the necessary steps required to ensure accurate time reporting and leaves entitlement.

Monitoring of employee leave could be improved to ensure only accurate leave entitlement is used and that leave(s) cannot be adjusted without the Executive Director's approval.

Recommendations

To address internal control weaknesses, we recommend that the Bureau:

12. Establish a method of time reporting and attendance to provide an independent verification of the hours the employees report on their timesheets.
13. Ensure that evidence of review and approval should be clearly noted on all payroll timesheets.

14. Maintain complete personnel information on current and former employees. These records should be kept in a secured area with access restricted to those designated employees with authority to review the files such as supervisors and or manager.
15. Work with employees and review employee calendars, emails, and other supporting documentation to determine if employees have unrecorded leaves and any leave adjustments detected should be adjusted accordingly.

ASVB RESPONSE:

12. Recommendation acknowledged; actions being taken to address finding.
13. Noted. Thank you.
14. Noted. Thank you for recommendation.
15. Recommendation acknowledged, thank you. Corrective actions being taken to address this.

Finding 5: The Bureau needs better controls over its fixed assets

Summary Paragraph

The Bureau categorizes fixed assets as capital items acquired with a purchase price of \$1,000 or more and with a useful life of more than one year. The Executive Director approves purchases up to \$5,000 and the Board of Directors approves purchases over \$5,000.

The Bureau has established policies and procedures specifying:

- Fixed assets shall be recorded when acquired and the Bureau is responsible for all assets, tagged and assigned, and maintained in a fixed asset listing
- Depreciated and presented in the financial reports in accordance with GASB Statement 34

Although a fixed asset listing is maintained, the accuracy and completeness cannot be determined. This increases the risk of unrecorded assets, overstated or understated asset values, and unknown asset conditions only to name a few.

Specifically, we noted the Bureau did not:

- Conduct an inventory of all its fixed assets
- Follow its procedures for disposing of fixed assets
- Follow its capitalization policy
- Establish sufficient controls for fixed assets

The Bureau did not conduct an inventory of all its fixed assets

The Bureau did not carry out a department-wide annual physical count. We performed physical inventory which revealed that fixed assets were not inventoried. Following the asset verification, it is likely that the value in the financial records and number of assets has reduced. However, the asset verification process did not address the specific risk of fully depreciated assets.

A physical inventory is essential to ensure the accuracy of fixed assets as reported in the financial reports. In addition, if fixed assets are not adequately tracked and inventoried, losses or misappropriations may go undetected. A summary of specific assets we surveyed, is shown in **Exhibit 10**. The Exhibit also shows the assets that we could not locate or were disposed.

EXHIBIT 10
SELECTED FIXED ASSETS TESTED FOR PHYSICAL EXISTENCE

Asset description	Date of Acquisition	Cost	Status
MacBook Pro Laptop	02/13/18	\$1,743	Could not locate
2 Desk corner workstation w/panel	8/21/09	\$1,300	Could not locate
2 office chairs	8/21/09	\$190	Could not locate
File cabinet - 2drawer mobile	8/21/09	\$160	Could not locate
Chair - Sierra	11/03/09	\$280	Could not locate

File cabinet mobile	11/03/09	\$250	Could not locate
(2) office desks	10/25/13	\$1200	Could not locate
Filing cabinet - 3 drawer mable	10/31/13	\$250	Could not locate
Filing cabinet, mobile - 2 drawer	10/31/13	\$180	Could not locate
(3) Office chairs	12/12/13	\$630	Could not locate
Executive desk	06/17/14	\$639	Could not locate
Executive chair	06/17/14	\$599	Could not locate
(2) AMD Desktop PC w/ monitor	07/01/09	\$1,094	Disposed
(4) HP desktop computer	10/25/13	\$3,200	Disposed
(4) HP monitors	10/25/13	\$1,160	Disposed
Hon paper shredder	04/01/15	\$395	Disposed

The Bureau did not follow its procedures for disposing of fixed assets

Internal Control Policy of Fixed Assets Control under **Dispositions** states that any asset missing or has been stolen will be reported in writing to the Executive Director as soon as possible. An asset disposition form is completed.

The Bureau did not follow proper procedures when disposing of fixed assets. We found that the Bureau did not go through the disposition procedures in that disposition forms shall be filled out as required. The asset verification revealed that four fixed assets were disposed but could not verify that disposition forms were properly filled out and approved.

The Bureau did not follow its capitalization policy

Internal Control Policy on Fixed Asset Control under **Acquisitions**, 1.2 states, any internally constructed donated equipment is recorded by the Executive Assistant if the item cost has a value of \$1,000 or more. A complete description of the property, date constructed or received, number of items, cost of estimated value and a statement that it was internally constructed or donated will be included in the report.

The capitalization threshold policy is the minimum purchase amount that would require to be recorded as an asset and capitalizing rather than expensing as a period cost. Our disbursement testing revealed that a payment of \$2,627.40 for the purchases of tents was expensed rather than capitalizing the asset. We could not locate this item during our spot verification.

The Bureau lacked sufficient controls on fixed assets

The Bureau lacks sufficient controls. As a result, losses of fixed assets could go undetected. We found the following problems:

- Fixed assets records were not reconciled - the audit verification could not be reconciled with financial records
- Some fixed assets could not be located - our asset verification identified 12 assets were not found

Recommendations

16. The Bureau should perform a complete physical count of all its fixed assets as soon as possible.
17. The Bureau policies and procedures should not be circumvented when disposing of fixed assets.
18. The Bureau should conform to its capitalization threshold policy that all capital items purchase of \$1,000 and more and with a useful life of more than one year should be recorded as a fixed asset.
19. The Bureau should ensure that it complies with the following requirements:
 - a) Reconcile the physical inventory to the inventory records
 - b) Investigate and resolve all inventory variances
 - c) Correct inventory records in QuickBooks to reflect the current on-hand balances/quantities and ensure records are accurate and properly maintained

ASVB RESPONSE:

16. Recommendation acknowledged; actions being taken to mitigate findings.
17. Recommendation acknowledged.
18. Recommendation acknowledged.
19. Recommendation acknowledged;
 - a. Noted, working on this
 - b. Listed fixed assets were purchased between 2009-2018; will update record

Appendix

Appendix 1: Board of Directors roles and responsibilities

Section 17.0614 of the Code, the Board shall have the following duties and responsibilities:

- a) hire an executive director who shall be directly responsible to the board for proper and efficient management of the bureau
- b) review and decide upon the annual operating budget of the bureau in accordance with the Governor's regular budget process
- c) review and approve procurement actions
- d) review and approve personnel actions
- e) review and approve accounting and financial management policies and procedures to ensure compliance with Generally Accepted Accounting principles (GAAP)
- f) review, approve and submit an annual financial report to the Governor no later than 30 days after the end of the fiscal year
- g) hold regular meetings at least once every month and hold special meetings and make said minutes available for public inspection
- h) advise the Governor on matters presented by the director in her reports as required by section 17.0610, "Duties and Responsibilities of the executive director".
- i) issue written advisories and recommendations on the director's reports as required by section 17.0610 ©. Said advisories and recommendations shall be issued not later than 25 days from the date of receipt of the director's report, and failure of the board to issue within that time shall be deemed a decision by the board to forego making any advisories and recommendations on that particular report
- j) review and approve all other matters properly within the bureau's authority which are included on the agenda of the board and,
- k) adopt by laws for the proper conduct of board affairs and business

Management Response:

FINDING 1: THE BUREAU HAS NOT DEVELOPED A FRAMEWORK FOR COMPETITIVENESS TO EVALUATE THE EFFECTIVENESS, EFFICIENCY AND ECONOMY OF ITS PERFORMANCE

Recommendations

The Bureau through the Board shall introduce a framework for competitiveness and reporting of performance which will:

1. Provide a consistent approach to performance accountability and standards for data collection. The performance measures must be accurate, reliable, relevant, reviewed and endorsed in Board minutes.
2. Information validation be made a policy requirement

ASVB RESPONSE:

1. The American Samoa Tourism Master Plan, includes the STRATEGIC TOURISM FRAMEWORK.

COVID 19 greatly impacted and changed the tourism, travel and hospitality industry on a global level. Prior tourism and marketing practices needed to and continue to be evaluated with these industry changes and as such, all plans for our territorial tourism industry development are being assessed and developed to address these world-wide industry changes. American Samoa's borders fully opened January 2023, thus sufficient time has not been given for full evaluation. All development plans and programs are undergoing modifications and/or complete revisions.

2. Recommendation acknowledged, thank you

FINDING 2: THE BUREAU'S LACK OF POLICIES AND PROCEDURES

Recommendations

3. The Board of Directors must comply with requirements of the Code such as minutes of all Board meetings be recorded and make available. The role of the Board is to provide oversight for the Bureau which means they need to be regularly updated on the Bureau's status and recent developments. Ultimately, the Board shall consider the needs of the Bureau and the availability of officers when deciding on a decision.
4. The Bureau shall establish and implement a formal conflict of interest policy which includes employees and officers, and the policy should be approved by the Board of Directors.

The policy should:

- a. Document the process for disclosing conflicts of interest, including the utilization of a Form.
 - b. Document the process for obtaining a waiver from the Board to participate in discussions related to the conflict.
 - c. Require all employees and officers to submit an annual conflict of interest statement. The statement should be submitted upon appointments and thereafter include a statement that they have attended an ethics training.
5. To ensure operational continuity, the Bureau should update its Standard Operating Procedures (SOP) instructions that formally articulate key Bureau's functions. Critical processes should be assessed, formalized, and documented. Comprehensive and relevant SOPs can serve as a management tool and help further define processes including bookkeeping functions. The SOP should be distributed and made available to all staff and officers and should be utilized and relied upon as an authoritative guide to accomplish their assigned tasks. Once the Standard Operating Procedures manual is finalized, the Board of Directors should approve the version before implementation.
 6. The Bureau must adhere to its policies and procedures and that all required information on accounts payable vouchers forms should be filled and satisfactorily completed.
 7. To provide accountability on the funding spent on travel, all TA must be approved by the Board for any management traveling on behalf of ASVB.
 8. The Bureau's management should comply with its internal control policies and procedures on employee travels.

ASVB RESPONSE:

The ASVB Board and Bureau management have discussed the above recommendations and have begun corrective actions.

3. The Board has elected a secretary and have set a monthly date for Board meetings. These two measures ensure better oversight from the Board.
4. Noted. Thank you for the reminder. A 'Conflict of Interest' document will be completed by all ASVB Board members.
5. The ASVB By-Laws clearly identify Board responsibilities and will be reviewed and modified as deemed necessary by the Board.
6. Noted, with thanks, and will make better effort to have vouchers properly completed.
7. Noted and will move forward to meet recommendation.
8. Recommendation acknowledged; actions being taken for mitigation of findings.

FINDING 3: THE BUREAU NEEDS IMPROVED CONTROLS OVER ITS PURCHASING AND PAYMENT PROCESSES

Recommendations

9. The Board of Directors should appropriately review and amend where necessary provisions of the Code, policies, and procedures to ensure compliance. If the Bureau is unable to adequately address its deficiencies, the Board should consider adopting best practices or techniques to help and avoid problems in the administration of contracts. Best practices are practical techniques gained from practical experience that may be used to improve the process.
10. The Bureau must comply with its written procurement procedures without exception. The Bureau's finance personnel should ensure purchase orders are issued for all purchases.
11. The Bureau must comply with its written procurement procedures without exception. The Bureau's finance personnel should ensure receiving reports are issued for all supplies received; Receiving Reports are prepared to confirm validity of purchases received.

ASVB RESPONSE:

9. Recommendation acknowledged, thank you
10. Noted; will move forward to improve.
11. Recommendation acknowledged, thank you.

FINDING 4: THE BUREAU NEEDS BETTER CONTROLS OVER ITS TIMEKEEPING AND PAYROLL PROCESSES

Recommendations

To address internal control weaknesses, we recommend that the Bureau:

12. To establish a method of time reporting and attendance to provide an independent verification of the hours the employees report on their timesheets.
13. Ensure that evidence of review and approval should be clearly noted on all payroll timesheets.
14. Maintain complete personnel information on current and former employees. These records should be kept in a secured area with access restricted to those designated employees with authority to review the files such as supervisors and or manager.
15. Work with employees and review employee calendars, emails, and other supporting documentation to determine if employees have unrecorded leaves and any leave adjustments detected should be adjusted accordingly.

ASVB RESPONSE:

12. Recommendation acknowledged; actions being taken to address finding.
13. Noted. Thank you.
14. Noted. Thank you for recommendation.
15. Recommendation acknowledged, thank you. Corrective actions being taken to address this.

FINDING 5: THE BUREAU NEEDS BETTER CONTROLS OVER ITS FIXED ASSETS

Recommendations

16. The Bureau should perform a complete physical count of all its fixed assets as soon as possible.
17. The Bureau policies and procedures should not be circumvented when disposing of fixed assets.
18. The Bureau should conform to its capitalization threshold policy that all capital items purchase of \$1,000 and more and with a useful life of more than one year should be recorded as a fixed asset.
19. The Bureau should ensure that it complies with the following requirements:
 - a. Reconcile the physical inventory to the inventory records
 - b. Investigate and resolve all inventory variances
 - c. Correct inventory records in QuickBooks to reflect the current on-hand balances/quantities and ensure records are accurate and properly maintained

ASVB RESPONSE:

16. Recommendation acknowledged; actions being taken to mitigate findings.
17. Recommendation acknowledged.
18. Recommendation acknowledged.
19. Recommendation acknowledged;
 - a. Noted, working on this
 - b. Listed fixed assets were purchased between 2009-2018; will update record

Mandate of the Territorial Audit Office

Law Mandate

Pursuant to Title 4, Chapter 4, section 4.0419 of the American Samoa Code Annotated (A.S.C.A), the Territorial Audit Office so designated in writing by the Territorial Auditor, shall have the power to inspect and make copies of books, records, or files of all territorial agencies, and any and all instruments and documents pertaining to the functions of the Territorial Audit Office.

Our Mission

To serve the public by conducting independent performance audits and investigations to increase accountability, and transparency, identify opportunities to enhance operational efficiencies and protect public resources.

Our Work

We conduct performance audits, which examine the efficiency and effectiveness of government programs or agencies and to report back to the public whether public funds are used appropriated by each government programs or agencies.

We report our findings and make recommendations to the Governor and the Legislature to help them make informed decisions.

Audit Team and Contacts

The following audit staff was involved in this assignment:

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For any questions on the report, contact the Territorial Audit Office at the following;

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