

Financial Statements

TERRITORY OF AMERICAN SAMOA

SINGLE AUDIT REPORT

SEPTEMBER 30, 2010

TERRITORY OF AMERICAN SAMOA
SINGLE AUDIT REPORT
SEPTEMBER 30, 2010

CONTENTS

	<u>Page</u>
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Independent Auditors' Report on Basic Financial Statements	*
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
FEDERAL FINANCIAL ASSISTANCE PROGRAMS:	
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	4
Independent Auditors' Report on Schedule of Expenditures of Federal Awards	7
Schedule of Expenditures of Federal Awards	9
Notes to Schedule of Expenditures of Federal Awards	21
Schedule of Findings and Questioned Costs	24
Status of Prior Year Findings	40

*Incorporated by reference

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Governor of the Territory of American Samoa

We have audited the basic financial statements of the Territory of American Samoa (the "Territory") as of and for the year ended September 30, 2010 and have issued our report thereon dated July 28, 2011. We qualified an opinion on the Statement of Net Assets, Balance Sheet - Governmental Funds, Reconciliation of the Statement of Net Assets to the Balance Sheet - Governmental Funds, Statement of Net Assets - Proprietary Funds and Statement of Fiduciary Net Assets - Fiduciary Funds, the respective financial position of the governmental activities, the business-like activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and we disclaimed an opinion on the Statement of Activities, Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities, Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds, Statement of Cash Flows - Proprietary Funds and Statement of Changes in Fiduciary Net Assets - Fiduciary Fund because:

- With respect to the primary government we were unable to satisfy ourselves about:
 - i. the balances of the High Court accounts;
 - ii. the amount of the due to/from other funds - pooled cash;
 - iii. the accuracy of physical inventory records;
 - iv. the balance of immigration bond deposits received and recorded;
 - v. the accuracy of the fund balances;
 - vi. significant failures in the internal control structure related to general accounting and grants administration.

- With respect to the discretely presented component units, we were not able to satisfy ourselves about:
 - i. the financial position and activities of the American Samoa Telecommunications Authority.

Except as discussed in the preceding paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

The Territory's basic financial statements include the operations of the fiduciary fund, the American Samoa Government Employee Retirement Fund and its component units, the American Samoa Power Authority, the American Samoa Community College, the American Samoa Telecommunications Authority, and the American Samoa Medical Center Authority. Any federal awards received by the fiduciary fund and the Territory's component units are not included in the Schedule of Expenditures of Federal Awards during the year ended September 30, 2010. Our audit, described below, did not include the operations of the fiduciary fund and the Territory's component units because the fiduciary fund and each component unit is required to engage other auditors to determine their reporting requirements in accordance with OMB Circular A-133, and issue a separate report if necessary.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered the Territory's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Territory's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Territory's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies, or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. These conditions were considered in determining that the system of financial accounting and reporting in operation for the Territory for the year ended September 30, 2010 was inadequate. There were significant failures in the operation of the internal control structure related to general accounting and grants administration. We consider the deficiencies described in the accompanying schedule of findings and questioned costs Finding Nos. 10 FS-1 through 10 FS-6 to be significant deficiencies.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether the Territory's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Finding Nos. 10 FS-1 through 10 FS-6. The effects of the instances of noncompliance have not been corrected in the 2010 basic financial statements of the Territory.

We noted certain other matters that we reported to management of the Territory in a separate letter dated July 28, 2011.

The Territory's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Territory's response and, accordingly, we express no opinion on it.

Because of the limitations on the scope of our audit caused by items discussed in paragraph one, we issued a qualified opinion on the Statement of Net Assets, Balance Sheet - Governmental Funds, Reconciliation of the Statement of Net Assets to the Balance Sheet - Governmental Funds, Statement of Net Assets - Proprietary Funds and Statement of Fiduciary Net Assets - Fiduciary Funds, the respective financial position of the governmental activities, the business-like activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and we disclaimed an opinion on the Statement of Activities, Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities, Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds, Statement of Cash Flows - Proprietary Funds and Statement of Changes in Fiduciary Net Assets - Fiduciary Fund.

This report is intended solely for the information and use of the Governor and management of the Territory and officials of the Department of the Interior, others within the entity, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

RC Holsinger Associates, P.C.

Wexford, Pennsylvania
July 28, 2011

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Governor of the Territory of American Samoa
Pago Pago, American Samoa

COMPLIANCE

We have audited the Territory of American Samoa's (the "Territory") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Territory's major federal programs for the year ended September 30, 2010. The Territory's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Territory's management. Our responsibility is to express an opinion on the Territory's compliance based on our audit.

The Territory's basic financial statements include the operations of the fiduciary fund, the American Samoa Government Employee Retirement Fund and its component units, the American Samoa Power Authority, the American Samoa Community College, the American Samoa Telecommunications Authority, and the American Samoa Medical Center Authority. Any federal awards received by the fiduciary fund and the Territory's component units are not included in the Schedule of Expenditures of Federal Awards during the year ended September 30, 2010. Our audit, described below, did not include the operations of the fiduciary fund and the Territory's component units because the fiduciary fund and each component unit is required to engage other auditors to determine their reporting requirements in accordance with OMB Circular A-133, and issue a separate report if necessary.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Territory's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Territory's compliance with those requirements.

As described in Finding Nos. 10 DOI-1, 10 PR-1 and 10 PR-2, 10 ARRA DOE-1, 10 ARRA DHHS-1 and 10 ARRA DHHS-2 in the accompanying schedule of findings and questioned costs, the Territory did not comply with requirements regarding:

- Activities allowed or unallowed
- Allowable costs/cost principles
- Eligibility
- Equipment and real property management
- Matching, level of effort, earmarking
- Procurement and suspension and disbarment
- Reporting
- Subrecipient monitoring
- Special tests and provisions
- Administrative requirements
- Standards for financial management systems
- Grant payment requirements
- Claims reimbursements
- Retention and access requirements for records

that are applicable to its major federal programs listed in Part I of the accompanying schedule of findings and questioned costs. Compliance with such requirements is necessary, in our opinion, for the Territory to comply with the requirements applicable to that program.

The system of financial accounting and reporting in operation for the Territory for the year ended September 30, 2010, was inadequate. There were significant failures in the operation of the internal control structure related to general accounting and grants administration. We noted evidence of a failure of identified control in preventing or detecting misstatements of accounting information and a lack of appropriate management oversight, review and approval of transactions.

Because of the significance of the items noted in the preceding paragraph and in the schedule of findings and questioned costs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Territory's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2010. The scope of our work was also not sufficient to enable us to express, and we do not express, an opinion on the items not tested.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs.

INTERNAL CONTROL OVER COMPLIANCE

Management of the Territory is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Territory's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Territory's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described above to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding Nos. 10 DOI-1, 10 PR-1 and 10 PR-2, 10 ARRA DOE-1, 10 ARRA DHHS-1 and 10 ARRA DHHS-2 to be significant deficiencies.

The Territory's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Territory's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of the Governor and management of the Territory and officials of the Department of the Interior, others within the entity, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

RC Holsinger Associates, P.C.

Wexford, Pennsylvania
July 28, 2011

INDEPENDENT AUDITORS' REPORT ON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the Territory of American Samoa (the "Territory") as of and for the year ended September 30, 2010 and have issued our report thereon dated July 28, 2011. We qualified an opinion on the Statement of Net Assets, Balance Sheet - Governmental Funds, Reconciliation of the Statement of Net Assets to the Balance Sheet - Governmental Funds, Statement of Net Assets - Proprietary Funds and Statement of Fiduciary Net Assets - Fiduciary Funds, the respective financial position of the governmental activities, the business-like activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information and we disclaimed an opinion on the Statement of Activities, Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds, Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities, Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds, Statement of Cash Flows - Proprietary Funds and Statement of Changes in Fiduciary Net Assets - Fiduciary Fund because:

- With respect to the primary government we were unable to satisfy ourselves about:
 - i. the balances of the High Court accounts;
 - ii. the amount of the due to/from other funds - pooled cash;
 - iii. the accuracy of physical inventory records;
 - iv. the balance of immigration bond deposits received and recorded;
 - v. the accuracy of the fund balances;
 - vi. significant failures in the internal control structure related to general accounting and grants administration.
- With respect to the discretely presented component units, we were not able to satisfy ourselves about:
 - i. the financial position and activities of the American Samoa Telecommunications Authority.

The Territory's basic financial statements include the operations of the fiduciary fund, the American Samoa Government Employee Retirement Fund and its component units, the American Samoa Power Authority, the American Samoa Community College, the American Samoa Telecommunications Authority, and the American Samoa Medical Center Authority. Any federal awards received by the fiduciary fund and the Territory's component units are not included in the Schedule of Expenditures of Federal Awards during the year ended September 30, 2010. Our audit, described below, did not include the operations of the fiduciary fund and the Territory's component units because the fiduciary fund and each component unit is required to engage other auditors to determine their reporting requirements in accordance with OMB Circular A-133, and issue a separate report if necessary.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Territory's financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. This schedule is the responsibility of the management of the Territory.

The scope of our work was not sufficient to enable us to express, and we do not express an opinion on the accompanying schedule of federal awards for the year ended September 30, 2010.

The Territory did not comply with the compliance requirements governing the administration of federal award programs. No adjustment has been made to the amounts reported in the schedule of expenditures of federal awards for any potential loss or disallowance of federal awards that may result because of this noncompliance.

This report is intended solely for the information and use of the Governor and management of the Territory of American Samoa and officials of the Department of the Interior, others within the entity, and other federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.

RC Holsinger Associates, P.C.

Wexford, Pennsylvania
July 28, 2011

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF AGRICULTURE:			
Plant and Animal Disease, Pest Control, and Animal Care 9/30/09	10.025	\$ 25,000	\$ 18,375
Specialty Crop Block Grant Program - Farm Bill 9/30/09	10.170	103,445	17,499
Supplemental Nutrition Assistance Program 9/30/08	10.551	4,887,632	21,194
9/30/09		9,212,124	116,693
9/30/10		5,509,334	<u>5,408,539</u>
			5,546,426
National School Lunch Program 9/30/06	10.555	12,974,750	5,439
9/30/07		21,918,252	(51,013)
9/30/08		15,284,820	68,545
9/30/09		17,765,763	6,633,097
9/30/10		18,938,661	<u>11,092,260</u>
			17,748,328
Special Supplemental Nutrition Program for Women, Infants, and Children 9/30/06	10.557	7,318,272	738
9/30/07		7,545,657	325
9/30/08		9,075,584	(16,948)
9/30/09		9,084,726	510
9/30/10		9,917,921	<u>7,738,243</u>
			7,722,868
Cooperative Forestry Assistance 9/30/06	10.664	200,000	(20,000)
9/30/08		98,000	8,116
9/30/09		98,000	97,446
9/30/10		100,000	<u>2,986</u>
			88,548
Emergency Watershed Protection Program 9/30/10	10.923	500,000	216,832
Agricultural Statistics Reports 9/30/08	10.950	60,000	<u>1,130</u>
Total Department of Agriculture			<u>\$ 31,360,006</u>
DEPARTMENT OF COMMERCE:			
Interjurisdictional Fisheries Act of 1986 9/30/08	11.407	\$ 314,850	\$ 80,749
Coastal Zone Management Administration Awards 9/30/08	11.419	951,000	2,876
9/30/09		1,443,001	339,756
9/30/10		1,616,000	<u>307,084</u>
			649,716
Financial Assistance for National Centers for Coastal Ocean Science 9/30/08	11.426	431,958	54,570
9/30/09		384,843	<u>119,455</u>
			174,025

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF COMMERCE - CONTINUED:			
Marine Sanctuary Program	11.429		
9/30/07		\$ 133,525	\$ 95,322
9/30/09		200,000	<u>8,000</u>
			103,322
Pacific Fisheries Data Program	11.437		
9/30/08		252,000	68,415
9/30/09		84,000	<u>23,002</u>
			91,417
Unallied Management Projects	11.454		
9/30/10		50,000	40,277
Meteorologic and Hydrologic Modernization Development	11.467		
9/30/10		34,000	<u>15,330</u>
Total Department of Commerce			<u>\$ 1,154,836</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Community Development Block Grants/Special Purpose Grants/Insular Areas	14.225		
9/30/06		\$ 3,094,059	\$ 90,716
9/30/07		2,840,297	552,798
9/30/08		1,568,038	81,675
9/30/09		1,323,349	44,569
9/30/10		1,173,695	<u>7,723</u>
Total Department of Housing and Urban Development			<u>\$ 777,481</u>
DEPARTMENT OF INTERIOR:			
Sport Fish Restoration Program	15.605		
9/30/09		\$ 1,883,368	\$ 65,144
9/30/10		1,764,657	<u>1,266,395</u>
			1,331,539
Fish and Wildlife Management Assistance	15.608		
9/30/03		1,497,581	7,154
Wildlife Restoration	15.611		
9/30/10		499,080	335,446
State Wildlife Grants	15.634		
9/30/10		199,948	485
Economic & Political Development of the Territories & the Trust Territory of Pacific Islands	15.875	*	
Basic Operating Grant:			
General Government Operations		18,958,043	18,958,043
High court - Operating		1,146,707	<u>570,205</u>
Total Basic Operating			19,528,248
Construction Improvement Program	15.875	*	
9/30/09-9/30/10		4,541,716	4,499,393
Operations and Maintenance Program	15.875	*	
9/30/09-9/30/10		182,078	182,078
Other	15.875	*	
9/30/10		6,222,929	<u>663,813</u>
			24,873,532

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF INTERIOR - CONTINUED:			
Historic Preservation Fund Grants-In-Aid	15.904		
9/30/07		\$ 381,952	\$ 26,271
9/30/08		385,134	66,268
9/30/09		389,739	366,017
9/30/10		395,634	<u>77,025</u>
			<u>535,581</u>
Total Department of Interior			<u>\$ 27,083,737</u>
DEPARTMENT OF JUSTICE:			
Sexual Assault Services Formula Program	16.017		
9/30/09		\$ 5,785	\$ 4,520
Juvenile Accountability Block Grants	16.523		
9/30/06		76,851	175
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		
9/30/06		120,650	7,987
9/30/07		378,318	68,879
9/30/08		1,152,531	<u>241,636</u>
			318,502
Crime Victim Assistance	16.575		
9/30/06		271,000	768
9/30/07		278,159	144,710
9/30/08		319,964	102,887
9/30/09		272,493	<u>976</u>
			249,341
Edward Byrne Memorial Formula Grant Program	16.579		
9/30/09		356,050	60,580
Violence Against Women Formula Grants	16.588		
9/30/06		1,408,197	24,695
9/30/07		1,733,444	442,369
9/30/08		1,015,577	357,825
9/30/09		2,000,891	<u>16,101</u>
			<u>840,990</u>
Total Department of Justice			<u>\$ 1,474,108</u>
DEPARTMENT OF LABOR:			
Unemployment Insurance	17.225		
9/30/10		\$ 1,425,000	\$ 729,487
Senior Community Service Employment Program	17.235		
9/30/10		2,226,271	562,442
9/30/11		1,350,956	<u>702,134</u>
			1,264,576
Workforce Initiative Act - Adult Program	17.258		
9/30/07		116,408	(1,573)
9/30/09		174,991	79,571
9/30/10		131,586	<u>78,511</u>
			156,509
Workforce Initiative Act - Youth Activities	17.259		
9/30/07		181,767	2,536
9/30/08		131,813	495
9/30/09		131,813	<u>104,797</u>
			107,828

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.		Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF LABOR - CONTINUED:				
Workforce Initiative Act - Dislocated Workers	17.260	*		
9/30/07			\$ 146,640	\$ 356
9/30/08			51,104	31,604
9/30/09			157,319	<u>12,566,729</u>
				<u>12,598,689</u>
Total Department of Labor				<u>\$ 14,857,089</u>
DEPARTMENT OF TRANSPORTATION:				
Airport Improvement Program	20.106	*		
9/30/10			\$ 10,262,319	\$ 9,214,588
Highway Planning and Construction	20.205	*		
9/30/03			11,862,589	39,158
9/30/04			30,466,016	2,774,297
9/30/05			19,144,460	866,667
9/30/06			15,140,697	918,783
9/30/07			7,373,099	375,847
9/30/08			7,837,143	1,030,027
9/30/09			11,839,937	827,983
9/30/10			19,032,954	<u>7,039,772</u>
				13,872,534
National Motor Carrier Safety	20.218			
9/30/08			350,000	(1,570)
9/30/09			350,000	226,454
9/30/10			350,000	<u>10,795</u>
				235,679
Formula Grants for Other Than Urbanized Areas	20.509			
9/30/04			223,682	4,522
9/30/05			231,293	32,945
9/30/06			363,388	175,024
9/30/09			369,907	<u>288</u>
				212,779
State and Community Highway Safety	20.600			
9/30/07			2,668,065	(80)
9/30/08			300,000	46,994
9/30/09			1,342,145	1,314
9/30/10			2,802,038	<u>1,457,757</u>
				1,505,985
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703			
9/30/07			66,207	999
9/30/09			144,391	<u>5,616</u>
				<u>6,615</u>
Total Department of Transportation				<u>\$ 25,048,180</u>
GENERAL SERVICES ADMINISTRATION:				
Election Reform Payments	39.011			
9/30/03			\$ 1,000,000	\$ 13,183
9/30/04			2,319,361	<u>267,958</u>
Total General Services Administration				<u>\$ 281,141</u>
NATIONAL FOUNDATION OF ARTS & HUMANITIES:				
Promotion of the Arts - Partnership Agreements	45.025			
9/30/10			\$ 287,355	<u>\$ 249,562</u>
Total National Foundation of Arts & Humanities				<u>\$ 249,562</u>

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:			
National Leadership Grants 9/30/10	45.312	\$ 40,000	\$ 3,750
Total Institute of Museum and Library Services			<u>\$ 3,750</u>
ENVIRONMENTAL PROTECTION AGENCY:			
Environmental Protection Consolidated Grants - Program Support 9/30/09	66.600	\$ 5,748,524	\$ 1,538,166
Total Environmental Protection Agency			<u>\$ 1,538,166</u>
DEPARTMENT OF ENERGY:			
State Energy Program 9/30/10	81.041	\$ 260,393	\$ 110,946
Weatherization Assistance for Low Income Persons 9/30/10	81.042	351,644	<u>120,566</u>
Total Department of Energy			<u>\$ 231,512</u>
DEPARTMENT OF EDUCATION:			
Special Education - Grants to States 9/30/09	84.027	\$ 6,297,058	\$ 1,816,838
Special Education - Grants to States 9/30/10	84.027A *	6,297,058	5,991,413
9/30/11		6,297,058	<u>4,612</u>
			5,996,025
Rehabilitation Services - Vocational Rehabilitation Grants to States 9/30/09	84.126A	738,967	75,134
9/30/10		738,967	<u>638,235</u>
			713,369
Centers for Independent Living 9/30/09	84.132	154,046	3,705
Centers for Independent Living 9/30/10	84.132A	154,046	129,887
Rehabilitation Services - Client Assistance Program 9/30/09	84.161	52,859	12,758
9/30/10		56,217	<u>33,834</u>
			46,592
Independent Living - State Grants 9/30/09	84.169A	29,019	2,187
9/30/10		29,019	<u>24,891</u>
			27,078
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind 9/30/09	84.177B	76,476	27,811
9/30/10		76,476	<u>28,457</u>
			56,268

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF EDUCATION - CONTINUED:			
Grants for Infants and Families	84.181		
9/30/07		\$ 592,467	\$ 1,665
9/30/08		592,117	155,242
9/30/09		582,117	<u>330,621</u>
			487,528
Grants for Infants and Families	84.181A		
9/30/10		582,117	19,707
Safe and Drug Free Schools and Communities - State Grants	84.186		
9/30/09		900,459	309,073
9/30/10		900,459	<u>496,424</u>
			805,497
Fund for the Improvement of Education	84.215		
9/30/10		618,000	115,555
Fund for the Improvement of Education	84.215E		
9/30/09		529,534	306,738
Assistive Technology	84.224		
9/30/09		125,000	106,157
Assistive Technology	84.224A		
9/30/10		27,050	16,072
Program of Protection and Advocacy of Individual Rights	84.240		
9/30/09		83,131	21,576
9/30/10		87,992	<u>38,107</u>
			59,683
Territories and Freely Associated States Education Grant Program	84.256A		
9/30/09		1,050,930	952,201
9/30/10		1,080,000	<u>583,164</u>
			1,535,365
Assistive Technology - State Grants for Protection and Advocacy	84.343		
9/30/08		30,000	39
9/30/09		30,000	26,135
9/30/10		30,000	<u>8,044</u>
			34,218
Reading First State Grants	84.357		
9/30/09		623,668	458,512
Improving Literacy Through School Libraries	84.364A		
9/30/10		24,470	24,470
Consolidated Grants to Insular Areas	84.922 *		
9/30/08		16,324,789	64
9/30/09		16,546,972	<u>3,836,918</u>
			3,836,982
Consolidated Grants to Insular Areas	84.922A *		
9/30/09		4,951,690	1,469,696
9/30/10		17,923,942	12,238,796
9/30/11		8,248,381	<u>211,565</u>
			13,920,057
Total Department of Education			<u>\$ 30,516,303</u>

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF HEALTH & HUMAN SERVICES:			
Programs for Prevention of Elder Abuse, Neglect, and Exploitation 9/30/10	93.041	\$ 3,153	\$ 3,153
Long Term, Care Ombudsman Services for Older Individuals 9/30/10	93.042	10,493	10,493
Public Health Emergency Preparedness 9/30/10	93.069	1,966,744	917,333
9/30/11		1,315,439	<u>110,914</u>
			1,028,247
Maternal & Child Health Federal Consolidated Programs 9/30/09	93.110	244,605	25,950
9/30/10		354,713	<u>81,187</u>
			107,137
Project Grants and Cooperative Agreements for Tuberculosis, Control Programs 9/30/08	93.116	98,407	438
9/30/09		125,809	41,621
9/30/10		123,799	<u>76,643</u>
			118,702
Protection and Advocacy for Mentally Ill Individuals 9/30/08	93.138	221,300	901
9/30/09		227,600	142,159
9/30/10		227,600	<u>7,008</u>
			150,068
Projects for Assistance in Transition from Homelessness (PATH) 9/30/09	93.150	50,000	50,000
9/30/10		50,000	<u>(102)</u>
			49,898
Consolidated Health Centers 9/30/10	93.224	761,706	439,583
9/30/11		584,523	<u>223,850</u>
			663,433
Substance Abuse and Mental Health Services - Projects of Regional and National Significance 9/30/05	93.243	71,095	(3,424)
9/30/08		1,313,095	(322)
9/30/09		1,313,095	(68,338)
9/30/10		1,850,269	1,199,641
9/30/11		1,313,095	<u>505</u>
			1,128,062
State Grants for Protection and Advocacy Services 9/30/09	93.267	20,000	5,444
9/30/10		20,000	<u>1,868</u>
			7,312
Immunization Grants 9/30/07	93.268	373,004	(3,836)
9/30/08		517,166	2,100
9/30/09		383,646	105,965
9/30/10		518,719	<u>271,725</u>
			375,954

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF HEALTH & HUMAN SERVICES - CONTINUED:			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		
9/30/09		\$ 2,272,863	\$ 69,204
9/30/10		1,218,146	875,665
9/30/11		613,424	<u>158,578</u>
			1,103,447
Low-Income Home Energy Assistance	93.568		
9/30/09		111,406	22,841
9/30/10		110,501	<u>83,990</u>
			106,831
Community Services Block Grant	93.569		
9/30/07		825,967	295
9/30/08		915,365	76,698
9/30/09		868,182	<u>685,488</u>
			762,481
Head Start	93.600		
9/30/10		2,361,992	1,743,726
9/30/11		2,951,625	<u>390,028</u>
			2,133,754
Voting Access for Individuals with Disabilities - Grants to States	93.617		
9/30/03		800,000	58,826
Voting Access for Individuals with Disabilities - Grants for Protection and Advocacy Systems	93.618		
9/30/08		35,000	1,513
9/30/09		35,000	30,648
9/30/10		35,000	<u>1,271</u>
			33,432
Development Disabilities Basic Support and Advocacy Grants	93.630		
9/30/08		515,291	2,856
9/30/09		447,644	141,611
9/30/10		282,927	<u>238,369</u>
			382,836
Consolidated Supportive Services	93.633		
9/30/10		1,319,234	1,319,234
Social Services Block Grant	93.667		
9/30/08		1,707,052	(170)
9/30/09		1,673,765	161,922
9/30/10		1,257,820	<u>1,189,709</u>
			1,351,461
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		
9/30/07		295,564	72,900
National Bioterrorism Hospital Preparedness Program	93.889		
9/30/07		472,279	48,201
9/30/08		586,694	400
9/30/09		355,868	<u>45,113</u>
			93,714

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF HEALTH & HUMAN SERVICES - CONTINUED:			
HIV Care Formula Grants	93.917		
9/30/09		\$ 30,347	\$ 16,222
9/30/10		52,663	<u>18,631</u>
			34,853
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		
9/30/08		151,817	27,069
HIV Prevention Activities - Health Department Based	93.940		
9/30/10		193,360	155,788
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		
9/30/09		218,044	39,303
9/30/10		10,000	<u>6,693</u>
			45,996
Block Grants for Community Mental Health Infrastructure	93.958		
9/30/06		2,580,098	686
9/30/07		2,510,421	2,738
9/30/08		2,449,167	1,630
9/30/09		2,314,345	355,987
9/30/10		2,916,386	<u>1,929,261</u>
			2,290,302
Preventive Health Service - Sexually Transmitted Disease Control Grants	93.977		
9/30/09		63,247	4,943
9/30/10		44,273	<u>26,533</u>
			31,476
Mental Health Disaster Assistance and Emergency Mental Health	93.982		
9/30/10		775,778	596,573
Preventive Health and Health Services Block Grant	93.991		
9/30/08		51,057	110
9/30/09		55,534	<u>44,677</u>
			44,787
Maternal and Child Health Services Block Grant to the States	93.994		
9/30/06		505,457	19
9/30/07		505,457	(683)
9/30/08		496,117	11,166
9/30/09		681,114	<u>457,712</u>
			468,214
Total Department of Health & Human Services			<u>\$ 14,756,433</u>
SOCIAL SECURITY:			
Social Security - Work Incentives Planning and Assistance Program	96.008		
9/30/08		\$ 50,000	\$ 1,209
9/30/09		50,000	<u>7,797</u>
Total Social Security			<u>\$ 9,006</u>

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA No.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
DEPARTMENT OF HOMELAND SECURITY:			
Boating Safety Financial Assistance	97.012		
9/30/09		\$ 812,149	\$ (1,148)
9/30/10		746,597	<u>746,595</u>
			745,447
Crisis Counseling	97.032		
9/30/10		319,249	246,636
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	*	
9/30/10		23,134,098	8,729,354
Hazard Mitigation Grant	97.039	*	
9/30/10		21,995,736	663,715
Emergency Management Performance Grants	97.042		
9/30/05		454,033	28,666
9/30/07		505,719	264,791
9/30/08		761,545	<u>25,403</u>
			318,860
Homeland Security Grant Program	97.067		
9/30/05		2,814,747	1,806,631
9/30/08		691,948	<u>594,953</u>
			2,401,584
Homeland Security Grant Program (SHSP)	97.073		
9/30/05		1,013,713	906,373
Driver's License Security Grant Program	97.089		
9/30/10		661,690	<u>298,943</u>
Total Department of Homeland Security			<u>\$ 14,310,912</u>
TOTAL 2010 FEDERAL AWARDS EXPENDED			<u>\$ 163,652,222</u>

*Denotes a major federal financial assistance program. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

Federal Grantor / Program Title	CFDA NO.	Total Grant Appropriation	FY 2010 Expenditures Sept. 30, 2010
AMERICA RECOVERY AND REINVESTMENT ACT			
DEPARTMENT OF AGRICULTURE:			
Supplemental Nutrition Assistance Program	10.551 **		
9/30/09		\$ 964,000	\$ 481,541
9/30/10		1,021,000	<u>872,476</u>
Total Department of Agriculture			<u>\$ 1,354,017</u>
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
Homeless Prevention and Rapid Rehousing	14.257 **		
9/30/09		\$ 412,935	\$ <u>117,559</u>
Total Department of Housing and Urban Development			<u>\$ 117,559</u>
DEPARTMENT OF JUSTICE:			
Violence Against Women Formula Grants	16.588 **		
9/30/09		438,682	\$ 89,679
Recovery Act - State Victim Assistance Formula Grant Program	16.801 **		
9/30/09		62,933	18,184
Edward Byrne Memorial Formula Grant Program	16.803		
9/30/09		\$ 2,481,575	<u>937,548</u>
Total Department of Justice			<u>\$ 1,045,411</u>
DEPARTMENT OF LABOR:			
Senior Community Service Employment Program	17.235 **		
9/30/09		\$ 269,887	\$ 196,983
Workforce Initiative Act - Adult Program	17.258 **		
9/30/09		75,000	23,621
Workforce Initiative Act - Youth Activities	17.259		
9/30/09		387,530	<u>105,443</u>
Total Department of Labor			<u>\$ 326,047</u>
DEPARTMENT OF TRANSPORTATION:			
Highway Planning and Construction	20.205 **		
9/30/09		\$ 6,300,000	\$ 6,071,777
Formula Grants for Other Than Urbanized Areas	20.509 **		
9/30/09		341,000	\$ <u>243,010</u>
Total Department of Transportation			<u>\$ 6,314,787</u>
NATIONAL FOUNDATION OF ARTS & HUMANITIES:			
Promotion of the Arts - Partnership Agreements	45.025 **		
9/30/09		\$ 25,000	\$ <u>22,168</u>
Total National Foundation of Arts & Humanities			<u>\$ 22,168</u>
ENVIRONMENTAL PROTECTION AGENCY:			
Water Quality Management Planning	66.454 **		
9/30/09		\$ 140,000	\$ <u>53,236</u>
Total Environmental Protection Agency			<u>\$ 53,236</u>
DEPARTMENT OF ENERGY:			
State Energy Program	81.041 **		
9/30/09		\$ 18,550,000	\$ 6,873,063
Weatherization Assistance for Low Income Persons	81.042 **		
9/30/09		895,996	169,575

**Denotes a major ARRA federal financial assistance program tested. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

<u>Federal Grantor / Program Title</u>	<u>CFDA No.</u>	<u>Total Grant Appropriation</u>	<u>FY 2010 Expenditures Sept. 30, 2010</u>
AMERICA RECOVERY AND REINVESTMENT ACT - CONTINUED			
DEPARTMENT OF ENERGY - CONTINUED:			
Electricity Delivery and Energy Reliability, Research, Development and Analysis 9/30/10	81.122	205,257	17,709
Energy Efficient Appliance Rebate Program (EEARP) 9/30/09	81.127	100,000	18,496
Energy Efficiency and Conservation Block Grant Program (EECBG) 9/30/10	81.128 **	9,593,500	<u>444,709</u>
Total Department of Energy			<u>\$ 7,523,552</u>
DEPARTMENT OF EDUCATION:			
Special Education Grants to States, Recovery Act 9/30/09	84.391A **	\$ 230,169	\$ 120,997
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act 9/30/09	84.397A **	17,617,270	2,310,021
Consolidated Grants to the Outlying Areas, Recovery Act 9/30/10	84.402A **	7,242,528	<u>689,765</u>
Total Department of Education			<u>\$ 3,120,783</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
Community Services Block Grant 9/30/09	93.569 **	\$ 1,299,836	\$ 925,375
Child Care and Development Block Grant 9/30/09	93.575 **	2,481,968	967,893
Health Center ARRA - Grants to Programs 9/30/09	93.703 **	1,773,050	916,460
Aging Home Delivered Nutrition Services for States 9/30/09	93.705 **	20,000	13,478
Aging Congregate Nutrition Services for States 9/30/09	93.707 **	40,625	22,931
ARRA - Head Start 9/30/10	93.708 **	618,633	141,076
Substance Abuse and Mental Health Services-Projects of Regional and National Significance 9/30/10	93.711 **	250,000	32,596
ARRA - Immunization 9/30/09	93.712 **	232,406	15,025
ARRA - Prevention and Wellness - State, Territories, and Pacific Islands 9/30/09	93.723 **	100,000	<u>9,761</u>
Total Department of Health and Human Services			<u>\$ 3,044,595</u>
TOTAL 2010 AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS EXPENDED			<u>\$ 22,922,155</u>
TOTAL 2010 FEDERAL AWARDS EXPENDED FROM PAGE 18			<u>\$ 163,652,222</u>
TOTAL 2010 FEDERAL EXPENDITURES			<u>\$ 186,574,377</u>

**Denotes a major ARRA federal financial assistance program tested. See Note 3.

See notes to schedule of expenditures of federal awards.

TERRITORY OF AMERICAN SAMOA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2010

NOTE 1 - ACQUISITION/ORGANIZATION

The Schedule of Expenditures of Federal Awards is prepared using the modified accrual basis of accounting.

NOTE 2 - REPORTING ENTITY

The Territory of American Samoa (the "Territory"), for purposes of the financial statements, includes all of the funds of the primary government as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*. The Schedule of Expenditures of Federal Awards does not include the federal financial assistance received by its component units, the American Samoa Community College, and LBJ Tropical Medical Center. LBJ Tropical Medical Center and the American Samoa Community College also file a separate single audit report with the Federal Audit Clearinghouse.

The Title IV Student Financial Assistance Programs are audited by other auditors and reported on separately.

Federal financial assistance received by the Development Bank of American Samoa, an organization related to the Territory, is not included in the Schedule of Expenditures of Federal Awards.

NOTE 3 - MAJOR PROGRAMS

The major programs included in the accompanying Schedule of Expenditures of Federal Awards are as follows:

<u>CFDA No.</u>	<u>Program</u>	<u>Total Grant Expenditures Sept. 30, 2010</u>
MAJOR PROGRAMS		
10.551	Department of Agriculture - Supplemental Nutrition Assistance Program	\$ 5,546,426
10.555	National School Lunch Program	17,748,328
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	7,722,868
15.875	Department of Interior - Economic and Political Development of the Territories and the Trust Territory of Pacific Islands	24,873,532
17.260	Department of Labor - Workforce Initiative Act - Dislocated Workers	12,598,689
20.106	Department of Transportation - Airport Improvement Program	9,214,588
20.205	Highway Planning and Construction	13,872,534

TERRITORY OF AMERICAN SAMOA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

NOTE 3 - MAJOR PROGRAMS - Continued

CFDA No.	Program	Total Grant Expenditures Sept. 30, 2010
84.027A	Department of Education - Special Education Grant to States	\$ 5,996,025
84.922	Consolidated Grants to Insular Areas	3,836,982
84.922A	Consolidated Grants to Insular Areas	<u>13,920,057</u>
97.036	Department of Homeland Security - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	8,729,354
97.039	Hazard Mitigation Grant	<u>663,715</u>
	Total major programs tested	124,723,098
AMERICAN RECOVERY AND REINVESTMENT ACT FUNDS		
10.551	Department of Agriculture - Supplemental Nutrition Assistance Program	\$ 1,354,017
14.257	Department of Housing and Urban Development - Homeless Prevention and Rapid Rehousing	117,559
16.588	Department of Justice - Violence Against Women Formula Grants	89,679
16.801	Recovery Act - State Victim Assistance Formula Grant Program	18,184
16.803	Edward Byrne Memorial Formula Grant Program	937,548
17.235	Department of Labor - Senior Community Service Employment Program	196,983
17.258	Workforce Initiative Act - Adult Program	23,621
20.205	Department of Transportation - Highway Planning and Construction	6,071,777
20.509	Formula Grants for Other Than Urbanized Areas	243,010
45.025	National Foundation of Arts & Humanities - Promotion of the Arts - Partnership Agreements	22,168
66.454	Environmental Protection Agency - Water Quality Management Planning	53,236
81.041	Department of Energy - State Energy Program	6,873,063
81.042	Weatherization Assistance for Low-Income Persons	169,575
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)	444,709

TERRITORY OF AMERICAN SAMOA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED
SEPTEMBER 30, 2010

NOTE 3 - MAJOR PROGRAMS - Continued

CFDA No.	Program	Total Grant Expenditures Sept. 30, 2010
84.391A	Department of Education - Special Education Grants to States, Recovery Act	120,997
84.397A	State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act	2,310,021
84.402A	Consolidated Grants to the Outlying Areas, Recovery Act	689,765
93.569	Department of Health and Human Services - Community Services Block Grant	925,375
93.575	Child Care and Development Block Grant	967,893
93.703	Health Center - ARRA - Grants to Programs	916,460
93.705	Aging Home Delivered Nutrition Services for States	13,478
93.707	Aging Congregate Nutrition Services for States	22,931
93.708	ARRA - Head Start	141,076
93.711	Substance Abuse and Mental Health Services - Projects of Regional and National Significance	32,596
93.712	ARRA - Immunization	15,025
93.723	ARRA - Prevention and Wellness - State, Territory, and Pacific Islands	<u>9,761</u>
	Total major ARRA programs tested	<u>22,780,507</u>
	Total programs tested	<u>\$ 147,503,605</u>
	Total federal expenditures	<u>\$ 186,574,377</u>
	Percentage of federal expenditures tested	<u>79%</u>

TERRITORY OF AMERICAN SAMOA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED SEPTEMBER 30, 2010

PART I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:

- Qualified Statement of Net Assets
- Disclaimer on Statement of Activities excluding Fiduciary & Component Units

Internal control over financial reporting:

- Material weakness(es) identified: √ yes ___ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es): √ yes ___ no
- Noncompliance material to financial statements noted: √ yes ___ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: √ yes ___ no
- Significant deficiency(ies) identified that are considered to be material weakness(es): √ yes ___ no

Type of auditors' report issued on compliance for major programs: Disclaimer

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133: √ yes ___ no

Identification of major programs:

<u>CFDA Number</u>	<u>Federal Program</u>
	<i>Department of Agriculture</i>
10.551	Supplemental Nutrition Assistance Program
10.555	National School Lunch Program
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
	<i>Department of Interior</i>
15.875	Economic and Political Development of the Territories and the Trust Territory of Pacific Islands
	<i>Department of Labor</i>
17.260	Workforce Initiative Act - Disclosed Workers
	<i>Department of Transportation</i>
20.106	Airport Improvement Program
20.205	Highway Planning and Construction
	<i>Department of Education</i>
84.027A	Special Education Grants to States
84.922	Consolidated Grants to Insular Areas
84.922A	Consolidated Grants to Insular Areas

TERRITORY OF AMERICAN SAMOA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
 YEAR ENDED SEPTEMBER 30, 2010

<u>CFDA Number</u>	<u>Federal ARRA Program</u>
	<i>Department of Agriculture</i>
10.551	Supplemental Nutrition Assistance Program
	<i>Department of Housing and Urban Development</i>
14.257	Homeless Prevention and Rapid Rehousing
	<i>Department of Justice</i>
16.588	Violence Against Women Formula Grants
16.801	Recovery Act - State Victim Assistance Formula Grant Program
16.803	Edward Byrne Memorial Formula Grant Program
	<i>Department of Labor</i>
17.235	Senior Community Service Employment Program
17.258	Workforce Initiative Act - Adult Program
	<i>Department of Transportation</i>
20.205	Highway Planning and Construction
20.509	Formula Grants for Other Than Urbanized Areas
	<i>National Foundation of Arts & Humanities</i>
45.025	Promotion of the Arts - Partnership Agreements
	<i>Environmental Protection Agency</i>
66.454	Water Quality Management Planning
	<i>Department of Energy</i>
81.041	State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.128	Energy Efficiency and Conservation Block Grant Program (EECBG)
	<i>Department of Education</i>
84.391A	Special Education Grants to States, Recovery Act
84.397A	State Fiscal Stabilization Fund (SFSF) - Government Services Recovery Act
84.402A	Consolidated Grants to the Outlying Areas, Recovery Act
	<i>Department of Health and Human Services</i>
93.569	Community Service Block Grant
93.575	Child Care and Development Block Grant
93.703	Health Center ARRA - Grants to Programs
93.705	Aging Home Delivered Nutrition Services for States
93.707	Aging Congregate Nutrition Services for States
93.708	ARRA - Head Start
93.711	Substance Abuse and Mental Health Services - Projects of Regional and National Significance
93.712	ARRA - Immunization
93.723	ARRA - Prevention and Wellness - State, Territories and Pacific Islands

Dollar threshold used to distinguish between type A and type B programs? \$3,000,000

Auditee qualified as low-risk auditee? yes no

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

PART II - FINANCIAL STATEMENT FINDINGS

Questioned
Costs

10 FS-1

Requirement: The requirement of the Common Rule for the Uniform Administrative Requirements for Grants and Cooperative Agreements with State and Local Governments (the Common Rule) that relate to standards for financial management and internal control (Subpart C .20) state that the grantee must have sufficient internal control systems and accounting procedures to demonstrate that federal funds have not been used for unauthorized purposes.

Condition: There were significant failures in the operation of the internal control structure within the general accounting division of the Treasury Department. We base this conclusion on the following observations:

- Pooled cash is not supported by a listing of the outstanding transactions that comprise the balance.
- During our procurement inventory physical counts, we were unable to agree the amount of inventory in the warehouse to the inventory listing for 38 out of 60 items.
- Immigration Bonds are not supported by a detail listing of each bond that has been posted by a sponsor for each immigrant.
- During our accounts payable out-of-period liabilities search, we noticed several items for which an incorrect determination relating to which fiscal year they needed to be recorded. This resulted in an adjustment to the financial statements. This also resulted in incorrect amounts being included on the grants spreadsheet.
- Trial balances were not closed or reconciled in a regular or timely manner throughout or at year end.
- The final Schedule of Expenditures of Federal Awards was not given to us in a timely manner to ensure single audit testing of all ARRA programs.
- Control systems failed to detect postings to improper periods, unallowable costs, and missing documentation required for payment processing and expenditures exceeding budget.
- During the fiscal year September 30, 2010, and the period subsequent to September 30, 2010, we became aware of various reviews by different federal agencies. These reviews have resulted in questioned costs and indicated the lack of controls over spending of federal funds.
- In an examination of payroll transactions, 6 out of 60 time cards/scantrons to support information input into the computer were not originals.

\$ -

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Cause: The internal control failures in the daily operations of the general accounting division of the Treasury Department are attributed to:

- Lack of adequately trained personnel in key positions. The Comptroller position was vacant during the fiscal year. Since this position was vacant, no employee was delegated responsibility for overseeing, reviewing and implementing the overall accounting function.
- Without a regular and timely closing process during the fiscal year, accounting personnel do not detect and correct errors in a reasonable timeframe.
- The internal control activities are not monitored to determine if established control activities are functioning as intended.

Effect: Internal controls are not operating as intended to prevent misstatements from occurring and being detected. Work prepared by accountants and clerks working in the General Accounting department is not being reviewed in a timely manner. Bank reconciliations, general ledger account reconciliations, journal entries and other recordkeeping activities are not being performed, summarized, and reviewed in a manner to prevent and detect errors. We believe this finding represents a reportable condition and a material weakness in internal control. We have, however, not identified any specific questioned costs associated with this finding.

Recommendation: It is crucial to the operation of the internal control structure that preventative and detective controls be developed, monitored and maintained by qualified and competent personnel. Accountants and clerks within general accounting should be adequately trained and supervised; account reconciliations, journal entries, and other transactions should be appropriately reviewed and approved; and financial data should be accurately summarized on a timely basis.

Auditee Response and Corrective Action Plan: ASG agrees with this finding.

- Pooled Cash: The Deputy Treasurer is in charge of correcting the pooled cash finding. There is still work needed to complete the reconciliations of both the Worker's Compensation and Immigration Bond funds.
- Procurement inventory physical counts: More devotion will be given to the Procurement inventory physical counts. Quarterly checks will be done to make certain IFAS has been updated to match physical counts rather than at year end.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

- Immigration Bonds: The ASG internal auditor completed his part of the project during fiscal year 2010 but the AG's Office did not meet their deadline in time for the ASG audit. The internal auditor will work closely with the Attorney General's Office for immigration bond reconciliation.
- Accounts Payable out-of-period liabilities: More devotion will be given to training the Accounts Payable staff on the following:
 - Invoices (of \$10,000 or more) paid after September 30th should be posted to the September 30th date.
 - Invoices paid after September 30th should not be batched by vendor causing a huge lump sum payment (\$10,000 or more). This will result in payments being audited under accounts payable accruals.
 - Accounts Payable staff will be notified and trained in August in preparation for fiscal year end.
- Trial balances: The Deputy Treasurer, Grants Manager and Chief Accountant are responsible for closing the trial balances timely.
- Control systems: The Budget Office, Procurement, The Office of Property Management and Treasury continue to document and distribute policies and procedures regarding internal controls in the various areas of finance. These offices discuss and review policies with their own staff prior to training other ASG departments. The Treasury Department now has a comptroller to oversee ASG control systems.

Contact: Logovii Magalei, Treasurer, Department of Treasury
Phone: 684.633.4155

10 FS-2

Requirement: The Common Rule requirements that relate to post-award requirements (Subpart C) provide the structure for the administration of federal financial assistance programs.

Condition: The Territory does not maintain an adequate system of internal controls to ensure compliance with the following requirements:

- Allowable costs and cost principles - Certain items were charged to grant expenditures that were not supported with all required documentation.
- Administrative requirement - There were multiple instances of failures in the eligibility procedures, financial procedures and overall management of grant funds to insure compliance and adherence to the grant requirements.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

- Claims for reimbursements - Certain claims for reimbursements were not supported with documentation in sufficient detail to show that the requests were for reimbursement of allowable expenditures.

\$ -

Cause: The structure for the administration of federal financial assistance programs is decentralized. Departmental personnel are responsible for complying with financial and administrative requirements of the grant programs assigned to their departments.

As a result of our visits to various departments and our observations and inquiries of department personnel, we have concluded that, in general, department personnel are not well versed in the administrative and financial requirements of the programs within their departments. Many of the administrative requirements related to federal financial assistance programs are detailed and specific in scope and require specialized knowledge and rigorous controls to ensure compliance.

Effect: Noncompliance with laws and regulations governing federal financial assistance may occur and not be detected. We believe this finding represents a reportable condition and material weakness in internal control. However, we have not identified any specific questioned costs associated with this finding.

Recommendation: The Territory should implement procedures to be sure that department personnel responsible for the administration of the grant programs are trained and knowledgeable about all of the requirements of grant administration. The individual given responsibility must also have a level of authority to direct activity to ensure compliance with laws, grant guidelines, and the Common Rule.

Auditee Response and Corrective Action Plan: ASG agrees with this finding. Until all documentation is provided during the single audit and FS-1 finding is cleared, ASG will continue to be cited on administration of federal financial assistance programs. Please see corrective action plans for other finding because they all tie into FS-2.

Contact: Logovii Magalei, Treasurer, Department of Treasury
Phone: 684.633.4155

10 FS-3

Requirement: An adequate internal control structure would imply that control issues identified in previous years would be addressed and solved. Each of the conditions noted in Finding Nos. FS-1 and FS-2 above has been described in previously issued reports. The recommendations made in those reports, as well as those issued by federal agencies, have not been fully resolved by the Territory. It is the

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Territory management's responsibility to establish and maintain an adequate internal control structure.

Condition: The recommendations made in previous single audit reports, as well as reports issued by federal agencies, have not been fully resolved by the Territory.

\$ -

Cause: The cause of unresolved findings is related to the issues surrounding the control environment as well as a lack of understanding and urgency by management to ensure that appropriate actions are taken to resolve findings.

Effect: By not fully resolving findings, the Territory is maintaining a system of internal control that is not effective and has material weaknesses. Additionally, if findings are not addressed in one year, they tend to carry over into following years. We believe this finding represents a reportable condition and material weakness in internal control. However, we have not identified any specific questioned costs associated with this finding.

Recommendation: The Territory should continue to address and resolve any and all findings identified in this year and previous years.

Auditee Response and Corrective Action Plan: ASG agrees with this finding. ASG continues to address and resolve any and all findings identified in the audit reports.

Contact: Logovii Magalei, Treasurer, Department of Treasury
Phone: 684.633.4155

10 FS-4

Requirement: Budgetary requirements are established by law and are required to be followed. Numerous departments and functions of the general fund exceeded the budget appropriation.

Condition: A budget overrun totaling \$13,000,834 occurred. A breakdown by department and function is included in the notes to the financial statements in the general purpose financial statements for the year ended September 30, 2010.

\$ -

Cause: The cause of the overruns is due to a lack of adherence by management to established budgets.

Effect: Budget overruns affect future appropriations and expenditures. We believe this finding represents a reportable condition and material weakness in internal control. However, we have not identified any specific questioned costs associated with this finding.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Recommendation: The Territory should comply with budgets and appropriations. Timely and accurate reports should be given to the Departments to review to ensure costs allocated to their department are appropriate. Management and Departments should be held accountable for overruns.

Auditee Response and Corrective Action Plan: ASG agrees with this finding. Treasury will continue to provide monthly Budget-to-Actual reports for all departments. Reports are provided after the 15th (closing date) of each month. Departmental management is accountable for overruns. Treasury continues to withhold payments on any account that is overrun except for certain circumstances, such as utilities and supplemental budgets prepared by the Budget Office and approved by local legislature.

Contact: Logovii Magalei, Treasurer, Department of Treasury
Phone: 684.633.4155

10 FS-5

Requirement: The Common Rule governing retention and access requirements for records (Subpart C .42) requires records to be retained for three years.

Condition: The records of the Territory have not been maintained in an organized manner. Items selected for review could not be documented as described in Part III of this report.

\$ -

Cause: The cause of the above condition is a lack of formal procedures regarding the maintenance and storage of records.

Effect: Documentation may be misplaced, lost, destroyed, and this occurrence may not be detected. We believe this finding represents a material instance of noncompliance and a material weakness in internal control.

Recommendation: We recommend that the Territory implement procedures and allocate the facilities to ensure the retention and retrieval of records, in an orderly and timely manner.

Auditee Response and Corrective Action Plan: ASG agrees with this finding. Although all documentation were accounted for, some samples took longer to find because they were either included in other audit listings or misfiled. ASG continues to have problems with filing receiving reports for advanced payments. For this audit, Treasury had to contact the departments for their receiving reports. Treasury will work with Procurement for a better solution to forwarding receiving reports to Accounts Payable.

Contact: Logovii Magalei, Treasurer, Department of Treasury
Phone: 684.633.4155

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

10 FS-6

Requirement: OMB Circular A-87 cost principles for insurance and indemnification establishes allowable cost principles for self-insurance programs. It requires contributions to reserves to be based on sound actuarial principles using historical experience and reasonable assumptions. Reserve levels must be analyzed and updated at least biannually for each major risk being insured and take into account any reinsurance, coinsurance, etc.

Condition: The Territory established an internal service fund on October 1, 2001 to operate a self insured program for Workers Compensation insurance. At the time of creating the fund the Territory established the “premium” to be contributed by all those who participate in the program based upon prior experience. At September 30, 2004 the Territory established a reserve for future claims for the first time based upon awarded settlements. Although the Territory has revised this reserve for September 30, 2010, the Territory did not prepare an analysis to determine if the rates being charged to participants were reasonable.

\$ -

Cause: There is a lack of concern for the requirements of internal service funds as established by the OMB Circular A-87. The Territory did not previously establish reserves for claims and did not have an understanding of the reserve levels. Upon establishment of the reserve no analysis was performed to determine if the "premium" rate is reasonable. We believe this finding represent a material instance of noncompliance and a material weakness in internal control.

Effect: Since establishment of this fund in 2001, this internal service fund has accumulated a fund balance of approximately \$6.5 million after reserving for future claims of approximately \$1.0 million. It appears that the “premiums” being charged to grants are excessive. We believe this finding represents a material instance of noncompliance and a material weakness in internal control.

Recommendation: The Territory should review the “premium” rates being charged to participating funds in terms of claims submitted and adjudicated but not paid, submitted but not adjudicated and incurred but not submitted. Based upon this analysis, the Territory should adjust the rates charged to reflect the actual experience of the internal service fund. They should also establish procedures to insure “premium” rates are reviewed biannually.

Auditee Response and Corrective Action Plan: ASG agrees with this finding.

Contact: Logovii Magalei, Treasurer, Department of Treasury
Phone: 684.633.4155

TERRITORY OF AMERICAN SAMOA
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
 YEAR ENDED SEPTEMBER 30, 2010

PART III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Questioned
Costs

Department of Interior
 Other
 CFDA #15.875

10 DOI-1

Requirement: OMB Common Rule 20 requires that accounting records must be supported by such source documentation as cancelled checks, accounts payable vouchers, paid bills, purchase orders, payroll time and attendance records, contracts, and sub grant documentation etc.

Condition: We selected a sample of 60 transactions from the expenditure activity of this program and found the following exceptions:

- Two items were not supported by a vendor invoice (GD000037E and GD000065).
- Twenty-Seven items were not supported by an approved purchase order (GD000204, GD000054, GD000182A, GD000071, GD00050J, GD000264, GD0000265, GD000266 - 2 instances, GD000183 and GD000089 - 3 instances each, and GD000065 and GD000314 - 6 instances each).
- Fourteen items were not supported by a receiving report (GD000204, GD000182A, GD00050J, GD000089, GD000065 and GD000266 -2 instances each, and GD000183 and GD000314 - 3 instances each).
- Four items were not supported with an original invoice (GD000065, GD000183, GD000314 and GD00050J).
- Seven items were not supported with an approved accounts payable voucher (GD000183, GD000314, GD000037E, and GD000065 and GD000315 - 2 instances each).

\$ 1,482

Cause: These missing documents are due to the lack of adherence to the accounting documentation procedures required by the Common Rule 20. Internal controls over documentation procedures are either missing or ineffective.

Effect: There is an inability to verify documentation due to the possible misplacement, loss, destruction, or non-occurrence of supporting information. The lack of purchase orders, invoices, and receiving reports makes it impossible to determine that the sample items were properly approved and actually received by the Territory.

Recommendation: The Territory needs to enforce established procedures and documented procurement procedures regarding proper and efficient accounting records to support each transaction.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Auditee Response and Corrective Action Plan: ASG does not agree with this finding. This grant is administered by AS High Court of the Judicial Branch. Their policies and procedures differ from ASG Treasury's guidelines and do not fall under Treasury jurisdiction. Therefore items not supported by approved purchase orders or approved accounts payable vouchers are correct in that they are not the standard forms and approvals used by the Executive Branch. In reference to items not supported by receiving reports, Grants manually prepares checks when High Court presents its AP vouchers and invoices. These items are source documents for grant journal entries. High Court maintains its own records on purchases received. In the past ASG has not had findings for this grant; for the future Treasury will recommend auditors review both Grant and High Court documentation.

Contact: Sandy Ilaoa, Chief Finance Officer, American Samoa High Court

Phone: 684.633.1261

Payroll

10 PR-1

Requirement: OMB Common Rule 20 requires that accounting records must be supported by such source documentation as cancelled checks, accounts payable vouchers, paid bills, purchase orders, payroll time and attendance records, contracts, and sub grant documentation etc.

Condition: We selected a sample of 60 transactions from the expenditure activity and found the following exceptions:

- Two scantrons provided were copies and not originals (numbers 2584 and 0044).
- Four time cards provided were copies and not originals (numbers 2584, 0044, 0613, and 4812).

\$ -

Cause: These missing documents are due to the lack of adherence to the accounting documentation procedures required by the Common Rule 20. Internal controls over documentation procedures are either missing or ineffective.

Effect: There is an inability to verify documentation due to the possible misplacement, loss, destruction, or non-occurrence of supporting information. The lack of purchase orders, invoices, and receiving reports makes it impossible to determine that the sample items were properly approved and actually received by the Territory.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Recommendation: The Territory needs to enforce established and documented procurement procedures regarding proper and efficient accounting records to support each transaction.

Auditee Response and Corrective Action Plan: ASG Treasury agrees with this finding. During a recent payroll documentation check, Treasury administration discovered copies were being used but stamped and certified as originals. This practice was acceptable because departments had run out of forms and asked to use copied scantrons. Treasury Payroll will stamp and certify all copies.

Contact: Logovii Magalei, Treasurer, Department of Treasury
Phone: 684.633.4155

Human Resources

10 PR-2

Requirement: OMB Common Rule 42 requires that financial records, supporting documents and other records pertinent to an award shall be retained for a period of three years from the date of submission of the last expenditure report.

Condition: We selected a sample of 60 transactions from the expenditure activity and found the following exceptions:

- Six items' withholding status did not agree from the prelist to the personnel file (numbers 3617, 6034, 8517, 5269, 8371, and 6028).
- Two items' annual leave code did not agree from the prelist to the personnel file (numbers 4984 and 7273).
- One items' recalculated hourly pay rate did not agree from the prelist to the personnel file (number 0883).
- Ten items' W-4 deduction information did not match the information provided on the prelist (numbers 6274, 0478, 2384, 4870, 2286, 3617, 1192, 8496, 5366, and 6923).
- Two withholding forms provided were copies and not originals (numbers 7335 and 9921).

\$ -

Cause: These missing documents are due to the lack of adherence to the accounting documentation procedures required by the Common Rule 42. Internal controls over documentation procedures are either missing or ineffective.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Recommendation: The Territory should develop and implement policies and procedures based upon the Common Rule 42 for the proper and efficient maintenance of records to support each transaction. A method of monitoring should also be established to ensure that the procedures are effective.

Auditee Response and Corrective Action Plan: Of the 21 randomly selected samples cited, ASG Human Resources (HR) agrees with only four items. HR is currently working on an upgrade of the HR component of the IFAS system which will allow for efficiency and transparency of our processes. The upgrade is to allow for the maintenance of electronic personnel files. One feature that will be introduced is the ability of an employee to make changes in their withholdings and deductions themselves. That personal data change will be recorded and saved as part of the employee's electronic file which will also be transmitted to the Treasury Payroll Division for processing.

Contact: Evelyn Vaitautolu-Langford, Director, Human Resources
Phone: 684.633.4485

Financial Reporting
American Recovery and Reinvestment Act of 2009 Funds

Department of Education
State Fiscal Stabilization Fund (SFSF) -Government Services
Recovery Act
American Recovery and Reinvestment Act of 2009 Funds
CFDA #84.397A

**10 ARRA
DOE-1**

Requirement: OMB Common Rule 20 requires that accounting records must be supported by such source documentation as cancelled checks, accounts payable vouchers, paid bills, purchase orders, payroll time and attendance records, contracts, and sub grant documentation etc.

Condition: We selected a sample of 53 transactions from the expenditure activity of this program and found the following exceptions:

- Thirteen items were not supported with a receiving report (JE98025482, P43472 - 12 instances).

\$ -

Cause: These missing documents are due to the lack of adherence to the accounting documentation procedures required by the Common Rule 20. Internal controls over documentation procedures are either missing or ineffective.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Effect: There is an inability to verify documentation due to the possible misplacement, loss, destruction, or non-occurrence of supporting information. The lack of purchase orders, invoices, and receiving reports makes it impossible to determine that the sample items were properly approved and actually received by the Territory.

Recommendation: The Territory needs to enforce established and documented procurement procedures regarding proper and efficient accounting records to support each transaction.

Auditee Response and Corrective Action Plan: ASESRO does not concur with the findings as follows -

JE98025482: Receiving report number 09192 was signed on October 19, 2010 by a staff member of ASESRO after receiving all purchased items. A copy was provided to clear this finding.

P43472 - 12 instances: Receiving report number 11747 for this particular purchase order was signed on May 25, 2011 for receiving all 32 items. A copy was provided with proper supporting documents to clear this finding.

LBJ Tropical Medical Center
Department of Health and Human Services
Community Cancer Network
American Recovery and Reinvestment Act of 2009 Funds
CFDA #93.701

**10 ARRA
DHHS-1**

Requirement: According to Executive Order #003-2009, the American Samoa Economic Stimulus and Recovery Office (ASESRO) is responsible for the posting to and maintenance of the American Samoa government website (www.asesro.com). As the responsible agent, ASESRO is required to provide expenditure transparency per grant in accordance with the ARRA funding stipulation as prescribed in OMB Circular A-133, Compliance Supplement Addendum #1.

Condition: Grant expenditures for the LBJ Tropical Medical Center Community Cancer Network grant were not posted on the ASESRO website and, therefore, did not provide expenditure transparency to the public.

\$ -

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Cause: Lack of transparency through the ASESRO website can be attributed to the lack of a complete listing of all grants given to the Territory or lack of a review process for posting to the website.

Effect: Failure to comply with all terms of the grant and those set forth by the American Recovery and Reinvestment Act of 2009 could result in the Territory facing restrictions on future funding, having to repay funds spent, or other repercussions deemed adequate by the grantor.

Recommendation: ASESRO should perform a reconciliation of awards and expenditures of awards between those posted on the recovery homepage (www.recovery.gov), their website (www.asesro.com), and the recipient (expending party) of the funds.

Auditee Response and Corrective Action Plan: This ARRA grant's Section 1512 report is submitted to federalreporting.gov by the grantee itself, as with all other ARRA grants which are centralized reported by ASESRO. Therefore, ASESRO was unable to capture the submission of this grant's Section 1512 and be included in the list compiled by ASESRO to be posted on www.asesro.com.

Contact: Pat Galeai, Director, ASESRO
Phone: 684.633.5652

Department of Health and Human Services
Prevention of Wellness - State, Territories, and Pacific Islands
American Recovery and Reinvestment Act of 2009 Funds
CFDA #93.723

**10 ARRA
DHHS-2**

Requirement: The ARRA funds are intended to reduce chronic disease risk factors, prevent and delay chronic disease, promote wellness, and better manage chronic conditions under the American Recovery and Reinvestment Act of 2009 (Public Health Service Act, 42 U.S. Code 241(a) and 247b (k) 2).

Condition: We selected a sample of 29 transactions from the expenditure activity of this program and found the following exceptions:

- Three items could not be concluded to be allowable expenses under the program (P42875, P42878, and P42877).

\$ 303

Cause: Unallowable costs are due to purchases being made without being familiar with the terms of the grant agreement.

TERRITORY OF AMERICAN SAMOA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

Questioned
Costs

Effect: By continuing to purchase items that are unallowable under the program, the Territory could face restrictions in future funding, repayment of funds spent, or other repercussions deemed adequate by the grantor.

Recommendation: The Territory should review allowable costs prior to allocation funds to a particular purpose.

Auditee Response and Corrective Action Plan: These expenses are for the Health Policy Workshop held in July 2010. These items are part of incentives as budgeted by the department and approved by the grantor. Copies were provided to the auditors.

Total Questioned Costs \$ 1,785

TERRITORY OF AMERICAN SAMOA
STATUS OF PRIOR YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2010

	<u>2009 Finding</u>	<u>Status</u>
09 FS-1	There were significant failures in the operation of the internal control structure within the finance division of the Treasury Department.	Because this continues to be a finding year after year, please see our responses for findings for FY 2010.
09 FS-2	The Territory does not maintain an adequate system of internal controls to ensure compliance with The Common Rule that relates to post-award requirements for the administration of federal funds assistance programs.	Because this continues to be a finding year after year, please see our responses for findings for FY 2010.
09 FS-3	Recommendations made in previous single audit reports and reports filed by the federal agencies have not been fully resolved by the Territory.	Although the findings continue to be the same, the number of discrepancies has decreased significantly. The Territory continues to address findings made in previous single audit reports.
09 FS-4	Budgetary requirements are established by law and are required to be followed. Numerous departments of the general fund exceeded the budget appropriation.	The Budget Office continues to work keeping the general fund from exceeding appropriations however, items such as utilities will continue to be more than budgeted amounts. Furthermore, Treasury continues to make certain that all expenses are recorded timely so as not to result in over expenditures during a fiscal year.
09 FS-5	The Common Rule governing retention and access requires records to be retained for three years. The Territory's records have not been retained in an organized manner.	The Territory continues to face challenges in maintaining receiving reports once items are received at Procurement. Accounts Payable maintains a log of all outstanding purchase orders and contacts departments quarterly for their receiving reports.
09 FS-6	OMB Circular A-87 cost principles for insurance and indemnification established allowable cost principles for self-insurance programs. No analysis has been prepared to assure that the premium rate for the Worker's Compensation Internal Service Fund is reasonable.	The Territory has not addressed this issue yet.

TERRITORY OF AMERICAN SAMOA
STATUS OF PRIOR YEAR FINDINGS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

	<u>2009 Finding</u>	<u>Status</u>
09 DOI-1, 3, 4	OMB Common Rule 20 requires that accounting records must be supported by such source documentation as cancelled checks, accounts payable vouchers, paid bills, purchase orders, payroll time and attendance records, contract, and sub grant documentation, etc.	<p>The Procurement Office was made aware of contracts missing original invoices in last year's audit. They have doubled their efforts to review carefully contract items for payment. This will not be a finding for FY 2010.</p> <p>Accounts Payable has been notified to follow through on all copies of a document with regard to corrections or changes. Regarding DOI-4, TOFR has made the necessary corrective actions; this will not be a finding for FY 2010.</p>
09 DOI-2	OMB Common Rule 42 requires that financial records, supporting documents and other records pertinent to an award shall be retained for a period of three years from the date of submission of the last expenditure report.	More devotion is given to training Accounts Payable staff that invoices of \$10,000 or more paid after September 30th should be posted to the September 30th date.
09 DOT-1, 2	OMB Common Rule 20 requires that accounting records must be supported by such source documentation as cancelled checks, accounts payable vouchers, paid bills, purchase orders, payroll time and attendance records, contract, and sub grant documentation, etc.	TOFR has made the necessary corrective actions; this will not be a finding for FY 2010.
09 DOT-3	Financial Reporting Forms are required to be submitted by the Department of Transportation Airport Improvement Program OMB Circular A-133 Compliance Supplement. Financial Statements are required to be reconciled to and supported by proper documentation.	ASESRO and TOFR have resolved this issue. This will not be a finding for FY 2010.
09 PR-1	OMB Common Rule 20 requires that accounting records must be supported by such source documentation as cancelled checks, accounts payable vouchers, paid bills, purchase orders, payroll time and attendance records, contract, and sub grant documentation, etc.	As part of its corrective action plan, the Payroll division files all documentation together by employee and stores it by department in the records facility. Quarterly checks are performed to make certain documentation are originals and accounted for.

TERRITORY OF AMERICAN SAMOA
STATUS OF PRIOR YEAR FINDINGS - CONTINUED
YEAR ENDED SEPTEMBER 30, 2010

	<u>2009 Finding</u>	<u>Status</u>
09 PR-2	OMB Common Rule 42 requires that financial records, supporting documents and other records pertinent to an award shall be retained for a period of three years from the date of submission of the last expenditure report.	Department timekeepers were notified again to make certain employee time is accurate prior to submission to Payroll.
09 ARRA DOL-1	OMB Common Rule 20 requires that accounting records must be supported by such source documentation as cancelled checks, accounts payable vouchers, paid bills, purchase orders, payroll time and attendance records, contract, and sub grant documentation, etc.	More devotion is given to tracking and submitting receiving reports for advanced payments.
09 ARRA DOL-2	OMB Common Rule 42 requires that financial records, supporting documents and other records pertinent to an award shall be retained for a period of three years from the date of submission of the last expenditure report.	DHR-WIA Division was informed of the discrepancy that resulted in a finding last year. Timecards routed through ARRA are reviewed more carefully.
09 ARRA DOT-1	ARRA funds and traditional grants were being held and tracked within the same account as non-ARRA funds.	ASESRO and TOFR have resolved this issue. This will not be a finding for FY 2010.
09 ARRA DHHS-1, 2, 3	OMB Common Rule 20 requires that accounting records must be supported by such source documentation as cancelled checks, accounts payable vouchers, paid bills, purchase orders, payroll time and attendance records, contract, and sub grant documentation, etc.	Disbursing and Accounts Payable have improved their procedures for filing advanced payment receiving reports. Accounts Payable logs all receiving reports forwarded to Disbursing. Disbursing immediately files the receiving reports with advanced paid documents.