



OFFICE OF
INSPECTOR GENERAL

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 14, 2020

Mr. Ueligitone Tonumaipea, Director
Department of Treasury American Samoa Government
Pago Pago, American Samoa

Re: American Samoa Uses of Coronavirus Relief Fund Payment (OIG-CA-20-023)

Dear Mr. Tonumaipea:

We would like to thank you and Ms. Barber for meeting with our office on July 10, 2020, to discuss some of the matters that have come to our attention regarding the Department of the Treasury's (Treasury) Coronavirus Relief Fund payment to American Samoa under Title VI of the Social Security Act, as amended by Title V of Division A of the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act). While we plan to hold conference calls with the Governor's Coronavirus Disease 2019 (COVID-19) Task Force Chairman and the external Compliance Review Committee Lead as suggested to us, we are following up on a few items from our meeting discussion.

Payments to Fono Members

You confirmed that direct payments were issued to members of the American Samoa Fono (Legislature) from Coronavirus Relief Fund proceeds to support members' teleworking from their homes. Specifically, payments of \$20,000 were made to the Senate President and Speaker of the House, and payments of \$10,000 were issued to other senators and house representatives to set up home offices, internet, fax, and office equipment. However, it was also noted that prior to the COVID-19 public health emergency, the legislative building has been under construction, and the Fono members were using other facilities, such as the Fale Samoa Cultural House and Lee Auditorium, to hold hearings. Additionally, Fono members were already teleworking due to these circumstances prior to COVID-19.

Treasury addresses costs incurred in its *Guidance for State, Territorial, Local, and Tribal Governments* (Guidance), dated June 30, 2020:

Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020

The CARES Act provides that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (the "covered period").

...a State, local, or tribal government may use payments from the Fund only to cover previously unbudgeted costs of necessary expenditures incurred due to the COVID-19 public health emergency during the covered period.

Additionally, Treasury addresses the payment of stipends in its *Frequently Asked Questions* (FAQ), dated July 8, 2020:

May recipients provide stipends to employees for eligible expenses (for example, a stipend to employees to improve telework capabilities) rather than require employees to incur the eligible cost and submit for reimbursement?

Expenditures paid for with payments from the Fund must be limited to those that are necessary due to the public health emergency. As such, unless the government were to determine that providing assistance in the form of a stipend is an administrative necessity, the government should provide such assistance on a reimbursement basis to ensure as much as possible that funds are used to cover only eligible expenses.

Since Fono members were already in telework capacity prior to COVID-19 due to the ongoing construction of the legislative building, we believe the stipend payments of \$20,000 and \$10,000, respectively, are unrelated to the COVID-19 health emergency. In fact, it was noted that one representative returned the payment, while another senator donated the payment to a hospital. There appears to be inconsistency in the interpretation of Treasury's FAQ.

Accordingly, we request that payments issued to Fono members are returned to the American Samoa Government for future uses related to addressing the COVID-19 pandemic. To the extent that Fono members have already used payments, our office will seek recoupment of those funds in accordance with the CARES Act. As they relate to future telework due to the ongoing health emergency for individuals not in a telework status prior to the COVID-19 emergency, payments to individuals should be on a reimbursable basis to ensure that the funds are used to cover only eligible purchases that support telework and receipts for such purchases must be maintained.

Sadie's by the Sea Office Lease

Although American Samoa had not used its Coronavirus Relief Fund proceeds to execute the \$390,000 lease with Sadie's by the Sea as of July 10, 2020, it is unclear how this lease for office space is related to the COVID-19 pandemic. As discussed above, other facilities were being used by Fono members to hold hearings, and members were already teleworking prior to the COVID-19 pandemic

as the legislative building has been under construction. Treasury's FAQ addresses leases that are necessary for COVID-19 uses as follows:

May counties pre-pay with CARES Act funds for expenses such as a one or two-year facility lease, such as to house staff hired in response to COVID-19?

A government should not make prepayments on contracts using payments from the Fund to the extent that doing so would not be consistent with its ordinary course policies and procedures. We request that, before any payment for the Sadie's by the Sea lease is executed, you provide the Treasury Office of Inspector General with clarification and other support on how this lease relates to the COVID-19 health emergency and meets the uses of funds under the CARES Act. This should include a written explanation of how planned uses of the leased office and meeting spaces for Fono members will differ from the home telework and the use of other facilities for hearings that have been ongoing prior to the COVID-19 pandemic.

Payments to Villages

You confirmed that payments of \$10,000 were distributed to four of the largest villages from Coronavirus Relief Fund proceeds and that you expect to distribute payments to the remaining villages given that they are governed by Chiefs. As such, the Chiefs are responsible for enforcing American Samoa government initiatives. That said, we would like to remind you that the villages' uses of funds must be reported by American Samoa officials responsible for reporting interim data due July 17, 2020 and quarterly data due in the GrantSolutions portal on September 21, 2020 and thereafter, as required in the *Coronavirus Relief Fund Reporting and Record Retention Requirements* memorandum (OIG-CA-20-021; July 2, 2020). Furthermore, village officials must maintain records and receipts to support that uses of funds meet the CARES Act and Treasury's Guidance and FAQs.

Sincerely,

/s/

Richard K. Delmar, Deputy Inspector General
Department of the Treasury

cc: Blanche Barber, Executive Assistant to the Treasurer, Department of Treasury,
American Samoa Government