

OMB CIRCULAR A-133 REPORT ON FEDERAL FINANCIAL ASSISTANCE PROGRAMS

Government of the United States Virgin Islands
Year Ended September 30, 2010
Report of Independent Certified Public Accountants
on Compliance with Requirements That Could Have a
Material Effect on Each Major Program and on Internal
Control Over Compliance in Accordance with OMB
Circular A-133 and on the Schedule of Expenditures of
Federal Awards

Ernst & Young LLP



OMB Circular A-133 Report on Federal Financial Assistance Programs

Year Ended September 30, 2010

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Report of Independent Certified Public Accountants on Compliance with Requirements That Could Have a Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards

The Honorable Governor of the Government of the United States Virgin Islands:

Compliance

We have audited of the Government of the United States Virgin Islands (the Government)'s compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* could have a direct and material effect on each of the Government's major federal programs for the year ended September 30, 2010. The Government'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 Government's management. Our responsibility is to express an opinion on the Government's compliance based on our audit.

The Government's basic financial statements include the operations of the discretely presented component units (as defined in the notes to the Government's basic financial statements), some of which received Federal awards, which are not included in the Schedule of Expenditures of Federal Awards for the year ended September 30, 2010. Our audit described below did not include the operations of the aforementioned component units because the component units engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 Government'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 Government's compliance with those requirements.



The Government did not comply with the types of compliance requirements that are applicable to each major Federal program as described in the accompanying schedule of findings and questioned costs and referenced by finding number below:

CFDA Number	Major Program	Compliance Requirement	Finding Reference
10.557	Special Supplemental Nutrition Program for Women, Infant and Children (WIC)	Cash Management; Activities Allowed or Unallowed,	10-12
		Allowable Costs/Allowable Principles, Period of Availability;	10-14
		Equipment and Real Property	10-14
		Management;	10-15
		Reporting	10-16
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Activities Allowed or Unallowed, Allowable Costs/Allowable Principles,	
	, ,	Period of Availability; Equipment and Real Property	10-17
		Management	10-18
ARRA-84.394; ARRA-84.397	State Fiscal Stabilization Fund Cluster	Subrecipient Monitoring	10-26

Compliance with such requirements is necessary, in our opinion, for the Government to comply with the requirements applicable to those programs.

In our opinion, because of the effects of the noncompliance described in the table above, the Government did not comply, in all material respects, with the requirements referred to above that could have a direct and material effect on the following major Federal programs: Special Supplemental Nutrition Program for Women, Infant and Children (WIC) (CFDA No. 10.557); National Guard Military Operations and Maintenance (O&M) Projects (CFDA No. 12.401); and State Fiscal Stabilization Fund Cluster (CFDA Nos. ARRA-84.394 and ARRA-84.397); for the year ended September 30, 2010.



The Government did not comply with the types of compliance requirements that are applicable to each major Federal program as described in the accompanying schedule of findings and questioned costs and referenced by finding number below:

CFDA Number	Major Program	Compliance Requirement	Finding Reference
17.225	Unemployment Insurance	Cash Management	10-12,
ARRA-17.225	1 2	Reporting	10-19, 10-20, 10-21
17.258;	WIA Cluster	Cash Management;	10-12
ARRA-17.258;		Eligibility;	10-22
17.259		Reporting	10-23
93.778;	Medical Assistance Program	Cash Management;	10-12
ARRA-93.778	-	Eligibility;	10-32
		Reporting;	10-33
		Special Tests and Provisions	10-34,10-35

Compliance with such requirements is necessary, in our opinion, for the Government to comply with the requirements applicable to those programs.

Also, in our opinion, except for the noncompliance described in the table above, the Government complied, in all material respects, with the requirements referred to above that could have direct and material effect on the following major Federal programs: Unemployment Insurance (CFDA Nos. 17.225 and ARRA – 17.225); WIA Cluster (CFDA Nos. 17.258, ARRA – 17.258 and 17.259); and Medical Assistance Programs (CFDA Nos. 93.778. and ARRA – 93.778).

Moreover, in our opinion, the Government complied, in all material respects, with the requirements referred to in the first paragraph that could have a direct and material effect on each of its major Federal programs, other than those major programs referred to in the two preceding tables for the year ended September 30, 2010. However, the results of our auditing procedures also disclosed other instances of non-compliance with those requirements that 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 as items 10-10, 10-11, 10-13, 10-24, 10-25, and 10-27 through 10-31.



Internal Control over Compliance

The management of the Government 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 Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Government's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the 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 significant deficiencies and others that we consider to be material weaknesses.

A deficiency in internal control over compliance 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, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance 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 in the accompanying schedule of findings and questioned costs as items 10-10 through 10-24 and 10-26 through 10-35 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, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 10-25 to be a significant deficiency.

The Government'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 Government's responses and, accordingly, we express no opinion on the responses.



Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Government as of and for the year ended September 30, 2010, and have issued our report there on dated November 29, 2012. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for the purpose 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 not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Honorable Governor of the Government of the United States Virgin Islands, management, and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Ernst + Young LLP

December 20, 2012, except for the paragraph on the schedule of expenditures of federal awards for which the date is November 29, 2012.

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Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

U.S. Department of Agriculture 10.025 Plant and Animal Disease, Pest Control, and Animal Care \$ 10.056 Farm Storage Facility Loans \$ 10.156 Federal-State Marketing Improvement Program ** 10.170 Specialty Crop Block Grant Program - Farm Bill SXMP Cluster ** 10.551 Supplemental Nutrition Assistance Program (SNAP) 42,984,898 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 6,060,883 ARRA-10.561 ARRA- State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 104,019 SNAP Cluster total Critical Nutrition Cluster ** 10.555 National School Lunch Program (NSLP) 5,693,815 ARRA-10.555 ARRA-National School Lunch Program (NSLP) 1,575 10.559 Summer Food Service Program for Children (SFSPC) 15,750	58.012
10.056 Farm Storage Facility Loans 10.156 Federal-State Marketing Improvement Program 10.170 Specialty Crop Block Grant Program - Farm Bill SNAP Cluster 42,984,898 10.551 Supplemental Nutrition Assistance Program (SNAP) 42,984,898 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 6,060,883 ARRA-10.561 ARRA- State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 104,019 SNAP Cluster total Child Nutrition Cluster 10.555 National School Lunch Program (NSLP) 5,693,815 ARRA-10.555 ARRA-National School Lunch Program (NSLP) 1,575 10.559 Summer Food Service Program for Children (SFSPC) 15,750	58 012
10.156 Federal-State Marketing Improvement Program 10.170 Specialty Crop Block Grant Program - Farm Bill SNAP Cluster 10.551 Supplemental Nutrition Assistance Program (SNAP) 42,984,898 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 6,060,883 ARRA-10.561 ARRA-State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 104,019 SNAP Cluster total Child Nutrition Cluster 10.555 National School Lunch Program (NSLP) 5,693,815 ARRA-10.555 ARRA-National School Lunch Program (NSLP) 1,575 10.559 Summer Food Service Program for Children (SFSPC) 15,750	, .
10.170 Specialty Crop Block Grant Program - Farm Bill SNAP Cluster 42,984,898 10.551 Supplemental Nutrition Assistance Program (SNAP) 42,984,898 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 6,060,883 ARRA-10.561 ARRA- State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 104,019 SNAP Cluster total Child Nutrition Cluster 5,693,815 ARRA-10.555 National School Lunch Program (NSLP) 5,693,815 ARRA-10.555 ARRA-National School Lunch Program (NSLP) 1,575 10.559 Summer Food Service Program for Children (SFSPC) 15,750	7,066
10.551 Supplemental Nutrition Assistance Program (SNAP) 42,984,898 10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 6,060,883 ARRA-10.561 ARRA- State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 104,019	40,339
10.561 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 6,060,883 ARRA-10.561 ARRA- State Administrative Matching Grants for the Supplemental Nutrition Assistance Program 104,019 SNAP Cluster total Child Nutrition Cluster 10.555 National School Lunch Program (NSLP) 5,693,815 ARRA-10.555 ARRA-National School Lunch Program (NSLP) 1,575 10.559 Summer Food Service Program for Children (SFSPC) 15,750	57,289
ARRA-10.561 ARRA- State Administrative Matching Grants for the Supplemental Nutrition Assistance Program SNAP Cluster total Child Nutrition Cluster 10.555 National School Lunch Program (NSLP) 5,693,815 ARRA-10.555 ARRA-National School Lunch Program (NSLP) 10.559 Summer Food Service Program for Children (SFSPC) 15,750	
SNAP Cluster total Child Nutrition Cluster	
10.555 National School Lunch Program (NSLP) 5,693,815 ARRA-10.555 ARRA-National School Lunch Program (NSLP) 1,575 10.559 Summer Food Service Program for Children (SFSPC) 15,750	49,149,800
ARRA-10.555 ARRA-National School Lunch Program (NSLP) 1,575 10.559 Summer Food Service Program for Children (SFSPC) 15,750	
10.559 Summer Food Service Program for Children (SFSPC) 15,750	
Child Nutrition Cluster total	5,711,140
10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	8,261,675
10.558 Child and Adult Care Food Program	441,579
10.560 State Administrative Expenses for Child Nutrition	294,020
ARRA-10.579 ARRA-Child Nutrition Discretionary Grants Limited Availability	200,764
10.652 Forestry Research	35,700
10.664 Cooperative Forestry Assistance	998,816
10.676 Forest Legacy Program	22,123
10.678 Forest Stewardship Program	100,439
- Total deviation program	65,378,762
U.S Department of Commerce	
11.302 Economic Development Support for Planning Organizations	24,575
11.405 Anadromous Fish Conservation Act Program	20,396
11.407 Interjurisdictional Fisheries Act of 1986	3,242
11.419 Coastal Zone Management Administration Awards	1,291,948
11.420 Coastal Zone Management Estuarine Research Reserves	14,436
11.426 Financial Assistance for National Centers for Coastal Ocean Science	120,625
11.433 Marine Fisheries Initiative	112,335
11.434 Cooperative Fisheries Statistics	302,081
11.435 Southeast Area Monitoring and Assessment Program	659
11.441 Regional Fishery Management Councils	3,742
11.467 Meteorologic and Hydrologic Modernization Development	29,860
=	1,923,899
U.S Department of Defense	
12.401 National Guard Military Operations and Maintenance (O&M) Projects	4,244,851
U.S Department of the Interior	
15.540 Lake Mead/Las Vegas Wash Program Fish and Wildlife Cluster	1,250
15.605 Sport Fish Restoration Program 1,434,548	
15.611 Wildlife Restoration and Basic Hunter Education 292,101	
Fish and Wildlife Cluster Total	1,726,649
15.612 Endangered Species Conservation	10,791
15.615 Cooperative Endangered Species Conservation Fund	2,370
15.622 Sportfishing and Boating Safety Act	7,337
15.626 Enhanced Hunter Education and Safety Program	40,055
15.633 Landowner Incentive Program	6,968
15.634 State Wildlife Grants	55,243
15.875 Economic, Social, and Political Development of the Territories	1,278,871
15.904 Historic Preservation Fund Grants - In-Aid	376,696
15.916 Outdoor Recreation-Acquisition, Development and Planning	45,611
	3,551,841

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Schedule of Expenditures of Federal Awards (continued)

CFDA Number	Federal grantor/ pass through grantor / program or cluster title	Federal Exp	enditures
	U.S Department of Justice		
16.200	Community Relations Service		17,656
16.378	Justice Assistance Grant		801,235
ARRA-16.378	ARRA- Justice Assistance Grant		1,317,399
16.523	Juvenile Accountability Block Grants		140,079
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States		64,819
16.575	Crime Victim Assistance		637,639
ARRA-16.575	ARRA- Crime Victim Assistance		359,683
16.579	Edward Byrne Memorial Formula Grant Program		74,374
16.588	Violence Against Women Formula Grants	477,110	
ARRA-16.588	ARRA- Violence Against Women Formula Grants	107,938	
	Violence Against Women Formula Grants Total		585,04
16.593	Residential Substance Abuse Treatment for State Prisoners		4,40
16.606	State Criminal Alien Assistance Program		279,390
16.710	Public Safety Partnership and Community Policing Grants		106,664
16.727	Enforcing Underage Drinking Laws Program		198,50
16.738	Edward Byrne Memorial Justice Assistance Grant Program		103,39
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program		85,16
16.750	Support for Adam Walsh Act Implementation Grant Program		1,61
			4,777,078
	U.S Department of Labor		
17.002	Labor Force Statistics		359,39
17.005	Compensation and Working Conditions		72,93
	Employment Service Cluster		
17.207	Employment Service/Wagner-Peyser Funded Activities	1,457,813	
ARRA-17.207	ARRA-Employment Service/Wagner-Peyser Funded Activities	530,976	
	Employment Service/Wagner-Peyser Funded Activities Total		1,988,789
17.225	Unemployment Insurance	41,914,423	
ARRA-17.225	ARRA - Unemployment Insurance	116,143	
	Unemployment Insurance Total		42,030,560
17.235	Senior Community Service Employment Program	1,361,245	
ARRA-17.235	ARRA-Senior Community Service Employment Program	63,269	
	Senior Community Service Employment Program Total		1,424,51
	WIA Cluster		
17.258	WIA Adult Program	2,176,801	
ARRA-17.258	ARRA-WIA Adult Program	696,530	
17.259	WIA Youth Activities	669,853	
	WIA Cluster Total		3,543,184
17.266	Work Incentive Grants		82,59
17.503	Occupational Safety and Health State Program	<u></u>	155,042
			49,657,022
	U.S Department of Transportation		
20.205	Highway Planning and Construction	17,250,493	
ARRA-20.205	ARRA-Highway Planning and Construction	4,543,704	
	Highway Planning and Construction Total		21,794,19
20.218	National Motor Carrier Safety		116,213
	Federal Transit Formula Grants		
20.500	Federal Transit - Capital Investment Grants	40,375	
20.507	Federal Transit Formula Grants	118,466	
ARRA-20.507	ARRA-Federal Transit Formula Grants	330,998	
	Federal Transit Formula Grants Total		489,83
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities		335,280
20.600	State and Community Highway Safety		1,392,242
			24,127,776

Schedule of Expenditures of Federal Awards (continued)

CFDA Number	Federal grantor/ pass through grantor / program or cluster title	Federal Exp	enditures
	Institute of Museum and Library Services		
45.025	Promotion of the Arts Partnership Agreements		439,215
45.310	Grants to States		87,739
45.312	National Leadership Grants		2,897
	·		529,851
55.004	U.S Environmental Protection Agency		
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act		675
66.418	Construction Grants for Wastewater Treatment Works	1,558,894	07.
ARRA-66.418	ARRA- Construction Grants for Wastewater Treatment Works	98,100	
	Construction Grants for Wastewater Treatment Works Total	,	1,656,99
66.424	Surveys, Studies, Investigations, Demonstrations, and Training Grants - Section 1442 of the Safe Drinking Water Act		32,64
66.454	Water Quality Management Planning		32,68
66.461	Regional Wetland Program Development Grants		94,43
66.468	Capitalization Grants for Drinking Water State Revolving Fund	2,656,386	
ARRA-66.468	ARRA- Capitalization Grants for Drinking Water State Revolving Fund	1,100,089	
	Capitalization Grants for Drinking Water State Revolving Fund Total		3,756,47
66.471	State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs		5,000
66.472	Beach Monitoring and Notification Program Implementation Grants		242,91:
66.474	Water Protection Grants to States		1,920
66.605	Performance Partnership Grants		633,780
66.608	Environmental Information Exchange Network Grant Program and Related Assistance		31-
66.804	Underground Storage Tank Prevention, Detection and Compliance Program		77,59
66.805 66.817	Leaking Underground Storage Tank Trust Fund State and Tribal Response Program Grants		2,212,21- 289,91
00.817	State and Tribal Response Frogram Grants		9,037,55
	TOP A COP		
81.041	<u>U.S Department of Energy</u> State Energy Program	154,546	
ARRA-81.041	ARRA-State Energy Program	2,535,659	
	State Energy Program Total		2,690,20:
81.042	Weatherization Assistance for Low Income Persons	31,653	
ARRA-81.042	ARRA-Weatherization Assistance for Low Income Persons	466,710	
	Weatherization Assistance for Low Income Persons Total		498,363
81.117	Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance		9,479
ARRA-81.127	ARRA- Energy Efficient Appliance Rebate Program (EEARP)□		516,31
			3,714,361
84.027	U.S Department of Education Special Education Create to States	7,835,507	
ARRA-84.027	Special Education_Grants to States ARRA- Special Education Grants to States	45,728	
AKKA-64.027	• =	43,726	7 001 22
94.209	Special Education Grants to States Total		7,881,23
84.298	State Grants for Innovative Programs		24,143,23
	State Fiscal Stabilization Fund Cluster		
ARRA-84.394	ARRA-State Fiscal Stabilization Fund (SFSF)- Education Stabilization Fund, Recovery Act	27,159,044	
ARRA-84.397	ARRA-State Fiscal Stabilization Fund (SFSF)- Government Services Fund, Recovery Act	4,647,343	24.005.20
04.402	State Fiscal Stabilization Fund Cluster Total		31,806,38
84.403	Consolidated Grant to the Outlying Areas		1,130,81
ARRA-84.403	ARRA - Consolidated Grant to the Outlying Areas		154,47
84.922	Insular Area Consolidated Grants		1,796,23
			66,912,37
	U.S. Department of Health and Human Services		
93.042	Special Programs for the Aging_Title VII, Chapter 2_Long Term Care Ombudsman Services		
	for Older Individuals		85,26
93.043	Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services		544,55
02.044	Aging Cluster	1 150 540	
93.044	Special Programs for the Aging Title III, Part B_Grants for Supportive Services and Senior Centers	1,150,649	
93.053	Nutrition Services Incentive Program	134,718	1 205 265
	Aging Cluster Total		1,285,36

Schedule of Expenditures of Federal Awards (continued)

CFDA Number	Federal grantor/ pass through grantor / program or cluster title	Federal Expe	nditures
93.048	Special Programs for the Aging-Title IV-and Title II-Discretionary Projects		78,172
93.052	National Family Caregiver Support, Title III, Part E		281,485
93.069	Public Health Emergency Preparedness		655,467
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs		84,585
93.127	Emergency Medical Services for Children		287,841
93.130	Cooperative Agreements to States/Territories for the Coordination		
	and Development of Primary Care Offices		656,985
93.150	Projects for Assistance in Transition from Homelessness (PATH)		50,000
93.153	Coordinated Services and Access to Research for Women, Infants, Children, and Youth		214,548
93.217	Family Planning-Services		1,003,254
93.217	Consolidated Health Centers		14,829
93.224			14,629
93.243	Substance Abuse and Mental Health Services-Projects of Regional and		116 402
02.260	National Significance	1.025.006	116,403
93.268	Immunization Grants	1,835,806	
ARRA-93.268	ARRA- immunization Grants	13,993	
	Immunization Grants Total		1,849,799
93.283	Centers for Disease Control and Prevention-Investigations and Technical Assistance		643,460
93.296	State Partnership Grant Program to Improve Minority Health		7,570
93.415	Centers of Excellence		1,066,521
93.556	Promoting Safe and Stable Families		512,327
93.558	Temporary Assistance for Needy Families (TANF)	4,230,645	
ARRA-93.558	ARRA- Temporary Assistance for Needy Families (TANF)	88,587	
	Temporary Assistance for Needy Families (TANF) Total		4,319,232
93.560	Family Support Payments to States Assistance Payments		329,600
93.563	Child Support Enforcement		3,862,450
93.568	Low-Income Home Energy Assistance		220,153
93.569	Community Services Block Grant		1,237,615
93.575	Child Care and Development Block Grant	2,132,875	1,237,013
ARRA-93.575	ARRA- Child Care and Development Block Grant	507,506	
AKKA-93.373	Child Care and Development Block Grant Total	307,300	2,640,381
93.597	•		
93.597	Grants to States for Access and Visitation Programs		192,500
02 600	Head Start Cluster	0.420.021	
93.600	Head Start	8,420,921	
ARRA-93.708	ARRA-Head Start	143,000	
	Head Start Cluster Total		8,563,921
93.617	Voting Access for Individuals with Disabilities-Grants to States		109,140
93.643	Children's Justice Grants to States		268,679
93.667	Social Services Block Grant	68,958	
ARRA-93.667	ARRA- Social Services Block Grant	1,566,877	
	Social Services Block Grant Total		1,635,835
93.767	State Children's Insurance Program		1,373
ARRA-93.711	ARRA- Strengthening Communities Fund		56,689
ARRA-93.719	ARRA- State Grants to Promote Health Information Technology		570
93.778	Medical Assistance Program	13,528,076	
ARRA-93.778	ARRA - Medical Assistance Program	13,001	
111111 /3.770	Medical Assistance Program Total	15,001	13,541,077
93.782	Medicare Transitional Drug Assistance Program for Territories		25,980
93.782	Medicare Transitional Drug Assistance Program for States		305,735
	Health Care and Other Facilities		
93.887			200,493
93.889	National Bioterrorism Hospital Preparedness Program		242,200
93.917	HIV Care Formula Grants		1,095,692
	Cooperative Agreements to Support Comprehensive School Health Programs to		
93.938			15,364
	Prevent the Spread of HIV and Other Important Health Problems		
93.940	HIV Prevention Activities-Health Department Based		,
	· ·		617,828 134,954
93.940	HIV Prevention Activities-Health Department Based		,
93.940 93.941	HIV Prevention Activities-Health Department Based HIV Demonstration, Research, Public and Professional Education Projects		,

Schedule of Expenditures of Federal Awards (continued)

CFDA Number	Federal grantor/ pass through grantor / program or cluster title	Federal Expenditures
93.959	Block Grants for Prevention and Treatment of Substance Abuse	446,008
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants	193,258
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	86,354
93.991	Preventive Health and Health Services Block Grant	137,607
93.994	Maternal and Child Health Services Block Grant to the States	1,291,594
		51,364,056
	Corporation for National and Community Service	
94.002	Retired and Senior Volunteer Program	41,835
94.011	Foster Grandparent Program	145,659
		187,494
	Executive Office of the President	
95.001	High Intensity Drug Trafficking Areas Program	178,257
	Department of Homeland Security	
97.003	Agriculture Inspection	6,359
97.004	State Domestic Preparedness Equipment Support Program	80,400
97.012	Boating Safety Financial Assistance	385,580
97.017	Pre-Disaster Mitigation (PDM) Competitive Grants	1,515,894
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	2,635,578
97.042	Emergency Management Performance Grants	628,475
97.044	Assistance to Firefighters Grant	129,474
97.052	Emergency Operations Center	1,000,000
97.067	Homeland Security Grant Program	527,823
97.073	State Homeland Security Program (SHSP)	852,961
97.082	Earthquake Consortium	32,300
97.089	Driver's License Security Grant Program	49,092
		7,843,936
	Total expenditures of federal awards	\$ 293,429,117

See accompanying notes

Notes to Schedule of Expenditures of Federal Awards

Year Ended September 30, 2010

1. Basis of Presentation

For purposes of complying with the Single Audit Act Amendments of 1996, the Government of the United States Virgin Islands (the Government or GVI) is defined in a manner consistent with the entity defined in the basic financial statements as of and for the year ended September 30, 2010, except that the component units (as defined in the notes to the aforementioned basic financial statements) are excluded. Accordingly, the accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the Federal financial assistance programs administered by the Government for the year ended September 30, 2010, excluding the component units.

2. Basis of Accounting

The accompanying Schedule was prepared using the modified accrual basis of accounting, except for nonmonetary programs, which are presented based on the fair value of the food stamps (CFDA No. 10.551 in the amount of \$42,984,898), and the food costs (CFDA No. 10.557 in the amount of \$6,495,611) distributed during the year. The Government's accounting system provides the primary information from which the Schedule is prepared.

3. Matching Costs

Matching costs, such as the nonfederal share of certain program costs, are not included in the accompanying Schedule, except Unemployment Insurance (CFDA Nos. 17.225 and ARRA – 17.225), as indicated in Note 5.

4. Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which is prepared on the basis of accounting explained in Notes 1 and 2.

Notes to Schedule of Expenditures of Federal Awards (continued)

4. Relationship to Federal Financial Reports (continued)

Office of Management and Budget (OMB) Circular A-133 requires that Federal financial reports and claims for advances and reimbursements contain information that is supported by the books and records from which the basic financial statements have been prepared. The Government's departments prepare the Federal financial reports and claims for advances and reimbursements primarily based on information from the internal accounting records of the respective Government's program departments. However, these records do not agree with the accounting records of the Government's accounting system in all instances. The Government's departments, in various instances, do not prepare a reconciliation of the internal accounting records of the Federal programs with the Government's accounting system. See Finding No. 10-10 in the accompanying Schedule of Findings and Questioned Costs.

5. Unemployment Insurance Program (UI) (CFDA Number 17.225)

The U.S. Department of Labor in consultation with the Office of Management and Budget officials has determined that for the purpose of audits and reporting under OMB Circular A-133, state UI funds as well as federal funds should be considered federal awards for determining Type A programs. The State receives federal funds for administrative purposes. State unemployment taxes must be deposited to a state account in the Federal Unemployment Trust Fund, used only to pay benefits under the federally approved state law. State UI funds as well as federal funds are included on the Schedule. The following schedule provides a breakdown of the state and federal portions of the total expended under CFDA Nos. 17.225 and ARRA 17.225:

		Expenditures
Federal fund expenditures (Administration) State fund expenditures (Trust fund)	\$	2,302,499 39,728,067
Total expenditures		42,030,566

Notes to Schedule of Expenditures of Federal Awards (continued)

6. Subrecipients

Of the Federal expenditures presented in the schedule, the Government provided Federal awards to subrecipients related to major programs as follows:

Federal CFDA Number	Program Title	Amount Provided to Subrecipients
66.468	Capitalization Grants for Drinking Water State Revolving Fund	\$ 2,640,518
ARRA-66.468	ARRA-Capitalization Grants for Drinking Water State Revolving Fund	1,098,351 3,738,869
ARRA-84.397	ARRA-State Fiscal Stabilization Fund (SFSF) – Government Services Fund, Recovery Act Total Federal awards provided to subrecipients	4,647,343 \$ 8,386,212

Government of the United States Virgin Islands Summary of Findings and Questioned Costs

Year Ended September 30, 2010

Part I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued on the basic financial statements:

Opinion Unit	Type of Report	
Governmental Activities Business-type Activities General fund Debt Service Fund Capital Projects Fund West Indian Company fund-enterprise fund Unemployment Insurance-enterprise fund Aggregate Remaining Fund Information Aggregate discreetly presented component units	Qualified Disclaimer Unqualified Unqualified Unqualified Unqualified Unqualified Unqualified Qualified	
Internal Control over Financial Reporting		
Material weaknesses identified?	<u>Yes</u>	
Significant deficiencies identified?	<u>No</u>	
Noncompliance material to financial statements noted? Ye		
Federal Award Section		
Internal control over major programs:		
Material weaknesses identified?	<u>Yes</u>	
Significant deficiencies identified?	<u>Yes</u>	

Summary of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part I - Summary of Auditor's Results (continued)

Identification of major programs and type of auditor's report issued on compliance for major each program:

Major Program	Type of Report Issued on Compliance
SNAP Cluster	Unqualified
Child Nutrition Cluster	Unqualified
Special Supplemental Nutrition Program for Women, Infants and Children (WIC)	Adverse
National Guard Military Operations and Maintenance (O&M) Projects	Adverse
Unemployment Insurance	Qualified
WIA Cluster	Qualified
Highway Planning and Construction	Unqualified
Capitalization Grants for Drinking Water	Unqualified
Revolving Funds	
Special Education – Grants to States	Unqualified
State Grants for Innovative Programs	Unqualified
State Fiscal Stabilization Fund Cluster	Adverse
Temporary Assistance for Needy Families (TANF)	Unqualified
Child Support Enforcement	Unqualified
Head Start Cluster	Unqualified
Medical Assistance Program	Qualified
	SNAP Cluster Child Nutrition Cluster Special Supplemental Nutrition Program for Women, Infants and Children (WIC) National Guard Military Operations and Maintenance (O&M) Projects Unemployment Insurance WIA Cluster Highway Planning and Construction Capitalization Grants for Drinking Water Revolving Funds Special Education – Grants to States State Grants for Innovative Programs State Fiscal Stabilization Fund Cluster Temporary Assistance for Needy Families (TANF) Child Support Enforcement Head Start Cluster

,	ection .510(a) of OMB Circular A-133	<u>Yes</u>
Dollar threshold	used to distinguish between Type A and Type B programs:\$3,00	00,000
Auditee qualified	d as low-risk auditee:	No

Government of the United States Virgin Islands Summary of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part II - Financial Statement Findings Section

Finding Numbers: 10-01 through 10-09

Refer to separately issued Report of Independent Auditors 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*, dated November 29, 2012.

Government of the United States Virgin Islands Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section

This section identifies the audit findings required to be reported by OMB Circular A-133, Section .510(a) (for example, material weaknesses, significant deficiencies and material instances of noncompliance, including questioned costs), as well as any abuse findings involving Federal awards that are material to a major program.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-10

Program

All Major Programs

Topic

Complete and accurate compilation of Schedule of Expenditures of Federal Awards (SEFA) not provided timely.

Summary

The SEFA provided by the Government did not comply with OMB Circular A-133.

Refer to finding 10-01 issued separately in Report of Independent Auditors 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*, dated November 29, 2012.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-11

Program

All Major Programs

Topic

Data Collection Form and Single Audit reporting package not submitted on time.

Summary

The Data Collection Form (DCF) and the Single Audit reporting package were not submitted within nine months after the end of the audit period.

Refer to finding 10-02 issued separately in Report of Independent Auditors 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*, dated November 29, 2012.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12

Programs

- U.S. Department of Agriculture SNAP Cluster CFDA Nos. 10.551, 10.561; ARRA-10-561
- U.S. Department of Agriculture Child Nutrition Cluster CFDA Nos. 10.555; ARRA-10.555, and ARRA-10.559
- U.S. Department of Agriculture WIC Program CFDA No. 10.557
- U.S. Department of Labor Unemployment Insurance CFDA Nos. 17.225; ARRA-17.225
- U.S. Department of Labor Workforce Initiative Act (WIA) Cluster CFDA Nos. 17.258; ARRA-17.258 and ARRA-17.259
- U.S. Department of Transportation Highway Planning and Construction CFDA Nos. 20.205; ARRA-20.205
- U.S. Department of Planning and Natural Resources Capitalization Grants for Drinking Water State Revolving Funds CFDA Nos. 66.468; ARRA-66.468
- U.S. Department of Health and Human Services TANF CFDA Nos. 93.558; ARRA-93.558
- U.S. Department of Health and Human Services Child Support Enforcement Program CFDA No. 93.563
- U.S. Department of Health and Human Services Head Start Cluster CFDA Nos. 93.600; ARRA-93.708
- U.S. Department of Health and Human Services Medicaid Cluster CFDA Nos. 93.778; ARRA-93.778

Category

Internal Control / Compliance

Compliance Requirement

Cash Management

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Criteria

In accordance with 31 CFR part 205 and the Cash Management Improvement Act (CMIA) Treasury-State Agreement in effect for fiscal year 2010, between the Territory of the Virgin Islands (the Territory) and the U.S. Secretary of the Treasury, the Territory is required to use an "average clearance" funding technique for vendor and payroll related costs. Under the "average clearance" funding technique, the Government may submit claims for reimbursement such that the funds are deposited, by ACH on the dollar-weighted average days of clearance, in the Government's bank account on the fourth day following the release of funds for vendor disbursements and on the day on which payroll checks are released for payroll related costs. Furthermore, reimbursement requests shall be for the exact amounts disbursed.

31 CFR 205 Subpart B - 205.33 (a) A State must minimize the time between the drawdown of Federal funds from the Federal government and their disbursement for Federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State's actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs. States should exercise sound cash management in funds transfers to sub grantees in accordance with OMB Circular A–102 (for availability, see 5 CFR 1310.3); (b) Neither a State nor the Federal government will incur an interest liability under this part on the transfer of funds for a Federal assistance program subject to this Subpart B.

31 CFR 205 Subpart B - 205.34 (a) A Federal Program Agency must review the practices of States as necessary to ensure compliance with this Subpart B; (b) A Federal Program Agency must notify us if a State demonstrates an unwillingness or inability to comply with this Subpart B; (c) A Federal Program Agency must formulate procedural instructions specifying the methods for carrying out the responsibilities of this section.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Criteria (continued)

31 CFR 205 Subpart B - 205.35. We may require a State and a Federal Program Agency to make the affected Federal assistance programs subject to Subpart A of this part, consistent with Federal assistance program purposes and regulations, notwithstanding any other provision of this part, if: (a) A State demonstrates an unwillingness or inability to comply with this Subpart B; or (b) A Federal Program Agency demonstrates an unwillingness or inability to make Federal funds available to a State as needed to carry out a Federal assistance program.

Condition - SNAP Cluster - CFDA Nos. 10.551, 10.561, and ARRA-10.561 *Funding Techniques per Cash Management Improvement Act Agreement:*

CFDA: 10.551

Component: Benefit Payments

Technique: Actual Clearance, ZBA - Same Day Payment

Clearance Pattern: 0 Days

CFDA: 10.561

Component: Vendor pay and all other cost

Technique: Average Clearance Clearance Pattern: 4 Days

CFDA: 10.561

Component: Salaries

Technique: Average Clearance Clearance Pattern: 0 Days

During our testing to determine whether the Government complied with the terms and conditions established in the Cash Management Improvement Act (CMIA) agreement, we noted Government accumulated several pay periods per drawdown and only requested eighteen (18) drawdowns related to payroll expenses (each fiscal year has 26 pay periods).

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Child Nutrition Cluster - CFDA Nos. 10.555, ARRA-10.555 and 10.559 *Funding Techniques per Cash Management Improvement Act Agreement:*

CFDA: 10.555 Component: Salaries

Technique: Average Clearance Clearance Pattern: 0 Days

Component: Vendor pay and all other costs

Technique: Average Clearance Clearance Pattern: 4 Days

During our testing to determine whether the Government complied with the terms and conditions established in the Cash Management Improvement Act (CMIA) agreement, we selected a sample of sixteen (16) vendor payments and other costs (out of a population of 155) that amounted to \$290,320 (out of a total of \$2,049,809). We noted that seven (7) out of the sixteen (16) drawdowns selected for testing did not comply with CMIA as follows:

Check No.	Check date	Check amount	Check release rate	Request rate	Days between request and release
9205303	10/6/2009	\$ 33,989.25	11/5/2009	4/15/2010	161
9205531	10/15/2009	3,410.00	10/19/2009	12/18/2009	60
9206417	12/9/2009	124.70	12/9/2009	12/18/2009	9
9210010	5/13/2010	77,124.80	5/14/2010	5/27/2010	13
9211470	7/8/2010	3,575.00	7/12/2010	8/12/2010	31
9212432	8/12/2010	264.57	7/13/2010	8/27/2010	45
9213875	10/4/2010	238.75	10/7/2010	10/19/2010	12

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Child Nutrition Cluster - CFDA Nos. 10.555, ARRA-10.555 and 10.559 *Funding Techniques per Cash Management Improvement Act Agreement:*

In addition, management could not provide supporting documentation for four (4) of the sixteen (16) transactions selected for testing.

Check No.	Check amount	Check release date
9205593	\$ 210.00	10/20/2009
9205756	2,557.81	10/29/2009
9206205	1,560.00	12/1/2009
9214435	118.97	11/16/2010

Moreover, we selected a sample of five (5) drawdowns (out of a population of twenty-four (24)) related to payroll and noted that drawdowns were not in compliance with CMIA as follows:

Location	Cash drawdown requested	Payroll amount	Check run date	Request date	Days between payment and request
STT	\$ 859,027.05	\$ 859,027.05	2/11/2010	3/18/2010	35
STT	355,476.64	355,476.64	2/25/2010	5/11/2010	75
STT	355,476.64	355,476.64	4/8/2010	5/11/2010	33
STT	173,605.21	173,605.21	8/12/2010	9/9/2010	28
STT	78,961.72	190,638.43	9/23/2010	10/22/2010	29
STT	111,676.71	190,638.43	9/23/2010	10/19/2010	26
STX	578,302.29	616,936.75	2/11/2010	3/18/2010	35
STX	38,634.46	616,936.75	2/11/2010	6/29/2010	138
STX	578,302.29	616,936.75	2/25/2010	3/18/2010	21
STX	38,634.46	616,936.75	2/25/2010	6/29/2010	124
STX	356,265.40	356,265.40	4/8/2010	6/10/2010	63
STX	111,595.19	111,595.19	8/12/2010	9/9/2010	28
STX	101,429.92	101,429.92	9/23/2010	10/15/2010	22

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - WIC Program - CFDA No. 10.557

Funding Techniques per Cash Management Improvement Act Agreement:

CFDA: 10.557 Component: Salaries

Technique: Average Clearance Clearance Pattern: 0 Days

Component: Vendor pay and all other costs

Technique: Average Clearance Clearance Pattern: 4 Days

During our testing to determine whether the Government complied with the terms and conditions established in the Cash Management Improvement Act (CMIA) agreement, we selected a sample of twenty-five (25) drawdowns (out of a population of 201). We noted that one (1) out of the twenty-five (25) drawdowns selected for testing did not comply with CMIA as follows:

Federal Grant ID	Cash Drawdown Amount	Check Run Date From Payroll Register	Actual Deposit Date	Days between payment and request
10IW100641	\$80,683	12/03/2010	12/17/10	14 days

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Unemployment Insurance - CFDA Nos. 17.225 and ARRA-17.225 *Funding Techniques per Cash Management Improvement Act Agreement:*

CFDA: 17.225 Component: Salaries

Technique: Average clearance Clearance Pattern: 0 days

Component: Vendor pay and all other costs

Technique: Average clearance Clearance Pattern: 4 days

Component: Benefit payments Technique: Average clearance Clearance Pattern: 2 days

During our testing to determine whether the Government complied with the terms and conditions established in the Cash Management Improvement Act (CMIA) agreement, we selected a sample of twenty (20) drawdowns (out of a population of 140) totaling \$996,945 (out of a total population of \$2,605,449). We noted that four (4) out of the twenty (20) drawdowns selected for testing did not comply with CMIA as follows:

Cash drawdown requested	Checks No.	Payment release date	Deposit date	Days between payment and request
\$ 19,571.29	9204877	9/25/09	10/1/09	6
2,599.20	9207140	1/19/10	3/24/10	64
221,465.00	9205003	10/14/09	10/1/09	-13
221,465.00	9205003	10/14/09	10/1/09	-13

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Workforce Initiative Act (WIA) Cluster - CFDA Nos. 17.258, ARRA-17.258, 17.259

During our testing on cash management procedures to verify the timing of cash drawdowns were made as close as is administratively feasible, we selected a sample of ten (10) drawdowns (out of a population of 97) totaling \$315,758 (out of a total population of \$3,562,081). We noted that seven (7) out of the ten (10) drawdowns selected for testing did not comply with CMIA as follows:

Cash drawdown reference	Cash drawdown requested	Type of expense	Amount selected from drawdown	Check No.	Payment Release Date	Deposit Date	Excess days (Actual- Required date)
4033025931	\$ 14,951.00	Goods & Services	\$ 3,690.00	1735	9/27/2010	10/9/2010	12
4033133497	68,334.00	Goods & Services	19,226.88	424	12/22/09	12/30/09	8
4033135219	39,597.00	Payroll	17,818.51	N/A	10/22/09	12/31/09	70
4033274048	27,712.00	Indirect costs	3,500.00	9207780	2/11/10	3/22/10	39
4033332561	20,976.00	Goods & Services	13,281.00	9209301	4/21/10	4/29/10	8
4033371815	6,267.00	Goods & Services	719.02	9120286	6/4/10	5/26/10	-9
4033472394	33,124.00	Goods and services	3,500.00	2260	7/29/2010	8/3/10	5

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Highway Planning and Construction - CFDA No. 20.205 Funding Techniques per Cash Management Improvement Act Agreement:

CFDA: 20.205

Component: Salaries

Technique: Average Clearance Clearance Pattern: 0 Days

Component: Vendor pay and all other costs

Technique: Average Clearance Clearance Pattern: 4 Days

During our testing on cash management procedures to verify the timing of cash drawdowns were made as close as is administratively feasible, we selected a sample of twenty-five (25) drawdowns (out of a population of 154) totaling \$1,189,301 (out of a total population of \$6,462,690). We noted that twenty-three (23) out of twenty-five (25) drawdowns selected for testing did not comply with CMIA as follows:

Check No.	Check No. Drawdown Amount Check Relea		Date Funds Requested Per PR-20	# of days between check release and PR-20 request
2666	\$ 175	9/3/2010	8/6/2010	-28
464	6,600	12/29/2009	1/31/2010	33
9212910	48	9/8/2010	9/13/2010	5
478	1,012	1/4/2010	12/28/2009	-7
2851	394,288	10/1/2010	9/23/2010	-8
1699	243,406	6/9/2010	5/25/2010	-15
9213448	130,614	9/22/2010	9/20/2010	-2
9212717	755	8/25/2010	9/15/2010	21
9212717	755	8/25/2010	9/15/2010	21

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Highway Planning and Construction - CFDA No. 20.205 (continued) *Funding Techniques per Cash Management Improvement Act Agreement:*

Check No.	Drawdown Amount	Check Release Date	Date Funds Requested Per PR-20	# of days between check release and PR-20 request
9212717	\$ 755	8/25/2010	9/15/2010	21
9210576	287	6/8/2010	8/6/2010	59
9209628	175	5/3/2010	5/12/2010	9
9208724	103	3/19/2010	5/12/2010	54
9212883	36,890	9/3/2010	8/23/2010	-11
9208105	825	2/24/2010	8/10/2010	167
9208113	155	2/24/2010	8/10/2010	167
9207589	160	2/8/2010	8/10/2010	183
9213710	176	9/29/2010	8/10/2010	-50
9212299	1,000	8/5/2010	8/10/2010	5
9211414	22,495	7/8/2010	2/4/2010	-154
9211414	22,495	7/8/2010	2/23/2010	-135
9211414	22,495	7/8/2010	2/4/2010	-154
9208110	224,935	2/23/2010	2/1/2010	-22

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Capitalization Grants for Drinking Water State Revolving Funds - CFDA Nos. 66.468, ARRA-66.468

During our testing of cash management procedures to verify the timing of cash drawdowns were made as close as is administratively feasible, we selected a sample of five (5) drawdowns (out of a population of 37) totaling \$776,122 (out of a total population of \$3,679,761). We noted that three (3) out of five (5) drawdowns selected for testing did not comply with CMIA as follows:

Cash receipt journal #	Drawdown amount	Cash drawdown (by Type)	Checks No.	Payment release date	Deposit date	Days between release & deposit
3523	\$ 2,250.00	Payroll	N/A	4/8/2010	5/5/10	27
5059	5,626.00	Payroll	N/A	5/6/2010	5/27/10	21
5843	32,250.00	Goods & Services	9209671	04/06/10	4/23/10	17

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - TANF - CFDA Nos. 93.558, ARRA-93.558

During our testing of cash management procedures to verify the timing of cash drawdowns were made as close as is administratively feasible, we selected three (3) drawdowns (out of a population of 30) amounting to \$337,881 (total drawdowns amounted to \$4,383,454). We noted that drawdowns selected for testing did not comply with CMIA as follows:

Drawdown Amount	Drawdown Type	Payment Release Date	Deposit Date	Days Between Release & Deposit
\$ 50,931	Payroll	8/26/10	9/13/10	18
260,000	Salaries	2/10/10	1/27/10	-14
26,950	G&S	11/09/09	11/23/09	14

Condition - Child Support Enforcement Program - CFDA No. 93.563 *Funding Techniques per Cash Management Improvement Act Agreement:*

CFDA: 93.563

Component: Salaries

Technique: Average Clearance Clearance Pattern: 0 Days

Component: Vendor pay and all other costs

Technique: Average Clearance Clearance Pattern: 4 Days

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Child Support Enforcement Program - CFDA No. 93.563 (continued) Funding Techniques per Cash Management Improvement Act Agreement:

During our testing to determine whether the Government complied with the terms and conditions established in the Cash Management Improvement Act (CMIA) agreement, we selected a sample of twenty (20) (out of a population of 77) totaling \$928,132 (out of a total population of \$4,063,393). We noted that eleven (11) out of the twenty (20) drawdowns selected for testing did not comply with CMIA as follows:

Drawdown Requested	Cash drawdown (by Type)	Checks Related to Goods & Services	Release date	Deposit date	Days between release and deposit
\$ 87,748.64	Payroll	N/A	9/23/2010	9/24/2010	1
2,412.00	Goods & Services	9212325, 9212340, 9212324, 9212323	9/3/2010	8/11/2010	-23
91,634.36	Payroll	N/A	7/1/2010	7/6/2010	5
16,050.07	Goods & Services	9210241, 9210276, 9210220, 9210248	5/28/2010	5/24/2010	-4
98,988.34	Payroll and Good & Services	9209484	4/22/2010	4/26/2010	4
9,795.87	Goods & Services	9209269	5/7/2010	4/20/2010	-17
86,757.60	Payroll	N/A	3/25/2010	3/30/2010	5
12,500.00	Goods & Services	9208182	3/10/2010	3/1/2010	-9
86,723.63	Payroll	N/A	2/10/2010	2/19/2010	9
85,830.05	Payroll	N/A	1/14/2010	1/28/2010	14
16,581.05	Goods & Services	9206115, 9206110, 9206099, 9206075, 9206073	11/17/2009	12/28/2009	41

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Head Start Cluster - CFDA Nos. 93.600 and ARRA-93.708 *Funding Techniques per Cash Management Improvement Act Agreement:*

CFDA: 93.600

Component: Salaries

Technique: Average Clearance Clearance Pattern: 0 Days

Component: Vendor pay and all other costs

Technique: Average Clearance Clearance Pattern: 4 Days

During our testing to determine whether the Government complied with the terms and conditions established in the Cash Management Improvement Act (CMIA), we noted that the Government accumulated several drawdowns for payroll reimbursements and for FY 2010 only requested fourteen (14) drawdowns amounted to \$7,775,756 (each fiscal year has 26 pay periods).

Condition - Medicaid Cluster - CFDA Nos. 93.778 and ARRA-93.778 *Funding Techniques per Cash Management Improvement Act Agreement:*

CFDA: 93.778

CIDA. 33.116

Component: Salaries

Technique: Average Clearance Clearance Pattern: 0 Days

Component: Vendor pay and all other costs

Technique: Average Clearance Clearance Pattern: 4 Days

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Condition - Medicaid Cluster - CFDA No. 93.778 (continued) **Funding Techniques per Cash Management Improvement Act Agreement:**

During our testing to determine whether the Government has complied with the terms and conditions of the CMIA Treasury-State Agreement, we selected a sample of twelve (12) drawdowns (out of a population of 111) totaling \$906,534 (out of a total population of \$17,626,870). We noted that seven (7) out of twelve (12) drawdowns selected for testing did not comply with CMIA as follows:

Drawdown Reference	Cash drawdown requested	Cash drawdown (by Type)	Check No.	Amount tested	Payment Release Date	Deposit Date	Days between release and deposit
MDE/PDE 12-07-09	\$ 4,982.62	Other Charges	9205209	\$ 1,575.00	11/25/09	12/15/09	20
MDE/PDE-09-15-09	146,630.00	Indirect Cost	09209672	146,630.00	5/4/10	5/14/10	10
MDE/PDE-6-22-10	101,876.80	Other Charges	9210439	21,129.23	5/28/10	6/2/10	5
MDE/PDE-6-23-10	6,119.92	Other charges	9210535	2,394.00	6/3/10	6/8/10	5
MDE/PDE-4-16-10	102,221.02	Payroll 08	N/A	26,114.58	2/11/10	4/13/10	61
MDE/PDE-3-12-10	111,448.66	Other Charges	9207886	70,571.25	2/18/10	3/3/10	13
MDE/PDE -08-35-10	2,485.13	Payroll 23	N/A	2,485.13	8/26/10	9/8/10	13

Questioned costs

Known questioned costs are not applicable since time delays between outlays and cash draws do not result in questioned costs.

Underlying Cause

Internal controls related to transfers of Federal funds for programs included in the CMIA Treasury-State Agreement to minimize the timing between the time funds are released and the transfers are made are not operating effectively.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-12 (continued)

Effect

Delays in transferring Federal funds to cover program outlays into the Government's cash accounts could affect cash flow demands and may cause Federal program activities to be funded by other programs' funds.

Recommendation

The Government should ensure that policies and procedures are enforced in order to comply with the appropriate funding patterns set forth in the CMIA Treasury-State Agreement.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Agriculture Child Nutrition Cluster (CFDA Nos. 10.555, ARRA-10.555 and 10.559)

The objectives of the Child Nutrition Cluster programs are to: (1) assist States in administering food services that provide healthful, nutritious meals to eligible children in public and non-profit private schools, residential child care institutions, and summer recreation programs; and (2) encourage the domestic consumption of nutritious agricultural commodities.

Total Child Nutrition Cluster Federal expenditures for the fiscal year ended September 30, 2010, amounted to \$5,711,139.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number: 10-13

Program

U.S. Department of Agriculture - Child Nutrition Cluster - CFDA Nos. 10.555, ARRA-10.555, 10.559.

Category

Internal Control / Compliance

Compliance Requirement

Reporting

Criteria

In accordance with 7 CFR 210.5, each state agency recipient of funds shall limit requests for funds to such times and amounts as will permit prompt payment of claims or authorized advances. Also, each state agency shall maintain records as necessary to support the reimbursement payment made to school food authorities and the report submitted to the Food and Nutrition Service of the U.S. Department of Agriculture (FNS).

In addition, pursuant to 7 CFR 3016.20, "Standards for financial management systems", Section (a)-A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Condition

We selected a sample of two (2) quarterly SF-269, *Financial Status Report* (out of a population of four reports) to test compliance and internal control over reporting requirements. The Government could not provide reconciliation between the Financial Status Report and the accounting records. Also, when inquiring of program personnel, we noted the SF-269 report is being compiled based on amounts drawn rather than with outlays.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number: 10-13 (continued)

Ouestioned Costs

Not applicable.

Underlying Cause

The Government did not reconcile the information included in the SF-269 report with the accounting records to ensure that the report was accurate and complete prior to submission to the Federal government.

Effect

The Government could be reporting unallowable costs as Federal expenditures. This may also lead to incorrect financial information presented in reports submitted to the Federal government.

Recommendation

Management of the National School Lunch Program (NSLP) and the Summer Food Service Program for Children (SFSPC) should implement formal review procedures that include appropriate documentation to ensure that federal reports are appropriately reviewed and approved prior to timely submission and reconciled with the Government's accounting records.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Agriculture

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) CFDA No. 10.557

The objective of the Special Supplemental Nutrition Program for Women, Infants and Children (WIC) is to provide supplemental nutritious foods, nutrition education, and referrals to health care for low-income persons during critical periods of growth and development. Such persons include pregnant women, breast-feeding women up to one year postpartum, non-breast-feeding women up to six months postpartum, infants (persons under one year of age), and children under age five determined to be at nutritional risk. Intervention during the prenatal period improves fetal development and reduces the incidence of low birth weight, short gestation, and anemia.

Total WIC Federal expenditures for the fiscal year ended September 30, 2010, amounted to \$8,261,675.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-14

Program

U.S. Department of Agriculture - WIC Program - CFDA No. 10.557

Category

Internal Control / Compliance

Compliance Requirement

Activities Allowed or Unallowed, Allowable Costs/Allowable Principles, and Period of Availability.

Criteria

OMB Circular No. A-87 Attachment A Part F (1) General. Indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. The term "indirect costs", as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

OMB Circular No. A-87 Attachment E Part C establishes (1) C. Allocation of Indirect Costs and Determination of Indirect Cost Rates. (1) General. (a) Where a governmental unit's department or agency has only one major function, or where all its major functions benefit from the indirect costs to approximately the same degree, the allocation of indirect costs and the computation of an indirect cost rate may be accomplished through simplified allocation procedures as described in subsection 2. (b) Where a governmental unit's department or agency has several major functions which benefit from its indirect costs in varying degrees, the allocation of indirect costs may require the accumulation of such costs into separate cost groupings which then are allocated

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-14 (continued)

Criteria (continued)

individually to benefitted functions by means of a base which best measures the relative degree of benefit. The indirect costs allocated to each function are then distributed to individual awards and other activities included in that function by means of an indirect cost rate(s). (c) Specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in subsections 2, 3 and 4.

Condition

When reviewing the Government's indirect costs calculation, we noted that the program was not calculating the indirect costs in accordance with the indirect costs approved rate agreement for FY 2010; instead, prior year rates were used. In addition, we selected for testing the only transaction of indirect cost recorded during the year 2010. Support for this transaction was not provided.

Check No.	Check Date	Amount
9210446	5/27/2010	\$250,250

Questioned Costs

\$250,250

Underlying Cause

It appears that management did not follow procedures to ensure indirect costs are calculated in accordance with the most recently approved indirect cost rate for fiscal year 2010. In addition, management has record keeping deficiencies related to indirect cost support.

Effect

The Government may request reimbursement for unallowable costs or indirect costs in excess of the approved rate.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-14 (continued)

Recommendation

Management of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) should establish and implement procedures in order to properly use the rates established in the indirect costs approved rate agreement (ICRA) when calculating the indirect costs allocation payments. In addition, the program should establish procedures to ensure appropriate supporting documentation is maintained to support the indirect cost requested for reimbursement.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-15

Program

U.S. Department of Agriculture - WIC Program - CFDA No. 10.557

Category

Internal Control / Compliance

Compliance Requirement

Equipment and Real Property Management

Criteria

OMB Circular A-102 requires that equipment be used in the Program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Condition

Management could not provide an inventory listing of property and equipment purchased with federal funds of this program. Therefore, we were unable to test the existence and completeness of property and equipment purchased with federal funds.

Questioned Costs

Could not be determined.

Underlying Cause

The Government does not have controls related to inventory to ensure compliance with OMB Circular A-102 for items purchased with federal funds.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-15 (continued)

Effect

Inappropriate recordkeeping of equipment could lead to misappropriation of assets and noncompliance with Federal regulations, including return of funding to the grantor agency.

Recommendation

Management of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) should establish and implement procedures in order to properly prepare and maintain official property management records, including physical inventories.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-16

Program

U.S. Department of Agriculture - WIC Program - CFDA No. 10.557

Category

Internal Control / Compliance

Compliance Requirement

Reporting

Criteria

Pursuant to 7 CFR 3016.20(b)(1), accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with financial reporting requirements of the grant.

Condition

We selected the Annual Closeout Report of the WIC Financial Management and Participation Report (FNS 798) to determine whether the report includes all activity of the reporting period, is supported by applicable accounting records, and is fairly presented in accordance with the program requirements. We noted unreconciled differences between the expenditures per accounting records and the report submitted. The table below presents the differences noted between the accounting records (ERP) and FNS-798 report:

	 NSA Cost	Food Cost	Total
FNS-798 report Expenditures per ERP	\$ 2,169,411 ^(a) 1,694,614 ^(b)	\$ 6,495,611 ^(c) 6,495,611	\$ 8,665,022 8,190,225
Differences not reconciled	\$ 474,797	\$ _	\$ 474,797

Explanatory notes:

(a) FNS-798, line 28 "Annual Net Federal Cost-NSA".

(b) Sum of expenditure accounts of project code F9170 for fiscal year 2009.

(c) FNS-798, line 14 "Annual Net Federal Cost-Food".

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Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-16 (continued)

Ouestioned costs

\$474,797

Underlying Cause

The Government did not reconcile the information included in the FNS-798 report with the accounting records to ensure that the report was accurate and complete prior to submission to the Federal government.

Effect

The Government could be reporting and thus requesting reimbursement for unallowable costs as Federal expenditures. This may also lead to incorrect financial information presented in reports submitted to the Federal government.

Recommendation

Management of the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) should implement formal review procedures that include appropriate documentation to ensure that federal reports are appropriately reconciled, reviewed and approved prior to timely submission.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Defense The Office of the Adjutant General

National Guard Military Operations and Maintenance (O&M) Projects CFDA No. 12.401

The National Guard Bureau (NGB) enters into cooperative agreements (CA) for Army National Guard (ARNG) Facilities Programs (EP) and Air National Guard (ANG) Facility Operations & Maintenance Activities (FOMA) with States to provide Federal support for services provided by the State Military Departments for authorized facilities for leases, facilities operations, and sustainment, restoration, an modernization, including operations and maintenance (O&M) and minor construction costs (NGR 5-1/ANGI 63-101).

Total National Guard Military Operations and Maintenance (O&M) Projects Federal expenditures for the fiscal year ended September 30, 2010, amounted to \$4,244,851.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-17

Program

Department of Defense - National Guard Military Operations and Maintenance (O&M) Projects CFDA 12.401

Category

Internal Controls / Compliance

Compliance requirement

Activities Allowed or Unallowed, Allowable Costs/Allowable Principles, and Period of Availability.

Criteria

OMB Circular A-87 Revised; Attachment B Selected Items of Cost; 8. Compensation for personal services. h. Support of salaries and wages. These standards regarding time distribution are in addition to the standards for payroll documentation. (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.

Condition

We selected a sample of five (5) employees (out of a population of 42) that charged time to the National Guard Military Operations and Maintenance (O&M) Projects to test internal control and compliance over the activities allowed or unallowed, allowable costs/cost principles, and period of availability requirements.

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Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-17 (continued)

Condition (continued)

We noted three (3) instances in which the Program could not provide a time certification for the following employees:

Employee #	Pay period	Gross Salaries Per Payroll Register
	12/06/09 - 12/19/09	\$ 1,221
	12/20/09 - 01/02/10	1,529
96367	01/31/10 - 02/13/10	1,388
	02/14/10 - 02/27/10	1,800
	09/12/10 - 09/25/10	1,230
	12/06/09 - 12/19/09	2,483
	12/20/09 - 01/02/10	1,426
89801	01/31/10 - 02/13/10	1,221
	02/14/10 - 02/27/10	1,266
	09/12/10 - 09/25/10	1,303
	12/06/09 - 12/19/09	1,205
	12/20/09 - 01/02/10	1,205
23437	01/31/10 - 02/13/10	1,115
	02/14/10 - 02/27/10	1,205
	09/12/10 - 09/25/10	241
		\$ 19,838

Questioned costs

\$19,838

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-17 (continued)

Underlying Cause

Policies are not in place to ensure that all semi-annual wage certifications are prepared and signed by a supervisory official having first-hand knowledge of the work performed by the employee.

Effect

The Government could be requesting reimbursement for and reporting unallowable costs as Federal expenditures. This may also lead to incorrect financial information presented in reports submitted to the Federal government.

Recommendation

Management of the National Guard Military Operations and Maintenance (O&M) Projects Program should implement formal review procedures that include appropriate controls to ensure that all semi-annual wage certifications are prepared and signed by a supervisory official.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-18

Program

Department of Defense - National Guard Military Operations and Maintenance (O&M) Projects CFDA 12.401

Category

Internal Control / Compliance

Compliance requirement

Equipment and Real Property Management

Criteria

Pursuant to 32 CFR section 33.32(d) (1) and (2); Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

OMB Circular A-102 requires that equipment be used in the Program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-18 (continued)

Condition

During our procedures to test compliance and internal control over compliance for the equipment and real property management requirements, we noted the following exceptions:

- 1) Inventory listing does not include percentage of Federal participation in the cost.
- 2) 111 inventory items (out of a population of 337) did not have a serial number or V.I. Property number.
- 3) One item was indicated as "missing" and no formal plan to record a disposition had been taken.
- 4) Management was unable to provide an annual inventory report.

Questioned costs

Not applicable.

Underlying Cause

The Government does not have appropriate controls over inventory for equipment and real property purchased with Federal funds.

Effect

Inappropriate recordkeeping of equipment could lead to misappropriation of assets and noncompliance with Federal regulations, including return of funding to the grantor agency.

Recommendation

Management of the National Guard Military Operations and Maintenance (O&M) Projects Program should establish and implement procedures in order to properly prepare and maintain official property management records.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

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Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Labor

Unemployment Insurance CFDA Nos. 17.225, ARRA-17.225

The regular Unemployment Insurance (UI) Program, also referred to as Unemployment Compensation (UC), Unemployment Compensation for Federal Employees (UCFE), and Unemployment Compensation for Ex-Service Members (UCX) programs, provide benefits to unemployed workers for periods of involuntary unemployment and help stabilize the economy by maintaining the spending power of workers while they are between jobs. UC programs cover almost all wage and salaried workers. During periods of high unemployment, the Extended Benefits (EB) program pays EB for an additional (or extended) period of time to eligible unemployed workers who have exhausted their entitlement to UC, UCFE, or UCX.

Total Unemployment Insurance expenditures for the fiscal year ended September 30, 2010, amounted to \$42,030,566.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-19

Program

U.S. Department of Labor - Unemployment Insurance - CFDA Nos. 17.225, ARRA-17.225

Category

Internal Control / Compliance

Compliance Requirement

Reporting

Criteria

29 CFR 97.20 requires that: (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. (b) The financial management systems of other grantees and subgrantees must meet the following standards (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. (4) Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible. (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

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Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-19 (continued)

Condition

We selected all four ETA9130, *Financial Status Report, Unemployment Insurance Programs* submitted during fiscal year 2010, to test compliance and internal control over the reporting requirements. We noted a difference between the accounting records (ERP) and the ETA 9130 reports regarding Federal Expenditures for FY2010:

Accounting Records (ERP)	\$ 2,302,500
ETA 9130 Reports (all four quarters)	2,108,843
Unreconciled Difference	\$ (193,657)

Questioned Costs

Not applicable.

Underlying Cause

Policies are not in place to ensure the accuracy of information included in the required reports, including reconciling with the Government's accounting records and that an authorized individual is reviewing and approving the report prior to submission for reimbursement.

Effect

The Government could be reporting unallowable costs as Federal expenditures. This may also lead to incorrect financial information presented in reports submitted to the Federal government.

Recommendation

Management of the Unemployment Insurance Program should implement formal review procedures to ensure a proper reconciliation between accounting records and the ETA 9130 reports are performed prior to timely submission and reviewed and approved by an authorized individual.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

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Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number: 10-20

Program

U.S Department of Labor - Unemployment Insurance - CFDA Nos. 17.225, ARRA 17.225

Category

Internal Control / Compliance

Compliance Requirement

Reporting

Criteria

29 CFR 97.20 requires that: (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. (b) The financial management systems of other grantees and subgrantees must meet the following standards (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. (4) Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible. (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-20 (continued)

Condition

We selected a sample of two (2) ETA 2112, *Unemployment Insurance Financial Transaction Summary Report* to test internal control and compliance over the reporting requirements. We noted a difference between the ETA 2112 reports and the accounting records (VIDOLAS System) regarding the Contribution Payments Received for FY2010.

	Contribution	Benefits
	Payments Received	Disbursements
ETA 2112 reports	\$ 1,169,648	\$ 38,778,473
Accounting Records	1,211,482	39,728,067
Differences not reconciled	\$ (41,833)	\$ (949,593)

In addition, we noted a difference between the ETA 2112 reports and the accounting records (VIDOLAS System) regarding the Benefit Payments for FY2010.

	Summary- Benefit Payments
VIDOLAS FY 2010 Regular UI Compensation	\$ 14,881,506
ETA 2112 FY 2010 Benefit Payments Reported	13,901,750
Differences not reconcile	\$ 979,755
	Summary EUC08 Payments
VIDOLAS FY 2010 EUC08 Payments	· ·
VIDOLAS FY 2010 EUC08 Payments ETA 2112 FY 2010 Benefit Payments Reported	Payments

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-20 (continued)

Condition (continued)

	immary-FAC nefit Payments
VIDOLAS FY 2010 FAC UI Compensation	\$ 7,126,215
ETA 2112 FY 2010 Benefit Payments Reported	7,075,053
Difference not reconcile	\$ (51,161)

Questioned Costs

Not applicable.

Underlying Cause

Policies are not in place to ensure the accuracy of information included in the required reports, including reconciling them with the accounting records, and that an authorized individual is reviewing and approving the report prior to submission for reimbursement.

Effect

The Government could be reporting unallowable costs as Federal expenditures. This may also lead to incorrect financial information presented in reports submitted to the Federal government.

Recommendation

Management of the Unemployment Insurance Program should implement formal review procedures that include appropriate documentation to ensure that federal reports are appropriately reconciled, reviewed and approved prior to timely submission.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number: 10-21

Program

U.S Department of Labor - Unemployment Insurance - CFDA Nos. 17.225, ARRA-17.225

Category

Internal Control / Compliance

Compliance Requirement

Reporting

Criteria

29 CFR 97.20 requires that: (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. (b) The financial management systems of other grantees and subgrantees must meet the following standards (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. (4) Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible. (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-21 (continued)

Condition

We selected all four ETA9130, *Financial Status Report, UI Programs* submitted during fiscal year 2010, to test compliance and internal control over the reporting requirements. We noted a difference between the accounting records (ERP) and the ETA 9130 reports regarding Federal Expenditures for FY2010.

Project Code	US DOL ETA Financial Report (ETA 9130)		Project Code Financial Report Records (ERP		ecords (ERP	Difference not reconciled		
F1122	\$	_	\$	40,667	\$	(40,667)		
F2122	Ψ	_	Ψ	33	Ψ	(33)		
F4122		_		356		(356)		
F6122		_		222,906		(222,906)		
F7122		_		156,167		(156, 167)		
F8122	2	22,738		684,733		(661,995)		
F9122	74	15,094		654,837		90,256		
FAR04	11	16,143		116,143		_		
FB122		_		714		(714)		
FZ122	1,22	24,828		425938		798,889		
	\$ 2,10	08,843	\$ 2	2,302,500	\$	(193,657)		

Furthermore, the Program did not perform a reconciliation of its accounting records with amounts reported. Timely reconciliations are necessary to ensure accurate reporting to the U.S. Department of Labor.

Questioned Costs

Not applicable.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-21 (continued)

Underlying Cause

Policies are not in place to ensure the accuracy of information included in the required reports, including reconciling them with the accounting records, prior to submission for reimbursement.

Effect

The Government could be reporting unallowable costs as Federal expenditures. This may also lead to incorrect financial information presented in reports submitted to the Federal government.

Recommendation

Management of the Unemployment Insurance Program should implement formal review procedures that include appropriate documentation to ensure that federal reports are appropriately, reconciled, reviewed and approved prior to timely submission.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Labor

Workforce Investment Act Cluster CFDA Nos. 17.258, ARRA-17.258, 17.259

The Workforce Investment Act of 1998 (WIA) reforms Federal job training programs and creates a new, comprehensive workforce investment system. The reform system is intended to be customer-focused, to help American access the tools they need to manage their careers through information and high quality services, and to help U.S. companies find skilled workers. The cornerstone of the new workforce investment system is One-Stop service delivery, which unifies numerous trainings, education and employment programs into a simple, customer-friendly system in each community so that the customer has access to seamless system of workforce investment service.

Total Workforce Investment Act Cluster Federal expenditures for the fiscal year ended September 30, 2010, amounted to \$ 3,543,184.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-22

Program

U.S. Department of Labor - Workforce Investment Act Cluster - CFDA Nos. 17.258, ARRA-17.258, 17.259

Category

Internal control / Compliance

Compliance Requirement

Eligibility

Criteria

Pursuant to 29CFR 272.10 to determine eligibility, training services may be made available to employed and unemployed adults and dislocated workers who: (a) Have met the eligibility requirements for intensive services, received at least one intensive service under 20 CFR 663.240, and been determined to be unable to obtain or retain employment through such services and eligible youth participants be disadvantaged low-income youth as defined in 29 USC 2801(25).

Condition

We selected for testing twenty-five (25) case files (out of a population of 700) to test internal control over the eligibility requirements. In four (4) of the twenty-five (25) case files tested, we noted that the participant's entry date per the participant's file did not agree to the information in America's One-Stop Operating System (AOSOS).

Participant ID	Participant Entry Date	Entry Date (per file)	Office
000006313	3/5/2010	12/10/2009	VIDOLSTT
000025034	10/13/2009	5/29/2010	VIDOLSTT
000032698	2/22/2010	8/11/2009	VIDOLSTT
000053812	6/2/2010	6/7/2010	VIDOLSTT

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-22 (continued)

Condition (continued)

In addition, we selected for testing 40 case files (out of a population of 700) to test compliance over the eligibility requirements. As result of our testing we note the following exceptions:

For one (1) of the twenty-five (25) case files tested, we noted that there was no Applicant Statement for Income Verification document in the participant's file.

Office/Islands	Participant ID	Participant Entry Date	Entry Date per file
VIDOLSTX	000055800	1/15/2010	1/20/2010

For one (1) of the twenty-five (25) case files tested, we noted that the participant did not comply with low income living standard.

Office/Islands	e/Islands Participant Participant ID Entry Date		Entry Date per file	
VIDOLSTX	000029798	9/20/2010	9/10/2010	

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-22 (continued)

Condition (continued)

In four (4) of the twenty-five (25) case files tested, we noted that the participant's entry date per participant's file did not agree to the information in AOSOS system.

Office/Islands	Participant ID	Participant Entry Date	Entry Date per file
VIDOLSTT	000034274	1/21/2010	1/26/2010
VIDOLSTX	000022678	11/26/2009	11/5/2009
VIDOLSTX	000035954	12/14/2009	2/1/2010
VIDOLSTT	000062069	1/8/2010	1/12/2010

Ouestioned costs

Could not be determined.

Underlying Cause

Internal controls related to eligibility determination, participant's information in the system, and maintenance of participant's files was not operating effectively.

Effect

The Government may have provided services to or benefits for individuals that are not eligible to participate in the program.

Recommendation

Management of the WIA Adult Program and the WIA Youth Activities Program should implement procedures to ensure that all participant files are properly maintained and available to ensure their eligibility to receive services under or benefits from the program.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-23

Program

U.S. Department of Labor - Workforce Investment Act Cluster - CFDA Nos. 17.258, ARRA-17.258, 17.259

Category

Internal control / Compliance

Compliance Requirement

Reporting

Criteria

29 CFR 97.20 requires that: (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. (b) The financial management systems of other grantees and subgrantees must meet the following standards (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. (4) Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-23 (continued)

Criteria (continued)

whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible. (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

Condition

We selected for testing all ETA 9130 reports to test compliance and internal control over reporting requirements. We noted that the expenditure transaction details did not reconcile by \$355,494 to the amounts reported in the Financial Status Report for the period ended September 30, 2010, as shown below. These differences are composed of 8 projects. However, the program provided support for all the transactions selected for testing.

Project	Per Accounting Records		Per ЕТА 9130		Difference	
F5043	\$	50,253	\$	_	\$	50,253
F6043		382,028		_		382,028
F6044		9,981		_		9,981
F7043		287,825		_		287,825
F7044		86,089		_		86,089
F8043		468,431		831,831		(363,400)
F9A43		1,171,842		1,949,375		(777,533)
FZ043		1,086,736		1,117,472		(30,736)
	\$	3,543,184	\$	3,898,678	\$	(355,494)

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-23 (continued)

Questioned costs

Not applicable.

Underlying Cause

Effective internal controls are not in place to ensure that the program activity from the Governments accounting system records agrees to or is reconciled with the amounts reported to the Federal Government.

Effect

The lack of effective internal controls in reporting ETA 9130 may lead to inaccurate reporting and potential disallowance of funds.

Recommendation

Management of the WIA Adult Program and the WIA Youth Activities Program should implement internal controls to ensure reports submitted to the Federal Government are accurate and complete. These controls may include reconciliations between Program accounting records and federal reports.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Planning and Natural Resources

Capitalization Grants for Drinking Water State Revolving Funds CFDA Nos. 66.468, ARRA-66.468

Capitalization Grants for Drinking Water State Revolving Funds are made to: 1) provide a long-term source of financing for the costs of drinking water infrastructure 2) for infrastructure improvement projects that are needed to achieve or maintain compliance with SDWA requirements, protect public health, and assist systems with economic need 3) emphasize preventing contamination problems through source water protection and enhancing water system management 4) targeted toward projects for green infrastructure, water or energy efficiency improvements, or other environmentally innovative activities.

Total Capitalization Grants for Drinking Water State Revolving Funds expenditures for the fiscal year ended September 30, 2010, amounted to \$3,756,475.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-24

Program

U.S. Department of Planning and Natural Resources (DPNR) - Capitalization Grants for Drinking Water State Revolving Funds - CFDA Nos. 66.468, ARRA-66.468

Category

Internal Control / Compliance

Compliance Requirement

Subrecipient Monitoring

Criteria

Each State department and agency that receives and disburses federal awards is required by OMB Circular A-133 Sec .300(b) to "maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs".

Pursuant Circular A-133 Subpart D-Federal Agencies and Pass-Through Entities Section 400 (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes: (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipients' fiscal year have met the audit requirements of this part for that fiscal year. (5) Issue a management decision on audit findings within six months after receipt of the subrecipients' audit report and ensure that the subrecipient takes appropriate and timely corrective action.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-24 (continued)

Condition

During the year ended September 30, 2010, funds totaling \$1,610,148 were disbursed to three subrecipients. We selected all 3 subrecipients to test compliance and internal control over subrecipient monitoring requirements. After reviewing the DPRN's monitoring files, we noted that for one subrecipient receiving \$1,528,748 of these funds the Single Audit report was not obtained. Therefore, the DPNR could not evaluate whether the funds granted to the subrecipient were included in the Single Audit report and whether that subrecipient complied with the program's requirements.

Ouestioned Costs

Could not be determined.

Underlying Cause

Internal controls regarding obtaining and reviewing single audit reports submitted by subrecipients were not operating effectively.

Effect

Management could not issue a management decision on audit findings (if any) within 6 months after receipts of subrecipients' audit report. Also, it is possible the subrecipient used the funds for unallowable costs or purposes. Additionally, noncompliance with the requirements presented above could lead to significant administrative actions by the grantor, including reduction in amounts to be awarded. It could also be interpreted as a failure to achieve program objectives.

Recommendation

Management of the Capitalization Grants for Drinking Water State Revolving Fund Program should establish guidelines and internal controls to timely monitor the subrecipients' compliance with federal programs requirements:

- Review subrecipients' reports and follow-up on areas of concern, monitor subrecipients budgets and offer technical assistance when needed.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-24 (continued)

Recommendation (continued)

- Establish official written policies and procedures related to communication of federal award requirements to subrecipients, responsibilities for monitoring, and process and procedures for monitoring. Such policies and procedures shall also include the methodology for resolving findings of subrecipients' noncompliance or weaknesses in internal control, and the requirements for and processing of subrecipients audits, including appropriate adjustments of pass-through entities accounts.
- Issue timely management decisions to inform the subrecipients about whether the corrective action plans for audit and monitoring findings is acceptable.
- Maintain a system to track and follow-up on reported deficiencies related to activities funded with this program and ensure that timely corrective action is taken.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Education

Special Education Cluster CFDA Nos. 84.027, ARRA-84.027

The purposes of the Special Education - Grants Cluster are to: (1) ensure that all children with disabilities have available to them a free appropriate public education (FAPE) which emphasizes special education and related services designed to meet their unique needs; (2) ensure that the rights of children with disabilities and their parents or guardians are protected; (3) assist States, localities, educational service agencies and Federal agencies to provide for the education of all children with disabilities; and (4) assess and ensure the effectiveness of efforts to educate children with disabilities. The Assistance for Education of All Children with Disabilities Program (Special Education - Grants to States - IDEA, Part B) provides grants to States to assist them in meeting these purposes (20 USC 1400 et seq.).

Total Special Education Cluster Federal expenditures for the fiscal year ended September 30, 2010, amounted to \$7,881,235.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Education

State Grants for Innovative Programs CFDA No. 84.298

This former Title VI Program was reauthorized by the No Child Left Behind Act (NCLB Act), Pub. L. No. 108-110, as Title V, Part A of the Elementary and Secondary Education Act (ESEA). The objectives of Title V, Part A are to: (1) support local educational reform efforts that are consistent with and support statewide education reform efforts; (2) provide funding to enable State Educational Agencies (SEAs) and Local Educational Agencies (LEAs) to implement promising educational reform programs and school improvement programs based on scientifically based research; (3) provide a continuing source of innovation, and educational improvement, including support programs to provide library services and instructional and media materials; (4) meet the educational needs of all students, including at-risk youth; and (5) develop and implement education programs to improve school, student, and teacher performance, including professional development activities and class size reduction programs (Title V, Part A, Section 5101(a) of the ESEA (20 USC 7201(a))).

Total State Grant for Innovative Programs Federal expenditures for the fiscal year ended September 30, 2010, amounted to \$24,143,233.

1208-1380573 74

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-25

Program

State Grants for Innovative Programs - CFDA No.84.298 Special Education Grants to States - CFDA Nos.84.027, ARRA 84.027

Category

Internal Control / Compliance

Compliance Requirement

Procurement and Suspension and Debarment

Criteria

In accordance with 34 CFR parts 80 and 85, the Government shall establish procedures for the effective use of the List of Parties Excluded (EPLS) from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order

Condition

We selected a total sample of 11 transactions consisting of 10 transactions belonging to the State Grants for Innovative Programs and 1 transaction belonging to the Special Education Cluster (out of a total population of 82 transactions; from which 75 transactions were related to the State Grants for Innovative Programs and 7 transactions were related to the Special Education Cluster) to test compliance and internal control over suspension and debarment requirements.

The USVI Department of Education could not provide supporting documentation to ascertain as to whether the 11 transactions selected for testing were properly verified for covered transactions, by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity. However, the Government verbally assured us that verification is made upon initial requisition, but not formally documented. Furthermore, for all transactions selected, we noted that all related vendors were excluded from EPLS without exception.

1208-1380573 75

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-25 (continued)

State Grants for Innovative Programs

CFDA No.	Check No.	Check Date	Vendor	Amount	P.O. Number
84.298	7411	11/13/09	International Center	\$ 109,100	21005302
84.298	7364	11/10/09	CDW	51,153	20904692
84.298	7333	11/2/09	Close Up Foundation	41,489	20904730
84.298	7364	11/10/09	CDW	36,032	20904698
84.298	8191	3/22/10	World Ocean School	33,600	21005552
84.298	8177	3/22/10	Lenovo, Inc	27,100	20904722
84.298	8247	3/25/10	Lenovo, Inc	27,100	21005217
84.298	7300	10/23/09	PC Paradise	25,932	20904610
84.298	7364	11/10/09	CDW	51,153	20904692
84.298	8145	3/11/10	Lenovo, Inc	40,650	20904723

Special Education Cluster - Grants to State

CFDA No.	Check No.	Check Date	Vendor	Amount	P.O. Number
84.027	7501	11/20/09	Modern Imaging Solutions	\$37,275	21005103

Questioned Costs

Not applicable.

Underlying Cause

Internal controls to ensure documented evidence of the required verification were not in place during the fiscal year under audit.

Effect

The Government may have entered into transactions with suspended or debarred vendors, which could lead to disallowance of Federal funds.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-25 (continued)

Recommendation

Management of the Special Education Grant to State Program and the Innovative Education Programs Strategies program should establish a procedure to ensure all required verifications are documented and maintained in vendor files.

Management's Response

The V.I. Department of Education (VIDE) does not concur with this finding.

VIDE has always conducted verification checks of vendors to ensure that they are qualified to receive Federal funds. VIDE ascertains that it has never conducted business with debarred or suspended vendors and the audit has validated VIDE's position as noted in the language in this finding. In March 2011, VIDE implemented procedures to ensure that EPLS verifications are formally documented as part of the documentation in the financial statements of record.

Auditor's Conclusion

As stated in our finding, no supporting documentation was provided of the auditee to demonstrate compliance with these requirements nor to evidence internal controls over it.

Management's response seems to validate that there was no requirement to maintain proper evidence.

Therefore, the finding remains as stated.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Education

State Fiscal Stabilization Fund Cluster Service Fund (SFSF), Recovery Act CFDA Nos. ARRA-84.397; ARRA-84.394

The purpose of the State Fiscal Stabilization Fund is to: (1) support public safety and other government services, which may include assistance for elementary and secondary education and public institutions of higher education (IHEs) (2) for modernization, renovation or repair of public school facilities and IHE facilities.

Total State Fiscal Stabilization Fund Cluster Federal expenditures for the fiscal year ended September 30, 2010, amounted to \$ 31,806,387.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-26

Program

U.S. Department of Education - State Fiscal Stabilization Fund (SFSF) Cluster CFDA Nos. ARRA-84.397; ARRA-84.394

Category

Internal Control / Compliance

Compliance Requirement

Subrecipient Monitoring

Criteria

Each State department and agency that receives and disburses federal awards is required by OMB Circular A-133 Sec. 300(b) to "maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs".

Pursuant Circular A-133 Subpart D-Federal Agencies and Pass-Through Entities Section 400 (d) Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes: (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipients' fiscal year have met the audit requirements of this part for that fiscal year. (5) Issue a management decision on audit findings within six months after receipt of the subrecipients' audit report and ensure that the subrecipient takes appropriate and timely corrective action.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-26 (continued)

Condition

During the year ended September 30, 2010, funds totaling \$4,647,342, were disbursed to two (2) subrecipients under the State Fiscal Stabilization Fund program. We selected both subrecipients to test compliance and internal control over subrecipient monitoring requirements.

After reviewing GVI's monitoring files, we noted that one of the subrecipients receiving \$3,842,197 of these funds did not present the funds expended for this program in the Schedule of Expenditures of Federal Awards (SEFA) and management did not take appropriate action within six months after receipt of the subrecipients' audit report.

Ouestioned costs

Not applicable.

Underlying Cause

Management was not aware that the subrecipient had to present funds expended in its separate Single Audit.

Effect

Management could not issue a management decision on audit findings (if any) within 6 months after receipts of subrecipients' audit report. Additionally, noncompliance with the requirements presented above could lead to significant administrative actions by the grantor, including reduction in amounts to be awarded. It is also possible the subrecipient could have spent the monies on unallowable costs.

Recommendation

Management of the State Fiscal Stabilization Fund Program should use the following guidelines to timely monitor the subrecipients' compliance with federal programs requirements:

 Perform site visits to subrecipients to review financial and programmatic records, observe operations, establish regular contacts with subrecipients, and make appropriate inquiries concerning the federal program.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-26 (continued)

Recommendation (continued)

- Review subrecipients' reports and follow-up on areas of concern, monitor subrecipients budgets and offer technical assistance when needed.
- Review written policies and procedures to ensure they provide for communication of federal award requirements to subrecipients, responsibilities for monitoring, and process and procedures for monitoring. Such policies and procedures shall also include the methodology for resolving findings of subrecipients' noncompliance or weaknesses in internal control, and the requirements for and processing of subrecipients audits, including appropriate adjustments of pass-through entities accounts.
- Issue of timely management decisions to inform the subrecipients about whether the corrective action plans for audit and monitoring findings is acceptable.
- Maintain a system to track and follow-up on reported deficiencies related to activities funded with this program and ensure that timely corrective action is taken.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Health and Human Services

Temporary Assistance for Needy Families (TANF) Cluster CFDA Nos. 93.558, ARRA-93.558

The objective of the State and Tribal TANF programs are to provide time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourage the formation and maintenance of two-parent families. This Program replaced the Aid to Families with Dependent Children (AFDC), Job Opportunities and Basic Skills Training (JOBS), and Emergency Assistance (EA) programs.

Total Temporary Assistance for Needy Families Cluster Federal expenditures for the fiscal year ended September 30, 2010, amounted to \$4,319,232.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number 10-27

Program

U.S. Department of Health and Human Services - TANF Cluster - CFDA Nos. 93.558, ARRA-93.558

Category

Internal Control / Compliance

Compliance Requirement

Special Tests and Provisions - Income Eligibility and Verification System (IEVS)

Criteria

Each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the State Plan, the State is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies. HHS may penalize a State for up to two percent of the State Family Assistance Grant (SFAG) for failure to participate in IEVS (42 USC 609(a)(4) and 1320b-7; 45 CFR section 264.10 and 264.11).

Condition

The Government has not established and implemented the required IEVS system for data matching, verification and use of such data during fiscal year 2010. The Government did not coordinate data exchanges with other federally assisted benefit programs. Furthermore, the Government did not request and use other agencies (such as USVI Department of Labor) nor income and benefit information provided by those agencies (USVI Department of Labor) when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies. Eligibility determinations were performed based on information requested from participants which, while appropriate and sufficient for eligibility determinations, does not meet the requirements of the criteria cited.

Questioned Costs

Not applicable.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-27 (continued)

Underlying Cause

Management has not coordinated data exchanges with other federally assisted benefit programs due to lack of knowledge to develop policies and procedures.

Effect

The Government may have awarded Federal funds to an individual or family which is not eligible to participate in the Program.

Recommendation

Management of the Temporary Assistance for Needy Families Program should implement procedures to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-28

Program

U.S. Department of Health and Human Services - TANF Cluster - CFDA Nos. 93.558, ARRA-93.558

Category

Internal Control / Compliance

Compliance Requirement

Equipment and Real Property Management

Criteria

OMB Circular A-102 requires that equipment be used in the Program for which it was acquired or, when appropriate, other Federal programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, an appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

Condition

Management could not provide an inventory listing of property and equipment purchased with federal funds for this program. Therefore, we were unable to test the existence and completeness of property and equipment purchased with federal funds. In addition, management could not provide evidence of the performance of a physical inventory of property within the past two years.

Ouestioned Costs

Not applicable.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-28 (continued)

Underlying Cause

Management did not follow procedures to ensure the maintenance of proper equipment records. Furthermore, appropriate procedures to maintain the Government's property management records updated is not operating effectively.

Effect

Inappropriate recordkeeping of equipment could lead to misappropriation of assets and noncompliance with Federal regulations, including return of funding to the grantor agency.

Recommendation

Management of the Temporary Assistance for Needy Families Program should establish and implement procedures in order to properly prepare and maintain official property management records. Also, management should perform a physical inventory of equipment purchased with Federal funds and include any unrecorded assets with V.I. Property and Procurement Office.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Health and Human Services

Child Support Enforcement CFDA No. 93.563

The objectives of the Child Support Enforcement programs are to: (1) enforce support obligations owed by non-custodial parents, (2) locate absent parents, (3) establish paternity, and (4) obtain child and spousal support.

Total Child Support Enforcement Federal expenditures for the year ended September 30, 2010, amounted to \$3,862,450.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number: 10-29

Program

U.S. Department of Health and Human Services - Child Support Enforcement Program - CFDA No. 93.563

Category

Internal Control / Compliance

Compliance Requirement

Reporting

Criteria

29 CFR 97.20 requires that: (a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. (b) The financial management systems of other grantees and subgrantees must meet the following standards (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. (4) Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-29 (continued)

Criteria (continued)

whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible. (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

Condition

The Child Support Enforcement program prepares Federal financial reports (which are the basis for reimbursement) based on information obtained from the Program records. However, these reports do not agree with Government official records (ERP) as follows:

Expenditures-Federal Share per ERP	\$ 5,010,052
Net Federal Share per 396A	4,178,820
Unreconciled difference	\$ 831,232

The Program did not perform a reconciliation of amounts reported with amounts recorded in the government's official records (ERP).

Questioned Costs

Not applicable.

Underlying Cause

Lack of reconciliation between amounts reported in Quarterly Financial Report (OCSE 396 A) with the amounts accounted for in the Government's accounting system.

Effect

The lack of timely reconciliation of the Program's records with amounts reported in Quarterly Financial Report (OCSE 396 A) may lead to incorrect financial information presented in reports submitted to the Federal government and claims for reimbursement.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-29 (continued)

Recommendation

Management of the Child Support Enforcement Program should implement additional procedures and internal controls to ensure proper reconciliation between Program accounting records and reports filed is performed timely and discrepancies investigated. Timely reconciliations are necessary to ensure accurate reporting to the U.S. Department of Health and Human Services Agency.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-30

Program

U.S. Department of Health and Human Services - Child Support Enforcement Program - CFDA No. 93.563

Category

Internal Control / Compliance

Compliance requirement:

Equipment and Real Property Management

Criteria

As per 45 CFR 95.707 (b) Other items of equipment whose costs are claimed for Federal financial participation (i.e., equipment that is capitalized and depreciated or is claimed in the period acquired and charged to more than one program) are not subject to the specific requirements in Subpart O of 45 CFR part 74. However, the State agency is responsible for adequately managing the equipment, maintaining records on the equipment, and taking periodic physical inventories. Physical inventories may be made on the basis of statistical sampling.

Condition

Management could not provide an inventory listing of property and equipment purchased with federal funds for this program. Therefore, we were unable to test the existence and completeness of property and equipment purchased with federal funds.

In addition, management could not provide evidence of the performance of a physical inventory of property within the past two years.

Ouestioned costs

Not applicable.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-30 (continued)

Underlying Cause

Internal controls to adequately manage the equipment, maintain records and take periodical physical inventories are not operating effectively.

Effect

Inappropriate recordkeeping of equipment could lead to misappropriation of assets and noncompliance with Federal regulations, including return of funding to the grantor agency.

Recommendation

Management of the Child Support Enforcement Program should establish and implement procedures in order to properly prepare and maintain official property management records. Also, management should perform a physical inventory of equipment purchased with Federal funds and include any unrecorded assets with V.I. Property and Procurement Office.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Health and Human Services

Head Start Cluster CFDA Nos. 93.600, ARRA-93.708

The objective of the Head Start Cluster is to promote the school readiness of low-income preschool children by enhancing their cognitive social and emotional development in learning environments that support their growth in language, literacy, mathematics, science, social and emotional functioning, creative art, physical skills, and approaches to learning.

Head Start Cluster expenditures for the fiscal year ended September 30, 2010, amounted to \$8,563,920.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-31

Program

U.S. Department of Health and Human Services - Head Start Cluster - CFDA Nos. 93.600, ARRA-93.708

Category

Internal Control / Compliance

Compliance Requirement

Matching, Level of Effort, Earmarking - Targeted Earmark

Criteria

Each Head Start agency must enroll 100 percent of its funded enrollment (42 USC 9387(g)). For Fiscal Year 2010 and thereafter, not less than 10 percent of the total number of children actually enrolled by each Head Start Agency and each delegate agency must be children with disabilities determined to be eligible for special education and related services unless a waiver has been approved by ACF (42 USC 9835(d)).

Condition

During our procedures to test compliance and internal control over level of effort, we noted that 75 beneficiaries (out of a population of 931) are beneficiaries with disabilities. This represents 8% of the total children enrolled. Therefore, the Program did not comply with this requirement since beneficiaries with disabilities are below the 10% required.

Questioned costs

Not applicable.

Underlying Cause

Internal controls to monitor compliance on targeted earmark are not in place.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-31 (continued)

Effect

Inadequate internal controls related to Targeted Earmark may lead to non-compliance with OMB A-133 requirements.

Recommendation

Management of the Head Start Program should ensure that effective internal controls are put in place to ensure Targeted Earmark requirements are met, as required.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

U.S. Department of Health and Human Services

Medicaid Cluster CFDA Nos. 93.778, ARRA-93.778

The objective of the Medical Cluster Programs (Medicaid or Title XIX of the Social Security Act, as amended, (42 USC 1396 et seq.)) is to provide payments for medical assistance to low-income persons who are age 65 or over, blind, disabled, or members of families with dependent children or qualified pregnant women or children.

Medicaid Cluster Program federal expenditures for the fiscal year ended September 30, 2010, amounted to \$13,541,076.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding number: 10-32

Program

U.S. Department of Health and Human Services - Medicaid Cluster - CFDA Nos. 93.778, ARRA-93.778

Category

Internal Control / Compliance

Compliance Requirement

Eligibility

Criteria

As described in 42 USC 1320b-7(d) (d) Citizenship or immigration status requirements; documentation; verification by Immigration and Naturalization Service; denial of benefits; The requirements of this subsection, with respect to an income and eligibility verification system of a State, are as follows: (1) (A) The State shall require, as a condition of an individual's eligibility for benefits under a program listed in subsection (b) of this section, a declaration in writing, under penalty of perjury— (i) by the individual, (ii) in the case in which eligibility for program benefits is determined on a family or household basis, by any adult member of such individual's family or household (as applicable), or 42 CFR sections 435.907 (a) The agency must require a written application from the applicant, an authorized representative, or, if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant. (b) Subject to the conditions specified in paragraph (c) of this section, the application must be on a form prescribed by the agency and signed under a penalty of perjury. (c) The application form used at outstation locations for low-income pregnant women, infants, and children specified in § 435.904 must not be the application form used to apply for AFDC and 435.913 (a) The agency must include in each applicant's case record facts to support the agency's decision on his application, a written application signed under penalty of perjury and inclusion in each applicant's case records required to support the agency's decision on the application is required.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-32 (continued)

Condition

We selected a total sample of 65 case files consisting of 40 for our compliance test and 25 for our internal control test (out of a total population of 315) to test eligibility requirements. We noted that the Government was unable to provide 3 case files selected for testing. Missing case files are MAP number 7P0370199603202, 8C0380200652202, and 7C0380184713213.

Ouestioned Costs

Could not be determined.

Underlying Cause

Internal controls for complete eligibility documentation to be maintained in the participant's records are not operating effectively.

Effect

The Government may have awarded Federal funds to an individual who is not eligible to participate in the Program.

Recommendation

Management of the Medical Assistance Program should implement procedures to ensure that all participant files are properly maintained and available.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number: 10-33

Program

U.S. Department of Health and Human Services - Medicaid Cluster - CFDA Nos. 93.778, ARRA-93.778

Category

Internal Control / Compliance

Compliance Requirement

Reporting

Criteria

29 CFR 97.20 requires that: (a) A State must expand and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes. (b) The financial management systems of other grantees and subgrantees must meet the following standards (1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant. (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. (4) Budget control. Actual expenditures or outlays must be compared with budgeted amounts for each grant or subgrant. Financial information must be related to performance or productivity data, including the development of unit cost information

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-33 (continued)

Criteria (continued)

whenever appropriate or specifically required in the grant or subgrant agreement. If unit cost data are required, estimates based on available documentation will be accepted whenever possible. (6) Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award documents, etc.

Condition

We selected a sample of three (3) CMS 64, *Quarterly Statement of Expenditures for the Medical Assistance Program Report* (out of a population of 8) to test internal control and compliance over reporting. The Government could not provide reconciliation between the CMS Reports and the accounting records (transactions related to purchases of goods and services).

Ouestioned Costs

Not applicable.

Underlying Cause

Policies are not in place to ensure the accuracy of information included in the required reports prior to submission for reimbursement.

Effect

The Government could be reporting unallowable costs as Federal expenditures and, therefore, be reimbursed for unallowable costs. This may also lead to incorrect financial information presented in reports submitted to the Federal government.

Recommendation

Management of the Medical Assistance Program should implement formal review procedures that include appropriate documentation to ensure that federal reports are appropriately reconciled, reviewed and approved prior to timely submission and are accurate and properly reported.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-33 (continued)

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number: 10-34

Program

U.S. Department of Health and Human Services - Medicaid Cluster - CFDA Nos. 93.778, ARRA-93.778

Category

Internal Control / Compliance

Compliance Requirement

Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits

Criteria

Pursuant 42 CFR section 447.253, (1) Payment rates. (i) The Medicaid agency pays for inpatient hospital services and long-term care facility services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers to provide services in conformity with applicable State and Federal laws, regulations, and quality and safety standards. (2) For transfers on or after October 1, 1985, the State's methods and standards must provide that the valuation of capital assets for purposes of determining payment rates for NFs and ICFs/MR is not to increase (as measured from the date of acquisition by the seller to the date of the change of ownership) solely as a result of a change of ownership,—(f) Uniform cost reporting. The Medicaid agency must provide for the filing of uniform cost reports by each participating provider. (i) Rates paid. The Medicaid agency must pay for inpatient hospital and long term care services using rates determined in accordance with methods and standards specified in an approved State plan. (g) Audit requirements. The Medicaid agency must provider for periodic audits of the financial and statistical records of participating providers.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-34 (continued)

Condition

The Government did not provide supporting documentation to determine whether the Medical Assistance Program Agency performed required inpatient hospital and long-term care facility audits as required to ensure that proper costs rates are being used to pay providers.

Ouestioned Costs

Not applicable.

Underlying Cause

The Government does not have appropriate controls in place to monitor the subcontracted agency that performs the corresponding audit procedures and analysis to ensure that proper cost rates are being used to pay providers.

Effect

The absence of controls to ensure that these audits and reviews are performed may lead to the use of unreasonable rates or inadequate or unallowable costs to be charged to the Program, as well as noncompliance with Program's requirements.

Recommendation

Management of the Medical Assistance Program should establish appropriate controls to ensure that inpatient audits and reviews are being performed.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number: 10-35

Program

U.S. Department of Health and Human Services - Medicaid Cluster - CFDA Nos. 93.778, ARRA-93.778

Category

Internal Control / Compliance

Compliance Requirement

Special Tests and Provisions - Automated Data Processing (ADP) Risk Analysis and System Security Review.

Criteria

Pursuant to 45 CFR section 95.621 ADP reviews: The Department will conduct periodic onsite surveys and reviews of State and local agency ADP methods and practices to determine the adequacy of such methods and practices and to assure that ADP equipment and services are utilized for the purposes consistent with proper and efficient administration under the Act. (iii) Periodic risk analyses. State agencies must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. State agencies must perform risk analyses whenever significant system changes occur. (3) ADP System Security Reviews. State agencies shall review the ADP system security of installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices. (6) The State agency shall maintain reports of their biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site review.

Condition

The Government did not provide supporting documentation to evidence the performance of required ADP Risk Analysis and System Security Reviews.

Ouestioned Costs

Not applicable.

Schedule of Findings and Questioned Costs (continued)

Year Ended September 30, 2010

Part III - Federal Awards Findings and Questioned Costs Section (continued)

Finding Number 10-35 (continued)

Underlying Cause

Although current policies and procedures include the performance of periodic ADP reviews, the Government does not have appropriate controls in place to ensure these procedures are performed.

Effect

Not following current policies and procedures to ensure that these analyses and reviews are performed may lead to physical and data security issues, and noncompliance with Program requirements.

Recommendation

Management of the Medical Assistance Program should establish appropriate policies to ensure that required biennial analysis and reviews are being performed.

Management's Response

The Government concurs with the auditor's findings and recommendations. Refer to the Corrective Action Plan for further details

Summary Schedule of Prior Audit Findings

September 30, 2010

Finding 09-12

CFDA Number	10.551, 10.561
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	SNAP Cluster
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Chief Financial Officer – Department of Human
Corrective Action Plan	Services
Status	Recurring (10-12)

Finding 09-13

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CFDA Number	10.555, 10.559
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	Child Nutrition Cluster
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Acting Director of Special Nutrition Programs –
Corrective Action Plan	Department of Education
Status	Recurring (10-12)

Finding 09-14

CFDA Number	10.555,10.559
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	Child Nutrition Cluster
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	N/A
Contact Person Responsible for	Acting Director of Special Nutrition Programs –
Corrective Action Plan	Department of Education
Status	Recurring (10-13)

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	10.557
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	WIC Program
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	N/A
Contact Person Responsible for	Administrative Assistant and Director, WIC
Corrective Action Plan	Program- Department of Health
Status	Recurring (10-16)

Finding 09-16

CFDA Number	10.557
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	WIC Program
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Administrative Assistant and Director, WIC
Corrective Action Plan	Program- Department of Health
Status	Recurring (10-12)

Finding 09-17

CFDA Number	10.557
Federal Agency	Department of Defense
Name of Federal Program	WIC Program
Type of Compliance Requirement	Equipment and Real Property Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Administrative Assistant and Director, WIC
Corrective Action Plan	Program- Department of Health
Status	Recurring (10-16)

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	12.401
Federal Agency	Department of Defense
Name of Federal Program	National Guard Military Operations and
	Maintenance (O&M) Projects
Type of Compliance Requirement	Equipment and Real Property Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Administration and Business
Corrective Action Plan	Management-Office of the Adjutant General
Status	Recurring (10-18)

Finding 09-19

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CFDA Number	12.401
Federal Agency	Department of Defense
Name of Federal Program	National Guard Military Operations and
<u> </u>	Maintenance (O&M) Projects
Type of Compliance Requirement	Matching, Level of Effort, Earmarking
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Administration and Business
Corrective Action Plan	Management-Office of the Adjutant General
Status	Corrected

Finding 09-20

CFDA Number	12.401
Federal Agency	Department of Defense
Name of Federal Program	National Guard Military Operations and
	Maintenance (O&M) Projects
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	Could not be determined
Contact Person Responsible for	Director of Administration and Business
Corrective Action Plan	Management-Office of the Adjutant General
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Eligibility
Amount of Questioned Costs	\$30,479
Contact Person Responsible for	Director of Unemployment Insurance and Director
Corrective Action Plan	of Business Office – Department of Labor
Status	Corrected

Finding 09-22

CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Eligibility
Amount of Questioned Costs	\$71,255
Contact Person Responsible for	Director of Unemployment Insurance and Director
Corrective Action Plan	of Business Office – Department of Labor
Status	Corrected

Finding 09-23

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CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Special Tests and Provisions: Match with IRS 940
	FUTA Tax Form
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Unemployment Insurance and Director
Corrective Action Plan	of Business Office – Department of Labor
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Special Tests and Provisions: Unemployment
	Insurance (UI) Benefits Payment
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Unemployment Insurance and Director
Corrective Action Plan	of Business Office – Department of Labor
Status	Corrected

Finding 09-25

CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	\$174,771
Contact Person Responsible for	Director of Unemployment Insurance and Director
Corrective Action Plan	of Business Office – Department of Labor
Status	Recurring (10-20)

Finding 09-26

CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Unemployment Insurance and Director
Corrective Action Plan	of Business Office – Department of Labor
Status	Recurring (10-21)

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	17.225			
Federal Agency	U.S. Department of Labor			
Name of Federal Program	Unemployment Insurance			
Type of Compliance Requirement	Cash Management			
Amount of Questioned Costs	N/A			
Contact Person Responsible for	Director of Unemployment Insurance and Director			
Corrective Action Plan	of Business Office – Department of Labor			
Status	Recurring (10-12)			

Finding 09-28

CFDA Number	17.258, 17.259, 17.260
Federal Agency	U.S. Department of Labor
Name of Federal Program	Workforce Investment Act Cluster
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Business Office- Department of Labor
Corrective Action Plan	
Status	Recurring (10-23)

Finding 09-29

CFDA Number	17.258, 17.259, 17.260
Federal Agency	U.S. Department of Labor
Name of Federal Program	Workforce Investment Act Cluster
Type of Compliance Requirement	Eligibility
Amount of Questioned Costs	\$9,091
Contact Person Responsible for	Director of Business Office- Department of Labor
Corrective Action Plan	
Status	Recurring (10-22)

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	17.258, 17.259, 17.260
Federal Agency	U.S. Department of Labor
Name of Federal Program	Workforce Investment Act Cluster
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Business Office- Department of Labor
Corrective Action Plan	_
Status	Recurring (10-12)

Finding 09-31

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CFDA Number	20.205			
Federal Agency	U.S. Department of Transportation			
Name of Federal Program	Highway Planning and Construction			
Type of Compliance Requirement	Cash Management			
Amount of Questioned Costs	N/A			
Contact Person Responsible for	Deputy Commissioner of Administration and			
Corrective Action Plan	Assistant Director of Administration-			
	Department of Public Works			
Status	Recurring (10-12)			

Summary Schedule of Prior Audit Findings (continued)

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	Finding 09-32
CFDA Number	20.205
Federal Agency	U.S. Department of Transportation
Name of Federal Program	Highway Planning and Construction
Type of Compliance Requirement	Activities Allowed or Unallowed; Allowable Cost/
	Cost Principles; Reporting
Amount of Questioned Costs	\$56,700,000
Contact Person Responsible for	Deputy Commissioner of Administration and
Corrective Action Plan	Assistant Director of Administration-
	Department of Public Works
Status	As a result of meetings held between the
	Department of Finance (DOF) and the
	Department of Public Works (DPW), DOF is
	now working on innovative ways to implement
	proper procedures to capture the related costs for
	projects managed by Eastern Federal Lands,
	therefore avoiding the recurrence of this finding.
	Implementation Date: June 30, 2011
	Responsible Person: Program Manager, Federal
	Highways, DPW; Executive Assistant
	Commissioner, DOF

Finding 09-33

CFDA Number	84.027
Federal Agency	U.S. Department of Education
Name of Federal Program	Grant to States
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Commissioner, Fiscal and Administrative
Corrective Action Plan	Services – Department of Education
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	84.027
Federal Agency	U.S. Department of Education
Name of Federal Program	Grant to States
Type of Compliance Requirement	Procurement and Suspension and Debarment
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Commissioner, Fiscal and Administrative
Corrective Action Plan	Services – Department of Education
Status	Recurring (10-25)

Finding 09-35

CFDA Number	84.298
Federal Agency	U.S. Department of Education
Name of Federal Program	State Grants for Innovative Programs
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Commissioner, Fiscal and Administrative
Corrective Action Plan	Services- Department of Education
Status	Corrected

Finding 09-36

CFDA Number	84.298
Federal Agency	U.S. Department of Education
Name of Federal Program	State Grants for Innovative Programs
Type of Compliance Requirement	Procurement and Suspension and Debarment
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Commissioner, Fiscal and Administrative
Corrective Action Plan	Services- Department of Education
Status	Recurring (10-25)

Summary Schedule of Prior Audit Findings (continued)

Finding 09-37		
CFDA Number	93.558	
Federal Agency	U.S. Department of Health and Human Services	
Name of Federal Program	TANF	
Type of Compliance Requirement	Cash Management	
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Chief Financial Officer – Department of Human	
Corrective Action Plan	Services	
Status	Recurring (10-12)	

CFDA Number 93.558 Federal Agency U.S. Department of Health and Human Services
Federal Agency U.S. Department of Health and Human Services
Name of Federal Program TANF
Type of Compliance Requirement Reporting
Amount of Questioned Costs \$21,411
Contact Person Responsible for Chief Financial Officer – Department of Human
Corrective Action Plan Services
Status Corrected

Finding 09-39		
CFDA Number	93.558	
Federal Agency	U.S. Department of Health and Human Services	
Name of Federal Program	TANF	
Type of Compliance Requirement	Special Test Provision: Income Eligibility and	
	Verification System	
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Chief Financial Officer – Department of Human	
Corrective Action Plan	Services	
Status	Recurring (10-27)	

Summary Schedule of Prior Audit Findings (continued)

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Paternity and Child Support- Department
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Finding 09-41

CFDA Number	93.563
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Child Support Enforcement Program
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director, Paternity and Child Support- Department
Corrective Action Plan	of Justice
Status	Recurring (10-29)

Finding 09-42

CFDA Number	93.563
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Child Support Enforcement Program
Type of Compliance Requirement	Equipment and Real Property Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director, Paternity and Child Support- Department
Corrective Action Plan	of Justice
Status	Recurring (10-30)

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	93.600, 93.708
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Head Start Cluster
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director Head Start- Department of Health and
Corrective Action Plan	Human Services
Status	Recurring (10-12)

Finding 09-44

CFDA Number	93.600, 93.708
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Head Start Cluster
Type of Compliance Requirement	Equipment and Real Property Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director Head Start- Department of Health and
Corrective Action Plan	Human Services
Status	Corrected

Finding 09-45

	Q	
CFDA Number	93.600, 93.708	
Federal Agency	U.S. Department of Health and Human Services	
Name of Federal Program	Head Start Cluster	
Type of Compliance Requirement	Matching, Level of Effort, Earmarking-Targeted	
Earmark		
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Director Head Start- Department of Health and	
Corrective Action Plan	Human Services	
Status	Recurring (10-31)	

Summary Schedule of Prior Audit Findings (continued)

Finding 09-46		
CFDA Number	93.667	
Federal Agency	U.S. Department of Health and Human Services	
Name of Federal Program	Social Services Block Program	
Type of Compliance Requirement	Cash Management	
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Social Services Director- U.S. Department of	
Corrective Action Plan	Health and Human Services	

Status

Corrected in fiscal year 2011

Finding 09-47		
CFDA Number	93.778	
Federal Agency	U.S. Department of Health and Human Services	
Name of Federal Program	Medical Assistance Program	
Type of Compliance Requirement	Reporting	
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Executive Director and Administrator of Fiscal	
Corrective Action Plan	Services, BHIMA- Department of Health	
Status	Recurring (10-33)	

Finding 09-48	
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Medical Assistance Program
Type of Compliance Requirement	Special Tests and Provisions: Utilization Control
	and Government Integrity
Amount of Questioned Costs	N/A
Contact Person Responsible for	Executive Director and Administrator of Fiscal
Corrective Action Plan	Services, BHIMA- Department of Health
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Medical Assistance Program
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Executive Director and Administrator of Fiscal
Corrective Action Plan	Services, BHIMA- Department of Health
Status	Recurring (10-12)

Finding 09-50

CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Medical Assistance Program
Type of Compliance Requirement	Eligibility
Amount of Questioned Costs	Could not be determined
Contact Person Responsible for	Executive Director and Administrator of Fiscal
Corrective Action Plan	Services, BHIMA- Department of Health
Status	Recurring (10-32)

Finding 09-51

	8
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Medical Assistance Program
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	\$295,388
Contact Person Responsible for	Executive Director and Administrator of Fiscal
Corrective Action Plan	Services, BHIMA- Department of Health
Status	Recurring (10-33)

Summary Schedule of Prior Audit Findings (continued)

Finding 09-52		
CFDA Number	93.778	
Federal Agency	U.S. Department of Health and Human Services	
Name of Federal Program	Medical Assistance Program	
Type of Compliance Requirement	Reporting, Cash Management	
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Executive Director and Administrator of Fiscal	
Corrective Action Plan	Services, BHIMA- Department of Health	
Status	Recurring (10-12)	

Finding 09-53		
CFDA Number	93.778	
Federal Agency	U.S. Department of Health and Human Services	
Name of Federal Program	Medical Assistance Program	
Type of Compliance Requirement	Special Tests and Provisions: Automated Data	
	Processing Risk Analysis and System Security	
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Executive Director and Administrator of Fiscal	
Corrective Action Plan	Services, BHIMA- Department of Health	
Status	Recurring (10-35)	

Finding 09-54		
CFDA Number	93.778	
Federal Agency	U.S. Department of Health and Human Services	
Name of Federal Program	Medical Assistance Program	
Type of Compliance Requirement	Special Tests and Provisions: Inpatient Hospital	
	and Long-Term Care Facility Audits	
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Executive Director and Administrator of Fiscal	
Corrective Action Plan	Services, BHIMA- Department of Health	
Status	Recurring (10-34)	

Summary Schedule of Prior Audit Findings (continued)

Finding 09-55

VITEMA

CFDA Number
Federal Agency
Name of Federal Program
Type of Compliance Requirement
Amount of Questioned Costs
Contact Person Responsible for
Corrective Action Plan
Status

97.067
U.S. Department of Homeland Security
Homeland Security Grant Program
Equipment and Real Property Management
N/A
Deputy Director of Grants Management –

VITEMA has completed a physical inventory of all federally funded purchases as well as equipment purchased using GVI funding. The agency has also procured the "WASP Technologies Inventory System" and is in the process of uploading the current Microsoft Excel inventory files into the system. As originally projected, by December 31, 2012 a complete, computerized inventory will be available for review at VITEMA. Based on input received during the procurement process, the VITEMA database will be compatible with the government-wide inventory system. This finding will be eliminated in the fiscal year 2013 Single Audit of the Government of the Virgin Islands.

<u>Due Date:</u> December 31, 2012<u>Person Responsible:</u> Deputy Director of LogisticsVITEMA

Summary Schedule of Prior Audit Findings (continued)

Finding 09-56

CFDA Number
Federal Agency
Name of Federal Program
Type of Compliance Requirement
Amount of Questioned Costs
Contact Person Responsible for
Corrective Action Plan
Status

97.067
U.S. Department of Homeland Security
Homeland Security Grant Program
Reporting
N/A

Deputy Director of Grants Management- VITEMA

The ERP (GVI e-Accounting System) requires that all payments have supporting documents scanned into the system to remain available for future reference, including audits. Through VITEMA's efforts to address records management and ready access to supporting documents in the ERP, this finding will be totally eliminated in the fiscal year 2011 Single Audit.

Implementation Date: March 30, 2012
Person Responsible: Deputy Director of Grants
Management – VITEMA

Summary Schedule of Prior Audit Findings (continued)

Finding 09-57

CFDA Number
Federal Agency
Name of Federal Program
Type of Compliance Requirement
Amount of Questioned Costs
Contact Person Responsible for
Corrective Action Plan
Status

97.067
U.S. Department of Homeland Security
Homeland Security Grant Program
Cash Management
N/A
Deputy Director of Grants Management- VITEMA

Minor glitches still continue, but VITEMA has made significant strides in reducing the incidence of CMIA non-compliance. Checks are being processed expeditiously through the ERP System and drawdowns are now being done on a timely basis. VITEMA (as a small agency) has assigned all drawdowns and reconciliation to one employee to minimize the margin of error or lapses due to multiple responsibilities. This finding will be eliminated no later than the Fiscal Year 2012 Single Audit, if not before.

Implementation Date: December 31, 2012

Person Responsible: Deputy Director of

Administration and Finance – VITEMA;

Deputy Director of Grants Management –

VITEMA

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	10.551, 10.561
CrdA Number	
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	SNAP Cluster
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	\$30,739
Contact Person Responsible for	Chief Financial Officer – Department of Human
Corrective Action Plan	Services
Status	Corrected

Finding 08-13

CFDA Number	10.551, 10.561
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	SNAP Cluster
Type of Compliance Requirement	Special Test and Provisions – ADP System for
	Food Stamps (Eligibility)
Amount of Questioned Costs	\$6.492
Contact Person Responsible for	Administrator of the Division of Family Assistance
Corrective Action Plan	 Department of Human Services
Status	Corrected

Finding 08-14

CFDA Number	10.551, 10.561
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	SNAP Cluster
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Chief Financial Officer – Department of Human
Corrective Action Plan	Services
Status	Recurring (10-12)

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	10.555, 10.559
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	Child Nutrition Cluster
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Acting Director of Special Nutrition Programs –
Corrective Action Plan	Department of Education
Status	Recurring (10-12)

Finding 08-16

CFDA Number	10.555, 10.559
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	Child Nutrition Cluster
Type of Compliance Requirement	Matching, Level of Effort, Earmarking, Period of Availability of Federal Funds
Amount of Questioned Costs	\$6,257
Contact Person Responsible for	Acting Director of Special Nutrition Programs –
Corrective Action Plan	Department of Education
Status	Corrected

Finding 08-17

CFDA Number	10.555, 10.559
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	Child Nutrition Cluster
Type of Compliance Requirement	Period of Availability of Federal Funds
Amount of Questioned Costs	\$951,883
Contact Person Responsible for	Acting Director of Special Nutrition Programs –
Corrective Action Plan	Department of Education
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	10.555, 10.559
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	Child Nutrition Cluster
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	\$207,356
Contact Person Responsible for	Acting Director of Special Nutrition Programs –
Corrective Action Plan	Department of Education
Status	Recurring (10-13)

Finding 08-19

10.555, 10.559
U.S. Department of Agriculture
Child Nutrition Cluster
Activities Allowed or Unallowed, Allowable
Costs/Cost Principles
N/A
Acting Director of Special Nutrition Programs –
Department of Education
Corrected

Finding 08-20

CFDA Number	10.557
Federal Agency	U.S. Department of Agriculture
Name of Federal Program	Special Supplemental Nutrition Program for
	Women, Infants and Children (WIC)
Type of Compliance Requirement	Period of Availability of Federal Funds
Amount of Questioned Costs	\$4,016
Contact Person Responsible for	Administrative Assistant and Director, WIC
Corrective Action Plan	Program – Department of Health
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

Finding 08-21		
CFDA Number	10.557	
Federal Agency	U.S. Department of Agriculture	
Name of Federal Program	Special Supplemental Nutrition Program for	
	Women, Infants and Children (WIC)	
Type of Compliance Requirement	Cash Management	
Amount of Questioned Costs	N/A	
Contact Person Responsible for	Administrative Assistant and Director, WIC	
Corrective Action Plan	Program – Department of Health	
Status	Recurring (10-12)	

Finding 08-22		
CFDA Number	12.401	
Federal Agency	U.S. Department of Defense – The Office of the	
	Adjutant General	
Name of Federal Program	National Guard Military Operation and	
	Maintenance (O&M) Projects	
Type of Compliance Requirement	Activities Allowed or Unallowed, Allowable	
	Costs/Cost Principles	
Amount of Questioned Costs	\$1,589,339	
Contact Person Responsible for	Director of Administration and Business	
Corrective Action Plan	Management – Office of the Adjutant General	
Status	Corrected	

Finding 08-23		
CFDA Number	12.401	
Federal Agency	U.S. Department of Defense – The Office of the	
	Adjutant General	
Name of Federal Program	National Guard Military Operation and	
	Maintenance (O&M) Projects	
Type of Compliance Requirement	Equipment and Real Property Management	
Amount of Questioned Costs	\$131,487	
Contact Person Responsible for	Director of Administration and Business	
Corrective Action Plan	Management – Office of the Adjutant General	
Status	Recurring (10-18)	

Summary Schedule of Prior Audit Findings (continued)

Finding 08-24		
CFDA Number	12.401	
Federal Agency	U.S. Department of Defense – The Office of the	
	Adjutant General	
Name of Federal Program	National Guard Military Operation and	
	Maintenance (O&M) Projects	
Type of Compliance Requirement	Matching, Level of Effort, Earmarking	
Amount of Questioned Costs	\$183,640	
Contact Person Responsible for	Director of Administration and Business	
Corrective Action Plan	Management – Office of the Adjutant General	
Status	Corrected	

Finding 08-25		
CFDA Number	12.401	
Federal Agency	U.S. Department of Defense – The Office of the	
	Adjutant General	
Name of Federal Program	National Guard Military Operation and	
	Maintenance (O&M) Projects	
Type of Compliance Requirement	Reporting	
Amount of Questioned Costs	\$24,046	
Contact Person Responsible for	Director of Administration and Business	
Corrective Action Plan	Management – Office of the Adjutant General	
Status	Corrected	

Finding 08-26	
CFDA Number	12.401
Federal Agency	U.S. Department of Defense – The Office of the
	Adjutant General
Name of Federal Program	National Guard Military Operation and
	Maintenance (O&M) Projects
Type of Compliance Requirement	Cash Management, Reporting
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Administration and Business
Corrective Action Plan	Management – Office of the Adjutant General
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	12.401
Federal Agency	U.S. Department of Defense – The Office of the
	Adjutant General
Name of Federal Program	National Guard Military Operation and
	Maintenance (O&M) Projects
Type of Compliance Requirement	Davis-Bacon Act
Amount of Questioned Costs	Unknown
Contact Person Responsible for	Director of Administration and Business
Corrective Action Plan	Management – Office of the Adjutant General
Status	Corrected

Finding 08-28

	Q
CFDA Number	12.401
Federal Agency	U.S. Department of Defense – The Office of the
-	Adjutant General
Name of Federal Program	National Guard Military Operation and
G	Maintenance (O&M) Projects
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Administration and Business
Corrective Action Plan	Management – Office of the Adjutant General
Status	Corrected

Finding 08-29

CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Department of Administration – Department of
Corrective Action Plan	Labor
Status	Recurring (10-12)

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	None
Contact Person Responsible for	Director of Unemployment Insurance and Director
Corrective Action Plan	of Business Office – Department of Labor
Status	Recurring (10-20)

Finding 08-31

CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Special Test and Provisions – Unemployment
	Insurance (UI) Benefits Payment
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director of Unemployment Insurance and Director
Corrective Action Plan	of Business Office – Department of Labor
Status	Corrected

Finding 08-32

CFDA Number	17.225
Federal Agency	U.S. Department of Labor
Name of Federal Program	Unemployment Insurance
Type of Compliance Requirement	Special Test and Provisions – Match with IRS 940 FUTA Tax Form
Amount of Questioned Costs	
Contact Person Responsible for Corrective Action Plan Status	Director of Unemployment Insurance and Director of Business Office – Department of Labor Corrected

Summary Schedule of Prior Audit Findings (continued)

Finding 08-33	
20.205	
U.S. Donartment of Trai	

Federal Agency
U.S. Department of Transportation
Highway Planning and Construction

Type of Compliance Requirement Amount of Questioned CostsCash Management
N/A

CFDA Number

Contact Person Responsible for Deputy Commissioner of Administration and Assistant Director of Administration –

Department of Public Works

Status Recurring (10-12)

Finding 08-34

CFDA Number	20.205
Federal Agency	U.S. Department of Transportation
Name of Federal Program	Highway Planning and Construction
Type of Compliance Requirement	Activities Allowed or Unallowed, Allowable
	Costs/Cost Principles
Amount of Questioned Costs	\$3,800
Contact Person Responsible for	Deputy Commissioner of Administration and
Corrective Action Plan	Assistant Director of Administration –
	Department of Public Works
Status	Corrected

Finding 08-35

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66.468
Environmental Protection Agency
Capitalization Grants for Drinking Water State
Revolving Reporting
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\$83,112
Assistant Director, DBAS – Department of
Planning and Natural Resources
Corrected

Summary Schedule of Prior Audit Findings (continued)

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66.468
Environmental Protection Agency
Capitalization Grants for Drinking Water State
Revolving Reporting
Cash Management
N/A
Assistant Director, DBAS – Department of
Planning and Natural Resources
Corrected

Finding 08-37

	6
CFDA Number	66.605
Federal Agency	Environmental Protection Agency
Name of Federal Program	Performance Partnership Grant
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Director, DBAS – Department of
Corrective Action Plan	Planning and Natural Resources
Status	Corrected

Finding 08-38

CFDA Number	66.605
Federal Agency	Environmental Protection Agency
Name of Federal Program	Performance Partnership Grant
Type of Compliance Requirement	Activities Allowed or Unallowed, Allowable
	Costs/Cost Principles, Period of Availability of
	Federal Funds
Amount of Questioned Costs	\$500
Contact Person Responsible for	Assistant Director, DBAS – Department of
Corrective Action Plan	Planning and Natural Resources
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

Finding 08-39		
CFDA Number	66.605	
Federal Agency	Environmental Protection Agency	
Name of Federal Program	Performance Partnership Grant	
Type of Compliance Requirement	Activities Allowed or Unallowed, Allowable	
	Costs/Cost Principles	
Amount of Questioned Costs	\$5,557	
Contact Person Responsible for	Assistant Director, DBAS – Department of	
Corrective Action Plan	Planning and Natural Resources	
Status	DPNR did not concur with this finding stating	
	support was later provided for 8 out of 16	
	transactions listed in the finding.	
Auditor's Conclusion	As detailed in the finding, the supporting	
	documentation was not available for review	

within the performance of our audit or within a reasonable period originally agreed with DPNR.

Summary Schedule of Prior Audit Findings (continued)

Finding 08-40

CFDA Number Federal Agency Name of Federal Program Type of Compliance Requirement

Amount of Questioned Costs Contact Person Responsible for Corrective Action Plan Status 66.605

Environmental Protection Agency Performance Partnership Grant

Matching, Level of Effort, Earmarking, Period of Availability of Federal Funds

\$6,615

Assistant Director, DBAS – Department of Planning and Natural Resources

DNPR did not agree with these known questioned costs of \$6,165. The cost in question was for two payments to the Virgin Islands Water & Power Authority (WAPA) the service date was for September and invoiced in October by WAPA and payment made thereof. Therefore, it should be recorded that this payment was for expense incurred within the period. Therefore, we view the underlying cause and effect cited by the auditors as mute

Auditor's Conclusion: As stated in our finding and as acknowledged in management's response, the expense was incurred during September 2007, which is outside the period of availability. Therefore, the finding remained as stated.

Summary Schedule of Prior Audit Findings (continued)

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CFDA Number	66.605	
Federal Agency	Environmental Protection Agency	
Name of Federal Program	Performance Partnership Grant	
Type of Compliance Requirement	Matching, Level of Effort, Earmarking	
Amount of Questioned Costs	\$818	
Contact Person Responsible for	Assistant Director, DBAS – Department of	
Corrective Action Plan	Planning and Natural Resources	
Status	DPNR did not concur with this finding stating they understand the entire transaction should be revisited.	
Auditor's Conclusion	As stated in the finding, an unreconciled difference was noted and DPNR has not been able to reconcile these transactions.	

Finding 08-42

CFDA Number	66.605
Federal Agency	Environmental Protection Agency
Name of Federal Program	Performance Partnership Grant
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Director, DBAS – Department of
Corrective Action Plan	Planning and Natural Resources
Status	Corrected

Finding 08-43

CFDA Number	84.027
Federal Agency	U.S. Department of Education
Name of Federal Program	Special Education – Grants to States (IDEA,
	Part B)
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Commissioner, Fiscal and Administrative
Corrective Action Plan	Services – Department of Education
Status	Recurring (10-25)

Summary Schedule of Prior Audit Findings (continued)

Finding	08-	44
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84.027
U.S. Department of Education
Special Education – Grants to States (IDEA,
Part B)
Allowable Costs/Cost Principles
N/A
Assistant Commissioner, Fiscal and Administrative
Services – Department of Education
Corrected

Finding 08-45

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CFDA Number	84.298
Federal Agency	U.S. Department of Education
Name of Federal Program	State Grants for Innovative Programs
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Commissioner, Fiscal and Administrative
Corrective Action Plan	Services – Department of Education
Status	Corrected

Finding 08-46

CFDA Number	84.298
Federal Agency	U.S. Department of Education
Name of Federal Program	State Grants for Innovative Programs
Type of Compliance Requirement	Allowable Costs/Cost Principles
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Commissioner, Fiscal and Administrative
Corrective Action Plan	Services – Department of Education
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

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Finding	UC) -4 /

CFDA Number	84.298
Federal Agency	U.S. Department of Education
Name of Federal Program	State Grants for Innovative Programs
Type of Compliance Requirement	Equipment and Real Property Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Assistant Commissioner, Fiscal and Administrative
Corrective Action Plan	Services – Department of Education
Status	Corrected

Finding 08-48

	Q
CFDA Number	93.558
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Temporary Assistance for Needy Families
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	N/A
Contact Person Responsible for	Chief Financial Officer – Department of Human
Corrective Action Plan	Services
Status	Corrected

Finding 08-49

	6
CFDA Number	93.558
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Temporary Assistance for Needy Families
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Chief Financial Officer – Department of Human
Corrective Action Plan	Services
Status	Recurring (10-12)

Summary Schedule of Prior Audit Findings (continued)

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93.563
U.S. Department of Health and Human Services
Child Support Enforcement Program
Cash Management
N/A
Director, Paternity and Child Support –
Department of Justice
Recurring (10-12)

Finding 08-51

	C
CFDA Number	93.563
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Child Support Enforcement Program
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	
Contact Person Responsible for	Director, Paternity and Child Support –
Corrective Action Plan	Department of Justice
Status	Recurring (10-29)

Finding 08-52

CFDA Number	93.563
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Child Support Enforcement Program
Type of Compliance Requirement	Equipment and Real Property Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Director, Paternity and Child Support –
Corrective Action Plan	Department of Justice
Status	Recurring (10-30)

Summary Schedule of Prior Audit Findings (continued)

Finding 08-53	
93.778	
U.S. Department of Health and Human Services	
Medical Assistance Program (Medicaid – Title	
XIX)	
Eligibility	
Could not be determined.	
Executive Director and Administrator of Fiscal	
Services, BHIMA – Department of Health	
Recurring (10-32)	

Finding 08-54	
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Medical Assistance Program (Medicaid – Title XIX)
Type of Compliance Requirement	Special Tests and Provisions – Utilization Control and Government Integrity
Amount of Questioned Costs	N/A
Contact Person Responsible for Corrective Action Plan	Executive Director and Administrator of Fiscal Services, BHIMA – Department of Health
Status	Corrected

Finding 08-55	
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Medical Assistance Program (Medicaid – Title
	XIX)
Type of Compliance Requirement	Reporting
Amount of Questioned Costs	\$7,248
Contact Person Responsible for	Executive Director and Administrator of Fiscal
Corrective Action Plan	Services, BHIMA – Department of Health
Status	Recurring (10-33)

Summary Schedule of Prior Audit Findings (continued)

Finding 08-56	
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Medical Assistance Program (Medicaid – Title
XIX)	
Type of Compliance Requirement	Cash Management
Amount of Questioned Costs	N/A
Contact Person Responsible for	Executive Director and Administrator of Fiscal
Corrective Action Plan	Services, BHIMA – Department of Health
Status	Recurring (10-12)

Finding 08-57	
CFDA Number	93.778
Federal Agency	U.S. Department of Health and Human Services
Name of Federal Program	Medical Assistance Program (Medicaid – Title XIX)
Type of Compliance Requirement	Special Tests and Provisions – ADP Risk Analysis and System Security Review
Amount of Questioned Costs	N/A
Contact Person Responsible for	Executive Director and Administrator of Fiscal
Corrective Action Plan	Services, BHIMA – Department of Health
Status	Recurring (10-35)

Finding 08-58	
CFDA Number	97.067 and 97.073
Federal Agency	U.S. Department of Homeland Security
Name of Federal Program	Homeland Security Grant Cluster
Type of Compliance Requirement	Period of Availability of Federal Funds
Amount of Questioned Costs	\$245,406
Contact Person Responsible for	Deputy Director of Grants Management -
Corrective Action Plan	VITEMA
Status	Corrected

Summary Schedule of Prior Audit Findings (continued)

Finding 08-59

CFDA Number
Federal Agency
Name of Federal Program
Type of Compliance Requirement
Amount of Questioned Costs
Contact Person Responsible for
Corrective Action Plan
Status

97.067 and 97.073 U.S. Department of Homeland Security Homeland Security Grant Cluster Equipment and Real Property Management N/A

Deputy Director of Operations/SAA – POC - VITEMA

VITEMA has completed a physical inventory of all federally funded purchases as well as equipment purchased using GVI funding. The agency has also procured the "WASP Technologies Inventory System" and is in the process of uploading the current Microsoft Excel inventory files into the system. As originally projected, by December 31, 2012 a complete, computerized inventory will be available for review at VITEMA. Based on input received during the procurement process, the VITEMA database will be compatible with the government-wide inventory system. This finding will be eliminated in the fiscal year 2013 Single Audit of the Government of the Virgin Islands.

<u>Due Date:</u> December 31, 2012<u>Person Responsible:</u> Deputy Director of Logistics<u>VITEMA</u>

Summary Schedule of Prior Audit Findings (continued)

Finding 08-60

CFDA Number
Federal Agency
Name of Federal Program
Type of Compliance Requirement
Amount of Questioned Costs
Contact Person Responsible for
Corrective Action Plan
Status

97.067 and 97.073
U.S. Department of Homeland Security
Homeland Security Grant Cluster
Reporting
N/A
Deputy Director of Grants Management

Deputy Director of Grants Management - VITEMA

The ERP (GVI e-Accounting System) requires that all payments have supporting documents scanned into the system to remain available for future reference, including audits. Through VITEMA's efforts to address records management and ready access to supporting documents in the ERP, this finding will be totally eliminated in the fiscal year 2011 Single Audit.

Implementation Date: March 30, 2012
Person Responsible: Deputy Director of Grants
Management – VITEMA

Summary Schedule of Prior Audit Findings (continued)

Finding 08-61

CFDA Number
Federal Agency
Name of Federal Program
Type of Compliance Requirement
Amount of Questioned Costs
Contact Person Responsible for
Corrective Action Plan
Status

97.067 and 97.073
U.S. Department of Homeland Security
Homeland Security Grant Cluster
Cash Management
Not applicable
Deputy Director of Grants Management VITEMA

The Government of the Virgin Islands (GVI) did not draw funds timely from the Treasury Department to reimburse GVI for funds expended for Federal programs. In the past, this was considered to be more of a document management problem than a CMIA concern. With the proper training, VITEMA personnel have implemented corrective actions to ensure compliance with the CMIA in Fiscal Year 2011 and Fiscal Year 2012.

Implementation Date: March 30, 2012

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