



Government of the United States Virgin Islands

Schedule of Expenditures of Federal
Awards and Reports Required by
Government Auditing Standards and
the Uniform Guidance
Year Ended September 30, 2019

**Government of the
United States Virgin Islands**

Schedule of Expenditures of Federal Awards
and Reports Required by *Government Auditing
Standards* and the Uniform Guidance
Year Ended September 30, 2019

Government of the United States Virgin Islands

Contents

Independent Auditor's Reports Required by *Government Auditing Standards* and the Uniform Guidance

Independent Auditor's Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government
Auditing Standards* 1-3

Independent Auditor's Report on Compliance
For Each Major Federal Program, Report on
Internal Control Over Compliance, and Report
on the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance 4-17

Schedule of Expenditures of Federal Awards 18-25

Notes to the Schedule of Expenditures of Federal Awards 26-29

Schedule of Findings and Questioned Costs 30-129

Management's Appendices

Appendix A: Status of Prior Audit Findings 130-170

Appendix B: Corrective Action Plan 171-205



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Honorable Governor
of the Government of the United States Virgin Islands

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of the United States Virgin Islands (the Government) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements, and have issued our report thereon dated June 30, 2021. We expressed a qualified opinion on the financial statements of the governmental activities, general fund, and federal grants fund opinion units based on the circumstances noted in our aforementioned report. In addition, we expressed a disclaimer of opinion on the financial statements of the business type activities, unemployment insurance-enterprise fund, aggregate remaining fund information, and aggregate discretely presented component units opinion units based on the circumstances described in our aforementioned report.

Our aforementioned report includes references to other auditors who audited the financial statements of the Virgin Islands Housing Authority (VIHA), Virgin Islands Economic Development Authority (VIEDA), Virgin Islands Waste Management Authority (VIWMA), Magens Bay Authority (MBA), Virgin Islands Government Hospital and Health Facilities Corporation (Roy L. Schneider Hospital and Governor Juan F. Luis Hospital and Medical Center), Virgin Islands Housing Finance Authority (VIHFA), Government Employees' Retirement System of the U.S. Virgin Islands (GERS), Virgin Islands Public Broadcasting System (VIPBS), and Virgin Islands Lottery (V.I. Lottery), as described in our report on the Government's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. We audited the financial statements of the Virgin Islands Water and Power Authority (WAPA), the University of the Virgin Islands (UVI), the Virgin Islands Public Finance Authority (PFA), The West Indian Company Limited (WICO), viNGN, INC. d/b/a Virgin Islands Next Generation Network (viNGN), and Tobacco Settlement Financing Corporation (TSFC). This report does not include the results of our testing of internal control over financial reporting or compliance and other matters for WAPA, UVI, PFA, WICO, viNGN, and TSFC which is reported on separately by us.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Government's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Government's internal control. Accordingly, we do not express an opinion on the effectiveness of the Government's internal control.



Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in greater detail in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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

Finding #	Nature of Finding
2019-001	Financial Position
2019-002	Year-End Close Process
2019-003	Revenue and Receivables
2019-004	Grants Management
2019-005	Capital Assets and Related Expenditures
2019-006	Recording of Liabilities
2019-007	Management of the Medicaid Program
2019-008	Unemployment Insurance Trust Fund
2019-009	Workers Compensation Program
2019-010	Other Postemployment Benefits Obligation
2019-011	Payroll, Related Accruals, and Other Expenditures
2019-012	Bank Accounts

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency identified below and described in greater detail in the accompanying schedule of findings and questioned costs to be a significant deficiency.

Finding #	Nature of Finding
2019-013	Information Technology Environment

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Government's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.



The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as identified below and described in greater detail in the accompanying schedule of findings and questioned costs.

Finding #	Nature of Finding
2019-014	Collateral of Depository
2019-015	Landfill Consent Decrees
2019-016	Establishment of a Medical Malpractice Trust Fund
2019-017	Procurement Regulations
2019-018	Casino Control Commission

The Government's Responses to Findings

The Government's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Government's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Government's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Government's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, LLP

June 30, 2021



Independent Auditor's Report on Compliance For Each Major Federal Program, Report on Internal Control Over Compliance, and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Honorable Governor
of the Government of the United States Virgin Islands

Report on Compliance for Each Major Federal Program

We have audited the Government of the United States Virgin Islands' (the Government) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Government's major Federal programs for the year ended September 30, 2019. 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.

The Government's basic financial statements include the operations of the Virgin Islands Housing Authority (VIHA), Virgin Islands Economic Development Authority, (VIEDA), Virgin Islands Waste Management Authority (VIWMA), Magens Bay Authority (MBA), Virgin Islands Government Hospital and Health Facilities Corporation (Roy L. Schneider Hospital and Governor Juan F. Luis Hospital and Medical Center), Virgin Islands Housing Finance Authority (VIHFA), Government Employees' Retirement System of the U.S. Virgin Islands (GERS), Virgin Islands Public Broadcasting System (VIPBS), Virgin Islands Lottery (VI Lottery), and The University of the Virgin Islands Research and Technology Park Corporation (RTPark). The accompanying Schedule of Expenditures of Federal Awards and our audit described below do not include the Federal expenditures of these organizational units, as may be applicable. These organizational units of the Government have engaged other auditors to perform a separate independent audit in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying Schedule of Expenditures of Federal Awards and our audit described below also do not include the Federal expenditures of the following organizational units of the Government: Virgin Islands Water and Power Authority (WAPA), the University of the Virgin Islands (UVI), The West Indian Company Limited (WICO), viNGN, INC. d/b/a Virgin Islands Next Generation Network (viNGN), Virgin Islands Port Authority (VIPA), and Tobacco Settlement Financing Corporation (TSFC), as may be applicable, as the results of our testing of compliance is reported on separately by us.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Government's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

BDO is the brand name for the BDO network and for each of the BDO Member Firms.



Those standards and the Uniform Guidance 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 unmodified and modified opinions on compliance for each major Federal program. However, our audit does not provide a legal determination of the Government's compliance.

Basis for Adverse Opinions on the Four Major Federal Programs Identified in Table I

As described in the accompanying schedule of findings and questioned costs, and as identified in Table I below, the Government did not comply with requirements regarding the following:

Table I - Material Noncompliance Resulting in Adverse Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Allowable Costs/Cost Principles - Payroll Activities	2019-025
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Cash Management	2019-026
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Matching, Level of Effort, Earmarking	2019-027
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Period of Performance	2019-028
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Reporting	2019-029
Labor	17.225	Unemployment Insurance	Activities Allowed or Unallowed	2019-033
Labor	17.225	Unemployment Insurance	Matching, Level of Effort, Earmarking	2019-035
Health and Human Services	93.575	CCDF Cluster	Eligibility	2019-047
Health and Human Services	93.575	CCDF Cluster	Matching, Level of Effort, Earmarking	2019-048
Health and Human Services	93.575	CCDF Cluster	Special Tests and Provisions - Health and Safety Requirements	2019-050
Health and Human Services	93.575	CCDF Cluster	Special Tests and Provisions - Fraud Detection and Repayment	2019-051



Table I - Material Noncompliance Resulting in Adverse Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.775 93.778	Medicaid Cluster	Eligibility	2019-058
Health and Human Services	93.775 93.778	Medicaid Cluster	Matching, Level of Effort, Earmarking	2019-059
Health and Human Services	93.775 93.778	Medicaid Cluster	Reporting	2019-060
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Utilization Control and Program Integrity	2019-061
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits	2019-062
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - ADP Risk Analysis and System Security Review	2019-063
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Provider Eligibility	2019-064
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid Fraud Control Unit	2019-065
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Federal Financial Participation Refunds	2019-066
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Data Collection Form and Single Audit Reporting Package	2019-069
Labor	17.225	Unemployment Insurance	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.575	CCDF Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.775 93.778	Medicaid Cluster	Data Collection Form and Single Audit Reporting Package	2019-069

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



Adverse Opinions on the Four Major Federal Programs Identified in Table I

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the Government did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major Federal programs identified in Table I for the year ended September 30, 2019.

Basis for Qualified Opinions on the Seven Major Federal Programs Identified in Table II

As described in the accompanying schedule of findings and questioned costs, and as identified in Table II below, the Government did not comply with requirements regarding the following:

Table II - Material Noncompliance Resulting in Qualified Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Allowable Costs/Cost Principles - Payroll Activities	2019-019
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Matching, Level of Effort, Earmarking	2019-020
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Procurement/Suspension and Debarment	2019-021
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Special Tests and Provisions - EBT Card Security	2019-022
Interior	15.875	Economic, Social, and Political Development of the Territories	Cash Management	2019-030
Interior	15.875	Economic, Social, and Political Development of the Territories	Equipment/Real Property Management	2019-031
Interior	15.875	Economic, Social, and Political Development of the Territories	Reporting	2019-032
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Allowable Costs/Cost Principles - Payroll Activities	2019-036
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Cash Management	2019-037
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Period of Performance	2019-038
Health and Human Services	93.563	Child Support Enforcement	Allowable Costs/Cost Principles - Payroll Activities	2019-041
Health and Human Services	93.563	Child Support Enforcement	Allowable Costs/Cost Principles - Indirect Cost Activities	2019-042



Table II - Material Noncompliance Resulting in Qualified Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.563	Child Support Enforcement	Cash Management	2019-043
Health and Human Services	93.563	Child Support Enforcement	Matching, Level of Effort, Earmarking	2019-044
Health and Human Services	93.667	Social Services Block Grant	Cash Management	2019-053
Health and Human Services	93.667	Social Services Block Grant	Reporting	2019-054
Health and Human Services	93.767	Children's Health Insurance Program	Reporting	2019-056
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Allowable Costs/Cost Principles - Non-Payroll Activities	2019-067
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Reporting	2019-068
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Interior	15.875	Economic, Social, and Political Development of the Territories	Data Collection Form and Single Audit Reporting Package	2019-069
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.563	Child Support Enforcement	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.667	Social Services Block Grant	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.767	Children's Health Insurance Program	Data Collection Form and Single Audit Reporting Package	2019-069
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Data Collection Form and Single Audit Reporting Package	2019-069

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



Qualified Opinions on the Seven Major Federal Programs Identified in Table II

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major Federal programs identified in Table II for the year ended September 30, 2019.

Unmodified Opinions on Each of the Other Major Federal Programs

In our opinion, the Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major Federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs, and as identified in Tables III, IV and V below. Our opinion on each major Federal program is not modified with respect to these matters.

Table III - Other Instances of Noncompliance Noted in Programs with Adverse Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Labor	17.225	Unemployment Insurance	Eligibility	2019-034
Health and Human Services	93.575	CCDF Cluster	Allowable Costs/Cost Principles - Non-Payroll Activities	2019-045
Health and Human Services	93.575	CCDF Cluster	Allowable Costs/Cost Principles - Payroll Activities	2019-046
Health and Human Services	93.575	CCDF Cluster	Period of Performance	2019-049
Health and Human Services	93.775 93.778	Medicaid Cluster	Allowable Costs/Cost Principles - Non-Payroll Activities	2019-057

Table IV - Other Instances of Noncompliance Noted in Programs with Qualified Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.767	Children's Health Insurance Program	Activities Allowed or Unallowed	2019-055

Table V - Other Instances of Noncompliance

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Equipment/Real Property Management	2019-023
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Procurement/Suspension and Debarment	2019-024
Education	84.403	Consolidated Grant to the Outlying Areas	Allowable Costs/Cost Principles - Indirect Cost Activities	2019-039
Education	84.403	Consolidated Grant to the Outlying Areas	Cash Management	2019-040
Health and Human Services	93.600	Head Start	Equipment/Real Property Management	2019-052
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Data Collection Form and Single Audit Reporting Package	2019-069
Transportation	20.205	Highway Planning and Construction Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Transportation	20.500 20.507	Federal Transit Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Education	84.403	Consolidated Grant to the Outlying Areas	Data Collection Form and Single Audit Reporting Package	2019-069
Education	84.938A	Immediate Aid to Restart School Operations	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.600	Head Start	Data Collection Form and Single Audit Reporting Package	2019-069
Homeland Security	97.030	Community Disaster Loans	Data Collection Form and Single Audit Reporting Package	2019-069



The Government's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Government's responses were not subjected to our auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The Government is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Government's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Management of the Government is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Government's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Government's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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, and as identified in Table VI below, to be material weaknesses:

Table VI - Material Weaknesses in Internal Control over Compliance				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Allowable Costs/Cost Principles - Payroll Activities	2019-019
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Matching, Level of Effort, Earmarking	2019-020
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Procurement/Suspension and Debarment	2019-021

Table VI - Material Weaknesses in Internal Control over Compliance				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Special Tests and Provisions - EBT Card Security	2019-022
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Equipment/Real Property Management	2019-023
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Procurement/Suspension and Debarment	2019-024
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Allowable Costs/Cost Principles - Payroll Activities	2019-025
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Cash Management	2019-026
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Matching, Level of Effort, Earmarking	2019-027
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Period of Performance	2019-028
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Reporting	2019-029
Interior	15.875	Economic, Social, and Political Development of the Territories	Cash Management	2019-030
Interior	15.875	Economic, Social, and Political Development of the Territories	Equipment/Real Property Management	2019-031
Interior	15.875	Economic, Social, and Political Development of the Territories	Reporting	2019-032
Labor	17.225	Unemployment Insurance	Activities Allowed or Unallowed	2019-033
Labor	17.225	Unemployment Insurance	Matching, Level of Effort, Earmarking	2019-035
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Allowable Costs/Cost Principles - Payroll Activities	2019-036
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Period of Performance	2019-038
Health and Human Services	93.563	Child Support Enforcement	Allowable Costs/Cost Principles - Indirect Cost Activities	2019-042

Table VI - Material Weaknesses in Internal Control over Compliance				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.563	Child Support Enforcement	Cash Management	2019-043
Health and Human Services	93.575	CCDF Cluster	Eligibility	2019-047
Health and Human Services	93.575	CCDF Cluster	Matching, Level of Effort, Earmarking	2019-048
Health and Human Services	93.575	CCDF Cluster	Special Tests and Provisions - Health and Safety Requirements	2019-050
Health and Human Services	93.575	CCDF Cluster	Special Tests and Provisions - Fraud Detection and Repayment	2019-051
Health and Human Services	93.600	Head Start	Equipment/Real Property Management	2019-052
Health and Human Services	93.667	Social Services Block Grant	Reporting	2019-054
Health and Human Services	93.767	Children's Health Insurance Program	Reporting	2019-056
Health and Human Services	93.775 93.778	Medicaid Cluster	Eligibility	2019-058
Health and Human Services	93.775 93.778	Medicaid Cluster	Matching, Level of Effort, Earmarking	2019-059
Health and Human Services	93.775 93.778	Medicaid Cluster	Reporting	2019-060
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Utilization Control and Program Integrity	2019-061
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits	2019-062
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - ADP Risk Analysis and System Security Review	2019-063

Table VI - Material Weaknesses in Internal Control over Compliance

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Provider Eligibility	2019-064
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid Fraud Control Unit	2019-065
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Federal Financial Participation Refunds	2019-066
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Allowable Costs/Cost Principles - Non-Payroll Activities	2019-067
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Reporting	2019-068
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Data Collection Form and Single Audit Reporting Package	2019-069
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Data Collection Form and Single Audit Reporting Package	2019-069
Interior	15.875	Economic, Social, and Political Development of the Territories	Data Collection Form and Single Audit Reporting Package	2019-069
Labor	17.225	Unemployment Insurance	Data Collection Form and Single Audit Reporting Package	2019-069
Transportation	20.205	Highway Planning and Construction Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Transportation	20.500 20.507	Federal Transit Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Education	84.403	Consolidated Grant to the Outlying Areas	Data Collection Form and Single Audit Reporting Package	2019-069
Education	84.938A	Immediate Aid to Restart School Operations	Data Collection Form and Single Audit Reporting Package	2019-069



Table VI - Material Weaknesses in Internal Control over Compliance				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.563	Child Support Enforcement	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.575	CCDF Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.600	Head Start	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.667	Social Services Block Grant	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.767	Children's Health Insurance Program	Data Collection Form and Single Audit Reporting Package	2019-069
Health and Human Services	93.775 93.778	Medicaid Cluster	Data Collection Form and Single Audit Reporting Package	2019-069
Homeland Security	97.030	Community Disaster Loans	Data Collection Form and Single Audit Reporting Package	2019-069
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Data Collection Form and Single Audit Reporting Package	2019-069

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, and as identified in Table VII below, to be significant deficiencies:

Table VII - Significant Deficiencies in Internal Control over Compliance				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Labor	17.225	Unemployment Insurance	Eligibility	2019-034
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Cash Management	2019-037
Education	84.403	Consolidated Grant to the Outlying Areas	Allowable Costs/Cost Principles - Indirect Cost Activities	2019-039
Education	84.403	Consolidated Grant to the Outlying Areas	Cash Management	2019-040



Table VII - Significant Deficiencies in Internal Control over Compliance				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.563	Child Support Enforcement	Allowable Costs/Cost Principles - Payroll Activities	2019-041
Health and Human Services	93.563	Child Support Enforcement	Matching, Level of Effort, Earmarking	2019-044
Health and Human Services	93.575	CCDF Cluster	Allowable Costs/Cost Principles - Non-Payroll Activities	2019-045
Health and Human Services	93.575	CCDF Cluster	Allowable Costs/Cost Principles - Payroll Activities	2019-046
Health and Human Services	93.575	CCDF Cluster	Period of Performance	2019-049
Health and Human Services	93.667	Social Services Block Grant	Cash Management	2019-053
Health and Human Services	93.767	Children's Health Insurance Program	Activities Allowed or Unallowed	2019-055
Health and Human Services	93.775 93.778	Medicaid Cluster	Allowable Costs/Cost Principles - Non-Payroll Activities	2019-057

The Government's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The Government's responses were not subjected to the auditing procedures applied in the audit of compliance and accordingly, we express no opinion on the responses.

The Government is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Government's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Government of the United States Virgin Islands (the Government) as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements. We issued our report thereon dated June 30, 2021, which expressed a qualified opinion on the financial statements of the governmental activities, general fund, and federal grants fund opinion units based on the circumstances noted in our aforementioned report. In addition, we expressed a disclaimer of opinion on the financial statements of the business-type activities, unemployment insurance-enterprise fund, aggregate remaining fund information, and aggregate discretely-presented component units opinion units based on the circumstances described in our aforementioned report. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the Schedule of Expenditures of Federal Awards of the circumstances noted above, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, LLP

August 31, 2021

**Schedule of Expenditures
of Federal Awards**

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025			\$ 87,980
Specialty Crop Block Grant Program - Farm Bill	10.170		\$ 55,779	302,626
<u>SNAP Cluster</u>				
Supplemental Nutrition Assistance Program	10.551			45,039,244
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			2,922,339
<i>Total SNAP Cluster</i>				<u>47,961,583</u>
<u>Child Nutrition Cluster</u>				
National School Lunch Program	10.555			695,617
Summer Food Service Program for Children	10.559			151,383
<i>Total Child Nutrition Cluster</i>				<u>847,000</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557			4,070,957
Child and Adult Care Food Program	10.558			862,733
State Administrative Expenses for Child Nutrition	10.560			320,374
<u>Food Distribution Cluster</u>				
Emergency Food Assistance Program (Administrative Costs)	10.568			28,887
Emergency Food Assistance Program (Food Commodities)	10.569			25,000
<i>Total Food Distribution Cluster</i>				<u>53,887</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572			16,270
WIC Grants to States (WGS)	10.578			7,118
Child Nutrition Discretionary Grants Limited Availability	10.579			32,433
Cooperative Forestry Assistance	10.664			93,805
Urban and Community Forestry Program	10.675			61,076
Forest Legacy Program	10.676			27,911
Forest Stewardship Program	10.678			64,375
Total U.S. Department of Agriculture			55,779	<u>54,810,128</u>

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Commerce				
Bipartisan Budget Act of 2018	11.022			1,480
Interjurisdictional Fisheries Act of 1986	11.407			681
Coastal Zone Management Administration Awards	11.419		7,365	1,001,950
Financial Assistance for National Centers for Coastal Ocean Science	11.426			991
Marine Sanctuary Program	11.429			581
Cooperative Fishery Statistics	11.434			133,024
Southeast Area Monitoring and Assessment Program	11.435			61,916
Meteorologic and Hydrologic Modernization Development	11.467			76,391
Coral Reef Conservation Program	11.482			680,828
State and Local Implementation Grant Program	11.549			127,953
Total U.S. Department of Commerce			7,365	2,085,795
U.S. Department of Defense				
National Guard Military Operations and Maintenance (O&M) Projects	12.401			3,117,232
U.S. Department of the Interior				
<i><u>Fish and Wildlife Cluster</u></i>				
Sport Fish Restoration	15.605			799,471
Wildlife Restoration and Basic Hunter Education	15.611			584,674
<i>Total Fish and Wildlife Cluster</i>				1,384,145
Cooperative Endangered Species Conservation Fund	15.615			13,526
State Wildlife Grants	15.634			62,382
Economic, Social, and Political Development of the Territories	15.875		212,660	3,496,000
Historic Preservation Fund Grants-In-Aid	15.904			376,115
Total U.S. Department of the Interior			212,660	5,332,168

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal	Pass-Through	Passed	Total
	CFDA	Entity	Through to	Federal
	Number	Identifying	Subrecipients	Expenditures
		Number		
U.S. Department of Justice				
Juvenile Justice and Delinquency Prevention	16.540			37,120
National Criminal History Improvement Program (NCHIP)	16.554			129,875
Crime Victim Assistance	16.575		913,865	978,025
Crime Victim Compensation	16.576			2,916
Crime Victim Assistance/Discretionary Grants	16.582		44,456	44,456
Violence Against Women Formula Grants	16.588		345,115	597,841
Residential Substance Abuse Treatment for State Prisoners	16.593			5,223
Public Safety Partnership and Community Policing Grants	16.710			817,238
PREA Program: Strategic Support for PREA Implementation	16.735			25,293
Edward Byrne Memorial Justice Assistance Grant Program	16.738		355,683	964,099
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			110,734
Support for Adam Walsh Act Implementation Grant Program	16.750			229,574
Total U.S. Department of Justice			1,659,119	3,942,394
U.S. Department of Labor				
Labor Force Statistics	17.002			382,370
Compensation and Working Conditions	17.005			447
<u>Employment Service Cluster</u>				
Employment Service/Wagner-Peyser Funded Activities	17.207			1,500,973
Disabled Veterans' Outreach Program (DVOP)	17.801			11,489
<i>Total Employment Service Cluster</i>				1,512,462
Unemployment Insurance	17.225			15,740,121
Senior Community Service Employment Program	17.235			868,717
<u>WIOA Cluster</u>				
WIA/WIOA Adult Program	17.258			571,529
WIA/WIOA Youth Activities	17.259			349,916
WIA/WIOA Dislocated Worker Formula Grants	17.278			1,296,846
<i>Total WIA/WIOA Cluster</i>				2,218,291
Work Opportunity Tax Credit Program (WOTC)	17.271			13,861
Temporary Labor Certification for Foreign Workers	17.273			37,835
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277			1,098,230
Occupational Safety and Health State Program	17.503			233,520
Total U.S. Department of Labor				22,105,854

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Transportation				
<u>Highway Planning and Construction Cluster</u>				
Highway Planning and Construction	20.205			46,331,078
Motor Carrier Safety Assistance	20.218			266,012
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			2,412
<u>Federal Transit Cluster</u>				
Federal Transit - Capital Investment Grants	20.500			946,988
Federal Transit - Formula Grants	20.507			3,685,289
Total Federal Transit Cluster				4,632,277
<u>Highway Safety Cluster</u>				
State and Community Highway Safety	20.600			966,108
Total U.S. Department of Transportation				52,197,887
National Endowment for the Arts				
Promotion of the Arts Partnership Agreements	45.025		300,380	300,380
Grants to States	45.310			125,940
Total National Endowment for the Arts			300,380	426,320
U.S. Environmental Protection Agency				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			6,360
Multipurpose Grants to States and Tribes	66.204			5,095
Construction Grants for Wastewater Treatment Works	66.418			131,766
Water Quality Management Planning	66.454			930
Nonpoint Source Implementation Grants	66.460			3,315
<u>Drinking Water State Revolving Fund Cluster</u>				
Capitalization Grants for Drinking Water State Revolving Funds	66.468		4,083,843	4,269,272
Beach Monitoring and Notification Program Implementation Grants	66.472			238,044
Performance Partnership Grants	66.605			1,553,745
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804			22,921
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			87,248
State and Tribal Response Program Grants	66.817			1,182
Total U.S. Environmental Protection Agency			4,083,843	6,319,878

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Energy				
State Energy Program	81.041			246,033
Weatherization Assistance for Low-Income Persons	81.042			62,203
Total U.S. Department of Energy				308,236
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002			442,387
<u>Special Education Cluster (IDEA)</u>				
Special Education - Grants to States (IDEA, Part B)	84.027			8,506,043
Impact Aid	84.041			18,065
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126			1,702,021
Rehabilitation Services Independent Living Services for Older Individuals Who Are Blind	84.177			50,633
Special Education - Grants for Infants and Families	84.181			363,414
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184			542,938
Project School Emergency Response to Violence	84.184S			365,228
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187			46,638
Territories and Freely Associated States Education Grant Program	84.256			147,207
Comprehensive Literacy Development	84.371			116,943
Statewide Longitudinal Data Systems	84.372			117,622
Consolidated Grant to the Outlying Areas	84.403		770,255	16,150,757
Immediate Aid to Restart School Operations	84.938A			5,582,722
Temporary Emergency Impact Aid for Displaced Students	84.938C			2,474,158
Total U.S. Department of Education			770,255	36,626,776
U.S. Election Assistance Commission				
2018 HAVA Election Security Grants	90.404			243,761
U.S. Department of Health and Human Services				
Public Health Emergency Preparedness	93.069			20,172
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			32,545
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074			573,108

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Health and Human Services (continued)				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			78,595
Maternal and Child Health Federal Consolidated Programs	93.110			171,131
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			90,645
Emergency Medical Services for Children	93.127			139,793
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			89,474
Injury Prevention and Control Research and State and Community Based Programs	93.136			41,795
Projects for Assistance in Transition from Homelessness (PATH)	93.150			48,500
Family Planning-Services	93.217			1,046,998
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			38,816
Early Hearing Detection and Intervention	93.251			255,977
Immunization Cooperative Agreements	93.268			757,583
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			2,331,328
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			746,488
Head Start Disaster Recovery	93.356			279,916
Prevention and Control of Chronic Disease and Associated Risk Factors in the U.S. Affiliated Pacific Islands, U.S. Virgin Islands, and P. R.	93.377			129,577
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505			1,536
Maternal, Infant and Early Childhood Home Visiting Grant	93.870			747,618
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	93.521			1,240,880
MaryLee Allen Promoting Safe and Stable Families Program	93.556			97
<u>TANF Cluster</u>				
Temporary Assistance for Needy Families	93.558			1,595,637
Payments to Territories- Adults	93.560			716,830
Child Support Enforcement	93.563			4,871,631

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Health and Human Services (continued)				
<u>CCDF Cluster</u>				
Child Care and Development Block Grant	93.575			2,670,243
State Court Improvement Program	93.586			56,612
Grants to States for Access and Visitation Programs	93.597			95,942
Head Start	93.600			8,578,901
Social Services Block Grant	93.667			6,850,798
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758			44,579
Children's Health Insurance Program	93.767			13,887,311
Medicare Prescription Drug Coverage	93.770			275,734
<u>Medicaid Cluster</u>				
State Medicaid Fraud Control Units	93.775			212,021
Medical Assistance Program	93.778			83,044,038
Total Medicaid Cluster				83,256,059
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815			192,806
Hospital Preparedness Program (HPP) Ebola Preparedness and Responsive Activities	93.817			26,090
National Bioterrorism Hospital Preparedness Program	93.889			10,678
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			85,658
HIV Care Formula Grants	93.917			1,578,237
HIV Prevention Activities Health Department Based	93.940			649,374
Assistance Programs for Chronic Disease Prevention and Control	93.945			200,455
Block Grants for Community Mental Health Services	93.958			282,451
Block Grants for Prevention and Treatment of Substance Abuse	93.959			528,177
The Zika Health Care Services Program	93.966			44,466
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			156,944
Mental Health Disaster Assistance and Emergency Mental Health	93.982			1,161,977
Preventive Health and Health Services Block Grant	93.991			216,737
Maternal and Child Health Services Block Grant to the States	93.994			1,537,407
Total U.S. Department of Health and Human Services				138,434,306

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2019

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Corporation for National and Community Service				
Retired and Senior Volunteer Program	94.002			24,571
<u>Foster Grandparent/Senior Companion Cluster</u>				
Foster Grandparent Program	94.011			145,879
Total Corporation for National and Community Service				170,450
Executive Office of the President				
High Intensity Drug Trafficking Areas Program	95.001			31,294
U.S. Department of Homeland Security				
Boating Safety Financial Assistance	97.012			416,269
Community Disaster Loans	97.030		17,773,457	17,773,457
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		459,003,368	547,378,326
Hazard Mitigation Grant	97.039			2,208,000
Emergency Management Performance Grants	97.042			1,122,600
Pre-Disaster Mitigation	97.047			320
Homeland Security Grant Program	97.067			824,215
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083			461,507
Total U.S. Department of Homeland Security			476,776,825	570,184,694
Total Expenditures of Federal Awards			\$ 483,866,226	\$ 896,337,173

See accompanying notes to the Schedule of Expenditures of Federal Awards.

Government of the United States Virgin Islands

Notes to Schedule of Expenditures of Federal Awards

1. Reporting Entity

The Schedule of Expenditures of Federal Awards (the Schedule) includes the activity of all Federal award programs administered by the Government of the United States Virgin Islands (the Government) and the Virgin Islands Public Finance Authority (a blended component unit) as of and for the year ended September 30, 2019, except that certain organizational units (as defined previously) are excluded as they contract for separate audits in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Accordingly, the accompanying Schedule presents the Federal financial assistance programs administered by the Government for the year ended September 30, 2019.

Further, because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position and changes in net position of the Government.

2. Basis of Presentation

Federal award programs include direct expenditures, monies passed through to nonstate agencies (i.e., payments to subrecipients) and nonmonetary assistance. The Schedule presents total Federal awards expended for each individual Federal program in accordance with Office of Management and Budget (OMB) Circular A-133 and the Uniform Guidance. Federal award program titles are reported as presented in the Catalog of Federal Domestic Assistance (CFDA). Federal award program titles not presented in the Catalog are identified by the Federal awarding agency's two digit prefix (or 99) followed by (contract number or UNKNOWN).

3. Basis of Accounting

The expenditures for each of the Federal award programs are presented in the Schedule on a modified accrual basis, except for nonmonetary programs, which are presented based on the fair value of the food stamps (CFDA No. 10.551 in the amount of \$45,039,244) and the food cost (CFDA No. 10.557 in the amount of \$2,309,861) distributed during the year. The modified accrual basis of accounting incorporates an estimation approach to determine the amount of expenditures incurred if not yet billed by a vendor. The Government's accounting system provides the primary information from which the Schedule is prepared.

4. Matching Costs

Matching costs, such as the non-federal share of certain program costs, are not included in the accompanying Schedule, except Unemployment Insurance (CFDA No. 17.225), as indicated in Note 8.

5. Indirect Cost Rate

The Government has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Government of the United States Virgin Islands

Notes to Schedule of Expenditures of Federal Awards

6. 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 are prepared on the basis explained in Note 3.

7. Rebates from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

During fiscal year 2019, the Government received cash rebates from infant formula manufacturers in the amount of approximately \$822,365 on sales of formula to participants in the WIC program (CFDA No. 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs.

8. Unemployment Insurance

The U.S. Department of Labor in consultation with the U.S. Office of Management and Budget officials has determined that for the purpose of audits and reporting under the Uniform Guidance, State or Territory Unemployment Insurance (UI) funds as well as Federal funds should be considered Federal awards for determining Type A programs. A State or Territory receives Federal funds for administrative purposes. State or Territory unemployment taxes must be deposited to a state (territory) account in the Federal Unemployment Trust Fund, used only to pay benefits under the Federally approved state law. State or Territory UI funds as well as Federal funds are included on the Schedule. The following table provides a breakdown of the Territory and Federal portions of the total amount expended under CFDA No. 17.225.

Territory UI Benefits (Trust Fund)	\$ 13,464,100
Federal UI Benefits (Administration)	2,276,021
<hr/>	
Total	\$ 15,740,121

9. Outstanding Loan

The Government received proceeds from the Community Disaster Loans program (CFDA No. 97.030) as administered by the Federal Emergency Management Agency (FEMA). The Government passed-through \$17,773,457 to the Virgin Islands Government Hospital and Health Facilities Corporation (Roy L. Schneider Hospital and Governor Juan F. Luis Hospital and Medical Center). There is a provision in the FEMA regulations that permits FEMA to cancel all or a portion of this loan. At September 30, 2019, the cumulative balance of the Community Disaster Loans program was \$206,295,675, of which \$61,295,675 was passed-through to the Government's component units.

Government of the United States Virgin Islands

Notes to Schedule of Expenditures of Federal Awards

10. Research and Development Programs

The Government may receive and expend Federal funding for various research and development programs. The aggregate amount of such expenditures for the year ended September 30, 2019, did not equal an amount that would constitute a major program under the guidelines of the Uniform Guidance.

11. Contingencies

The Government is subject to audit examination by funding sources to determine compliance with grant conditions. In the event that expenditures would be disallowed, repayment could be required. Management believes that the impact of any disallowed grant expenditures would not have a material adverse effect on the Government's financial position, changes in net position, or liquidity. Also see Note 12.

12. Subsequent Events

Hurricane Recovery

The Government is making significant progress towards restoring its facilities which were damaged by Hurricanes Irma and Maria in September 2017. The Government continues the process of tabulating the associated costs and expenses with respect to remediation, clean-up, mitigation, and the restoration of services.

To close potential shortfalls and to serve returning citizens, the Government continues to work closely with federal agencies, such as FEMA, HUD, SBA, etc. to maximize its recovery from all available sources, subject to any sub-limits and retentions.

Through May 2021, the Office of Disaster Recovery has reported Federal assistance awarded to the Territory of \$87.2 million in FEMA Individual Assistance grants, \$2.95 billion in FEMA's Public Assistance Grant Program (PA), \$59.63 million in Federal Highway grants, \$85.6 million in FEMA Hazard Mitigation grants, and \$1.02 billion in Community Development Block Grants for a total of \$4.2 billion dollars. Other Federal grants awarded by various Federal agencies amounted to \$169.9 million, for a total of approximately \$4.36 billion.

In December 2020, the Government received notice from FEMA of the results of audits related to the PA program awards. As a result, the Government received a notice of potential debt in the amount of \$134.7 million. In response to the notice, in February 2021, the Government exercised its option to appeal the notice and provided additional clarification and documentation. Management believes these non-compliance instances, if any, should not materially affect the Government's financial position.

Global Pandemic and Economic Relief Legislation

In March 2020, the Governor of the U.S. Virgin Islands declared a state of emergency due to the coronavirus pandemic known as COVID-19.

Government of the United States Virgin Islands

Notes to Schedule of Expenditures of Federal Awards

The Governor issued an executive order to close nonessential businesses, certain government offices, and schools to reduce the transmission of the disease. The state of emergency was approved by the President of the United States under the provisions of the Stafford Act and the National Emergencies Act.

The State of emergency also activated other emergency response protocols and systems to protect citizenry such as stay-at-home orders, travel restrictions, and social distancing requirements. Also, in March 2020, the Center for Disease Control and Prevention issued a No Sale Order for cruise ships. As a result of the Order and state of emergency, the Territory temporarily closed its ports. The Government has experienced a 7.0% reduction in taxes and other charges for services when comparing the six-month period ended March 31, 2020, to the same period ended March 31, 2021, as per the unaudited general fund statement of revenues.

A Federally approved state of emergency activates Federal assistance to states in the form of financial, logistical, and technical assistance. In March 2020, the President of the United States signed into law the “Coronavirus Aid, Relief, and Economic Security (CARES) Act.” The CARES Act, among other things, appropriated funds for the Coronavirus Relief Fund to be used to make payments for specified uses to state, territorial, local, and tribal governments. The Government’s allocation of the Coronavirus Relief Fund is \$74.8 million.

In December 2020, Congress enacted the “Consolidated Appropriations Act of 2021”. The Act provided additional COVID assistance to states and territories, including unemployment assistance, funds for higher education, testing, contact tracing and mitigation of COVID, food stamp, and rental assistance programs. The funds will be distributed in two tranches, with 50% delivered no later than 60 days from the date of enactment, and the remainder delivered no earlier than one year later. The Treasury Department may withhold up to half of the Territory’s allocation for as long as twelve (12) months based on the unemployment rate and the submission of an updated certification of funding needs. The Act provides \$4.5 billion for the U.S. territories based on each territory’s share of the combined total population as determined by the U.S. Census Bureau.

In March 2021, additional COVID-19 relief was provided in the American Rescue Plan Act of 2021. This Act builds on previously enacted aid measures to aid states, counties, cities, and tribal governments to cover increased expenditures, replenish lost revenue, and mitigate economic harm from the COVID-19 pandemic. State and local government recipients may use the funds to cover costs incurred through December 31, 2024.

Through August 2021, the Office of Disaster Recovery has reported COVID-19 funds allocated to the Territory in the amount of \$738.4 million.

As the emergency measures are eased, management continues to actively monitor the evolving impact of the COVID-19 outbreak on its financial condition, including the duration of the closings, speed of recovery, impact on demand, and resumption of operations. Management also continues to identify and implement various mitigation efforts to minimize the impact on results of operations, financial position, and liquidity.

Schedule of Findings and Questioned Costs

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Governmental Activities	Qualified
Business-Type Activities	Disclaimer
General Fund	Qualified
Debt Service Fund	Unmodified
Capital Projects Fund	Unmodified
Federal Grants Fund	Qualified
The West Indian Company Limited-Enterprise Fund	Unmodified
Unemployment Insurance-Enterprise Fund	Disclaimer
viNGN, INC.-Enterprise Fund	Unmodified
Government Insurance-Enterprise Fund	Unmodified
Aggregate Remaining Fund Information	Disclaimer
Aggregate Discretely-Presented Component Units	Disclaimer

Internal control over financial reporting:

- Material weakness(es) identified? ☒ Yes ☐ No
 - Significant deficiency(ies) identified? ☒ Yes ☐ None reported
- Noncompliance material to financial statements noted? ☒ Yes ☐ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ☒ Yes ☐ No
- Significant deficiency(ies) identified? ☒ Yes ☐ None reported

Type of auditor's report issued on compliance for major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
10.551, 10.561	Supplemental Nutrition Assistance Program Cluster	Qualified
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Unmodified
12.401	National Guard Military Operations and Maintenance (O&M) Projects	Adverse

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
15.875	Economic, Social, and Political Development of the Territories	Qualified
17.225	Unemployment Insurance	Adverse
20.205	Highway Planning and Construction Cluster	Unmodified
20.500, 20.507	Federal Transit Cluster	Unmodified
66.468	Drinking Water State Revolving Fund Cluster	Qualified
84.403	Consolidated Grant to the Outlying Areas	Unmodified
84.938A	Immediate Aid to Restart School Operations	Unmodified
93.563	Child Support Enforcement	Qualified
93.575	CCDF Cluster	Adverse
93.600	Head Start	Unmodified
93.667	Social Services Block Grant	Qualified
93.767	Children's Health Insurance Program	Qualified
93.775, 93.778	Medicaid Cluster	Adverse
97.030	Community Disaster Loans	Unmodified
	Disaster Grants - Public Assistance	
97.036	(Presidentially Declared Disasters)	Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? X Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.551, 10.561	Supplemental Nutrition Assistance Program Cluster
	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.557	
12.401	National Guard Military Operations and Maintenance (O&M) Projects
15.875	Economic, Social, and Political Development of the Territories
17.225	Unemployment Insurance
20.205	Highway Planning and Construction Cluster
20.500, 20.507	Federal Transit Cluster
66.468	Drinking Water State Revolving Fund Cluster
84.403	Consolidated Grant to the Outlying Areas
84.938A	Immediate Aid to Restart School Operations
93.563	Child Support Enforcement
93.575	CCDF Cluster
93.600	Head Start
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.775, 93.778	Medicaid Cluster
97.030	Community Disaster Loans
97.036	Disaster Grants - Public Assistance
	(Presidentially Declared Disasters)

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Dollar threshold used to distinguish
between Type A and Type B programs:

\$3,000,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Section II - Financial Statement Findings

Finding 2019-001: Financial Position

The Government is in a difficult financial position based primarily on operating losses, outstanding debt, bond downgrades, the 2017 hurricanes, pension obligation, and other postemployment obligation issues. In addition, subsequent to September 30, 2019, the Government's operations were impacted by the global coronavirus pandemic.

In addition, management has been working to stabilize and solidify its financial position through the implementation of an aggressive multi-pronged plan which includes facets such as legislative acts addressing revenue initiatives and cost-cutting measures and proposed rate increases for employees' contributions towards pension plans. The Government is also a recipient of significant federal assistance in connection with the 2017 hurricanes. It is further noted that as of September 30, 2019, all payments on bonds and notes obligations have been remitted as required.

Deficits in Unrestricted Net Position

Finding and Recommendation:

For the past few years, the unrestricted net position class has incurred significant losses in its operations. This financial position has caused the financial statements to include a disclosure in the audit opinion. This situation must improve if the Government is to fund the high levels of debt, pension and other postemployment benefits obligations, and access future bond markets.

Future plans and budgets should be developed to produce operating income, avoid continuing deficits, and begin to rebuild equity. Continuation of these negative financial results could have a significant impact on the financial position and cash flows of the Government.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Plan Funding Considerations

Finding and Recommendation:

The Government of the Virgin Islands Employees' Retirement System (GERS or the Retirement System) is a defined benefit pension plan established by the Government to provide retirement, death, and disability benefits for its employees. The Government also provides other postemployment benefits (OPEB) for healthcare, prescriptions, dental, and life insurance coverage.

We noted that the Government has not adequately funded the Retirement System and the OPEB plan for several years.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

- As per the most recent GERS actuarial valuation report as of October 1, 2018, the Retirement System is 20.76% funded for the year ended September 30, 2019. The same report also disclosed a net pension liability of \$3.2 billion which represents a long-term obligation the Government has to fund.
- As per the most recent OPEB actuarial valuation report as of October 1, 2018, the OPEB plan reflects a total OPEB obligation of \$774.5 million which represents the long-term medical, dental, and other obligation that the Government has to fund.

Management may consider embarking on an advisory path to study other alternatives to ensure that these long-term obligations are being addressed. Additionally, the Government should consider establishing an OPEB Trust Fund which would accumulate assets in order to meet the required obligations.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government Insurance Fund

Finding and Recommendation:

We noted a financial strain (from claims) due to a mismatch from the Government's employers' premium contributions into the *Government Insurance Fund*. For the year ended September 30, 2019, the ratio of expenditures to income was 375%. It appears that losses since the financial crisis of 2008 have easily exceeded the premiums collected *sans* the impact of operational costs to run the Workers Compensation portion of the Fund. In order to maintain continued solvency, we recommend that management consider an evaluation of the claims adjudication and related processes (as an attempt to lower the costs) in lieu of making any increases to the likely mandated employer contribution formulas. Management may also consider embarking on an advisory path to consider some alternatives that could minimize the severity of any losses.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-002: Year-End Close Process

Accounting tasks, such as periodic reconciliations, play a key role in proving the accuracy of accounting data and information included in various interim financial statements and/or reports.

Timeliness and Methodology of Close Process

Finding and Recommendation:

- We noted a significant delay in the year-end closing process and preparation of year-end financial statements. We noted that in many cases, reconciliations were finalized during the audit process, which represents a substantial delay when compared to the Government's fiscal year-end. Therefore, detailed schedules supporting general ledger accounts did not always agree with the respective general ledger balances. Significant post-closing adjustments were provided during the audit process. Reconciliation mechanisms should be enhanced in an effort to avoid the recurrence of such errors.
- We noted that post-closing adjustments are not posted in the accounting system but are maintained in a manual excel working trial balance. Considering the volume of post-closing adjustments and the manual process of reversing year-end accruals and/or other adjustments, there is continuous opportunity where items can be missed and may not be accurately and timely captured, and therefore, increasing the potential for prior period adjustments to correct balances.
- During our review of the Government's draft financial statements, we noted inconsistencies and/or omissions with the incorporation of disclosures in the footnotes to the financial statements along with inconsistencies in the incorporation of component units' financial statements as it related to classification and reporting of account balances. In addition, we also noted certain transactions with various component units which have not been reflected accurately on the Government's books and records.

In order to prevent significant errors in the financial records and financial statements as well as prevent possible irregularities, including fraud, to exist and continue without notice, we recommend that all accounts, accruals, and reconciliations be reviewed on a periodic basis. The composition of any unreconciled differences should be determined and followed up on, and any journal entries, deemed necessary as a result, should be recorded during the fiscal year.

Further strict adherence to the year-end closing schedule should be required because this will allow for the year-end work and audit preparation to be a much less time-consuming and arduous process, without sacrificing the quality of the accounting records or minimizing existing internal controls.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Journal Entries

Finding and Recommendation:

We noted that several individuals have access rights to create, approve, and post journal entries. We understand that this represents an internal management decision with respect to access which is deemed necessary for day-to-day operations. However, in order to maintain a desirable separation of duties, we recommend that the Government continue to re-evaluate the appropriateness of this access. We also noted that adequate supporting documentation was not always readily available in the Enterprise Resource Planning (ERP) system for certain manual journal entries which had been selected for further review. Although these instances were subsequently rectified, management should ensure consistent and strict adherence to its records retention policy.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Due from Other Governments

Finding and Recommendation:

The Government entered into two professional services contracts through its blended component unit, the Virgin Islands Public Finance Authority (PFA), in order to coordinate recovery efforts for the Territory with the Federal Emergency Management Agency (FEMA) and various other federal agencies following two Category 5 hurricanes which occurred in September 2017.

Certain services were performed on a Territory-wide basis as the professional services firm(s) sought to assess damages, set up various project worksheets, and enable the Territory to obtain and access additional recovery funding. During our procedures, we noted the following:

- The Government did not have a control process in place over proper allocation of expenses incurred on behalf of the Government and the various component units.
- The Government did not have a control process in place for timely reporting of expenses incurred by the various component units.
- The Government did not perform timely reconciliation and communication with each component unit's authorizing management for approval of the respective transactions.

We recommend that management implement a control process for proper allocation of expenses to ensure that the due from other governments and federal expenditures are properly accounted for by the Government and its component units. Consideration must also be given to compliance with laws and regulations that are a component of any grant or contract accepted.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-003: Revenue and Receivables

The Government's Bureau of Internal Revenue (the Bureau) is responsible for administering the internal revenue tax laws of the Virgin Islands. As such, the Bureau manages the processes over the following types of taxes: income, gross receipts, excise, highway user's, hotel room, entertainment, and fuel taxes.

Additionally, through the Government's Division of Real Property Tax, all commercial and residential property subject to taxation in the Virgin Islands is assessed, property tax bills are prepared and mailed, and the collection of property taxes is carried out.

Reconciliation of Subsidiary Registers

Finding and Recommendation:

The Government maintains various subsidiary registers as derived from its tax recordation systems, primarily VITAX and CAVU. However, the Government does not reconcile its subsidiary registers to its tax receivable general ledger account balances. A strong control system over receivables includes an accurate accounting system that maintains agreement between the subsidiary ledger and the general ledger. To prevent the need for major adjustments to the impacted tax receivable and revenue accounts at the end of each year, we suggest that the general ledger accounts be reconciled to the detailed records on a quarterly basis.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Optimum Usage of the Real Property Tax System

Finding and Recommendation:

It appears that the CAVU system, as currently designed, is not adequately meeting the financial and reporting needs of the Government. There exists a limitation to produce aged outstanding receivable, revenue and collection reports, as well as a lack of ability to generate a cut-off balance as of any given point in time.

Additionally, the adjustments made in the billings as a result of the implementation of the new real property tax bill were not properly reflected in the revenue reports generated from the CAVU system. As a result, knowledge of the composition and quality of the Government's revenue billings is significantly impaired and this has a direct effect on the accuracy of financial reporting and financial decision-making.

Management may consider contacting the vendor of the CAVU system to request the development of and/or the capability of producing accurate aged receivable and revenue reports as well as a functionality or reporting tool to produce cut-off balances at any given point in time. This would assist the Government in establishing a system that produces timely and accurate financial information.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Tax Return Processing Method

Finding and Recommendation:

The Government is utilizing a manual process in that returns received by the Bureau are batched by type of return and by tax year and manually entered into the tax recordation system, VITAX.

The manual data entry is being reviewed on a random/sample basis and the Bureau is relying on the system's automated edit check to capture any errors. While the system's automated edit check identifies many errors, it does not guarantee the complete accuracy of the entered information. This poses a continued risk of data omissions, typographical errors, entry of information to incorrect fields, as well, as fraudulent data entry.

The flow of transactions into a computer system is a critical aspect of the design and maintenance of a strong system of controls. We recommend the Bureau consider an evaluation of its current review procedures around the tax return processing method in an effort to minimize associated risks.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Real Property Tax

Finding and Recommendation:

- We noted one (1) new tax credit issued with insufficient supporting documentation. Management should recognize that the potential exists for additional discrepancies and should continue to review and evaluate its databases ensuring sufficient documentation is readily available.
- We noted several tax billings issued to non-taxable properties as owned by the Government and its component units. Management should perform a review and identification of the Government's and component unit's properties in the tax roll listing to ensure proper tax credits are applied. Management should also recognize that the potential exists for additional discrepancies.
- With respect to delinquent accounts, we noted that the property owners enter into settlement agreements with the Government which includes a fixed amount of penalties and interest. It is noted, however, that the CAVU system, continues to calculate such interest and penalties even after the actual settlement date. This has the effect of potentially inflating the calculated interest in the stand-alone CAVU system.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Allowance for Doubtful Accounts

Finding and Recommendation:

Adjustments to the real property tax receivable allowance for doubtful accounts are calculated by the use of a formula. Management's computation of the allowance places a high degree of reliance on prior years collection rate and can be greatly influenced by specific large write-offs that may occur from time to time. As a result, the allowances were understated for fiscal year 2019 and an adjustment was required during the audit process.

We believe that consideration should be given in ensuring the accuracy of the underlying data used to include some accounts receivable performance measures and subsequent collections in the Government's model for establishing the allowances required. Poor practices in this area have a direct negative impact on the Government because this affects cash flow. An updated analysis will provide management with accurate doubtful-account allowances that matches bad-debt expense with real property tax revenues.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Other Revenues

Finding and Recommendation:

The Government was unable to provide readily available supporting documentation for 5% of the sampled items for charges for services and 10% of the sampled items for interest and other revenues. As a result, additional time and effort was required during the audit process to locate and/or identify alternative methodologies.

It is important to produce certain detailed reports and records at specific time periods, and to maintain these for possible analysis by users such as management, independent auditors, or governmental bodies. Management should consider strict adherence to or a revision of its records retention policy.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-004: Grants Management

The Government receives grant and contract funds from various funding agencies. These situations necessitate a strong accounting system to record specific grant and contract activities. Consideration must also be given to compliance with laws and regulations that are a component of any grant or contract accepted.

Control Systems Over the Schedule of Expenditures of Federal Awards

Finding and Recommendation:

The flow of accounting transactions into the ERP system is a critical aspect of the design and maintenance of a strong system of controls over the Schedule of Expenditures of Federal Awards (SEFA).

As a consequence of following certain practices, expenditures are being charged to incorrect projects, codes, and Catalog of Federal Domestic Assistance (CFDA) numbers and, it becomes critical that SEFA expenditures between the Government's ERP system and individual agency or departmental records, where the respective Federal programs are managed and administered, are reconciled on a more consistent basis. The reconciliations should also facilitate the reporting requirements of each contract and grant. We noted the following:

- Expenses had been charged to grants without sufficient grant award funding availability.
- Significant transactions paid to or transferred to various departments of the Government were erroneously reported as subrecipient transactions.
- Approximately \$4.7 million in expenditures had erroneously been reflected as expenditures in CFDA Number 17.225, *Unemployment Insurance*.
- Approximately \$6.8 million of expenditures had erroneously been reflected in eleven (11) different federal programs and needed to be reclassified to CFDA Number 93.667, *Social Services Block Grant*.
- Approximately \$8.9 million of expenditures incurred in fiscal year 2019 related to CFDA Number 97.036, *Disaster Grants - Public Assistance (Presidentially Declared Disasters)*, had erroneously been reflected in fiscal years 2020 and 2021.

These issues also impact the roll-forward schedule for the general ledger account entitled 'Due from Federal government.'

Communication and reconciliation mechanisms should continue to be enhanced between the centralized Government agency which is responsible for collecting the SEFA information and each individual agency which manages Federal grant programs in an effort to avoid the recurrence of such errors and misclassifications.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Federal Grants and Contributions

Finding and Recommendation:

Based on our review of the schedule of grants and contracts, we noted the Government is not monitoring its outstanding Federal receivables on a periodic basis. We noted an improvement in record-keeping where the Government implemented a process of establishing a discrete and separate receivable balance on a per grant/project basis. However, the following key component was lacking:

- A readily verifiable identification with respect to the aging and collection of prior year receivables along with its impact, if any, on the adequacy of the allowance for uncollectable accounts. Specifically, there is no documentation matching each cash receipt to the expenses and noting which period it was incurred in.

This leads to difficulty in establishing individual balances of both receivables and deferrals from grants and contracts, may mask items that have been inactive for many years, and can cause confusion regarding the true level of activity. Additional time and effort was required during the audit process to rectify and reconcile the balances.

We recommend that receivables should be tracked by the individual Government agency(ies) by performing the following:

- Maintenance of a drawdown schedule noting the expenses making up each drawdown for each Federal program and the period in which the expenses were incurred.
- A copy of each drawdown noting proper approvals should be attached in the ERP system along with the corresponding bank statement showing the receipt of funds from the Federal government.
- A listing of expenses supporting the amount drawn down should be included in the ERP system. This detail should include the invoice date and/or payroll period and check date.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-005: Capital Assets and Related Expenditures

Capital assets constitute an investment of substantial amounts, thereby, requiring an excellent system of controls for the maintenance and safeguarding of these assets. While we noted the Government has taken certain preliminary steps, we recommend continued diligence with respect to the monitoring and review of capital assets and in ensuring the reconciliation of supporting registers to the primary register.

Record Keeping

Finding and Recommendation:

The process of maintaining capital asset records (i.e. recording additions, disposals, and transfers) is a manually intensive process conducted when performing the annual financial statement close. As such, supervisory review and other checks and balances may not be timely and/or effective in all instances. We recommend that the Government evaluate the year end cut-off procedures and policies in order to monitor purchases for capitalizable assets and in order to accurately account for all open and unpaid invoices and payments subsequent to year end.

During our sampled procedures over capital asset additions, we noted the following:

- Twenty-eight (28) additions in fiscal year 2019 had not been reflected in the initial additions listing. Moreover, subsequent reviews of accounts payable confirmations yielded changes to the cost of twenty-one (21) capital asset additions.
- Ten (10) invoices related to assets capitalized in fiscal year 2019 were incurred in fiscal year 2018.

Although these items were adjusted and rectified during the audit process, we recommend an enhancement to the process by instituting a system of tagging capitalizable assets in the ERP system from the time of requisition to the time when the assets are received and paid for. Requisitions should be agreed to approved capital expenditure budgets. This also entails that requesting agencies and departments are given appropriate guidance as to the capitalization thresholds to ensure transactions are properly tagged in the ERP system. In turn, this would allow additions to be easily generated by the capital assets team via the ERP system, instead of manually scrubbing the disbursements listing at year-end.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Reconciliation and Review of Subsidiary Registers

Finding and Recommendation:

The Government maintains a subsidiary asset register for the purpose of calculating depreciation for all assets. Based on our review of the subsidiary asset registers, we noted the following:

- Subsidiary registers for land contained a significant number of properties that are grouped into only few asset numbers instead of being recorded as individual properties.
- Certain machinery and equipment included in the beginning balances that had been purchased in bulk in the past was grouped together into one asset code and others did not contain tagging information to physically identify the items.
- Certain depreciable assets recorded during the fiscal year in the asset registers had inaccurate depreciation start dates.

To prevent the need for major adjustments at the end of each year, we recommend that the general ledger accounts be reconciled to the detailed records on a quarterly basis. This examination should be comprised of a review of acquisition dates, depreciation calculations, and asset descriptions. Additionally, unique asset numbers and sufficient tagging information should always be assigned to separately identifiable assets. Moreover, routine physical counts should be performed and reconciled with the asset registers.

Additionally, asset transfers to/from the Government should be monitored on a timely basis and a thorough review of the asset custodians should be regularly performed to ensure that all central Government assets are properly accounted for and formal transfer of the title(s) has occurred, as applicable.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Construction in Progress (CIP) Monitoring

Finding and Recommendation:

The Government has a significant number of on-going construction projects. The necessary analysis to identify the status of projects was only completed and/or necessary adjustments were made during the audit process. Confirmation procedures should be performed in a timely manner in order to have accurate CIP information.

- During our sampled procedures over the construction in progress activity, we noted the following:
 - Four (4) projects confirmed with project managers had inconsistent project close out dates or total project cost amounts in the CIP records.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

- One (1) project had been closed out and transferred to the completed asset category but was confirmed to be not yet completed. Similarly, another one (1) project had been confirmed to be completed but had not been closed out and transferred to the completed asset category.
- One (1) project had recorded costs which exceeded the total balance confirmed by the project managers. This was due to duplicate invoices being recorded which then had to be reversed.
- The Government adopted the method of using the ‘release of claims’ date as the date the project was placed in service. However, we noted an inconsistent application of this methodology.
 - In some instances, the ‘release of claims’ date did not correspond with the actual date the project was completed and placed in service as confirmed with the project managers.
 - In other instances, we noted that the ‘release of claims’ date was not known, and the date of the last invoice received on the project was utilized as an indicator of when the project was completed and as the depreciation start dates.
- For several building and improvement projects which were completed by the Department of Education and in use as of September 30, 2019, total construction costs amounting to \$126.0 million had not been reflected in the books and records. These unrecorded amounts resulted in additional cost recognition relative to two-hundred and forty-seven (247) assets in the capital asset records.

With the increase in activity in the number of CIP projects due to the hurricane restoration activity, it is imperative to maintain a good system of recording project costs accurately and timely, and monitoring project status on a consistent basis with the respective project owners. It is critical that the Government reconciles these costs with the reports and records of the respective project managers, related invoices, and related contracts and amendments, ensuring agreement to contract costs and capital expenditure budgets, and applying a consistent method of determining project completion and transfer to the related depreciable asset class.

Views of Responsible Officials - The Government concurs with the auditor’s findings and recommendations. The planned corrective actions are presented in the Government’s Corrective Action Plan attached as Appendix B to the Single Audit Report.

Capital Assets Impairment Process

Finding and Recommendation:

Governments are required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Such events or changes in circumstances that may be indicative of impairment include amongst others, evidence of physical damage. We noted the following regarding the Government’s capital assets impairment process:

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

- While an annual impairment assessment was performed by the Department of Property and Procurement (DPP), the process to ensure completeness of the impairment assessments across the asset classes was not readily addressed. Moreover, conclusions reached by DPP should be processed and accounted for by the Department of Finance and adjustments recorded in the asset registers, as necessary.
- We noted that certain vehicles were auctioned and disposed during the year. However, most of these assets were not readily traceable to the asset registers due to incomplete tagging information. This may result in improper accounting of the transaction(s) with respect to the gain/loss on the sale and the derecognition of the assets from the books.
- We noted that some damage assessments for the departments and agencies were informally done, or were not performed at all, until the accounting team requested them. Further, each division or department seemed to have its own separate process or methodology.

We recommend that the Government implement a standard, formal process whereby, annual impairment assessments are conducted, independent of the external audit. Further, the results of periodic physical counts should be readily available for analysis by external parties and should be compared to the detailed capital asset subsidiary ledger and communicated to the Department of Finance so that necessary adjustments can be recorded. This will help improve the tracking of assets for disposal and impairment purposes. It should also be noted that as a recipient of Federal grant funds, the Government is required to have in place an inventory management system to track items purchased with Federal funds.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Capital Assets - Business-Type Activities

Finding and Recommendation:

The Government is currently utilizing an excel worksheet to monitor capital assets within its business-type activities. The Government began the process of uploading additions into the ERP asset registers in fiscal year 2017.

However, the asset register for the beginning balances has yet to be uploaded. We recommend the completion of the automation process for these assets and implementation of subsequent review and reconciliation procedures in order to ensure that accurate and timely information is available.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-006: Recording of Liabilities

A fundamental element of a sound system of internal controls is an effective liability calculation process. Such a process helps ensure that all liability transactions are properly recorded, appropriately supported, and subjected to supervisory review.

Poor practice in this area allows for situations to occur in which accounts payable and other liabilities accrue without regard to the ability to repay the debt until they reach near crisis proportions. This kind of situation is most detrimental because it directly affects cash flow.

In recent times, the Government's financial statements have grown in complexity. The Government should consider performing a liabilities close process on a quarterly schedule in order to detect and correct on a timely basis, while at the same time, enhancing the Government's knowledge over its financial condition.

Retroactive Pay Liability

Finding and Recommendation:

The Government's lack of control over its retroactive pay liability has affected the auditor's ability to opine on certain affected opinion units.

- We noted that currently there is a \$195.0 million retroactive pay liability reflected on the books and records; however, the supporting schedules can only confirm \$184.0 million which, in turn, is based on an analysis of collective bargaining agreements (CBAs) from the initial retroactive pay wage Commission findings.
- Approximately 70% of the Government's employees are paid varying rates, based on different CBAs. We noted that there are several CBAs that have not been evaluated, implemented, ratified, and accrued for. We recommend that management set up a master file that summarizes the pay rate from each CBA and related factors that influence the rate. Management should then periodically review the master file and compare pay rates to the authorized rates contained in personnel files to determine that the current and effective rates in usage are appropriate.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Medical Malpractice Liability

Finding and Recommendation:

It is noted that *Reciprocal Insurance Fund* includes disbursements pertaining to payments of medical malpractice claims. However, we further noted that the Government has not completed the necessary analysis in order to determine the quantifiable recordation of a corresponding and estimated liability for medical malpractice claims, in accordance with generally accepted accounting principles.

Due to a lack of controls around the Government's claims data process, it has been unable to gather and generate the proper information which is needed for an actuary to compile an estimated liability at year-end. As such, the Government's records do not permit, nor is it practical to extend audit procedures sufficiently to determine the extent by which the Business-Type Activities and the Aggregate Remaining Fund Information may have been impacted, as of and for the year ended September 30, 2019, thereby effecting the auditor's ability to opine on said opinion units. We recommend that the Government consider allocating adequate resources to properly evaluate the necessary information which can then be provided to an actuarial service provider as it facilitates the Government in calculating the year-end liability.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Accounts Payable

Finding and Recommendation:

At present, the Government's general ledger control account for accounts payable does not agree with the subsidiary ledger balances during the entire fiscal year. This is due to the fact that management establishes its accounts payable subsidiary ledger through a manually intensive process, which is based solely on subsequent events when performing the yearly financial statement close process. This practice, in turn, is based on a system functionality wherein, the accounting system does not allow for recording or accrual of invoices when the obligation is incurred, but rather when the corresponding allotment has been approved by the Office of Management and Budget (OMB).

This routine also impacts the accuracy in recordation of capital assets in that any accruals for goods and services received is not properly and timely recorded in the capital asset register, resulting in capital assets being reflected in the incorrect periods. In addition, during our review and inquiry of subsequent disbursements, we noted that the accounts payable did not include accrual of invoices for services performed as of year-end. Finally, accounts payable confirmation procedures revealed over \$132.0 million of invoices related to capital asset additions and disaster recovery efforts which had not been accrued properly.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Overall, this generates significant adjustments during the yearly financial statement close process and a manual scrub exercise with respect to capital expenditures. Moreover, supervisory review of the accounts payable reconciliation process and estimation of accrued liabilities may not be timely and/or effective in all instances. Management may consider utilizing its ERP Accounts Payable module more regularly in order to reduce the existing manual efforts through which accounts payable are currently established.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Income Tax Refunds Payable

Finding and Recommendation:

We noted that the Government establishes its year-end liability for income tax refunds through a manually intensive process, which is based on consolidating two sets of reports that includes the following information (1) tax returns from various refund batches which exist, but have not been processed or paid as of year-end and (2) tax returns that were processed and paid subsequent to year-end. Based on our review of the schedules, we noted that there were several tax returns that were included in both reports. During the audit process, the Government revisited its database and a significant adjustment was required in order to establish the income tax refunds payable at year-end.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Landfill Closure and Post Closure Costs Liability

Finding and Recommendation:

The Government obtains various reports with respect to its closure and post closure cost estimates for the three landfills in the U.S. Virgin Islands. The post-closure cost estimates for fiscal year 2019 for all three landfills were updated by applying an inflation rate. While updating the landfill closure and post-closure cost estimates using an inflation factor is an acceptable procedure, going forward, we recommend the Government comprehensively review all reports and calculations to ensure that assumptions included are accurate.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Quality of Census Data

Finding and Recommendation:

Maintaining current and accurate records and statistics is an important control for participant data, not to mention other compliance with employment laws and regulations. We noted that the Government's census data, submitted to various actuarial service providers, currently requires significant adjustments and assumptions before it can be utilized to complete the necessary calculations.

This introduces a greater level of uncertainty than might ordinarily apply to such calculations. Internal controls should ensure the accuracy of all active employee and retiree census data before submission for future valuations, calculations, or analysis. We recommend adequate resources be allocated to properly evaluate all census information provided to the various actuarial service providers as they facilitate the Government in calculating the related liabilities. The employee data in the census information should be accurate or it could have a material effect on the Government's financial statements and the auditor's ability to opine on said financial statements.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-007: Management of the Medicaid Program

Each State or Territory establishes systems for administering and providing Medicaid benefits. The Medicaid program is jointly funded by the Federal and the respective local government. The Virgin Islands Department of Human Services (the Department) is the primary agency responsible for administering the Government's Medicaid program.

Cost Report Audits and System Security Review

Finding and Recommendation:

- Two Government owned and operated hospitals, the Governor Juan F. Luis Hospital & Medical Center and the Roy Lester Schneider Hospital, provide Medicaid services to eligible Territory residents. Both hospitals function on a non-DRG platform, meaning that they charge through daily per diem rates based upon the number of patients serviced. The costs incurred by the hospitals, long-term care facilities and/or Federally Qualified Health Centers (FQHC) participating in the Medicaid program are to be summarized in a cost report which, in turn, is to be submitted to the Department. The cost reports are then required to be audited per the Government's Medicaid State Plan. Based on audits of the cost reports, a receivable or a payable should be recorded for the difference between costs submitted for reimbursement and the costs actually reimbursed.

We noted that the Department has not audited cost reports recently. We recommend that management evaluate and develop policies and procedures to obtain and audit the cost reports. This will allow the Government to reduce the time between Medicaid expenditures being incurred and the ultimate reimbursement from the Federal government.

- The Department did not perform a risk analysis and system security review for the Virgin Islands Benefit Eligibility System (VIBES) when it was implemented in July 2017. As a result, there is no assurance that the system is working as intended. This exposes the program to possible unauthorized activity and payment to ineligible participants.

The Government's records do not permit a determination as to the sufficiency of the design and operation of key controls surrounding the environment in which the Government's Medicaid claims reside. As such, we are unable to determine how the Governmental Activities and the General Fund information may have been impacted, as of and for the year ended September 30, 2019, thereby effecting the auditor's ability to opine on said opinion units.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Utilization Control and Medicaid Fraud Control Unit

Finding and Recommendation:

A State or Territory Medicaid plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long-term care institutions. Further, States or Territories are required as part of their Medicaid State Plans to maintain a Medicaid Fraud Control Unit (MFCU), unless the United States Secretary of Health and Human Services determines that certain safeguards are met regarding fraud and abuse, and waives the requirement.

We noted the V.I. Medicaid Fraud Control Unit (MFCU) was established through a Memorandum of Understanding during fiscal year 2019. However, the MFCU was not fully staffed resulting in a lack of necessary controls and procedures to safeguard against unnecessary utilization of care and services and to identify, investigate, and refer suspected fraud cases.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-008: Unemployment Insurance Trust Fund

Account Reconciliation Process

Finding and Recommendation:

We noted that the majority of the account reconciliations were not available during the audit process. Others contained incomplete information and/or were not in accordance with required accounting practices. As such, the Government's records do not permit, nor is it practical to extend audit procedures sufficient to determine the extent by which the Business Type Activities and Unemployment Insurance Trust Fund may have been impacted, as of and for the year ended September 30, 2019, thereby affecting the auditor's ability to opine on said opinion unit.

Accounting tasks, such as periodic reconciliations, play a key role in proving the accuracy of accounting data and information included in various interim financial statements and/or reports. Timely preparation of complete and accurate reconciliations is also key to maintaining adequate control over both cash receipts and disbursements.

In order to prevent significant errors in the financial records and financial statements as well as prevent possible irregularities, including fraud, to exist and continue without notice, we recommend that all accounts, accruals, and reconciliations be prepared and reviewed on a periodic basis. We recommend that the Government consider allocating adequate resources to properly evaluate the necessary information which can then be used to reflect the Fund's activity at each fiscal year-end.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-009: Workers Compensation Program

The workers compensation program provides for medical costs, death benefits, and lost wages arising from work-related accidents. The program is administered by the Division of Workers' Compensation within the Virgin Islands Department of Labor (VIDOL).

Plan Valuation Methodology

Finding and Recommendation:

The preferred actuarial approach to determine loss and loss expense reserves is to employ a variety of reserving methods to estimate ultimate losses by accident year. Each method has advantages and disadvantages dependent on such items as the claims environment, the age of the accident year, and stability of the method. From within this range of indicated ultimate losses, a selection is made based on a review of the various methods and actuarial judgment.

Also, there are delays in the payments of current and prior year claims. Since loss development factors are determined based on the assumption that a percentage of the total reported losses are paid at any given point in time, the application of the paid patterns underlying the Government's loss triangles to the paid losses impacts the accuracy of the ultimate value.

As a result and in an effort to improve the predictive value in the current year, the actuary modified the methodology to also include the accounts payables of the two major hospitals in the U.S. Virgin Islands. Based on hindsight comparisons and other calculations derived from claim counts, we were able to conclude that the actuary's ultimate loss projections are within a range of reasonable estimates. However, actuarial estimates improve as more information becomes available at each maturity. As such, we recommend that the Government consider the following:

- Initiate the development of a formal document describing the processes used in computing and reporting these liabilities in the financial statements. The Government and its actuary should consider incorporating open claims and severity models in their projections.
- Provide a clear reasoning as to how the Government establishes any subjective assumptions.
- Include explicit explanations for any changes made to methodologies or programs made in the current period that were not present in the prior period valuation.
- Monitor the accounts payables balance(s) for the major hospitals to ensure that any relevant matters are reflected in future analyses.
- For completeness, we suggest constructing a formal Risk Control Matrix and a visual flow chart relating to the valuation processes.

Additionally, we noted that the actuary had concerns regarding the underlying data used in the Government's workers compensation analysis (as detailed in the actuarial study). We recommend that the Government institute sufficient controls over the production of the input data prior to submission to an actuarial service provider.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-010: Other Postemployment Benefits Obligation

As required, the Government implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard required the reporting and disclosure of costs and liabilities associated with postemployment benefits provided to retirees of the Government.

Administration and Recordkeeping

Finding and Recommendation:

The Division of Personnel, through the Virgin Islands Health Insurance Board, is responsible for administering health insurance and related benefits for retirees.

- The V.I. Code states that the Government, the University of the Virgin Islands, the Virgin Islands Waste Management Authority, the Virgin Islands Port Authority, and any not-for-profit corporation which has been funded 75% or more each year from federal or local government funds, are legally responsible for providing health benefits to active and retired service personnel. It is noted that the component units and organizations referenced above have paid the aforementioned benefit costs for active employees only; the Government has accepted and assumed the responsibility for the payment of benefit costs for retirees. We recommend that the Government formalize the current practice or ensure that benefit payments for the component units and organizations referenced above include retirees.
- Many of the special accounting issues for postemployment retirement plans have become increasingly complex and require extensive expertise to ensure that the accounting and reporting are accurate and in accordance with applicable standards. We recommend that the Government and/or Division of Personnel consider hiring or contracting an employee with specific accounting and plan administration knowledge, possibly even on a part-time basis, to provide the needed higher-level accounting role consistently throughout the year. We believe this change in the Division of Personnel will help clarify the transactions actually occurring, provide stronger internal controls, reduce confusion regarding the numerous transfers and transactions occurring between funds and component units along with providing articulation when working with actuaries and insurers.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-011: Payroll, Related Accruals, and Other Expenditures

A strong and efficient system of controls over purchasing and expenditures is critically important. A strong internal control system can generally be implemented to cover potential threats of error and misappropriation with a reasonable effort. These include proper supervision, review, and separation of like-minded duties or functions.

Payroll Expenditures

Finding and Recommendation:

As a result of the ADI Time payroll system not having been backed up before the September 2017 hurricanes, the Department of Human Services has transitioned to a manual timesheet process in lieu of system generated timesheets, for the year under review. Adequate arrangements should be made for protection of files and use of backup space.

We also noted that the compensated absences schedule includes some redundant data. For instance, there are employees that should not be on the schedule that have accrued balances, negative balances, or zero balances. While deemed insignificant to the overall operations, we recommend that the Government examine the contents and eliminate such information.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Overtime Authorization

Finding and Recommendation:

We noted instances where there were variances between the number of hours on approved timesheets and the amount eventually paid after payroll processing. These variances ranged between three (3) and nine (9) hours based on the samples selected. Additionally, we noted multiple instances of excess payments for overtime. We recommend that the Government adhere to its established written policies and procedures related to the proper review, recording, and reporting of overtime expenditures.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Formalize Emergency Payroll Procedures

Finding and Recommendation:

Payroll processing commences with timesheets which are approved by Department heads in the STATS system (timesheet system), which then forms the basis for payroll processing at the Payroll Division.

We recommend that a formal written emergency procedures manual be developed for use by the Government in case of a major disruption to operations, such as the 2017 Hurricanes. The hurricanes resulted in a major loss of power and displacement of personnel. Employees could not attend work for days as the roads were rendered inaccessible. As a result, the recording of timesheets in the STATS system was temporarily shelved.

This manual should address the processes to be performed, the key contacts or personnel, and the reconciliations that would be required in such instances.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Transactions with Personnel

Finding and Recommendation:

The Government has policies with respect to executive and/or other employee expense reimbursements indicating that each business expense incurred either by credit cards or advance payments must be substantiated with adequate documentation, such as statement of expense, purchase order, approved Government Travel Request (GTR), travel voucher, and receipts, which, in combination, are sufficient to establish each element of the expenditure.

We noted instances where sufficient supporting documentation was not available to substantiate reimbursements. Moreover, in some instances we noted that there was no evidence of independent review or approval of expenses incurred by executives.

This area can receive intense scrutiny and as a best practice, we recommend the Government consider instituting a stricter monitoring process to ensure compliance with stated policies and an independent review process for executive expenses. In addition, we recommend that the Government ensure documentation is readily available to support the purpose of and approval of employee recognition gifts purchased.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Supporting Documentation and Reporting for Expenditures

Finding and Recommendation:

- The Government's policies dictate that all expenditure items must have adequate support and resulting approvals, as maintained within its ERP system. During our sampled procedures, we identified thirty-one (31) items for which proper support for the expenditures was not readily available within the ERP system, yet the expenditures had been approved. While the supporting information was subsequently provided, in order to strengthen internal controls over disbursements, it is recommended that the Government adhere to its stated policies.
- During our sampled procedures, we identified twenty-one (21) items in which the expenditure tested was not recorded in the proper period. It is recommended that the Government adhere to its established written policies and procedures related to the proper recording and reporting of expenditures. The timely review and reconciliation of expenditures will allow for recording expenditures in the correct period.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-012: Bank Accounts

Cash is the most liquid of assets and has the highest risk for theft, embezzlement, and misappropriation. Timely preparation of complete and accurate bank reconciliations is key to maintaining adequate control over both cash receipts and disbursements.

Strengthen Controls Over Bank Reconciliations

Finding and Recommendation:

During fiscal year 2019, we noted some instances where the bank reconciliation variances were not properly explained or investigated. We continue to recommend that bank reconciliations be prepared and reviewed for accuracy and completeness on a timely basis. In addition, there was insufficient documentation to support the reconciliations had been reviewed. There is no capability within the accounting system to formally approve or indicate review of the bank reconciliations. We recommend that management implement a process to track when bank reconciliations are reviewed and approved. Additionally, we observed the following:

- We noted a significant amount of outstanding checks, some issued as far back as 1998, which are still being carried on the reconciliations and were eventually reclassified to accounts payable at year-end. Outstanding checks and other uncleared reconciling items that are over one year old should be investigated and removed from the bank reconciliations and the original transactions should be reversed. Research should be done periodically to eliminate large numbers of old items being carried from month to month and from year to year. As an auxiliary step, consideration should also be given to the Territory's unclaimed property laws.
- In one instance, we noted a check in the outstanding check listing that had been recorded twice in the ERP system. We recommend that checks should be properly reviewed prior to the processing of check run to ensure accuracy.
- In another instance, we noted a bank account that was closed in August of 2019, yet it was included in the year-end bank listing and bank reconciliations with a positive balance of over \$600,000, causing an overstatement in cash balance at year-end.
- We noted \$21.4 million in checks that were printed in fiscal year 2019 but had not been mailed prior to year-end. These checks were properly reclassified to due to other government. It is best practice to mail checks once they have been printed to avoid confusion as to what invoices are truly outstanding. Further, checks should only be printed once there are enough funds in the account(s) to cover the requisite payment amounts.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Cash Pooling and Allocation(s)

Finding and Recommendation:

Throughout the year, all expenditures are charged against each fund's cash account. Due to the nature of operations, the Government's Treasury department does not have a separate bank account for each fund and for each of the cash accounts in the general ledger. Therefore, each bank account includes activity for multiple funds. In some instances, funds "borrow" from the General Fund. At year-end, an entry is prepared to correct or "true-up" the cash balances for each fund.

We recommend that management enhance the documentation provided to support the pooling and subsequent allocation of the cash accounts. More specifically, there should be a clear link between the confirmed cash account balances and the cash balance per fund presented within the year-end financial statements.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Check Sequences

Finding and Recommendation:

During procedures performed over the subsequent check registers, we noted several large gaps in the check sequences. We noted that the Government's ERP system does not automatically generate check numbers. Instead, check numbers are entered and tracked manually by Government personnel. We recommend a process should be implemented where the personnel responsible for check runs, review prior and current manual check entries to detect gaps, prior to processing.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-013: Information Technology Environment

We reviewed various applications and systems which are utilized for the Government's day-to-day processing needs.

Finding and Recommendation:

We noted the following during our procedures over user access:

- The Oracle Programmer has root or administrative access to the Red Hat operating system, VIDOLA\$ application, and Oracle database management system. In addition, some individuals were granted inappropriate administrative access to the Oracle database (including non-IT personnel).
- Members of the Windows domain administration at the Bureau of Internal Revenue appear to be excessive. There are twenty-six (26) total user accounts that have this domain access.
- There are no formal re-certifications of user access security rights performed for the following Windows domains and applications:

Windows Domain:

- Department of Finance
- Bureau of Internal Revenue
- Department of Labor
- Department of Human Services
- Lieutenant Governor's Office

Applications:

- Timeforce
- MUNIS
- VIDOLA\$
- VITAX
- ScanOptics
- MMIS
- RawData
- CAVU
- CAMA
- Property Information System
- CARIBS
- VIBES

We noted the following with respect to segregation of duty conflicts:

- Administrative access rights to the Windows domain at the Bureau of Internal Revenue is provided to non-IT personnel and one (1) Bureau of Internal Revenue personnel had multiple administrative accounts to AS400 operating system and VITAX.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

We noted the following with respect to operating system security:

- The password and account lockout configurations have not been implemented to enforce strong passwords on the following operating systems and applications:

Operating Systems:

- Department of Finance
- Bureau of Internal Revenue
- Lieutenant Governor's Office
- Department of Labor (including Red Hat)
- Department of Human Services

Applications:

- Timeforce
- VIBES
- MMIS
- VIDOLA\$

Inappropriate system modifications to applications can cause incorrect calculations and compromise functionality. The Government may consider evaluating its documentation process to mitigate the risk of any potential change being implemented without the appropriate approval(s). Further, inappropriate or excessive access may result in unauthorized data changes or transactions. The Government may consider evaluating its user access and administration (user addition, modification, and removal) controls in order to ensure that appropriate access is granted.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-014: Collateral of Depository

Finding and Recommendation:

Collateralization provides an avenue of recovery in the unlikely event of the failure of a bank or financial institution holding government deposits. Collateralization of public deposits through the pledging of appropriate securities or other instruments (i.e. surety bonds or letters of credit) by depositories is an important safeguard for government deposits. Further, in the event of a failure of a bank, the Federal Deposit Insurance Corporation (FDIC) will honor the collateralization agreement if the agreement is valid and enforceable under applicable law.

Virgin Islands Code Section 3304 - *Collateral of depository* requires depositories to pledge collateral that is satisfactory to the Commissioner of Finance, to secure governmental deposits held with that institution. It is recommended that margin levels should be at least 102%, depending on the liquidity and volatility of the collateral pledged.

During our review of the Government's collateral of depository reports, we noted that not all cash accounts of the Government and its component units are included in the report to be collateralized. Under collateralization of all cash accounts with depositories could cause a violation of the Code and potential loss of Government assets if a financial institution were to fail.

We recommend that the Government implement policies and procedures to ensure all cash accounts for the Government and its component units are in compliance with the stated requirements.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-015: Landfill Consent Decrees

Finding and Recommendation:

Closure and post-closure directives related to landfills are regulated by various Federal laws, including requirements by the United States Environmental Protection Agency (EPA).

As such, the Government is required to construct and operate certain environmental control systems and otherwise comply with certain requirements during operation of each of its landfill sites, properly close the site (including placement of a final landfill cover) when the landfill (or portion thereof) stops accepting waste, and perform certain post-closure maintenance and monitoring functions at the site for 30 years following closure.

During our procedures, we noted that there are a number of noncompliance matters with respect to EPA decrees concerning the Anguilla and Bovoni landfills. These matters are comprised of various health and safety risks, lack of submission of various required reports, and a non-completion of the groundwater monitoring system for the Anguilla landfill perimeter. We also noted that penalties associated with these noncompliance matters will continue to accrue at certain specified rates.

We recommend that the Government consider budgeting funds to pay penalties already accrued. In addition, the Government should take the measures necessary to address immediate noncompliance with the consent decree time tables to avoid future penalties.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-016: Establishment of a Medical Malpractice Trust Fund

Finding and Recommendation:

In lieu of the procurement of a group insurance policy as set forth in subsection (a) of Virgin Islands Code Section 27, the Commissioner of Health is authorized to self-insure health care providers against claims arising out of the rendering of, or failure to render, medical care or services, or against claims for injury or death to patients arising out of the activities of health care providers, upon compliance with the following condition (amongst others):

- Establishment of a Medical Malpractice Risk Management Trust Fund to provide coverage against professional medical malpractice liability, which Fund shall be managed by a licensed broker or brokerage firm. The investment plan of such firm shall be subject to the approval of the Medical Malpractice Action Review Committee; a maximum of 1% of the proceeds of such Fund may be used by the Territorial Office of Risk Management as defined within the Code, for administrative purposes. Interest accruing on such Fund shall be retained or redeposited into such Fund.

We noted that the Government has not set up a separate trust fund. We recommend that the Government continue to monitor the applicable requirements related to professional medical malpractice, to ensure the Government remains in compliance.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-017: Procurement Regulations

Finding and Recommendation:

Procurement is governed by *Title 31, Chapter 23, Sections 231 - 251*, of the Virgin Islands Code which states the various types and requirements for procuring goods and services. The Department of Property and Procurement is the agency primarily responsible for all acquisitions of goods and services.

Procurement regulations and procedures state that contract files must be maintained documenting the history of the procurement, including requisitions, purchase orders, and solicitations. Per the Procurement Manual, all requisitions must be created following the regulatory guidelines of the Department of Property and Procurement, then in effect. When creating a requisition or purchase order, all necessary supporting documentation must be attached in the ERP system; this includes the required quotes and a justification letter signed by the User Agency head and approved by the Commissioner of Property and Procurement, if required.

We noted the following during our procedures:

- We noted four (4) instances where the contract files did not contain the requisite documentation to provide evidence that the procurement met the stated requirements.
- We noted eight (8) purchase orders from two (2) different vendors that appeared to be split purchases orders or used the same vendor quotes or invoices.
- We noted that two (2) out of thirty-one (31) existing vendors selected did not have profiles created in the ERP System. Although these vendors have valid, signed supply contracts, their vendor IDs could not be retrieved from the ERP system.
- We noted one (1) new vendor creation in the ERP system with a lack of sufficient supporting documentation.

We recommend that the Government retain all necessary supporting documentation for purchase orders, contracts, and vendor profiles to ensure that internal policies and regulations are being adhered to.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding 2019-018: Casino Control Commission

Finding and Recommendation:

Title 32, Chapter 21, Section 514 of the Virgin Islands Code states that the Chairman of the Casino Control Commission “shall submit to the Department of Finance by the 30th day of the month following the end of each quarter a report detailing the amount, nature, and the justification for each item of expenditure in the previous quarter. The report shall be accompanied by receipts and any other documentation required by the Department of Finance’s rules and regulations or other laws of the Virgin Islands. An annual financial report of the fiscal year’s expenditures from the special checking account shall be compiled by the Chairman of the Commission and submitted to the Legislature and the Department of Finance by the 30th of the month following the end of the fiscal year.”

We noted that the Casino Commission is not submitting the requisite reports to the Department of Finance. It is recommended that the Department of Finance maintain proper oversight over the Casino Control Commission and obtain and review the required reports. The reviews should encompass supporting documentation for all financial transactions and a review of compliance with Virgin Islands policies and procedures.

Views of Responsible Officials - The Government concurs with the auditor’s findings and recommendations. The planned corrective actions are presented in the Government’s Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Section III - Federal Award Findings and Questioned Costs

Finding Number: 2019-019
Prior Year Finding Number: 2018-019
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Human Services (DHS)

Supplemental Nutrition Assistance Program Cluster

CFDA #: 10.551, 10.561

Award #: 1VI400409, 1VI400408

Award Year: 10/01/2017 - 09/30/2018

10/01/2018 - 09/30/2019

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, salaries and wages charged to Federal awards are subject to the standards of documentation as described by 2 CFR Section 200.430(i) and must be based on records that accurately reflect the work performed. These records must:

- Be incorporated into the organization's official records;
- Reasonably reflect the total activity for which the employee is compensated across all grant-related and non-grant related activities (100% effort); and
- Support the distribution of employee salary across multiple activities or cost objectives.

Condition - We sampled and selected 60 out of 1,846 payroll transactions and noted the following:

- 2 employee timesheets were not available for review.
- 2 employees had their salaries charged to a grant project that was not authorized per the Notice of Personnel Action (NOPA) form.

Questioned Costs - Below reporting threshold.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample. Total amount of payroll expenditures charged to the program in fiscal year 2019 were \$2,497,687. The salaries charged to a grant project that was not authorized per the NOPA form amounted to \$3,826.

Effect - DHS is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure compliance with applicable cost principles and maintenance of underlying documentation.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Recommendation - We recommend that DHS improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for payroll expenditures. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports (time and attendance) or equivalent documents. Such information should also be monitored, retained, and approved by a responsible official of DHS in a timely manner.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-020
Prior Year Finding Number: 2018-023
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Human Services (DHS)

Supplemental Nutrition Assistance Program Cluster

CFDA #: 10.551, 10.561

Award #: 1VI400409, 1VI400408

Award Year: 10/01/2017 - 09/30/2018

10/01/2018 - 09/30/2019

Criteria - In accordance with the Uniform Guidance in 2 CFR Section 200.306, *Cost Sharing or Matching*, and the requirements of the grant agreements, the program is required to contribute matching funds through cash, in-kind contributions, and/or other non-cash support.

Condition - We sampled and selected 60 out of 1,720 matching expenditures and noted that for 4 transactions, DHS was unable to provide supporting records.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample. The 4 transactions amounted to \$34,254.

Effect - DHS is not in compliance with the stated provisions.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure complete compliance with the matching requirement.

Recommendation - We recommend that DHS deploy resources that are given the responsibility to ensure periodic review, monitoring, and compliance of the match requirement throughout the fiscal year. Further, we recommend that DHS improve its internal controls to ensure adherence to its current retention policies.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-021
Prior Year Finding Number: 2018-025
Compliance Requirement: Procurement/Suspension and Debarment

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Human Services (DHS)

Supplemental Nutrition Assistance Program Cluster

CFDA #: 10.551, 10.561

Award #: 1VI400409, 1VI400408

Award Year: 10/01/2017 - 09/30/2018

10/01/2018 - 09/30/2019

Criteria - Recipients of Federal awards must have adequate policies and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation corroborate compliance with these requirements.

Condition - The Government's Department of Property and Procurement (DPP) is primarily responsible for procurement transactions. In our review of 5 out of 17 procurement transactions, we noted all of the selected files did not contain sufficient supporting documents in order to verify the contractors' exclusion from the Excluded Parties List System to validate the procurement decisions made.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample.

Effect - DHS could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government.

Cause - DHS does not appear to have a process in place to adequately monitor and maintain completed contract files comprising of all supporting documents.

Recommendation - We recommend that DHS and DPP improve internal controls to ensure adherence to Federal regulations relating to the procurement of goods and services and review current records retention policies. There should be timely coordination and communication amongst all Government departments and/or agencies that are responsible for handling and managing procurement tasks.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-022
Prior Year Finding Number: 2018-029
Compliance Requirement: Special Tests and Provisions - EBT Card Security

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Human Services (DHS)

Supplemental Nutrition Assistance Program Cluster

CFDA #: 10.551, 10.561

Award #: 1VI400409, 1VI400408

Award Year: 10/01/2017 - 09/30/2018

10/01/2018 - 09/30/2019

Criteria - Per 7 CFR Section 274.8(b)(3), *System Security*, as an addition to or component of the Security Program required of Automated Data Processing (ADP) systems, the State or Territory agency shall ensure that the certain electronic benefits transfer (EBT) security requirements are established. As such, DHS is required to maintain adequate security over, and documentation/records for EBT cards, to prevent their theft, embezzlement, loss damage, destruction, unauthorized transfer, negotiation, or use.

Condition - DHS contracted with Fidelity National Information Service (FIS) for the issuance and security of the EBT cards; however, it is DHS' ultimate responsibility to ensure the contractor has controls in place to maintain adequate security over, and documentation/records of EBT cards.

We sampled and selected 8 out of 29 monthly card reconciliations and noted the following:

- For 8 EBT card reconciliations, DHS did not have a process in place for reviews and approvals.
- For 5 EBT card reconciliations, DHS did not maintain adequate records to account for the cards issued.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample.

Effect - Without adequate internal controls to ensure compliance with EBT card security requirements, there is an increased risk that the inventory of EBT cards will not be properly maintained and accounted for.

Cause - DHS does not have adequate policies and procedures in place to ensure adequate safeguarding and documentation of EBT cards.

Recommendation - We recommend that DHS implement formal policies and procedures to maintain adequate security over, and documentation and records for EBT Cards.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-023
Prior Year Finding Number: 2018-036
Compliance Requirement: Equipment/Real Property Management

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Health (DOH)

Special Supplemental Nutrition Program for Women,
Infants, and Children (WIC)
CFDA #: 10.557
Award #: 1VI700708
Award Year: 10/01/2017 - 09/30/2020

Criteria - Per the Uniform Guidance in 2 CFR Section 200.313, *Equipment*, 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, cost of the property, percentage of Federal participation in the cost of the property, the location, use and conditions of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Further, a physical inventory of equipment should be taken at least once every 2 years and reconciled to the equipment records along with the usage of an appropriate control system to safeguard and maintain equipment.

Condition - The Government's Department of Property and Procurement (DPP) maintains the equipment register for DOH. DPP was unable to provide complete property records which met the stated requirements. Further, no physical inventory of equipment was taken in fiscal year 2019.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DOH's compliance with the specified requirements.

Effect - There is a risk that inadequate recordkeeping of equipment could lead to misappropriation of assets and noncompliance with Federal regulations resulting in a return of Federal awards received.

Cause - The Government does not appear to have a process in place to adequately monitor equipment acquired with Federal funds.

Recommendation - We recommend that DPP and DOH improve internal controls to ensure adherence to Federal regulations related to equipment and its related maintenance. There should be timely coordination and communication amongst all Government departments and/or agencies that are responsible for handling and managing such assets.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-024
Prior Year Finding Number: 2018-037
Compliance Requirement: Procurement/Suspension and Debarment

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Health (DOH)

Special Supplemental Nutrition Program for Women,
Infants, and Children (WIC)
CFDA #: 10.557
Award #: 1VI700708
Award Year: 10/01/2017 - 09/30/2020

Criteria - Recipients of Federal awards must have adequate policies and controls in place to ensure that the procedures are properly documented in the entity's files, provide full and open competition supported by a cost or price analysis, provide a vendor debarment or suspension certification, provide for retention of files, and that supporting documentation corroborate compliance with these requirements.

Condition - The Government's Department of Property and Procurement (DPP) is primarily responsible for procurement transactions. In our review of 16 out of 155 procurement transactions, we noted 6 of the selected files did not have sufficient supporting documents to evidence that vendor checks had been performed before entering into an agreement.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DOH's compliance with the specified requirements using a statistically valid sample.

Effect - DOH could inadvertently contract with or make sub-awards to parties that are suspended or debarred from doing business with the Federal government as well as award contracts to vendors whose contract prices are unreasonable. In addition, contracts may be executed to unqualified vendors.

Cause - DOH does not appear to have a process in place to adequately monitor and maintain completed contract files comprising of all supporting documents.

Recommendation - We recommend that DOH and DPP improve internal controls to ensure adherence to federal regulations relating to the procurement of goods and services and review current records retention policies. There should be timely coordination and communication amongst all Government departments and/or agencies that are responsible for handling and managing procurement tasks.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-025
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000
Award Year: 10/01/2016 - 09/30/2019

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, salaries and wages charged to Federal awards are subject to the standards of documentation as described by 2 CFR Section 200.430(i) and must be based on records that accurately reflect the work performed. These records must:

- Be incorporated into the organization's official records;
- Reasonably reflect the total activity for which the employee is compensated across all grant-related and non-grant related activities (100% effort); and
- Support the distribution of employee salary across multiple activities or cost objectives.

Condition - We sampled and selected 60 out of 597 payroll transactions and noted the following:

- 7 employee timesheets were not available for review.
- 1 employee timesheet had not been reviewed and approved.
- 1 employee Notice of Personnel Action (NOPA) was not available for review.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OTAG's compliance with the specified requirements using a statistically valid sample. Total amount of payroll expenditures charged to the program during fiscal year 2019 were \$1,304,942.

Effect - OTAG is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - OTAG does not appear to have adequate policies and procedures in place to ensure compliance with applicable cost principles and maintenance of underlying documentation.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Recommendation - We recommend that OTAG improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for payroll expenditures. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports (time and attendance) or equivalent documents. Such information should also be monitored, retained, and approved by a responsible official of OTAG in a timely manner.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-026
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000
Award Year: 10/01/2016 - 09/30/2019

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - OTAG did not perform a reconciliation of the Federal cash drawdown transactions and cash receipts recorded in the ERP system.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OTAG's compliance with the specified requirements and general compliance principles.

Effect - OTAG is not in compliance with the stated provisions. Inaccurate information may have been reported to the Federal government in the absence of required reconciliations and reviews.

Cause - It appears that policies and procedures, including review over cash management transactions, were not functioning as intended.

Recommendation - We recommend that OTAG reevaluate its policies and procedures to ensure proper monitoring and continue to be vigilant in following internal procedures over reviews and authorizations.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-027
Prior Year Finding Number: N/A
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000
Award Year: 10/01/2016 - 09/30/2019

Criteria - In accordance with the Uniform Guidance in 2 CFR Section 200.306, *Cost Sharing or Matching*, and the requirements of the grant agreements, the program is required to contribute matching funds through cash, in-kind contributions, and/or other non-cash support.

Condition - We sampled and selected 60 out of 415 matching expenditures and noted the following:

- 10 transactions did not include evidence of appropriate reviews and approvals and the supporting records were not available for review.
- 1 transaction, while approved, did not have supporting records available for review.
- 2 transactions were incurred before the period of performance and did not contain written approval of the Federal awarding agency.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OTAG's compliance with the specified requirements using a statistically valid sample. The known amount of the 2 transactions incurred before the period of performance and utilized for the matching requirement amounted to \$4,648.

Effect - OTAG is not in compliance with the stated provisions.

Cause - OTAG does not appear to have adequate policies and procedures in place to ensure complete compliance with the matching requirement.

Recommendation - We recommend that OTAG deploy resources that are given the responsibility to ensure periodic review, monitoring, and compliance of the match requirement throughout the fiscal year. Further, we recommend that OTAG improve its internal controls to ensure adherence to its current retention policies.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-028
Prior Year Finding Number: N/A
Compliance Requirement: Period of Performance

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000
Award Year: 10/01/2016 - 09/30/2019

Criteria - A non-Federal entity may charge to the Federal award allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award, only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

Further, the Uniform Guidance in 2 CFR 200.344(b), states that unless the Federal awarding agency or pass-through entity authorized an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

Condition - We sampled and selected 137 out of 578 expenditures and noted that 18 expenditures were incurred before the period of performance and did not contain written approval of the Federal awarding agency.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OTAG's compliance with the specified requirements using a statistically valid sample. The known amount of the 18 transactions incurred outside the period of performance amounted to \$323,023.

Effect - OTAG is not in compliance in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - OTAG did not appear to have adequate policies and procedures in place to ensure compliance with the required period of performance stipulations.

Recommendation - We recommend that OTAG strengthen its processes with respect to setting up and charging expenditures between various grant awards. We also recommend that OTAG enhance its review process to properly determine the activities of each grant relative to the appropriate period of performance.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-029
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000
Award Year: 10/01/2016 - 09/30/2019

Criteria - Each State or Territory must file various financial, programmatic, and special reports. Additionally, the requirements necessitate that all submitted reports should be supported by the underlying performance records and presented in accordance with program requirements.

Condition - During our review of the SF-270 reports, we selected 60 out of 253 submissions and noted the following:

- 2 reports provided did not have the necessary evidence of review and approval prior to submission.
- 58 of the selected reports were not available for review.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OTAG's compliance with the specified requirements using a statistically valid sample.

Effect - OTAG is not compliance with the stated provisions and inaccurate information may have been reported to the Federal government.

Cause - It appears that policies and procedures, including review over reporting procedures were not functioning as intended.

Recommendation - We recommend the OTAG reevaluate its policies and procedures to ensure proper retention, monitoring, and review of the required reports by an appropriate official who would ensure that information submitted is complete, accurate, consistent, and submitted within the required timeframe.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-030
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

Economic, Social, and Political Development of the
Territories

CFDA #: 15.875

Award #: Various

Award Year: Various

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - The Government did not perform a reconciliation of the Federal cash drawdown transactions and cash receipts recorded in the ERP system.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of the Government's compliance with the specified requirements and general compliance principles. Total fiscal year 2019 drawdown requests were \$2,625,253.

Effect - The Government is not in compliance with the stated provisions. Inaccurate information may have been reported to the Federal government in the absence of required reconciliations and reviews.

Cause - It appears that policies and procedures, including review over cash management transactions, were not functioning as intended.

Recommendation - We recommend that the Government reevaluate its policies and procedures to ensure proper monitoring and continue to be vigilant in following internal procedures over reviews and authorizations.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-031
Prior Year Finding Number: N/A
Compliance Requirement: Equipment/Real Property Management

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

Economic, Social, and Political Development of the
Territories

CFDA #: 15.875

Award #: Various

Award Year: Various

Criteria - Per the Uniform Guidance in 2 CFR Section 200.313, *Equipment*, 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, cost of the property, percentage of Federal participation in the cost of the property, the location, use and conditions of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Further, a physical inventory of equipment should be taken at least once every 2 years and reconciled to the equipment records along with the usage of an appropriate control system to safeguard and maintain equipment.

Condition - The Government's Department of Property and Procurement (DPP) maintains the equipment register. DPP was unable to provide complete property records which met the stated requirements. Further, no physical inventory of equipment was taken in fiscal year 2019.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of the Government's compliance with the specified requirements.

Effect - There is a risk that inadequate recordkeeping of equipment could lead to misappropriation of assets and noncompliance with Federal regulations resulting in a return of Federal awards received.

Cause - The Government does not appear to have a process in place to adequately monitor equipment acquired with Federal funds.

Recommendation - We recommend that DPP improve internal controls to ensure adherence to Federal regulations related to equipment and its related maintenance. There should be timely coordination and communication amongst all Government departments and/or agencies that are responsible for handling and managing such assets.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-032
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

Economic, Social, and Political Development of the
Territories
CFDA #: 15.875
Award #: Various
Award Year: Various

Criteria - Each State or Territory must file various financial, programmatic, and special reports. Additionally, the requirements necessitate that all submitted reports should be supported by the underlying performance records and presented in accordance with program requirements.

Condition - During our review of the SF-425 reports, we selected 6 out of 59 submissions and noted the following:

- 1 report was not available for review.
- 4 reports where sufficient supporting documentation was not available to validate that the respective financial information agreed with the underlying records.
- 1 report had not been submitted in a timely manner.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of the Government's compliance with the specified requirements using a statistically valid sample.

Effect - The Government is not compliance with the stated provisions and inaccurate information may have been reported to the Federal government.

Cause - It appears that policies and procedures, including review over reporting procedures were not functioning as intended. Further, the Government does not have adequate control over maintenance of the underlying documentation used in preparing various reports.

Recommendation - We recommend the Government reevaluate its policies and procedures to ensure proper retention, monitoring, and review of the required reports by an appropriate official who would ensure that information submitted is complete, accurate, consistent, and submitted within the required timeframe.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-033
Prior Year Finding Number: 2018-038
Compliance Requirement: Activities Allowed or Unallowed

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance
CFDA #: 17.225
Award #: Various
Award Period: 10/01/2016 - 12/31/2021

Criteria - In accordance with the Uniform Guidance in 2 CFR Section Part 200, a State or Territory must adopt its own written fiscal and administrative requirements for expending and accounting for all funds, which are consistent with the provisions of the Uniform Guidance and extend such policies to all sub-recipients. These fiscal and administrative requirements must be sufficiently specific to ensure that: funds are used in compliance with all applicable Federal statutory and regulatory provisions, costs are reasonable and necessary for operating these programs, and funds are not used for general expenses required to carry out other responsibilities of a State or Territory or its sub-recipients.

Condition - VIDOL was unable to provide reconciled accounting information relating to the majority of the Unemployment Insurance Trust Fund accounts. As such, we were unable to conclude on the fiscal and administrative requirements with respect to expending and accounting for all funds related to the Unemployment Insurance program.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of VIDOL's compliance with the specified requirements.

Effect - Accounting tasks, such as periodic reconciliations, play a key role in proving the accuracy of accounting data and information included in various interim financial statements and/or Federal reports. A lack of timely preparation of complete and accurate reconciliations results in the absence of adequate control over both cash receipts and disbursements.

Cause - VIDOL does not appear to have adequate policies and procedures in an effort to adequately administer the expending and accounting for all funds.

Recommendation - We recommend that VIDOL improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for all funds. In order to prevent significant errors in the financial records as well as prevent possible irregularities, including fraud, to exist and continue without notice, we recommend that all accounts, accruals, and reconciliations be reviewed on a periodic basis.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-034
Prior Year Finding Number: 2018-040
Compliance Requirement: Eligibility

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance
CFDA #: 17.225
Award #: Various
Award Period: 10/01/2016 - 12/31/2021

Criteria - Public Law 112-96 Sec. 2101 requires that as a condition of eligibility for regular compensation, a claimant must be able to work, available to work, legally authorized to work in the United States, and actively seeking work.

Further, the Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - In our review of 60 out of 3,042 unemployment claimant files, we noted 1 instance where VIDOL was not able to provide evidence that the claimant met the criteria for participating in the UI program, but had received benefits during the year.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of VIDOL's compliance with the specified requirements using a statistically valid sample.

Effect - Noncompliance with program requirements could result in disallowances of costs and claimants could be receiving benefits that they are not entitled to receive.

Cause - VIDOL does not appear to have adequate policies and procedures in place to ensure a consistent and systematic review of the data in its claimant files.

Recommendation - We recommend that VIDOL perform regular reviews of the data in its claimant files to ensure accuracy and completeness and confirming that only eligible claimants are receiving the entitled benefits. Additional levels of review by a supervisor or manager can provide more timely quality assurance oversight over the eligibility process.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-035
Prior Year Finding Number: 2018-041
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

CFDA #: 17.225

Award #: Various

Award Period: 10/01/2016 - 12/31/2021

Criteria - In accordance with the Uniform Guidance in 2 CFR Section 200.306, *Cost Sharing or Matching*, and the requirements of the grant agreements, the program is required to contribute matching funds through cash, in-kind contributions, and/or other non-cash support.

Condition - VIDOL was unable to readily exhibit and provide its computation of the matching calculation or provide evidence that it was monitoring compliance with said requirement.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of VIDOL's compliance with the specified requirements.

Effect - VIDOL is not in compliance with the stated provisions.

Cause - VIDOL does not appear to have adequate policies and procedures in place to ensure complete compliance with the matching requirement.

Recommendation - We recommend that VIDOL deploy resources that are given the responsibility to ensure periodic monitoring and compliance of the matching requirement throughout the fiscal year.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-036
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Environmental Protection Agency

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Drinking Water State Revolving Fund Cluster

CFDA #: 66.468

Award #: FS98235211, FS98235212, FS98235213,
FS98235214, FS98235215, FS98235216, FS98235217

Award Year: 10/01/11 - 09/30/18, 03/01/2012 - 02/28/20,
10/01/12 - 09/30/19, 10/01/13 - 09/30/21, 10/01/14 -
09/30/21, 10/01/15 - 09/30/22, 10/01/16 - 09/30/23

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, salaries and wages charged to Federal awards are subject to the standards of documentation as described by 2 CFR Section 200.430(i) and must be based on records that accurately reflect the work performed. These records must:

- Be incorporated into the organization's official records;
- Reasonably reflect the total activity for which the employee is compensated across all grant-related and non-grant related activities (100% effort); and
- Support the distribution of employee salary across multiple activities or cost objectives.

Condition - We sampled and selected 14 out of 142 payroll expenditures and noted all 14 expenditures did not have the correct and/or complete project numbers in the Notice of Personnel Action (NOPA) forms.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DPNR's compliance with the specified requirements using a statistically valid sample. Total amount of payroll expenditures charged to the program in fiscal year 2019 were \$169,872 and the known amount of the exceptions amounted to \$25,631.

Effect - DPNR is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - DPNR does not appear to have adequate policies and procedures in place to ensure compliance with applicable cost principles and maintenance of underlying documentation.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Recommendation - We recommend that DPNR improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for payroll expenditures. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports (time and attendance) or equivalent documents. Such information should also be monitored, retained, and approved by a responsible official of DPNR in a timely manner.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-037
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:

U.S. Environmental Protection Agency

Drinking Water State Revolving Fund Cluster

CFDA #: 66.468

Award #: FS98235211, FS98235212, FS98235213,
FS98235214, FS98235215, FS98235216, FS98235217

Award Year: 10/01/11 - 09/30/18, 03/01/2012 - 02/28/20,
10/01/12 - 09/30/19, 10/01/13 - 09/30/21, 10/01/14 -
09/30/21, 10/01/15 - 09/30/22, 10/01/16 - 09/30/23

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with federal statutes, regulations, and the terms and conditions of the federal award.

Condition - We reviewed 7 out of 20 drawdowns and noted 2 drawdowns, related to payroll transactions, were settled beyond the allowed number of days per the Territory's Cash Management Improvement Act (CMIA) agreement.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DPNR's compliance with the specified requirements using a statistically valid sample. Total fiscal year 2019 drawdown requests were \$4,260,856.

Effect - DPNR is not in compliance with the stated provisions.

Cause - DPNR does not appear to have adequate policies and procedures and effective internal controls to process, review, and approve cash drawdowns in accordance with funding techniques and clearance patterns applicable for this program.

Recommendation - We recommend that DPNR comply with the provisions of the CMIA agreement and request Federal funds consistent with the CMIA agreement funding techniques and clearance patterns for this program.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-038
Prior Year Finding Number: N/A
Compliance Requirement: Period of Performance

Program:

U.S. Environmental Protection Agency

Government Department/Agency:

Department of Planning and Natural Resources (DPNR)

Drinking Water State Revolving Fund Cluster

CFDA #: 66.468

Award #: FS98235211, FS98235212, FS98235213,
FS98235214, FS98235215, FS98235216, FS98235217

Award Year: 10/01/11 - 09/30/18, 03/01/2012 - 02/28/20,
10/01/12 - 09/30/19, 10/01/13 - 09/30/21, 10/01/14 -
09/30/21, 10/01/15 - 09/30/22, 10/01/16 - 09/30/23

Criteria - A non-Federal entity may charge to the Federal award allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award, only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

Further, the Uniform Guidance in 2 CFR 200.344(b), states that unless the Federal awarding agency or pass-through entity authorized an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

Condition - We sampled and selected 21 out of 204 expenditures and noted the following:

- 8 payroll related manual adjustments in the amount of \$2,497 did not have supporting records available to validate whether the adjustments were associated with transactions occurring within the period of performance.
- 7 non-payroll obligated expenditures in the amount of \$2,432,398 were liquidated beyond the allowable period without an authorized extension.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DPNR's compliance with the specified requirements using a statistically valid sample totaling \$3,215,131.

Effect - DPNR is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - DPNR does not appear to have adequate policies and procedures in place to ensure compliance with the required period of performance stipulations.

Recommendation - We recommend that DPNR strengthen its processes with respect to setting up and charging expenditures between various grant awards. We also recommend that DPNR enhance its review process to properly determine the activities of each grant relative to the appropriate period of performance. Such information should also be monitored, retained, and approved by a responsible official of DPNR in a timely manner.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-039
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Indirect Cost Activities

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Consolidated Grant to the Outlying Areas

CFDA #: 84.403

Award #: S403A150007, S403A160004, S403A170004, S403A180004

Award Periods: 07/01/2015 - 09/30/2016

07/01/2016 - 09/30/2017

07/01/2017 - 09/30/2018

07/01/2018 - 09/30/2019

Criteria - Actual conditions must be taken into account in selecting the base to be used in allocating the expenses in each grouping to the benefitted functions. When an allocation can be made by assignment of a cost grouping directly to the function benefitted, the allocation must be made in that manner. When the expenses in a grouping are more general in nature, the allocation should be made using a selected base which produces results that are equitable to both the Federal Government and the governmental unit.

Condition - DOE did not reconcile and accurately allocate the share of indirect costs to the program. We sampled and selected 3 out of 12 months of indirect costs and noted 1 month where the base amount utilized in calculating indirect costs for the month exceeded actual expenditures recorded in the accounting system. As a result, indirect costs claimed for the period were overstated.

Questioned Costs - Below reporting threshold.

Context - This is a condition identified per review of DOE's compliance with the specified requirements using a statistically valid sample. DOE has an approved indirect cost rate agreement of 6.7% for fiscal year 2019. Indirect costs claimed for the period were overstated by \$10,580.

Effect - Failure to properly review expenditures and allocations can result in noncompliance with laws and regulations along with loss of funding.

Cause - Indirect costs were not properly calculated and captured in the accounting system.

Recommendation - We recommend that DOE review and reconcile cost allocations to ensure accuracy. DOE may also consider revising its future cost allocations for any overstatements.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-040
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Consolidated Grant to the Outlying Areas

CFDA #: 84.403

Award #: S403A150007, S403A160004, S403A170004, S403A180004

Award Periods: 07/01/2015 - 09/30/2016

07/01/2016 - 09/30/2017

07/01/2017 - 09/30/2018

07/01/2018 - 09/30/2019

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We reviewed 17 out of 157 drawdowns and noted 2 drawdowns were not in accordance with the provisions of the Territory's Cash Management Improvement Act (CMIA) agreement.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DOE's compliance with the provisions of the CMIA agreement using a statistically valid sample. Total fiscal year 2019 drawdown requests were \$16,150,757.

Effect - DOE is not in compliance with the stated provisions.

Cause - DOE did not appear to exercise due diligence in requesting Federal funds consistent with the CMIA agreement and its actual cash needs.

Recommendation - We recommend that DOE comply with provisions of CMIA agreement and request Federal funds consistent with the CMIA agreement funding techniques and clearance patterns for this program or consider applying for an exemption from the CMIA agreement.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-041
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Justice (DOJ)

Child Support Enforcement

CFDA #: 93.563

Award #: 1901VICSES, 1901VICEST

Award Year: 10/01/2018 - 09/30/2019

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, salaries and wages charged to Federal awards are subject to the standards of documentation as described by 2 CFR Section 200.430(i) and must be based on records that accurately reflect the work performed. These records must:

- Be incorporated into the organization's official records;
- Reasonably reflect the total activity for which the employee is compensated across all grant-related and non-grant related activities (100% effort); and
- Support the distribution of employee salary across multiple activities or cost objectives.

Condition - We sampled and selected 60 out of 898 payroll transactions and noted 4 transactions where the employees' hours reported in the payroll register did not agree to the supporting timesheets.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DOJ's compliance with the specified requirements using a statistically valid sample. Total amount of payroll expenditures charged to the program in fiscal year 2019 were \$1,829,857.

Effect - DOJ is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - DOJ does not appear to have adequate policies and procedures in place to ensure compliance with applicable cost principles and maintenance of underlying documentation.

Recommendation - We recommend that DOJ improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for payroll expenditures. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports (time and attendance) or equivalent documents. Such information should also be monitored, retained, and approved by a responsible official of DOJ in a timely manner.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-042
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Indirect Cost Activities

Program:
U.S. Department of Health and Human Services

Government Department/Agency:
Department of Justice (DOJ)

Child Support Enforcement
CFDA #: 93.563
Award #: 1901VICSES, 1901VICEST
Award Year: 10/01/2018 - 09/30/2019

Criteria - Actual conditions must be taken into account in selecting the base to be used in allocating the expenses in each grouping to the benefitted functions. When an allocation can be made by assignment of a cost grouping directly to the function benefitted, the allocation must be made in that manner. When the expenses in a grouping are more general in nature, the allocation should be made using a selected base which produces results that are equitable to both the Federal Government and the governmental unit.

Condition - DOJ did not reconcile and accurately allocate the share of indirect costs to the program. It appears that indirect costs charged to the program were overstated.

Questioned Costs - \$278,600.

Context - This is a condition identified per review of DOJ's compliance with the specified requirements. The known amount of the overstated charges were \$278,600.

Effect - Failure to properly review expenditures and allocations can result in noncompliance with laws and regulations along with loss of funding.

Cause - Indirect costs were not properly calculated and captured in the accounting system.

Recommendation - We recommend that DOJ review and reconcile cost allocations to ensure accuracy. DOJ may also consider revising its future cost allocations for any understatements.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-043
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:
U.S. Department of Health and Human Services

Government Department/Agency:
Department of Justice (DOJ)

Child Support Enforcement
CFDA #: 93.563
Award #: 1901VICSES, 1901VICEST
Award Year: 10/01/2018 - 09/30/2019

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We reviewed 12 out of 304 drawdowns and noted 2 instances where the amount requested for drawdown exceeded the allocated cost incurred.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DOJ's compliance with the specified requirements using a statistically valid sample. Total fiscal year 2019 drawdown requests were \$5,095,676 and the excess amount requested for drawdown was \$717,606.

Effect - DOJ is not in compliance with the stated provisions.

Cause - It appears that policies and procedures, including review over cash management transactions, were not functioning as intended.

Recommendation - We recommend that DOJ reevaluate its policies and procedures to ensure proper monitoring and continue to be vigilant in following internal procedures to ensure compliance with stated provisions.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-044
Prior Year Finding Number: N/A
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Justice (DOJ)

Child Support Enforcement
CFDA #: 93.563
Award #: 1901VICSES, 1901VICEST
Award Year: 10/01/2018 - 09/30/2019

Criteria - In accordance with the Uniform Guidance in 2 CFR Section 200.306, *Cost Sharing or Matching*, and the requirements of the grant agreements, the program is required to contribute matching funds through cash, in-kind contributions, and/or other non-cash support.

Condition - We noted the local match funding requirement had not been met for the fiscal year.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DOJ's compliance with the specified requirements. The local match funding requirement is 34%, while the actual for the fiscal year was 31%.

Effect - DOJ is in not in compliance with the stated provisions.

Cause - DOJ does not appear to have adequate policies and procedures in place to ensure complete compliance with the matching requirement.

Recommendation - We recommend that DOJ deploy resources that are given the responsibility to ensure periodic monitoring and compliance of the match requirement throughout the fiscal year.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-045
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Non-Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

Award Period: 10/01/2016 - 09/30/2021

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In addition, per 2 CFR Section 200.403, *Factors Affecting Allowability of Costs*, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under federal awards:

- a. Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amounts of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity.
- d. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- e. Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- g. Be adequately documented.”

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Condition - We sampled and selected 60 out of 860 non-payroll transactions and noted the following:

- 1 invoice did not contain evidence of review and approval.
- 1 invoice did not have sufficient supporting documentation for 3 childcare vouchers.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample. Total amount of non-payroll expenditures charged to the program in fiscal year 2019 were \$2,044,200.

Effect - DHS is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure compliance with the required cost principles such as review and approval of expenditures and maintenance of records.

Recommendation - We recommend that DHS improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for non-payroll expenditures. In addition, DHS should continue to be vigilant in following internal policies over reviews and authorizations.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-046
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

Award Period: 10/01/2016 - 09/30/2021

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, salaries and wages charged to Federal awards are subject to the standards of documentation as described by 2 CFR Section 200.430(i) and must be based on records that accurately reflect the work performed. These records must:

- Be incorporated into the organization's official records;
- Reasonably reflect the total activity for which the employee is compensated across all grant-related and non-grant related activities (100% effort); and
- Support the distribution of employee salary across multiple activities or cost objectives.

Condition - We sampled and selected 25 out of 246 payroll transactions and noted the following:

- 1 timesheet did not contain evidence of review and approval.
- 1 timesheet was not available for review.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample. Total amount of payroll expenditures charged to the program in fiscal year 2019 were \$626,043.

Effect - DHS is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure compliance with applicable cost principles and maintenance of underlying documentation.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Recommendation - We recommend that DHS improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for payroll expenditures. Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages should be supported by personnel activity reports (time and attendance) or equivalent documents. Such information should also be monitored, retained, and approved by a responsible official of DHS in a timely manner.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-047
Prior Year Finding Number: N/A
Compliance Requirement: Eligibility

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster
CFDA #: 93.575
Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF
Award Period: 10/01/2016 - 09/30/2021

Criteria - DHS must have in place procedures for documenting and verifying eligibility in accordance with the Federal requirements, as well as the specific eligibility requirements selected by the Territory in its approved Plan.

Further, the Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - DHS did not perform a reconciliation of the benefits paid to eligible participants and the expenditures recorded in the ERP system.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements and general compliance principles.

Effect - Noncompliance with program requirements could result in disallowances of costs and program participants could be receiving benefits that they are not entitled to receive.

Cause - It appears that policies and procedures, including review over eligibility transactions, were not functioning as intended.

Recommendation - We recommend that DHS reevaluate its policies and procedures to ensure proper monitoring and continue to be vigilant in following internal procedures over reviews and authorizations.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-048
Prior Year Finding Number: N/A
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

Award Period: 10/01/2016 - 09/30/2021

Criteria - In accordance with the Compliance Supplement, the State or Territory:

- May not spend on administrative costs more than five percent of total CCDF awards expended (i.e., the total of CFDA 93.575 and 93.596) and any State expenditures for which Matching Funds (CFDA 93.596) are claimed (42 USC 9858c(c)(3)(C); 45 CFR section 98.52).
- Must spend on quality activities, in fiscal year 2018 and 2019, as provided in the State/Territorial plan, not less than eight percent of CCDF funds expended (i.e., the total of CFDA 93.575 and 93.596 funds) and any State expenditures for which Matching Funds (CFDA 93.596) are claimed (45 CFR section 98.53).
- Must spend at least an additional three percent on quality improvement for infants and toddlers (45 CFR section 98.50(b)).

Condition - We noted the following:

- One grant award exceeded the maximum five percent spend for administrative earmarking.
- The three percent spend requirement on quality improvement for infants and toddlers was not met for all grant awards active during the fiscal year.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - DHS is not in compliance with the stated provisions.

Cause - DHS does not appear to have adequate policies and procedures and internal controls in place to ensure consistent and systematic monitoring of the requirements.

Recommendation - We recommend that DHS deploy resources that are given the responsibility to ensure periodic monitoring and compliance of the requirements throughout the fiscal year.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-049
Prior Year Finding Number: N/A
Compliance Requirement: Period of Performance

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster
CFDA #: 93.575
Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF
Award Period: 10/01/2016 - 09/30/2021

Criteria - A non-Federal entity may charge to the Federal award allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award, only to the extent that they would have been allowable if incurred after the date of the Federal award and only with the written approval of the Federal awarding agency.

Further, the Uniform Guidance in 2 CFR 200.344(b), states that unless the Federal awarding agency or pass-through entity authorized an extension, a non-Federal entity must liquidate all financial obligations incurred under the Federal award no later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

Condition - We sampled and selected 60 out of 860 expenditures and noted that 1 expenditure was incurred before the period of performance.

Questioned Costs - Below reporting threshold.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample. The known amount of the 1 transaction incurred outside the period of performance amounted to \$2,550.

Effect - DHS is not in compliance in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - DHS did not appear to have adequate policies and procedures in place to ensure compliance with the required period of performance stipulations.

Recommendation - We recommend that DHS strengthen its processes with respect to setting up and charging expenditures between various grant awards. We also recommend that DHS enhance its review process to properly determine the activities of each grant relative to the appropriate period of performance.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-050
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions - Health and Safety Requirements

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

Award Period: 10/01/2016 - 09/30/2021

Criteria - As part of their CCDF plans, Lead Agencies must certify that procedures are in effect (e.g., monitoring and enforcement) to ensure that providers serving children who receive subsidies comply with all applicable health and safety requirements. This includes verifying and documenting that child care providers (unless they meet an exception, e.g., family members who are caregivers or individuals who object to immunization on certain grounds) serving children who receive subsidies meet requirements pertaining to health and safety. These requirements must address 11 specific areas—including first aid and CPR, safe sleeping practices, and administration of medication—and child care workers must be trained in these areas (42 USC 9858c(c)(2)(I); 45 CFR section 98.41).

Condition - During our review of 7 out of 68 providers serving children who receive subsidies, DHS was unable to provide supporting records to validate that the specified requirements had been met.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample.

Effect - DHS is not in compliance with the stated provisions. Noncompliance with program requirements could result in disallowances of costs and ineligible providers could be participating in the program.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure consistent and systematic monitoring of requirements.

Recommendation - We recommend that DHS deploy resources that are given the responsibility to ensure periodic monitoring and compliance of the health and safety requirements throughout the fiscal year. DHS should also review its records retention policies to ensure that complete documentation is maintained, safeguarded, and available for review.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-051
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions - Fraud Detection and Repayment

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

Award Period: 10/01/2016 - 09/30/2021

Criteria - Lead Agencies shall recover childcare payments that are the result of fraud. These payments shall be recovered from the party responsible for committing the fraud (45 CFR section 98.60). The Lead Agency must correctly identify and report fraud and take steps to recover payment.

Condition - While DHS has a procedure for identifying and recovering payments resulting from fraud, via its internal audit process, it was unable to evidence that such audit(s) had been conducted during the fiscal year.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - There may be prolonged, ongoing cases of unnecessary utilization and fraud that may be unnoticed and remain unreported by the program. Funds available are possibly being used inappropriately.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure consistent and systematic monitoring of requirements.

Recommendation - We recommend that DHS deploy resources that are given the responsibility to ensure periodic monitoring and compliance with fraud detection and repayment requirements throughout the fiscal year. DHS should also review its records retention policies to ensure that complete documentation is maintained, safeguarded, and available for review.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-052
Prior Year Finding Number: 2018-049
Compliance Requirement: Equipment/Real Property Management

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Head Start

CFDA #: 93.600

Award #: 02CH010576-01, 02CH010576-02

Award Year: 07/01/2018 - 06/30/2019

07/01/2019 - 06/30/2020

Criteria - Per the Uniform Guidance in 2 CFR Section 200.313, *Equipment*, 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, cost of the property, percentage of Federal participation in the cost of the property, the location, use and conditions of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Further, a physical inventory of equipment should be taken at least once every 2 years and reconciled to the equipment records along with the usage of an appropriate control system to safeguard and maintain equipment.

Condition - The Government's Department of Property and Procurement (DPP) maintains the equipment register for DHS. DPP was unable to provide complete property records which met the stated requirements. Further, no physical inventory of equipment was taken in fiscal year 2019.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - There is a risk that inadequate recordkeeping of equipment could lead to misappropriation of assets and noncompliance with Federal regulations resulting in a return of Federal awards received.

Cause - The Government does not appear to have a process in place to adequately monitor equipment acquired with Federal funds.

Recommendation - We recommend that DHS and DPP improve internal controls to ensure adherence to Federal regulations related to equipment and its related maintenance. There should be timely coordination and communication amongst all Government departments and/or agencies that are responsible for handling and managing such assets.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-053
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

CFDA #: 93.667

Award #: 1701VISOSR, 1801VISOSR, 1901VISOSR-01

Award Year: 10/10/2016 - 09/30/2018

10/01/2017 - 09/30/2019

10/01/2018 - 09/30/2020

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We reviewed 60 out of 304 drawdowns and noted the following:

- 3 instances where the drawdown request for fund submissions did not include evidence of review and approval.
- 11 instances in which the monthly drawdown reconciliations did not include evidence of review and approval.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample. Total fiscal year 2019 drawdown requests were \$5,785,540.

Effect - DHS is not in compliance with the stated provisions. Inaccurate information may have been reported to the Federal government in the absence of required reconciliations and reviews.

Cause - It appears that policies and procedures, including review over cash management transactions, were not functioning as intended.

Recommendation - We recommend that DHS reevaluate its policies and procedures to ensure proper monitoring and continue to be vigilant in following internal procedures over reviews and authorizations.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-054
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

CFDA #: 93.667

Award #: 1701VISOSR, 1801VISOSR, 1901VISOSR-01

Award Year: 10/10/2016 - 09/30/2018

10/01/2017 - 09/30/2019

10/01/2018 - 09/30/2020

Criteria - In accordance with the Administration for Children & Families Office of Community Services, an annual Post Expenditure report that describes how the State/Territory expended its funds for the past year must be submitted, according to a schedule set by the Office of Community Services.

Condition - The post expenditure report and required supporting documents were not available for review.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - DHS is not in compliance with the stated provisions. Failure to submit required reports can result in noncompliance with the Federal program requirement and loss of Federal funding.

Cause - It appears that policies and procedures over reporting procedures were not functioning as intended.

Recommendation - We recommend that DHS reevaluate its policies and procedures to ensure proper retention, monitoring, and review of the required reports by the appropriate official who would ensure that information reported is complete, accurate, consistent, and submitted within the required timeframe.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-055
Prior Year Finding Number: N/A
Compliance Requirement: Activities Allowed or Unallowed

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Children's Health Insurance Program
CFDA #: 93.767
Award #: 1905VQ5R21, 1905VQ5021
Award Year: 10/01/2018 - 09/30/2019
10/01/2018 - 09/30/2020

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires the non-federal entity to establish and maintain effective internal control over Federal awards that provides reasonable assurance that the non-federal entity is managing Federal awards in compliance with Federal statutes, regulations, and other terms and conditions.

Condition - We sampled and selected 60 out of 27,758 claims charged to the program and noted that 1 claim had been paid using incorrect rates.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements. Total claims paid in fiscal year 2019 were \$13,877,164.

Effect - Noncompliance with program requirements could result in disallowances of costs and providers could be receiving benefits that they are not entitled to receive.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure a consistent and systematic review of the data in its provider case files.

Recommendation - We recommend that DHS perform regular reviews of the data in its provider case files to ensure accuracy and completeness. Additional levels of review by a supervisor or manager can provide more timely quality assurance oversight over the process.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-056
Prior Year Finding Number: 2018-056
Compliance Requirement: Reporting

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Children's Health Insurance Program
CFDA #: 93.767
Award #: 1905VQ5R21, 1905VQ5021
Award Year: 10/01/2018 - 09/30/2019
10/01/2018 - 09/30/2020

Criteria - In accordance with the Compliance Supplement, the State or Territory is required to submit CMS-21, *Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI for the Children's Health Insurance Program*, thirty days after the end of the quarter.

Condition - We reviewed 2 out of the 4 quarterly CMS-21 reports submitted during the fiscal year and noted that the report's financial information did not agree with the underlying records. We also noted that there was no evidence of review or approval prior to submission.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample.

Effect - DHS is not in compliance with stated provisions and inaccurate information may have been reported to the Federal government.

Cause - It appears that policies and procedures, including review over reporting procedures were not functioning as intended.

Recommendation - We recommend that DHS reevaluate its policies and procedures to ensure proper monitoring and review of the required reports by an appropriate official who would ensure the information submitted is complete, accurate, consistent, and submitted within the required timeframe.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-057
Prior Year Finding Number: 2018-057
Compliance Requirement: Allowable Costs/Cost Principles - Non-Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

Award Period: 10/01/2015 - 09/30/2022

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In addition, per 2 CFR Section 200.403, *Factors Affecting Allowability of Costs*, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under federal awards:

- a. Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amounts of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity.
- d. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- e. Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- g. Be adequately documented.”

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Condition - We sampled and selected 60 out of 603 non-payroll transactions and noted 1 instance where DHS paid a monthly fee for a trailer to store excess furniture and other administrative items that the Medicaid staff no longer needed.

Questioned Costs - Below reporting threshold.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample. The exception amounted to \$10,164.

Effect - DHS is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - DHS does not have adequate policies and procedures in place to ensure that expenses are reviewed and approved to ensure reasonability and necessity.

Recommendation - We recommend that DHS improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for non-payroll expenditures.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-058
Prior Year Finding Number: 2018-060
Compliance Requirement: Eligibility

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster
CFDA #: 93.775, 93.778
Award #: Various
Award Period: 10/01/2015 - 09/30/2022

Criteria - Plan and eligibility requirements must comply with various Federal requirements.

The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Additionally, in accordance with the State Plan under Title XIX of the Social Security Act, Section 4.7, *Maintenance of Records*, the Medicaid agency maintains or supervises the maintenance of records necessary for the proper and efficient operation of the plan, including records regarding applications, determination of eligibility, the provisions of medical assistance, and administrative costs, statistical, fiscal and other records necessary for reporting and accountability.

Condition - In our review of 60 out of 4,221 participant case files, we noted the following:

- For 10 participants, there was no evidence of completed applications.
- For 9 participants, the application had not been processed in a timely manner.
- For 13 participants, there was no documentation in the case file supporting the verification of income requirements.
- For 9 participants, there was no documentation in the case files that the applicant had provided a social security card.
- For 9 participants, there was no documentation in the case files supporting verification of the citizenship or immigration status requirements.
- For 31 participants, there was no evidence that a recertification had been performed within 12 months.
- For 38 participants, there was no evidence that a review and approval of the eligibility determination had been performed.
- DHS was unable to provide 22 participant case files for review.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample.

Effect - Noncompliance with program requirements could result in disallowances of costs and program participants could be receiving benefits that they are not entitled to receive.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Cause - DHS does not appear to have adequate policies and procedures in place to ensure a consistent and systematic review of the data in its participant case files.

Recommendation - We recommend that DHS perform regular reviews of the data in its participant case files to ensure accuracy and completeness and confirming that only eligible participants are receiving the entitled benefits. Additional levels of review by a supervisor or manager can provide more timely quality assurance oversight over the eligibility process.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-059
Prior Year Finding Number: 2018-061
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster
CFDA #: 93.775, 93.778
Award #: Various
Award Period: 10/01/2015 - 09/30/2022

Criteria - In accordance with the Compliance Supplement, the State or Territory is required to pay part of the costs of providing health care to the poor and part of the costs of administering the program. Different participation rates apply to medical assistance payments. There are also different Federal financial participation rates for the different types of costs incurred in administering the entitlement program, such as administration (including administration of family planning services), training, computer, and other costs (42 CFR sections 433.10 and 433.15).

Condition - We sampled and selected 2 out of 4 matching calculations from the CMS-64, *Quarterly Statement of Expenditures for the Medicaid Assistance Program* reports and noted that the calculations did not contain evidence of review and approval.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample.

Effect - DHS is not in compliance with the stated provisions.

Cause - DHS does not appear to exercise due diligence in following internal procedures over reviews and authorizations.

Recommendation - We recommend that DHS reevaluate its policies and procedures to ensure proper monitoring and continue to be vigilant in following internal procedures over reviews and authorizations.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-060
Prior Year Finding Number: 2018-064
Compliance Requirement: Reporting

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster
CFDA #: 93.775, 93.778
Award #: Various
Award Period: 10/01/2015 - 09/30/2022

Criteria - In accordance with the Compliance Supplement, the State or Territory is required to submit CMS-64, *Quarterly Statement of Expenditures for the Medicaid Assistance Program*, thirty days after the end of the quarter.

Condition - We reviewed 2 out of the 4 quarterly CMS-64 reports submitted during the fiscal year and noted that the report's financial information did not agree with the underlying records. We also noted there was no evidence of a review or approval prior to submission.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample.

Effect - DHS is not in compliance with stated provisions and inaccurate information may have been reported to the Federal government.

Cause - It appears that policies and procedures, including review over reporting procedures were not functioning as intended.

Recommendation - We recommend that DHS reevaluate its policies and procedures to ensure proper monitoring and review of the required reports by an appropriate official who would ensure the information submitted is complete, accurate, consistent, and submitted within the required timeframe.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-061
Prior Year Finding Number: 2018-065
Compliance Requirement: Special Tests and Provisions - Utilization Control and Program Integrity

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster
CFDA #: 93.775, 93.778
Award #: Various
Award Period: 10/01/2015 - 09/30/2022

Criteria - The State or Territory plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long-term care institutions. The State or Territory must have: (1) methods or criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures, developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials (42 CFR parts 455, 456, and 1002). Suspected fraud should be referred to the State or Territory Medicaid Fraud Control Unit (42 CFR part 1007).

The State or Territory Medicaid agency must establish and use written criteria for evaluating the appropriateness and quality of Medicaid services. The agency must have procedures for the ongoing post-payment review, on a sample basis, of the need for and the quality and timeliness of Medicaid services. The State or Territory Medicaid agency may conduct this review directly or may contract with a quality improvement organization (QIO).

Condition - DHS does not have the necessary controls or procedures to safeguard against unnecessary utilization of care and services and to identify, investigate, and refer suspected fraud cases.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - There may be prolonged, ongoing cases of unnecessary utilization and fraud which may be unnoticed and remain unreported by the program. Funds available are possibly being used inappropriately, with no methodology of properly identifying or tracking the amounts.

Cause - DHS does not appear to have an effective system in place to address the program's requirements.

Recommendation - DHS should reconsider whether it would like to be directly responsible for Utilization Control and Program Integrity, or if the use of a QIO would better suit current needs. Once this is decided, DHS should take the necessary steps to ensure compliance with this requirement. The written procedures should reflect the actual actions to be taken. In the event a QIO is used, DHS should be involved throughout, so that it is aware of the program's vulnerabilities and has the opportunity to make the necessary changes for improvement in a timely manner.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-062
Prior Year Finding Number: 2018-066
Compliance Requirement: Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

Award Period: 10/01/2015 - 09/30/2022

Criteria - The State or Territory 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. The State or Territory Medicaid agency must provide for the filing of uniform cost reports for each participating provider. These cost reports are used to establish payment rates. The State or Territory Medicaid agency must provide for the periodic audits of financial and statistical records of participating providers. The specific audit requirements will be established by the State or Territory Plan (42 CFR section 447.253).

Condition - DHS provides Medicaid services to eligible Territory residents through inpatient hospitals and long-term care facilities. These hospitals and facilities include various Territory agencies and third-party service providers. The costs incurred by these facilities are summarized in a cost report that is submitted to DHS. DHS awarded a contract in August 2017 for the audit of these cost reports; however, we noted that DHS had not received any audited cost reports for fiscal year 2019.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - Without timely audits of the cost reports, DHS has no assurance that the costs incurred by the medical facilities are actual costs incurred. Further, the difference between costs submitted for reimbursement and the costs actually reimbursed result in the use of local, rather than Federal, dollars to fund Medicaid expenditures.

Cause - DHS does not appear to have adequate policies and procedures in place for the provision of audited cost reports of its participating providers.

Recommendation - We recommend that DHS evaluate and develop policies and procedures to obtain and audit the cost reports. This will allow DHS to reduce the time between the Medicaid expenditures being incurred and the ultimate reimbursement from the Federal government.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-063
Prior Year Finding Number: 2018-067
Compliance Requirement: Special Tests and Provisions - ADP Risk Analysis and System Security Review

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

Award Period: 10/01/2015 - 09/30/2022

Criteria - State or Territory 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 or Territory agencies must perform risk analyses whenever significant system changes occur. State or Territory 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. The State or Territory agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).

Condition - DHS did not perform the required ADP Risk Analysis and System Security Review for the Virgin Islands Benefit Eligibility System (VIBES) to support the Medicaid Program.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - The absence of policies to ensure these analyses and reviews are performed may lead to physical and data security issues and noncompliance with program requirements. Further, DHS' risk of incomplete or inaccurate data processing, or worse, the risk of fraud, increases.

Cause - DHS' records do not permit a determination as to the sufficiency of the design and operation of key controls surrounding the environment in which the Medicaid claims reside.

Recommendation - We recommend that management should perform and review a risk analysis and system security review for all systems that support the Medicaid program. All issues should be addressed by management. If management becomes aware that such a report will not be available, we recommend that management conduct its own review.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-064
Prior Year Finding Number: 2018-068
Compliance Requirement: Special Tests and Provisions - Provider Eligibility

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

Award Period: 10/01/2015 - 09/30/2022

Criteria - In order to receive Medicaid payments, providers of medical services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program. Moreover, in accordance with the disclosure requirements of 42 CFR 455 subpart B, *Disclosure of Information by Providers and Fiscal Agents*, providers that are not practitioners or a group of practitioners are required to disclose certain information when applying to participate in the Medicaid program.

Condition - During our review of 60 out of 1,230 providers receiving payments during the fiscal year, we noted the following:

- 53 providers agreement had not been reviewed and approved by the provider relations staff.
- 23 providers agreements had not been approved by the Commissioners of both DHS and Department of Property and Procurement.
- 21 providers did not have a current license on file.
- 13 providers agreement were not available for review.
- 3 providers agreements did not contain the proper financial disclosure information as required by the State Plan.
- 7 providers did not have documentation supporting their enrollment in the Medicaid program.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements using a statistically valid sample.

Effect - DHS is not in compliance with the stated provisions. Noncompliance with program requirements could result in disallowances of costs and ineligible providers could be participating in the program.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure a consistent and systematic review of documentation and file maintenance.

Recommendation - We recommend that DHS perform regular reviews of the data in its files to ensure accuracy and completeness. DHS should also review its records retention policies to ensure that complete documentation is maintained, safeguarded, and available for review.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-065
Prior Year Finding Number: 2018-069
Compliance Requirement: Special Tests and Provisions - Medicaid Fraud Control Unit

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

Award Period: 10/01/2015 - 09/30/2022

Criteria - States or Territories are required as part of their Medicaid State plans to maintain a Medicaid Fraud Control Unit, unless the Secretary of HHS determines that certain safeguards are met regarding fraud and abuse and waives the requirement.

Condition - The DHS Medical Assistance Program and DOJ did not adequately staff the Medicaid Fraud Control Unit; thus, no potential fraud cases were investigated during fiscal year 2019. Further, we were not provided with a list of violations of Medicaid laws and regulations.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - There may be prolonged, ongoing cases of fraud which may be unnoticed and remain unreported by the program. Funds available are possibly being used inappropriately, with no methodology of properly identifying or tracking the amounts.

Cause - DHS does not have an effective staffing plan in place to address the program's requirements.

Recommendation - We recommend that DHS staff the Medicaid Fraud Control Unit and become fully operational to investigate potential Medicaid fraud cases.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-066
Prior Year Finding Number: 2018-070
Compliance Requirement: Special Tests and Provisions - Federal Financial Participation Refunds

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

Award Period: 10/01/2015 - 09/30/2022

Criteria - Title 42 CFR section 433.40(c), *Refund of Federal Financial Participation (FFP) for Uncashed Checks*, states that if a check remains uncashed beyond a period of 180 days from the date it was issued (i.e., the date of the check), it will no longer be regarded as an allowable program expenditure. If the State or Territory has claimed and received FFP for the amount of the uncashed check, it must refund the amount of FFP received.

DHS is required to identify cancelled and uncashed checks beyond a period of 180 days of issuance at the end of each calendar quarter and refund all FFP received for uncashed checks by adjusting the CMS-64 report, *Quarterly Statement of Expenditures for the Medical Assistance Program*.

Condition - We noted that DHS does not have a process in place to identify cancelled or uncashed checks over 180 days after issuance and refund the corresponding FFP in a timely manner.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS' compliance with the specified requirements.

Effect - DHS is not in compliance with regulations which result in untimely refunds of the FFP to the Federal government. There is also potential for disallowed costs that were never refunded due to checks remaining uncashed beyond a period of 180 days from the date of issuance.

Cause - DHS does not have adequate policies and procedures in place to request and review the cancelled and uncashed check report on a quarterly basis as required.

Recommendation - We recommend that DHS comply with the specified requirements and establish adequate policies and procedures to ensure that cancelled and uncashed checks over 180 days from the date of issuance are identified on a quarterly basis and all FFP received for uncashed checks are refunded to the Federal government in a timely manner.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-067
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Non-Payroll Activities

Program:

U.S. Department of Homeland Security

Disaster Grants - Public Assistance (Presidentially
Declared Disasters)

CFDA #: 97.036

Award #: FEMA-4335-DR, FEMA-4340-DR-VI

Award Periods: 09/20/2017 - 09/07/2025

09/07/2017 - 09/16/2025

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-federal entities receiving Federal awards (i.e. auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

In addition, per 2 CFR Section 200.403, *Factors Affecting Allowability of Costs*, "Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under federal awards:

- a. Be necessary and reasonable for the performance of the federal award and be allocable thereto under these principles.
- b. Conform to any limitations or exclusions set forth in these principles or in the federal award as to types or amounts of cost items.
- c. Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity.
- d. Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost.
- e. Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.
- f. Not be included as a cost or used to meet cost sharing or matching requirements of any other federally financed program in either the current or a prior period.
- g. Be adequately documented."

Condition - We selected 60 out of 474 non-payroll transactions and noted 7 transactions had no documentation of the Territorial Public Assistance Officer's review and approval.

Questioned Costs - Not determinable.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Context - This is a condition identified per review of VITEMA's compliance with the specified requirements using a statistically valid sample. Total amount of non-payroll expenditures charged to the program in fiscal year 2019 were \$536,929,532.

Effect - VITEMA is not in compliance with the stated provisions. Failure to properly review and support expenditures can result in noncompliance with laws and regulations along with loss of funding.

Cause - It appears that policies and procedures regarding the review and approval of project worksheets were not functioning as intended.

Recommendation - We recommend that VITEMA improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for non-payroll expenditures. In addition, VITEMA should continue to be vigilant in following internal policies over reviews and authorizations.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-068
Prior Year Finding Number: 2018-073
Compliance Requirement: Reporting

Program:

U.S. Department of Homeland Security

Disaster Grants - Public Assistance (Presidentially
Declared Disasters)

CFDA #: 97.036

Award #: FEMA-4335-DR, FEMA-4340-DR-VI

Award Periods: 09/20/2017 - 09/07/2025

09/07/2017 - 09/16/2025

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

Criteria - In accordance with the U.S. Department of Homeland Security Federal Emergency Management Agency's Public Assistance Program and Policy Guide, each State or Territory must file various financial and programmatic reports. Additionally, the requirements necessitate that all submitted reports should be supported by the underlying performance records and presented in accordance with program requirements. The Territorial agreement between VITEMA and FEMA regarding this federal program dictates that all performance reports must be submitted to FEMA within 30 days of the end of each quarter.

Condition - We reviewed 4 out of the 16 reports submitted during the fiscal year and noted the following:

- 1 OMB Form 1600-0017 PA performance report had not been submitted in a timely manner.
- 2 OMB Form 1600-0017 PA performance reports did not agree to the underlying financial records.
- 2 OMB Form 1600-0017 PA progress reports did not contain evidence of review and approval prior to submission.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of VITEMA's compliance with the specified requirements using a statistically valid sample.

Effect - VITEMA is not in compliance with stated provisions and inaccurate information may have been reported to the Federal government.

Cause - It appears that policies and procedures, including review over reporting procedures were not functioning as intended.

Recommendation - We recommend that VITEMA reevaluate its policies and procedures to ensure proper monitoring and review of the required reports by an appropriate official who would ensure the information submitted is complete, accurate, consistent and submitted within the required timeframe.

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Finding Number: 2019-069
Prior Year Finding Number: 2018-074
Compliance Requirement: Data Collection Form and Single Audit Reporting Package

Program:

CFDA # 10.551, 10.561	Supplemental Nutrition Assistance Program Cluster
CFDA # 10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
CFDA # 12.401	National Guard Military Operations and Maintenance (O&M) Projects
CFDA # 15.875	Economic, Social, and Political Development of the Territories
CFDA # 17.225	Unemployment Insurance
CFDA # 20.205	Highway Planning and Construction Cluster
CFDA # 20.500, 20.507	Federal Transit Cluster
CFDA # 66.468	Drinking Water State Revolving Fund Cluster
CFDA # 84.403	Consolidated Grant to the Outlying Areas
CFDA # 84.938A	Immediate Aid to Restart School Operations
CFDA # 93.563	Child Support Enforcement
CFDA # 93.575	CCDF Cluster
CFDA # 93.600	Head Start
CFDA # 93.667	Social Services Block Grant
CFDA # 93.767	Children's Health Insurance Program
CFDA # 93.775, 93.778	Medicaid Cluster
CFDA # 97.030	Community Disaster Loans
CFDA # 97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Criteria - The Uniform Guidance in 2 CFR Section 200.512, *Report Submission*, establishes that the audit shall be completed and the data collection form and reporting package shall be submitted to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after receipt of the auditor's report or nine (9) months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition - The Government did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended September 30, 2019.

Questioned Costs - Not applicable.

Context - This is a condition identified per review of the Government's compliance with the specified requirements.

Effect - The Government could be exposed to a reduction or elimination of funds by the Federal awarding agencies.

Cause - The Government did not have controls in place to ensure that the reporting package was submitted to the FAC within the required timeframe.

Recommendation - We recommend that the Government establish controls to ensure the reporting package is submitted to the FAC annually within the required timeframe.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2019

Views of Responsible Officials - The Government concurs with the auditor's findings and recommendations. The planned corrective actions are presented in the Government's Corrective Action Plan attached as Appendix B to the Single Audit Report.

Management's Appendices



GOVERNMENT OF
THE UNITED STATES VIRGIN ISLANDS
THE OFFICE OF MANAGEMENT AND BUDGET



No. 5041 Norre Gade
Emancipation Gardens Station, 2nd Floor
Charlotte Amalie, U.S. Virgin Islands 00802
Telephone: (340) 774-0750

August 31, 2021

BDO USA, LLP
12505 Park Potomac Ave, Suite 700
Potomac, MD 20854

In connection with the Single Audit of the Government of the United States Virgin Islands (the Government) for the year ended September 30, 2019, transmitted herewith is the Fiscal Year 2019 Status of Prior Audit Findings and a Corrective Action Plan in accordance with 2 CFR §200.511, *Audit Findings Follow-Up*. These schedules provide the status of the *Government Auditing Standards* and the Single Audit findings for fiscal years 2019-2012.

The Government's Department of Finance (DOF) and Office of Management and Budget (OMB) have requested department heads to make the required follow-up. OMB has also advised and requested of department heads, a review of outstanding Single Audit findings and to cite 2 CFR §200.511(b)(3) as a means to close the respective audit findings, where applicable, to the respective grants.

DOF and OMB will continue to work with the departments to ensure audit resolution is received for the unresolved findings listed in the Status of Prior Audit Findings and Corrective Action Plan.

If you have any questions, please contact us.

Respectfully,

Honorable Albert Bryan, Jr.
Governor
United States Virgin Islands

Ms. Jennifer O'Neal
Director, Office of Management and Budget
United States Virgin Islands

Ms. Bosedé Bruce
Commissioner of Finance
United States Virgin Islands

Ms. Clarina Modeste-Elliott
Executive Assistant Commissioner of Finance
United States Virgin Islands

Mr. Nathan Simmonds
Director of Finance and Administration
Virgin Islands Public Finance Authority

Ms. Joy Wheatley
Comptroller
Virgin Islands Public Finance Authority

Status of Prior Audit Findings

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Section I - Financial Statement Findings

Finding 2018-001, 2017-001, 2016-009, 2015-009 and 2014-009: Financial Position

Deficits in Unrestricted Net Position

Current Status: Repeated. Finding 2019-001.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government is continuing with its recovery efforts of working with federal partners, attracting new industries, improving financial controls, monitoring cash flows, and rebuilding equity.

Plan Funding Considerations

Current Status: Repeated. Finding 2019-001.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: In prior fiscal years, the Government allocated the relevant resources to conduct comprehensive studies and recommend revisions to benefits as well as establish funding policies to ensure the minimum ARC obligations are met each year. Much of the efforts put forth are now being deliberated by the Legislature for approval and submission to the Governor.

Government Insurance Fund

Current Status: Repeated. Finding 2019-001.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Executive and Legislative branches of the Government will collaborate to implement various recommendations of its actuary in an effort to provide for the long-term financial viability of the Fund.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-002, 2017-003, 2016-001, 2015-001 and 2014-001: Year-End Close Process

Timeliness and Methodology of Close Process

Current Status: Repeated. Finding 2019-002.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: In an effort to develop reliable and timely interim and year-end financial statements, continuous communication and trainings will be made available to all finance users on one consistent and comparable reconciliation process that will allow for any needed adjustments prior to the 13th period. In this way, all accounts, accruals, and reconciliations will be available. Any unreconciled differences will be identified and resolved, with any applicable journal entries, recorded in the financial system of the Government.

The Accounting Director, with oversight from the Assistant Commissioner, will continue to enforce the closing procedures whereby all post-closing and audit adjustments maintained in the manual excel working trial balance are reviewed, ratified, and recorded in the financial management system throughout the audit engagement, such that the general ledger reflects audited balances and correct opening balances for the upcoming fiscal year.

As for more detail reconciliations between accounts that are not visible on a higher reconciliation overview, such as accurate federal classifications, or incorrect postings to grants, this will require additional human resources, to include the option of contractual agreement(s) to ensure that a more detail reconciliation is being completed. The Government will begin to assess the needs and take the necessary steps to provide necessary one-on-one meetings to identify the needs.

Journal Entries

Current Status: Repeated. Finding 2019-002.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: In an effort to maintain a desirable separation of duties, management has updated the policy by implementing controls whereas, the individual that creates a journal entry will not approve or post that journal. This was only available to limited staff at the Department of Finance and the policy has been made effective immediately. We are continuing to find these rare occurrences and reach out to those employees to follow Munis and system permissions. We also have to work with Munis to see if the names generated in the entry and posting area indeed denote no separation of duties.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-003, 2017-004, 2016-002, 2015-002 and 2014-003: Revenue and Receivables

Reconciliation of Subsidiary Registers

Current Status: Repeated. Finding 2019-003.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: For purposes of interim financial reporting, the Bureau of Internal Revenue, Office of the Lieutenant Governor, and the Department of Finance have begun quarterly reconciliation meetings to reduce end of year adjustments, reconcile NSF checks in timely manner, and implement internal safeguards to allow for more efficient reconciliation.

Optimum Usage of the Real Property Tax System

Current Status: Repeated. Finding 2019-003.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Department of Finance personnel will collaborate with the Lieutenant Governor's office to determine possible modifications to the system to achieve the necessary data for financial reporting.

Real Property Tax

Current Status: Repeated. Finding 2019-003.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Department of Finance personnel will collaborate with the Office of the Lieutenant Governor to determine and consider the recommendations set forth.

Other Revenues

Current Status: Repeated. Finding 2019-003.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Corrective Action Plan: In an effort to provide adequate supporting documentations for sampled items, the Government will ensure that the procedures to attach the documents are fully adhered to. We will conduct spot checks to ensure employees are adhering to this process.

Finding 2018-004, 2017-005, 2016-003, 2015-003 and 2014-004: Grants Management

Control Systems Over the Schedule of Expenditures of Federal Awards

Current Status: Repeated. Finding 2019-004.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The SEFA is prepared by the Department of Finance via a customized report that extracts information from the ERP system. However, the reconciliation of grant expenditures is ostensibly decentralized at the departmental/agency level.

As such, departments/agencies are primarily responsible for performing the reconciliation function between grant expenditures and federal financial reports; which, in the long run, will improve the reliability of the SEFA and reporting to grantor agencies. Therefore, in an effort to enhance the monthly reconciliation function, the Office of Management and Budget will fully implement the Grants Management Module, per the ERP system.

Given that certain financial data related to the SEFA is provided to the Department of Finance by certain third-parties using separate financial systems, the Department of Finance will continue to coordinate with said parties - through the respective department/agency - in order to mitigate the prospect of duplicating entries by documenting the roles, responsibilities, and timelines associated with posting financial data onto the central Government's ERP system.

Federal Grants and Contributions

Current Status: Repeated. Finding 2019-004.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: In an effort to more accurately account for Federal receivables and related transactions, a private firm was contracted to work directly with the agencies to substantiate the Federal receivables.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-005, 2017-002, 2017-006, 2016-004, 2015-004 and 2014-005: Capital Assets and Related Expenditures

Record Keeping

Current Status: Repeated. Finding 2019-005.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Department of Property and Procurement will work collaboratively with Department of Finance to provide trainings and work on the structuring of the entire process to include key personnel and policies. The Government will review and update the necessary manuals to address all of the recommendations set forth.

Reconciliation and Review of Subsidiary Registers

Current Status: Repeated. Finding 2019-005.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: In an effort to verify that all assets in the subsidiary register are reviewed and updated with sufficient descriptions, corrected acquisition dates, and recalculated accumulated depreciation, the Government's Capital Assets team will be responsible for reconciling the general ledger accounts to the detailed records on a quarterly basis.

Construction in Progress (CIP) Monitoring

Current Status: Repeated. Finding 2019-005.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Department of Property & Procurement will spearhead the monitoring and review of the Government's capital assets and ensure reconciliation of supporting registers to its primary register. As the lead agency for managing the property of the Government, the Department of Property & Procurement will coordinate and communicate amongst all Government departments and/or agencies that are responsible for handling and managing capital assets.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Capital Assets Impairment Process

Current Status: Repeated. Finding 2019-005.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: In an effort to implement a formal process whereby a periodic impairment assessment is conducted and to ensure that all disposals and retirements are consistently processed, the Government will identify key personnel from various departments and agencies to form a Capital Assets team in addition to full implementation of the fixed assets module within the ERP system.

Capital Assets - Business-Type Activities

Current Status: Repeated. Finding 2019-005.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government will review the recommendations and collaborate with Benham and Hodge (B&H) to incorporate for the fiscal year 2021 audit year.

Finding 2018-006, 2017-007, 2016-005, 2015-005 and 2014-006: Recording of Liabilities

Retroactive Pay Liability

Current Status: Repeated. Finding 2019-006.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Division of Personnel (DOP) will work with the Office of Collective Bargaining (OCB) and the Office of Management and Budget (OMB) to develop a master file that will serve as a clearinghouse for collective bargaining agreements and negotiated pay rates for unionized public sector workers. The Government's Chief Negotiator will take the lead in developing the master file containing negotiated pay rates. OCB management will coordinate with the Division of Personnel's staff, to include the Director and Information Technology/Records Management staff, along with senior budget analysts from OMB to first develop a firm number with regard to the Government's retroactive obligation. This process has already started.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Additionally, on a bi-annual basis, the team will meet in order to compare negotiated employee salary rates to those contained in the official personnel records within the ERP system database. It must be noted that DOP functions as a facilitator with regard to the hiring process and relies on official financial information from OCB and OMB. OCB negotiates and interprets contract language for unionized public sector workers while OMB certifies the availability of funding for the purpose of wage implementation. DOP then reviews, audits, and implements newly negotiated wages.

Medical Malpractice Liability

Current Status: Repeated. Finding 2019-006.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Department of Health will allocate the requisite resources to properly evaluate the necessary information, which can then be provided to an actuarial service provider for purposes of facilitating the Government in calculating the year-end medical malpractice liability.

Accounts Payable

Current Status: Repeated. Finding 2019-006.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: At present, the ERP system does not allow departments/agencies to enter vendor invoices unless a sufficient allotment is approved by OMB. As a result of this system functionality, certain vendor invoices are set-aside, rather than entered (or accrued for immediately), until OMB provides for a periodic allotment - which may occur several months after year-end. Therefore, given that the OMB allotment process is the underlying controlling mechanism for entering vendor invoices, the Department of Finance must perform a manually intensive review of year-end transactions that are posted in a subsequent year.

The Department of Finance will proactively collaborate with the software vendor supporting its ERP Accounts Payable module to ascertain whether a reduction in the existing manual efforts can be achieved. On-going training and employee development will be made available for all users of the accounts payable module and continuous development of the standard operating policies will be enhanced.

Income Tax Refunds Payable

Current Status: Repeated. Finding 2019-006.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Bureau of Internal Revenue will revise its methodology in establishing the year-end liability and will continue to monitor the reports to avoid any duplication of reporting.

Landfill Closure and Post Closure Costs Liability

Current Status: Repeated. Finding 2019-006.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government will work with its consultants to implement monitoring controls and ensure that all calculations are reviewed timely.

Quality of Census Data

Current Status: Repeated. Finding 2019-006.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: For the past three (3) years, since the implementation of the new Benefits system (V3), the Government Employees' Retirement System (GERS) has been allocating resources to identify and correct inaccurate member data in the census database that is provided to our actuaries. Additionally, GERS will allocate displaced employees due to the suspension of the Loan Program to assist with the due diligence on the accuracy of the member information in the census database.

The Division of Personnel will coordinate with the GERS Administrator to discuss how both agencies can collaborate to effectively improve the quality of the census data. It is anticipated that GERS and the Division of Personnel will do an annual comparative analysis of the employee and retiree related data held by both entities. During this process, data will be reconciled in both databases. After the initial reconciliation is completed, an annual review will be done to ensure that relevant information is synchronized within both systems. Information Technology and Records Management personnel from both agencies will be intimately involved in these meetings.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-007, 2017-008, 2016-006, 2015-006 and 2014-007: Management of the Medicaid Program

Cost Report Audits and System Security Review

Current Status: Repeated. Finding 2019-007.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Department of Finance has already begun conversations with the Department of Human Services on how the recommendations set forth can be achieved.

Utilization Control and Medicaid Fraud Control Unit

Current Status: Repeated. Finding 2019-007.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: During the fiscal year, the V.I. Medicaid Fraud Control Unit (MFCU) was established through a Memorandum of Understanding. The unit is located within the Department of Justice. The MFCU has Territory-wide authority to investigate and criminally prosecute (or refer for prosecution) cases of Medicaid fraud and patient abuse or neglect in residential care facilities. The MFCU may also bring civil actions to recover false Medicaid claims. The MFCU has a memorandum of understanding with the Virgin Islands Medicaid Program which describes the agencies' working relationship.

Further, as the Medicaid Fraud Control Unit has been created, the program is in the process of developing its own internal controls in an effort to prevent unnecessary utilization of care and services. The Medical Assistance Program continues to conduct clinical reviews of all inpatient stays over ten days, including a clinical review of the Patient Care Plans.

Finding 2018-008, 2017-009, 2016-007, 2015-007 and 2014-008: Unemployment Insurance Trust Fund

Account Reconciliation Process

Current Status: Repeated. Finding 2019-008.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Corrective Action Plan: The Virgin Islands Department of Labor (VIDOL) recognizes the need to properly report the activities of the Unemployment Insurance Trust Fund. VIDOL has requested and received approval from the Virgin Islands Office of Management and Budget for the hiring of accountants, whose responsibilities will be to record the activities of the Fund in accordance with generally accepted accounting practices. In addition, as part of the year-end financial reporting process related to the Government's financial statement preparation, VIDOL will work with the Department of Finance to ensure that it receives the Unemployment Insurance Trust Fund information timely.

Finding 2018-009, 2017-010, 2016-008, 2015-008 and 2014-011: Workers Compensation Program

Plan Valuation Methodology

Current Status: Repeated. Finding 2019-009.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Department of Finance will collaborate with the agency to consider the recommendations set forth.

Finding 2018-010: Other Postemployment Benefits Obligation

Administration and Recordkeeping

Current Status: Repeated. Finding 2019-010.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Department of Finance has already began working with the Division of Personnel on this matter. Going forward, we will continue to establish a process that will address the findings noted.

Finding 2018-011, 2017-002, 2017-011, 2016-011, 2015-011 and 2014-010: Payroll, Related Accruals, and Other Expenditures

Payroll Expenditures

Current Status: Repeated. Finding 2019-011.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Department of Finance will collaborate with the Department of Human Resources to determine and consider the recommendations set forth. We have begun to utilize the STATS system in fiscal year 2021.

Formalize Emergency Payroll Procedures

Current Status: Repeated. Finding 2019-011

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: With infrastructure improvements due to climate change and technology advances in remote capabilities due to the pandemic, the Government has made great strides in its controls to ensure continuation of normal operating procedures under the most stressful of circumstances. Protocols for emergency payroll processing are continuously updated.

Transactions with Personnel

Current Status: Repeated. Finding 2019-011.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Department of Finance will coordinate with the Office of the Governor to strengthen, recommunicate, and monitor the reimbursement policy of the Government. Furthermore, we are exploring systems for automatic reconciliations and will consider hiring someone to work at the Department of Finance, specifically to handle credit card payments.

Supporting Documentation and Reporting for Expenditures

Current Status: Repeated. Finding 2019-011.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Corrective Action Plan: We will continue to enforce the Standard of Operating Procedures and Policies (SOPP) that all invoices are attached in the ERP system and closely examine the invoice approval process. As part of the invoice approval, invoices will be closely reviewed to ensure expenditures are recorded in the proper period and are supported in the Accounts Payable module.

Finding 2018-012, 2017-012, 2016-010, 2015-010 and 2014-002: Bank Accounts

Strengthen Controls Over Bank Reconciliations

Current Status: Repeated. Finding 2019-012.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Treasury Director, with oversight from the Assistant Commissioner will reexamine the process to include reviewing outstanding checks and other reconciling items that have not cleared a specific bank account for more than one year. Upon identifying negotiable instruments that exceed the one-year threshold, the Treasury Director will develop an annual procedure to further research and validate the status of the reconciling items in an effort to ascertain whether they can be properly removed from on-going bank reconciliations, with the original transaction(s) reversed.

Cash Pooling and Allocation(s)

Current Status: Repeated. Finding 2019-012.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Treasury Director, with oversight from the Assistant Commissioner, will enhance the documentation provided to support the pooling and subsequent allocation of the cash accounts. Additional human capital has been provided to ensure that bank reconciliations are prepared timely as we continue to strive to improve the link between the confirmed cash account balances and cash balance per fund presented within the year-end financial statements.

Finding 2018-013, 2017-013, 2016-012, 2015-012 and 2014-012: Information Technology Environment

Current Status: Repeated. Finding 2019-013.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Corrective Action Plan: Several enhancements have been made in alignment with correspondences to end users. Continuation of improvements is well underway.

Finding 2018-014, 2017-014, 2016-013 and 2015-013: Landfill Consent Decrees

Current Status: Repeated. Finding 2019-015.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government of the Virgin Islands is currently seeking funding, through the Virgin Islands Legislature, to address the funding concerns and to organize the work flow to timely complete reports to meet EPA decrees concerning the various issues.

Finding 2018-015, 2017-015, 2016-014 and 2015-014: Establishment of a Medical Malpractice Trust Fund

Current Status: Repeated. Finding 2019-016.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Department of Health will continue to closely monitor the applicable laws related to professional medical malpractice by setting up a separate trust fund to be managed by a licensed broker or brokerage firm and to set up an investment plan approved by the Medical Malpractice Action Review Committee.

Finding 2018-016, 2017-016 and 2016-015: Procurement Regulations

Current Status: Repeated. Finding 2019-017.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government will continue to take necessary measures to address noncompliance and perform periodic reviews of purchase orders, contracts, and profiles to ensure that internal policies and regulations are being adhered to.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-017 and 2017-017: Casino Control Commission

Current Status: Repeated. Finding 2019-018.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government will request reporting from the Casino Control Commission on a quarterly basis as covered by the V.I. Code. We will review, request, and establish a working document on how this process will be conducted proceeding forward.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Section II - Federal Award Findings (By Program)

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Human Services (DHS)

Supplemental Nutrition Assistance Program Cluster

CFDA #: 10.551, 10.561

Award #: 1VI430457, 1VI400408

Award Year: 10/01/2016 - 09/30/2018

10/01/2017 - 09/30/2018

Finding 2018-018: Allowable Costs/Cost Principles - Non-Payroll Activities

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-019 and 2017-025: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Repeated. Finding 2019-019.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: During fiscal year 2019, the Human Resources (HR) department experienced delays with updating NOPAs due to staffing constraints. A full-time HR Generalist was hired for these financial programs in October 2019. The STATS time management system is scheduled to go live in October 2021. Timesheet approvals will be electronic and vetted by the required levels of management. The NOPA process is now refined where a new NOPA is generated each fiscal year based on the changes to the grant's project number. This will ensure that NOPAs and subsequent payroll costs are properly captured to the right cost center.

Finding 2018-020 and 2017-026: Allowable Costs/Cost Principles - Indirect Cost Activities

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-021, 2017-027, 2016-016, 2015-017 and 2014-015: Cash Management

Current Status: On-going implementation. DHS has instituted the federal receivables reconciliation to ensure the proper controls over recording and reconciling drawdowns are properly filed.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-022, 2017-028, 2016-017, 2015-018 and 2014-016: Equipment/Real Property Management

Current Status: On-going implementation. DHS continues to collaborate its efforts with DPP in ensuring Federal and Local regulations are met. The reconciliation of the asset listing is ongoing. Additional staff is being recruited to support the reconciliation process and correct these issues.

Finding 2018-023: Matching, Level of Effort, Earmarking

Current Status: Repeated. Finding 2019-020.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DHS will move forward with quarterly monitoring and compliance of the match requirements in accordance with our requirements to submit our FNS 777 and 778 Federal Financial Reports. Our financial reports will show we have met the required match of the Food and Nutrition Services. Monitoring and compliance review meetings will be held between the 1st and 15th of the month following the completed quarter.

Finding 2018-024 and 2017-029: Period of Performance

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-025, 2017-030, 2016-018: Procurement/Suspension and Debarment

Current Status: Repeated. Finding 2019-021.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: There was a mandatory requirement by DPP to have all vendors register with sam.gov as of July 2019. Effective October 1, 2020, the proof of the sams.gov is now included in the ERP requisitioning module and a permanent part of each purchase order record.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-026: Reporting

Current Status: On-going implementation. DHS will enforce its policy to ensure the compilation and review of the reports are done electronically and various reports must have electronic approval and certification requirements.

Finding 2018-027 and 2017-033: Special Tests and Provisions - ADP System for SNAP-Recertifications

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-028 and 2017-032: Special Tests and Provisions - EBT Card Reconciliation

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-029 and 2017-031: Special Tests and Provisions - EBT Card Security

Current Status: Repeated. Finding 2019-022.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Sufficient staff is required to ensure the requisite checks and balances required for full Federal compliance. Staff is being hired, reassigned, and cross trained to oversee the reconciliation process. The current recertification process for the SNAP Administrative program requires the case file including the eligibility requirements assessment to be performed by an eligibility specialist and approved by a supervisor. Additionally, the SNAP program will prepare an SOPP specific to the handling of the EBT cards and related monthly reconciliations.

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Education (DOE)

Child Nutrition Cluster

CFDA #: 10.555, 10.559

Award #: 1VI300308

Award Year: 10/01/2017 - 09/30/2018

Finding 2018-030, 2017-019, 2016-068, 2015-068 and 2014-058: Allowable Costs/Cost Principles - Indirect Cost Activities

Current Status: On-going implementation. The Special Nutrition Programs continues to monitor all indirect cost expenditures to ensure that they are paid from the correct grants timely.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

The internal log implementation has assisted with the tracking of indirect cost postings forwarded for payment to the Department of Finance. Any discrepancy identified is communicated timely to the responsible entity in DOE to have the adjustment(s) or other necessary action(s) made to the correct account before the respective grant award expiration and subsequent liquidation period.

Finding 2018-031, 2017-020, 2016-069, 2015-069 and 2014-059: Cash Management

Current Status: On-going implementation. DOE will ensure that all drawdowns are reviewed, approved, and reconciled on a monthly basis.

Finding 2018-032, 2017-021, 2016-070, 2015-070 and 2014-060: Equipment/Real Property Management

Current Status: On-going implementation. The Special Nutrition Programs has been in contact with DPP and is receiving updates on the upcoming changes in place to address this finding. DOE will continue to work collaboratively with DPP to ensure adherence to Federal regulations related to equipment and its related maintenance.

Finding 2018-033 and 2017-022: Matching, Level of Effort, and Earmarking

Current Status: On-going implementation. The missing information was not provided due to the storage area being damaged and files destroyed during the Hurricanes occurred in 2017. The State agency will work with the appropriate division in regard to proper storage of files.

Finding 2018-034, 2017-023, 2016-071: Period of Performance

Current Status: On-going implementation. The Program will work with the responsible entity to ensure that all expenditures are properly reviewed prior to approval and ensure that the expenditures are occurred within the period of performance as stipulated by the applicable Grant award document.

Finding 2018-035 and 2017-024: Procurement/Suspension and Debarment

Current Status: On-going implementation. The Program has communicated with DPP regarding the required contract provisions. Both entities are working collaboratively to include the necessary language or changes to ensure that the required provisions are included before execution of the contracts.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Health (DOH)

Special Supplemental Nutrition Program for Women,
Infants, and Children (WIC)

CFDA #: 10.557

Award #: 1VI700708

Award Year: 10/01/2017 - 09/30/2018

Finding 2018-036 and 2017-036: Equipment/Real Property Management

Current Status: Repeated. Finding 2019-023.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DOH and the WIC program will continue having a dialogue with DPP to bring a resolution to this deficiency.

Finding 2018-037 and 2017-037: Procurement/Suspension and Debarment

Current Status: Repeated. Finding 2019-024.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DOH and the WIC program will continue to work with DPP to ensure that the requisite documents are included in the procurement package prior to processing.

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

CFDA #: 17.225

Award #: Various

Award Year: 10/01/2012 - 12/31/2020

Finding 2018-038, 2017-071, 2016-057, 2015-065 and 2014-054: Activities Allowed or Unallowed

Current Status: Repeated. Finding 2019-033.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The VIDOL Unemployment Insurance program has set in place a corrective action plan to establish internal controls, and procedures for the Virgin Islands Trust Fund accounts. This action plan will set forth criteria for periodic reconciliations of the VI revenue account (clearing account) and deposits, in addition to the cash draws for benefit payments from the Trust fund to the benefit account and provide guidelines in conformity with the CMIA agreement. The agency has launched a task force and conducted its first kick off meeting in July 2020. This plan will establish policies and procedures for the accounting and monthly reconciliation of the VI Trust Fund Accounts.

VIDOL, in collaboration with OMB's Compliance Manager, drafted the policy with an anticipated completion date of November 2021. VIDOL has hired a financial analyst who will be responsible for daily monitoring of VI Trust Fund account to ensure compliance with CMIA and Social Security Act clearance and depository regulations. The agency developed a data base tool to conduct monthly reconciliations of cash activity in the Trust Fund between the cash sources (employer contributions, penalty, interest, and surcharge). The agency will develop a data base tool to conduct monthly reconciliations of cash activity in the Trust Fund between cash uses (benefits paid, reimbursements, and outlays). This data base application is expected to be finalized and in production by November 2021.

Finding 2018-039, 2017-072, 2016-058: Cash Management

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-040, 2017-073, 2016-059 and 2015-066: Eligibility

Current Status: Repeated. Finding 2019-034.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The VIDOL Unemployment Insurance program has set in place a corrective action plan to establish internal controls and procedures for the Benefits Unit and will implement a schedule for regular file review and to prevent such discrepancies.

As of November 2020, the agency has launched an electronic portal that processes claimants' filings of initial, continued, re-open, and transitional claims. The system has validation processes that provide control mechanisms for claimants to respond to all pertinent questions surrounding initial eligibility and continued eligibility as per rules and regulations for eligibility under the Social Security Act and Public Law 112-96 Sec 2101.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Through claimant electronic registration, attestation, filling out of employer on record, work history, work search history (able and available criteria), and past employment records, the Virgin Islands Unemployment Insurance program can verify through system cross match processes (wage record and interstate wage record verification) if eligibility has been established.

Finding 2018-041: Matching, Level of Effort, Earmarking

Current Status: Repeated. Finding 2019-035.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The VIDOL Unemployment Insurance program has set in place a corrective action plan to establish internal controls and procedures. The agency has launched a task force and conducted its first kick off meeting in July 2020. As of August 2021, the agency is still executing guidelines. The agency has established policy and procedures for the accounting and monthly reconciliation of the VI Trust Fund Accounts. VIDOL in collaboration with OMB's Senior Analyst, drafted the policy with an anticipated completion date of November 2021.

Program:

U.S. Department of Transportation

Government Department/Agency:

Department of Public Works (DPW)

Highway Planning and Construction Cluster

CFDA #: 20.205

Award #/Name: Territorial Highway Program

Implementation and Stewardship Agreement

Award Year: 10/01/2016 - 09/30/2020

Finding 2018-042, 2017-070, 2016-050 and 2015-055: Equipment/Real Property Management

Current Status: On-going implementation. DPW is working with the DPP to ensure that all equipment is registered, properly tagged, and reviewed by DPP in a prescribed required timeframe. DPW is also implementing its own asset management system to facilitate the tracking of all its own assets internally. DPW has received approval from DPP to acquire its own asset management software. The contract is currently being executed with the provider to assess, set up, and implement this system during this fiscal year.

Finding 2018-043, 2016-051 and 2015-056: Procurement/Suspension and Debarment

Current Status: Corrective action was taken. Finding not repeated in the current year.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Special Education - Grants to States (IDEA, Part B)

CFDA #: 84.027

Award #: H027A150004-15A, H027A160004, H027A170004,
H027A180004

Award Periods: 07/01/2015 - 09/30/2016

07/01/2016 - 09/30/2017

07/01/2017 - 09/30/2018

07/01/2018 - 09/30/2019

Finding 2018-044: Matching, Level of Effort, Earmarking

Current Status: The Maintenance of Effort (MOE) has been met in subsequent years. The Districts in which the MOE information is derived were able to meet the MOE for fiscal years 2019 and prior. Each year, eligibility is ensured by setting the available budget at the level of the previous year's actual expenditures. MOE should be monitored continuously to ensure that the respective Local Education Agencies (LEA) meet compliance. An amendment has been added to the current DOE Maintenance of Effort Policy.

MOE will be evaluated every quarter to ensure that the LEAs can meet compliance. This process is to include a review by the fiscal office certifying that the general ledger data is accurate for the respective period under review. This review and exchange should be done via email and saved properly for analysis and or adjustments.

DOE will ensure eligibility for the MOE by ensuring an adequate amount is made available each year for the LEAs. The LEAs must ensure that they maintain the appropriate levels of effort.

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Consolidated Grant to the Outlying Areas

CFDA #: 84.403

Award #: S403A150007, S403A160004, S403A170004, S403A180004

Award Periods: 07/01/2015 - 09/30/2016

07/01/2016 - 09/30/2017

07/01/2017 - 09/30/2018

07/01/2018 - 09/30/2019

Finding 2018-045: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Corrective action was taken. Finding not repeated in the current year.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-046: Subrecipient Monitoring

Current Status: Corrective action was taken. Finding not repeated in the current year.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Head Start

CFDA #: 93.600

Award #: 02CH3011-04, 02CH3011-05, 02CH010576-01

Award Year: 07/01/2016 - 06/30/2017

07/01/2017 - 06/30/2018

07/01/2018 - 06/30/2019

Finding 2018-047 and 2017-039: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-048, 2017-040, 2016-020, 2015-029 and 2014-026: Cash Management

Current Status: On-going implementation. DHS will continue to enforce its policy with respect to review and approval of all drawdowns and month-end reconciliations. Also, DHS has instituted agency level of controls that address proper review of journal entries and receipt of reimbursements.

Finding 2018-049, 2017-041, 2016-021, 2015-030 and 2014-028: Equipment/Real Property Management

Current Status: Repeated. Finding 2019-052.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Department of Human Services (DHS) in collaboration with DPP will adhere to Federal regulations related to equipment and its related maintenance. DPP has initiated new/improved procedures to fully comply with all equipment purchases, inventory listing, and disposal of assets.

Finding 2018-050 and 2017-042: Matching, Level of Effort, Earmarking

Current Status: Corrective action was taken. Finding not repeated in the current year.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-051, 2017-043 and 2016-022: Period of Performance

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-052: Reporting

Current Status: Corrective action was taken. Finding not repeated in the current year.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Children's Health Insurance Program

CFDA #: 93.767

Award #: 1705VQ5R21, 1805VQ5R21

Award Year: 10/01/2016 - 09/30/2017

10/01/2017 - 09/30/2018

10/01/2017 - 09/30/2019

Finding 2018-053: Activities Allowed or Unallowed

Current Status: Repeated. Finding 2019-055.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The provider relations Medicaid Staff will ensure regular reviews of the data and additional levels of review by a supervisor or manager will be implemented.

Finding 2018-054, 2017-057 and 2016-030: Cash Management

Current Status: On-going implementation. DHS will enforce its policy with respect to review and approval of all drawdowns and month-end reconciliations. Additionally, DHS will institute agency level of controls that address proper review of journal entries and receipt of reimbursements. 31 CFR Section 205.12 (4) allows advance of funds up to 3 days prior to the date the funds are issued. DHS is working with the Government to adhere to the CMAA agreement or to modify accordingly.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-055, 2017-058 and 2016-031: Matching, Level of Effort, Earmarking

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-056, 2017-059 and 2016-032: Reporting

Current Status: Repeated. Finding 2019-056.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The MMIS bases the claims payments categorized as CHIP on the validated and adjudicated claims. The ERP system captures paid claims submitted on a cash basis. Once the new Medicaid Fiscal and Program staff implements the oversight of the compliance requirements, the timely reconciliation of the CHIP MMIS to the ERP will be performed.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.778

Award #: Various

Award Year: 10/01/2015 - 09/30/2022

Finding 2018-057: Allowable Costs/Cost Principles - Non-Payroll Activities

Current Status: Repeated. Finding 2019-057.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Advance payments are no longer processed. DHS anticipates ending the storage of equipment and furniture by or before June 30, 2022.

Finding 2018-058: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Corrective action was taken. Finding not repeated in the current year.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-059, 2017-045, 2016-023, 2015-034, 2014-031, 2013-009 and 2012-09: Cash Management

Current Status: On-going implementation. DHS will enforce its policy with respect to review and approval of all drawdowns and month-end reconciliations. Additionally, DHS will institute agency level of controls that address proper review of journal entries and receipt of reimbursements. 31 CFR Section 205.12 (4) allows advance of funds up to 3 days prior to the date the funds are issued. DHS is working with the Government to adhere to the CMIA agreement or to modify accordingly.

Finding 2018-060, 2017-046, 2016-024 and 2015-035: Eligibility

Current Status: Repeated. Finding 2019-058.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DHS has identified a severe staffing shortage as a major contributor to the case management and eligibility determination and redeterminations of Medicaid members during fiscal year 2019. The caseload continued to grow and existing staff had to assume increased number of clients which contributed to some of the deficiencies identified. DHS has already implemented the following:

- Hiring process to add Eligibility Specialists and Eligibility Information Clerks to provide timely and accurate determinations and redeterminations of eligible participants receiving Medicaid benefits.
- An Eligibility Supervisor is being added to the St. Thomas/St. John district to provide direct overview of the Eligibility Supervisors and Eligibility Information Clerks.
- Quality Control Reviewers are being hired in each district who will be providing additional sampling of the Eligibility Case files on a monthly basis.

Additionally, on a monthly basis, the Eligibility Supervisors will review a sample of 10 new determinations and re-determinations of Eligibility files for accuracy. A written report of the sample review will be submitted by the Eligibility Supervisors to the Director of Operations including errors identified and training plan for staff identified who made said errors or omissions. On a quarterly basis, the Director of Operations and Eligibility Supervisors will complete an analysis report identifying common errors and training and improvement plans for staff to improve accuracy and submit to the Medicaid Director.

Finding 2018-061 and 2017-047: Matching, Level of Effort, Earmarking

Current Status: Repeated. Finding 2019-059.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Corrective Action Plan: DHS will assign resources responsible to ensure periodic monitoring and compliance of the match requirement throughout the fiscal year.

Finding 2018-062: Period of Performance

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-063 and 2017-048: Procurement/Suspension and Debarment

Current Status: On-going implementation. DHS added fiscal staff trained on the procurement procedures to the requisition workflow to ensure that the procurement rules are being followed appropriately.

Finding 2018-064 and 2017-049: Reporting

Current Status: Repeated. Finding 2019-060.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: A vendor has been contracted to perform data review and populate the requisite information in the quarterly financial report and ensure timely submission.

Finding 2018-065, 2017-055, 2016-028, 2015-040, 2014-033, 2013-018 and 12-15: Special Tests and Provisions - Utilization Control and Program Integrity

Current Status: Repeated. Finding 2019-061.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DHS is in the process of recruiting a permanent, full-time Director of Program Integrity position who will enforce the necessary controls and procedures to safeguard against unnecessary utilization of care and services and to identify, investigate, and refer suspected fraud cases.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2018-066, 2017-052, 2016-025, 2015-036, 2014-035, 2013-019 and 12-16: Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits

Current Status: Repeated. Finding 2019-062.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DHS has engaged in providing viable training to the hospitals, clinics, and federally qualified health centers to increase capacity in submitting their timely cost reports which will in turn assist in the overall Territorial cost report submission.

Finding 2018-067 and 2017-054: Special Tests and Provisions - ADP Risk Analysis and System Security Review

Current Status: Repeated. Finding 2019-063.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Medical Assistance Program continues to work in implementing its required ADP Risk Analysis and System Security.

Finding 2018-068 and 2017-051: Special Tests and Provisions - Provider Eligibility

Current Status: Repeated. Finding 2019-064.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The provider agreement process has been streamlined to ensure that all approval and documents on file are timely and current. The DHS Medicaid and CHIP Division will be implementing a new computerized Provider Enrollment Application (PEA) which will address the deficiencies identified.

Finding 2018-069, 2017-053, 2016-026, 2015-038, 2014-034, 2013-022 and 12-21: Special Tests and Provisions - Medicaid Fraud Control Unit

Current Status: Repeated. Finding 2019-065.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DOJ is responsible for staffing the Medicaid Fraud Control Unit to ensure proper objective oversight and separation of duties from the Medicaid program. DOJ assigned a full time Assistant Attorney General with oversight of the Medicaid Fraud Control Unit at the end of fiscal year 2020. Additionally, a Special Agent/Investigator was added to the Unit. The Unit also receives support from DOJ's Investigators funded with local government funds. The Medicaid Fraud Control Unit is now fully staffed.

Finding 2018-070 and 2017-050: Special Tests and Provisions - Federal Financial Participation Refunds

Current Status: Repeated. Finding 2019-066.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The policy of required processes to identify cancelled and uncashed checks beyond 180 days will be implemented by the first quarter of fiscal year 2022.

Program:

U.S. Department of Homeland Security

Government Department/Agency:

Department of Finance (DOF)

Community Disaster Loans

CFDA #: 97.030

Award #: 1660-0083 EMN-2019-TF-4335VI02, 1660-0083

EMN-2018-TF-4335VI03, 1660-0083 EMN-2018-TF-4335VI04

Award Year: 01/03/2018 - 10/01/2037

Finding 2018-071: Activities Allowed or Unallowed and Allowable Costs/Cost Principles, Period of Performance

Current Status: Corrective action was taken. Finding not repeated in the current year.

Finding 2018-072: Cash Management

Current Status: Corrective action was taken. Finding not repeated in the current year.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Program:

U.S. Department of Homeland Security

Disaster Grants - Public Assistance (Presidentially
Declared Disasters)

CFDA #: 97.036

Award #: FEMA-4335-DR, FEMA-4340-DR-VI

Award Periods: 09/20/2017 - 09/07/2025

09/07/2017 - 09/16/2025

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

Finding 2018-073: Reporting

Current Status: Repeated. Finding 2019-068.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: VITEMA's process includes PA Employee to monitor and compare the information on the quarterly reports to the project worksheet financial records for completeness, accuracy, and consistency as well as email reminders with the due date of the quarterly reports.

Program:

CFDA # 10.551, 10.561 Supplemental Nutrition Assistance Program Cluster

CFDA # 10.555, 10.559 Child Nutrition Cluster

CFDA # 10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

CFDA # 17.225 Unemployment Insurance

CFDA # 20.205 Highway Planning and Construction Cluster

CFDA # 84.027 Special Education - Grants to States (IDEA, Part B)

CFDA # 84.403 Consolidated Grant to the Outlying Areas

CFDA # 93.600 Head Start

CFDA # 93.767 Children's Health Insurance Program

CFDA # 93.778 Medicaid Cluster

CFDA # 97.030 Community Disaster Loans

CFDA # 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Finding 2018-074 and 2017-088: Data Collection Form and Single Audit Reporting Package

Current Status: Repeated. Finding 2019-069.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Corrective Action Plan: The Government fell considerably behind as a result of two Category 5 hurricanes that significantly damaged the Virgin Islands infrastructure. The Government remains committed to and is focusing its efforts towards timely submission of the Data Collection Form and Reporting Package.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Health (DOH)

Epidemiology and Laboratory Capacity for Infectious

Diseases

CFDA #: 93.323

Award #: CK000377-03

Award Year: 08/01/2014 - 07/31/2019

Finding 2017-060: Cash Management

Current Status: On-going implementation. The DOH's Office of Federal Grants Management (OFGM) has improved its documentation and drawdown process by implementing improved Standard Procedures to outline the steps of the process. There must be a draw request sent to the Senior System Analyst from the Portfolio Representatives. The draw request documents the date the draw is requested, the grant identification, the amount of funding requested, and the explanation of the request. The request and the proof of check cut is sent into Treasury along with the draw request. The mandated turnaround on posting the drawdown is 3 days. Turnaround has improved and posting back to the DOF has improved.

Finding 2017-061: Equipment/Real Property Management

Current Status: On-going implementation. The DOH's Program Directors will maintain an internal listing of all equipment purchased by Federal funds, respective to their Program(s). This listing will be shared with DPP upon their Department annual inspection. DOH will utilize the Federal forms for equipment documentation, as they are required for Program Closeout.

Finding 2017-062: Reporting

Current Status: On-going implementation. A standard letterhead was improved and implemented to identify the DOH's reporting of financial, programmatic, and special reports. All programmatic correspondences, reports, and special requests are signed off by the Program Director and the Deputy Commissioners.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Justice (DOJ)

Child Support Enforcement

CFDA #: 93.563

Award #: 1704VICSES, 1704VICEST

Award Year: 10/01/2016 - 09/30/2017

Finding 2017-063 and 2016-038: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Repeated. Finding 2019-041.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The fiscal staff will work closely with its Human Resources Division and DOF on the payroll allocation setup. A review of all NOPAs upon issuance will be performed to ensure all payroll codes are coded with the 66/34 federal/local match. Time certifications for all employees are completed quarterly with the employee, employee's supervisor, and the PCSD Director signatures certifying staff worked for the program. Each employee's timecard is approved by the employee's supervisor and the agency head before submission to DOF. On a biweekly basis, the fiscal staff reviews all charges to its federal awards for salaries and wages to accurately reflect the work performed for each employee's timecard. Monthly reconciliations on the payroll registers are performed and the fiscal staff work with DOF to rectify any discrepancies.

Standard Operating Procedures have been amended to include these corrective actions. Review and reconciliation of corrective actions has been performed by the fiscal staff and a report is provided to the PCSD Director.

Finding 2017-064: Allowable Costs/Cost Principles - Indirect Cost Activities

Current Status: Repeated. Finding 2019-042.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Monthly reconciliations will be performed on ERP's expenditure reports and the fiscal staff is working closely with DOF to ensure reporting is accurate during the fiscal year. DOJ-PCSD will ensure all direct charges for the fiscal year are accounted for and the approved rate is utilized to calculate the indirect cost amount. The calculation along with supporting documentation will be reviewed by the PCSD Director prior to submission of reimbursement request to the Grantor.

DOJ-PCSD will work closely with OMB and DOF on the recording of funds to the ERP system.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2017-065, 2016-040, 2015-049 and 2014-047: Cash Management

Current Status: Repeated. Finding 2019-043.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DOJ is in the process of reviewing its internal controls and standard policies and procedures manuals for all aspects of the financial functions within the Child Support Enforcement program. Monthly reconciliations will also be performed on ERP's expenditure reports and the fiscal staff is working closely with DOF to ensure reporting is accurate throughout the fiscal year.

Finding 2017-066, 2016-041, 2015-050 and 2014-048: Equipment/Real Property Management

Current Status: On-going implementation. The equipment and real property accountability is on-going. An internal procedure is being carried out by the DOJ-PCSD MIS Division.

Finding 2017-067 and 2016-042: Matching, Level of Effort, Earmarking

Current Status: Repeated. Finding 2019-044.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DOJ-PCSD fiscal staff has created a matching requirement excel spreadsheet that accounts for all expenditures prior to the costs being charged to its fiscal budgets. The spreadsheet is formulated to provide the breakdown of the federal and local amounts which is monitored throughout the fiscal year. This will ensure the local matching requirement is met. Standard operating procedures along with the matching spreadsheet have been established.

Finding 2017-068 and 2016-044: Reporting

Current Status: On-going implementation. The policies and procedures will be put in place concerning monitoring and review of reports. When PCSD receives the report, it is reviewed by the PCSD's fiscal staff and the PCSD Director. Also, a vendor has been hired to monitor the report process.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

Economic, Social, and Political Development
of the Territories
CFDA #: 15.875
Award #: Various
Award Year: Various

Finding 2017-074, 2015-062 and 2014-051: Cash Management

Current Status: Repeated. Finding 2019-030.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government endeavors to exercise due diligence in requesting and reconciling all Federal funds consistent with the governing requirements. Every effort is being made by the responsible parties to ensure full compliance in the future.

Finding 2017-075, 2015-063 and 2014-053: Equipment/Real Property Management

Current Status: Repeated. Finding 2019-031.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The OMB, in collaboration with the DPP, will adhere to Federal regulations related to equipment and its related maintenance. DPP has initiated new/improved procedures to fully comply with all equipment purchases, inventory listing, and disposal of assets.

Finding 2017-076 and 2015-064: Procurement/Suspension and Debarment

Current Status: Corrective action was taken. Finding not repeated in the current year.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000
Award Year: 10/01/2016 - 09/30/2017

Finding 2017-077: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Repeated. Finding 2019-025.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: New policies and procedures have been created to address the payroll process of authorizing and moving grant funded personnel to the appropriate grant year.

Finding 2017-078, 2016-045 and 2015-051: Cash Management

Current Status: Repeated. Finding 2019-026.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: OTAG developed a new Policies and Procedures Manual to address the preparation and submission of SF-270 report. In addition, a Chief Financial Officer has been assigned to ensure separation of duties in financial reporting.

Finding 2017-079, 2016-046 and 2015-052: Matching, Level of Effort, Earmarking

Current Status: Repeated. Finding 2019-027.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The master cooperative agreements through the appendices identifies the cost share and what is required by persons performing management functions.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

In addition, OTAG has developed a new Policies and Procedures Manual which includes tracking the match fulfilment for each expenditure.

Finding 2017-080, 2016-047: Period of Performance

Current Status: Repeated. Finding 2019-028.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: OTAG has developed new policies and procedures to address pre-award costs and the 90 days close out process.

Finding 2017-081, 2016-048, 2015-053 and 2014-049: Reporting

Current Status: Repeated. Finding 2019-029.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: OTAG developed a new Policies and Procedures Manual to address the preparation and submission of SF-270 report. In addition, a Chief Financial Officer has been assigned to ensure separation of duties in financial reporting.

Program:

U.S. Environmental Protection Agency

Performance Partnership Grants

CFDA #: 66.605

Award #: Various

Award Year: 10/01/2009 - 3/31/2018

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Finding 2017-082: Allowable Costs/Cost Principles - Indirect Cost Activities

Current Status: On-going implementation. The program will ensure that all indirect cost agreements are forwarded to United States Environmental Protection Agency (USEPA) for approval and for any indirect agreement that is not current, DPNR will obtain USEPA written approval to utilize such rates. In addition, the calculation and allocation of all indirect costs, along with the indirect cost analysis supporting spreadsheet, for the determination of the indirect costs is reviewed by the internal auditor and Business Office Director to ensure accuracy.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2017-083: Cash Management

Current Status: On-going implementation. In fiscal year 2020, an accountant was hired to assist in the drawdown process and to allow for segregation of duties and effective reviews. The drawdown process per the DPNR SOP will be closely followed and the financial staff is working diligently to ensure draws are executed within 30 days after USEPA approves the SF-270 and within the grant period.

Finding 2017-084: Equipment/Real Property Management

Current Status: On-going implementation. Staff has been identified to work closely with the administrative staff of DPP to ensure all fixed asset purchases and the documentation are timely forwarded to the Business Office staff to ensure accurate and complete inventory records. In addition, DPNR is working closely with DPP to ensure that both agencies' records reconcile.

Finding 2017-085: Matching, Level of Effort, Earmarking

Current Status: On-going implementation. A spreadsheet is prepared for all local matches to ensure an accurate calculation and allocation. These documentations are reviewed by the Program Manager, Division Director, and the Director of the Business Office.

Finding 2017-086: Procurement/Suspension and Debarment

Current Status: On-going implementation. All procurement transactions are conducted following the procurement laws per DPNR SOP and DPP manual. However, staff did not properly file and save the documentation that indicated whether the vendors conducting business with the Government are not suspended or debarred. Going forward, staff was mandated to file and store all of the documentation based on the debarment verification.

Finding 2017-087: Reporting

Current Status: On-going implementation. The Director of the Division of Environmental Protection reviews all reports before submission to USEPA. It has been mandated that all reports to all federal agencies be signed by all divisional directors throughout DPNR.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Aging Cluster

CFDA #: 93.044, 93.045, 93.053

Award #: 1601VISOSR, 1501VISOSR, 1401VISOSR

Award Year: 10/01/2015 - 09/30/2018

10/01/2014 - 09/30/2017

10/01/2013 - 09/30/2016

Finding 2016-034: Cash Management

Current Status: On-going implementation. Non-governmental emails are no longer being used. DHS continues to take corrective measures to resolve the cash management issue.

Finding 2016-035: Eligibility

Current Status: On-going implementation. DHS is committed to implementing internal policies and procedures to determine eligibility by developing a checklist of requirements and ensuring that it is consistently used.

Finding 2016-037: Subrecipient Monitoring

Current Status: On-going implementation. The subrecipient monitoring on subgrantees has been implemented with the requirements of reports submission and other performance requirements.

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Employment Service Cluster

CFDA #: 17.207, 17.801

Award #: ES260501455A78, ES275221555A78,
ES294431655A78, ES275221555A78, ES260501455A78,
ES246501355A78, DV64, 266241555578

Award Year: 07/01/2014 - 09/30/2017

07/01/2015 - 09/30/2018

07/01/2016 - 07/01/2019

07/01/2015 - 09/30/2018

07/01/2014 - 09/30/2017

07/01/2013 - 09/30/2016

10/01/2015 - 09/30/2016

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2016-064: Cash Management

Current Status: On-going implementation. DOL will enforce its policy that all drawdowns are thoroughly reviewed and approved before request is submitted.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Temporary Assistance for Needy Families Cluster

CFDA #: 93.558

Award #: 1501VITANF

Award Year: 10/01/2014 - 09/30/2015

Finding 2015-020 and 2014-018: Activities Allowed or Unallowed

Current Status: On-going implementation. DHS continues to work with its Federal partners to rectify the issue of funding distribution. A complete historic reconciliation of the account is wrapping up as requested by our Federal partners. This will allow for the funding to be distributed according to the areas of need eliminating overspending in one area and underspending in the other.

Finding 2015-023 and 2014-020: Eligibility

Current Status: On-going implementation. The Department continues to reinforce policies and procedures with staff during regularly scheduled meetings. Additionally, periodic internal audits of the files are completed to ensure compliance.

Finding 2015-024: Equipment/Real Property Management

Current Status: On-going implementation. There was severe staff displacement. Hence, the Department of Human Services continues to move forward in implementing its corrective action plan.

Finding 2015-026 and 2014-022: Special Tests and Provisions - Child Support Non-Cooperation

Current Status: On-going implementation. The Department continues to reinforce policies and procedures with staff during regularly scheduled meetings. Additionally, periodic internal audits of the files are completed to ensure compliance.

Finding 2015-027 and 2014-023: Special Tests and Provisions - Penalty for Refusal to Work

Current Status: On-going implementation. The Department continues to reinforce policies and procedures with staff during regularly scheduled meetings. Additionally, periodic internal audits of the files are completed to ensure compliance.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2015-028, 2014-025, 2013-017 and 12-14: Special Tests and Provisions - Income Eligibility and Verification System

Current Status: On-going implementation. The implementation project of the new eligibility system is restarting with expected completion in fiscal year 2021. In the interim, DHS staff are periodically retrained on policies and procedures relevant to programmatic rules and regulation.

Program:

U.S. Department of Commerce

Coastal Zone Management Administration Awards

CFDA #: 11.419

Award #: Various

Award Year: 10/01/2014 - 09/30/2015

Government Department/Agency:

Department of Planning and Natural Resources (DPNR)

Finding 2015-042 and 2014-040: Allowable Costs/Cost Principles - Payroll Activities

Current Status: On-going implementation. The Program continues to ensure that adjustment vouchers are processed on a bi-weekly basis.

Finding 2015-043 and 2014-041: Equipment/Real Property Management

Current Status: On-going implementation. Concerted efforts were implemented to create a record of the equipment that was lost. Despite these challenges, the Department continues to work towards updating its records and reconciling all new equipment purchases going forward.

Finding 2015-045: Reporting

Current Status: On-going implementation. DPNR continues to closely monitor the grantor's electronic system for reporting, so that accessibility issues can be noted early enough to allow for a resolution that will enable timely submission of financial, programmatic, and special reports.

Program:

U.S. Department of Commerce

Coral Reef Conservation Program

CFDA #: 11.482

Award #: NA11NOS4820004/NA13NOS4820011

Award Year: 10/01/2014 - 09/30/2015

Government Department/Agency:

Department of Planning and Natural Resources (DPNR)

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2019

Finding 2015-046 and 2014-044: Allowable Costs/Cost Principles - Payroll Activities

Current Status: On-going implementation. The Program's loss of administrative staff resulted in the incomplete reports of time and effort certifications.

Finding 2015-047: Equipment/Real Property Management

Current Status: On-going implementation. DPNR continues to collaborate with DPP staff to reconcile all equipment purchases within the department.

Finding 2015-048 and 2014-045: Matching, Level of Effort, Earmarking

Current Status: On-going implementation. The Program continues to utilize the Time Distribution for the CZM Director, Accountant, and Grant Manager to track in-kind match associated with this award.

Corrective Action Plan

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
33	2019-001: Financial Position • Deficits in Unrestricted Net Position	The Governor's Financial Team	On-going	The Government is continuing with its recovery efforts of working with federal partners, attracting new industries, improving financial controls, monitoring cash flows, and rebuilding equity.
33	• Plan Funding Considerations	The management team of the Office of the Governor, Office of Management and Budget, Department of Finance, and Government Employees' Retirement System	On-going	In prior fiscal years, the Government allocated the relevant resources to conduct comprehensive studies and recommend revisions to benefits as well as establish funding policies to ensure the minimum ARC obligations are met each year. Much of the efforts put forth are now being deliberated by the Legislature for approval and submission to the Governor.
34	• Government Insurance Fund	The Governor, President, V.I. Legislature, Commissioner, Department of Finance	On-going	The Executive and Legislative branches of the Government will collaborate to implement various recommendations of its actuary in an effort to provide for the long-term financial viability of the Fund.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
35	2019-002: Year-End Close Process • Timeliness and Methodology of Close Process	The management team of the Department of Finance; specifically, the Assistant Commissioner and the Directors of Accounting, Treasury, and Payroll	Immediately	<p>In an effort to develop reliable and timely interim and year-end financial statements, continuous communication and trainings will be made available to all finance users on one consistent and comparable reconciliation process that will allow for any needed adjustments prior to the 13th period. In this way, all accounts, accruals, and reconciliations will be available. Any unreconciled differences will be identified and resolved, with any applicable journal entries, recorded in the financial system of the Government.</p> <p>The Accounting Director, with oversight from the Assistant Commissioner, will continue to enforce the closing procedures whereby all post-closing and audit adjustments maintained in the manual excel working trial balance are reviewed, ratified, and recorded in the financial management system throughout the audit engagement, such that the general ledger reflects audited balances and correct opening balances for the upcoming fiscal year.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
36	<ul style="list-style-type: none"> Journal Entries 	Department of Finance management, specifically the Director of Accounting and Financial Reporting	Immediately	<p>As for more detail reconciliations between accounts that are not visible on a higher reconciliation overview, such as accurate federal classifications, or incorrect postings to grants, this will require additional human resources, to include the option of contractual agreement(s) to ensure that a more detail reconciliation is being completed. The Government will begin to assess the needs and take the necessary steps to provide necessary one-on-one meetings to identify the needs.</p> <p>In an effort to maintain a desirable separation of duties, management has updated the policy by implementing controls whereas, the individual that creates a journal entry will not approve or post that journal. This was only available to limited staff at the Department of Finance and the policy has been made effective immediately. We are continuing to find these rare occurrences and reach out to those employees to follow Munis and system permissions.</p> <p>We also have to work with Munis to see if the names generated in the entry and posting area indeed denote no separation of duties.</p>
36	<ul style="list-style-type: none"> Due from Other Governments 	The management team of the Office of Disaster Recovery of the Public Finance Authority	Immediately	<p>To enhance existing controls, the Government has established the Office of Disaster Recovery to report and manage disaster recovery funds, ensuring coordination between the Government and its component units.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				The Government has also entered into Memorandum of Understanding (MOUs) agreements with the Virgin Islands Housing Finance Authority and the Virgin Islands Water and Power Authority establishing internal controls over the utilization of consultants under the FEMA consulting contracts. The MOUs establish procedures for the receipt and approval of invoices by the component units.
37	2019-003: Revenue and Receivables • Reconciliation of Subsidiary Registers	Assistant Chief of Processing, Tax Assessor, and the designated staff in collaboration with Director of Treasury and as needed, the Director of Accounting	Fiscal Year 2020	For purposes of interim financial reporting, the Bureau of Internal Revenue, Office of the Lieutenant Governor, and the Department of Finance have begun quarterly reconciliation meetings to reduce end of year adjustments, reconcile NSF checks in timely manner, and implement internal safeguards to allow for more efficient reconciliation.
37	• Optimum Usage of the Real Property Tax System	The management team of the Department of Finance and Office of the Lieutenant Governor, specifically, the Director of Accounting, Tax Assessor, and the Chief of Staff	Fiscal Year 2021	Department of Finance personnel will collaborate with the Lieutenant Governor's office to determine possible modifications to the system to achieve the necessary data for financial reporting.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
38	<ul style="list-style-type: none"> Tax Return Processing Method 	The management team of the Bureau of Internal Revenue; specifically, Assistant Chief of Processing	Immediately	The Bureau recognizes there are opportunities for training and system enhancements to increase our accuracy in the data entry area and the systems monitoring area. We will re-evaluate and re-establish all formal processing procedures, re-train the staff, and review the policies and procedures of refund processing to increase accuracy and minimize errors.
38	<ul style="list-style-type: none"> Real Property Tax 	The management team of the Office of the Lieutenant Governor; specifically, the Tax Collector and the Chief of Staff	Immediately	Department of Finance personnel will collaborate with the Office of the Lieutenant Governor to determine and consider the recommendations set forth.
39	<ul style="list-style-type: none"> Allowance for Doubtful Accounts 	The management team of the Office of the Lieutenant Governor; specifically, the Tax Collector and the Chief of Staff	Immediately	Department of Finance personnel will collaborate with the Office of the Lieutenant Governor to determine and consider the recommendations set forth.
39	<ul style="list-style-type: none"> Other Revenues 	Department of Finance management, specifically the Treasury Director and Assistant Director	Immediately	In an effort to provide adequate supporting documentations for sampled items, the Government will ensure that the procedures to attach the documents are fully adhered to. We will conduct spot checks to ensure employees are adhering to this process.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
40	<p>2019-004: Grants Management</p> <ul style="list-style-type: none"> Control Systems Over the Schedule of Expenditures of Federal Awards 	For the Grants Management Module, the Director, Office of Management and Budget and with respect to the SEFA, the Commissioner, Department of Finance	Immediately	<p>The SEFA is prepared by the Department of Finance via a customized report that extracts information from the ERP system. However, the reconciliation of grant expenditures is ostensibly decentralized at the departmental/agency level.</p> <p>As such, departments/agencies are primarily responsible for performing the reconciliation function between grant expenditures and federal financial reports; which, in the long run, will improve the reliability of the SEFA and reporting to grantor agencies. Therefore, in an effort to enhance the monthly reconciliation function, the Office of Management and Budget will fully implement the Grants Management Module, per the ERP system.</p> <p>Given that certain financial data related to the SEFA is provided to the Department of Finance by certain third-parties using separate financial systems, the Department of Finance will continue to coordinate with said parties - through the respective department/agency - in order to mitigate the prospect of duplicating entries by documenting the roles, responsibilities, and timelines associated with posting financial data onto the central Government's ERP system.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
41	<ul style="list-style-type: none"> Federal Grants and Contributions 	The Director, Office of Management and Budget and Director of Accounting	Fiscal Year 2021	In an effort to more accurately account for Federal receivables and related transactions, a private firm was contracted to work directly with the agencies to substantiate the Federal receivables.
42	2019-005: Capital Assets and Related Expenditures <ul style="list-style-type: none"> Record Keeping 	The Commissioner, Department of Property & Procurement and Department of Finance	Immediately	Department of Property and Procurement will work collaboratively with Department of Finance to provide trainings and work on the structuring of the entire process to include key personnel and policies. The Government will review and update the necessary manuals to address all of the recommendations set forth.
43	<ul style="list-style-type: none"> Reconciliation and Review of Subsidiary Registers 	Various designated individuals within the Department of Property and Procurement and the Department of Public Works to formulate a Capital Assets team, and Department of Finance	Fiscal Year 2021	In an effort to verify that all assets in the subsidiary register are reviewed and updated with sufficient descriptions, corrected acquisition dates, and recalculated accumulated depreciation, the Government's Capital Assets team will be responsible for reconciling the general ledger accounts to the detailed records on a quarterly basis.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
43	<ul style="list-style-type: none"> Construction in Progress (CIP) Monitoring 	The Commissioner, Department of Property & Procurement	Immediately	The Department of Property & Procurement will spearhead the monitoring and review of the Government's capital assets and ensure reconciliation of supporting registers to its primary register. As the lead agency for managing the property of the Government, the Department of Property & Procurement will coordinate and communicate amongst all Government departments and/or agencies that are responsible for handling and managing capital assets.
44	<ul style="list-style-type: none"> Capital Assets Impairment Process 	Various designated individuals within the Department of Property and Procurement and the Department of Public Works to formulate a Capital Assets team	Immediately	In an effort to implement a formal process whereby a periodic impairment assessment is conducted and to ensure that all disposals and retirements are consistently processed, the Government will identify key personnel from various departments and agencies to form a Capital Assets team in addition to full implementation of the fixed assets module within the ERP system.
45	<ul style="list-style-type: none"> Capital Assets - Business-Type Activities 	Department of Finance, Executive Assistant Commissioner, Director of Accounting and Financial Reporting, and Capital Asset Coordinator	Fiscal Year 2021	The Government will review the recommendations and collaborate with Benham and Hodge (B&H) to incorporate for the fiscal year 2021 audit year.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
46	<p>2019-006: Recording of Liabilities</p> <ul style="list-style-type: none"> • Retroactive Pay Liability 	The management team of the Division of Personnel; specifically, the Information Technology Manager, Personnel Records Supervisor, OMB Director, and Senior Budget Analysts	Fiscal Year 2021	<p>The Division of Personnel (DOP) will work with the Office of Collective Bargaining (OCB) and the Office of Management and Budget (OMB) to develop a master file that will serve as a clearinghouse for collective bargaining agreements and negotiated pay rates for unionized public sector workers. The Government's Chief Negotiator will take the lead in developing the master file containing negotiated pay rates. OCB management will coordinate with the Division of Personnel's staff, to include the Director and Information Technology/Records Management staff, along with senior budget analysts from OMB to first develop a firm number with regard to the Government's retroactive obligation. This process has already started.</p> <p>Additionally, on a bi-annual basis, the team will meet in order to compare negotiated employee salary rates to those contained in the official personnel records within the ERP system database. It must be noted that DOP functions as a facilitator with regard to the hiring process and relies on official financial information from OCB and OMB. OCB negotiates and interprets contract language for unionized public sector workers while OMB certifies the availability of funding for the purpose of wage implementation. DOP then reviews, audits, and implements newly negotiated wages.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
47	<ul style="list-style-type: none"> Medical Malpractice Liability 	The Commissioner, Department of Health	Fiscal Year 2021	The Department of Health will allocate the requisite resources to properly evaluate the necessary information, which can then be provided to an actuarial service provider for purposes of facilitating the Government in calculating the year-end medical malpractice liability.
47	<ul style="list-style-type: none"> Accounts Payable 	The management team of the Department of Finance; specifically, the Assistant Commissioner and Director of Accounting	Immediately	<p>At present, the ERP system does not allow departments/agencies to enter vendor invoices unless a sufficient allotment is approved by OMB. As a result of this system functionality, certain vendor invoices are set-aside, rather than entered (or accrued for immediately), until OMB provides for a periodic allotment - which may occur several months after year-end. Therefore, given that the OMB allotment process is the underlying controlling mechanism for entering vendor invoices, the Department of Finance must perform a manually intensive review of year-end transactions that are posted in a subsequent year.</p> <p>The Department of Finance will proactively collaborate with the software vendor supporting its ERP Accounts Payable module to ascertain whether a reduction in the existing manual efforts can be achieved. On-going training and employee development will be made available for all users of the accounts payable module and continuous development of the standard operating policies will be enhanced.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
48	<ul style="list-style-type: none"> Income Tax Refunds Payable 	Bureau of Internal Revenue Team	Fiscal Year 2021	The Bureau of Internal Revenue will revise its methodology in establishing the year-end liability and will continue to monitor the reports to avoid any duplication of reporting.
48	<ul style="list-style-type: none"> Landfill Closure and Post Closure Costs Liability 	Waste Management Authority Management Team	Fiscal Year 2021	The Government will work with its consultants to implement monitoring controls and ensure that all calculations are reviewed timely.
49	<ul style="list-style-type: none"> Quality of Census Data 	The management team of the Government Employees' Retirement System and Division of Personnel; specifically, Administrator, Director, Member Services, and Director of Information Technology	Fiscal Year 2021	<p>For the past three (3) years, since the implementation of the new Benefits system (V3), the Government Employees' Retirement System (GERS) has been allocating resources to identify and correct inaccurate member data in the census database that is provided to our actuaries. Additionally, GERS will allocate displaced employees due to the suspension of the Loan Program to assist with the due diligence on the accuracy of the member information in the census database.</p> <p>The Division of Personnel will coordinate with the GERS Administrator to discuss how both agencies can collaborate to effectively improve the quality of the census data. It is anticipated that GERS and the Division of Personnel will do an annual comparative analysis of the employee and retiree related data held by both entities. During this process, data will be reconciled in both databases.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				After the initial reconciliation is completed, an annual review will be done to ensure that relevant information is synchronized within both systems. Information Technology and Records Management personnel from both agencies will be intimately involved in these meetings.
50	<p>2019-007: Management of the Medicaid Program</p> <ul style="list-style-type: none"> Cost Report Audits and System Security Review 	The Commissioner, Department of Human Services, Chief Financial Officer, and the Program Administrator	On-going	Department of Finance has already begun conversations with the Department of Human Services on how the recommendations set forth can be achieved.
51	<ul style="list-style-type: none"> Utilization Control and Medicaid Fraud Control Unit 	Program Administrator, Department of Human Services	On-going	During the fiscal year, the V.I. Medicaid Fraud Control Unit (MFCU) was established through a Memorandum of Understanding. The unit is located within the Department of Justice. The MFCU has Territory-wide authority to investigate and criminally prosecute (or refer for prosecution) cases of Medicaid fraud and patient abuse or neglect in residential care facilities. The MFCU may also bring civil actions to recover false Medicaid claims. The MFCU has a memorandum of understanding with the Virgin Islands Medicaid Program which describes the agencies' working relationship.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				Further, as the Medicaid Fraud Control Unit has been created, the program is in the process of developing its own internal controls in an effort to prevent unnecessary utilization of care and services. The Medical Assistance Program continues to conduct clinical reviews of all inpatient stays over ten days, including a clinical review of the Patient Care Plans.
52	<p>2019-008: Unemployment Insurance Trust Fund</p> <ul style="list-style-type: none"> Account Reconciliation Process 	Commissioner, Virgin Islands Department of Labor	Fiscal Year 2021	The Virgin Islands Department of Labor (VIDOL) recognizes the need to properly report the activities of the Unemployment Insurance Trust Fund. VIDOL has requested and received approval from the Virgin Islands Office of Management and Budget for the hiring of accountants, whose responsibilities will be to record the activities of the Fund in accordance with generally accepted accounting practices. In addition, as part of the year-end financial reporting process related to the Government's financial statement preparation, VIDOL will work with the Department of Finance to ensure that it receives the Unemployment Insurance Trust Fund information timely.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
53	2019-009: Workers Compensation Program • Plan Valuation Methodology	Executive Assistant Commissioner, Director of Accounting and Reporting, and Agency Head	Fiscal Year 2021	Department of Finance will collaborate with the agency to consider the recommendations set forth.
54	2019-010: Other Postemployment Benefits Obligation • Administration and Recordkeeping	Executive Assistant Commissioner, Department of Finance and Division of Personnel	Fiscal Year 2021	Department of Finance has already began working with the Division of Personnel on this matter. Going forward, we will continue to establish a process that will address the findings noted.
55	2019-011: Payroll, Related Accruals, and Other Expenditures • Payroll Expenditures	Management team of the Division of Personnel and Department of Finance; specifically, Director of Payroll	Fiscal Year 2021	Department of Finance will collaborate with the Department of Human Resources to determine and consider the recommendations set forth. We have begun to utilize the STATS system in fiscal year 2021.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
55	<ul style="list-style-type: none"> Overtime Authorization 	The management team of the Division of Personnel and Department of Finance; specifically, Director of Payroll	Immediately	The Government will work with the departments regarding the review of timesheets to the supporting data, and documentation of changes made to time entered for the processing of payroll.
56	<ul style="list-style-type: none"> Formalize Emergency Payroll Procedures 	The management team of the Division of Personnel and Department of Finance; specifically, Director of Payroll	Immediately	With infrastructure improvements due to climate change and technology advances in remote capabilities due to the pandemic, the Government has made great strides in its controls to ensure continuation of normal operating procedures under the most stressful of circumstances. Protocols for emergency payroll processing are continuously updated.
56	<ul style="list-style-type: none"> Transactions with Personnel 	The management team of the Office of the Governor and Department of Finance	Fiscal Year 2021	The Department of Finance will coordinate with the Office of the Governor to strengthen, recommunicate, and monitor the reimbursement policy of the Government. Furthermore, we are exploring systems for automatic reconciliations and will consider hiring someone to work at the Department of Finance, specifically to handle credit card payments.
57	<ul style="list-style-type: none"> Supporting Documentation and Reporting for Expenditures 	The Department of Finance, Executive Assistant Commissioner and Director of Accounting	On-going	We will continue to enforce the Standard of Operating Procedures and Policies (SOPP) that all invoices are attached in the ERP system and closely examine the invoice approval process. As part of the invoice approval, invoices will be closely reviewed to ensure expenditures are recorded in the proper period and are supported in the Accounts Payable module.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
58	2019-012: Bank Accounts • Strengthen Controls Over Bank Reconciliations	The management team of the Department of Finance; specifically, the Assistant Commissioner and Director of Treasury	Fiscal Year 2021	The Treasury Director, with oversight from the Assistant Commissioner will reexamine the process to include reviewing outstanding checks and other reconciling items that have not cleared a specific bank account for more than one year. Upon identifying negotiable instruments that exceed the one-year threshold, Treasury Director will develop an annual procedure to research and validate the status of the reconciling items to ascertain whether they can be properly removed from on-going bank reconciliations, with the original transaction(s) reversed.
59	• Cash Pooling and Allocation(s)	The management team of the Department of Finance; specifically, the Assistant Commissioner and Director of Treasury	Fiscal Year 2021	The Treasury Director, with oversight from the Assistant Commissioner, will enhance the documentation provided to support the pooling and subsequent allocation of the cash accounts. Additional human capital has been provided to ensure that bank reconciliations are prepared timely as we continue to strive to improve the link between the confirmed cash account balances and cash balance per fund presented within the year-end financial statements.
59	• Check Sequences	The management team of the Department of Finance; specifically, the Assistant Commissioner and Director of Treasury	Fiscal Year 2021	To ensure controls are in place over the sequence of checks, controls will be established on the check series used and check series not used.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
60	2019-013: Information Technology Environment	The management team of the Bureau of Internal Revenue (including the Director of Processing and IT), Office of Lieutenant Governor, Department of Labor, specifically, the IT Director, the management team of Division of Family Assistance of the Department of Human Services, and the Department of Finance	On-going	Several enhancements have been made in alignment with correspondences to end users. Continuation of improvements is well underway.
62	2019-014: Collateral of Depository	The management team of the Department of Finance; specifically, the Director of Accounting and Director of Treasury	Fiscal Year 2021	Collateral reports are specific to the financial institution and may not include all quasi-governmental or component unit accounts if not identified as a government account when established at the financial institution. The Government will work with its banks to ensure any accounts identified are included on the collateral report of the related institution.
63	2019-015: Landfill Consent Decrees	Office of the Governor, Chief of Staff and the Waste Management Authority Management Team	Fiscal Year 2021	The Government of the Virgin Islands is currently seeking funding, through the Virgin Islands Legislature, to address the funding concerns and to organize the workflow to timely complete reports to meet EPA decrees concerning the various issues.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
64	2019-016: Establishment of a Medical Malpractice Trust Fund	Commissioner, Department of Health and Medical Malpractice Action Review Committee	Fiscal Year 2021	The Department of Health will continue to closely monitor the applicable laws related to professional medical malpractice by setting up a separate trust fund to be managed by a licensed broker or brokerage firm and to set up an investment plan approved by the Medical Malpractice Action Review Committee.
65	2019-017: Procurement Regulations	Department of Property and Procurement Management Team	Fiscal Year 2021	The Government will continue to take necessary measures to address noncompliance and perform periodic reviews of purchase orders, contracts, and profiles to ensure that internal policies and regulations are being adhered to.
66	2019-018: Casino Control Commission	The Department of Finance, Executive Assistant Commissioner and Director of Accounting	Fiscal Year 2021	The Government will request reporting from the Casino Control Commission on a quarterly basis as covered by the V.I. Code. We will review, request, and establish a working document on how this process will be conducted proceeding forward.
67	2019-019: Allowable Costs/ Cost Principles - Payroll Activities	Deputy Commissioner of HR, Labor Relations and Payroll, Administrator - SNAP	On-going	<p>During fiscal year 2019, the HR department experienced delays in updating NOPAs due to staffing constraints. A full-time HR Generalist was hired for these financial programs in October 2019.</p> <p>The STATS time management system is scheduled to go live in October 2021. Timesheet approvals will be electronic and vetted by the required levels of management.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				The NOPA process is now refined where a new NOPA is generated each fiscal year based on the changes to the Grant's project number. This will ensure that NOPAs and subsequent payroll costs are properly captured to the right cost center.
69	2019-020: Matching, Level of Effort, Earmarking	Chief Financial Officer, SNAP Administrator, Deputy Commissioner of HR, Labor Relations and Payroll	On-going	<p>DHS will move forward with quarterly monitoring and compliance of the match requirements in accordance with our requirements to submit our FNS 777 and 778 Federal Financial Reports.</p> <p>Our financial reports will show we have met the required match of the Food and Nutrition Services. Monitoring and compliance review meetings will be held between the 1st and 15th of the month following the completed quarter.</p>
70	2019-021: Procurement/ Suspension and Debarment	Program Administrators, Chief Financial Officer, Assistant Commissioners	October 2020	There was a mandatory requirement by DPP to have all vendors register with sam.gov as of July 2019. Effective October 1, 2020, the proof of the sams.gov is now included in the ERP requisitioning module and a permanent part of each purchase order record.
71	2019-022: Special Tests and Provisions - EBT Card Security	SNAP Administrator, Assistant Commissioner	On-going	Sufficient staff is required to ensure the requisite checks and balances required for full Federal compliance. Staff is being hired, reassigned, and cross trained to oversee the reconciliation process. The current recertification process for the SNAP Administrative program requires the case file including the eligibility requirements assessment to be performed by an eligibility specialist and approved by a supervisor.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				Additionally, the SNAP program will prepare an SOPP specific to the handling of the EBT cards and related monthly reconciliations.
72	2019-023: Equipment/Real Property Management	Chief Procurement Officer - DOH, Commissioner of Property and Procurement	On-going	DOH and the WIC program will continue having a dialogue with DPP to bring a resolution to this deficiency.
73	2019-024: Procurement/ Suspension and Debarment	Chief Procurement Officer - DOH, Commissioner of Property and Procurement	On-going	DOH and the WIC program will continue to work with DPP to ensure that the requisite documents are included in the procurement package prior to processing.
74	2019-025: Allowable Costs/ Cost Principles - Payroll Activities	Director of Administration and Business Management - OTAG	January 2020	New policies and procedures have been created to address the payroll process of authorizing and moving grant funded personnel to the appropriate grant year.
76	2019-026: Cash Management	Director of Administration and Business Management - OTAG	January 2020	OTAG developed a new Policies and Procedures Manual to address the preparation and submission of SF-270 report. In addition, a Chief Financial Officer has been put in place to ensure separation of duties in financial reporting.
77	2019-027: Matching, Level of Effort, Earmarking	Director of Administration and Business Management - OTAG	January 2020	The master cooperative agreements through the appendices identifies the cost share and what is required by persons performing management functions. In addition, OTAG has developed a new Policies and Procedures Manual which includes tracking the match fulfillment for each expenditure.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
78	2019-028: Period of Performance	Director of Administration and Business Management - OTAG	January 2020	OTAG has developed new policies and procedures to address pre-award costs and the 90 days close out process.
79	2019-029: Reporting	Director of Administration and Business Management - OTAG	January 2020	OTAG developed a new Policies and Procedures Manual to address the preparation and submission of SF-270 report. In addition, a Chief Financial Officer has been put in place to ensure separation of duties in financial reporting.
80	2019-030: Cash Management	Associate Director of Federal Grants Management Unit, Agency Heads - Various Departments and Agencies	On-going	The Government endeavors to exercise due diligence in requesting and reconciling all Federal funds consistent with the governing requirements. Every effort is being made by the responsible parties to ensure full compliance in the future.
81	2019-031: Equipment/Real Property Management	Commissioner, Property and Procurement, Agency Heads - Various Departments and Agencies	On-going	The OMB, in collaboration with DPP will adhere to Federal regulations related to equipment and its related maintenance. DPP has initiated new/improved procedures to fully comply with all equipment purchases, inventory listing, and disposal of assets.
82	2019-032: Reporting	Agency Heads - Various Departments and Agencies	On-going	The Government will monitor closely every report submitted for completeness, accuracy, dates, and consistent with specified guidelines/policies and procedures promulgated by the Cognizant Agency.
83	2019-033: Activities Allowed or Unallowed	Program Director, Chief Financial Officer, Assistant Commissioner	On-going	The VIDOL Unemployment Insurance program has set in place a corrective action plan to establish internal controls and procedures for the Virgin Islands Trust Fund accounts.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				<p>This action plan will set forth criteria for periodic reconciliations of the VI revenue account (clearing account) and deposits, in addition to the cash draws for benefit payments from the Trust fund to the benefit account and provide guidelines in conformity with the CMIA agreement.</p> <p>The agency has launched a task force and conducted its first kick off meeting in July 2020. This plan will establish policy and procedures for the accounting and monthly reconciliation of the VI Trust Fund Accounts. VIDOL, in collaboration with OMB's Compliance Manager, drafted the policy with an anticipated completion date of November 2021.</p> <p>VIDOL has hired a financial analyst that will be responsible for daily monitoring of VI Trust Fund account to ensure compliance with CMIA and Social Security Act clearance and depository regulations.</p> <p>The agency developed a database tool to conduct monthly reconciliations of cash activity in the Trust Fund between the cash sources (employer contributions, penalty, interest, and surcharge). The agency will develop a database tool to conduct monthly reconciliations of cash activity in the Trust Fund between cash uses (benefits paid, reimbursements, and outlays). This database application is expected to be finalized and in production by November 2021.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
84	2019-034: Eligibility	Program Director, Assistant Commissioner	On-going	<p>The VIDOL Unemployment Insurance has set in place a corrective action plan to establish internal controls, and procedures for the Benefits Unit and will implement a schedule for regular file review and to prevent such discrepancies.</p> <p>As of November 2020, the agency has launched an electronic portal that processes claimants' filings of initial, continued, re-open, and transitional claims. The system has validation processes that provide control mechanisms for claimants to respond to all pertinent questions surrounding initial eligibility and continued eligibility as per rules and regulations for eligibility under the Social Security Act and Public Law 112-96 Sec 2101.</p> <p>Through claimant electronic registration, and attestation, filling out of employer on record, work history, work search history (able and available criteria), and past employment records, the Virgin Islands Unemployment Insurance program can verify through system cross match processes (wage record and interstate wage record verification) if eligibility has been established.</p>
85	2019-035: Matching, Level of Effort, Earmarking	Program Director, Chief Financial Officer, Assistant Commissioner	On-going	<p>The VIDOL Unemployment Insurance program has set in place a corrective action plan to establish internal controls and procedures. The agency has launched a task force and conducted its first kick off meeting in July 2020. As of August 2021, the agency is still executing guidelines.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				The agency established policy and procedures for the accounting and monthly reconciliation of the VI Trust Fund Accounts. VIDOL in collaboration with OMB's Senior Analyst, drafted the policy with an anticipated completion date of November 2021.
86	2019-036: Allowable Costs/Cost Principles - Payroll Activities	Personnel Relations Administrator - DPNR, Director of Business and Administrative Services - DPNR, Federal Grants Manager - DPNR-DEP, Internal Auditor - DPNR	On-going	DPNR has already taken steps to adhere to the federal regulations and continues to be vigilant when preparing NOPAs to ensure that all funding sources relative to the distribution of payroll expenses are included on the NOPAs.
88	2019-037: Cash Management	Director of Business and Administrative Services - DPNR, Federal Grants Manager - DPNR-DEP, Internal Auditor - DPNR	On-going	DPNR will continue to strive to comply with the provisions of the CMIA agreement with respect to reimbursements for payroll expenses to be settled within the number of days allowed.
89	2019-038: Period of Performance	Director of Business and Administrative Services - DPNR, Federal Grants Manager - DPNR-DEP, Internal Auditor - DPNR	On-going	DPNR will continue to exercise due diligence in ensuring that all transactions involving federal funds comply with the terms and conditions of the federal grant awards, and they are liquidated within the period of performance or within the ninety (90) days following the end of the performance period. DPNR will also ensure that all transactions are properly recorded, and the records are maintained and retained.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
91	2019-039: Allowable Costs/Cost Principles - Indirect Cost Activities	Deputy Commissioner of Fiscal and Administrative Services, Internal Auditor	On-going	DOE's State Federal Grants Office will work collaboratively to ensure that indirect cost is applied timely to actual expenditures incurred in the appropriate period. DOE has already revised the frequency of its indirect cost calculation and posting from monthly to weekly. This calculation is based on the prior week's expenditures which will ensure it is based on valid expenses and recorded in the accounting system in the appropriate period.
92	2019-040: Cash Management	Deputy Commissioner of Fiscal and Administrative Services, Internal Auditor	On-going	DOE's payroll is processed through the primary government's financial system and then reimbursed through the Third-Party Fiduciary's financial system and thus does not adhere to the CMIA agreement. DOE will begin the process to be exempt from the CMIA agreement for its payroll payments.
93	2019-041: Allowable Costs/ Cost Principles - Payroll Activities	PCSD Director, Fiscal and Operations Director, and Federal Grants Coordinating Specialist	On-going	The fiscal staff will work closely with its Human Resources Division and DOF on the payroll allocation setup. A review of all NOPAs upon issuance will be performed to ensure all payroll codes are coded with the 66/34 federal/local match. Time certifications for all employees are completed quarterly with the employee, employee's supervisor and the PCSD Director signatures certifying staff worked for the program. Each employee's timecard is approved by the employee's supervisor and the agency head before submission to DOF. On a biweekly basis, the fiscal staff reviews all charges to its federal awards for salaries and wages to accurately reflect the work performed for each employee's timecard.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				Monthly reconciliations on the payroll registers are performed and the fiscal staff work with DOF to rectify any discrepancies. Standard Operating Procedures had been amended to include these corrective actions. Review and reconciliation of corrective actions has been performed by the fiscal staff and a report is provided to the PCSD Director.
95	2019-042: Allowable Costs/Cost Principles - Indirect Cost Activities	PCSD Director, Fiscal and Operations Director, and Federal Grants Coordinating Specialist	On-going	Monthly reconciliations will be performed on ERP's expenditure reports and the fiscal staff is working closely with DOF to ensure reporting is accurate. DOJ-PCSD will ensure all direct charges for the fiscal year are accounted for and the approved rate is utilized to calculate the indirect cost amount. The calculation along with supporting documentation will be reviewed by the PCSD Director prior to submission of reimbursement request to the Grantor. DOJ-PCSD will work closely with OMB and DOF on the recording of funds to the ERP system.
96	2019-043: Cash Management	PCSD Director, Federal Grants Coordinating Specialist	On-going	DOJ is in the process of reviewing its internal controls and standard policies and procedures manuals for all aspects of the financial functions within the Child Support Enforcement program. Monthly reconciliations will also be performed on ERP's expenditure reports and the fiscal staff is working closely with DOF to ensure reporting is accurate throughout the fiscal year.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
97	2019-044: Matching, Level of Effort, Earmarking	PCSD Director, Fiscal and Operations Director, and Federal Grants Coordinating Specialist	On-going	DOJ-PCSD fiscal staff has created a matching requirement excel spreadsheet that accounts for all expenditures prior to the costs being charged to its fiscal budgets. The spreadsheet is formulated to provide the breakdown of the federal and local amounts which is monitored throughout the fiscal year. This will ensure the local matching requirement is met. Standard operating procedures along with the matching spreadsheet have been established.
98	2019-045: Allowable Costs/Cost Principles - Non-Payroll Activities	Chief Financial Officer, Administrator - CCDF	March 2022	<p>DHS will ensure that all transactions are properly documented and archived with adequate notations/indicators that each transaction has been properly reviewed and approved by appropriate personnel. The review and approval process will include a thorough examination of payment documents to verify that expenditures, including internal authorizations for expenditures such as vouchers, were authorized and expenses incurred within the indicated grant period.</p> <p>Archived documentation will include supporting evidence of uniform review and approval process that is replicable and reliable and will be retained in accordance with applicable statutory and federal policy retention schedules.</p>
100	2019-046: Allowable Costs/Cost Principles - Payroll Activities	Chief Financial Officer, Deputy Commissioner of HR, Labor Relations and Payroll Administrator - CCDF	March 2022	DHS will ensure that all transactions are properly documented and archived with adequate notations/indicators that each transaction has been properly reviewed and approved by appropriate personnel.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				The STATS time management system is scheduled to go live in fiscal year 2022. Timesheet approvals will be electronic and vetted by the required levels of management.
102	2019-047: Eligibility	Administrator - CCDF, Assistant Commissioner	June 2022	<p>DHS currently has policies and procedures in place to determine, document, and verify eligibility of CCDF participants in accordance with the Federal requirements, as well as the specific eligibility requirements selected by the Territory via the Territory's approved plan. The process for determining eligibility, including the required documentation for different categories of participants, is outlined in the Office of Child Care and Regulatory Services Subsidy Resource and Referral Program Policies and Procedures Manual.</p> <p>The program will implement a quarterly reconciliation and review of participants' folders to verify accuracy of eligibility determinations. The policies and procedures specific to eligibility, will be updated as appropriate to include the record retention requirements in accordance with the State Plan.</p>
103	2019-048: Matching, Level of Effort, Earmarking	Administrator - CCDF, Chief Financial Officer, Assistant Commissioner	January 2022	DHS will activate all relevant account coding to allow for all transactions to be charged to the appropriate earmark category, specifically, DHS will ensure that the Infants and Toddlers account code is available so that spending in this area is accurately reflected in the account summaries and reports.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				DHS will exercise appropriate internal and IT controls to ensure consistent and systematic monitoring of compliance requirements to verify that spending does not exceed all designated maximum earmark levels.
104	2019-049: Period of Performance	Chief Financial Officer, Administrator - CCDF	On-going	DHS is constantly reviewing its policies and procedures with respect to strengthening its monitoring and review processes. This will ensure that all grant activities, including the liquidation of all allowable expenses, are performed timely and within the stipulated period of performance.
105	2019-050: Special Tests and Provisions - Health and Safety Requirements	Administrator - CCDF, Assistant Commissioner	January 2022	<p>The Office of Child Care and Regulatory Services (OCCRS) is in the process of bolstering staffing to allow for robust deployment of staff with responsibility for all areas of federal compliance. Staff will be assigned to coordinate access to and ensure provider compliance with health and safety requirements through consistent monitoring.</p> <p>Additionally, the Quality Unit has developed a work plan to ensure that providers have options and resources to obtain the indicated federally required training and competencies.</p> <p>The CCDF program will generate a training schedule and checklist of competencies that address each of the 11 specific areas of health and safety requirements. The program will track completion of each competency and retain proof of completion of training to support verification of provider compliance.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
106	2019-051: Special Tests and Provisions - Fraud Detection and Repayment	Administrator - CCDF, Assistant Commissioner	January 2022	The Office of Child Care and Regulatory Services (OCCRS) will establish a schedule of quarterly internal audits conducted by non-OCCRS personnel to review documentation that supports subsidy eligibility and subsidy payments for the purposes of ensuring program integrity. Instances of apparent fraud will be reported for investigation and appropriate actions per OCCRS policies and procedures. In addition, appropriate OCCRS staff will receive training/retraining on the CCDF subsidy eligibility process and ongoing payment processes.
107	2019-052: Equipment/Real Property Management	Commissioner, Property and Procurement, Chief Financial Officer, DHS	On-going	The Department of Human Services (DHS) in collaboration with DPP will adhere to Federal regulations related to equipment and its related maintenance. DPP has initiated new/improved procedures to fully comply with all equipment purchases, inventory listing, and disposal of assets.
108	2019-053: Cash Management	Chief Financial Officer, DHS	On-going	The Government endeavors to exercise due diligence in requesting all Federal funds consistent with the governing requirements. DHS is constantly reviewing its policies and procedures with respect to strengthening its monitoring and review processes.
109	2019-054: Reporting	Chief Financial Officer, DHS	On-going	Additional staffing is in the process of being hired which will allow for timely submissions of the required reports. DHS will ensure that all reports are properly documented and archived.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
110	2019-055: Activities Allowed or Unallowed	MAP Director, Assistant Commissioner	October 2021	The provider relations Medicaid Staff will ensure regular reviews of the data and additional levels of review by a supervisor or manager will be implemented.
111	2019-056: Reporting	MAP Director, Chief Financial Officer	December 2021	The MMIS bases the claims payments categorized as CHIP on the validated and adjudicated claims. The ERP system captures paid claims submitted on a cash basis. Once the new Medicaid Fiscal and Program staff implements the oversight of the compliance requirements, the timely reconciliation of the CHIP MMIS to the ERP will be performed.
112	2019-057: Allowable Costs/Cost Principles - Non-Payroll Activities	MAP Director, Chief Financial Officer	June 2022	Advance payments are no longer processed. DHS anticipates ending the storage of equipment and furniture by or before June 30, 2022.
114	2019-058: Eligibility	MAP Director	On-going	<p>DHS has identified a severe staffing shortage as a major contributor to the case management and eligibility determination and redeterminations of Medicaid members during fiscal year 2019. The caseload continued to grow and existing staff had to assume increased number of clients which contributed to some of the deficiencies identified. DHS has already implemented the following:</p> <ul style="list-style-type: none"> Hiring process to add Eligibility Specialists and Eligibility Information Clerks to provide timely and accurate determinations and redeterminations of eligible participants receiving Medicaid benefits.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				<ul style="list-style-type: none"> An Eligibility Supervisor is being added to the St. Thomas/St. John district to provide direct overview of the Eligibility Supervisors and Eligibility Information Clerks. Quality Control Reviewers are being hired in each district who will be providing additional sampling of the Eligibility Case files on a monthly basis. <p>Additionally, on a monthly basis, the Eligibility Supervisors will review a sample of 10 new determinations and re-determinations of Eligibility files for accuracy. A written report of the sample review will be submitted by the Eligibility Supervisors to the Director of Operations including errors identified and training plan for staff identified who made said errors or omissions. On a quarterly basis, the Director of Operations and Eligibility Supervisors will complete an analysis report identifying common errors and training and improvement plans for staff to improve accuracy and submit to the Medicaid Director.</p>
116	2019-059: Matching, Level of Effort, Earmarking	MAP Director, Chief Financial Officer	On-going	DHS will assign resources responsible to ensure periodic monitoring and compliance of the match requirement throughout the fiscal year.
117	2019-060: Reporting	MAP Director, Chief Financial Officer	July 2021	A vendor has been contracted to perform data review and populate the requisite information in the quarterly financial report and ensure timely submission.
118	2019-061: Special Tests and Provisions -	MAP Director, Chief Financial Officer	August 2021	DHS is in the process of recruiting a permanent, full-time Director of Program Integrity position who will enforce the necessary controls and procedures to

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
	Utilization Control and Program Integrity			safeguard against unnecessary utilization of care and services and to identify, investigate, and refer suspected fraud cases.
120	2019-062: Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits	MAP Director	On-going	DHS has engaged in providing viable training to the hospitals, clinics, and federally qualified health centers to increase capacity in submitting their timely cost reports which will in turn assist in the overall Territorial cost report submission.
121	2019-063: Special Tests and Provisions - ADP Risk Analysis and System Security Review	MAP Director	December 2021	The Medical Assistance Program continues to work in implementing its required ADP Risk Analysis and System Security.
122	2019-064: Special Tests and Provisions - Provider Eligibility	MAP Director, Assistant Commissioner	Fiscal Year 2022	<p>The provider agreement process has been streamlined to ensure that all approval and documents on file are timely and current.</p> <p>The DHS Medicaid and CHIP Division will be implementing a new computerized Provider Enrollment Application (PEA) which will address the deficiencies identified.</p>
123	2019-065: Special Tests and Provisions -	Department of Justice	Fiscal Year 2021	DOJ is responsible for staffing the Medicaid Fraud Control Unit to ensure proper objective oversight and separation of duties from the Medicaid program. DOJ assigned a Full Time Assistant Attorney General with

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
	Medicaid Fraud Control Unit			oversight of the Medicaid Fraud Control Unit at the end of fiscal year 2020. Additionally, a Special Agent/Investigator was added to the Unit. The Unit also receives support from DOJ's Investigators funded with local government funds. The Medicaid Fraud Control Unit is now fully staffed.
124	2019-066: Special Tests and Provisions - Federal Financial Participation Refunds	Chief Financial Officer	Fiscal Year 2022	The policy of required processes to identify cancelled and uncashed checks beyond 180 days will be implemented by the first quarter of fiscal year 2022.
125	2019-067: Allowable Costs/Cost Principles - Non-Payroll Activities	Assistant Director of Federal Grants, Territorial Public Assistant Officer, Director - VITEMA	On-going	VITEMA will enforce its policies and procedures in place to ensure the review and approval of project worksheets and related transactions.
127	2019-068: Reporting	Assistant Director of Federal Grants, Territorial Public Assistant Officer, Director - VITEMA	Immediately	VITEMA's process includes PA Employee to monitor and compare the information on the quarterly reports to the project worksheet financial records for completeness, accuracy, and consistency as well as email reminders with the due date of the quarterly reports.
128	2019-069: Data Collection Form and Single	Associate Director, OMB	On-going	The Government fell considerably behind as a result of two Category 5 hurricanes that significantly damaged the Virgin Islands infrastructure. The Government remains committed to and is focusing its efforts

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2019

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
	Audit Reporting Package			towards timely submission of the Data Collection Form and Reporting Package.