



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, 2021

**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, 2021

Government of the United States Virgin Islands

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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 Government of the United States Virgin Islands (the Government), which comprise the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information as of and for the year ended September 30, 2021, and the related notes to the financial statements, and have issued our report thereon dated February 16, 2024. 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 Public Broadcasting System (VIPBS), Virgin Islands Housing Finance Authority (VIHFA), Government Employees' Retirement System of the U.S. Virgin Islands (GERS), 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 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 PFA, WICO, viNGN, and TSFC which is reported on separately by us.

Report on 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 were not identified. However, as described in greater detail in the accompanying schedule of findings and questioned costs, we identified 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 accompanying schedule of findings and questioned costs to be material weaknesses.

Finding #	Nature of Finding
2021-001	Financial Position
2021-002	Year-End Close Process
2021-003	Revenue and Receivables
2021-004	Grants Management
2021-005	Capital Assets and Related Expenditures
2021-006	Recording of Liabilities
2021-007	Management of the Medicaid Program
2021-008	Unemployment Insurance Trust Fund
2021-009	Workers Compensation Program
2021-010	Other Postemployment Benefits Obligation
2021-011	Payroll, Related Accruals, and Other Expenditures
2021-012	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 accompanying schedule of findings and questioned costs to be a significant deficiency.

Finding #	Nature of Finding
2020-013	Information Technology (IT) Environment

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Government's financial statements are free from 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
2021-014	Collateral of Depository
2021-015	Landfill Consent Decrees
2021-016	Establishment of a Medical Malpractice Trust Fund
2021-017	Procurement Regulations
2021-018	Casino Control Commission

The Government's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Government's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Government's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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, P.C.
(formerly known as BDO USA, LLP)

February 16, 2024



Independent Auditor's Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on 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

Adverse, Qualified, and Unmodified Opinions

We have audited the Government of the United States Virgin Islands' (the Government) compliance with the types of compliance requirements identified as subject to audit described in the 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, 2021. 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 Public Broadcasting System (VIPBS), Virgin Islands Housing Finance Authority (VIHFA), Government Employees' Retirement System of the U.S. Virgin Islands (GERS), Virgin Islands Lottery (VI Lottery), the University of the Virgin Islands (UVI) 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 unit of the Government: Tobacco Settlement Financing Corporation (TSFC), as may be applicable, as the results of our testing of compliance is reported on separately by us.

Summary of Opinions

Table I - Summary of Opinions		
Major Federal Program or Cluster	Assistance Listing Number (s)	Type of Opinion
Supplemental Nutrition Assistance Program Cluster (SNAP)	10.551, 10.561	Qualified
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	Unmodified
Bipartisan Budget Act of 2018	11.022	Unmodified



Table I - Summary of Opinions		
Major Federal Program or Cluster	Assistance Listing Number (s)	Type of Opinion
Economic, Social, and Political Development of the Territories	15.875	Qualified
Unemployment Insurance	17.225	Adverse
Highway Planning and Construction Cluster	20.205	Unmodified
Federal Transit Cluster	20.507	Unmodified
COVID-19 - Coronavirus Relief Fund	21.019	Qualified
COVID-19 - Emergency Rental Assistance Program	21.023	Unmodified
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	Unmodified
Drinking Water State Revolving Fund Cluster	66.468	Unmodified
Special Education Cluster (IDEA)	84.027A	Unmodified
Consolidated Grant to the Outlying Areas	84.403A	Unmodified
COVID-19 - Education Stabilization Fund	84.425A, 84.425H	Adverse
Head Start Cluster	93.356, 93.600	Unmodified
Child Support Enforcement	93.563	Qualified
Social Services Block Grant	93.667	Qualified
Children's Health Insurance Program	93.767	Qualified
Medicaid Cluster	93.775, 93.778	Adverse
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Qualified
Hazard Mitigation Grant Program	97.039	Qualified
COVID-19 - Presidential Declared Disaster Assistance to Individuals and Household - Other Needs	97.050	Adverse

Adverse Opinions on Four Major Federal Programs Identified in Table I

In our opinion, because of the significance of the matters discussed in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the Government did not comply in all material respects, with the 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, 2021.

Qualified Opinions on Eight Major Federal Programs Identified in Table I

In our opinion, except for the noncompliance described in the Basis for Adverse, Qualified, and Unmodified Opinions section of our report, the Government complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program identified in Table I for the year ended September 30, 2021.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the Government complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in Table I and in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2021.



Basis for Adverse, Qualified, and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Government and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our adverse, qualified, and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the Government's compliance with the compliance requirements referred to above.

Matters Giving Rise to Adverse Opinion on Four Major Federal Programs Identified in Table I

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 Adverse Opinions				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Labor	17.225	Unemployment Insurance	Activities Allowed or Unallowed	2021-028
Labor	17.225	Unemployment Insurance	Eligibility	2021-029
Labor	17.225	Unemployment Insurance	Reporting	2021-030
Labor	17.225	Unemployment Insurance	Special Tests and Provisions - Employer Experience Rating	2021-031
Labor	17.225	Unemployment Insurance	Special Tests and Provisions - Match with IRS 940 FUTA Tax Form	2021-032
Labor	17.225	Unemployment Insurance	Special Tests and Provisions - UI Reemployment Programs (WPRS and RESEA)	2021-033
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	2021-046
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Cash Management	2021-047
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Equipment and Real Property Management	2021-048



Table II - Material Noncompliance Resulting in Adverse Opinions				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Reporting	2021-049
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Subrecipient Monitoring	2021-050
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Special Tests and Provisions - Participation of Private School Children	2021-051
Health and Human Services	93.775 93.778	Medicaid Cluster	Eligibility	2021-062
Health and Human Services	93.775 93.778	Medicaid Cluster	Reporting	2021-063
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Utilization Control and Program Integrity	2021-064
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits	2021-065
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - ADP Risk Analysis and System Security Review	2021-066
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Provider Eligibility	2021-067
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid Fraud Control Unit	2021-068
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid National Correct Coding Initiative	2021-069
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Activities Allowed or Unallowed - Non-Payroll Activities	2021-075
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Cash Management	2021-076



Table II - Material Noncompliance Resulting in Adverse Opinions				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Eligibility	2021-077
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Period of Performance	2021-078
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Reporting	2021-079
Labor	17.225	Unemployment Insurance	Data Collection Form and Single Audit Reporting Package	2021-080
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.775 93.778	Medicaid Cluster	Data Collection Form and Single Audit Reporting Package	2021-080
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Household - Other Needs	Data Collection Form and Single Audit Reporting Package	2021-080

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

Matters Giving Rise to Qualified Opinion on Eight Major Federal Programs Identified in Table I

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

Table III - Material Noncompliance Resulting in Qualified Opinions				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)	Matching, Level of Effort, Earmarking	2021-020
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)	Special Test and Provisions - EBT Card Security	2021-021

Table III - Material Noncompliance Resulting in Qualified Opinions				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Interior	15.875	Economic, Social, and Political Development of the Territories	Cash Management	2021-025
Interior	15.875	Economic, Social, and Political Development of the Territories	Equipment and Real Property Management	2021-026
Interior	15.875	Economic, Social, and Political Development of the Territories	Reporting	2021-027
Treasury	21.019	COVID-19 - Coronavirus Relief Fund	Reporting	2021-035
Treasury	21.019	COVID-19 - Coronavirus Relief Fund	Subrecipient Monitoring	2021-036
Health and Human Services	93.563	Child Support Enforcement	Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	2021-055
Health and Human Services	93.667	Social Services Block Grant	Period of Performance	2021-057
Health and Human Services	93.767	Children's Health Insurance Program	Reporting	2021-059
Health and Human Services	93.767	Children's Health Insurance Program	Special Tests and Provisions - Provider Eligibility	2021-060
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Matching, Level of Effort, Earmarking	2021-071
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Reporting	2021-072
Homeland Security	97.039	Hazard Mitigation Grant Program	Reporting	2021-074
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)	Data Collection Form and Single Audit Reporting Package	2021-080
Interior	15.875	Economic, Social, and Political Development of the Territories	Data Collection Form and Single Audit Reporting Package	2021-080
Treasury	21.019	COVID-19 - Coronavirus Relief Fund	Data Collection Form and Single Audit Reporting Package	2021-080

Table III - Material Noncompliance Resulting in Qualified Opinions				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Health and Human Services	93.563	Child Support Enforcement	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.667	Social Services Block Grant	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.767	Children's Health Insurance Program	Data Collection Form and Single Audit Reporting Package	2021-080
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Data Collection Form and Single Audit Reporting Package	2021-080
Homeland Security	97.039	Hazard Mitigation Grant Program	Data Collection Form and Single Audit Reporting Package	2021-080

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Government's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Government's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Government's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.



- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Government's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Government's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Government's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 IV, V, and VI below. Our opinion on each major Federal program is not modified with respect to these matters.

Table IV - Other Instances of Noncompliance Noted in Programs with Adverse Opinions				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Health and Human Services	93.775 93.778	Medicaid Cluster	Allowable Costs/Cost Principles - Non-payroll Activities	2021-061

Table V - Other Instances of Noncompliance Noted in Programs with Qualified Opinions				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)	Allowable Costs/Cost Principles - Payroll Activities	2021-019
Health and Human Services	93.667	Social Services Block Grant	Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	2021-056
Health and Human Services	93.667	Social Services Block Grant	Reporting	2021-058
Homeland Security	97.039	Hazard Mitigation Grant Program	Period of Performance	2021-073



Table VI - Other Instances of Noncompliance with Unmodified Opinions

Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Agriculture	10.557	Special Supplemental Nutrition Program for Woman, Infant, and Children (WIC)	Cash Management	2021-022
Commerce	11.022	Bipartisan Budget Act of 2018	Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	2021-023
Commerce	11.022	Bipartisan Budget Act of 2018	Reporting	2021-024
Transportation	20.205	Highway Planning and Construction Cluster	Procurement and Suspension and Debarment	2021-034
Treasury	21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Allowable Costs/Cost Principles - Non-Payroll Activities	2021-037
Treasury	21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Procurement and Suspension and Debarment	2021-038
Treasury	21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Reporting	2021-039
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Allowable Cost/Cost Principles - Payroll Activities	2021-040
Education	84.027A	Special Education Cluster (IDEA)	Equipment and Real Property Management	2021-041
Education	84.027A	Special Education Cluster (IDEA)	Matching, Level of Effort, and Earmarking	2021-042
Education	84.403A	Consolidated Grant to the Outlying Areas	Cash Management	2021-043
Education	84.403A	Consolidated Grant to the Outlying Areas	Equipment and Real Property Management	2021-044
Education	84.403A	Consolidated Grant to the Outlying Areas	Reporting	2021-045
Health and Human Services	93.356 93.600	Head Start Cluster	Allowable Cost/Cost Principles - Payroll Activities	2021-052
Health and Human Services	93.356 93.600	Head Start Cluster	Equipment and Real Property Management	2021-053
Health and Human Services	93.356 93.600	Head Start Cluster	Special Tests and Provisions - Program Governance	2021-054



Table VI - Other Instances of Noncompliance with Unmodified Opinions

Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Agriculture	10.557	Special Supplemental Nutrition Program for Woman, Infant, and Children (WIC)	Data Collection Form and Single Audit Reporting Package	2021-080
Commerce	11.022	Bipartisan Budget Act of 2018	Data Collection Form and Single Audit Reporting Package	2021-080
Transportation	20.205	Highway Planning and Construction Cluster	Data Collection Form and Single Audit Reporting Package	2021-080
Transportation	20.507	Federal Transit Cluster	Data Collection Form and Single Audit Reporting Package	2021-080
Treasury	21.023	COVID-19 - Emergency Rental Assistance Program	Data Collection Form and Single Audit Reporting Package	2021-080
Treasury	21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Data Collection Form and Single Audit Reporting Package	2021-080
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Data Collection Form and Single Audit Reporting Package	2021-080
Education	84.027A	Special Education-Cluster (IDEA)	Data Collection Form and Single Audit Reporting Package	2021-080
Education	84.403A	Consolidated Grant to the Outlying Areas	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.356 93.600	Head Start Cluster	Data Collection Form and Single Audit Reporting Package	2021-080

Government Auditing Standards requires the auditor to perform limited procedures on the Government's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Government's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and, therefore, material weaknesses or significant deficiencies may exist that were not 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as identified in Table VII below to be material weaknesses.

Table VII - Material Weaknesses in Internal Control over Compliance

Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)	Matching, Level of Effort, Earmarking	2021-020
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)	Special Test and Provision - EBT Card Security	2021-021
Agriculture	10.557	Special Supplemental Nutrition Program for Woman, Infant, and Children (WIC)	Cash Management	2021-022
Interior	15.875	Economic, Social, and Political Development of the Territories	Cash Management	2021-025
Interior	15.875	Economic, Social, and Political Development of the Territories	Equipment and Real Property Management	2021-026
Interior	15.875	Economic, Social, and Political Development of the Territories	Reporting	2021-027
Labor	17.225	Unemployment Insurance	Activities Allowed or Unallowed	2021-028
Labor	17.225	Unemployment Insurance	Eligibility	2021-029
Labor	17.225	Unemployment Insurance	Reporting	2021-030

Table VII - Material Weaknesses in Internal Control over Compliance

Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Labor	17.225	Unemployment Insurance	Special Tests and Provisions - Employer Experience Rating	2021-031
Labor	17.225	Unemployment Insurance	Special Tests and Provisions - Match with IRS 940 FUTA Tax Form	2021-032
Labor	17.225	Unemployment Insurance	Special Tests and Provisions - UI Reemployment Programs (WPRS and RESEA)	2021-033
Treasury	21.019	COVID-19 - Coronavirus Relief Fund	Reporting	2021-035
Treasury	21.019	COVID-19 - Coronavirus Relief Fund	Subrecipient Monitoring	2021-036
Education	84.027A	Special Education Cluster (IDEA)	Equipment and Real Property Management	2021-041
Education	84.403A	Consolidated Grant to the Outlying Areas	Equipment and Real Property Management	2021-044
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	2021-046
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Cash Management	2021-047
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Equipment and Real Property Management	2021-048
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Reporting	2021-049
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Subrecipient Monitoring	2021-050
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Special Tests and Provisions - Participation of Private School Children	2021-051
Health and Human Services	93.356 93.600	Head Start Cluster	Equipment and Real Property Management	2021-053
Health and Human Services	93.563	Child Support Enforcement	Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	2021-055
Health and Human Services	93.667	Social Services Block Grant	Period of Performance	2021-057

Table VII - Material Weaknesses in Internal Control over Compliance

Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Health and Human Services	93.767	Children's Health Insurance Program	Reporting	2021-059
Health and Human Services	93.767	Children's Health Insurance Program	Special Tests and Provisions - Provider Eligibility	2021-060
Health and Human Services	93.775 93.778	Medicaid Cluster	Eligibility	2021-062
Health and Human Services	93.775 93.778	Medicaid Cluster	Reporting	2021-063
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Utilization Control and Program Integrity	2021-064
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits	2021-065
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - ADP Risk Analysis and System Security Review	2021-066
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Provider Eligibility	2021-067
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid Fraud Control Unit	2021-068
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid National Correct Coding Initiative	2021-069
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Matching, Level of Effort, Earmarking	2021-071
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Reporting	2021-072
Homeland Security	97.039	Hazard Mitigation Grant Program	Reporting	2021-074

Table VII - Material Weaknesses in Internal Control over Compliance				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Activities Allowed or Unallowed - Non-Payroll Activities	2021-075
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Cash Management	2021-076
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Eligibility	2021-077
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Period of Performance	2021-078
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	Reporting	2021-079
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)	Data Collection Form and Single Audit Reporting Package	2021-080
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Data Collection Form and Single Audit Reporting Package	2021-080
Commerce	11.022	Bipartisan Budget Act of 2018	Data Collection Form and Single Audit Reporting Package	2021-080
Interior	15.875	Economic, Social, and Political Development of the Territories	Data Collection Form and Single Audit Reporting Package	2021-080
Labor	17.225	Unemployment Insurance	Data Collection Form and Single Audit Reporting Package	2021-080
Transportation	20.205	Highway Planning and Construction Cluster	Data Collection Form and Single Audit Reporting Package	2021-080
Transportation	20.507	Federal Transit Cluster	Data Collection Form and Single Audit Reporting Package	2021-080



Table VII - Material Weaknesses in Internal Control over Compliance

Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Treasury	21.019	COVID-19 - Coronavirus Relief Fund	Data Collection Form and Single Audit Reporting Package	2021-080
Treasury	21.023	COVID-19 - Emergency Rental Assistance Program	Data Collection Form and Single Audit Reporting Package	2021-080
Treasury	21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Data Collection Form and Single Audit Reporting Package	2021-080
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Data Collection Form and Single Audit Reporting Package	2021-080
Education	84.027A	Special Education Cluster (IDEA)	Data Collection Form and Single Audit Reporting Package	2021-080
Education	84.403A	Consolidated Grant to the Outlying Areas	Data Collection Form and Single Audit Reporting Package	2021-080
Education	84.425A 84.425H	COVID-19 - Education Stabilization Fund	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.356 93.600	Head Start Cluster	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.563	Child Support Enforcement	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.667	Social Services Block Grant	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.767	Children's Health Insurance Program	Data Collection Form and Single Audit Reporting Package	2021-080
Health and Human Services	93.775 93.778	Medicaid Cluster	Data Collection Form and Single Audit Reporting Package	2021-080
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Data Collection Form and Single Audit Reporting Package	2021-080
Homeland Security	97.039	Hazard Mitigation Grant Program	Data Collection Form and Single Audit Reporting Package	2021-080



Table VII - Material Weaknesses in Internal Control over Compliance				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Homeland Security	97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Household - Other Needs	Data Collection Form and Single Audit Reporting Package	2021-080

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 VIII below, to be significant deficiencies:

Table VIII - Significant Deficiencies in Internal Control over Compliance				
Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)	Allowable Costs/Cost Principles - Payroll Activities	2021-019
Commerce	11.022	Bipartisan Budget Act of 2018	Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	2021-023
Commerce	11.022	Bipartisan Budget Act of 2018	Reporting	2021-024
Transportation	20.205	Highway Planning and Construction Cluster	Procurement and Suspension and Debarment	2021-034
Treasury	21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Allowable Costs/Cost Principles - Non-Payroll Activities	2021-037
Treasury	21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Procurement and Suspension and Debarment	2021-038
Treasury	21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Reporting	2021-039
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Allowable Cost/Cost Principles - Payroll Activities	2021-040
Education	84.027A	Special Education Cluster (IDEA)	Matching, Level of Effort, Earmarking	2021-042
Education	84.403A	Consolidated Grant to the Outlying Areas	Cash Management	2021-043

**Table VIII - Significant Deficiencies in Internal Control over Compliance**

Federal Awarding Agency	Assistance Listing Number (s)	Major Federal Program	Compliance Requirement	Finding Number
Education	84.403A	Consolidated Grant to the Outlying Areas	Reporting	2021-045
Health and Human Services	93.356 93.600	Head Start Cluster	Allowable Cost/Cost Principles - Payroll Activities	2021-052
Health and Human Services	93.356 93.600	Head Start Cluster	Special Test & Provision - Program Governance	2021-054
Health and Human Services	93.667	Social Services Block Grant	Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	2021-056
Health and Human Services	93.667	Social Services Block Grant	Reporting	2021-058
Health and Human Services	93.775 93.778	Medicaid Cluster	Allowable Costs/Cost Principles - Non-payroll Activities	2021-061
Homeland Security	97.039	Hazard Mitigation Grant Program	Period of Performance	2021-073

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Government's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Government's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2021, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements. We have issued our report thereon dated February 16, 2024, which contained 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 as a whole.

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, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

BDO USA, P.C.
(formerly known as BDO USA, LLP)

March 8, 2024

**Schedule of Expenditures
of Federal Awards**

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025			\$ 36,615
Specialty Crop Block Grant Program - Farm Bill	10.170	001561211	\$ 44,264	153,396
<u>SNAP Cluster</u>				
Supplemental Nutrition Assistance Program (SNAP)	10.551			58,254,889
COVID-19 - Supplemental Nutrition Assistance Program (SNAP)	10.551			37,967,779
				<u>96,222,668</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			4,245,646
<i>Total SNAP Cluster and Other</i>				<u>100,468,314</u>
<u>Child Nutrition Cluster</u>				
National School Lunch Program (NSLP)	10.555			2,262,386
Summer Food Service Program for Children (SFSPC)	10.559			18,852
Child Nutrition Discretionary Grants Limited Availability	10.579			37,369
<i>Total Child Nutrition Cluster</i>				<u>2,318,607</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557			4,539,759
Child and Adult Care Food Program	10.558			353,638
COVID-19 - Child and Adult Care Food Program	10.558			102,464
				<u>456,102</u>
State Administrative Expenses for Child Nutrition	10.560			364,116
<u>Food Distribution Cluster</u>				
Emergency Food Assistance Program (Administrative Costs)	10.568			31,628
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	10.568			21,076
				<u>52,704</u>
Emergency Food Assistance Program (Food Commodities)	10.569			7,250
<i>Total Food Distribution Cluster</i>				<u>59,954</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572			14,302
WIC Grants to States (WGS)	10.578			329,625
Fresh Fruit and Vegetable Program	10.582			23,783
Cooperative Forestry Assistance	10.664			74,834
Urban and Community Forestry Program	10.675			59,254
Forest Legacy Program	10.676			13,750
Forest Stewardship Program	10.678			40,007

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing 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 (continued)				
Distance Learning and Telemedicine Loans and Grants	10.855			479,936
Soil and Water Conservation	10.902			12,049
Environmental Quality Incentives Program	10.912			95,510
Total U.S. Department of Agriculture			44,264	109,539,913
U.S. Department of Commerce				
Bipartisan Budget Act of 2018	11.022	0169363814	4,649,610	5,492,105
<u>Economic Development Cluster</u>				
Economic Adjustment Assistance	11.307			212,334
Interjurisdictional Fisheries Act of 1986	11.407			4,598
Coastal Zone Management Administration Awards	11.419	0169363814	46,000	489,993
Cooperative Fishery Statistics	11.434			209,978
Southeast Area Monitoring and Assessment Program	11.435			208,755
COVID-19 - Unallied Management Projects	11.454			3,047
Meteorologic and Hydrologic Modernization Development	11.467			167,682
Unallied Science Program	11.472	0169363814	160,000	160,000
Coral Reef Conservation Program	11.482	0169363814	6,400	312,051
State and Local Implementation Grant Program	11.549			162,347
Total U.S. Department of Commerce			4,862,010	7,422,890
U.S. Department of Defense				
National Guard Military Operations and Maintenance (O&M) Projects	12.401			3,430,694
U.S. Department of the Interior				
<u>Fish and Wildlife Cluster</u>				
Sport Fish Restoration	15.605			674,146
Wildlife Restoration and Basic Hunter Education	15.611			678,517
Total Fish and Wildlife Cluster				1,352,663
Cooperative Endangered Species Conservation Fund	15.615			51,633
Sportfishing and Boating Safety Act	15.622			(20)
State Wildlife Grants	15.634			71,156
Economic, Social, and Political Development of the Territories	15.875	160342882	158,647	3,196,627
COVID-19 - Economic, Social, and Political Development of the Territories	15.875			1,638,243
				4,834,870

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Interior (continued)				
Historic Preservation Fund Grants-In-Aid	15.904			351,359
Emergency Supplemental Historic Preservation Fund	15.957	160342882	547,582	682,071
Total U.S. Department of the Interior			706,229	7,343,732
U.S. Department of Justice				
Coronavirus Emergency Supplemental Funding Program	16.034	829924047	130,270	133,636
Juvenile Justice and Delinquency Prevention	16.540			13,493
Crime Victim Assistance	16.575	829924047	1,098,746	1,154,323
Crime Victim Compensation	16.576			783
Violence Against Women Formula Grants	16.588	829924047	501,397	607,717
Residential Substance Abuse Treatment for State Prisoners	16.593			20,541
State Criminal Alien Assistance Program	16.606			49,235
Project Safe Neighborhoods	16.609			32,146
Edward Byrne Memorial Justice Assistance Grant Program	16.738	829924047	153,147	168,968
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			89,086
Support for Adam Walsh Act Implementation Grant Program	16.750			177,125
Total U.S. Department of Justice			1,883,560	2,447,053
U.S. Department of Labor				
Labor Force Statistics	17.002			387,919
Compensation and Working Conditions	17.005			66,845
<u>Employment Service Cluster</u>				
Employment Service/Wagner-Peyser Funded Activities	17.207			1,075,264
Jobs for Veterans State Grant	17.801			66,019
Total Employment Service Cluster				1,141,283
Unemployment Insurance	17.225			37,111,739
COVID-19 - Unemployment Insurance	17.225			105,945,154
				143,056,893
Senior Community Service Employment Program	17.235			886,910
<u>WIOA Cluster</u>				
WIOA Adult Program	17.258			317,380
WIOA Youth Activities	17.259			588,788
WIOA Dislocated Worker Formula Grants	17.278			595,826
Total WIOA Cluster				1,501,994

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Labor (continued)				
Work Opportunity Tax Credit Program (WOTC)	17.271			19,792
Temporary Labor Certification for Foreign Workers	17.273			7,631
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277			482,091
Occupational Safety and Health State Program	17.503			245,256
Total U.S. Department of Labor				147,796,614
U.S. Department of Transportation				
<u>Highway Planning and Construction Cluster</u>				
Highway Planning and Construction	20.205			40,993,250
<u>FMCSA Cluster</u>				
Motor Carrier Safety Assistance Program	20.218			223,899
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			305
<u>Total FMCSA Cluster</u>				224,204
<u>Federal Transit Cluster</u>				
Federal Transit Formula Grants	20.507			2,655,116
COVID -19 - American Rescue Plan - Federal Transit Formula Grants	20.507			79,388
COVID -19 - Federal Transit Formula Grants	20.507			565,052
<u>Total Federal Transit Cluster</u>				3,299,556
<u>Transit Services Programs Cluster</u>				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513			27,055
Public Transportation Emergency Relief Program	20.527			28,366
<u>Highway Safety Cluster</u>				
State and Community Highway Safety	20.600			1,149,510
Total U.S. Department of Transportation				45,721,941
U.S. Department of the Treasury				
COVID-19 - Coronavirus Relief Fund	21.019		29,330,350	30,431,578
COVID-19 - Emergency Rental Assistance Program	21.023	135962475	21,315,497	21,315,497
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		1,500,000	8,051,618
Total U.S. Department of Treasury			52,145,847	59,798,693

Government of the United States Virgin Islands

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Year ended September 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
National Endowment for the Arts				
Promotion of the Arts Partnership Agreements	45.025	135962475	326,235	326,235
Grants to States	45.310			87,783
Total National Endowment for the Arts			326,235	414,018
U.S. Environmental Protection Agency				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			25,414
Construction Grants for Wastewater Treatment Works	66.418			240,382
Water Quality Management Planning	66.454			62,997
NonPoint Source Implementation Grants	66.460			15,478
<u>Drinking Water State Revolving Fund Cluster</u>				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	138919282	4,070,082	4,231,870
Beach Monitoring and Notification Program Implementation Grants	66.472			76,046
Performance Partnership Grants	66.605	138919282	137,758	1,208,605
Hazardous Waste Management State Program Support	66.801			14,204
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804			11,666
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			20,067
State and Tribal Response Program Grants	66.817			70,234
Total U.S. Environmental Protection Agency			4,207,840	5,976,963
U.S. Department of Energy				
State Energy Program	81.041			405,665
Weatherization Assistance for Low-Income Persons	81.042			139,375
Total U.S. Department of Energy				545,040
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002		165,456	503,267
<u>Special Education Cluster (IDEA)</u>				
Special Education - Grants to States (IDEA, Part B)	84.027A			9,708,760
Impact Aid	84.041			37,013
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126			1,484,026
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177B			14,529
Special Education - Grants for Infants and Families	84.181			663,323

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<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education (continued)				
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184			278,959
Comprehensive Literacy Development	84.371C			206,304
Consolidated Grant to the Outlying Areas	84.403A		892,264	17,191,278
<u>COVID-19 - Education Stabilization Fund</u>				
COVID-19 - Education Stabilization Fund - State Educational Agency (Outlying Areas) (ESF-SEA)	84.425A			14,248,418
COVID-19 - Education Stabilization Fund - Governors (Outlying Areas) (ESF-Governor)	84.425H		2,500,000	4,465,386
<i>Total COVID-19 - Education Stabilization Fund</i>				18,713,804
Hurricane Education Recovery	84.938H			1,525,361
Total U.S. Department of Education			3,557,220	50,326,624
U.S. Election Assistance Commission				
HAVA Election Security Grants	90.404			449,068
COVID-19 - HAVA Election Security Grants	90.404			3,150
Total U.S. Election Assistance Commission				452,218
U.S. Department of Health and Human Services				
<u>Aging Cluster</u>				
COVID-19 - Special programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers and CARES Act for Supportive Services Under Title III-B of the Older Americans Act	93.044			72,599
Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act	93.045			25,623
COVID-19 - Nutrition Services and CARES Act for Nutrition Services under Title III-C of the Older Americans Act	93.045			501,171
<i>Total Aging Cluster</i>				526,794
COVID-19 - National family Caregiver Support Title III, Part E	93.052			122,815
Public Health Emergency Preparedness	93.069			371,676
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			140,604
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			120,389
Maternal and Child Health Federal Consolidated Programs	93.110			755,451

Government of the United States Virgin Islands

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Year ended September 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing 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)				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			113,854
Emergency Medical Services for Children	93.127			140,637
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			186,207
Projects for Assistance in Transition from Homelessness (PATH)	93.150	001560155	50,000	50,000
Family Planning-Services	93.217			915,191
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			545,684
Early Hearing Detection and Intervention	93.251			249,425
Immunization Cooperative Agreements	93.268			1,216,444
COVID-19 - Immunization Cooperative Agreements	93.268			247,577
				<u>1,464,021</u>
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			1,052,875
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323			1,531,896
				<u>2,584,771</u>
Behavioral Risk Factor Surveillance System	93.336			33,346
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			2,159,713
<u>Head Start Cluster</u>				
Head Start Disaster Recovery	93.356			189,036
Head Start	93.600			8,234,060
COVID-19 - American Rescue Plan - Headstart	93.600			1,388
COVID-19 - Headstart	93.600			658,013
<u>Total Head Start Cluster</u>				<u>9,082,497</u>
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			264,991
Every Student Succeeds Act/Preschool Development Grants	93.434			315,685
Temporary Assistance for Needy Families	93.558			842,416
Payments to Territories - Adults	93.560			1,299,674
Child Support Enforcement	93.563			3,759,170
COVID-19 - Low Income Home Energy Assistance	93.568			155,248

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Health and Human Services (continued)				
<u>CCDF Cluster</u>				
Child Care and Development Block Grant	93.575			1,450,661
COVID-19 - Child Care and Development Block Grant	93.575			1,225,273
Total CCDF Cluster				2,675,934
State Court Improvement Program	93.586			62,581
Grants to States for Access and Visitation Programs	93.597			87,132
Stephanie Tubbs Jones Child Welfare Services program	93.645			66,460
Social Services Block Grant	93.667			5,508,552
Children's Health Insurance Program	93.767			920,029
<u>Medicaid Cluster</u>				
State Medicaid Fraud Control Units	93.775			478,274
Medical Assistance Program	93.778			110,157,884
COVID-19 - Medical Assistance Program	93.778			2,868,723
Total Medicaid Cluster				113,504,881
Opioid STR	93.788			112,203
COVID-19 - Hospital Preparedness Program (HPP) Ebola Preparedness and Responsive Activities	93.817			28,110
Maternal, Infant and Early Childhood Home Visiting Grant	93.870			1,124,144
National Bioterrorism Hospital Preparedness Program	93.889			200,287
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			103,195
HIV Care Formula Grants	93.917			818,136
HIV Prevention Activities Health Department Based	93.940			1,050,888
Block Grants for Community Mental Health Services	93.958			196,114
COVID-19 - Block Grants for Community Mental Health Services	93.958			5,319
				201,433
Block Grants for Prevention and Treatment of Substance Abuse	93.959			541,657
The Zika Health Care Services Program	93.966			555,641
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			198,412
Mental Health Disaster Assistance and Emergency Mental Health	93.982			553,896
Preventive Health and Health Services Block Grant	93.991			321,633
Maternal and Child Health Services Block Grant to the States	93.994			1,548,629
Total U.S. Department of Health and Human Services			50,000	156,456,691

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2021

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing 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			11,989
<u>Foster Grandparent/Senior Companion Cluster</u>				
Foster Grandparent Program	94.011			164,254
Total Corporation for National and Community Service				176,243
U.S. Department of Homeland Security				
Non-Profit Security Program	97.008	825544042	18,954	18,954
Boating Safety Financial Assistance	97.012			748,673
COVID-19 - Crisis Counseling	97.032			282,182
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	825544042	461,949,244	557,213,303
COVID-19 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		3,880,624	22,589,222
				579,802,525
Hazard Mitigation Grant Program	97.039	825544042	4,873,342	7,890,069
Emergency Management Performance Grants	97.042			1,057,462
COVID-19 - Emergency Management Performance Grants	97.042			90,172
				1,147,634
BRIC: Building Resilient Infrastructure and Communities	97.047			390,680
COVID-19 - Presidential Declared Disaster Assistance to Individuals and Households - Other Needs	97.050			7,128,856
Homeland Security Grant Program	97.067	825544042	79,902	1,240,279
Earthquake Consortium	97.082			46,595
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083			781,488
Total U.S. Department of Homeland Security			470,802,066	599,477,935
Total Expenditures of Federal Awards			\$ 538,585,771	\$ 1,197,327,262

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), the Virgin Islands Public Finance Authority (a blended component unit), The West Indian Company Limited (WICO), and viNGN, INC. d/b/a Virgin Islands Next Generation Network (viNGN) as of and for the year ended September 30, 2021, 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).

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 the Uniform Guidance. Federal award program titles are reported as presented in the Assistance Listing Number (ALN). Federal award program titles not presented in the Assistance Listing 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 (ALN 10.551 in the amount of \$96,222,668) and the food cost (ALN 10.557 in the amount of \$1,924,116) 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 (ALN 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 2021, the Government received cash rebates from infant formula manufacturers in the amount of approximately \$768,323 on sales of formula to participants in the WIC program (ALN 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 ALN 17.225.

Territory UI Benefits (Trust Fund)	\$ 140,435,444
Federal UI Benefits (Administration)	2,621,449
<hr/>	
Total	\$ 143,056,893

9. Outstanding Loan

The Government received proceeds from the Community Disaster Loans program (ALN No. 97.030) as administered by the Federal Emergency Management Agency (FEMA). There is a provision in the FEMA regulations that permits FEMA to cancel all or a portion of this loan. 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. On September 30, 2021, repayments of the Community Disaster Loans issued by FEMA were cancelled when Congress passed the Extending Government Funding and Delivering Emergency Assistance Act (P.L. 117-43) and on October 8, 2021, FEMA notified the Government of such cancellation and closure of the loans program.

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, 2021, 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

Through qualification for substantial Federal disaster assistance from FEMA and other Federal agencies, the Government has made significant progress towards restoring its assets which were damaged by Hurricanes Irma and Maria in September 2017. To close potential shortfalls and to serve returning citizens, the Government continues to work closely with Federal agencies, to maximize its recovery from all available sources, subject to any sub-limits and retentions.

Through December 2023, Federal assistance awarded to the Territory included \$7.4 billion in FEMA Public Assistance grants, \$66.3 million in Federal Highway grants, \$187.5 million in FEMA Hazard Mitigation grants, and \$1.1 billion in Community Development Block Grants, and \$208.0 million in other grants for a total of approximately \$9.0 billion dollars.

The Government has received notices from FEMA of potential debt as a result of audits related to the Public Assistance Grant Program awards for fiscal years 2018 and 2019. In response to the notices, both in February 2021 and January 2023, the Government exercised its option to appeal and provided additional clarification and documentation. As of report date, FEMA has questioned costs of \$42.1 million.

The questioned costs are in the process of being reviewed by FEMA and until the appeal review is completed, questioned costs identified do not represent final monies owed to FEMA. Management believes that any such claims or actions by FEMA will be resolved and will not have a material impact to the awards or the financial position of the Government.

Global Pandemic and Economic Relief Legislation

Through December 2023, federal grants and assistance received by the PG related to COVID-19 amounted to \$686.0 million. Federal grants and assistance received by component units of the Government amounted to \$84.8 million.

Government of the United States Virgin Islands

Notes to Schedule of Expenditures of Federal Awards

In November 2021, “The Infrastructure Investment and Jobs (IIJ) Act” was signed into Law.

- i. Through the Territorial Highway Program, the U.S. Virgin Islands would expect to receive more than \$95.0 million over five years to rebuild its roads and bridges. The U.S. Virgin Islands can also compete for \$7.5 billion in funding over five years for major projects that will deliver substantial economic benefits to communities.
- ii. Based on formula funding alone, the U.S. Virgin Islands would expect to receive nearly \$30.0 million over five years to improve public transportation options across the islands.
- iii. The Territory will receive a minimum allocation of \$25.0 million to help improve broadband service and to promote broadband adoption and affordability.
- iv. Based on historical formula funding levels, the U.S. Virgin Islands will expect to receive \$2.5 million to protect against cyberattacks and the Territory will also benefit from the bill’s historic \$3.5 billion national investment in weatherization which will reduce energy costs for families.
- v. Based on the traditional revolving fund formula, the U.S. Virgin Islands will expect to receive more than \$45.0 million over five years to improve water infrastructure in the region and ensure that clean, safe drinking water is a right in all communities.
- vi. Airports in the U.S. Virgin Islands would receive approximately \$30.0 million for infrastructure development over five years.

The Government continues to examine the impact that the economic relief legislation may have on its operations.

Schedule of Findings and Questioned Costs

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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
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:

Assistance Listing Number(s)

Major Federal Program or Cluster

Opinion

10.551, 10.561

Supplemental Nutrition Assistance Program Cluster (SNAP)

Qualified

10.557

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

Unmodified

11.022

Bipartisan Budget Act of 2018

Unmodified

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

<u>Assistance Listing Number(s)</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
20.507	Federal Transit Cluster	Unmodified
21.019	COVID-19 - Coronavirus Relief Fund	Qualified
21.023	COVID-19 - Emergency Rental Assistance Program	Unmodified
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	Unmodified
66.468	Drinking Water State Revolving Fund Cluster	Unmodified
84.027A	Special Education Cluster (IDEA)	Unmodified
84.403A	Consolidated Grant to the Outlying Areas	Unmodified
84.425A, 84.425H	COVID-19 - Education Stabilization Fund	Adverse
93.356, 93.600	Head Start Cluster	Unmodified
93.563	Child Support Enforcement	Qualified
93.667	Social Services Block Grant	Qualified
93.767	Children's Health Insurance Program	Qualified
93.775, 93.778	Medicaid Cluster	Adverse
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Qualified
97.039	Hazard Mitigation Grant Program	Qualified
97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Household - Other Needs	Adverse

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>Assistance Listing Number(s)</u>	<u>Major Federal Program or Cluster</u>
10.551, 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP) Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
10.557	Bipartisan Budget Act of 2018
11.022	Economic, Social, and Political Development of the Territories
15.875	Unemployment Insurance
17.225	Highway Planning and Construction Cluster
20.205	Federal Transit Cluster
20.507	COVID-19 - Coronavirus Relief Fund
21.019	COVID-19 - Emergency Rental Assistance Program
21.023	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
21.027	Drinking Water State Revolving Fund Cluster
66.468	

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Assistance Listing

<u>Number(s)</u>	<u>Major Federal Program or Cluster</u>
84.027A	Special Education Cluster (IDEA)
84.403A	Consolidated Grant to the Outlying Areas
84.425A, 84.425H	COVID-19 - Education Stabilization Fund
93.356, 93.600	Head Start Cluster
93.563	Child Support Enforcement
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.775, 93.778	Medicaid Cluster
	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.036	
97.039	Hazard Mitigation Grant Program
	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Household - Other Needs
97.050	

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

\$3,591,981

Auditee qualified as low-risk auditee?

_____ Yes X No

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Section II - Financial Statement Findings

Finding 2021-001: 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, the Government's operations were impacted by the global coronavirus pandemic.

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 and the global coronavirus pandemic. It is further noted that as of September 30, 2021, 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 Employees' Retirement System of the U.S. Virgin Islands (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, 2021

- As per the GERS actuarial valuation report as of October 1, 2020, the Retirement System is 11.39% funded for the year ended September 30, 2021. The same report also disclosed a net pension liability of \$4.5 billion which represents a long-term obligation the Government has to fund.
- As per the OPEB actuarial valuation report as of October 1, 2020, the OPEB plan reflects a total OPEB obligation of \$992.3 million which represents the long-term medical, dental, and other obligations 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, 2021, the ratio of expenditures to income was 48%. It appears that losses since the financial crisis of 2008 have easily exceeded the premiums collected and 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, 2021

Finding 2021-002: 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 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 for the Government and all component units 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, 2021

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 were not available for certain journal entries which had been selected for further review. Management should ensure consistent and strict adherence to its record 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, 2021

Finding 2021-003: Revenue and Receivables

The Government's Bureau of Internal Revenue (the Bureau) is responsible for administering the internal revenue tax laws of the U.S. 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 U.S. 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 receivables, 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, adjustments made in the billings 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 receivables 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, 2021

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.

We noted one tax-exempt taxpayer's account which had been selected for further review was inaccurately included in gross receipts tax receivable listing as of year-end.

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 tax billings issued to non-taxable properties owned by the Government and its component units. Management should perform a review and identification of the Government's and component units' 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.
- We noted that the penalty interest in the real property tax receivable aging schedule was incorrectly calculated as of year-end as the month gap between the delinquent date and the year-end is taken one month more than the actual.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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 approximately 11.0% of the sampled items for charges for services and interest and other revenues. As a result, additional time and effort was required during the audit process to locate and/or identify alternative methods.

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, 2021

Finding 2021-004: 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 Assistance Listing Numbers (ALN) 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 \$7.2 million in expenditures had erroneously been reflected as expenditures in ALN 17.225, *Unemployment Insurance* and needed to be reclassified to ALN 97.050, *Presidential Declared Disaster Assistance for Individuals and Households - Other Needs*.
- Approximately \$8.1 million in expenditures had erroneously been reflected as expenditures in ALN 21.019, *Coronavirus Relief Fund* and needed to be reclassified to ALN 21.027, *Coronavirus State and Local Fiscal Recovery Funds*.
- Approximately \$21.3 million in expenditures for ALN 21.023, *Emergency Rental Assistance* had not been recorded in the SEFA, requiring adjustment.
- Approximately \$1.0 million in expenditures had erroneously been reversed in ALN 84.425H, *Education Stabilization Fund - Governors (Outlying Areas) (ESF-Governor)*.

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.

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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.

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 is 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.

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Federal Grants Accounting

Finding and Recommendation:

Based on our review and testing of the schedule of grant revenues, we noted the following:

- Local reimbursements into the Asset Recovery Fund were improperly being reported as Federal grant revenue.
- The Government did not perform an analysis in order to properly disclose the Community Disaster Loan cancellation in fiscal year 2021. Significant audit adjustments were required to correct the presentation in the financial statements.
- Several Federal cash receipts had been received in advance for various programs and were recorded as revenues. During the fiscal year, the Government did not have allowable expenditures for the full amount received and did not properly reclassify the amounts to refundable advances.

Although these instances were subsequently adjusted and rectified, management should ensure strict adherence to its reconciliation and review 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.

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Finding 2021-005: 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 five (5) additions in fiscal year 2021 had not been reflected in the initial additions listing.

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.

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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 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 construction in progress activity, we noted the following:
 - Two (2) projects had been confirmed to be completed but certain costs had not been included in the total capitalized cost on the general ledger.
 - Two (2) projects had been confirmed to be completed but had not been transferred to the completed asset category.
- The Government adopted the method of using the 'release of claims' date as the date a project is placed in service. However, we noted an inconsistent application of this methodology.

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- 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.

With the increase in activity in the number of CIP projects, 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:

- 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 for certain assets were not readily traceable to the asset registers due to lack of proper ID and were not disposed in ERP. This may result in improper accounting of the transaction(s) with respect to 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.

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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.

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Finding 2021-006: 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 \$188.0 million retroactive pay liability reflected on the books and records; however, the supporting schedules can only confirm \$175.5 million which, in turn, is based on an analysis of collective bargaining agreements (CBAs) from the initial retroactive pay wage Commission findings.
- Approximately 74.0% 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.

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.

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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, 2021, 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.

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.

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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 2021 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.

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.

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Finding 2021-007: 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, System Security Review, and Approvals

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 for fiscal year 2021. 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.
- We noted that the Department's Medicaid specialists and/or supervisors do not document their review and approval of Medicaid applications prior to the issuance of favorable Notice of Decisions and Medicaid cards to the applicants. We recommend that management evaluate and develop policies and procedures for the review and approval of Medicaid applications.

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, 2021, 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.

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Finding 2021-008: 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, 2021, 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.

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Finding 2021-009: 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 recent past, 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 and reconcile 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.

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Also, we noted ten (10) cases where documentation of claims were not available for review. We recommend that the Government continue to monitor and adhere to its established policies and procedures related to record 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.

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Finding 2021-010: Other Postemployment Benefits Obligation

As required, the Government follows the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard requires 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 are continuously becoming more 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.

Update of Mortality Tables

Finding and Recommendation:

It is noted that generational mortality tables and related assumptions currently being utilized are based on a review performed as of September 30, 2015. While these rates appear to be reasonable, it should be noted that the Society of Actuaries updates the generational mortality improvement scales every year, and a more recent scale or annual updates may be more applicable.

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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.

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Finding 2021-011: 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:

The Department of Human Services transitioned to a manual timesheet process in lieu of system generated timesheets after the September 2017 hurricanes caused damage to its ADI Time payroll system, which had also not been adequately backed up. The Department continued to use the manual timesheet process for the year under review. We recommend that the Department transition over to the STATS system (timesheet system), which is currently being utilized by various other agencies and departments. In addition, 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. In addition, we noted one (1) employee which had been selected for further review, was not appropriately paid out for their lump sum compensated absence balance after termination. While deemed insignificant to the overall operations, we recommend that the Government examine the contents and eliminate such information.

During our sampled procedures, we noted several instances where employees in certain labor categories had received overtime payments in excess of annual salaries and this was attributed to staffing shortages. While this was approved, this is an area that is typically susceptible to mishandling given the volume and amounts involved. In addition, we noted two (2) transactions where documentation of approval or pay rate used to calculate overtime were not available for review. We recommend that the Government continue to monitor and adhere to its established written policies and procedures related to the proper review, recording, reporting, and record retention policy 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.

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.

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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.

In some instances, we noted that there was no evidence of adequate 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.

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.

Reporting for Expenditures

Finding and Recommendation:

During our sampled procedures, we identified twenty five (25) items in which the expenditure tested were 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.

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Finding 2021-012: 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 2021, we noted some instances where the bank reconciliation variances were not properly explained or investigated. 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 continue to recommend that bank reconciliations be prepared and reviewed for accuracy and completeness on a timely basis. 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.
- We noted deposits amounting to \$2.6 million that were listed as outstanding items in the bank reconciliation that cleared the bank as of year-end. We also noted several outstanding electronic fund transfer payments for three bank accounts amounting to \$40.3 million that cleared the bank during the year.
- We noted a bank-to-bank transfer of \$5.0 million that had been incorrectly included in the bank reconciliation adjustment at year-end.
- We noted \$22.2 million in checks that were printed in fiscal year 2021 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.
- We noted four (4) imprest cash accounts, confirmed by the bank(s), which had not been listed in the imprest cash account report at year-end.
- We noted a balance of \$24.2 million in an equity in treasury account that had not been reclassified to the proper liability account 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.

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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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding 2021-013: Information Technology (IT) Environment

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

User Access and Administration

Finding and Recommendation:

We noted the following during our procedures over user access and change management:

- 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

Applications:

- Timeforce
- MUNIS
- VIDOLA\$
- VITAX
- ScanOptics
- MMIS
- RawData
- CARIBS
- VIBES

- Timely removal of system access could not be determined for the following applications:

Windows Domain:

- Bureau of Internal Revenue
- Department of Labor
- Department of Human Services

Applications:

- VIDOLA\$
- VITAX
- ScanOptics
- RawData
- MMIS
- CARIBS
- VIBES

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

- 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
- MUNIS
- VITAX
- ScanOptics
- MMIS
- VIDOLA\$
- RawData
- CARIBS
- VIBES

- Evidence was not available to demonstrate that there is a formal change management policy on the following operating systems and applications:

Operating Systems:

- Department of Finance
- Department of Labor

Applications:

- Timeforce
- MUNIS
- VIDOLA\$

- For Department of Labor, finance and operations personnel have admin access to Windows.

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 and strict adherence to record 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.

Proactive Approach to Cybersecurity

Finding and Recommendation:

In today's digital economy, where the number of attacks is increasing with each passing minute, the Government needs a proactive approach to cyber defense to protect its assets. On-going protections against these ever-evolving cyber threats should include:

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

- A strengthened environment to reinforce against common attacks, like phishing, ransomware, and credential theft.
- Consistent evaluation of controls in place to detect signs of compromise before damage is done.
- Continuous employee trainings, through onboarding, phishing campaigns, and developing periodic security awareness training.

We recommend the Government consider the development of a cybersecurity framework to include a system of standards, guidelines, logs, and best practices to manage risks across all agencies and departments.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2020

Finding 2021-014: 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. Also, we noted that the Government did not meet the margin levels for one month during the year.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2020

Finding 2021-015: 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2020

Finding 2021-016: 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2020

Finding 2021-017: 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 eighty-four (84) purchase orders from thirty-eight (38) different vendors where the files did not contain the requisite documentation to provide evidence that the purchase order met the stated requirements.
- We noted eighty-nine (89) purchase orders from eleven (11) different vendors that appeared to be split purchases orders where adequate supporting documentation were not available to determine if purchase order splitting occurred.
- We noted ten (10) purchase orders from four (4) different vendors where the purchase order met the stated requirements, however corresponding contracts were not in line with Government policies.
- We noted one (1) purchase order was missing from the purchase order sequence in the ERP system without support from management.
- We noted seventy-one (71) instances where executed contract files did not contain requisite documentation to provide evidence that the respective procurement met stated requirements.
- We noted thirty-eight (38) instances where adequate supporting documentation were not available to determine whether the first invoice was generated before the date of contract execution.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2020

Finding 2021-018: 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Section III - Federal Award Findings and Questioned Costs

Finding Number: 2021-019
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Cost/Cost Principles - Payroll Activities

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Human Services (DHS)

Supplemental Nutrition Assistance Program Cluster (SNAP)

ALN #: 10.551, 10.561

Award #: 4VI400408

Award Year: 10/01/19 - 09/30/20

10/01/20 - 09/30/21

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires the non-federal entities receiving Federal awards (1.e., auditee management) establish and maintain internal control designed to reasonable ensure compliance with Federal statutes, regulations, and other terms and conditions of the Federal Award. Management is responsible for establishing and maintaining a system of internal control that should include controls over its activities allowed or unallowed, allowable cost/cost principal process.

CFR 200.403(g) states that for costs to be allowed under federal awards, they must be adequately documented. 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%); and
- Support the distribution of employee salary across multiple activities or cost objectives.

Condition - During our testing of allowable costs for payroll expenditures incurred throughout the year, we sampled and selected 60 of 1,757 payroll disbursements and noted the following:

- 21 instances where DHS did not consistently apply funding allocation in accordance with the Notice of Personnel Action (NOPA).
- 9 instances where hours that should have been charged 100% to federal funds were split 50/50 (local/federal) and 12 instances in which hours that should have been split 50/50 were charged 100% federal funds.

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 total payroll expenditures charged to the program in fiscal year 2021 were \$3,026,031. The amount sampled is \$115,905. The known amount of the instances of inconsistent funding allocation is \$3,136.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Effect - An ineffective control system related to review of transactions to ensure that only allowable costs are allocated to federal programs can lead to noncompliance with federal statutes, regulations, and the provisions of grant agreements that could ultimately lead to disallowed costs for the major programs.

Cause - DHS does not appear to have adequate policies and procedures to ensure compliance with applicable cost principles and ensure that an appropriate level of review and approval was completed prior to charging costs to a federal program.

Recommendation - We recommend that DHS reevaluate and improve internal controls to ensure adherence to federal regulations related to the fiscal administrative requirement for expending and accounting for payroll and to ensure proper and accurate funding allocation of payroll cost.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-020
Prior Year Finding Number: N/A
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 (SNAP)

ALN #: 10.551, 10.561

Award #: 4VI400408

Award Year: 10/01/19 - 09/30/20

10/01/20 - 09/30/21

Criteria - CFR Section 200.303, *Internal Controls*, (a) states DHS must establish and maintain effective internal control over federal awards that provides reasonable assurance that DHS is managing the federal awards in compliance with federal statutes, regulations, and terms and conditions of the federal award. Management is responsible for establishing and maintaining a system of internal control that should include controls over its matching process.

Condition - During the fiscal year, it appears that management's internal controls over matching compliance was not functioning as intended. DHS was unable to readily exhibit and provide its computation of the matching calculation or evidence that it was monitoring compliance with said requirement.

Questioned Costs - Not determinable.

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

Effect - DHS is not in compliance with the stated provisions. Without adequate internal controls to ensure compliance with matching requirements, there is an increased risk that matching will not be properly applied and funding could be jeopardized.

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 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-021
Prior Year Finding Number: 2020-019
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 (SNAP)

ALN #: 10.551, 10.561

Award #: 4VI400408

Award Year: 10/01/19 - 09/30/20

10/01/20 - 09/30/21

Criteria - CFR Section 200.303, *Internal Controls*, Section (a) states DHS must establish and maintain effective internal control over federal awards that provides reasonable assurance that DHS is managing the federal awards in compliance with federal statutes, regulations, and terms and conditions of the federal award. Management is responsible for establishing and maintaining a system of internal control that should include controls over its EBT Card Security process.

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 a 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 8 out of 24 monthly card reconciliation and noted the following:

- 3 instances where we noted variances between new/replacements issued cards status report and the actual new/replacements cards issued.
- 1 instance did not contain evidence of review and approval by authorized personnel.

Further, we noted that internal controls identified did not appear to be operating at a level of precision to ensure compliance with the above-mentioned requirements.

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 which can lead to noncompliance with laws, regulations, and the provision of the grant agreement.

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

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that DHS strengthen formal policies and procedures to maintain adequate security, documentation, and records over EBT Cards to ensure internal controls over EBT cards security are operating effectively.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-022
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:
U.S. Department of Agriculture

Government Department/Agency:
Department of Health (DOH)

Special Supplemental Nutrition Program for Women,
Infants, and Children (WIC)
ALN #: 10.557
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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We sampled and selected 48 out of 338 drawdowns and noted that all 48 drawdown requests did not contain evidence of review and approval.

Further, we noted that internal controls were not operating at a level of precision to ensure compliance with the cash management compliance requirements.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of the DOH's compliance with the specified requirements using a statistically valid sample. Total drawdown requests were \$3,733,754 for fiscal year 2021. The amount sampled is \$763,038.

Effect - DOH 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 DOH 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-023
Prior Year Finding Number: N/A
Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Commerce

Government Department/Agency:

Department of Planning and Natural Resources (DPNR)

Bipartisan Budget Act of 2018

ALN #: 11.022

Award #: NA19NOS0220008, NA19NOS0220001,
NA19NMF0220004

Award Year: 10/01/2018 - 09/30/2023

04/01/2019 - 03/31/2021

08/01/2019 - 07/31/2024

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;
- Reasonable 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 8 out of 76 payroll expenditures and noted the following:

- 1 instance where employee hours reported in timesheet did not agree with the payroll register.
- 1 employee had their salaries charged to a grant project that was not authorized in accordance with the Notice of Personnel Action (NOPA).
- 1 instance where an adjustment to correct the payroll expenditure was not made in the current fiscal year.

Further, we noted that internal controls identified did not appear to be operating at a level of precision to ensure compliance with the above-mentioned requirements.

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. The total payroll expenditures charged to the program during fiscal year 2021 were \$22,188. Total amount sampled is \$2,389. The known amount of the exception is \$584.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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.

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.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-024

Prior Year Finding Number: N/A

Compliance Requirement: Reporting

Program:

U.S. Department of Commerce

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Bipartisan Budget Act of 2018

ALN #: 11.022

Award #: NA19NOS0220008, NA19NOS0220001,
NA19NMF0220004

Award Year: 10/01/2018 - 09/30/2023

04/01/2019 - 03/31/2021

08/01/2019 - 07/31/2024

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.

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We reviewed 8 out of 21 reports submitted during fiscal year and noted the following:

- 3 reports were prepared and reviewed by the same personnel.
- 2 reports have not been submitted in a timely manner.

Further, we noted that internal controls identified did not appear to be operating at a level of precision to ensure compliance with the reporting requirements.

Questioned Costs - Not determinable.

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

Effect - DNPR is not in 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 that DPNR reevaluate its policies and procedures to ensure proper 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-025
Prior Year Finding Number: 2020-025
Compliance Requirement: Cash Management

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

Economic, Social, and Political Development of the
Territories

ALN #: 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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Further, the grant awards imposes drawdown requirements whereby grant recipients are required to drawdown funds on a reimbursement basis.

Condition - We reviewed 14 out of 43 drawdowns and noted 2 instances where reimbursement request for drawdown was made before the Government paid for the expenditure.

Further, we noted that internal controls were not operating at a level of precision to ensure compliance with the cash management compliance requirements.

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. Total fiscal year 2021 drawdown requests were \$3,163,945. Total amount sampled is \$2,272,740. The known amount of the exceptions is \$540,100.

Effect - The Government 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 the Government 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-026
Prior Year Finding Number: 2020-026
Compliance Requirement: Equipment and Real Property Management

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

Economic, Social, and Political Development of the
Territories

ALN #: 15.875

Award #: Various

Award Year: Various

Criteria - Per 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.

Additionally, 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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - The Government's Department of Property and Procurement (DPP) maintains the equipment register for the Government. DPP was unable to provide an accurate and complete property records which met the stated requirements. Further, no physical inventory was taken in fiscal year 2021.

Further, we noted that internal controls were not operating at a level of precision to ensure compliance with the equipment management compliance requirements.

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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-027
Prior Year Finding Number: 2020-027
Compliance Requirement: Reporting

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

Economic, Social, and Political Development of the
Territories

ALN #: 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.

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We sampled and selected 18 out of 92 financial and performance reports and noted the following:

- 2 financial reports and 9 performance reports were not available for review.
- 3 financial reports where sufficient supporting documentation were not available to validate that the respective financial information agreed with the underlying records.

Additionally, the Government did not submit FFATA reports, 2 financial reports, and 2 performance reports for fiscal year 2021. Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

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 in 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 that 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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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, 2021

Finding Number: 2021-028
Prior Year Finding Number: 2020-028
Compliance Requirement: Activities Allowed or Unallowed

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

ALN #: 17.225

Award #: Various

Award Period: 10/01/2017 - 12/31/2023

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 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 are 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, 2021

Finding Number: 2021-029
Prior Year Finding Number: N/A
Compliance Requirement: Eligibility

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

ALN: 17.225

Award #: Various

Award Period: 10/01/2017 - 12/31/2023

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. Claimants must meet other conditions of eligibility for Pandemic Unemployment Assistance (PUA), Pandemic Emergency Unemployment Compensation (PEUC) and Federal Pandemic Unemployment Compensation (FPUC).

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 - We sampled and selected 60 out of 79,222 unemployment claim files and noted the following:

- 40 transactions where the documentation that the claimant met the criteria for participating in the program were not available for review.
- 2 transactions were erroneously charged to the program.

Further, it appears internal controls were not designed to ensure documentation is maintained for the proper time period to substantiate claims charged to the program.

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. Total amount of unemployment claims charged to the program during fiscal year were \$149,559,544. Total amount sampled is \$201,280. The known amount of the exceptions is \$154,055.

Effect - Noncompliance with program requirements could result in disallowances of costs and participants 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 reevaluate its policies and procedures to ensure proper maintenance and retention of complete program files and confirming that only eligible participants are receiving benefits they are entitled to.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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, 2021

Finding Number: 2021-030
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

ALN: 17.225

Award #: Various

Award Period: 10/01/2017 - 12/31/2023

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 the program requirements.

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 - We sampled and selected 28 out of 136 financial, performance and special reports required to be submitted in order to test compliance with the various reporting requirements. We noted the following:

- 16 reports where supporting documentation were not available for review.
- 3 reports where financial information reported did not agree with the underlying records.

Further, it appears internal controls were not designed to ensure documentation is maintained for the proper time period to substantiate reports submitted to the Federal government.

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 - VIDOL is not in 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, VIDOL does not appear to have adequate control over maintenance of the underlying documentation used in preparing various report.

Recommendation - We recommend that VIDOL 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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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, 2021

Finding Number: 2021-031
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions - Employer Experience Rating

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

ALN: 17.225

Award #: Various

Award Period: 10/01/2017 - 12/31/2023

Criteria - Per 2 CFR section 200.303(a), a nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Certain benefits accrue to states and employers as a result of the state having a federally approved experience-rated UI tax system. All states currently have an approved system. For the purpose of proper administration of the system, the SWA maintains accounts, or subsidiary ledgers, on state UI taxes received or due from individual employers, and the UI benefits charged to the employer.

The employer’s “experience” with the unemployment of former employees is the dominant factor in the SWA computation of the employer’s annual state UI tax rate. The computation of the employer’s annual tax rate is based on state UI law (26 USC 3303).

Condition - We sampled and selected 40 out of 5,591 tax collections related to the employer experience rating and noted the following:

- For 9 instances, supporting documentation were not available to verify the taxes paid.
- For 1 instance, supporting documentation was not available to verify the tax calculation for the period.
- For 2 instances, supporting documentation were not available to provide evidence of compliance or control over compliance with program requirements.
- For 2 instances, supporting documentation were not available for the tax rate charged to employers.
- For 2 instances, the tax rate calculated by the system did not agree with the approved Annual Rate Notice sent to the employer.

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. Total amount of the tax collections amounted to \$17,872,443. Total amount sampled is \$355,345. The known amount of the exceptions is \$110,499.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Effect - VIDOL did not comply with the employer experience rating compliance requirements of the program.

Cause - VIDOL does not appear to have adequate policies and procedures in place to ensure compliance with applicable requirements, and maintenance of underlying documentation.

Recommendation - We recommend that VIDOL improve its existing internal controls and procedures over maintenance of appropriate documentation to ensure compliance with Federal regulations related to employer experience rating.

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, 2021

Finding Number: 2021-032
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions - Match with IRS 940 FUTA Tax Form

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

ALN: 17.225

Award #: Various

Award Period: 10/01/2017 - 12/31/2023

Criteria - Per 2 CFR section 200.303(a), a nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Per compliance supplement, States are required to annually certify for each taxpayer the total amount of contributions required to be paid under the state law for the calendar year and the amounts and dates of such payments in order for the taxpayer to be allowed the credit against the FUTA tax (26 CFR sections 31.3302(a)-3(a)). In order to accomplish this certification, states annually perform a match of employer tax payments with credit claimed for these payments on the employer’s IRS 940 FUTA tax form.

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We sampled and selected 40 out of 5,591 tax collections related to the FUTA match and noted the following:

- For 9 instances, supporting documentation were not available to verify the taxes paid. As such the FUTA match requirement could not be verified for these taxpayers.
- For 1 instance, supporting documentation was not available to verify the tax calculation for the period. As such, the FUTA match requirement could not be verified for this taxpayer.
- For 2 instances, supporting documentation were not available to provide evidence of compliance or control over compliance with program requirements.
- For 2 instances, the tax rate calculated by the system did not agree with the approved Annual Rate Notice sent to the employer and as such the FUTA match could not be verified for these taxpayers.

Questioned Costs - Not determinable.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Context - This is a condition identified per review of VIDOL's compliance with the specified requirements using a statistically valid sample. Total amount of the tax collections amounted to \$17,872,443. Total sampled amount is \$355,345. The known amount of the exceptions is \$102,659.

Effect - VIDOL did not comply with the match with IRS 940 FUTA tax form compliance requirements of the program.

Cause - VIDOL does not appear to have adequate policies and procedures in place to ensure compliance with applicable requirements, and maintenance of underlying documentation.

Recommendation - We recommend that VIDOL improve its existing internal controls and procedures over maintenance of appropriate documentation to ensure compliance with Federal regulations related to match with IRS 940 FUTA Tax form.

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, 2021

Finding Number: 2021-033
Prior Year Finding Number: 2020-029
Compliance Requirement: Special Tests and Provisions - UI Reemployment Programs (WPRS and RESEA)

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

ALN: 17.225

Award #: Various

Award Period: 10/01/2017 - 12/31/2023

Criteria - The UI program serves as one of the principal “gateways” to the workforce system. It is often the first workforce program accessed by individuals who need workforce services. The WPRS and RESEA programs service as UI’s primary programs that facilitate the reemployment needs of UI claimants.

RESEA is authorized by Section 306 of the Social Security Act and builds on the success of both WPRS and RESEA’s predecessor, the former UI Reemployment and Eligibility Assessment (REA) program. RESEA uses an evidence-based integrated approach that combines an eligibility assessment for continuing UI eligibility and the provision of reemployment services. RESEA is a voluntary program and under certain circumstances may be designed to also satisfy WPRS requirements. Operating guidance for the RESEA program is updated annually. UIPL 7-19 provides RESEA operating guidance for FY 2019.

Per 2 CFR section 200.303(a), a nonfederal entity must establish and maintain effective internal control over the federal award that provides reasonable assurance that the nonfederal entity is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should comply with the guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control-Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition - VIDOL was unable to provide reconciling information related to the completeness of the RESEA cases of UI claimants as the program was suspended for a period in the fiscal year due to the COVID-19 pandemic. However, VIDOL was unable to provide documentation of the approval from the U.S. Department of Labor for the suspension of the program.

Questioned Costs - Not determinable.

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

Effect - VIDOL was unable to demonstrate that the information put together for UI Reemployment programs was complete. Lack of proper reconciling information can result in noncompliance with laws and regulations along with loss of funding. In addition, suspension of the program without proper approval may have resulted in denying services for UI claimants who are most likely to exhaust their benefits and need reemployment assistance to return to work.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Cause - VIDOL does not appear to have adequate policies and procedures in place to review and reconcile program data, and to ensure maintenance of related documentation.

Recommendation - We recommend that VIDOL improve internal controls to ensure program data is properly reconciled, monitored and retained in order to facilitate adherence to related Federal regulations and compliance 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-034
Prior Year Finding Number: N/A
Compliance Requirement: Procurement and Suspension and Debarment

Program:

U.S. Department of Transportation

Government Department/Agency:

Department of Public Works (DPW)

Highway Planning and Construction Cluster

ALN: 20.205

Award #: Territorial Highway Program Implementation
and Stewardship Agreement

Award Period: 10/01/2016 - 9/30/2025

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.

In addition, 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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - The Government's Department of Property and Procurement (DPP) is primarily responsible for procurement transactions. In our review of 6 out of 54 procurement transactions, we noted 1 transaction where supporting documentation was not available for review.

Further, internal controls over compliance do not appear to be operating effectively to ensure compliance with the procurement compliance requirement.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DPW's compliance with the specified requirements using a statistically valid sample. Total amount of the procurement transactions was \$10,238,647. Total sampled amount is \$2,336,319. The known amount of the exception is \$7,991.

Effect - DPW could inadvertently contract 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 - DPW 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 DPW 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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-035
Prior Year Finding Number: 2020-031
Compliance Requirement: Reporting

Program:

U.S. Department of Treasury

Government Department/Agency:

Office of Management and Budget (OMB)

COVID-19 - Coronavirus Relief Fund
ALN: 21.019
Award #: N/A
Award Period: 03/02/2020 - 12/31/2021

Criteria - Each prime recipient of the Fund shall provide a quarterly Financial Progress Report that contains COVID-19 related costs incurred during the covered period (the period beginning on March 1, 2020; and ending on December 31, 2021) to Treasury OIG. Each prime recipient shall report this quarterly information mentioned above into the GrantSolutions portal. The prime recipient's quarterly Financial Progress Report submissions should be supported by the data in the prime recipient's accounting system.

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We sampled and selected 2 out of the 4 quarterly reports submitted during the fiscal year and noted that OMB was unable to furnish underlying financial records to determine whether the 2 quarterly reports submitted were complete and accurate.

Further, it appears internal controls were not designed to ensure documentation is maintained for the proper time period to substantiate reports submitted to the Federal government.

Questioned Costs - Not determinable.

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

Effect - Inaccurate reporting of financial information to the federal government can result in the use of inaccurate data by the federal government when making programmatic decisions.

Cause - It appears that internal controls, including management review of federal reports and underlying documentation were not properly designed.

Recommendation - We recommend that OMB 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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-036
Prior Year Finding Number: 2020-032
Compliance Requirement: Subrecipient Monitoring

Program:

U.S. Department of Treasury

Government Department/Agency:

Office of Management and Budget (OMB)

COVID-19 - Coronavirus Relief Fund

ALN: 21.019

Award #: N/A

Award Period: 03/02/2020 - 12/31/2021

Criteria - Per Compliance Supplement, a pass-through entity (PTE) must:

- **Identify the Award and Applicable Requirements** - Clearly identify to the subrecipient:
(1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.331(a)(1);
(2) all requirements imposed by the PTE on the subrecipient so that the federal award is used in accordance with federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.331(a)(2)); and (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the federal award (e.g., financial, performance, and special reports) (2 CFR section 200.331(a)(3)).
- **Evaluate Risk** - Evaluate each subrecipient's risk of noncompliance for purposes of determining the appropriate subrecipient monitoring related to the subaward (2 CFR section 200.332(b)). This evaluation of risk may include consideration of such factors as the following:
 1. The subrecipient's prior experience with the same or similar subawards;
 2. The results of previous audits including whether or not the subrecipient receives single audit in accordance with 2 CFR Part 200, Subpart F, and the extent to which the same or similar subaward has been audited as a major program;
 3. Whether the subrecipient has new personnel or new or substantially changed systems; and
 4. The extent and results of federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency).
- **Monitor** - Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.332(d) through (f)). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:
 1. Reviewing financial and programmatic (performance and special reports) required by the PTE.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the federal award provided to the subrecipient from the PTE detected through audits, on-site reviews, and other means.
3. Issuing a management decision for audit findings pertaining to the federal award provided to the subrecipient from the PTE as required by 2 CFR section 200.521.

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - OMB did not implement a formal subrecipient monitoring process for fiscal year 2021.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OMB's compliance with the specified requirements and general compliance principles. The total amount of expenditures passed through to subrecipients in fiscal year 2021 were \$29,330,350.

Effect - OMB is not in compliance with the stated provisions. Failure to properly monitor subrecipients can result in noncompliance with laws and regulations and failure to meet the programs objectives.

Cause - OMB does not have internal controls in place to properly monitor subrecipients to ensure adherence to applicable federal regulations, including expending federal awards for allowable expenditures.

Recommendation - We recommend that OMB implement policies, procedures, and controls to ensure subrecipients are monitored in accordance with federal statutes.

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.

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Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-037
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Non-Payroll Activities

Program:

U.S. Department of the Treasury

Government Department/Agency:

Office of Management and Budget (OMB)

COVID-19 - Coronavirus State and Local Fiscal Recovery

Funds

ALN: 21.027

Award #: N/A

Award Period: 03/03/2021 - 12/31/2024

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 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 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 - During our testing of 12 out of 39 disbursements, we noted 1 instance where the expenditure was not recorded in the proper accounting period.

Questioned Costs - Not determinable.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Context - This is a condition identified per review of OMB's compliance with the specified requirements using a statistically valid sample. The total amount of non-payroll expenditures charged to the program in fiscal year 2021 were \$8,051,618. Total amount sampled is \$7,895,080. The known amount of the exception is \$244,548.

Effect - Failure to support and record expenditures in proper period can result in noncompliance with laws and regulations along with loss of funding.

Cause - OMB does not appear to have adequate internal controls in place to ensure compliance with required cost principles such as maintenance of records and recording in proper period.

Recommendation - We recommend that OMB 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-038
Prior Year Finding Number: N/A
Compliance Requirement: Procurement and Suspension and Debarment

Program:

U.S. Department of the Treasury

Government Department/Agency:

Office of Management and Budget (OMB)

COVID-19 - Coronavirus State and Local Fiscal Recovery

Funds

ALN: 21.027

Award #: N/A

Award Period: 03/03/2021 - 12/31/2024

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.

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - The Government's Department of Property and Procurement (DPP) is primarily responsible for procurement transactions. In our review of 9 out of 32 procurement transactions, we noted the following:

- 1 procurement transaction did not contain sufficient supporting documentation to validate adherence to the procurement policy.
- 1 procurement transaction where supporting documentation was not available for review.

Further, internal controls over compliance do not appear to be operating effectively to ensure compliance with the procurement compliance requirements.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OMB's compliance with the specified requirements using a statistically valid sample. Total amount of procurement transactions was \$3,031,443. Total amount sampled is \$2,927,922. The known amount of the exceptions is \$2,624,511.

Effect - OMB could inadvertently contract 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 - OMB does not appear to have a process in place to adequately monitor and maintain completed contract files comprising of all supporting documents.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that OMB 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, 2021

Finding Number: 2021-039
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of the Treasury

Government Department/Agency:

Office of Management and Budget (OMB)

COVID-19 - Coronavirus State and Local Fiscal Recovery
Funds

ALN: 21.027

Award #: N/A

Award Period: 03/03/2021 - 12/31/2024

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.

In addition, 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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - In our review of 3 out of 3 reports submitted during the fiscal year, we noted the following:

- 2 reports did not contain evidence of review and approval prior to submission.
- 1 report where the proof of submission was not available for review.
- 1 report had not been submitted in a timely manner.
- 2 reports where the applicable accounts had not been included in the reports.
- 2 reports where the financial and other information did not agree with underlying records.
- 1 report includes information relating to subrecipient which was not required to be reported.
- 1 report where the sub-award information required to be presented was not included.

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

Questioned Costs - Not determinable.

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

Effect - OMB is not in 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, OMB does not have adequate control over maintenance of the underlying documentation used in preparing various reports.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that OMB reevaluates 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, 2021

Finding Number: 2021-040
Prior Year Finding Number: 2020-036
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

ALN: 66.468

Award #: Various

Award Period: 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.

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;
- Reasonable 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 8 out of 79 payroll transactions and noted all selections did not have the correct and/or complete project numbers in the Notice of Personnel Action (NOPA) forms.

Further, we noted that internal controls identified did not appear to be operating at a level of precision to ensure compliance with the allowable costs/cost principles requirements.

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. The total payroll expenditures charged to the program in fiscal year 2021 were \$118,901. Total amount sampled and the known amount of the exceptions is \$13,524.

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.

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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Where employees work on multiple activities or cost objectives, a distribution of their salaries and wages should be supported by personnel activity reports (time and attendance) or equivalent documents. Such information should 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, 2021

Finding Number: 2021-041
Prior Year Finding Number: N/A
Compliance Requirement: Equipment and Real Property Management

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (VIDE)

Special Education Cluster (IDEA)

ALN: 84.027A

Award #: Various

Award Period: 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 date including the date of disposal and sale price of the property.

Condition - The VIDE maintains an equipment listing for fixed assets purchased with federal funding. VIDE was unable to provide complete property records which met the stated requirements.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of VIDE'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 - VIDE does not appear to have adequate policies and procedures in place to adequately monitor equipment acquired with Federal Funds.

Recommendation - We recommend that VIDE 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 personnel that are responsible for handling and managing such assets as well as monitoring of the performance of the recording of the equipment.

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, 2021

Finding Number: 2021-042
Prior Year Finding Number: N/A
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (VIDE)

Special Education Cluster (IDEA)

ALN #: 84.027A

Award #: Various

Award Period: Various

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

Further, in accordance with the Uniform Guidance in 2 CFR Section 200.306, a State may not reduce the amount of State financial support for special education and related services for children with disabilities (or State financial support otherwise made available because of the excess costs of educating those children) below the amount of State financial support provided for the preceding fiscal year. The Secretary reduces the allocation of funds under 20 USC 1411 for any fiscal year following the fiscal year in which the State fails to comply with this requirement by the amount by which the State failed to meet the requirement.

Condition - We reviewed the level of effort calculations and noted the following:

- At the Local Education Agency (LEA) level, we noted that 1 out of 2 LEAs did not meet the required financial support thresholds for dollar amount or per child basis based on the level of effort compliance requirement.
- The internal controls identified at the State Education Agency (SEA) and LEA did not appear to be operating at a level of precision to ensure compliance with the level of effort compliance requirements.

Questioned Costs - Not determinable.

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

Effect - VIDE is not in compliance with the stated provisions. Without adequate internal controls to ensure compliance with level of effort requirements, there is an increased risk that level of effort requirements will not be properly applied, and funding could be jeopardized.

Cause - VIDE did not appear to have adequate policies and procedures in place to ensure consistent and systematic monitoring of the requirements.

Recommendation - We recommend that VIDE improve internal controls to ensure adherence to federal regulations relating to the level of effort requirements at the SEA and LEA levels by deploying resources that are given the responsibility to ensure periodic monitoring and compliance of the level of effort requirements.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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, 2021

Finding Number 2021-043
Prior Year Finding Number N/A
Compliance Requirement: Cash Management

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (VIDE)

Consolidated Grant to the Outlying Areas

ALN: 84.403A

Award #: S403A170004, S938A180004,
S938A190004, S403A200004

Award Period: 07/01/2017 - 09/30/2020

07/01/2018 - 09/30/2021

07/01/2019 - 09/30/2022

07/01/2020 - 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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Further, the U.S Department of Education (DOE) imposed specific conditions on grant awards provided to the U.S. Virgin Islands. VIDE is required to draw down funds and provide any applicable matching funds to the Agent within 24 hours of receipt of the written notice from the Third-Party Fiduciary Agent (TPFA).

Condition - We reviewed 21 out of 199 drawdowns and noted 1 drawdown was not performed within the required 24 hours after receipt of the request from the TPFA as required by the DOE.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of the VIDE's compliance with the specified requirements using a statistically valid sample. Total amount of cash drawdowns for the program was \$16,391,894. Total amount sampled is \$2,945,660. The known amount of the exception is \$16,636.

Effect - VIDE is not in compliance with the stated provisions. Payment to vendors could be delayed when cash drawdowns are not completed in a timely manner.

Cause - It appears that policies and procedures, including timely submission of drawdown requests, were not functioning as intended. Further, the Government did not appear to exercise due diligence in requesting Federal funds consistent with the U.S. Department of Education imposed specific conditions and its actual cash needs.

Recommendation - We recommend that VIDE comply with the specific conditions imposed by the U.S. Department of Education and request Federal funds consistent with the specific conditions imposed for this program.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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, 2021

Finding Number: 2021-044
Prior Year Finding Number: N/A
Compliance Requirement: Equipment and Real Property Management

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (VIDE)

Consolidated Grant to the Outlying Areas

ALN: 84.403A

Award #: S403A170004, S938A180004,
S938A190004, S403A200004

Award Period: 07/01/2017 - 09/30/2020

07/01/2018 - 09/30/2021

07/01/2019 - 09/30/2022

07/01/2020 - 09/30/2021

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 date including the date of disposal and sale price of the property.

Condition - The VIDE maintains an equipment listing for fixed assets purchased with federal funding. VIDE was unable to provide complete property records which met the stated requirements.

Questioned Costs - Not determinable.

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

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

Cause - VIDE does not appear to have adequate policies and procedures in place to adequately monitor equipment acquired with Federal Funds.

Recommendation - We recommend that VIDE 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 personnel that are responsible for handling and managing such assets as well as monitoring of the performance of the recording of the equipment.

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, 2021

Finding Number: 2021-045
Prior Year Finding Number: 2020-038
Compliance Requirement: Reporting

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (VIDE)

Consolidated Grant to the Outlying Areas

ALN: 84.403A

Award #: S403A170004, S938A180004,
S938A190004, S403A200004

Award Period: 07/01/2017 - 09/30/2020
07/01/2018 - 09/30/2021
07/01/2019 - 09/30/2022
07/01/2020 - 09/30/2021

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.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - VIDE failed to submit subaward data to fulfill the FFATA reporting requirements for the first tier subawards of \$30,000 or more. Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of VIDE's compliance with reporting requirements.

Effect - VIDE is not in compliance with the reporting requirements as it failed to provide evidence of identifying and reporting FFATA reporting requirements.

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

Recommendation - We recommend that VIDE should implement policies, procedures and controls that will compliance with all the required laws, guidelines and requirement under the award.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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, 2021

Finding Number: 2021-046
Prior Year Finding Number: N/A
Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles
- Payroll Activities

Program:

U.S. Department of Education

COVID-19 - Education Stabilization Fund
State Educational Agency (Outlying Areas)
(ESF-SEA)

ALN: 84.425A

Award #: S425A200004, S425A210004

Award Period: 06/22/2020 - 09/30/2021
01/13/2021 - 09/30/2022

COVID-19 - Education Stabilization Fund
Governors (Outlying Areas) (ESF-Governor)

ALN: 84.425H

Award #: S425H200003, S425H210003

Award Period: 06/29/2020 - 09/30/2021
01/13/2021 - 09/30/2022

Government Department/Agency:

Department of Education (VIDE)
Office of Management and Budget
(OMB)

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;
- Reasonable 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 - For ALN 84.425A, we sampled and selected 60 out of 429 payroll expenditures and noted the following:

- 10 instances where Personnel Activity Report were not available for review.
- 2 instances where timesheets were not available for review.
- 1 instance where Notice of Personnel Action (NOPA)/Notice of Per Diem (NOPD) was not available for review.
- 5 instances where NOPA/NOPD did not have the correct and/or complete project numbers.
- 1 instance where project number per NOPA did not match the project number per payroll register.

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the activities allowed or unallowed and allowable costs/cost principles compliance requirements.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Questioned Costs - Not determinable.

Context - This is a condition identified per review of VIDE's compliance with the specified requirements using a statistically valid sample. The total payroll expenditures charged to program in fiscal year 2021 is \$604,233. Total amount sampled is \$108,318. The known amount of the exceptions is \$25,510.

Effect - VIDE 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 - VIDE 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 VIDE 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 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 VIDE 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, 2021

Finding Number: 2021-047
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:

U.S. Department of Education

COVID-19 - Education Stabilization Fund
State Educational Agency (Outlying Areas)
(ESF-SEA)

ALN: 84.425A

Award #: S425A200004, S425A210004

Award Period: 06/22/2020 - 09/30/2021
01/13/2021 - 09/30/2022

COVID-19 - Education Stabilization Fund
Governors (Outlying Areas) (ESF-Governor)

ALN: 84.425H

Award #: S425H200003, S425H210003

Award Period: 06/29/2020 - 09/30/2021
01/13/2021 - 09/30/2022

Government Department/Agency:

Department of Education (VIDE)
Office of Management and Budget
(OMB)

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Further, the U.S Department of Education imposed specific conditions on grant awards awarded to the U.S. Virgin Islands and/or its agencies (Virgin Islands). DOE is required to draw down funds and provide any applicable matching funds to the Agent within 24 hours of receipt of the written notice from the Third-Party Fiduciary Agent (TPFA).

Condition - For ALN 84.425H, we sampled and selected 5 out of 6 drawdowns and noted the following:

- 5 instances where drawdowns did not include evidence of review and approval.
- 2 instances where the supporting documentation were not available for review.
- 3 instances where OMB did not provide supporting documentation to ascertain if they are following specific conditions of the U.S. Department of Education.
- 1 instance where we were not able to validate the receipt of funds.

Additionally, we noted cash drawdown of \$457,331 where the drawdown was requested before the actual expenditures were incurred.

For ALN 84.425A, we sampled and selected 9 out of 59 drawdowns and noted 8 instances where the bank reconciliations did not include evidence of review and approval. Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the cash management compliance requirements.

Questioned Costs - Not determinable.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Context - This is a condition identified per review of OMB and VIDE's compliance with the specified requirements using a statistically valid sample. Total fiscal year 2021 drawdown requests were \$18,552,225.

Effect - OMB and VIDE are not in compliance with the stated provisions. Failure to properly review and support drawdown requests can result in noncompliance with laws and regulations along with loss of funding.

Cause - OMB and VIDE do not appear to have adequate policies and procedures in place to ensure compliance with the applicable principles and maintenance of underlying documentation.

Recommendation - We recommend that OMB and VIDE deploy resources that are given the responsibility to ensure periodic review, monitoring, and compliance throughout the fiscal year. Further, we recommend that OMB and VIDE 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, 2021

Finding Number: 2021-048
Prior Year Finding Number: N/A
Compliance Requirement: Equipment and Real Property Management

Program:

U.S. Department of Education

COVID-19 - Education Stabilization Fund
State Educational Agency (Outlying Areas)
(ESF-SEA)

ALN: 84.425A

Award #: S425A200004, S425A210004

Award Period: 06/22/2020 - 09/30/2021
01/13/2021 - 09/30/2022

COVID-19 - Education Stabilization Fund
Governors (Outlying Areas) (ESF-Governor)

ALN: 84.425H

Award #: S425H200003, S425H210003

Award Period: 06/29/2020 - 09/30/2021
01/13/2021 - 09/30/2022

Government Department/Agency:

Department of Education (VIDE)
Office of Management and Budget
(OMB)

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.

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.

Condition - The VIDE maintains an equipment listing for fixed assets purchased with federal funding. VIDE was unable to provide complete property records which met the stated requirements.

Finally, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the equipment management compliance requirements.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OMB and VIDE'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 - VIDE does not appear to have a process in place to adequately monitor equipment acquired with Federal funds.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that VIDE improve 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, 2021

Finding Number: 2021-049
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of Education

COVID-19 - Education Stabilization Fund
State Educational Agency (Outlying Areas)
(ESF-SEA)

ALN: 84.425A

Award #: S425A200004, S425A210004

Award Period: 06/22/2020 - 09/30/2021
01/13/2021 - 09/30/2022

COVID-19 - Education Stabilization Fund
Governors (Outlying Areas) (ESF-Governor)

ALN: 84.425H

Award #: S425H200003, S425H210003

Award Period: 06/29/2020 - 09/30/2021
01/13/2021 - 09/30/2022

Government Department/Agency:

Department of Education (VIDE)
Office of Management and Budget
(OMB)

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.

Under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

Specifically for this program, the CARES Act 15011(b)(2) requires institution receiving funds under ESF II-Governor and ESF II-SEA to submit the required quarterly reports to the Secretary at such time and manner and containing such information as the Secretary may require.

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 - We sampled and selected 4 out of 6 performance and special reports during the fiscal year and noted the following:

- 1 performance report did not contain evidence of review and approval as well as did not contain the information required per grant agreement.
- 1 performance report was not submitted timely.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Additionally, the OMB and VIDE did not submit 6 performance reports for the fiscal year 2021. We also performed testing over the Transparency Act reporting requirements outlined in the criteria section above. We noted that 2 reports submitted in FSRS did not contain evidence of review and approval. The results of the testing are outlined in the table below:

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
2	0	2	0	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$7,700,635	0	\$7,700,635	0	0

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

Questioned Costs - Not determinable.

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

Effect - Failure to properly track all reporting requirements, including the due dates of those reports, could result in missed or late reporting. This could also lead to a reduction in funding due to noncompliance with the terms of the Federal award.

Cause - The internal controls established for submission of reporting requirements did not fully operate as designed causing late submission and not in compliance with reporting requirements under the Transparency Act related to the program's subrecipients.

Recommendation - We recommend that OMB and VIDE 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, 2021

Finding Number: 2021-050
Prior Year Finding Number: N/A
Compliance Requirement: Subrecipient Monitoring

Program:

U.S. Department of Education

COVID-19 - Education Stabilization Fund
State Educational Agency (Outlying Areas)
(ESF-SEA)

ALN: 84.425A

Award #: S425A200004, S425A210004

Award Period: 06/22/2020 - 09/30/2021
01/13/2021 - 09/30/2022

COVID-19 - Education Stabilization Fund
Governors (Outlying Areas) (ESF-Governor)

ALN: 84.425H

Award #: S425H200003, S425H210003

Award Period: 06/29/2020 - 09/30/2021
01/13/2021 - 09/30/2022

Government Department/Agency:

Department of Education (VIDE)
Office of Management and Budget
(OMB)

Criteria - In accordance with the Uniform Guidance Section 200.332(b), 200.332(d), and 200.332(f), *Requirements for Pass-Through Entities*, pass-through entities must evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring. Pass-through entities must also monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.

Pass-through entity monitoring of the subrecipient must include: (1) reviewing financial and performance reports required by the pass-through entity; (2) following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means; and (3) issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity. Additionally, pass-through entities must verify that every subrecipient is audited as required by Subpart F - Audit Requirements when it is expected that the subrecipient's Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in Section 200.501.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Condition - We reviewed one sub-award made by pass-through entity and OMB failed to provide the evidence of monitoring and review of sub-grantee to ensure effective management of sub-awards.

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the subrecipient monitoring compliance requirements.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OMB's compliance with the specified requirements and general compliance principles. The total amount of expenditures passed through to subrecipients in fiscal year 2021 were \$2,500,000.

Effect - OMB is not in compliance with the stated provisions. Failure to properly monitor subrecipients can result in noncompliance with laws and regulations along with loss of funding.

Cause - It appears that OMB does not have adequate policies and procedures in place to monitor subrecipients to ensure they are following applicable federal regulations including expending federal awards for allowable expenditures.

Recommendation - We recommend that OMB implement policies, procedures, and controls that will ensure subrecipient monitoring is performed.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-051
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions - Participation of Private School Children

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (VIDE)
Office of Management and Budget
(OMB)

COVID-19 - Education Stabilization Fund
State Educational Agency (Outlying Areas)
(ESF-SEA)

ALN: 84.425A

Award #: S425A200004, S425A210004

Award Period: 06/22/2020 - 09/30/2021
01/13/2021 - 09/30/2022

COVID-19 - Education Stabilization Fund
Governors (Outlying Areas) (ESF-Governors I and II)

ALN: 84.425H

Award #: S425H200003, S425H210003

Award Period: 06/29/2020 - 09/30/2021
01/13/2021 - 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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Per Compliance Supplement, the State or Territory or agency receiving financial assistance under ESF-SEA I and ESF-Governor I, must provide eligible private school children and their teachers or other educational personnel with equitable services or other benefits under the program. Before an agency, consortium, or entity makes any decision that affects the opportunity of eligible private school children, teachers, and other educational personnel to participate, the agency, consortium, or entity must engage in timely and meaningful consultation with private school officials. Expenditures for services and benefits to eligible private school children and their teachers and other educational personnel must be equal on a per-pupil basis to the expenditures for participating public school children and their teachers and other educational personnel, taking into account the number and educational needs of the children, teachers and other educational personnel to be served. For the programs under ESF-SEA, ESF II-SEA, ESF-Governor, ESF II- Governor will ensure equitable services will be provided to students and teachers in non-public elementary and secondary schools in the same manner provided under section 8501 of the Elementary and Secondary Education Act (ESEA).

Condition - We reviewed OMB and VIDE's compliance with the compliance participation of private school children and noted the following:

- OMB did not implement a formal process for the participation of private school children compliance for FY2021.
- OMB did not conduct a timely consultation with nonpublic schools.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

- OMB did not provide documents to support that the educational services that were planned were provided and that the allocation to nonpublic schools are equal on a per-pupil basis for public and private schools.
- Computation by VIDE of amount allocated to nonpublic schools did not contain evidence of review and approval.
- VIDE did not provide the Affirmation of Consultation/Intent to Participate for 9 out of 29 nonpublic schools consulted.

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the special tests and provisions requirements.

Questioned Costs - Not determinable.

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

Effect - Noncompliance with program requirements could result in disallowances of costs and ineligible schools could be participating in the program.

Cause - OMB and VIDE do not appear to have an effective system in place to ensure consistent and systematic review of documentation and file maintenance.

Recommendation - We recommend that OMB and VIDE implement policies, procedures, and controls that will ensure equitable services are provided to eligible private school children and their teachers and other educational personnel. OMB and VIDE should also review its record 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-052
Prior Year Finding Number: 2020-040
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)

Head Start Cluster
ALN #: 93.356, 93.600
Award #: Various
Award Year: Various

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Control*, requires the non-federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonable ensure compliance with Federal statutes, regulations, and other 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%); and
- Support the distribution of employee salary across multiple activities or cost objectives.

Condition - We sampled and selected 60 of 3,297 payroll transactions and noted that 2 employees' timesheet was not available for review.

Further, we noted that internal controls identified did not appear to be operating at a level of precision to ensure compliance with the above-mentioned requirements.

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 during fiscal year 2021 were \$8,323,089. Total amount sampled is \$198,322. Total known amount of the exceptions is \$6,498.

Effect - DHS is not in compliance with the stated provisions. Failure to maintain supporting documentation 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.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Where employees work solely on a multiple activities or cost objectives, 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-053
Prior Year Finding Number: 2020-041
Compliance Requirement: Equipment and Real Property Management

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Head Start Cluster
ALN #: 93.356, 93.600
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 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 2021.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-054
Prior Year Finding Number: N/A
Compliance Requirement: Special Test and Provision - Program Governance

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Head Start Cluster
ALN #: 93.356, 93.600
Award #: Various
Award Year: Various

Criteria - Per Compliance Supplement, Head Start governing body has a legal and fiscal responsibility for the HAS. The governing body's responsibilities include approving financial management, accounting, and reporting policies, and compliance with laws and regulations related to financial statements, including the:

- approval of all major financial expenditures of the agency;
- annual approval of the operating budget of the agency;
- selection (except when a financial auditor is assigned by the state under state law or is assigned under local law) of independent financial auditors; and
- monitoring of the agency's actions to correct any audit findings and of other action necessary to comply with applicable laws (including regulations) governing financial statement and accounting practices (42 USC 9837(c)(1)(E)(iv)(VII)(aa) through (dd)).

The auditee has provided training and technical assistance to the governing body and policy council to support understanding of financial information provided to them and support effective oversight of the Head Start award (42 USC 9837(d)(3)).

Condition - DHS was unable to validate that they provided training and technical assistance to the governance board during the fiscal period under review.

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 lack of compliance with the stated requirements can result in significant fiscal issues that may put the Head Start program they administer at risk along with loss of funding.

Cause - DHS does not appear to have adequate policies and procedures in place to ensure compliance with program governance.

Recommendation - We recommend that DHS strengthen and improve internal controls to ensure adherence to Federal regulations related to program governance training and technical assistance to governing body and policy council. There should be regular training that will enable the governing body to perform its legal, fiscal, and oversight responsibilities.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-055
Prior Year Finding Number: 2020-042
Compliance Requirement: Activities Allowed or Unallowed and 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

ALN #: 93.563

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 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 - In our review of 60 out of 1,161 payroll transactions, we noted the following:

- 24 instances where the employees' hours reported in the payroll register did not agree to the timesheets.
- 3 instances where retirement benefit was not included in the calculation of net pay.
- 3 instances where retirement benefits deducted were less than the amount that should be deducted based on approved salary.
- 1 instance where profile of resigned employee was not updated/removed from the payroll resulting to inappropriate calculation of health benefits for the resigned employee.
- 2 timesheets were not available for review.

Further, we noted that the internal controls are not designed at a level of precision that would prevent or detect and correct material noncompliance.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of the DOJ's compliance with the specified requirements using a statistically valid sample. The total amount of payroll expenditures charged to the program in fiscal year 2021 were \$2,792,086. Total amount sampled is \$159,204. The known amount of the exceptions is \$14,924.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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 the 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.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-056
Prior Year Finding Number: 2020-051
Compliance Requirement: Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

ALN #: 93.667

Award #: 1901VISOSR, 2001VISOSR, 2101VISOSR

Award Year: 10/01/18 - 09/30/20

10/01/19 - 09/30/21

10/01/20 - 09/30/22

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

Condition - We sampled and selected 60 of 1,305 payroll transactions and noted 2 timesheets did not contain evidence of review and approval.

Further, we noted that internal controls identified did not appear to be operating at a level of precision to ensure compliance with the above-mentioned requirements.

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 2021 were \$3,533,047. Total amount sampled is \$173,276. The known amount of the exceptions is \$6,890.

Effect - 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.

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 solely on a 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-057
Prior Year Finding Number: 2020-053
Compliance Requirement: Period of Performance

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

ALN #: 93.667

Award #: 1901VISOSR, 2001VISOSR, 2101VISOSR

Award Year: 10/01/18 - 09/30/20

10/01/19 - 09/30/21

10/01/20 - 09/30/22

Criteria - A Non-Federal entity may charge to the Federal award only 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.

Additionally, the Uniform Guidance in 2 CFR Section 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 not later than 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

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

Condition - We sampled and selected 135 out of 375 and noted 105 expenditures were incurred outside the period of performance and did not contain written approval of the federal awarding agency.

Additionally, internal controls do not appear to be operating at a level of precision to ensure grant expenditures are charged to the correct grant and within the allowable period of performance.

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 expenditures charged to the program in fiscal year 2021 were \$599,622. Total amount sampled is \$113,909. The known amount of the exceptions is \$108,757.

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 period of performance stipulations.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that DHS strengthen its process 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-058
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

ALN #: 93.667

Award #: 1901VISOSR, 2001VISOSR, 2101VISOSR

Award Year: 10/01/18 - 09/30/20

10/01/19 - 09/30/21

10/01/20 - 09/30/22

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.

Most specifically for the program, in accordance with the compliance Supplement, the states and territories are required to submit to the Federal administering agency, the Office of Community Services (OCS), SF-425 'Federal Financial Report' and an annual 'Post Expenditure Report' no later than six months following the close of the fiscal year. Further, in accordance with OCS SSSGB Supplemental Terms and Conditions, SSBG is required to submit an interim and final SF-425 report covering Year 1 and the entire 2-year of the project period, 90 days following Year 1 (FFY 1) and 90 days following the end of Year 2 (FFY 2), respectively.

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

Condition - We sampled and selected 2 out of 2 reports required to be submitted during the fiscal year and noted no evidence of the date the reports were prepared, reviewed, and submitted to the Federal grantor. In addition, we were not able to agree all the data in the report to the underlying 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.

Effect - DHS is not in compliance with the stated provisions. Failure to submit required reports could result in reduction or disallowance of Federal funding.

Cause - It appears that policies and procedures, including oversight over submission of required reports were not functioning as intended.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that DHS strengthen its process with respect to ensuring proper retention, monitoring, and review of the required reports by an appropriate official who would ensure preparation of reports, information used is complete, accurate, reviewed, 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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-059
Prior Year Finding Number: 2020-054
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

ALN: 93.767

Award #: Various

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

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.

More specifically for the program, 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.

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 - We reviewed 2 out of the 4 quarterly CMS-64 reports submitted during the fiscal year and noted the following:

- 1 report did not contain evidence of review or approval.
- 2 reports had not been submitted in a timely manner.

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-060
Prior Year Finding Number: 2020-055
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)

Children's Health Insurance Program

ALN: 93.767

Award #: Various

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

Criteria - In order to receive CHIP payments, CHIP providers must: (1) be licensed in accordance with federal, state, and local laws and regulations to participate in the CHIP program (42 CFR 457.900); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the state (42 CFR 457.990(a), cross referencing 455.107). CHIP managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H.

The Agency's control for this requirement is for the commissioners of both DHS and the Department of Property and Procurement (DPP) approve the Medicaid Provider Agreement. Effective April 09, 2021, the signature of DPP Commissioner's signature is no longer required.

Condition - We sampled and selected 60 out of 114 providers receiving payments during the fiscal year and noted 1 provider agreement had not been approved by the Commissioners of DHS and DPP prior to April 09, 2021.

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.

Recommendation - We recommend that DHS perform regular reviews of the data in its files to ensure accuracy and completeness.

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.

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-061
Prior Year Finding Number: 2020-057
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

ALN: 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.”

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Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Condition - We sampled and selected 60 out of 1,696 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 - 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. 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, 2021

Finding Number: 2021-062
Prior Year Finding Number: 2020-058
Compliance Requirement: Eligibility

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

ALN: 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 1,723 participant case files, we noted the following:

- For 1 participant, there was no evidence of a completed application.
- For 6 participants, there was no documentation in the case file supporting the verification of income or resource requirements.
- For 6 participants, there was no evidence that the social security number was verified.
- For 3 participants, there was no evidence that citizenship was verified and no support for a qualified alien.
- For all 60 participants, there was no evidence that a review and approval of the eligibility determination had been performed.

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.

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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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, 2021

Finding Number: 2021-063
Prior Year Finding Number: 2020-060
Compliance Requirement: Reporting

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

ALN: 93.775, 93.778

Award #: Various

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

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.

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.

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 - We reviewed 2 out of the 4 quarterly CMS-64 reports submitted during the fiscal year and noted the following:

- 1 report did not contain evidence of review or approval.
- 2 reports had not been submitted in a timely manner.

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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, 2021

Finding Number: 2021-064
Prior Year Finding Number: 2020-061
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

ALN: 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, 2021

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, 2021

Finding Number: 2021-065
Prior Year Finding Number: 2020-062
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

ALN: 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 2021.

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, 2021

Finding Number: 2021-066
Prior Year Finding Number: 2020-063
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

ALN: 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 systems that 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, 2021

Finding Number: 2021-067
Prior Year Finding Number: 2020-064
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

ALN: 93.775, 93.778

Award #: Various

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

Criteria - In order to receive Medicaid payments, providers must: (1) be licensed in accordance with federal, state, and local laws and regulations to participate in the Medicaid program (42 CFR sections 431.107 and 447.10; and Section 1902(a)(9) of the Social Security Act (42 USC 1396a(a)(9)); (2) screened and enrolled in accordance with 42 CFR Part 455, Subpart E (sections 455.400 through 455.470); and make certain disclosures to the state (42 CFR Part 455, Subpart B, sections 455.100 through 455.106). Medicaid managed care network providers are subject to the same disclosure, screening, enrollment, and termination requirements that apply to Medicaid fee-for-service providers in accordance with 42 CFR Part 438, Subpart H. States must also follow guidance issued in the Medicaid Provider Enrollment Compendium (MPEC) at <https://www.medicaid.gov/sites/default/files/2019-12/mpec-7242018.pdf> to enroll providers into their Medicaid programs.

The Agency's control for this requirement is for the commissioners of both DHS and the Department of Property and Procurement (DPP) approve the Medicaid Provider Agreement. Effective April 09, 2021, the signature of DPP Commissioner's signature is no longer required.

Condition - We sampled and selected 60 out of 114 providers receiving payments during the fiscal year and noted 1 provider agreement had not been approved by the Commissioners of DHS and DPP prior to April 09, 2021.

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.

Recommendation - We recommend that DHS perform regular reviews of the data in its files to ensure accuracy and completeness.

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, 2021

Finding Number: 2021-068
Prior Year Finding Number: 2020-065
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

ALN: 93.775, 93.778

Award #: Various

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

Criteria - The Medicaid Fraud Control Unit (MFCU) is required to submit the SF-425, *Federal Financial Report*. As per the requirements, the:

- Quarterly expenditure reports are due 30 days after the end of each quarter.
- All final expenditure reports are due 90 days after the end date of the project period of performance.
- If the grantee will be unable to submit the financial expenditure report by the due date, the grantee must request an extension.

Condition - We reviewed 3 out of the 5 reports submitted during the fiscal year and noted the following:

- 3 reports did not contain evidence of review and approval prior to submission.
- 3 reports had not been submitted in a timely manner.

Questioned Costs - Not determinable.

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

Effect - DHS and DOJ are not in 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 DHS and DOJ do not have adequate control over maintenance of the underlying documentation used in preparing various reports.

Recommendation - We recommend that DHS and DOJ reevaluate their 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, 2021

Finding Number: 2021-069
Prior Year Finding Number: 2020-068
Compliance Requirement: Special Tests and Provisions - Medicaid National Correct Coding Initiative

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

ALN: 93.775, 93.778

Award #: Various

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

Criteria - States or Territories are required to incorporate six National Correct Coding Initiative (NCCI) methodologies into the state Medicaid Programs pursuant to requirements of Section 6507 of the Affordable Care Act (section 1903(r) of the Social Security Act). The purpose of the NCCI Program is to promote correct coding, prevent coding errors, prevent code manipulation, reduce improper payments and reduce the paid claims improper payment rate.

Condition - DHS did not have internal controls in place to ensure that the required NCCI methodologies were downloaded. Also, DHS did not provide documentation to verify that the quarterly NCCI edit files were uploaded timely in the system. In addition, DHS did not have the required signed Confidentiality Agreements in place as required by Technical Guidance Manual, sections 7.1.1 and 7.1.2 during fiscal year 2021.

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 for the Medicaid National Correct Coding Initiative.

Cause - DHS did not establish internal controls to ensure that the NCCI methodologies were incorporated into the Medicaid program or that the required signed Confidentiality Agreements were in place.

Recommendation - We recommend that DHS establish internal controls to ensure compliance with the requirements of the Medicaid National Correct Coding Initiative and incorporate the NCCI methodologies into the state Medicaid 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, 2021

Finding Number: 2021-070
Not used.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Finding Number: 2021-071
Prior Year Finding Number: 2020-069
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Homeland Security

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

Disaster Grants - Public Assistance (Presidentially
Declared Disasters)

ALN #: 97.036

Award #: FEMA-4335-DR, FEMA-4340-DR-VI, FEMA-4513-DR

Award Periods: 09/20/2017 - 09/07/2025

09/07/2017 - 09/16/2025

04/02/2020 - 05/11/2023

Criteria - In accordance with the requirements of the grant agreement(s), the program is required to provide matching funds through cash, third-party in-kind services, materials, or any combination thereof. The Government is required to provide (a) 10% matching funds for most Permanent work project(s); and (b) 10% match for all emergency work completed after the first 180 days after declaration unless a waiver has been granted.

Condition - VITEMA did not meet the stipulated matching requirements during the fiscal year, nor did it obtain a corresponding waiver.

Questioned Costs - Not determinable.

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

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

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

Recommendation - We recommend that VITEMA 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, 2021

Finding Number: 2021-072
Prior Year Finding Number: 2020-070
Compliance Requirement: Reporting

Program:

U.S. Department of Homeland Security

Disaster Grants - Public Assistance (Presidentially
Declared Disasters)

ALN #: 97.036

Award #: FEMA-4335-DR, FEMA-4340-DR-VI, FEMA-4513-DR

Award Periods: 09/20/2017 - 09/07/2025

09/07/2017 - 09/16/2025

04/02/2020 - 05/11/2023

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

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.

More specifically for the program, the Territorial agreement between VITEMA and FEMA dictates that all performance reports must be submitted within 30 days of the end of each quarter. Further, under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We reviewed 24 out of the 181 reports submitted during the fiscal year and noted the following:

- 6 performance and 5 FFATA reports did not agree to the underlying records.
- 4 performance reports and 1 financial report had not been submitted in a timely manner.
- 11 FFATA reports were not submitted during the fiscal year.
- 16 FFATA reports did not contain evidence of review, approval, and submission.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

The results of the testing performed over Transparency Act are outlined in the table below.

Transactions Tested	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
16	0	11	5	0
Dollar Amount of Tested Transactions	Subaward not reported	Report not timely	Subaward amount incorrect	Subaward missing key elements
\$70,454,425	0	\$67,648,427	\$2,805,998	0

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

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. Further, VITEMA does not have adequate control over maintenance of the underlying documentation used in preparing various reports.

Recommendation - We recommend that VITEMA 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, 2021

Finding Number: 2021-073
Prior Year Finding Number: N/A
Compliance Requirement: Period of Performance

Program:

U.S. Department of Homeland Security

Hazard Mitigation Grant Program

ALN #: 97.039

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 - 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 120 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

Condition - We noted 1 non-payroll transaction amounting to \$33,006 was charged to a grant award which the period of performance had ended. There was no grant extension or approval received from the Federal Awarding Agency.

Questioned Costs - \$33,006.

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

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

Cause- VITEMA 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 VITEMA strengthen its processes with respect to setting up and charging expenditures between various grant awards. We also recommend that VITEMA 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, 2021

Finding Number: 2021-074
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of Homeland Security

Hazard Mitigation Grant Program

ALN #: 97.039

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 - 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.

More specifically for the program, the Territorial agreement between VITEMA and FEMA dictates that all performance reports must be submitted within 30 days of the end of each quarter. Further, under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) (Pub. L. No. 109-282), as amended by Section 6202 of Public Law 110-252, hereafter referred as the "Transparency Act" that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We reviewed 8 out of the 16 reports submitted during the fiscal year and noted the following:

- 2 performance reports did not agree to the underlying records.
- 1 performance report had not been submitted in a timely manner.
- 5 performance reports submitted did not contain evidence of review and approval.
- 3 financial reports did not contain evidence of review and approval.
- 3 financial Reports did not have sufficient supporting documentation to validate accounting records agree with the reports.
- FFATA reports had not been prepared and submitted.

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

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. Further, VITEMA does not have adequate control over maintenance of the underlying documentation used in preparing various reports.

Recommendation - We recommend that VITEMA 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, 2021

Finding Number: 2021-075
Prior Year Finding Number: N/A
Compliance Requirement: Activities Allowed or Unallowed - Non-Payroll Activities

Program:

U.S. Department of Homeland Security

Government Department/Agency:

Department of Labor (VIDOL)

COVID-19 - Presidential Declared Disaster Assistance to
Individuals and Households - Other Needs

ALN: 97.050

Award #: 4513DRVISPLW

Award Period: 08/1/2020 - 12/27/2021

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Payment for supplemental lost wages is authorized under the "Other Expenses" category of Other Needs Assistance (ONA), in accordance with section 408(e)(2) of the Stafford Act (42 U.S.C. Section 5174(e)(2)) and 44 C.F.R. Section 206.119(c)(6)(ii), to eligible individuals of the U.S. Virgin Islands.

Condition - We sampled and selected 60 out of 8,196 supplemental lost wages transactions and noted 35 instances where VIDOL was not able to provide evidence that payments were made to eligible individuals.

Further, we noted that internal controls identified did not appear to be operating at a level of precision to ensure compliance with the above-mentioned requirements.

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. Total payments made for supplemental lost wages were \$7,124,100 in fiscal year 2021. Total amount sampled is \$47,400. The known amount of the exceptions is \$27,600.

Effect - VIDOL is not in compliance with the stated provisions and payments made have been made for unallowable activities.

Cause - It appears that policies and procedures, including review and approval for eligible recipients were not functioning as intended.

Recommendation - We recommend that VIDOL reevaluates its policies and procedures to ensure regular reviews of data on file. This will help ensure completeness of signatories and verify that information has been reviewed and approved by the appropriate official.

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, 2021

Finding Number: 2021-076
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program:

U.S. Department of Homeland Security

Government Department/Agency:

Department of Labor (VIDOL)

COVID-19 - Presidential Declared Disaster Assistance to
Individuals and Households - Other Needs

ALN: 97.050

Award #: 4513DRVISPLW

Award Period: 08/1/2020 - 12/27/2021

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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - We sampled and selected 7 out of 20 drawdowns and noted the following:

- 6 drawdowns where supporting documentation were not available for review.
- 1 drawdown did not contain evidence of review and approval.

Further, we noted that internal controls were not operating at a level of precision to ensure compliance with the cash management compliance requirements.

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. Total fiscal year 2021 drawdown requests were \$7,213,546. Total amount sampled and known amount of the exceptions is \$4,940,580.

Effect - VIDOL 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 VIDOL 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, 2021

Finding Number: 2021-077
Prior Year Finding Number: N/A
Compliance Requirement: Eligibility

Program:

U.S. Department of Homeland Security

Government Department/Agency:

Department of Labor (VIDOL)

COVID-19 - Presidential Declared Disaster Assistance to
Individuals and Households - Other Needs

ALN: 97.050

Award #: 4513DRVISPLW

Award Period: 08/1/2020 - 12/27/2021

Criteria - Assistance from FEMA for providing supplemental payments for lost wages to eligible individuals under the ONA program is limited to a \$300 per week through the week ending December 27, 2020. The term “eligible individual” means persons who provide self-certification that they are unemployed, partially unemployed, or unable or unavailable to work due to disruptions caused by COVID-19. In addition, the persons must be recipients of at least \$100 for any of the following benefits, beginning back to August 1, 2020:

- Unemployment compensation, including Unemployment Compensation for Federal Employees (UCFE) and Unemployment Compensation for Ex-Service members (UCX);
- Pandemic Emergency Unemployment Compensation (PEUC);
- Pandemic Unemployment Assistance (PUA);
- Extended Benefits (EB);
- Short-Time Compensation (STC);
- Trade Readjustment Allowance (TRA); and
- Payments under the Self-Employment Assistance (SEA) program.

In addition, 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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - In our review of 60 out of 8,196 claims submitted during the fiscal year, we noted 35 instances where VIDOL was unable to provide the approved self-certifications or that benefits paid were calculated correctly and in compliance with the requirements of the program.

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. Payments to beneficiaries were \$7,124,100 in fiscal year 2021. Total amount sampled is \$47,400. The known amount of the exceptions is \$27,600.

Effect - Noncompliance with program requirements could result in disallowances of costs and participants 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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that VIDOL reevaluate its policies and procedures to ensure proper maintenance and retention of complete program files and confirming that only eligible participants are receiving benefits they are entitled 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, 2021

Finding Number: 2021-078
Prior Year Finding Number: N/A
Compliance Requirement: Period of Performance

Program:

U.S. Department of Homeland Security

Government Department/Agency:

Department of Labor (VIDOL)

COVID-19 - Presidential Declared Disaster Assistance to
Individuals and Households - Other Needs

ALN: 97.050

Award #: 4513DRVISPLW

Award Period: 08/1/2020 - 9/27/2021

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 authorizes an extension, a non-federal entity must liquidate all financial obligations incurred under the Federal award no later than 120 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 8,196 transactions and noted 30 transactions where sufficient supporting documentation were not available to validate that the expenditures were incurred within the period of performance.

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. Total program expenditures charged to the program was \$7,128,856. Total amount sampled is \$47,400. The known amount of the exceptions is \$23,700.

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

Cause - VIDOL 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 VIDOL strengthen its processes with respect to setting up and charging expenditures between various grant awards. We also recommend that VIDOL 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, 2021

Finding Number: 2021-079
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of Homeland Security
Federal Emergency Management Agency

Government Department/Agency:

Department of Labor (VIDOL)

COVID-19 - Presidential Declared Disaster Assistance to
Individuals and Households - Other Needs

ALN: 97.050

Award #: 4513DRVISPLW

Award Period: 08/1/2020 - 9/27/2021

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.

In addition, 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 ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition - In our review of 10 out of 56 reports submitted during the fiscal year, we noted the following:

- 3 reports were not available for review.
- 3 reports did not contain evidence of review and approval.
- 2 reports were not submitted.
- 2 reports had not been submitted in a timely manner.
- 2 reports where financial information did not agree with underlying records.

Further, it does not appear that the controls in place are operating at a level of precision to ensure compliance with the reporting compliance requirements.

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 - VIDOL is not in 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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that VIDOL reevaluates 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, 2021

Finding Number: 2021-080
Prior Year Finding Number: 2020-071
Compliance Requirement: Data Collection Form and Single Audit Reporting Package

Program:

ALN # 10.551, 10.561	Supplemental Nutrition Assistance Program Cluster (SNAP)
ALN # 10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
ALN # 11.022	Bipartisan Budget Act of 2018
ALN # 15.875	Economic, Social, and Political Development of the Territories
ALN # 17.225	Unemployment Insurance
ALN # 20.205	Highway Planning and Construction Cluster
ALN # 20.507	Federal Transit Cluster
ALN # 21.019	COVID-19 - Coronavirus Relief Fund
ALN # 21.023	COVID-19 - Emergency Rental Assistance Program
ALN # 21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Funds
ALN # 66.468	Drinking Water State Revolving Fund Cluster
ALN # 84.027A	Special Education Cluster (IDEA)
ALN # 84.403A	Consolidated Grant to the Outlying Areas
ALN # 84.425A, 84.425H	COVID-19 - Education Stabilization Fund
ALN # 93.356, 93.600	Head Start Cluster
ALN # 93.563	Child Support Enforcement
ALN # 93.667	Social Services Block Grant
ALN # 93.767	Children's Health Insurance Program
ALN # 93.775, 93.778	Medicaid Cluster
ALN # 97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
ALN # 97.039	Hazard Mitigation Grant Program
ALN # 97.050	COVID-19 - Presidential Declared Disaster Assistance to Individuals and Household - Other Needs

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, 2021.

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.

Government of the United States Virgin Islands

Schedule of Findings and Questioned Costs Year Ended September 30, 2021

Recommendation - We recommend that the Government establish controls to ensure the reporting package is submitted to the FAC annually 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.

Management's Appendices

Summary Schedule of Prior Audit Findings

GOVERNMENT OF
THE UNITED STATES VIRGIN ISLANDS



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DEPARTMENT OF FINANCE

Appendix A
Summary Schedule of Prior Audit Findings

Section I - Financial Statement Findings

Finding 2020-001, 2019-001, 2018-001, 2017-001, 2016-009, 2015-009 and 2014-009: Financial Position

Deficits in Unrestricted Net Position

Current Status: Repeated. Finding 2021-001.

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 2021-001.

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 Virgin Islands Public Finance Authority created the Matching Fund Special Purpose Securitization Corporation (Corporation) for the purpose of refunding and restructuring the matching fund bonds of the Government. In addition, the Corporation placed a funding note with GERS secured by a subordinate lien on the matching funds and is projected to pay out \$3.8 billion to GERS through 2051.

Government Insurance Fund

Current Status: Repeated. Finding 2021-001.

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.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Corrective Action Plan: The Commissioner of Finance issued a schedule increasing the premium rates effective in fiscal year 2023. In addition, the Executive and Legislative branches of the Government are collaborating to implement various recommendations by its actuary to increase the base rate in an effort to provide long-term viability of the Fund. Management will also consider embarking on an advisory path to take into account some alternatives that could minimize the severity of any losses.

Finding 2020-002, 2019-002, 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 2021-002.

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: External factors have impacted the Government's closing procedures. A significant reason for this delay is the recovery of the Government from the historic hurricanes of 2017 and the pandemic of 2020. All effort will be made to expedite closing procedures as we move to timely audits. The Government is moving to a quarterly closing of its financial records and concurs that all accounts should be reviewed and reconciled during the fiscal year with adjustments posted during the fiscal year.

Journal Entries

Current Status: Repeated. Finding 2021-002.

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 restrict employees' access.

Finding 2020-003, 2019-003, 2018-003, 2017-004, 2016-002, 2015-002 and 2014-003: Revenue and Receivables

Reconciliation of Subsidiary Registers

Current Status: Repeated. Finding 2021-003.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

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 2021-003.

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: The Lieutenant Governor's office implemented a new real property tax billing and collection system to meet the financial and reporting needs of the Government. The new system addresses the issues noted by generating aged outstanding receivables, revenue and collection reports, and cut-off balances as of any given point in time.

Tax Return Processing Method

Current Status: Repeated. Finding 2021-003.

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: The Bureau has launched its online gross receipts filing system. The Bureau is in the final testing stage of implementing the online income tax filing system.

Real Property Tax

Current Status: Repeated. Finding 2021-003.

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.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Corrective Action Plan: LGO will continue to work with appropriate agencies and review its records to remove from its tax rolls any entities that are exempt from paying taxes. LGO notes that Government agencies are generally not exempt from paying sewer fees which are collected via the tax bill on behalf of the VI Waste Management Authority. Therefore, these entities will receive tax bills for sewer fees only.

Other Revenues

Current Status: Repeated. Finding 2021-003.

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: 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 2020-004, 2019-004, 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 2021-004.

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 in the ERP system and will also utilize the capabilities and management information from eCivis, a grant management 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.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Federal Grants and Contributions

Current Status: Repeated. Finding 2021-004.

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 Department of Finance monitors the federal receivables and provides the agencies with reports showing outstanding drawdowns. In addition, a private firm has been contracted to work directly with the agencies to reconcile the Government's federal receivables.

Finding 2020-005, 2019-005, 2018-005, 2017-002, 2017-006, 2016-004, 2015-004 and 2014-005: Capital Assets and Related Expenditures

Record Keeping

Current Status: Repeated. Finding 2021-005.

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 Finance will review the controls in place and update the necessary manuals to address all of the recommendations set forth.

Reconciliation and Review of Subsidiary Registers

Current Status: Repeated. Finding 2021-005.

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: To verify that all assets in the subsidiary register are reviewed and updated with sufficient descriptions, corrected acquisition dates, and recalculated accumulated depreciation, the Capital Assets team which comprises of several key individuals within various departments, spearheaded by the Department of Property and Procurement and the Lieutenant Governor's Office will identify land assets and confirm what is on the books. Overall, an update to the policies and procedures will be worked on expeditiously to include how often the policies and procedures are updated and the frequency of working sessions for reconciliations. Revision of the Asset Policy and Procedural Manual is in process along with continued collaboration between the Department of Finance, Department of Property and Procurement, and Department of Public Works relative to the development of the Capital Assets team.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Construction in Progress (CIP) Monitoring

Current Status: Repeated. Finding 2021-005.

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 and Procurement in collaboration with key individuals in other agencies will provide findings internally for areas where this step was missed, including some accountability. The Capital Assets team has already begun deliberating on how the Government can capture this at the time of final payment. We will also review the policy and update accordingly.

Capital Assets Impairment Process

Current Status: Repeated. Finding 2021-005.

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. There is a project management software that houses all CIP information.

Capital Assets - Business-Type Activities

Current Status: Repeated. Finding 2021-005.

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 relevant parties to incorporate for fiscal year 2023.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Finding 2020-006, 2019-006, 2018-006, 2017-007, 2016-005, 2015-005 and 2014-006: Recording of Liabilities

Retroactive Pay Liability

Current Status: Repeated. Finding 2021-006.

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) 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, to first develop a firm number with regard to the Government's retroactive obligation. This process has already started. The Division of Personnel can only confirm the research that was done based on the Retroactive Wage Commission project.

DOP Information Technology staff is ready to work with the Office of Collective Bargaining/Chief Negotiator, designated as the lead, on the development of a master file that will serve as the clearinghouse for all collective bargaining agreements. To assist with the past retroactive calculation and on-going payments to individuals and their respective survivors, the division is designing a central repository portal that will contain total obligations due and payments made to date.

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 the Office of Management and Budget (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 2021-006.

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 is in the process of submitting an RFP to solicit an actuary to perform the evaluation.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Accounts Payable

Current Status: Repeated. Finding 2021-006.

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 Finance has begun a dialogue with Tyler Munis, the ERP system, and has explored some system functionality that needs to be voted on and agreed collectively with the central agencies, specifically the Office of Management and Budget. Once a vote has been reached and the preferable next steps, training and updates to policies and procedures will be in effect.

Income Tax Refunds Payable

Current Status: Corrective action was taken. Finding not repeated in the current year.

Landfill Closure and Post Closure Costs Liability

Current Status: Repeated. Finding 2021-006.

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 is working with its consultants to review the work and write a report to implement monitoring controls and ensure that all calculations are reviewed timely.

Quality of Census Data

Current Status: Repeated. Finding 2021-006.

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: A request for proposal is currently being advertised to obtain a vendor who will provide a census data management system to assist with maintaining current and accurate records.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

**Finding 2020-007, 2019-007, 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 2021-007.

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: For the cost report audits, the Medicaid Assistance Program continues to work with the selected vendor to complete the requirements. For the Eligibility System, a vendor has been selected and the contract is in process. Additionally, the Medicaid Program will work closely to ensure all information is provided relative to the environment for the claims.

**Finding 2020-008, 2019-008, 2018-008, 2017-009, 2016-007, 2015-007 and 2014-008:
Unemployment Insurance Trust Fund**

Account Reconciliation Process

Current Status: Repeated. Finding 2021-008.

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.

Corrective Action Plan: The Virgin Islands Department of Labor (VIDOL) hired a Financial Analyst to reconcile the Unemployment Insurance Trust Fund. The Trust Fund is in good standing and being reconciled daily.

**Finding 2020-009, 2019-009, 2018-009, 2017-010, 2016-008, 2015-008 and 2014-011: Workers
Compensation Program**

Plan Valuation Methodology

Current Status: Repeated. Finding 2021-009.

Reason for Recurrence: The Department of Finance will collaborate with VIDOL to consider the recommendations set forth. The newly implemented claims software will assist in resolving the issues mentioned.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Corrective Action Plan: The Department of Finance will collaborate with VIDOL to consider the recommendations set forth. The newly implemented claims software will assist in resolving the issues mentioned.

Finding 2020-010, 2019-010 and 2018-010: Other Postemployment Benefits Obligation

Administration and Recordkeeping

Current Status: Repeated. Finding 2021-010.

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: The 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. The Division of Personnel can account for the receivables and payables of the Health Insurance Retiree Fund as an employee was hired as of January 2020, to monitor and track the accounting of the fund for the Group Health Insurance Unit.

Update of Mortality Tables

Current Status: Repeated. Finding 2021-010.

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: For consistency, the mortality assumption (and other demographic assumptions) used in the valuation are the same as those used in the Government Employees' Retirement System (GERS) of the Virgin Islands' pension valuations. Updated assumptions will be implemented when the next experience study is performed for GERS.

Finding 2020-011, 2019-011, 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 2021-011.

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.

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Corrective Action Plan: While we have begun to utilize the STATS system in fiscal year 2021, the Department of Finance will collaborate with the Department of Human Services to determine and consider the recommendations set forth.

Additionally, the Department of Finance - Payroll Division will monitor overtime and work with the various agencies to ensure that it is appropriate and within the laws and collective bargaining agreements. In some cases, a state of emergency, overrides the normal overtime regulations appropriately.

Formalize Emergency Payroll Procedures

Current Status: Repeated. Finding 2021-011.

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 global 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 2021-011.

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 implemented a government credit card program in fiscal year 2021 that includes training and an active P.O. for card issuance. The Department will coordinate with the Office of the Governor to strengthen, recommunicate, and monitor so that all other reimbursements are made in compliance with policies.

Reporting for Expenditures

Current Status: Repeated. Finding 2021-011.

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.

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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 approval process, invoices will be closely reviewed to ensure expenditures are recorded in the proper period and are supported in the Accounts Payable module.

Finding 2020-012, 2019-012, 2018-012, 2017-012, 2016-010, 2015-010 and 2014-002: Bank Accounts

Strengthen Controls Over Bank Reconciliations

Current Status: Repeated. Finding 2021-012.

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 Commissioner of Finance will enforce Title 33, Subtitle 3, Chapter 115, Subchapter III, Subsection 3261 which outlines the procedures for unpaid checks. Also, the Director of Treasury will ensure that bank reconciliations are prepared and reviewed on a timely basis. The Government will also work with the Munis consultants regarding implementation of a process tracking to determine when bank reconciliations are reviewed and approved.

Cash Pooling and Allocation(s)

Current Status: Repeated. Finding 2021-012.

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 Director of Treasury, 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.

Check Sequences

Current Status: Repeated. Finding 2021-012.

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.

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Corrective Action Plan: The ERP system does automatically generate check numbers for some accounts. 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.

Finding 2020-013, 2019-013, 2018-013, 2017-013, 2016-012, 2015-012 and 2014-012: Information Technology Environment

User Access and Administration

Current Status: Repeated. Finding 2021-013.

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.

Corrective Action Plan: Several enhancements have been made in alignment with correspondences to end users. Continuation of improvements is well underway. Additionally, the MIS Director currently participates in regular meetings with the Bureau of Information Technology during which the implementation of a government-wide framework is being established.

Proactive Approach to Cybersecurity

Current Status: Repeated. Finding 2021-013.

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.

Corrective Action Plan: The BIT Team has implemented mandatory training for all staff in order to provide security awareness and to also strengthen the environment to reinforce against common attacks.

Finding 2020-014 and 2019-014: Collateral of Depository

Current Status: Repeated. Finding 2021-014.

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: 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.

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Finding 2020-015, 2019-015, 2018-014, 2017-014, 2016-013 and 2015-013: Landfill Consent Decrees

Current Status: Repeated. Finding 2021-015.

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 2020-016, 2019-016, 2018-015, 2017-015, 2016-014 and 2015-014: Establishment of a Medical Malpractice Trust Fund

Current Status: Repeated. Finding 2021-016.

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 management team will set up a separate trust fund and continue to monitor the applicable requirements related to professional medical malpractice to ensure the Government's compliance.

Finding 2020-017, 2019-017, 2018-016, 2017-016 and 2016-015: Procurement Regulations

Current Status: Repeated. Finding 2021-017.

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.

Finding 2020-018, 2019-018, 2018-017 and 2017-017: Casino Control Commission

Current Status: Repeated. Finding 2021-018.

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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 has requested and is receiving the requisite reporting from the Casino Control Commission on a quarterly basis as covered by the V.I. Code.

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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 (SNAP)

ALN #: 10.551, 10.561

Award #: 1VI400409, 1VI400408

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

10/01/2019 - 09/30/2020

Finding 2020-019, 2019-022, 2018-029 and 2017-031: Special Tests and Provisions - EBT Card Security

Current Status: Repeated. Finding 2021-021.

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: SNAP is in the stages of finalizing the Electronic Benefit Transfer Standard Operating Policy and Procedures (SOPP) which will be subsequently submitted to FNS' Northeast Regional Office for final approval. Additionally, DHS is in the process of hiring a Director of Support Services to be tasked with oversight responsibilities. In the interim, Management continues to review established memos with the EBT Staff highlighting the varying aspects of the draft SOPP.

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Health (DOH)

Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

ALN #: 10.557

Award #: 1VI700708

Award Year: 10/01/17 - 09/30/20

Finding 2019-023, 2018-036 and 2017-036: Equipment/Real Property Management

Current Status: Corrective action was taken. Finding not repeated in current year.

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Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance

(O&M) Projects

ALN #: 12.401

Award #: W9127P-15-2-1000, W9127P-20-2-1000

Award Year: 10/01/2017 - 09/30/2020

Finding 2020-020, 2019-025 and 2017-077: Allowable Costs/Cost Principles - Payroll Activities

Current Status: On-going implementation. OTAG has developed new policies and procedures to address pre-award costs and the 90 days close out process. New policies and procedures have also been created to address the validation of payroll process activities. In addition, an Employee Relations Coordinator has been in place to ensure validation input. The Director of Administration and Business Management certifies, and the Agency Head approves of allowable cost/cost principles payroll activities.

Finding 2020-021, 2019-026, 2017-078, 2016-045 and 2015-051: Cash Management

Current Status: On-going implementation. OTAG developed a new Policies and Procedures Manual to address the preparation and submission of the SF-270 report. In addition, a Chief Financial Officer has been put in place to ensure separation of duties in financial reporting.

Finding 2020-022, 2019-027, 2017-079, 2016-046 and 2015-052: Matching, Level of Effort, Earmarking

Current Status: On-going implementation. 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.

Finding 2020-023, 2019-028, 2017-080 and 2016-047: Period of Performance

Current Status: On-going implementation. OTAG has developed new policies and procedures to address pre-award costs and the 90 days close out process.

Finding 2020-024, 2019-029, 2017-081, 2016-048, 2015-053 and 2014-049: Reporting

Current Status: On-going implementation. OTAG developed a new Policies and Procedures Manual to address the preparation and submission of the SF-270 report. In addition, a Chief Financial Officer has been put in place to ensure separation of duties in financial reporting.

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Program:

U.S. Department of the Interior

Government Department/Agency:

Various

Economic, Social, and Political Development
of the Territories

ALN #: 15.875

Award #: Various

Award Year: Various

Finding 2020-025, 2019-030, 2017-074, 2015-062 and 2014-051: Cash Management

Current Status: Repeated. Finding 2021-025.

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: 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 2020-026, 2019-031, 2017-075, 2015-063 and 2014-053: Equipment/Real Property Management

Current Status: Repeated. Finding 2021-026.

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: The DPP created the Division of Asset Reporting and Management in March 2021. The division is conducting physical inventory of the fixed assets for the Government of the Virgin Islands (GVI) agencies.

Fixed Assets are tagged and maintained in the Tyler Munis Resource Planning (ERP), which includes serial numbers, model numbers, acquisition dates, cost of equipment, and agency that received the items. Periodic meetings will be held with the fixed-asset employees throughout the GVI to detail and refresh agencies on the processes. Additionally, the Division will conduct quarterly audits, ensure compliance with applicable laws, conduct cycle counts, and conduct an annual inventory of current and newly acquired assets of the GVI. Staffing levels will be augmented to fulfill the duties of the Asset Team.

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Finding 2020-027 and 2019-032: Reporting

Current Status: Repeated. Finding 2021-027.

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 Government will monitor closely every report submitted for completeness, accuracy, dates, and consistency with specified guidelines/policies and procedures promulgated by the Cognizant Agency.

Program:

U.S. Department of Labor

Unemployment Insurance

ALN #: 17.225

Award #: Various

Award Year: 10/01/2016 - 12/31/2022

Government Department/Agency:

Department of Labor (VIDOL)

Finding 2020-028, 2019-033, 2018-038, 2017-071, 2016-057, 2015-065 and 2014-054: Activities Allowed or Unallowed

Current Status: Repeated. Finding 2021-028.

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: VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested and all necessary documentation. VIDOL seeks to improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for all funds.

Finding 2020-029: Special Tests and Provisions: UI Reemployment Programs: RESEA

Current Status: Repeated. Finding 2021-033.

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.

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Corrective Action Plan: VIDOL will review and update internal controls to ensure program data is properly reconciled, monitored, and retained. VIDOL is preparing to launch digital Case Management Software that would improve efficiency in reconciliations, monitoring and retention of program data.

Program:

U.S. Department of the Treasury

Coronavirus Relief Fund

ALN #: 21.019

Award #: N/A

Award Year: 03/02/2020 - 12/31/2021

Government Department/Agency:

Office of Management and Budget
(OMB)

Finding 2020-030: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Corrective action was taken. Finding not repeated in current year.

Finding 2020-031: Reporting

Current Status: Repeated. Finding 2021-035.

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: OMB has included an additional layer in the review process to ensure that all reported information coincides with the information in the General Ledger.

Finding 2020-032: Subrecipient Monitoring

Current Status: Repeated. Finding 2021-036.

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 has conducted training and revised its checklist to include a standard risk assessment form for all potential subrecipients.

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Program:

U.S. Environmental Protection Agency

Government Department/Agency:

Department of Public Works

Construction Grants for Wastewater Treatment Works

ALN #: 66.418

Award #: Various

Finding 2020-033: Cash Management

Current Status: Corrected.

Finding 2020-034: Reporting

Current Status: Ongoing implementation. The Department continues to reinforce policies and procedures with staff. Additionally, periodic internal audits of reports and trainings are completed to ensure compliance.

Finding 2020-035: Special Tests and Provisions - Wage Rate Requirements

Current Status: Corrected.

Program:

U.S. Environmental Protection Agency

Government Department/Agency:

Department of Planning and Natural Resources (DPNR)

Drinking Water State Revolving Fund Cluster

ALN #: 66.468

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

Award Year: 10/01/13 - 09/30/21, 10/01/14 -
09/30/21, 10/01/15 - 09/30/22, 10/01/16 - 09/30/23

Finding 2020-036 and 2019-036: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Repeated. Finding 2021-040.

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: 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. DPNR plans to hire fiscal staff, update Standard Operating Policies & Procedures, provide training to staff, and enforce approved policies & procedures.

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The Department of Planning & Natural Resources has experienced a substantial loss of staff, which contributed to the inability to prepare and maintain the necessary documentation to update NOPA's. To address this issue, the Department is taking steps to hire the staff needed to ensure that the Program's documentation is updated as required.

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Consolidated Grant to the Outlying Areas

ALN #: 84.403A

Award #: S403A160004, S403A170004, S403A180004,
S403A190004

Award Periods: 07/01/2016 - 09/30/2019

07/01/2017 - 09/30/2020

07/01/2018 - 09/30/2021

07/01/2019 - 09/30/2022

Finding 2020-037: Period of Performance

Current Status: Corrective action was taken. Finding not repeated in current year.

Finding 2020-038: Reporting

Current Status: Repeated. Finding 2021-045.

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: DOE will implement policies and procedures to ensure that the FFATA reporting requirements are performed accurately and timely. In addition, the Federal Grants Office will review the reports to ensure completeness before final submission within the required timeframe.

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Immediate Aid to Restart School Operations

ALN #: 84.938A

Award #: S938A180004

Award Periods: 05/14/2018 - 09/30/2021

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Finding 2020-039: Allowable Costs/Cost Principles - Indirect Cost Activities

Current Status: Ongoing implementation. DOE's State Fiscal and Business Office continue to work collaboratively to ensure that indirect cost is applied timely to actual expenditures incurred in the appropriate period.

DOE has already revised its indirect cost calculation frequency and posting from monthly to weekly. DOE's third-party fiduciary agent (TPFA) prepares the indirect cost calculation and submits to DOE for review and approval via the ERP system. This calculation is based on the prior week's expenditures, which ensures they are based on valid expenses and recorded in the accounting system in the appropriate period.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Head Start Cluster

ALN #: 93.356, 93.600

Award #: 02CH010576-01, 02CH010576-02,
02CH10576-03, 02TD000024-01, 02TD000034-01,
02TD000111-01

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

07/01/2019 - 06/30/2020

07/01/2020 - 06/30/2021

03/01/2019 - 02/28/2021

05/01/2019 - 04/30/2021

05/01/2020 - 04/30/2022

Finding 2020-040: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Repeated. Finding 2021-052.

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: DHS has transitioned from a manual payroll process to the GVI electronic Timeforce (STATS) system. All time and attendance are now vetted and approved through the various levels of applicable management, ultimately being approved by the Agency Head or designee.

Finding 2020-041, 2019-052, 2018-049, 2017-041, 2016-021, 2015-030 and 2014-028: Equipment/Real Property Management

Current Status: Repeated. Finding 2021-053.

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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 DPP will adhere to the recommendation by ensuring the federal regulations related to equipment management, timely recording of assets, and communicating with GVI agencies are followed. An internal asset listing at DHS is maintained. However, the Department of Human Services is working collaboratively with the Department of Property and Procurement to ensure adherence to Federal regulations related to equipment and its related maintenance.

The DPP created the Division of Asset Reporting and Management in March 2021. The Division is conducting physical inventory of the fixed assets for the Government of the Virgin Islands (GVI) agencies. Fixed Assets are tagged and maintained in the Tyler Munis Resource Planning (ERP), which includes serial numbers, model numbers, acquisition dates, cost of equipment, and the agency that received the items. Additionally, the Division will conduct quarterly audits, ensure compliance with applicable laws, conduct cycle counts, and conduct an annual inventory of current and newly acquired assets of the GVI. Staffing levels will be augmented to fulfill the duties of the Asset Team.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Justice (DOJ)

Child Support Enforcement

ALN #: 93.563

Award #: 2001VICSES, 1901VICES

Award Year: 10/01/2019 - 09/30/2020

Finding 2020-042, 2019-041, 2017-063 and 2016-038: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Repeated. Finding 2021-055.

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 Human Resources Division will work closely with Division of Personnel and Department of Finance during they payroll allocation setup for each federal funded NOPA each fiscal year. A review of all NOPAs upon issuance will be performed to ensure all payroll codes are coded with the 66/34 federal/local match percentages and the correct retirement calculations are coded to each employee profile. Upon retirement of any staff, their payroll profiles will be updated as inactive to ensure no further payroll expenditures are made to the grant expense account. To ensure all timesheets can be provided during any audit, DOJ will printout timesheets for each employee on a bi-weekly basis and store them internally for easy retrieval.

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Finding 2020-043: Allowable Costs/Cost Principles - Non-Payroll Activities

Current Status: Corrective action was taken. Finding not repeated in current year.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

ALN #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

Award Year: 10/01/2016 - 09/30/2022

Finding 2020-044 and 2019-045: Allowable Costs/Cost Principles - Non-Payroll Activities

Current Status: Corrected.

Finding 2020-045 and 2019-046: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Corrected.

Finding 2020-046 and 2019-047: Eligibility

Current Status: Ongoing implementation. 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.

Finding 2020-047 and 2019-048: Matching, Level of Effort, Earmarking

Current Status: Corrected.

Finding 2020-048 and 2019-049: Period of Performance

Current Status: Corrected.

Finding 2020-049 and 2019-050: Special Tests and Provisions - Health and Safety Requirements

Current Status: Corrected.

Finding 2020-050 and 2019-051: Special Tests and Provisions - Fraud Detection and Repayment

Current Status: Corrected.

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Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

ALN #: 93.667

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

Award Year: 10/01/2017 - 09/30/2019

10/01/2018 - 09/30/2020

10/01/2019 - 09/30/2021

Finding 2020-051: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Repeated. Finding 2021-056.

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: DHS has transitioned from a manual payroll process to the GVI electronic Timeforce (STATS) system. All time and attendance are now vetted and approved through the various levels of applicable management, ultimately being approved by the Agency Head or designee.

Finding 2020-052 and 2019-053: Cash Management

Current Status: Corrective action was taken. Finding not repeated in current year.

Finding 2020-053: Period of Performance

Current Status: Repeated. Finding 2021-057.

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: Ongoing implementation. As part of the close-out process, all open purchase orders are now submitted to the Department of Finance to be closed. Additionally, the grant close out process has now shifted to the OMB to ensure the grant is no longer available for transactions entries or liquidations.

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Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Children's Health Insurance Program

ALN #: 93.767

Award #: 1905VQ5R21, 1905VQ5021

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

10/01/2018 - 09/30/2020

Finding 2020-054, 2019-056, 2018-056, 2017-059 and 2016-032: Reporting

Current Status: Repeated. Finding 2021-059.

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.

Corrective Action Plan: With the proper personnel in place, reports are reviewed prior to submission. Additionally, time extensions are requested via email and will be attached as part of the permanent record.

Finding 2020-055: Special Tests and Provisions - Provider Eligibility

Current Status: Repeated. Finding 2021-060.

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: DHS utilizes a checklist to confirm the review of provider enrollment applications by Provider Relations staff; also ensure all necessary signatures are affixed.

Finding 2020-056: Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers

Current Status: Corrective action was taken. Finding not repeated in current year.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

ALN #: 93.775, 93.778

Award #: Various

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

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Finding 2020-057, 2019-057 and 2018-057: Allowable Costs/Cost Principles - Non-Payroll Activities

Current Status: Repeated. Finding 2021-061.

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 will update its policies and procedures to detail its current process of reviewing and approving to ensure the implementation of changes in laws and regulations. The excess furniture was surveyed out as part of the inventory process and properly disposed of in fiscal year 2022 and the agreement terminated.

Isolated occurrence while the MAP program was being transitioned from one building to another. As the equipment could not be used at the new location, it was stored for future use. The Director of Asset Management has oversight of the storage of inventory to avert future occurrences.

Finding 2020-058, 2019-058, 2018-060, 2017-046, 2016-024 and 2015-035: Eligibility

Current Status: Repeated. Finding 2021-062.

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 staff will work with PMO, hired to assist with the Public Health Emergency Unwind and establish SOPPs on certification and recertification processes and procedures. DHS is also in the process of hiring a Program Integrity Director and MEQC staff, whose responsibility will be to review completed case files.

Finding 2020-059, 2019-059, 2018-061 and 2017-047: Matching, Level of Effort, Earmarking

Current Status: Corrective action was taken. Finding not repeated in current year.

Finding 2020-060, 2019-060, 2018-064 and 2017-049: Reporting

Current Status: Repeated. Finding 2021-063.

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.

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Government of the United States Virgin Islands Summary Schedule of Prior Audit Findings

Corrective Action Plan: With the proper personnel in place, reports are reviewed prior to submission. Additionally, time extensions are requested via email and will be attached as part of the permanent record.

Finding 2020-061, 2019-061, 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 2021-064.

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: DHS has recruited a candidate as a full-time Director of Program Integrity position who will establish the Quality Control Unit, which will work with Medicaid Fraud Control Unit (MFCU) on behalf of the Medicaid Program and enforce the necessary controls and procedures to safeguard against unnecessary utilization of care and services and to identify, investigate, and refer suspected fraud cases.

Finding 2020-062, 2019-062, 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 2021-065.

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 continue to work with the contractor to ensure the report is completed.

Finding 2020-063, 2019-063, 2018-067 and 2017-054: Special Tests and Provisions - ADP Risk Analysis and System Security Review

Current Status: Repeated. Finding 2021-066.

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: DHS is currently working through the procurement process with DPP in order to identify a new vendor to perform the mandated services.

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Finding 2020-064, 2019-064, 2018-068 and 2017-051: Special Tests and Provisions - Provider Eligibility

Current Status: Repeated. Finding 2021-067.

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 now utilizing a checklist to confirm the review of provider enrollment applications by Provider Relations staff.

Finding 2020-065, 2019-065, 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: Finding 2021-068.

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: 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 and able to monitor the various requirements. The DOJ MFCU will prepare SF-425 as required.

Finding 2020-066, 2019-066, 2018-070 and 2017-050: Special Tests and Provisions - Federal Financial Participation Refunds

Current Status: Corrective action was taken. Finding not repeated in current year.

Finding 2020-067: Special Tests and Provisions - Refunding of Federal Share of Medicaid Overpayments to Providers

Current Status: Corrective action was taken. Finding not repeated in current year.

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Finding 2020-068: Special Tests and Provisions - Medicaid National Correct Coding Initiative

Current Status: Repeated. Finding 2021-069.

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.

Corrective Action Plan: DHS will work towards implementing internal controls to ensure that the NCCI methodologies are incorporated in the Medicaid Program.

Although DHS stated that the documentation supporting DHS download and incorporation of the NCCI methodologies were available for review and the MMIS has the methodologies built into the system. OMB recommends that the documentations that DHS will implement internal controls to ensure that the NCCI methodologies are incorporated in the Medicaid Program.

Program:

U.S. Department of Homeland Security

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

Disaster Grants - Public Assistance (Presidentially Declared
Disasters)

ALN #: 97.036

Award #: FEMA-4335-DR, FEMA-4340-DR-VI

Award Year: 09/20/2017 - 09/07/2025

09/07/2017 - 09/16/2025

Finding 2020-069: Matching, Level of Effort, Earmarking

Current Status: Repeated. Finding 2021-071.

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: Ongoing implementation. VITEMA will implement policies and procedures and deploy the required resources to ensure periodic monitoring and compliance of the matching requirements throughout the fiscal year. VITEMA will also strive to ensure that supporting documents are available to support the local match.

Finding 2020-070, 2019-068 and 2018-073: Reporting

Current Status: Repeated. Finding 2021-072.

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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: Additional program staff has been dedicated to assist with completing the Performance reports within the 30 days of the quarter ending; and completing the FFATA reporting and maintain monthly reports as evidence of the awards filed.

Program:

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

Finding 2020-071, 2019-069, 2018-074 and 2017-088: Data Collection Form and Single Audit Reporting Package

Current Status: Repeated. Finding 2021-080.

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 working with the audit team to improve on timely responses from agency leadership. Proactive measures have been implemented with the agency's point of contact and training of staff is currently taking place.

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Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Education (DOE)

Child Nutrition Cluster

ALN #: 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 use its indirect cost log to ensure consistent tracking and all indirect cost expenditures have been posted promptly. DOE's State Nutrition Office prepares the indirect cost calculation and submits it to DOE's Business Office Director for review and approval via the ERP system. Any discrepancy identified is communicated in a timely manner 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 has implemented procedures to address the drawdown process. DOE continues tracking and recording all payments and drawdowns to ensure that drawdowns occur within the specified timeframe in accordance with GVI's CMIA agreement. GVI's CMIA Agreement is dated 2019. DOE remains available to work with DOF in updating this policy that captures DOE's practices.

Finding 2018-032, 2017-021, 2016-070, 2015-070 and 2014-060: Equipment/Real Property Management

Current Status: On-going implementation. DOE will improve its internal controls to ensure adherence to Federal regulations related to equipment and its related maintenance. DOE will revise the process for creating new assets in the accounting system to include a description of the property, a serial number or other identification numbers, source of property, titleholder, acquisition date, cost of the property, percentage of Federal participation, location, use, and condition of the property, and disposition information. This will allow DOE to provide a complete equipment listing.

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. To minimize the risk of payroll documents being destroyed by natural disasters or other means, DOE's Payroll team scans documents to the Department's server.

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Finding 2018-034, 2017-023, 2016-071: Period of Performance

Current Status: On-going implementation. The program continues to exercise due diligence in ensuring all transactions and costs involving Federal funds comply with the terms and conditions of the federal grant and are recorded appropriately. DOE continues to reevaluate its policies and procedures to ensure that all grant requirements are met timely.

Finding 2018-035 and 2017-024: Procurement/Suspension and Debarment

Current Status: On-going implementation. The State agency successfully worked with the DPP and DOE's Procurement Division to include all necessary and required language in contracts.

Program:

U.S. Department of Transportation

Government Department/Agency:

Department of Public Works (DPW)

Highway Planning and Construction Cluster,
ALN #: 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 will continue to work with the Department of Property & Procurement so that all equipment is registered, properly tagged, and reviewed by DPP.

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Special Education - Grants to States (IDEA, Part B)
ALN #: 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: Repeated. Finding 2021-041.

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.

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Corrective Action Plan: On-going implementation. DOE will implement policies and procedures to ensure that the Level of effort monitoring requirements are performed accurately. In addition, the IDEA State Office will conduct a preliminary review and the Budget Control Office will perform the final review and approval for submission within the required timeframe. Evidence of completion of verification will be documented by the signature of both reviewers.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Health (DOH)

Epidemiology and Laboratory Capacity for Infectious
Diseases

ALN #: 93.323

Award #: CK000377-03

Award Year: 08/01/2014 - 07/31/2019

Finding 2017-060: Cash Management

Current Status: The Agency did not respond and provide the current status.

Finding 2017-061: Equipment/Real Property Management

Current Status: The Agency did not respond and provide the current status.

Finding 2017-062: Reporting

Current Status: The Agency did not respond and provide the current status.

Program:

U.S. Environmental Protection Agency

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Performance Partnership Grants

ALN #: 66.605

Award #: Various

Award Year: 10/01/2009 - 03/31/2019

Finding 2017-082: Allowable Costs/Cost Principles - Indirect Cost Activities

Current Status: On-going implementation. DPNR maintains regular contact with USEPA and obtains written approval for the use of any indirect cost agreement that isn't current. Additionally, indirect cost calculations are reviewed and approved by the Internal Auditor and Business Director to ensure accuracy.

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Finding 2017-083: Cash Management

Current Status: On-going implementation. DPNR is making a conscientious effort to ensure that drawdowns are carried out within the timeframe of the Cash Management Improvement Act Agreement.

Finding 2017-084: Equipment/Real Property Management

Current Status: On-going implementation. The DPNR maintains its own listing of equipment and collaborates with DPP to ensure that property records are reconciled. Every effort is being made to ensure that all vehicles are properly maintained and secured.

Finding 2017-085: Matching, Level of Effort, Earmarking

Current Status: On-going implementation. The Department of Planning and Natural Resources has updated its Standard Operating Procedures to address internal control measures regarding proof of review and approval. In addition, local funding for the Program is tracked via spreadsheet with all incurred expenditures.

Finding 2017-086: Procurement/Suspension and Debarment

Current Status: Corrected.

Finding 2017-087: Reporting

Current Status: On-going implementation. As per DPNR Standard Operating Procedures, all Divisional Directors review and approve reports before submission. Consequently, the Director of Environmental Protection reviews and signs all program reports for the Program.

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

Government Department/Agency:
Department of Human Services (DHS)

Aging Cluster
ALN #: 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. The Program has hired a Federal Grant Financial Analyst and a Federal Accounts Payables Specialist. This has strengthened its internal control. Check runs are monitored and the respective draws are conducted accordingly.

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Finding 2016-035: Eligibility

Current Status: Corrected.

Finding 2016-037: Subrecipient Monitoring

Current Status: On-going implementation. The DHS continues to work on the development of standard internal policies and procedures in monitoring subrecipients.

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Employment Service Cluster

ALN #: 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

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

ALN #: 93.558

Award #: 1501VITANF

Award Year: 10/01/2014 - 09/30/2015

Finding 2015-020 and 2014-018: Activities Allowed or Unallowed

Current Status: Corrected.

Finding 2015-023 and 2014-020: Eligibility

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Current Status: On-going implementation. The DHS continues to operationalize the process. The implementation plan is slated to include new procedures to determine participants' eligibility and provide consistent monitoring of the programs.

Finding 2015-024: Equipment/Real Property Management

Current Status: On-going implementation. The Department continues to collaborate with the Department of Property and Procurement in stashing and maintaining an active inventory registry.

Finding 2015-026 and 2014-022: Special Tests and Provisions - Child Support Non-Cooperation

Current Status: On-going implementation. The TANF Program continues its efforts to strengthen its internal controls to ensure adequate file maintenance.

Finding 2015-027 and 2014-023: Special Tests and Provisions - Penalty for Refusal to Work

Current Status: On-going implementation. The TANF Program continues its efforts to strengthen its internal controls to ensure adequate record maintenance.

Finding 2015-028, 2014-025, 2013-017 and 12-14: Special Tests and Provisions - Income Eligibility and Verification System

Current Status: On-going implementation. While a memorandum of understanding was established, work between the 2 agencies continue to establish a set reporting standard.

Program:

U.S. Department of Commerce

Coastal Zone Management Administration Awards

ALN #: 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: Corrected.

Finding 2015-043 and 2014-041: Equipment/Real Property Management

Current Status: On-going implementation. The DPNR maintains its own listing of equipment and collaborates with DPP to ensure that property records are reconciled.

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Finding 2015-045: Reporting

Current Status: On-going implementation. The Fiscal and Program staff of DPNR are working together to ensure that all reports are completed and submitted by their due dates.

Program:

U.S. Department of Commerce

Coral Reef Conservation Program

ALN #: 11.482

Award #: NA11NOS4820004/NA13NOS4820011

Award Year: 10/01/2014 - 09/30/2015

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Finding 2015-046 and 2014-044: Allowable Costs/Cost Principles - Payroll Activities

Current Status: Corrected.

Finding 2015-047: Equipment/Real Property Management

Current Status: On-going implementation. The DPNR maintains its own listing of equipment and collaborates with DPP to ensure that property records are reconciled.

Finding 2015-048 and 2014-045: Matching, Level of Effort, Earmarking

Current Status: Corrected.

Corrective Action Plan

GOVERNMENT OF
THE UNITED STATES VIRGIN ISLANDS



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DEPARTMENT OF FINANCE

Appendix B
Corrective Action Plan

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
	2021-001: Financial Position			
38	• 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.
38	• Plan Funding Considerations	The management team of the Department of Finance, Virgin Islands Public Finance Authority, and Government Employees' Retirement System of the U.S. Virgin Islands	April 2022	The Virgin Islands Public Finance Authority created the Matching Fund Special Purpose Securitization Corporation (Corporation) for the purpose of refunding and restructuring the matching fund bonds of the Government. In addition, the Corporation placed a funding note with GERS secured by a subordinate lien on the matching funds and is projected to pay out \$3.8 billion to GERS through 2051.
39	• Government Insurance Fund	The Governor, V.I. Legislature, and the Commissioners of the Department of Finance and Department of Labor	On-going	The Commissioner of Finance issued a schedule increasing the premium rates effective in fiscal year 2023. In addition, the Executive and Legislative branches of the Government are collaborating to implement various recommendations by its actuary to increase the base rate in an effort to provide long-term viability of the Fund. Management will also consider embarking on an advisory path to take into account some alternatives that could minimize the severity of any losses.

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Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
	2021-002: Year-End Close Process			
40	<ul style="list-style-type: none"> 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	External factors have impacted the Government's closing procedures. A significant reason for this delay is the recovery of the Government from the historic hurricanes of 2017 and the pandemic of 2020. All effort will be made to expedite closing procedures as we move to timely audits. The Government is moving to a quarterly closing of its financial records and concurs that all accounts should be reviewed and reconciled during the fiscal year with adjustments posted during the fiscal year.
41	<ul style="list-style-type: none"> Journal Entries 	Directors of Accounting and Management Information Systems	Immediately	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 restrict employees' access.
	2021-003: Revenue and Receivables			
42	<ul style="list-style-type: none"> Reconciliation of Subsidiary Registers 	Assistant Chief of Processing, Tax Collector, and designated staff in collaboration with Director of Treasury and as needed, the Director of Accounting	On-going	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.

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Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
42	<ul style="list-style-type: none"> • 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, Tax Collector, and the Chief of Staff	June 2022	The Lieutenant Governor's office implemented a new real property tax billing and collection system to meet the financial and reporting needs of the Government. The new system addresses the issues noted by generating aged outstanding receivables, revenue and collection reports, and cut-off balances as of any given point in time.
43	<ul style="list-style-type: none"> • Tax Return Processing Method 	The management team of the Bureau of Internal Revenue; specifically, the Computer Operations and Processing Branches	June 2024	The Bureau has launched its online gross receipts filing system. The Bureau is in the final testing stage of implementing the online income tax filing system.
43	<ul style="list-style-type: none"> • Real Property Tax 	The management team of the Office of the Lieutenant Governor; specifically, the Tax Assessor, Tax Collector, and the Chief of Staff	On-going	LGO will continue to work with appropriate agencies and review its records to remove from its tax rolls any entities that are exempt from paying taxes. LGO notes that Government agencies are generally not exempt from paying sewer fees which are collected via the tax bill on behalf of the VI Waste Management Authority. Therefore, these entities will receive tax bills for sewer fees only. Additionally, LGO's new billing and collection system that went live in June 2022, addresses all of the other findings.
44	<ul style="list-style-type: none"> • Other Revenues 	Department of Finance management, specifically the Director of Treasury	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.
	2021-004: Grants Management			

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Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
45	<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 in the ERP system and will also utilize the capabilities and management information from eCivis, a grant management 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>
46	<ul style="list-style-type: none"> Federal Grants and Contributions 	Department of Finance management, specifically the Director of Treasury	On-going	The Department of Finance monitors the federal receivables and provides the agencies with reports showing outstanding drawdowns. In addition, a private firm has been contracted to work directly with the agencies to reconcile the Government's federal receivables.
47	<ul style="list-style-type: none"> Federal Grants Accounting 	Director of Treasury and Executive Assistant	On-going	The Government will ensure strict adherence to its reconciliation process to differentiate federal funding from other funding

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Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
		Commissioner, Department of Finance		sources. Additional reconciliations will be performed and relevant adjustments will be made.
	2021-005: Capital Assets and Related Expenditures			
48	<ul style="list-style-type: none"> Record Keeping 	The Commissioner, Department of Finance, Director of Accounting, and Fixed Assets Coordinator	Immediately	The Department of Finance will review the controls in place and update the necessary manuals to address all the recommendations set forth.
49	<ul style="list-style-type: none"> Reconciliation and Review of Subsidiary Registers 	Various designated individuals within the Department of Property and Procurement, Lieutenant Governor's Office, the Department of Public Works, and the Department of Finance to formulate a Capital Assets team	Fiscal Year 2023	To verify that all assets in the subsidiary register are reviewed and updated with sufficient descriptions, corrected acquisition dates, and recalculated accumulated depreciation, the Capital Assets team which comprises of several key individuals within various departments, spearheaded by the Department of Property and Procurement and the Lieutenant Governor's Office will identify land assets and confirm what is on the books. Overall, an update to the policies and procedures will be worked on expeditiously to include how often the policies and procedures are updated and the frequency of working sessions for reconciliations.
				Revision of the Asset Policy and Procedural Manual is in process along with continued collaboration between the Department of Finance, Department of Property and Procurement, and Department of Public Works relative to the development of the Capital Assets team.

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49	<ul style="list-style-type: none"> Construction in Progress (CIP) Monitoring 	The Commissioner, Department of Property & Procurement	Immediately	The Department of Property and Procurement in collaboration with key individuals in other agencies will provide findings internally for areas where this step was missed, including some accountability. The Capital Assets team has already begun deliberating on how the Government can capture this at the time of final payment. We will also review the policy and update accordingly.
50	<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. There is a project management software that houses all CIP information.
51	<ul style="list-style-type: none"> Capital Assets - Business-Type Activities 	Department of Finance, Director of Accounting and Financial Reporting and Capital Asset Coordinator	Fiscal Year 2023	The Government will review the recommendations and collaborate with relevant parties to incorporate for fiscal year 2023.
	2021-006: Recording of Liabilities			
52	<ul style="list-style-type: none"> Retroactive Pay Liability 	The management team of the Division of Personnel; specifically, the Information Technology Manager, Personnel	On-going	The Division of Personnel (DOP) will work with the Office of Collective Bargaining (OCB) 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

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		Records Supervisor, OMB Director, and Budget Analysts		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, to first develop a firm number with regard to the Government's retroactive obligation. This process has already started. The Division of Personnel can only confirm the research that was done based on the Retroactive Wage Commission project.
				DOP Information Technology staff is ready to work with the Office of Collective Bargaining/Chief Negotiator, designated as the lead, on the development of a master file that will serve as the clearinghouse for all collective bargaining agreements. To assist with the past retroactive calculation and on-going payments to individuals and their respective survivors, the division is designing a central repository portal that will contain total obligations due and payments made to date.
				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 the Office of Management and Budget (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.
52	<ul style="list-style-type: none"> Medical Malpractice Liability 	The Commissioner, Department of Health	Fiscal Year 2024	The Department of Health is in the process of submitting an RFP to solicit an actuary to perform the evaluation.

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53	<ul style="list-style-type: none"> Accounts Payable 	The management team of the Department of Finance; specifically, the Assistant Commissioner and Director of Accounting	On-going	The Department of Finance has begun a dialogue with Tyler Munis, the ERP system, and has explored some system functionality that needs to be voted on and agreed collectively with the central agencies, specifically the Office of Management and Budget. Once a vote has been reached and the preferable next steps, training and updates to policies and procedures will be in effect.
54	<ul style="list-style-type: none"> Landfill Closure and Post Closure Costs Liability 	Waste Management Authority Management Team	Fiscal Year 2023	The Government is working with its consultants to review the work and write a report to implement monitoring controls and ensure that all calculations are reviewed timely.
54	<ul style="list-style-type: none"> Quality of Census Data 	The management team of the Government Employees' Retirement System Department of Finance and Division of Personnel; specifically, Administrator, Director, Member Services, and Director of Information Technology	Fiscal Year 2023	A request for proposal is currently being advertised to obtain a vendor who will provide a census data management system to assist with maintaining current and accurate records.
	2021-007: Management of the Medicaid Program			
55	<ul style="list-style-type: none"> Cost Report Audits, System Security Review, and Approvals 	The Commissioner, Department of Human Services, Chief Financial Officer, and the Program Administrator	On-going	For the cost report audits, the Medicaid Assistance Program continues to work with the selected vendor to complete the requirements. For the Eligibility System, a vendor has been selected and the contract is in process. Additionally, the Medicaid Program will work closely to ensure all information is provided relative to the environment for the claims.

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	2021-008: Unemployment Insurance Trust Fund			
56	<ul style="list-style-type: none"> Account Reconciliation Process 	Commissioner, Virgin Islands Department of Labor	On-going	The Virgin Islands Department of Labor (VIDOL) hired a Financial Analyst to reconcile the Unemployment Insurance Trust Fund. The Trust Fund is in good standing and being reconciled daily.
	2021-009: Workers Compensation Program			
57	<ul style="list-style-type: none"> Plan Valuation Methodology 	Executive Assistant Commissioner, Director of Accounting and Reporting, and Agency Head	On-going	The Department of Finance will collaborate with VIDOL to consider the recommendations set forth. The newly implemented claims software will assist in resolving the issues mentioned.
	2021-010: Other Postemployment Benefits Obligation			
59	<ul style="list-style-type: none"> Administration and Recordkeeping 	Executive Assistant Commissioner, Department of Finance and Division of Personnel	On-going	<p>The 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.</p> <p>The Division of Personnel can account for the receivables and payables of the Health Insurance Retiree Fund as an employee was</p>

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				hired as of January 2020, to monitor and track the accounting of the fund for the Group Health Insurance Unit.
59	<ul style="list-style-type: none"> Update of Mortality Tables 	Executive Assistant Commissioner, Department of Finance	Performance of next experience study	For consistency, the mortality assumption (and other demographic assumptions) used in the valuation are the same as those used in the Government Employees' Retirement System (GERS) of the Virgin Islands' pension valuations. Updated assumptions will be implemented when the next experience study is performed for GERS.
	2021-011: Payroll, Related Accruals, and Other Expenditures			
61	<ul style="list-style-type: none"> Payroll Expenditures 	The management team of the Division of Personnel, Department of Finance; specifically, Director of Payroll, and Departments and Agencies' payroll personnel	On-going	<p>While we have begun to utilize the STATS system in fiscal year 2021, the Department of Finance will collaborate with the Department of Human Services to determine and consider the recommendations set forth.</p> <p>Additionally, the Department of Finance - Payroll Division will monitor overtime and work with the various agencies to ensure that it is appropriate and within the laws and collective bargaining agreements. In some cases, a state of emergency, overrides the normal overtime regulations appropriately.</p>
61	<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	On-going	With infrastructure improvements due to climate change and technology advances in remote capabilities due to the global 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.

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62	<ul style="list-style-type: none"> Transactions with Personnel 	The management team of the Office of the Governor and Department of Finance, specifically, Credit Card Administrator	On-going	The Department of Finance implemented a government credit card program in fiscal year 2021 that includes training and an active P.O. for card issuance. The Department will coordinate with the Office of the Governor to strengthen, recommunicate, and monitor so that all other reimbursements are made in compliance with policies.
62	<ul style="list-style-type: none"> 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 approval process, invoices will be closely reviewed to ensure expenditures are recorded in the proper period and are supported in the Accounts Payable module.
	2021-012: Bank Accounts			
63	<ul style="list-style-type: none"> Strengthen Controls Over Bank Reconciliations 	The management team of the Department of Finance; specifically, the Director of Treasury	On-going	<p>The Commissioner of Finance will enforce Title 33, Subtitle 3, Chapter 115, Subchapter III, Subsection 3261 which outlines the procedures for unpaid checks.</p> <p>Also, the Director of Treasury will ensure that bank reconciliations are prepared and reviewed on a timely basis. The Government will also work with the Munis consultants regarding implementation of a process tracking to determine when bank reconciliations are reviewed and approved.</p>
64	<ul style="list-style-type: none"> Cash Pooling and Allocation(s) 	The management team of the Department of Finance; specifically, the	Fiscal Year 2023	The Director of Treasury, 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

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		Deputy Commissioner and Director of Treasury		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.
64	<ul style="list-style-type: none"> Check Sequences 	The management team of the Department of Finance; specifically, the Deputy Commissioner and Directors of Treasury and MIS	Fiscal Year 2023	The ERP system does automatically generate check numbers for some accounts. 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.
	2021-013: Information Technology (IT) Environment			
65	<ul style="list-style-type: none"> User Access and Administration 	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	<p>Several enhancements have been made in alignment with correspondences to end users. Continuation of improvements is well underway. Additionally, the MIS Director currently participates in regular meetings with the Bureau of Information Technology during which the implementation of a government-wide framework is being established.</p> <p>Only members of the Computer Operations Group are Administrators on the Bureau of Internal Revenue domain. Also, a password lockout and complexity policy is in effect. All users must take part in the Bureau of Internal Revenue annual Disclosure and Computer Awareness training.</p>

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66	<ul style="list-style-type: none"> Proactive Approach to Cybersecurity 	BIT Director and Assistant Director to include all MIS Team leaders	On-going	The BIT Team has implemented mandatory training for all staff in order to provide security awareness and to also strengthen the environment to reinforce against common attacks.
68	2021-014: Collateral of Depository	The Commissioner of Finance	Fiscal Year 2023	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.
69	2021-015: Landfill Consent Decrees	Office of the Governor, Chief of Staff and the Waste Management Authority Management Team	On-going	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.
70	2021-016: Establishment of a Medical Malpractice Trust Fund	The management team of the Department of Health; specifically, the Chief Financial Officer and Commissioner	On-going	The Department of Health management team will set up a separate trust fund and continue to monitor the applicable requirements related to professional medical malpractice to ensure the Government's compliance.
71	2021-017: Procurement Regulations	Department of Property and Procurement Management Team	On-going	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.
72	2021-018: Casino Control Commission	The Department of Finance and Director of Accounting	Fiscal Year 2022	The Government has requested and is receiving the requisite reporting from the Casino Control Commission on a quarterly basis as covered by the V.I. Code.

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73	2021-019: Allowable Costs/Cost Principles - Payroll Activities	Chief Financial Officer and Deputy Commissioner of Human Resources and Labor Relations	January 2024	DHS has transitioned from a manual payroll process to the GVI electronic Timeforce (STATS) system. All time and attendance are now vetted and approved through the various levels of applicable management, ultimately being approved by the Agency Head or designee. Payroll will now generate automatically based on coding established with the issuance of each Notice of Personnel Action.
75	2021-020: Matching, Level of Effort, Earmarking	Chief Financial Officer	On-going	<p>The internal control policies references monthly internal reports which were not readily available. However, these reports are comprised of transposing information from the ERP to Excel sheets. In lieu of the reports, the ERP system contains various reports that are now utilized to prepare quarterly financial reports.</p> <p>Federal accounts and the required local matches are housed in separate accounts with different coding. These reports are meshed and the FFR utilizing such. The internal control memos will be updated to reflect the new methodologies.</p>
76	2021-021: Special Tests and Provisions - EBT Card Security	SNAP Administrator	May 2024	An EBT Standard Operating Policy and Procedure (SOPP) Manual will form part of the EBT Program Standard Operating Policy and Procedure Manual which will be inclusive of secured storage/dual custody, escalation protocols, retention periods of reports, review, and approval authority signatures (example EBT Supervisor and Program Administrator), etc. The vacant position of Director of Support Services will also be advertised for hiring of a suitable candidate.
				SNAP is in the stages of finalizing the Electronic Benefit Transfer SOPP which will be subsequently submitted to FNS' Northeast

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				Regional Office for final approval. Additionally, DHS is in the process of hiring a Director of Support Services to be tasked with oversight responsibilities. In the interim, Management continues to review established memos with the EBT Staff highlighting the varying aspects of the draft SOPP.
78	2021-022: Cash Management	WIC Program Director, Office Manager and Fiscal Administrative staff.	July 2024	Staff reviewing the supporting documentation will initial/sign showing evidence of review and approval before the completion of the drawdown for example paid invoice report, invoice entry proof or purchase order liquidation report will initial/sign showing evidence of review and approval before the completion of the drawdown.
79	2021-023: Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	Federal Grants Manager and Director-Business Administration	On-going	The Department of Planning & Natural Resources has Policies and Procedures in place relative to reconciliation and payroll adjustments. The discrepancy was identified during reconciliation and is being adjusted. The DPNR will work with the Department of Finance to ensure that adjustments are posted in the current year. Moreover, Department of Finance has implemented a cutoff date for adjustments to be posted within the fiscal year.
81	2021-024: Reporting	Director, Coastal Zone Management and Director, Fish and Wildlife	April 2024	The Federal Grants Managers will work with the Division Director/Program Manager to ensure that the performance progress reports are submitted to NOAA in a timely manner.
82	2021-025: Cash Management	Respective Agency Heads throughout the Government	Fiscal Year 2024	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.

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83	2021-026: Equipment and Real Property Management	Director of Asset Management	Immediately	<p>The DPP created the Division of Asset Reporting and Management in March 2021. The division is conducting physical inventory of the fixed assets for the Government of the Virgin Islands (GVI) agencies.</p> <p>Fixed Assets are tagged and maintained in the Tyler Munis Resource Planning (ERP), which includes serial numbers, model numbers, acquisition dates, cost of equipment, and agency that received the items. Periodic meetings will be held with the fixed-asset employees throughout the GVI to detail and refresh agencies on the processes.</p> <p>Additionally, the Division will conduct quarterly audits, ensure compliance with applicable laws, conduct cycle counts, and conduct an annual inventory of current and newly acquired assets of the GVI. Staffing levels will be augmented to fulfill the duties of the Asset Team.</p>
85	2021-027: Reporting	Respective Agency Heads throughout the Government	Fiscal Year 2023	The Government will monitor closely every report submitted for completeness, accuracy, dates, and consistency with specified guidelines/policies and procedures promulgated by the Cognizant Agency.
87	2021-028: Activities Allowed or Unallowed	Acting Director	Immediately	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested and all necessary documentation. VIDOL seeks to improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for all funds.
88	2021-029: Eligibility	Acting Director	On-going	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested and all necessary

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				documentation. In addition, VIDOL is seeking resources to digitize the eligibility process, making for a more efficient process and aide with auditable data.
90	2021-030: Reporting	Acting Director	On-going	<p>VIDOL understands the need to revamp and update the reporting system. The agency is in the process of identifying adequate financial resources to enhance the reporting system, get technical assistance, and have additional updates.</p> <p>This update will leverage technology to convert some of the current manual tasks and build out a business intelligence module that will provide the system with automated reporting.</p>
92	2021-031: Special Tests and Provisions: Employer Experience Rating	Acting Director	Immediately	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested data. In addition, VIDOL will review and implement internal controls and procedures over maintenance of appropriate documentation to ensure compliance with Federal regulations related to employer experience rating.
94	2021-032: Special Tests and Provisions - Match with IRS 940 FUTA Tax Form	Acting Director	Immediately	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested data. In addition, VIDOL will review and implement internal controls and procedures over maintenance of appropriate documentation to ensure compliance with Federal regulations related to match with IRS 940 FUTA Tax form.
96	2021-033: Special Tests and Provisions: UI Reemployment Programs (WPRS and RESEA)	Acting Director	Fiscal Year 2024	<p>VIDOL will review and update internal controls to ensure program data is properly reconciled, monitored, and retained.</p> <p>VIDOL is preparing to launch digital Case Management Software that would improve efficiency in reconciliations, monitoring and retention of program data.</p>

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98	2021-034: Procurement and Suspension and Debarment	Chief Procurement Officer/Deputy Commissioner of Procurement - DPW	Immediately	<p>The DPP will employ the use of its technological advancements in order to adhere to federal regulations relating to procurement and record retention policies.</p> <p>The DPW will reinforce policies and procedures with staff. Additional training will be conducted along with periodic (quarterly) internal audits of the files to ensure compliance.</p> <p>The Chief Procurement Officer will ensure that contract files are comprised of all supporting documents in compliance with the federal guidelines.</p> <p>The DPP has already deployed an e-Procurement solution, which serves as the system of record for all formal solicitations and contracts. The system tracks all procurement activities from solicitation through contract execution and is the repository for all draft and final documents including addenda, amendments, and vendor documents. Additionally, the Department has developed and continues to update its Procurement Manual and Standard Operating Procedures to ensure the proper administration and management of all procurement tasks.</p>
100	2021-035: Reporting	Federal Grants Manager - OMB	Immediately	<p>The Office of Management and Budget will implement internal controls to ensure all future reporting is supported and done in a timely manner. This control will include the federal grant reporting calendar, more than one employee having access to submit reports, and the Director certifying reports before submission. OMB has included an additional layer in the review process to ensure that all reported information coincides with the information in the General Ledger.</p>

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102	2021-036: Subrecipient Monitoring	Federal Grants Manager, OMB	Immediately	The OMB has conducted training and revised its checklist to include a standard risk assessment form for all potential subrecipients.
104	2021-037: Allowable Costs/Cost Principles - Non-payroll Activities	Federal Grants Manager, OMB	Fiscal Year 2023	The Office of Management and Budget will implement procedures to ensure that all transactions are entered in the correct reporting period and all supporting documents are available for each transaction.
106	2021-038: Procurement and Suspension and Debarment	Federal Grants Manager, OMB and Deputy Commissioner of Procurement	Immediately	<p>The OMB has conducted training and has created a procurement checklist. The OMB will also communicate with DPP to ensure adherence to the federal regulations.</p> <p>The DPP has already deployed an e-Procurement solution which serves as the system of record for all formal solicitations and contracts. The system tracks all procurement activities from solicitation through contract execution and is the repository for all draft and final documents to include addenda, amendments, and vendor documents. Additionally, the Department has developed and continues to update its Procurement Manual and Standard Operating Procedures to ensure the proper administration and management of all procurement tasks.</p>
108	2021-039: Reporting	Federal Grants Manager, OMB	Immediately	The OMB has created a reporting schedule to ensure that all reports are reviewed and submitted in a timely manner.
110	2021-040: Allowable Costs/Cost Principles - Payroll Activities	Director, Business & Admin Services Assistant Director, Business & Admin Services	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. DPNR plans to hire fiscal staff, update

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		Internal Auditor, Business & Admin Services		<p>Standard Operating Policies & Procedures, provide training to staff, and enforce approved policies & procedures.</p> <p>The Department of Planning & Natural Resources has experienced a substantial loss of staff, which contributed to the inability to prepare and maintain the necessary documentation to update NOPA's. To address this issue, the Department is taking steps to hire the staff needed to ensure that the Program's documentation is updated as required.</p>
112	2021-041: Equipment and Real Property Management	DOE Director of Asset Management	March 2024	<p>DOE will improve the internal controls to ensure adherence to Federal regulations related to equipment and its related maintenance.</p> <p>DOE will revise the process for creating new assets in the accounting system to include description of the property, a serial number or other identification number, source of property, titleholder, acquisition date, cost of the property, percentage of Federal participation, location, use and condition of the property, and disposition information. This will allow DOE to provide a complete equipment listing.</p>
113	2021-042: Matching, Level of Effort, Earmarking	State Director of Special Education	April 2024	<p>DOE will implement policies and procedures to ensure that the Level of effort monitoring requirements are performed accurately.</p> <p>In addition, the IDEA State Office will conduct a preliminary review and the Budget Control Office will perform the final review and approval for submission within the required timeframe. Evidence of completion of verification will be documented by the signature of both reviewers.</p>

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115	2021-043: Cash Management	DOE Director of Federal Grants	February 2024	DOE will exercise due diligence in performing drawdown requests within 24 hours of receipt of the written notice from the Third-Party Fiduciary Agent (TPFA) as required by the United States Department of Education. Additionally, a backup person has been identified to receive notifications of the TPFA draw request, and every effort will be made by the responsible parties to ensure full compliance in the future.
117	2021-044: Equipment and Real Property Management	DOE Director of Asset Management	March 2024	DOE will improve the internal controls to ensure adherence to Federal regulations related to equipment and its related maintenance. DOE will revise the process for creating new assets in the accounting system to include description of the property, a serial number or other identification number, source of property, titleholder, acquisition date, cost of the property, percentage of Federal participation, location, use and condition of the property, and disposition information. This will allow DOE to provide a complete equipment listing.
118	2021-045: Reporting	DOE Director of Federal Grants	March 2024	DOE will implement policies and procedures to ensure that the FFATA reporting requirements are performed accurately and timely. In addition, the Federal Grants Office will review the reports to ensure completeness before final submission within the required timeframe.
120	2021-046: Activities Allowed or Unallowed and Allowable Costs/Cost	Deputy Commissioner, Fiscal & Administration, Payroll Director, Human Resources Director, Federal Grants Projects Director	Immediately	VIDE's Payroll Division will work with Human Resources to ensure NOPAs are accurate and the Fiscal Division to ensure payroll expenditures and record-keeping accounting procedures align with Federal Regulations.

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	Principles - Payroll Activities			
122	2021-047: Cash Management	Federal Grants Manager, OMB Deputy Commissioner, Fiscal and Administration and Federal Grants Project Director	Immediately	GVI recognizes the deficiencies and has addressed the issues with the implementation of the Third-Party Fiduciary. VIDE recognizes the importance of reconciling bank accounts promptly to ensure proper control over cash and has already made changes to address the deficiency. Every completed monthly cash reconciliation report is reviewed and approved to confirm the absence of questionable transactions. A Senior Grants Accountant and Compliance Manager are responsible for preparing bank reconciliations. Once completed, the bank reconciliations are signed and dated by the Project Manager for evidence of review and approval.
124	2021-048: Equipment and Real Property Management	Federal Grants Manager, OMB Deputy Commissioner, Fiscal and Administrative and Director of Fixed Asset Management	Immediately June 2024	GVI will work with the TPFA to improve controls to adhere to the federal regulation. VIDE will improve its internal controls to ensure adherence to federal regulations related to equipment and its maintenance. DOE will revise the process for creating new assets in the accounting system to include a description of the property, a serial number or other identification numbers, source of property, titleholder, acquisition date, cost of the property, percentage of Federal participation, location, use, and condition of the property, and disposition information. This will allow DOE to provide a complete equipment listing.
126	2021-049: Reporting	Federal Grants Manager, OMB	Immediately	GVI will work with the TPFA to improve controls to adhere to the federal regulation.

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		Deputy Commissioner, Fiscal and Administration and Federal Grants Project Director	Immediately	DOE will implement policies and procedures to ensure that the FFATA and other required quarterly reporting requirements are performed accurately and timely. In addition, the reports will be adequately supported, reviewed, and approved by the appropriate officials to ensure completeness and timeliness before the final submission.
128	2021-050: Subrecipient Monitoring	Federal Grants Manager	Fiscal Year 2023	OMB has conducted training and revised its checklist to include a standard risk assessment form for all potential subrecipients.
130	2021-051: Special Tests and Provisions - Participation of Private School Children	Federal Grants Manager Deputy Commissioner, Fiscal and Administration and Federal Grants Project Director	Immediately Immediately	GVI will work with the TPFA to improve controls to adhere to the federal regulation. DOE will formalize its documentation to include evidence of review and approval. Furthermore, DOE will streamline its electronic record retention procedures and ensure comprehensive documentation is maintained.
132	2021-052: Allowable Costs/Cost Principles - Payroll Activities	Chief Financial Officer, DHS	January 2024	DHS has transitioned from a manual payroll process to the GVI electronic Timeforce (STATS) system. All time and attendance are now vetted and approved through the various levels of applicable management, ultimately being approved by the Agency Head or designee.
134	2021-053: Equipment and Real Property Management	Commissioner of Property and Procurement and Director of Asset Management	Immediately	The DPP will adhere to the recommendation by ensuring the federal regulations related to equipment management, timely recording of assets, and communicating with GVI agencies are followed.

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				<p>An internal asset listing at DHS is maintained. However, the Department of Human Services is working collaboratively with the Department of Property and Procurement to ensure adherence to Federal regulations related to equipment and its related maintenance.</p> <p>The DPP created the Division of Asset Reporting and Management in March 2021. The Division is conducting physical inventory of the fixed assets for the Government of the Virgin Islands (GVI) agencies. Fixed Assets are tagged and maintained in the Tyler Munis Resource Planning (ERP), which includes serial numbers, model numbers, acquisition dates, cost of equipment, and the agency that received the items. Additionally, the Division will conduct quarterly audits, ensure compliance with applicable laws, conduct cycle counts, and conduct an annual inventory of current and newly acquired assets of the GVI. Staffing levels will be augmented to fulfill the duties of the Asset Team.</p>
135	2021-054: Special Tests and Provisions - Program Governance	Program Administrator	Immediately	The Governing Board transitioned to virtual meetings due to the Pandemic which pre-empted the FY21 training and has incorporated electronic voting from board members into its procedures. Therefore, regular training will occur that will enable the governing body to perform its legal, fiscal, and oversight responsibilities.
137	2021-055: Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	Federal Grants Coordinating Specialist, Human Resources Division and Program Director	February 2024	The Human Resources Division will work closely with Division of Personnel and Department of Finance during they payroll allocation setup for each federal funded NOPA each fiscal year. A review of all NOPAs upon issuance will be performed to ensure all payroll codes are coded with the 66/34 federal/local match percentages and the correct retirement calculations are coded to each employee profile. Upon retirement of any staff, their payroll

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				profiles will be updated as inactive to ensure no further payroll expenditures are made to the grant expense account. To ensure all timesheets can be provided during any audit, DOJ will printout timesheets for each employee on a bi-weekly basis and store them internally for easy retrieval.
139	2021-056: Activities Allowed or Unallowed and Allowable Costs/Cost Principles - Payroll Activities	Chief Financial Officer, DHS	January 2024	DHS has transitioned from a manual payroll process to the GVI electronic Timeforce (STATS) system. All time and attendance are now vetted and approved through the various levels of applicable management, ultimately being approved by the Agency Head or designee.
140	2021-057: Period of Performance	Chief Financial Officer, DHS	October 2023	As part of the close-out process, all open purchase orders are now submitted to the Department of Finance to be closed. Additionally, the grant close out process has now shifted to the OMB to ensure the grant is no longer available for transactions entries or liquidations.
142	2021-058: Reporting	Chief Financial Officer, DHS		The Agency did not respond and provide the corrective action plan.
144	2021-059: Reporting	Chief Financial Officer	Immediately	With the proper personnel in place, reports are reviewed prior to submission. Additionally, time extensions are requested via email and will be attached as part of the permanent record.
146	2021-060: Special Tests and Provisions - Provider Eligibility	Medicaid Director	August 2023	DHS utilizes a checklist to confirm the review of provider enrollment applications by Provider Relations staff; also ensure all necessary signatures are affixed.

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147	2021-061: Allowable Costs/Cost Principles - Non-Payroll Activities	Medicaid Director	Fiscal Year 2022	<p>DHS will update its policies and procedures to detail its current process of reviewing and approving to ensure the implementation of changes in laws and regulations. The excess furniture was surveyed out as part of the inventory process and properly disposed of in fiscal year 2022 and the agreement terminated.</p> <p>Isolated occurrence while the MAP program was being transitioned from one building to another. As the equipment could not be used at the new location, it was stored for future use. The Director of Asset Management has oversight of the storage of inventory to avert future occurrences.</p>
149	2021-062: Eligibility	Director of Operation and Medicaid Director	March 2024	DHS staff will work with PMO, hired to assist with the Public Health Emergency Unwind and establish SOPPs on certification and recertification processes and procedures. DHS is also in the process of hiring a Program Integrity Director and MEQC staff, whose responsibility will be to review completed case files.
151	2021-063: Reporting	Chief Financial Officer	Immediately	With the proper personnel in place, reports are reviewed prior to submission. Additionally, time extensions are requested via email and will be attached as part of the permanent record.
153	2021-064: Special Tests and Provisions - Utilization Control and Program Integrity	Medicaid Director	On-going	DHS has recruited a candidate as a full-time Director of Program Integrity position who will establish the Quality Control Unit, which will work with Medicaid Fraud Control Unit (MFCU) on behalf of the Medicaid Program and enforce the necessary controls and procedures to safeguard against unnecessary utilization of care and services and to identify, investigate, and refer suspected fraud cases.
155	2021-065: Special Tests and	Medicaid Director	May 2024	DHS will continue to work with the contractor to ensure the report is completed.

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	Provisions - Inpatient Hospital and Long-Term Care Facility Audits			
156	2021-066: Special Tests and Provisions - ADP Risk Analysis and System Security Review	MIS Manager and Medicaid Director	March 2024	DHS is currently working through the procurement process with DPP in order to identify a new vendor to perform the mandated services.
157	2021-067: Special Tests and Provisions - Provider Eligibility	Medicaid Director	Immediately	DHS is now utilizing a checklist to confirm the review of provider enrollment applications by Provider Relations staff.
158	2021-068: Special Tests and Provisions - Medicaid Fraud Control Unit	Department of Justice and Medicaid Fraud Control Unit (MFCU) Director	July 2023	<p>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.</p> <p>The Unit also receives support from DOJ's Investigators funded with local government funds. The Medicaid Fraud Control Unit is now fully staffed and able to monitor the various requirements.</p> <p>The DOJ MFCU will prepare SF-425 as required.</p>
159	2021-069: Special Tests and	Medicaid Director	April 2024	DHS will work towards implementing internal controls to ensure that the NCCI methodologies are incorporated in the Medicaid

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	Provisions - Medicaid National Correct Coding Initiative			Program. Although DHS stated that the documentation supporting DHS download and incorporation of the NCCI methodologies were available for review and the MMIS has the methodologies built into the system. OMB recommends that the documentations that DHS will implement internal controls to ensure that the NCCI methodologies are incorporated in the Medicaid Program.
161	2021-071: Matching, Level of Effort, Earmarking	Director of VITEMA and Public Assistance Officer	On-going	VITEMA will implement policies and procedures and deploy the required resources to ensure periodic monitoring and compliance of the matching requirements throughout the fiscal year. VITEMA will also strive to ensure that supporting documents are available to support the local match.
162	2021-072: Reporting	Territorial Public Assistance Officer	On-going	Additional program staff has been dedicated to assist with completing the Performance reports within the 30 days of the quarter ending; and completing the FFATA reporting and maintain monthly reports as evidence of the awards filed.
164	2021-073: Period of Performance	Hazard Mitigation Leadership with administrative staff and Territorial Hazard Mitigation Team	On-going	An improved tracking mechanism to ensure that we receive official written responses to key request to FEMA for allowances, time extension, policy changes etc.
165	2021-074: Reporting	Territorial Hazard Mitigation Officer, Hazard Mitigation	On-going	A more structured approach to both the FFR and QPR is being developed which will include specific timelines to allow for review and time efficiency within the different levels of review. FFR review process has changed with the transition of the HMGP grant

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		Deputy, Account Supervisor		<p>funding to the Office of Disaster Recovery. The FFR reports are compiled by the Account Supervisors using the FEMA PMS Smartlink report for drawdown confirmation along with supporting documentation from the ERP to capture payments/reimbursements processed. The individual Account Specialist will draft the financial federal form for each project and the Account Supervisor prepares the summary FFR. The summary for the individual disaster</p> <p>The Accounting team provides the team with the financial information that needs to be captured in the QPR except for the Sub- Recipient Expenditures to date which is addressed by the sub-recipients.</p> <p>This process will be streamlined and improved to minimize or avoid errors with the transfer of data to the QPR document.</p> <p>Submission to FEMA will be done by the THMO or designee (Administrative Assistant or Deputy) through the most efficient way. Initially this was done via zipped files sent to FEMA via email. Currently the submission is done using a SharePoint maintained by a FEMA consultant. Timelines/Deadlines will be added to the process to allow for more time for properly review and identify issues.</p>
167	2021-075: Allowable Costs/Cost Principles - Non-Payroll Activities	Acting Director	On-going	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested and all necessary documentation. In addition, VIDOL is seeking resources to digitize the eligibility process, making for a more efficient process and aide with auditable data.
168	2021-076: Cash Management	Acting Director	Immediately	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested and all necessary

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				documentation. In addition, VIDOL is seeking resources to digitize the eligibility process, making for a more efficient process and aide with auditable data.
169	2021-077: Eligibility	Acting Director	On-going	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested and all necessary documentation. In addition, VIDOL is seeking resources to digitize the eligibility process, making for a more efficient process and aide with auditable data.
171	2021-078: Period of Performance	Acting Director	Immediately	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested and all necessary documentation. In addition, VIDOL is seeking resources to digitize the eligibility process, making for a more efficient process and aide with auditable data.
172	2021-079: Reporting	Acting Director	On-going	VIDOL will identify and dedicate adequate human resources to work with the auditors to provide requested and all necessary documentation. In addition, VIDOL is seeking resources to digitize the eligibility process, making for a more efficient process and aide with auditable data.
174	2021-080: Data Collection Form and Single Audit Reporting Package	Director of OMB and OMB Compliance Unit	On-going	The Government remains committed to and is focusing its efforts towards timely submission of the Data Collection Form and Reporting Package. Proactive measures have been implemented with the agency's point of contact and training of staff is currently taking place.