



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, 2020

**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, 2020

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, 2020, and the related notes to the financial statements, and have issued our report thereon dated May 31, 2023. We expressed a qualified opinion on the financial statements of the governmental activities, general fund, and federal grants fund opinion units based on the circumstances noted in our aforementioned report. In addition, we expressed a disclaimer of opinion on the financial statements of the business-type activities, unemployment insurance-enterprise fund, aggregate remaining fund information, and aggregate discretely presented component units opinion units based on the circumstances described in our aforementioned report.

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

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.

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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 greater detail in the accompanying schedule of findings and questioned costs to be material weaknesses.

Finding #	Nature of Finding
2020-001	Financial Position
2020-002	Year-End Close Process
2020-003	Revenue and Receivables
2020-004	Grants Management
2020-005	Capital Assets and Related Expenditures
2020-006	Recording of Liabilities
2020-007	Management of the Medicaid Program
2020-008	Unemployment Insurance Trust Fund
2020-009	Workers Compensation Program
2020-010	Other Postemployment Benefits Obligation
2020-011	Payroll, Related Accruals, and Other Expenditures
2020-012	Bank Accounts

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

Finding #	Nature of Finding
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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.



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

Finding #	Nature of Finding
2020-014	Collateral of Depository
2020-015	Landfill Consent Decrees
2020-016	Establishment of a Medical Malpractice Trust Fund
2020-017	Procurement Regulations
2020-018	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, LLP

May 31, 2023



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

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

Report on Compliance for Each Major Federal Program

We have audited the Government of the United States Virgin Islands' (the Government) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Government's major Federal programs for the year ended September 30, 2020. 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), and The University of the Virgin Islands Research and Technology Park Corporation (RTPark). The accompanying Schedule of Expenditures of Federal Awards and our audit described below do not include the Federal expenditures of these organizational units, as may be applicable. These organizational units of the Government have engaged other auditors to perform a separate independent audit in accordance with Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. The accompanying Schedule of Expenditures of Federal Awards and our audit described below also do not include the Federal expenditures of the following organizational units of the Government: Virgin Islands Water and Power Authority (WAPA), the University of the Virgin Islands (UVI), The West Indian Company Limited (WICO), viNGN, INC. d/b/a Virgin Islands Next Generation Network (viNGN), Virgin Islands Port Authority (VIPA), and Tobacco Settlement Financing Corporation (TSFC), as may be applicable, as the results of our testing of compliance is reported on separately by us.

Management's Responsibility

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

Auditor's Responsibility

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



Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Government's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our unmodified and modified opinions on compliance for each major Federal program. However, our audit does not provide a legal determination of the Government's compliance.

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

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

Table I - Material Noncompliance Resulting in Adverse Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Allowable Costs/Cost Principles - Payroll Activities; Period of Performance	2020-020
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Cash Management	2020-021
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Matching, Level of Effort, Earmarking	2020-022
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Period of Performance	2020-023
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Reporting	2020-024
Labor	17.225	Unemployment Insurance	Activities Allowed or Unallowed	2020-028
Labor	17.225	Unemployment Insurance	Special Tests and Provisions - UI Reemployment Programs: RESEA	2020-029
Health and Human Services	93.575	CCDF Cluster	Allowable Costs/Cost Principles - Payroll Activities	2020-045
Health and Human Services	93.575	CCDF Cluster	Eligibility	2020-046
Health and Human Services	93.575	CCDF Cluster	Matching, Level of Effort, Earmarking	2020-047

Table I - Material Noncompliance Resulting in Adverse Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.575	CCDF Cluster	Special Tests and Provisions - Health and Safety Requirements	2020-049
Health and Human Services	93.575	CCDF Cluster	Special Tests and Provisions - Fraud Detection and Repayment	2020-050
Health and Human Services	93.767	Children's Health Insurance Program	Reporting	2020-054
Health and Human Services	93.767	Children's Health Insurance Program	Special Tests and Provisions - Provider Eligibility	2020-055
Health and Human Services	93.767	Children's Health Insurance Program	Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers	2020-056
Health and Human Services	93.775 93.778	Medicaid Cluster	Eligibility	2020-058
Health and Human Services	93.775 93.778	Medicaid Cluster	Matching, Level of Effort, Earmarking	2020-059
Health and Human Services	93.775 93.778	Medicaid Cluster	Reporting	2020-060
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Utilization Control and Program Integrity	2020-061
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits	2020-062
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - ADP Risk Analysis and System Security Review	2020-063
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Provider Eligibility	2020-064
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid Fraud Control Unit	2020-065



Table I - Material Noncompliance Resulting in Adverse Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Federal Financial Participation Refunds	2020-066
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Refunding of Federal Share of Medicaid Overpayments to Providers	2020-067
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid National Correct Coding Initiative	2020-068
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Data Collection Form and Single Audit Reporting Package	2020-071
Labor	17.225	Unemployment Insurance	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.575	CCDF Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.767	Children's Health Insurance Program	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.775 93.778	Medicaid Cluster	Data Collection Form and Single Audit Reporting Package	2020-071

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

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

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion paragraph, the Government did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major Federal programs identified in Table I for the year ended September 30, 2020.

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

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

Table II - Material Noncompliance Resulting in Qualified Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Special Tests and Provisions - EBT Card Security	2020-019
Interior	15.875	Economic, Social, and Political Development of the Territories	Cash Management	2020-025
Interior	15.875	Economic, Social, and Political Development of the Territories	Equipment/ Real Property Management	2020-026
Interior	15.875	Economic, Social, and Political Development of the Territories	Reporting	2020-027
Treasury	21.019	Coronavirus Relief Fund	Subrecipient Monitoring	2020-032
Environmental Protection Agency	66.418	Construction Grants for Wastewater Treatment Works	Special Tests and Provisions - Wage Rate Requirements	2020-035
Health and Human Services	93.563	Child Support Enforcement	Allowable Costs/Cost Principles - Payroll Activities	2020-042
Health and Human Services	93.667	Social Services Block Grant	Cash Management	2020-052
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Matching, Level of Effort, Earmarking	2020-069
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Reporting	2020-070
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Interior	15.875	Economic, Social, and Political Development of the Territories	Data Collection Form and Single Audit Reporting Package	2020-071
Treasury	21.019	Coronavirus Relief Fund	Data Collection Form and Single Audit Reporting Package	2020-071
Environmental Protection Agency	66.418	Construction Grants for Wastewater Treatment Works	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.563	Child Support Enforcement	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.667	Social Services Block Grant	Data Collection Form and Single Audit Reporting Package	2020-071



Table II - Material Noncompliance Resulting in Qualified Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Data Collection Form and Single Audit Reporting Package	2020-071

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

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

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major Federal programs identified in Table II for the year ended September 30, 2020.

Unmodified Opinions on Each of the Other Major Federal Programs

In our opinion, the Government complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major Federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended September 30, 2020.

Other Matters

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

Table III - Other Instances of Noncompliance Noted in Programs with Adverse Opinions				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.575	CCDF Cluster	Allowable Costs/Cost Principles - Non-Payroll Activities	2020-044
Health and Human Services	93.575	CCDF Cluster	Period of Performance	2020-048
Health and Human Services	93.775 93.778	Medicaid Cluster	Allowable Costs/Cost Principles - Non-Payroll Activities	2020-057



Table IV - Other Instances of Noncompliance Noted in Programs with Qualified Opinions

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Treasury	21.019	Coronavirus Relief Fund	Allowable Costs/Cost Principles - Payroll Activities	2020-030
Treasury	21.019	Coronavirus Relief Fund	Reporting	2020-031
Environmental Protection Agency	66.418	Construction Grants for Wastewater Treatment Works	Cash Management	2020-033
Environmental Protection Agency	66.418	Construction Grants for Wastewater Treatment Works	Reporting	2020-034
Health and Human Services	93.563	Child Support Enforcement	Allowable Costs/Cost Principles - Non-Payroll Activities	2020-043
Health and Human Services	93.667	Social Services Block Grant	Allowable Costs/Cost Principles - Payroll Activities	2020-051
Health and Human Services	93.667	Social Services Block Grant	Period of Performance	2020-053

Table V - Other Instances of Noncompliance

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Allowable Costs/Cost Principles - Payroll Activities	2020-036
Education	84.403A	Consolidated Grant to the Outlying Areas	Period of Performance	2020-037
Education	84.403A	Consolidated Grant to the Outlying Areas	Reporting	2020-038
Education	84.938A	Immediate Aid to Restart School Operations	Allowable Costs/Cost Principles - Indirect Cost Activities	2020-039
Health and Human Services	93.356 93.600	Head Start Cluster	Allowable Costs/Cost Principles - Payroll Activities	2020-040
Health and Human Services	93.356 93.600	Head Start Cluster	Equipment/Real Property Management	2020-041
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Data Collection Form and Single Audit Reporting Package	2020-071
Transportation	20.205	Highway Planning and Construction Cluster	Data Collection Form and Single Audit Reporting Package	2020-071

**Table V - Other Instances of Noncompliance**

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Education	84.403A	Consolidated Grant to the Outlying Areas	Data Collection Form and Single Audit Reporting Package	2020-071
Education	84.938A	Immediate Aid to Restart School Operations	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.356 93.600	Head Start Cluster	Data Collection Form and Single Audit Reporting Package	2020-071

The Government's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Government's response was not subjected to our 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

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis.



A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, and as identified in Table VI below, to be material weaknesses:

Table VI - Material Weaknesses in Internal Control over Compliance				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Special Tests and Provisions - EBT Card Security	2020-019
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Allowable Costs/Cost Principles - Payroll Activities; Period of Performance	2020-020
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Cash Management	2020-021
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Matching, Level of Effort, Earmarking	2020-022
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Period of Performance	2020-023
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Reporting	2020-024
Interior	15.875	Economic, Social, and Political Development of the Territories	Cash Management	2020-025
Interior	15.875	Economic, Social, and Political Development of the Territories	Equipment/Real Property Management	2020-026
Interior	15.875	Economic, Social, and Political Development of the Territories	Reporting	2020-027
Labor	17.225	Unemployment Insurance	Activities Allowed or Unallowed	2020-028
Labor	17.225	Unemployment Insurance	Special Tests and Provisions - UI Reemployment Programs: RESEA	2020-029
Treasury	21.019	Coronavirus Relief Fund	Subrecipient Monitoring	2020-032
Environmental Protection Agency	66.418	Construction Grants for Wastewater Treatment Works	Special Tests and Provisions - Wage Rate Requirements	2020-035



Table VI - Material Weaknesses in Internal Control over Compliance

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.356 93.600	Head Start	Equipment/Real Property Management	2020-041
Health and Human Services	93.563	Child Support Enforcement	Allowable Costs/Cost Principles - Payroll Activities	2020-042
Health and Human Services	93.575	CCDF Cluster	Allowable Costs/Cost Principles - Payroll Activities	2020-045
Health and Human Services	93.575	CCDF Cluster	Eligibility	2020-046
Health and Human Services	93.575	CCDF Cluster	Matching, Level of Effort, Earmarking	2020-047
Health and Human Services	93.575	CCDF Cluster	Special Tests and Provisions - Health and Safety Requirements	2020-049
Health and Human Services	93.575	CCDF Cluster	Special Tests and Provisions - Fraud Detection and Repayment	2020-050
Health and Human Services	93.667	Social Services Block Grant	Cash Management	2020-052
Health and Human Services	93.767	Children's Health Insurance Program	Reporting	2020-054
Health and Human Services	93.767	Children's Health Insurance Program	Special Tests and Provisions - Provider Eligibility	2020-055
Health and Human Services	93.767	Children's Health Insurance Program	Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers	2020-056
Health and Human Services	93.775 93.778	Medicaid Cluster	Eligibility	2020-058
Health and Human Services	93.775 93.778	Medicaid Cluster	Matching, Level of Effort, Earmarking	2020-059
Health and Human Services	93.775 93.778	Medicaid Cluster	Reporting	2020-060

Table VI - Material Weaknesses in Internal Control over Compliance

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Utilization Control and Program Integrity	2020-061
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits	2020-062
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - ADP Risk Analysis and System Security Review	2020-063
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Provider Eligibility	2020-064
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid Fraud Control Unit	2020-065
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Federal Financial Participation Refunds	2020-066
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Refunding of Federal Share of Medicaid Overpayment to Providers	2020-067
Health and Human Services	93.775 93.778	Medicaid Cluster	Special Tests and Provisions - Medicaid National Correct Coding Initiative	2020-068
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Matching, Level of Effort, Earmarking	2020-069
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Reporting	2020-070
Agriculture	10.551 10.561	Supplemental Nutrition Assistance Program Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Agriculture	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Data Collection Form and Single Audit Reporting Package	2020-071
Defense	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Data Collection Form and Single Audit Reporting Package	2020-071

Table VI - Material Weaknesses in Internal Control over Compliance

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Interior	15.875	Economic, Social, and Political Development of the Territories	Data Collection Form and Single Audit Reporting Package	2020-071
Labor	17.225	Unemployment Insurance	Data Collection Form and Single Audit Reporting Package	2020-071
Transportation	20.205	Highway Planning and Construction Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Treasury	21.019	Coronavirus Relief Fund	Data Collection Form and Single Audit Reporting Package	2020-071
Environmental Protection Agency	66.418	Construction Grants for Wastewater Treatment Works	Data Collection Form and Single Audit Reporting Package	2020-071
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Education	84.403A	Consolidated Grant to the Outlying Areas	Data Collection Form and Single Audit Reporting Package	2020-071
Education	84.938A	Immediate Aid to Restart School Operations	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.356 93.600	Head Start Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.563	Child Support Enforcement	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.575	CCDF Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.667	Social Services Block Grant	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.767	Children's Health Insurance Program	Data Collection Form and Single Audit Reporting Package	2020-071
Health and Human Services	93.775 93.778	Medicaid Cluster	Data Collection Form and Single Audit Reporting Package	2020-071
Homeland Security	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Data Collection Form and Single Audit Reporting Package	2020-071



A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, and as identified in Table VII below, to be significant deficiencies:

Table VII - Significant Deficiencies in Internal Control over Compliance				
Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Treasury	21.019	Coronavirus Relief Fund	Allowable Costs/Cost Principles - Payroll Activities	2020-030
Treasury	21.019	Coronavirus Relief Fund	Reporting	2020-031
Environmental Protection Agency	66.418	Construction Grants for Wastewater Treatment Works	Cash Management	2020-033
Environmental Protection Agency	66.418	Construction Grants for Wastewater Treatment Works	Reporting	2020-034
Environmental Protection Agency	66.468	Drinking Water State Revolving Fund Cluster	Allowable Costs/Cost Principles - Payroll Activities	2020-036
Education	84.403A	Consolidated Grant to the Outlying Areas	Period of Performance	2020-037
Education	84.403A	Consolidated Grant to the Outlying Areas	Reporting	2020-038
Education	84.938A	Immediate Aid to Restart School Operations	Allowable Costs/Cost Principles - Indirect Cost Activities	2020-039
Health and Human Services	93.356 93.600	Head Start Cluster	Allowable Costs/Cost Principles - Payroll Activities	2020-040
Health and Human Services	93.563	Child Support Enforcement	Allowable Costs/Cost Principles - Non-Payroll Activities	2020-043
Health and Human Services	93.575	CCDF Cluster	Allowable Costs/Cost Principles - Non-Payroll Activities	2020-044
Health and Human Services	93.575	CCDF Cluster	Period of Performance	2020-048
Health and Human Services	93.667	Social Services Block Grant	Allowable Costs/Cost Principles - Payroll Activities	2020-051
Health and Human Services	93.667	Social Services Block Grant	Period of Performance	2020-053



Table VII - Significant Deficiencies in Internal Control over Compliance

Federal Awarding Agency	CFDA Number (s)	Major Program	Compliance Requirement	Finding Number
Health and Human Services	93.775 93.778	Medicaid Cluster	Allowable Costs/Cost Principles - Non-Payroll Activities	2020-057

The Government's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs and corrective action plan. The Government's response was not subjected to the 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, 2020, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements. We issued our report thereon dated May 31, 2023, which expressed a qualified opinion on the financial statements of the governmental activities, general fund, and federal grants fund opinion units based on the circumstances noted in our aforementioned report. In addition, we expressed a disclaimer of opinion on the financial statements of the business-type activities, unemployment insurance-enterprise fund, aggregate remaining fund information, and aggregate discretely-presented component units opinion units based on the circumstances described in our aforementioned report. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements.

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

BDO USA, P.A.

(formerly known as BDO USA, LLP)

August 10, 2023

**Schedule of Expenditures
of Federal Awards**

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Agriculture				
Plant and Animal Disease, Pest Control, and Animal Care	10.025			\$ 68,049
Specialty Crop Block Grant Program - Farm Bill	10.170	001561211	\$ 44,825	147,925
<u>SNAP Cluster</u>				
Supplemental Nutrition Assistance Program (SNAP)	10.551			45,488,602
COVID-19 - Supplemental Nutrition Assistance Program (SNAP)	10.551			14,486,689
				<u>59,975,291</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561			<u>3,169,715</u>
<i>Total SNAP Cluster and Other</i>				63,145,006
<u>Child Nutrition Cluster</u>				
National School Lunch Program (NSLP)	10.555			2,043,924
COVID-19 - National School Lunch Program (NSLP)	10.555			100,304
<i>Total Child Nutrition Cluster and Other</i>				<u>2,144,228</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557			4,909,137
Child and Adult Care Food Program	10.558			674,049
State Administrative Expenses for Child Nutrition	10.560			460,573
<u>Food Distribution Cluster</u>				
Emergency Food Assistance Program (Administrative Costs)	10.568			43,198
Emergency Food Assistance Program (Food Commodities)	10.569			204,017
<i>Total Food Distribution Cluster</i>				<u>247,215</u>
WIC Farmers' Market Nutrition Program (FMNP)	10.572			4,860
WIC Grants to States (WGS)	10.578			41,349
Child Nutrition Discretionary Grants Limited Availability	10.579			36,771
Fresh Fruit and Vegetable Program	10.582			30,519
Cooperative Forestry Assistance	10.664			84,710
Urban and Community Forestry Program	10.675	001561211	4,957	41,386
Forest Legacy Program	10.676			7,300
Forest Stewardship Program	10.678			15,551
Soil and Water Conservation	10.902			138,134
Total U.S. Department of Agriculture			49,782	72,196,762

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Commerce				
Bipartisan Budget Act of 2018	11.022	0169363814	56,900	900,670
Interjurisdictional Fisheries Act of 1986	11.407			12,889
Coastal Zone Management Administration Awards	11.419	0169363814	13,517	597,604
Marine Sanctuary Program	11.429			1,299
Cooperative Fishery Statistics	11.434			130,456
Southeast Area Monitoring and Assessment Program	11.435			115,036
Meteorologic and Hydrologic Modernization Development	11.467			187,546
Unallied Science Program	11.472	0169363814	180,000	180,000
Coral Reef Conservation Program	11.482			323,800
State and Local Implementation Grant Program	11.549			103,570
Total U.S. Department of Commerce			250,417	2,552,870
U.S. Department of Defense				
National Guard Military Operations and Maintenance (O&M) Projects	12.401			3,968,367
U.S. Department of the Interior				
<u><i>Fish and Wildlife Cluster</i></u>				
Sport Fish Restoration	15.605			667,025
Wildlife Restoration and Basic Hunter Education	15.611			649,386
<i>Total Fish and Wildlife Cluster</i>				1,316,411
Cooperative Endangered Species Conservation Fund	15.615			52,976
State Wildlife Grants	15.634			90,332
Economic, Social, and Political Development of the Territories	15.875	160342882	101,126	4,967,072
Historic Preservation Fund Grants-In-Aid	15.904			327,765
Emergency Supplemental Historic Preservation Fund	15.957			27,291
Total U.S. Department of the Interior			101,126	6,781,847
U.S. Department of Justice				
Coronavirus Emergency Supplemental Funding Program	16.034			2,239,740
Juvenile Justice and Delinquency Prevention	16.540			6,102

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Justice (continued)				
Crime Victim Assistance	16.575	829924047	968,527	1,005,011
Crime Victim Compensation	16.576			94,400
Violence Against Women Formula Grants	16.588	829924047	379,660	465,002
Residential Substance Abuse Treatment for State Prisoners	16.593			(3,969)
State Criminal Alien Assistance Program	16.606			284,044
Public Safety Partnership and Community Policing Grants	16.710			464,903
PREA Program: Strategic Support for PREA Implementation	16.735			(10,927)
Edward Byrne Memorial Justice Assistance Grant Program	16.738	829924047	358,680	785,162
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742			277,706
Support for Adam Walsh Act Implementation Grant Program	16.750			165,552
Edward Byrne Memorial Competitive Grant Program	16.751			27,275
Total U.S. Department of Justice			1,706,867	5,800,001
U.S. Department of Labor				
Labor Force Statistics	17.002			387,688
Compensation and Working Conditions	17.005			50,700
<u>Employment Service Cluster</u>				
Employment Service/Wagner-Peyser Funded Activities	17.207			1,259,105
Disabled Veterans' Outreach Program (DVOP)	17.801			42,369
<i>Total Employment Service Cluster</i>				1,301,474
Unemployment Insurance	17.225			43,158,943
COVID-19 - Unemployment Insurance	17.225			63,805,798
				106,964,741
Senior Community Service Employment Program	17.235			894,637
<u>WIOA Cluster</u>				
WIA/WIOA Adult Program	17.258			530,809
WIA/WIOA Youth Activities	17.259			467,084
WIA/WIOA Dislocated Worker Formula Grants	17.278			543,692
<i>Total WIOA Cluster</i>				1,541,585

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Labor (continued)				
Work Opportunity Tax Credit Program (WOTC)	17.271			28,469
Temporary Labor Certification for Foreign Workers	17.273			22,321
WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277			168,655
COVID-19 - WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277			52,403
				<u>221,058</u>
Occupational Safety and Health State Program	17.503			253,951
Total U.S. Department of Labor				111,666,624
U.S. Department of Transportation				
<u>Highway Planning and Construction Cluster</u>				
Highway Planning and Construction	20.205			42,490,899
Motor Carrier Safety Assistance	20.218			150,876
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237			789,855
<u>Federal Transit Cluster</u>				
Federal Transit - Capital Investment Grants	20.500			86,351
Federal Transit - Formula Grants	20.507			1,761,523
Bus and Bus Facilities Formula Program	20.526			19,600
<u>Total Federal Transit Cluster</u>				<u>1,867,474</u>
Public Transportation Emergency Relief Program	20.527			491,212
<u>Highway Safety Cluster</u>				
State and Community Highway Safety	20.600			797,790
Total U.S. Department of Transportation				46,588,106
U.S. Department of the Treasury				
Coronavirus Relief Fund	21.019		23,604,932	35,662,669
National Endowment for the Arts				
Promotion of the Arts Partnership Agreements	45.025	135962475	255,760	269,160
COVID-19 - Promotion of the Arts Partnership Agreement	45.025		151,000	200,100
				<u>469,260</u>

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
National Endowment for the Arts (continued)				
Grants to States	45.310			102,312
COVID-19 - Grants to States	45.310			7,515
				<u>109,827</u>
Total National Endowment for the Arts			406,760	579,087
U.S. Environmental Protection Agency				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034			8,152
Construction Grants for Wastewater Treatment Works	66.418	138919282	3,280,999	3,807,115
Water Quality Management Planning	66.454			7,175
<u><i>Drinking Water State Revolving Fund Cluster</i></u>				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	138919282	4,726,958	4,911,101
Beach Monitoring and Notification Program Implementation Grants	66.472			114,928
Performance Partnership Grants	66.605	138919282	4,845	1,448,483
Underground Storage Tank (UST) Prevention, Detection, and Compliance Program	66.804			22,119
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805			58,967
State and Tribal Response Program Grants	66.817			66,935
Total U.S. Environmental Protection Agency			8,012,802	10,444,975
U.S. Department of Energy				
State Energy Program	81.041			381,285
Weatherization Assistance for Low-Income Persons	81.042			337,763
Total U.S. Department of Energy				719,048
U.S. Department of Education				
Adult Education - Basic Grants to States	84.002		182,703	468,319
<u><i>Special Education Cluster (IDEA)</i></u>				
Special Education - Grants to States (IDEA, Part B)	84.027			10,503,424
Impact Aid	84.041			209,172
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126			2,051,479

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Education (continued)				
Rehabilitation Services Independent Living Services for Older Individuals Who Are Blind	84.177			27,735
Special Education - Grants for Infants and Families	84.181			332,631
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184			390,796
School Climate Transformation Grant - Local Educational Agency (LEA)	84.184G			652,815
Project School Emergency Response to Violence	84.184S			62,866
Striving Readers Comprehensive Literacy Program	84.371C			120,396
Consolidated Grant to the Outlying Areas	84.403A		910,076	14,321,000
Education Stabilization Fund - State Educational Agency (Outlying Areas)	84.425A			217,299
Education Stabilization Fund - Governors (Outlying Areas)	84.425H			10,694
Immediate Aid to Restart School Operations	84.938A			5,034,051
Hurricane Education Recovery	84.938H			384,399
Total U.S. Department of Education			1,092,779	34,787,076
U.S. Election Assistance Commission				
2018 HAVA Election Security Grants	90.404			477,948
COVID-19 - 2018 HAVA Election Security Grants	90.404			437,006
Total U.S. Election Assistance Commission				914,954
U.S. Department of Health and Human Services				
<u>Aging Cluster</u>				
COVID -19 - Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045			1,175,029
Public Health Emergency Preparedness	93.069			403,801
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073			41,581
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074			77,458

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Health and Human Services (continued)				
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092			106,749
Maternal and Child Health Federal Consolidated Programs	93.110			32,295
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116			177,197
Emergency Medical Services for Children	93.127			170,785
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130			89,633
Injury Prevention and Control Research and State and Community Based Programs	93.136			1,131
Projects for Assistance in Transition from Homelessness (PATH)	93.150	001560155	50,000	50,000
Family Planning-Services	93.217			812,689
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243			300,283
Early Hearing Detection and Intervention	93.251			260,749
Immunization Cooperative Agreements	93.268			836,904
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323			1,367,393
COVID-19 - Epidemiology and Laboratory Capacity for Infectious Disease (ELC)	93.323			312,318
				1,679,711
Behavioral Risk Factor Surveillance System	93.336			27,484
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354			1,969,470
<u>Head Start Cluster</u>				
Head Start Disaster Recovery from Hurricanes Harvey, Irma, and Maria	93.356			711,340
Head Start	93.600			7,874,368
<i>Total Head Start Cluster</i>				8,585,708
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			320,102
Every Student Succeeds Act/Preschool Development Grants	93.434			237,649

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Health and Human Services (continued)				
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	93.521			26,410
MaryLee Allen Promoting Safe and Stable Families Program	93.556			75,000
Temporary Assistance for Needy Families	93.558			1,485,969
Payments to Territories - Adults	93.560			716,830
Child Support Enforcement	93.563			3,546,720
<u><i>CCDF Cluster</i></u>				
Child Care and Development Block Grant	93.575			2,447,974
State Court Improvement Program	93.586			60,597
Grants to States for Access and Visitation Programs	93.597			7,223
Social Services Block Grant	93.667			4,706,622
Children's Health Insurance Program	93.767			11,526,449
COVID-19 - Children's Health Insurance Program	93.767			35,648
				<u>11,562,097</u>
Medicare Prescription Drug Coverage	93.770			333,495
<u><i>Medicaid Cluster</i></u>				
State Medicaid Fraud Control Units	93.775			387,930
Medical Assistance Program	93.778			81,065,888
COVID-19 - Medical Assistance Program	93.778			1,987,745
<i>Total Medicaid Cluster and Other</i>				<u>83,441,563</u>
Opioid STR	93.788			91,080
Maternal, Infant and Early Childhood Home Visiting Grant	93.870			1,091,813
National Bioterrorism Hospital Preparedness Program	93.889			198,517
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889			50,000
				<u>248,517</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898			153,001

Government of the United States Virgin Islands

Schedule of Expenditures of Federal Awards

Year ended September 30, 2020

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. Department of Health and Human Services (continued)				
HIV Care Formula Grants	93.917			866,266
COVID-19 - HIV Care Formula Grants	93.917			5,800
				<u>872,066</u>
HIV Prevention Activities Health Department Based	93.940			1,213,582
Block Grants for Community Mental Health Services	93.958			175,289
Block Grants for Prevention and Treatment of Substance Abuse	93.959			558,700
The Zika Health Care Services Program	93.966			1,448,721
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977			283,621
Mental Health Disaster Assistance and Emergency Mental Health	93.982			130,752
Preventive Health and Health Services Block Grant	93.991			126,858
Maternal and Child Health Services Block Grant to the States	93.994			1,718,280
Total U.S. Department of Health and Human Services			50,000	133,879,188
Corporation for National and Community Service				
<u>Foster Grandparent/Senior Companion Cluster</u>				
Foster Grandparent Program	94.011			183,522
U.S. Department of Homeland Security				
Boating Safety Financial Assistance	97.012			621,833
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	825544042	298,134,751	362,515,790
Hazard Mitigation Grant	97.039	825544042	156,594	2,711,656
Emergency Management Performance Grants	97.042			994,707
COVID-19 - Emergency Management Performance Grants	97.042			38,918
				<u>1,033,625</u>
BRIC: Building Resilient Infrastructure and Communities	97.047			372,071
Homeland Security Grant Program	97.067			1,128,800
Earthquake Consortium	97.082			22,002
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083			355,058
Total U.S. Department of Homeland Security			298,291,345	368,760,835
Total Expenditures of Federal Awards			\$ 333,566,810	\$ 835,485,931

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

Government of the United States Virgin Islands

Notes to Schedule of Expenditures of Federal Awards

1. Reporting Entity

The Schedule of Expenditures of Federal Awards (the Schedule) includes the activity of all Federal award programs administered by the Government of the United States Virgin Islands (the Government) and the Virgin Islands Public Finance Authority (a blended component unit) as of and for the year ended September 30, 2020, 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 Catalog of Federal Domestic Assistance (CFDA). Federal award program titles not presented in the Catalog are identified by the Federal awarding agency's two digit prefix (or 99) followed by (contract number or UNKNOWN).

3. Basis of Accounting

The expenditures for each of the Federal award programs are presented in the Schedule on a modified accrual basis, except for nonmonetary programs, which are presented based on the fair value of the food stamps (CFDA No. 10.551 in the amount of \$59,975,291) and the food cost (CFDA No. 10.557 in the amount of \$2,187,678) distributed during the year. The modified accrual basis of accounting incorporates an estimation approach to determine the amount of expenditures incurred if not yet billed by a vendor. The Government's accounting system provides the primary information from which the Schedule is prepared.

4. Matching Costs

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

5. Indirect Cost Rate

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

Government of the United States Virgin Islands

Notes to Schedule of Expenditures of Federal Awards

6. Relationship to Federal Financial Reports

The regulations and guidelines governing the preparation of Federal financial reports vary by Federal agency and among programs administered by the same agency. Accordingly, the amounts reported in the Federal financial reports do not necessarily agree with the amounts reported in the accompanying Schedule, which are prepared on the basis explained in Note 3.

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

During fiscal year 2020, the Government received cash rebates from infant formula manufacturers in the amount of approximately \$892,886 on sales of formula to participants in the WIC program (CFDA No. 10.557), which are netted against total expenditures included in the Schedule. Rebate contracts with infant formula manufacturers are authorized by 7 CFR 246.16(m) as a cost containment measure. Rebates represent a reduction of expenditures previously incurred for WIC food benefit costs.

8. Unemployment Insurance

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

Territory UI Benefits (Trust Fund)	\$ 103,923,353
Federal UI Benefits (Administration)	3,041,388
<hr/>	
Total	\$ 106,964,741

9. Outstanding Loan

The Government received proceeds from the Community Disaster Loans program (CFDA No. 97.030) as administered by the Federal Emergency Management Agency (FEMA). There is a provision in the FEMA regulations that permits FEMA to cancel all or a portion of this loan. At September 30, 2020, 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, 2020, 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 May 2023, Federal assistance awarded to the Territory included \$4.8 billion in FEMA Public Assistance grants, \$66.1 million in Federal Highway grants, \$146.7 million in FEMA Hazard Mitigation grants, and \$1.1 billion in Community Development Block Grants. Other federal grants awarded by various Federal agencies amounted to \$212.0 million, for a total of approximately \$6.2 billion.

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, 2019, and 2020. In response to the notices, in February 2021, January 2023, and July 2023, the Government exercised its option to appeal and provided additional clarification and documentation. As of report date, FEMA has questioned costs of \$46.1 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.

Economic Relief Legislation

To address issues related to the continuance of the global coronavirus pandemic, in December 2020, "The Consolidated Appropriations (CA) Act" was passed.

Government of the United States Virgin Islands

Notes to Schedule of Expenditures of Federal Awards

The CA Act among other things, provided for an extension of time to spend any CARES Act funds until December 31, 2021, and provided additional COVID assistance to states and territories, including unemployment assistance, funds for higher education, testing, contact tracing and mitigation of COVID, food stamps, and rental assistance programs. The funds will be distributed in two tranches, with 50.0% delivered no later than 60 days from the date of enactment, and the remainder delivered no earlier than one year later.

The U.S. Treasury Department may withhold up to half of the Territory's allocation for as long as twelve (12) months based on the unemployment rate and the submission of an updated certification of funding needs. Awards to territories under the Act are allocated based on the territory's share of the combined total population of all territories as determined by the U.S. Census Bureau.

In March 2021, "The American Rescue Plan (ARP) Act of 2021" was signed into law. The ARP Act builds on previously enacted aid measures to aid states, counties, cities, and tribal governments to cover increased expenditures, replenish lost revenue and mitigate economic harm from the COVID-19 pandemic. State and local government recipients may use the funds to cover costs through December 31, 2024.

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, 2020

Section I - Summary of Auditor's Results

Financial Statements

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

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

Internal control over financial reporting:

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

Federal Awards

Internal control over major federal programs:

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

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

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

Government of the United States Virgin Islands

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

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>	<u>Opinion</u>
15.875	Economic, Social, and Political Development of the Territories	Qualified
17.225	Unemployment Insurance	Adverse
20.205	Highway Planning and Construction Cluster	Unmodified
21.019	Coronavirus Relief Fund	Qualified
66.418	Construction Grants for Wastewater Treatment Works	Qualified
66.468	Drinking Water State Revolving Fund Cluster	Unmodified
84.403A	Consolidated Grant to the Outlying Areas	Unmodified
84.938A	Immediate Aid to Restart School Operations	Unmodified
93.356, 93.600	Head Start Cluster	Unmodified
93.563	Child Support Enforcement	Qualified
93.575	CCDF Cluster	Adverse
93.667	Social Services Block Grant	Qualified
93.767	Children's Health Insurance Program	Adverse
93.775, 93.778	Medicaid Cluster	Adverse
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Qualified

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

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
10.551, 10.561	Supplemental Nutrition Assistance Program Cluster
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
12.401	National Guard Military Operations and Maintenance (O&M) Projects
15.875	Economic, Social, and Political Development of the Territories
17.225	Unemployment Insurance
20.205	Highway Planning and Construction Cluster
21.019	Coronavirus Relief Fund
66.418	Construction Grants for Wastewater Treatment Works
66.468	Drinking Water State Revolving Fund Cluster
84.403A	Consolidated Grant to the Outlying Areas
84.938A	Immediate Aid to Restart School Operations
93.356, 93.600	Head Start Cluster
93.563	Child Support Enforcement
93.575	CCDF Cluster
93.667	Social Services Block Grant
93.767	Children's Health Insurance Program
93.775, 93.778	Medicaid Cluster
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Government of the United States Virgin Islands

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

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

\$3,000,000

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

Government of the United States Virgin Islands

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

Section II - Financial Statement Findings

Finding 2020-001: 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, 2020, 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, 2020

- As per the GERS actuarial valuation report as of October 1, 2019, the Retirement System is 13.32% funded for the year ended September 30, 2020. The same report also disclosed a net pension liability of \$4.2 billion which represents a long-term obligation the Government has to fund.
- As per the OPEB actuarial valuation report as of October 1, 2019, the OPEB plan reflects a total OPEB obligation of \$786.8 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, 2020, the ratio of expenditures to income was 65%. 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, 2020

Finding 2020-002: Year-End Close Process

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

Timeliness and Methodology of Close Process

Finding and Recommendation:

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

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

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

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

Government of the United States Virgin Islands

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

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.

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, 2020

Finding 2020-003: 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, 2020

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

Tax Return Processing Method

Finding and Recommendation:

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

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

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

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

Real Property Tax

Finding and Recommendation:

- We noted one (1) tax credit issued with insufficient supporting documentation. Management should recognize that the potential exists for additional discrepancies and should continue to review and evaluate its databases ensuring sufficient documentation is readily available.
- We noted tax billings issued to non-taxable properties as owned by the Government and its component units. Management should perform a review and identification of the Government's and component 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.

Government of the United States Virgin Islands

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

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 1.0% of the sampled items for charges for services and 6.0% of the sampled items for interest and other revenues. As a result, additional time and effort was required during the audit process to locate and/or identify alternative methodologies.

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

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

Government of the United States Virgin Islands

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

Finding 2020-004: Grants Management

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

Control Systems Over the Schedule of Expenditures of Federal Awards

Finding and Recommendation:

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

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

- Expenses had been charged to grants without sufficient grant award funding availability.
- Significant transactions paid to or transferred to various departments of the Government were erroneously reported as subrecipient transactions.
- Approximately \$54.9 million in claims expenditures had not been properly recorded as expenditures in CFDA Number 17.225, *Unemployment Insurance*.

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

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

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

Government of the United States Virgin Islands

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

Federal Grants and Contributions

Finding and Recommendation:

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

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

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

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

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

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

Government of the United States Virgin Islands

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

Finding 2020-005: Capital Assets and Related Expenditures

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

Record Keeping

Finding and Recommendation:

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

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

- Eleven (11) additions in fiscal year 2020 had not been reflected in the initial additions listing.
- Thirty-four (34) invoices related to assets capitalized in fiscal year 2020, of which thirty (30) were incurred in fiscal year 2019 and four (4) were incurred in earlier fiscal years.

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

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

Government of the United States Virgin Islands

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

Reconciliation and Review of Subsidiary Registers

Finding and Recommendation:

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

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

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

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

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

Construction in Progress (CIP) Monitoring

Finding and Recommendation:

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

- During our sampled procedures over construction in progress activity, we noted the following:
 - One (1) project had been confirmed to be completed but certain costs had not been included in the total capitalized cost on the general ledger.

Government of the United States Virgin Islands

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

- One (1) project had been confirmed to be completed but had not been transferred to the completed asset category.
- One (1) project had recorded costs related to an annual license fee which should have been considered as an annual service expense.
- The Government adopted the method of using the ‘release of claims’ date as the date a project was placed in service. However, we noted an inconsistent application of this methodology.
 - In some instances, the ‘release of claims’ date did not correspond with the actual date the project was completed and placed in service as confirmed with the project managers.
 - In other instances, we noted that the ‘release of claims’ date was not known, and the date of the last invoice received on the project was utilized as an indicator of when the project was completed and as the depreciation start dates.

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 certain vehicles were auctioned and disposed during the year. However, most of these assets were not readily traceable to the asset registers due to incomplete tagging information. This may result in improper accounting of the transaction(s) with respect to the gain/loss on the sale and the derecognition of the assets from the books.

Government of the United States Virgin Islands

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

- We noted that some damage assessments for the departments and agencies were informally done, or were not performed at all, until the accounting team requested them. Further, each division or department seemed to have its own separate process or methodology.

We recommend that the Government implement a standard, formal process whereby, annual impairment assessments are conducted, independent of the external audit.

Further, the results of periodic physical counts should be readily available for analysis by external parties and should be compared to the detailed capital asset subsidiary ledger and communicated to the Department of Finance so that necessary adjustments can be recorded.

This will help improve the tracking of assets for disposal and impairment purposes. It should also be noted that as a recipient of Federal grant funds, the Government is required to have in place an inventory management system to track items purchased with federal funds.

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

Capital Assets - Business-Type Activities

Finding and Recommendation:

The Government is currently utilizing an excel worksheet to monitor capital assets within its business-type activities. The Government began the process of uploading additions into the ERP asset registers in fiscal year 2017. However, the asset register for the beginning balances has yet to be uploaded. We recommend the completion of the automation process for these assets and implementation of subsequent review and reconciliation procedures in order to ensure that accurate and timely information is available.

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

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Finding 2020-006: Recording of Liabilities

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

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

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

Retroactive Pay Liability

Finding and Recommendation:

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

- We noted that currently there is a \$195.0 million retroactive pay liability reflected on the books and records; however, the supporting schedules can only confirm \$184.0 million which, in turn, is based on an analysis of collective bargaining agreements (CBAs) from the initial retroactive pay wage Commission findings.
- Approximately 66.0% 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, 2020, 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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Income Tax Refunds Payable

Finding and Recommendation:

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

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

Landfill Closure and Post Closure Costs Liability

Finding and Recommendation:

The Government obtains various reports with respect to its closure and post closure cost estimates for the three landfills in the U.S. Virgin Islands. The post-closure cost estimates for fiscal year 2020 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.

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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 2020-007: 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 2020. 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, 2020, 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 2020-008: 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, 2020, 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 2020-009: 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.

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 2020-010: 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 2020-011: 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. 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. We recommend that the Government continue to monitor and adhere to its established written policies and procedures related to the proper review, recording, and reporting of overtime expenditures.

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

Formalize Emergency Payroll Procedures

Finding and Recommendation:

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

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

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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.

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 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-two (22) items in which the expenditure tested was not recorded in the proper period. It is recommended that the Government adhere to its established written policies and procedures related to the proper recording and reporting of expenditures. The timely review and reconciliation of expenditures will allow for recording expenditures in the correct period.

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

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Finding 2020-012: 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 2020, we noted some instances where the bank reconciliation variances were not properly explained or investigated. We continue to recommend that bank reconciliations be prepared and reviewed for accuracy and completeness on a timely basis. In addition, there was insufficient documentation to support the reconciliations had been reviewed. There is no capability within the accounting system to formally approve or indicate review of the bank reconciliations. We recommend that management implement a process to track when bank reconciliations are reviewed and approved. Additionally, we observed the following:

- We noted a significant amount of outstanding checks, some issued as far back as 1998, which are still being carried on the reconciliations and were eventually reclassified to accounts payable at year-end. Outstanding checks and other uncleared reconciling items that are over one year old should be investigated and removed from the bank reconciliations and the original transactions should be reversed. Research should be done periodically to eliminate large numbers of old items being carried from month to month and from year to year. As an auxiliary step, consideration should also be given to the Territory's unclaimed property laws.
- We noted a bank-to-bank transfer of \$5.0 million that had been incorrectly included in the outstanding check listing at year-end.
- We noted \$21.1 million in checks that were printed in fiscal year 2020 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 \$31.8 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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Finding 2020-013: 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:

- The Oracle Programmer has root or administrative access to the Windows Active Directory, Red Hat operating system, and VIDOLA\$ application. In addition, some individuals were granted inappropriate administrative access to the Oracle database (including non-IT personnel).
- There are no formal re-certifications of user access security rights performed for the following Windows domains and applications:

Windows Domain:

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

Applications:

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

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

- Several Bureau of Internal Revenue personnel had duplicate administrative accounts to the OS400 operating system and VITAX.

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We noted the following with respect to operating system security:

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

Operating Systems:

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

Applications:

- Timeforce
- VIDOLA\$

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

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

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:

- 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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Finding 2020-014: Collateral of Depository

Finding and Recommendation:

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

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

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

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

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

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Finding 2020-015: 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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Finding 2020-016: 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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Finding 2020-017: 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 six (6) purchase orders from three (3) different vendors where the files did not contain the requisite documentation to provide evidence that the purchase order met the stated requirements.
- We noted eight (8) purchase orders from three (3) different vendors that appeared to be split purchases orders or used the same vendor quotes or invoices.
- We noted three (3) instances where executed contract files did not contain requisite documentation to provide evidence that the respective procurement met stated requirements.

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

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

Government of the United States Virgin Islands

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

Finding 2020-018: Casino Control Commission

Finding and Recommendation:

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

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

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

Government of the United States Virgin Islands

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

Section III - Federal Award Findings and Questioned Costs

Finding Number: 2020-019
Prior Year Finding Number: 2019-022
Compliance Requirement: Special Tests and Provisions - EBT Card Security

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Human Services (DHS)

Supplemental Nutrition Assistance Program Cluster

CFDA #: 10.551, 10.561

Award #: IVI400408, 4VI400408

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

10/01/2019 - 09/30/2020

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

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

We sampled and selected 8 out of 24 monthly card reconciliations and in 4 instances, we noted variances between new/replacements issued cards status report and the actual new/replacements cards issued.

Questioned Costs - Not determinable.

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

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-020
Prior Year Finding Number: 2019-025
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities;
Period of Performance

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000, W9127P-20-2-1000
Award Year: 10/01/2017 - 09/30/2020

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

Additionally, 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.

Condition - We sampled and selected 60 out of 554 payroll transactions and noted 5 instances where the employees' payroll costs were charged to prior year grant projects that had not been extended or approved.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OTAG's compliance with the specified requirements using a statistically valid sample. The total amount of payroll expenditures charged to the program during fiscal year 2020 were \$1,238,058. The known amount of the 5 instances amounted to \$12,338.

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

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

Recommendation - We recommend that OTAG improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for payroll expenditures. We also recommend that OTAG enhance its review process to properly determine the activities of each grant relative to the appropriate period of performance.

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

Government of the United States Virgin Islands

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

Finding Number: 2020-021
Prior Year Finding Number: 2019-026
Compliance Requirement: Cash Management

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000, W9127P-20-2-1000
Award Year: 10/01/2017 - 09/30/2020

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

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

Questioned Costs - Not determinable.

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

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-022
Prior Year Finding Number: 2019-027
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000, W9127P-20-2-1000
Award Year: 10/01/2017 - 09/30/2020

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

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

Questioned Costs - Not determinable.

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

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-023
Prior Year Finding Number: 2019-028
Compliance Requirement: Period of Performance

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000, W9127P-20-2-1000
Award Year: 10/01/2017 - 09/30/2020

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

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

Condition - We noted that payroll costs amounting to \$192,238 were charged to a grant award whose period of performance had lapsed. There was no grant extension provided.

Questioned Costs - \$192,238.

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

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-024
Prior Year Finding Number: 2019-029
Compliance Requirement: Reporting

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

National Guard Military Operations and Maintenance
(O&M) Projects
CFDA #: 12.401
Award #: W9127P-15-2-1000, W9127P-20-2-1000
Award Year: 10/01/2017 - 09/30/2020

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

Condition - As part of its reporting requirements, OTAG is required to submit the SF-270, *Request for Advance or Reimbursement Report* to the Federal grantor to facilitate cash drawdown requests for reimbursement. We noted that OTAG did not perform a reconciliation of the Federal cash drawdown reports and the cash receipts recorded in the ERP system to verify completeness of the cash drawdown reports.

Questioned Costs - Not determinable.

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-025
Prior Year Finding Number: 2019-030
Compliance Requirement: Cash Management

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

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

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

Condition - We reviewed 6 out of 61 drawdowns and noted the following:

- 1 drawdown request did not have the necessary evidence of review and approval prior to submission.
- 2 drawdowns were not in accordance with the provisions of the Territory's Cash Management Improvement Act (CMIA) agreement.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of the Government's compliance with the specified requirements using a statistically valid sample and with the provisions of the CMIA agreement. Total fiscal year 2020 drawdown requests were \$4,728,625.

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

Cause - It appears that policies and procedures, including review over cash management transactions, were not functioning as intended. Further, the Government did not appear to exercise due diligence in requesting Federal funds consistent with the CMIA agreement and its actual cash needs.

Recommendation - We recommend that the Government reevaluate its policies and procedures to ensure proper monitoring and continue to be vigilant in following internal procedures over reviews and authorizations. We also recommend that Government comply with the provisions of CMIA agreement and request Federal funds consistent with the CMIA agreement funding techniques and clearance patterns for this program or consider applying for an exemption from the CMIA agreement.

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

Government of the United States Virgin Islands

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

Finding Number: 2020-026
Prior Year Finding Number: 2019-031
Compliance Requirement: Equipment/ Real Property Management

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

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

Criteria - Per 2 CFR section 200.313, 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 the Government. DPP was unable to provide complete property records which met the stated requirements. Further, no physical inventory was taken in fiscal year 2020.

Questioned Costs - Not determinable.

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

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-027
Prior Year Finding Number: 2019-032
Compliance Requirement: Reporting

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

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

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

Condition - During our review of the SF-425, *Federal Financial Report*, we selected 9 out of 41 submissions and noted the following:

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

Questioned Costs - Not determinable.

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

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-028
Prior Year Finding Number: 2019-033
Compliance Requirement: Activities Allowed or Unallowed

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance
CFDA #: 17.225
Award #: Various
Award Period: 10/01/2016 - 12/31/2022

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, 2020

Finding Number: 2020-029
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions: UI Reemployment Programs: RESEA

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

CFDA #: 17.225

Award #: Various

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

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 serve 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 suspended the RESEA program for the third and fourth quarters of fiscal year 2020 during the COVID-19 pandemic. However, VIDOL was unable to provide approval from the U.S. Department of Labor for the suspension of the program during the period.

Questioned Costs - Not determinable.

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

Effect - 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.

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 and obtaining proper approval before suspending a federal program.

Government of the United States Virgin Islands

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

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, 2020

Finding Number: 2020-030
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of the Treasury

Coronavirus Relief Fund

CFDA #: 21.019

Award #: N/A

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

Government Department/Agency:

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

Condition - We sampled and selected 60 out of 18,239 payroll expenditures and noted the following:

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

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OMB's compliance with the specified requirements using a statistically valid sample. The total amount of payroll expenditures charged to the program in fiscal year 2020 were \$11,057,737. The known amount of the transaction not available for review was \$1,604.

Effect - OMB 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 - OMB 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 OMB 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, 2020

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 OMB 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, 2020

Finding Number: 2020-031
Prior Year Finding Number: N/A
Compliance Requirement: Reporting

Program:

U.S. Department of the Treasury

Coronavirus Relief Fund

CFDA #: 21.019

Award #: N/A

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

Government Department/Agency:

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.

Condition - We reviewed 1 out of 2 of the quarterly reports submitted during the fiscal year and noted the report's financial information did not agree with the underlying records.

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 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.

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.

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, 2020

Finding Number: 2020-032
Prior Year Finding Number: N/A
Compliance Requirement: Subrecipient Monitoring

Program:

U.S. Department of the Treasury

Coronavirus Relief Fund

CFDA #: 21.019

Award #: N/A

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

Government Department/Agency:

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.

Condition - OMB did not implement a formal subrecipient monitoring process for fiscal year 2020.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of OMB's compliance with the specified requirements. The total amount of expenditures passed-through to subrecipients in fiscal year 2020 were \$8,751,712.

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 - 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.

Government of the United States Virgin Islands

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

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, 2020

Finding Number: 2020-033
Prior Year Finding Number: N/A
Compliance Requirement: Cash Management

Program :

U.S. Environmental Protection Agency

Government Department/Agency:

Department of Public Works (DPW)

Construction Grants for Wastewater Treatment Works
CFDA #: 66.418
Award #: Various

Criteria - The Uniform Guidance in 2 CFR Section 200.303, *Internal Controls*, requires that non-Federal entities receiving 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, per the grant agreement's programmatic conditions, DPW must submit a fully executed Memorandum of Agreement (MOA) with the Virgin Islands Waste Management Authority (VIWMA), reflecting the scope of work related to projects identified in the Virgin Islands Intended Use Plan (IUP)/Project Priority List for Fiscal Year 2012. Per the grant agreement, DPW shall not request payment for project costs under this grant agreement until the required MOA document is submitted to the Environmental Protection Agency (EPA).

Condition - DPW did not submit the required MOA within 30 days from the receipt of the grant agreement. The grant award also stipulates DPW shall not request payment for project costs under this grant agreement until the required MOA document is submitted to the EPA. As such, DPW was precluded from completing any drawdowns during the fiscal year.

Questioned Costs - Not determinable.

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

Effect - DPW is not in compliance with stated provisions. The opportunity to use money for other immediate cash needs is unnecessarily delayed when reimbursement funds are not requested and drawn down timely.

Cause - It appears that policies and procedures including compliance with the grant requirements were not functioning as intended.

Recommendation - We recommend that DPW reevaluate its policies and procedures to ensure that all grant requirements are met and continue to be vigilant in following EPA's general terms and conditions.

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, 2020

Finding Number 2020-034
Prior Year Finding Number N/A
Compliance Requirement: Reporting

Program

U.S. Environmental Protection Agency

Government Department/Agency

Department of Public Works (DPW)

Construction Grants for Wastewater Treatment Works
CFDA #: 66.418
Award #: 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 the program requirements.

Condition - We reviewed 6 out of the 15 reports submitted during the fiscal year and noted the following:

- 2 financial reports did not include the federal share of expenditures or the federal share of unliquidated obligations for the fiscal year.
- 1 report was not available for review.

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.

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

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

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

Government of the United States Virgin Islands

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

Finding Number 2020-035
Prior Year Finding Number N/A
Compliance Requirement: Special Tests and Provisions - Wage Rate Requirements

Program

U.S. Environmental Protection Agency

Government Department/Agency

Department of Public Works (DPW)

Construction Grants for Wastewater Treatment Works
CFDA #: 66.418
Award #: Various

Criteria - Non-federal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements and the Department of Labor regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls).

Condition - We reviewed a construction contract with Federal awards expended during the fiscal year and noted the following:

- 3 out of 13 weekly payrolls were not reviewed by the Construction Projects Administrator.
- The certification dates indicated in 2 weekly payrolls were prior to the date the payroll was incurred.

Questioned Costs - Not determinable.

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

Effect - DPW is not in compliance with stated provisions. There is potential that contractors or subcontractors could have paid their employees less than the prevailing wage rates established by the Department of Labor.

Cause - DPW does not appear to have adequate policies and procedures in place to ensure compliance with applicable wage rate requirements.

Recommendation - We recommend that DPW improve internal controls to ensure adherence to Federal regulations related to wage rate requirements, and to ensure that responsible project management personnel obtain and review the required certified payroll reports for each week in which contract work 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.

Government of the United States Virgin Islands

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

Finding Number: 2020-036
Prior Year Finding Number: 2019-036
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Environmental Protection Agency

Drinking Water State Revolving Fund Cluster

CFDA #: 66.468

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

Award Year: 10/1/13 - 09/30/21

10/1/14 - 09/30/21

10/1/15 - 09/30/22

10/1/16 - 09/30/23

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

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

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

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

Condition - We sampled and selected 15 out of 147 payroll expenditures and noted all 15 selections did not have the correct and/or complete project numbers in the Notice of Personnel Action (NOPA) forms.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DPNR's compliance with the specified requirements using a statistically valid sample. The total amount of payroll expenditures charged to the program in fiscal year 2020 were \$181,761.

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

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

Government of the United States Virgin Islands

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

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

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

Government of the United States Virgin Islands

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

Finding Number 2020-037
Prior Year Finding Number N/A
Compliance Requirement: Period of Performance

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Consolidated Grant to the Outlying Areas

CFDA #: 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

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

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

Condition - We sampled and selected 33 out of 391 expenditures and noted that 9 expenditures were incurred outside the liquidation period and did not contain written approval of the Federal awarding agency.

Questioned Costs - \$217,308.

Context - This is a condition identified per review of DOE's compliance with the specified requirements using a statistically valid sample. The known amount of the 9 transactions incurred outside the liquidation period amounted to \$217,308.

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

Government of the United States Virgin Islands

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

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, 2020

Finding Number 2020-038
Prior Year Finding Number N/A
Compliance Requirement: Reporting

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Consolidated Grant to the Outlying Areas
CFDA #: 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

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, under the requirements of the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) (Transparency Act) that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements who make first tier subawards of \$25,000 or more are required to register in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) and report subaward data through FSRS.

Condition - DOE failed to submit subaward data to fulfill the FFATA reporting requirements for the first tier subawards of \$25,000 or more.

Questioned Costs - Not determinable.

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

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

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

Recommendation - We recommend that DOE 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, 2020

Finding Number 2020-039
Prior Year Finding Number N/A
Compliance Requirement: Allowable Costs/Cost Principles - Indirect Cost Activities

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Immediate Aid to Restart School Operations
CFDA #: 84.938A
Award #: S938A180004
Award Period: 05/14/2018 - 09/30/2021

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

Condition - We sampled and selected 4 out of 12 months of indirect cost allocations and noted 1 month where the base amount utilized in calculating indirect costs exceeded actual expenditures recorded in the accounting system.

Questioned Costs - \$280,277.

Context - This is a condition identified per review of DOE's compliance with the specified requirements using a statistically valid sample. DOE has an approved indirect cost rate agreement of 6.7% for fiscal year 2020. The known amount of the overstated charges is \$280,277.

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-040
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Head Start Cluster

CFDA #: 93.356, 93.600

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

Award Year: 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

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

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

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

Condition - We sampled and selected 60 out of 3,830 payroll transactions and noted the following:

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

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS's compliance with the specified requirements using a statistically valid sample. The total amount of payroll expenditures charged to the program in fiscal year 2020 were \$8,269,499.

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

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

Government of the United States Virgin Islands

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-041
Prior Year Finding Number: 2019-052
Compliance Requirement: Equipment/Real Property Management

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Head Start Cluster

CFDA #: 93.356, 93.600

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

Award Year: 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

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 was taken in fiscal year 2020.

Questioned Costs - Not determinable.

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

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

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

Recommendation - We recommend that 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.

Government of the United States Virgin Islands

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

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, 2020

Finding Number: 2020-042
Prior Year Finding Number: 2019-041
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

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

Government Department/Agency:
Department of Justice (DOJ)

Child Support Enforcement
CFDA #: 93.563
Award #: 2001VICSES, 1901VICES
Award Year: 10/01/2019 - 09/30/2020

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

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

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

Condition - We sampled and selected 60 out of 880 payroll transactions and noted 23 transactions where the employees' hours reported in the payroll register did not agree to the supporting timesheets.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DOJ's compliance with the specified requirements using a statistically valid sample. The total amount of payroll expenditures charged to the program in fiscal year 2020 were \$1,886,694. The known exceptions amounted to \$8,732 out of the total sampled balance of \$135,935.

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

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

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

Government of the United States Virgin Islands

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

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, 2020

Finding Number: 2020-043

Prior Year Finding Number: N/A

Compliance Requirement: Allowable Costs/Cost Principles - Non-Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Justice (DOJ)

Child Support Enforcement

CFDA #: 93.563

Award #: 2001VICSES, 1901VICES

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

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

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

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

Condition - We sampled and selected 60 out of 287 non-payroll transactions and noted 1 invoice did not contain evidence of review and approval.

Questioned Costs - Not determinable.

Government of the United States Virgin Islands

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

Context - This is a condition identified per review of DOJ'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 2020 were \$1,660,026.

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 have adequate policies and procedures in place to ensure compliance with the required cost principles such as review and approval of expenditures.

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-044
Prior Year Finding Number: 2019-045
Compliance Requirement: Allowable Costs/Cost Principles - Non-Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

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

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."

Condition - We sampled and selected 60 out of 659 non-payroll transactions and noted 1 transaction where the amount paid did not agree to the invoice amount.

Questioned Costs - Below reporting threshold.

Government of the United States Virgin Islands

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

Context - This is a condition identified per review of DHS'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 2020 were \$1,838,975.

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

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

Recommendation - We recommend that DHS improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for non-payroll expenditures. In addition, DHS should continue to be vigilant in following internal policies over review 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, 2020

Finding Number: 2020-045
Prior Year Finding Number: 2019-046
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

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

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.

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

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

Condition - We sampled and selected 25 out of 242 payroll transactions and noted the following:

- 1 timesheet did not contain evidence of review and approval.
- 3 timesheets were not available for review.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS's compliance with the specified requirements using a statistically valid sample. The total amount of payroll expenditures charged to the program in fiscal year 2020 were \$609,000.

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

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

Government of the United States Virgin Islands

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-046
Prior Year Finding Number: 2019-047
Compliance Requirement: Eligibility

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster
CFDA #: 93.575
Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF
Award Period: 10/01/2016 - 09/30/2022

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

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

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

Questioned Costs - Not determinable.

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

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

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

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

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

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

Finding Number: 2020-047
Prior Year Finding Number: 2019-048
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

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

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

- May not spend on administrative costs more than five percent of total CCDF awards expended (i.e., the total of CFDA 93.575, 93.596, and 93.489 with the exception of any Disaster Relief funds spent on construction and renovation) and any state expenditures for which Matching Funds (CFDA 93.596) are claimed (42 USC 9858c(c)(3)(C); Pub. L. 116-20; 45 CFR section 98.52).
- Quality Earmark - For fiscal years 2018 and 2019, states and territory Lead Agencies must spend on quality activities, as provided in the state/territorial plan, not less than eight percent of CCDF funds expended (i.e., the total of CFDA 93.575, 93.596, and 93.489 with the exception of any Disaster Relief funds spent on construction and renovation) and any state expenditures for which Matching Funds (CFDA 93.596) are claimed (45 CFR section 98.53). This amount rises to nine percent for fiscal year 2020 and succeeding fiscal years. States and territory Lead Agencies must spend at least an additional three percent on quality improvement for infants and toddlers (45 CFR section 98.50(b)).
- Direct Spending Earmarks - (1) From the aggregate amount of Discretionary funds (CFDA 93.575) and Disaster Relief funds (CFDA 93.489) provided for a year (with the exception of Disaster Relief funds used for construction or major renovation), state Lead Agencies, territory Lead Agencies, as well as those tribal Lead Agencies with allocations of at least \$250,000 must reserve funds for administrative costs and the minimum amount required for quality activities. (2) From the remainder, the Lead Agency must use not less than 70 percent to fund direct services. In addition, states and territories must spend not less than 70 percent of the mandatory and Federal and state share of Matching Funds (CFDA 93.596) to meet the needs of families who: (a) receive Temporary Assistance for Needy Families (TANF) assistance; (b) are attempting through work activities to transition off TANF; and (c) are at risk of becoming dependent on TANF (45 CFR section 98.50(e) and (f)).

Condition - We noted the following spend requirements were not met or exceeded in the following instances:

- 2 out of 4 grant awards selected did not meet the 9% spend requirement for the quality earmark.
- 1 out of 4 grant awards selected did not meet the 3% spend requirement for quality improvements for infants and toddlers.
- 2 out of 4 grant awards selected did not meet the 70% spend requirement for the direct services earmark.

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

- 1 out of 4 grant awards selected exceeded the 5% maximum spend requirement for the administrative earmarking.

Questioned Costs - Not determinable.

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

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

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

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

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

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

Finding Number: 2020-048
Prior Year Finding Number: 2019-049
Compliance Requirement: Period of Performance

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

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

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

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

Condition - We sampled and selected 2 out of 3 expenditures and noted that 2 expenditures were incurred outside the liquidation period and did not contain written approval of the Federal awarding agency.

Questioned Costs - Below reporting threshold.

Context - This is a condition identified per review of DHS's compliance with the specified requirements using a statistically valid sample. The known amount of the 2 transactions incurred outside the liquidation period amounted to \$16,000.

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.

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

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

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

Finding Number: 2020-049
Prior Year Finding Number: 2019-050
Compliance Requirement: Special Tests and Provisions - Health and Safety Requirements

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster
CFDA #: 93.575
Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF
Award Period: 10/01/2016 - 09/30/2022

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

Condition - During our review of 7 out of 69 providers serving children who receive subsidies, DHS was unable to provide supporting records to validate that the specified requirements had been met.

Questioned Costs - Not determinable.

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

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

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

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

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

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

Finding Number: 2020-050
Prior Year Finding Number: 2019-051
Compliance Requirement: Special Tests and Provisions - Fraud Detection and Repayment

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

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

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

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

Questioned Costs - Not determinable.

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

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

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

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

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

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

Finding Number: 2020-051
Prior Year Finding Number: N/A
Compliance Requirement: Allowable Costs/Cost Principles - Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

CFDA #: 93.667

Award #: 1801VISOSR, 1901VISOSR-01, 2001VISOSR-02

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

10/01/2018 - 09/30/2020

10/01/2019 - 09/30/2021

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

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

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

Condition - We sampled and selected 60 out of 1,318 payroll transactions and noted 5 timesheets did not contain evidence of review and approval.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS's compliance with the specified requirements using a statistically valid sample. The total amount of payroll expenditures charged to the program in fiscal year 2020 were \$3,519,434.

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

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

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

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

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 Number: 2020-052
Prior Year Finding Number: 2019-053
Compliance Requirement: Cash Management

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

CFDA #: 93.667

Award #: 1801VISOSR, 1901VISOSR-01, 2001VISOSR-02

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

10/01/2018 - 09/30/2020

10/01/2019 - 09/30/2021

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

Condition - We reviewed 7 out of 17 drawdowns and noted the monthly drawdown reconciliations reports were not available for review.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS's compliance with the specified requirements using a statistically valid sample. Total fiscal year 2020 drawdown requests were \$2,950,040.

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

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

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

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

Finding Number: 2020-053
Prior Year Finding Number: N/A
Compliance Requirement: Period of Performance

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

CFDA #: 93.667

Award #: 1801VISOSR, 1901VISOSR-01, 2001VISOSR-02

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

10/01/2018 - 09/30/2020

10/01/2019 - 09/30/2021

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

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

Condition - We sampled and selected 35 out of 289 expenditures and noted that 3 expenditures were incurred outside the liquidation period and did not contain written approval of the Federal awarding agency.

Questioned Costs - \$46,253.

Context - This is a condition identified per review of DHS's compliance with the specified requirements using a statistically valid sample. The known amount of the 3 transactions incurred outside the liquidation period amounted to \$46,253.

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.

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

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

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

Finding Number: 2020-054
Prior Year Finding Number: 2019-056
Compliance Requirement: Reporting

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

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

Criteria - 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 the CMS-21, *Quarterly Children's Health Insurance Program Statement of Expenditures for Title XXI for the Children's Health Insurance Program*, thirty days after the end of the quarter.

Condition - We reviewed 2 out of the 4 quarterly CMS-21 reports submitted during the fiscal year and noted the following:

- Applicable accounts had not been included in the reports.
- Expenditures did not agree with the underlying records.
- Reports did not contain evidence of review or approval prior to submission.
- Reports had not been submitted in a timely manner.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS's 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. Further, DHS does not have adequate control over maintenance of the underlying documentation used in preparing various reports.

Recommendation - We recommend that DHS reevaluate its policies and procedures to ensure proper retention, 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.

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

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 Number: 2020-055
Prior Year Finding Number: N/A
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

CFDA #: 93.767

Award #: 1905VQ5R21, 1905VQ5021

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

10/01/2018 - 09/30/2020

Criteria - In order to receive Medicaid payments, providers of medical services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program. Moreover, in accordance with the disclosure requirements of 42 CFR 455 subpart B, *Disclosure of Information by Providers and Fiscal Agents*, providers that are not practitioners or a group of practitioners are required to disclose certain information when applying to participate in the Children's Health Insurance Program.

Condition - During our review of 60 providers receiving payments during the fiscal year, we noted the following:

- 29 provider agreements had not been reviewed and approved by the provider relations staff.
- 26 provider agreements had not been approved by the Commissioners of both DHS and Department of Property and Procurement (DPP).
- 23 provider agreements were not available for review.
- 3 provider agreements did not contain the proper financial disclosure information as required by the Territory Plan.

Questioned Costs - Not determinable.

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

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

Cause - DHS does not appear to have adequate policies and procedures in place to ensure a consistent and systematic review of documentation and file maintenance.

Recommendation - We recommend that DHS perform regular reviews of the data in its files to ensure accuracy and completeness. DHS should also review its records retention policies to ensure that complete documentation is maintained, safeguarded, and available for review.

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

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

Finding Number: 2020-056
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Children's Health Insurance Program

CFDA #: 93.767

Award #: 1905VQ5R21, 1905VQ5021

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

10/01/2018 - 09/30/2020

Criteria - Regulation 42 CFR 433 Subpart F outlines the requirements that State Medicaid Agencies (SMA) are to follow related to refunding the Federal share of Medicaid overpayments made to providers. Pursuant to 1903(d)(2)(C) of the Social Security Act (the Act) (42 USC 1396b), states have up to one (1) year from the date of discovery of the overpayment to recover or attempt to recover the overpayment before the Federal share must be refunded to CMS via Form CMS-64 regardless of whether recovery is made from the provider. Federal regulations at 42 CFR 457.628 make the regulations at CFR 433.312-433.322 applicable to CHIP, for which the Federal share must be refunded to CMS via Form CMS-21. The state must credit the Federal share to CMS as outlined under 42 CFR 433.320(a)(2) either in the quarter in which the recovery is made or in the quarter in which the one-year period ends following discovery, whichever is earlier, with limited exceptions. Under 42 CFR 433.316(d), for overpayments resulting from fraud, if not collected within one year of discovery, the SMA has until 30 days after the final judgment of a judicial or administrative appeals process to return the Federal share.

Condition - The identification of overpayments to providers and required supporting documents for the timely refund of the Federal share were not available for review.

Questioned Costs - Not determinable.

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

Effect - DHS is not in compliance with the stated provisions. Failure to identify provider overpayments and perform the required refunding of the Federal share 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 identify all overpayments to providers.

Recommendation - We recommend that DHS perform regular reviews of the data in its files to ensure accuracy and completeness. DHS should also review its records retention policies to ensure that complete documentation is maintained, safeguarded, and available for review.

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

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

Finding Number: 2020-057
Prior Year Finding Number: 2019-057
Compliance Requirement: Allowable Costs/Cost Principles - Non-Payroll Activities

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

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

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

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

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

Condition - We sampled and selected 60 out of 299 non-payroll transactions and noted 1 instance where DHS paid a monthly fee for a trailer to store excess furniture and other administrative items that the Medicaid staff no longer needed.

Questioned Costs - Below reporting threshold.

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

Context - This is a condition identified per review of DHS'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 2020 were \$4,693,355.

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

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

Recommendation - We recommend that DHS improve internal controls to ensure adherence to Federal regulations related to the fiscal and administrative requirements for expending and accounting for non-payroll expenditures. In addition, DHS should continue to be vigilant in following internal policies over review 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, 2020

Finding Number: 2020-058
Prior Year Finding Number: 2019-058
Compliance Requirement: Eligibility

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

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

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

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

Condition - In our review of 60 out of 4,455 participant case files, we noted the following:

- For 1 participant, there was no evidence of completed applications.
- For 3 participants, the application had not been processed in a timely manner.
- For 3 participants, there was no documentation in the case file supporting the verification of income requirements.
- For 37 participants, there was no evidence that a recertification had been performed within 12 months.
- For 45 participants, there was no evidence that a review and approval of the eligibility determination had been performed.
- DHS was unable to provide 13 participant case files for our review.

Questioned Costs - Not determinable.

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

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 - 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.

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

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

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

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

Finding Number: 2020-059
Prior Year Finding Number: 2019-059
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

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

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

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

Questioned Costs - Not determinable.

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

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

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

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

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

Government of the United States Virgin Islands

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

Finding Number: 2020-060
Prior Year Finding Number: 2019-060
Compliance Requirement: Reporting

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

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

Criteria - 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 the CMS-64, *Quarterly Statement of Expenditures for the Medicaid Assistance Program*, thirty days after the end of the quarter.

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

- Applicable accounts had not been included in the reports.
- Expenditures did not agree with the underlying records.
- Reports did not contain evidence of review or approval prior to submission.
- Reports had not been submitted in a timely manner.

Questioned Costs - Not determinable.

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

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

Recommendation - We recommend that DHS reevaluate its policies and procedures to ensure proper retention, 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, 2020

Finding Number: 2020-061
Prior Year Finding Number: 2019-061
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
CFDA #: 93.775, 93.778
Award #: Various
Award Period: 10/01/2015 - 09/30/2022

Criteria - The State or Territory plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long-term care institutions. The State or Territory must have: (1) methods or criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures, developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials (42 CFR parts 455, 456, and 1002). Suspected fraud should be referred to the State or Territory Medicaid Fraud Control Unit (42 CFR part 1007).

The State or Territory Medicaid agency must establish and use written criteria for evaluating the appropriateness and quality of Medicaid services. The agency must have procedures for the ongoing post-payment review, on a sample basis, of the need for and the quality and timeliness of Medicaid services. The State or Territory Medicaid agency may conduct this review directly or may contract with a quality improvement organization (QIO).

Condition - DHS does not have the necessary controls or procedures to safeguard against unnecessary utilization of care and services and to identify, investigate, and refer suspected fraud cases.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS's 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, 2020

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, 2020

Finding Number: 2020-062
Prior Year Finding Number: 2019-062
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

CFDA #: 93.775, 93.778

Award #: Various

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

Criteria - The State or Territory Medicaid agency pays for inpatient hospital services and long-term care facility services through the use of rates that are reasonable and adequate to meet the costs that must be incurred by efficiently and economically operated providers. The State or Territory Medicaid agency must provide for the filing of uniform cost reports for each participating provider. These cost reports are used to establish payment rates. The State or Territory Medicaid agency must provide for the periodic audits of financial and statistical records of participating providers. The specific audit requirements will be established by the State or Territory Plan (42 CFR section 447.253).

Condition - DHS provides Medicaid services to eligible Territory residents through inpatient hospitals and long-term care facilities. These hospitals and facilities include various Territory agencies and third-party service providers. The costs incurred by these facilities are summarized in a cost report that is submitted to DHS. DHS awarded a contract in August 2017 for the audit of these cost reports; however, we noted that DHS had not received any audited cost reports for fiscal year 2020.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS's 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, 2020

Finding Number: 2020-063
Prior Year Finding Number: 2019-063
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

CFDA #: 93.775, 93.778

Award #: Various

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

Criteria - State or Territory agencies must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost-effective safeguards are incorporated into new and existing systems. State or Territory agencies must perform risk analyses whenever significant system changes occur. State or Territory agencies shall review the ADP system security of installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures and personnel practices. The State or Territory agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).

Condition - DHS did not perform the required ADP Risk Analysis and System Security Review for the Virgin Islands Benefit Eligibility System (VIBES) to support the Medicaid Program.

Questioned Costs - Not determinable.

Context - This is a condition identified per review of DHS's 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's risk of incomplete or inaccurate data processing, or worse, the risk of fraud, increases.

Cause - DHS'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 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, 2020

Finding Number: 2020-064
Prior Year Finding Number: 2019-064
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

CFDA #: 93.775, 93.778

Award #: Various

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

Criteria - In order to receive Medicaid payments, providers of medical services must be licensed in accordance with Federal, State, and local laws and regulations to participate in the Medicaid program. Moreover, in accordance with the disclosure requirements of 42 CFR 455 subpart B, *Disclosure of Information by Providers and Fiscal Agents*, providers that are not practitioners or a group of practitioners are required to disclose certain information when applying to participate in the Medicaid program.

Condition - During our review of 60 out of 1,143 providers receiving payments during the fiscal year, we noted the following:

- 7 provider agreements had not been reviewed and approved by the provider relations staff.
- 3 provider agreements had not been approved by the Commissioners of both DHS and Department of Property and Procurement.

Questioned Costs - Not determinable.

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

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

Cause - DHS does not appear to have adequate policies and procedures in place to ensure a consistent and systematic review of documentation and file maintenance.

Recommendation - We recommend that DHS perform regular reviews of the data in its files to ensure accuracy and completeness. DHS should also review its records retention policies to ensure that complete documentation is maintained, safeguarded, and available for review.

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

Government of the United States Virgin Islands

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

Finding Number: 2020-065
Prior Year Finding Number: 2019-065
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

CFDA #: 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:

- All 3 reports did not contain evidence of review and approval prior to submission.
- 1 report had not been submitted in a timely manner.
- 1 report where financial information did not agree with the underlying records.

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 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, 2020

Finding Number: 2020-066
Prior Year Finding Number: 2019-066
Compliance Requirement: Special Tests and Provisions - Federal Financial Participation Refunds

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

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

Criteria - Title 42 CFR section 433.40(c), *Refund of Federal Financial Participation (FFP) for Uncashed Checks* states that if a check remains uncashed beyond a period of 180 days from the date it was issued (i.e., the date of the check), it will no longer be regarded as an allowable program expenditure. If the State or Territory has claimed and received FFP for the amount of the uncashed check, it must refund the amount of FFP received.

DHS is required to identify cancelled and uncashed checks beyond a period of 180 days of issuance at the end of each calendar quarter and refund all FFP received for uncashed checks by adjusting the CMS-64 report, *Quarterly Statement of Expenditures for the Medical Assistance Program*.

Condition - We noted that DHS does not have a process in place to identify cancelled or uncashed checks over 180 days after issuance and refund the corresponding FFP in a timely manner.

Questioned Costs - Not determinable.

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

Effect - DHS is not in compliance with regulations which result in untimely refunds of the FFP to the Federal government. There is also potential for disallowed costs that were never refunded due to checks remaining uncashed beyond a period of 180 days from the date of issuance.

Cause - DHS does not have adequate policies and procedures in place to request and review the cancelled and uncashed check report on a quarterly basis as required.

Recommendation - We recommend that DHS comply with the specified requirements and establish adequate policies and procedures to ensure that cancelled and uncashed checks over 180 days from the date of issuance are identified on a quarterly basis and all FFP received for uncashed checks are refunded to the Federal government in a timely manner.

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

Government of the United States Virgin Islands

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

Finding Number: 2020-067
Prior Year Finding Number: N/A
Compliance Requirement: Special Tests and Provisions - Refunding of Federal Share of Medicaid Overpayments to Providers

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

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

Criteria - Regulation 42 CFR 433 Subpart F outlines the requirements that State Medicaid Agencies (SMA) are to follow related to refunding the Federal share of Medicaid overpayments made to providers. Pursuant to 1903(d)(2)(C) of the Social Security Act (the Act) (42 USC 1396b), states have up to one (1) year from the date of discovery of the overpayment to recover or attempt to recover the overpayment before the Federal share must be refunded to CMS via Form CMS-64 regardless of whether recovery is made from the provider. Federal regulations at 42 CFR 457.628 make the regulations at CFR 433.312-433.322 applicable to CHIP, for which the Federal share must be refunded to CMS via Form CMS-21. The state must credit the Federal share to CMS as outlined under 42 CFR 433.320(a)(2) either in the quarter in which the recovery is made or in the quarter in which the one-year period ends following discovery, whichever is earlier, with limited exceptions. Under 42 CFR 433.316(d), for overpayments resulting from fraud, if not collected within one year of discovery, the SMA has until 30 days after the final judgment of a judicial or administrative appeals process to return the Federal share.

Condition - The identification of overpayments to providers and required supporting documents for the timely refund of the Federal share were not available for review.

Questioned Costs - Not determinable.

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

Effect - DHS is not in compliance with the stated provisions. Failure to identify provider overpayments and perform the required refunding of the Federal share 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 identify all overpayments to providers.

Recommendation - We recommend that DHS perform regular reviews of the data in its files to ensure accuracy and completeness. DHS should also review its records retention policies to ensure that complete documentation is maintained, safeguarded, and available for review.

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

Government of the United States Virgin Islands

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

Finding Number: 2020-068
Prior Year Finding Number: N/A
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

CFDA #: 93.775, 93.778

Award #: Various

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

Criteria - States or Territories are required to incorporate 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 was unable to validate that it had downloaded and incorporated the NCCI methodologies into the state Medicaid program.

Questioned Costs - Not determinable.

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

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

Cause - It appears that policies and procedures to ensure that the NCCI methodologies were incorporated into the Medicaid program were not functioning as intended.

Recommendation - We recommend that DHS perform regular reviews of program data to ensure accuracy and completeness. DHS should also review its records retention policies to ensure that complete documentation is maintained, safeguarded, and available for review.

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

Government of the United States Virgin Islands

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

Finding Number: 2020-069
Prior Year Finding Number: N/A
Compliance Requirement: Matching, Level of Effort, Earmarking

Program:

U.S. Department of Homeland Security

Disaster Grants - Public Assistance (Presidentially
Declared Disasters)

CFDA #: 97.036

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

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

09/07/2017 - 09/16/2025

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

Criteria - In accordance with the 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, 2020

Finding Number: 2020-070
Prior Year Finding Number: 2019-068
Compliance Requirement: Reporting

Program:

U.S. Department of Homeland Security

Disaster Grants - Public Assistance (Presidentially
Declared Disasters)

CFDA #: 97.036

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

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

09/07/2017 - 09/16/2025

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

Criteria - 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 (Pub. L. No. 109-282) (Transparency Act) that are codified in 2 CFR Part 170, recipients (i.e., direct recipients) of grants or cooperative agreements who make first tier subawards of \$25,000 or more are required to register in the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System (FSRS) and report subaward data through FSRS.

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

- 1 performance report was not submitted.
- 3 performance reports did not agree to the underlying records.
- 2 performance reports and 1 financial report had not been submitted in a timely manner.
- FFATA reports had not been submitted.

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.

Government of the United States Virgin Islands

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

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, 2020

Finding Number: 2020-071
Prior Year Finding Number: 2019-069
Compliance Requirement: Data Collection Form and Single Audit Reporting Package

Program:

CFDA # 10.551, 10.561	Supplemental Nutrition Assistance Program Cluster
CFDA # 10.557	Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)
CFDA # 12.401	National Guard Military Operations and Maintenance (O&M) Projects
CFDA # 15.875	Economic, Social, and Political Development of the Territories
CFDA # 17.225	Unemployment Insurance
CFDA # 20.205	Highway Planning and Construction Cluster
CFDA # 21.019	Coronavirus Relief Fund
CFDA # 66.418	Construction Grants for Wastewater Treatment Works
CFDA # 66.468	Drinking Water State Revolving Fund Cluster
CFDA # 84.403A	Consolidated Grant to the Outlying Areas
CFDA # 84.938A	Immediate Aid to Restart School Operations
CFDA # 93.356, 93.600	Head Start Cluster
CFDA # 93.563	Child Support Enforcement
CFDA # 93.575	CCDF Cluster
CFDA # 93.667	Social Services Block Grant
CFDA # 93.767	Children's Health Insurance Program
CFDA # 93.775, 93.778	Medicaid Cluster
CFDA # 97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Criteria - The Uniform Guidance in 2 CFR Section 200.512, *Report Submission*, establishes that the audit shall be completed and the data collection form and reporting package shall be submitted to the Federal Audit Clearinghouse (FAC) within the earlier of 30 days after receipt of the auditor's report or nine (9) months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.

Condition - The Government did not comply with the required submission date of the data collection form and reporting package to the FAC for the fiscal year ended September 30, 2020.

Questioned Costs - Not applicable.

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

Effect - The Government could be exposed to a reduction or elimination of funds by the Federal awarding agencies.

Cause - The Government did not have controls in place to ensure that the reporting package was submitted to the FAC within the required timeframe.

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

Government of the United States Virgin Islands

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

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

Management's Appendices



GOVERNMENT OF
THE UNITED STATES VIRGIN ISLANDS
THE OFFICE OF MANAGEMENT AND BUDGET

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August 10, 2023

BDO USA, P.A.
12505 Park Potomac Ave, Suite 700
Potomac, MD 20854


In connection with the Single Audit of the Government of the United States Virgin Islands (the Government) for the year ended September 30, 2020, transmitted herewith is the Fiscal Year 2020 Status of Prior Audit Findings and a Corrective Action Plan in accordance with 2 CFR §200.511, *Audit Findings Follow-Up*. These schedules provide the status of the *Government Auditing Standards* and the Single Audit findings for fiscal years 2020-2012.

The Government's Department of Finance (DOF) and Office of Management and Budget (OMB) have requested department heads to make the required follow-up. OMB has also advised and requested of department heads, a review of outstanding Single Audit findings and to cite 2 CFR §200.511(b)(3) as a means to close the respective audit findings, where applicable, to the respective grants.

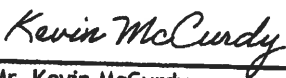
DOF and OMB will continue to work with the departments to ensure audit resolution is received for the unresolved findings listed in the Status of Prior Audit Findings and Corrective Action Plan.


If you have any questions, please contact us.


Respectfully,


Honorable Albert Bryan, Jr.
Governor
United States Virgin Islands


Ms. Jennifer O'Neal
Director, Office of Management and Budget
United States Virgin Islands


Mr. Kevin McCurdy
Commissioner of Finance
United States Virgin Islands


Ms. Clarina Modeste-Elliott
Executive Assistant Commissioner of Finance
United States Virgin Islands


Mr. Nathan Simmonds
Director of Finance and Administration
Virgin Islands Public Finance Authority


Ms. Joy Wheatley
Comptroller
Virgin Islands Public Finance Authority

Status of Prior Audit Findings

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Section I - Financial Statement Findings

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

Deficits in Unrestricted Net Position

Current Status: Repeated. Finding 2020-001.

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 2020-001.

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 2020-001.

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 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.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Finding 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 2020-002.

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 2020-002.

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.

Due from Other Governments

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

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

Reconciliation of Subsidiary Registers

Current Status: Repeated. Finding 2020-003.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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 2020-003.

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 2020-003.

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 is in the final testing stage of implementing online Gross Receipts and Income Tax filing systems. These two online systems will reduce data entry errors.

Real Property Tax

Current Status: Repeated. Finding 2020-003.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: Department of Finance personnel will collaborate with the Office of the Lieutenant Governor to determine and consider the recommendations set forth.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Allowance for Doubtful Accounts

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

Other Revenues

Current Status: Repeated. Finding 2020-003.

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 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 2020-004.

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.

Federal Grants and Contributions

Current Status: Repeated. Finding 2020-004.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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 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 2020-005.

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 the recommendations set forth.

Reconciliation and Review of Subsidiary Registers

Current Status: Repeated. Finding 2020-005.

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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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Construction in Progress (CIP) Monitoring

Current Status: Repeated. Finding 2020-005.

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 2020-005.

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 2020-005.

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.

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

Retroactive Pay Liability

Current Status: Repeated. Finding 2020-006.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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 2020-006.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Department of Health will allocate the requisite resources to properly evaluate the necessary information, which can then be provided to an actuarial service provider for purposes of facilitating the Government in calculating the year-end medical malpractice liability.

Accounts Payable

Current Status: Repeated. Finding 2020-006.

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.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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: Repeated. Finding 2020-006.

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 Bureau of Internal Revenue will revise its methodology in establishing the year-end liability and will continue to monitor the reports to avoid any duplication of reporting.

Landfill Closure and Post Closure Costs Liability

Current Status: Repeated. Finding 2020-006.

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 2020-006.

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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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Finding 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 2020-007.

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.

Utilization Control and Medicaid Fraud Control Unit

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

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

Account Reconciliation Process

Current Status: Repeated. Finding 2020-008.

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 in April 2021 to reconcile the Unemployment Insurance Trust Fund. The Trust Fund is in good standing and being reconciled daily.

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

Plan Valuation Methodology

Current Status: Repeated. Finding 2020-009.

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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 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 2019-010 and 2018-010: Other Postemployment Benefits Obligation

Administration and Recordkeeping

Current Status: Repeated. Finding 2020-010.

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 begun 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.

Finding 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 2020-011.

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: 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.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Overtime Authorization

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

Formalize Emergency Payroll Procedures

Current Status: Repeated. Finding 2020-011

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. The Division of Personnel has also created a master file of the outstanding retroactive pay owed to employees. The Division is working on making the interface more user friendly for inquiries and tracking. Payments can only be made after appropriation is made via legislation.

Transactions with Personnel

Current Status: Repeated. Finding 2020-011.

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.

Supporting Documentation and Reporting for Expenditures

Current Status: Repeated. Finding 2020-011.

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: 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.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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

Strengthen Controls Over Bank Reconciliations

Current Status: Repeated. Finding 2020-012.

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 2020-012.

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 2020-012.

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 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.

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

Current Status: Repeated. Finding 2020-013.

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. The Lieutenant Governor's Office has transitioned and upgraded its systems to address the issue of performing the re-certifications of user access security rights. 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. 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.

Finding 2019-014: Collateral of Depository

Current Status: Repeated. Finding 2020-014.

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.

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

Current Status: Repeated. Finding 2020-015.

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.

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

Current Status: Repeated. Finding 2020-016.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Department of Health will continue to closely monitor the applicable laws related to professional medical malpractice by setting up a separate trust fund to be managed by a licensed broker or brokerage firm and to set up an investment plan approved by the Medical Malpractice Action Review Committee.

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

Current Status: Repeated. Finding 2020-017.

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

Current Status: Repeated. Finding 2020-018.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government 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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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Section II - Federal Award Findings (By Program)

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Human Services (DHS)

Supplemental Nutrition Assistance Program Cluster

CFDA #: 10.551, 10.561

Award #: 1VI400409, 1VI400408

Award Year: 10/01/2017 - 09/30/2018
10/01/2018 - 09/30/2019

Finding 2019-019, 2018-019 and 2017-025: Allowable Costs/Cost Principles - Payroll Activities

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

Finding 2019-020 and 2018-023: Matching, Level of Effort, Earmarking

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

Finding 2019-021, 2018-025, 2017-030, 2016-018: Procurement/Suspension and Debarment

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

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

Current Status: Repeated. Finding 2020-019.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: An EBT Standard Operating Policy and Procedure 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.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Health (DOH)

Special Supplemental Nutrition Program for Women,
Infants, and Children (WIC)
CFDA #: 10.557
Award #: 1VI700708
Award Year: 10/01/17 - 09/30/20

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

Current Status: On-going implementation. DOH and the WIC program will continue having a dialogue with DPP to bring resolution to this deficiency.

Finding 2019-024, 2018-037 and 2017-037: Procurement/Suspension and Debarment

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

Program:

U.S. Department of Defense

Government Department/Agency:

Office of the Adjutant General (OTAG)

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

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

Current Status: Repeated. Finding 2020-020.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: 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 2019-026, 2017-078, 2016-045 and 2015-051: Cash Management

Current Status: Repeated. Finding 2020-021.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

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

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

Current Status: Repeated. Finding 2020-022.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: 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 2019-028, 2017-080 and 2016-047: Period of Performance

Current Status: Repeated. Finding 2020-023.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: OTAG has developed new policies and procedures to address pre-award costs and the 90 days close out process.

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

Current Status: Repeated. Finding 2020-024.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: 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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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of the Interior

Government Department/Agency:

Various

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

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

Current Status: Repeated. Finding 2020-025.

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

Current Status: Repeated. Finding 2020-026.

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: DPP will improve the internal controls to ensure adherence to Federal regulations related to equipment and its related maintenance. OMB and DPP have prepared a report which has addressed the necessary steps to be taken to improve on communication with all departments and/or agencies that are responsible for handling and managing such assets.

Finding 2019-032: Reporting

Current Status: Repeated. Finding 2020-027.

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.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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 Oversight Agency.

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Unemployment Insurance

CFDA #: 17.225

Award #: Various

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

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

Current Status: Repeated. Finding 2020-028.

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: The Virgin Islands Department of Labor (VIDOL) policies and procedures manual will be approved by the U.S. Department of Labor. The policies and procedures will address the ineffective internal controls, and the fiscal and administrative requirements for expending and accounting for all funds relative to the Unemployment Insurance Trust Fund accounts. VIDOL has hired a financial analyst that will be responsible for daily monitoring of the Trust Fund account to ensure compliance with CMIA and Social Security Act clearance and depository regulations.

Finding 2019-034, 2018-040, 2017-073, 2016-059 and 2015-066: Eligibility

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

Finding 2019-035 and 2018-041: Matching, Level of Effort, Earmarking

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

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Environmental Protection Agency

Drinking Water State Revolving Fund Cluster

CFDA #: 66.468

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

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

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

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

Current Status: Repeated. Finding 2020-036.

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: 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.

Finding 2019-037: Cash Management

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

Finding 2019-038: Period of Performance

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

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Consolidated Grant to the Outlying Areas

CFDA #: 84.403A

Award #: S403A150007, S403A160004, S403A170004,
S403A180004

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

07/01/2016 - 09/30/2017

07/01/2017 - 09/30/2018

07/01/2018 - 09/30/2019

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Finding 2019-039: Allowable Costs/Cost Principles - Indirect Cost Activities

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

Finding 2019-040: Cash Management

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

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Justice (DOJ)

Child Support Enforcement

CFDA #: 93.563

Award #: 1901VICSES, 1901VICEST

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

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

Current Status: Repeated. Finding 2020-042.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The fiscal staff will work closely with its Human Resources Division and DOF on the payroll allocation setup. A review of all NOPAs upon issuance will be performed to ensure all payroll codes are coded with the 66/34 federal/local match. On a biweekly basis, the Payroll Operations Manager within the Accounting Division performs reviews of the payroll codes and corrects any discrepancies. Each review verifies all employee's payroll codes are properly coded with the 66/34 match allocations. The reviews are completed before the Department of Finance processes any pay cycle, ensuring the payroll registers are created in the ERP with the correct hours for each employee.

Finding 2019-042 and 2017-064: Allowable Costs/Cost Principles - Indirect Cost Activities

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

Finding 2019-043, 2017-065, 2016-040, 2015-049 and 2014-047: Cash Management

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

Finding 2019-044, 2017-067 and 2016-042: Matching, Level of Effort, Earmarking

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

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

CCDF Cluster

CFDA #: 93.575

Award #: 1701VICCDF, 1801VICCDF, 1901VICCDF

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

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

Current Status: Repeated. Finding 2020-044.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DHS will ensure that all transactions are properly documented and archived with adequate notations/indicators that each transaction has been properly reviewed and approved by appropriate personnel. The review and approval process will include a thorough examination of payment documents to verify that expenditures, including internal authorizations for expenditures such as vouchers, were authorized and expenses incurred within the indicated grant period.

Archived documentation will include supporting evidence of uniform review and approval process that is replicable and reliable and will be retained in accordance with applicable statutory and federal policy retention schedules.

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

Current Status: Repeated. Finding 2020-045.

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: DHS will ensure that all transactions are properly documented and archived with adequate notations/indicators that each transaction has been properly reviewed and approved by appropriate personnel. The STATS time management system is scheduled to go live in fiscal year 2023. Timesheet approvals will be electronic and vetted by the required levels of management.

Finding 2019-047: Eligibility

Current Status: Repeated. Finding 2020-046.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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 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.

The program will implement a quarterly reconciliation and review of participants' folders to verify accuracy of eligibility determinations. The policies and procedures specific to eligibility, will be updated as appropriate to include the record retention requirements in accordance with the Territory plan.

Finding 2019-048: Matching, Level of Effort, Earmarking

Current Status: Repeated. Finding 2020-047.

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: Report generation, review, signing and filing timelines to be implemented to ensure compliance with grant award requirements for respective fiscal years; this will apply to both monthly & quarterly reporting requirements. A review of current procedures for recording of grant expenditures will also be done and updated with recording of required earmark requirements per specific grant guidelines.

Finding 2019-049: Period of Performance

Current Status: Repeated. Finding 2020-048.

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

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

Current Status: Repeated. Finding 2020-049.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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 Office of Child Care and Regulatory Services (OCCRS) is in the process of bolstering staffing to allow for robust deployment of staff with responsibility for all areas of federal compliance. Staff will be assigned to coordinate access to and ensure provider compliance with health and safety requirements through consistent monitoring. Additionally, the Quality Unit has developed a work plan to ensure that providers have options and resources to obtain the indicated federally required training and competencies.

The CCDF program will generate a training schedule and checklist of competencies that address each of the 11 specific areas of health and safety requirements. The program will track completion of each competency and retain proof of completion of training to support verification of provider compliance.

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

Current Status: Repeated. Finding 2020-050.

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 Office of Child Care and Regulatory Services (OCCRS) will establish a schedule of quarterly internal audits conducted by non-OCCRS personnel to review documentation that supports subsidy eligibility and subsidy payments for the purposes of ensuring program integrity. Instances of apparent fraud will be reported for investigation and appropriate actions per OCCRS policies and procedures. In addition, appropriate OCCRS staff will receive training/retraining on the CCDF subsidy eligibility process and ongoing payment processes.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Head Start

CFDA #: 93.600

Award #: 02CH0110576-01, 02CH010576-02

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

07/01/2019 - 06/30/2020

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

Current Status: Repeated. Finding 2020-041.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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 in collaboration with DPP will adhere to Federal regulations related to equipment and its related maintenance. The Office of Management and Budget is also reviewing and following up with the agency leadership of DPP and DHS to validate that the process is updated and maintained to monitor equipment acquired with federal funds.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Social Services Block Grant

CFDA #: 93.667

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

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

10/01/2017 - 09/30/2019

10/01/2018 - 09/30/2020

Finding 2019-053: Cash Management

Current Status: Repeated. Finding 2020-052.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: The Government endeavors to exercise due diligence in requesting all Federal funds consistent with the governing requirements. DHS is now performing drawdowns based on the payment summaries provided by the Department of Finance (DOF) after each bi-weekly check run. DHS will work with DOF to request workflow approval in posting to allow verification that each drawdown posted to the ERP includes the requisite support.

Finding 2019-054: Reporting

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

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Children's Health Insurance Program

CFDA #: 93.767

Award #: 1905VQ5R21, 1905VQ5021

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

10/01/2018 - 09/30/2020

Finding 2019-055 and 2018-053: Activities Allowed or Unallowed

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

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

Current Status: Repeated. Finding 2020-054.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: A vendor has been contracted to perform data review and populate the requisite information in the quarterly financial report and ensure timely submission.

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Medicaid Cluster

CFDA #: 93.775, 93.778

Award #: Various

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

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

Current Status: Repeated. Finding 2020-057.

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: 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.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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

Current Status: Repeated. Finding 2020-058.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DHS 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 2019-059, 2018-061 and 2017-047: Matching, Level of Effort, Earmarking

Current Status: Repeated. Finding 2020-059.

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: DHS will assign resources responsible to ensure periodic monitoring and compliance of the match requirement throughout the fiscal year, provide certification of review, and remain vigilant to improve on internal procedures over reviews and authorizations.

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

Current Status: Repeated. Finding 2020-060.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: A vendor has been contracted to perform data review and populate the requisite information in the quarterly financial report and ensure timely submission.

Finding 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 2020-061.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

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 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 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 2020-062.

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 will continue to work with the contractor to ensure the report is completed.

Finding 2019-063, 2018-067 and 2017-054: Special Tests and Provisions - ADP Risk Analysis and System Security Review

Current Status: Repeated. Finding 2020-063.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: DHS is currently working through the procurement process with DPP in order to identify a new vendor to perform the mandated services.

Finding 2019-064, 2018-068 and 2017-051: Special Tests and Provisions - Provider Eligibility

Current Status: Repeated. Finding 2020-064.

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.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Corrective Action Plan: The provider agreement process has been streamlined to ensure that all approval and documents on file are timely and current. The DHS Medicaid and CHIP Division will be implementing a new computerized Provider Enrollment Application (PEA) which will address the deficiencies identified.

Finding 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: Repeated. Finding 2020-065.

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: 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.

Finding 2019-066, 2018-070 and 2017-050: Special Tests and Provisions - Federal Financial Participation Refunds

Current Status: Repeated. Finding 2020-066.

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 in collaboration with the OMB Compliance Unit will be working on the policy to identify cancelled and uncashed checks beyond 180 days.

Program:

U.S. Department of Homeland Security

Disaster Grants - Public Assistance (Presidentially Declared
Disasters)

CFDA #: 97.036

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

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

09/07/2017 - 09/16/2025

Government Department/Agency:

Virgin Islands Territorial Emergency
Management Agency (VITEMA)

Government of the United States Virgin Islands

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Finding 2019-067: Allowable Costs/Cost Principles - Non-Payroll Activities

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

Finding 2019-068 and 2018-073: Reporting

Current Status: Repeated. Finding 2020-070.

Reason for Recurrence: The Government is focused on improving its procedures. There are areas that were addressed and other areas that are still in the process of implementing new internal controls and procedures. Further, various employee transition issues have impacted the continued progression towards completed remediation.

Corrective Action Plan: VITEMA will implement a Certificate of Review that will be submitted with a Quarterly Progress Report for signature and date upon review by the Territorial Public Assistance Officer (TPAO). This enhancement will prevent recurrence of the finding by providing evidence of review and approval of the report prior to submission as well as the report's submission date.

To help enhance and streamline the compliance system, the Public Assistance Account Supervisor will be assigned to maintain a SharePoint file that contains the signed Certificate of Review and relating reports and supporting documents for accessibility. The Public Assistance Account Supervisor will monitor the progress and effectiveness of the corrective actions by reviewing packages before submission to ensure the signed certificate of review is included in the package. In addition, the PA Account Supervisor will continue to work with the Office of Management and Budget (OMB) as needed to ensure findings are cleared and requirements are met. To expand, enhance and streamline the compliance system, communication continues with FEMA to have the reports submitted to VITEMA for completion within a time frame that will allow the PA Account Supervisor to complete and submit no more than 30 calendar days after the reporting period.

Also, VITEMA will assign a Public Assistance Account Supervisor who will ensure the information submitted is complete, accurate and consistent by obtaining information from Enterprise Resource Planning System (ERP) Flexible Period Reports and the FEMA Payment Management System (PMS). The Public Assistance Account Supervisor uses these reports to ensure the reported information agrees with the underlying financial records.

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Program:

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

Finding 2019-069, 2018-074 and 2017-088: Data Collection Form and Single Audit Reporting Package

Current Status: Repeated. Finding 2020-071.

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: The Government remains committed to and is focusing its efforts towards timely submission of the Data Collection Form and Reporting Package.

Program:

U.S. Department of Agriculture

Government Department/Agency:

Department of Education (DOE)

Child Nutrition Cluster

CFDA #: 10.555, 10.559

Award #: 1VI300308

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

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Finding 2018-030, 2017-019, 2016-068, 2015-068 and 2014-058: Allowable Costs/Cost Principles - Indirect Cost Activities

Current Status: On-going implementation. The Special Nutrition Programs continues to monitor all indirect cost expenditures to ensure that they are paid from the correct grants timely.

The internal log implementation has assisted with the tracking of indirect cost postings forwarded for payment to the Department of Finance. Any discrepancy identified is communicated timely to the responsible entity in DOE to have the adjustment(s) or other necessary action(s) made to the correct account before the respective grant award expiration and subsequent liquidation period.

Finding 2018-031, 2017-020, 2016-069, 2015-069 and 2014-059: Cash Management

Current Status: On-going implementation. DOE will ensure that all drawdowns are reviewed, approved, and reconciled on a monthly basis.

Finding 2018-032, 2017-021, 2016-070, 2015-070 and 2014-060: Equipment/Real Property Management

Current Status: On-going implementation. The Special Nutrition Programs has been in contact with DPP and is receiving updates on the upcoming changes in place to address this finding. DOE will continue to work collaboratively with DPP to ensure adherence to Federal regulations related to equipment and its related maintenance.

Finding 2018-033 and 2017-022: Matching, Level of Effort, and Earmarking

Current Status: On-going implementation. The missing information was not provided due to the storage area being damaged and files destroyed during the Hurricanes occurred in 2017. The State agency will work with the appropriate division in regard to proper storage of files.

Finding 2018-034, 2017-023, 2016-071: Period of Performance

Current Status: On-going implementation. The Program will work with the responsible entity to ensure that all expenditures are properly reviewed prior to approval and ensure that the expenditures are occurred within the period of performance as stipulated by the applicable Grant award document.

Finding 2018-035 and 2017-024: Procurement/Suspension and Debarment

Current Status: On-going implementation. The Program has communicated with DPP regarding the required contract provisions. Both entities are working collaboratively to include the necessary language or changes to ensure that the required provisions are included before execution of the contracts.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of Transportation

Government Department/Agency:

Department of Public Works (DPW)

Highway Planning and Construction Cluster,
CFDA #: 20.205
Award #: Name: Territorial Highway Program
Implementation and Stewardship Agreement
Award Year: 10/01/2016 - 09/30/2020

Finding 2018-042, 2017-070, 2016-050 and 2015-055: Equipment/Real Property Management

Current Status: On-going implementation. DPW is working with the DPP to ensure that all equipment is registered, properly tagged, and reviewed by DPP in a prescribed required timeframe. DPW is also implementing its own asset management system to facilitate the tracking of all its own assets internally. DPW has received approval from DPP to acquire its own asset management software. The contract is currently being executed with the provider to assess, set up, and implement this system during this fiscal year.

Program:

U.S. Department of Education

Government Department/Agency:

Department of Education (DOE)

Special Education - Grants to States (IDEA, Part B)
CFDA #: 84.027
Award #: H027A150004-15A, H027A160004, H027A170004,
H027A180004
Award Periods: 07/01/2015 - 09/30/2016
07/01/2016 - 09/30/2017
07/01/2017 - 09/30/2018
07/01/2018 - 09/30/2019

Finding 2018-044: Matching, Level of Effort, Earmarking

Current Status: On-going implementation. The Maintenance of Effort (MOE) has been met in subsequent years. The Districts in which the MOE information is derived were able to meet the MOE for fiscal years 2019 and prior. Each year, eligibility is ensured by setting the available budget at the level of the previous year's actual expenditures. MOE should be monitored continuously to ensure that the respective Local Education Agencies (LEA) meet compliance. An amendment has been added to the current DOE Maintenance of Effort Policy.

MOE will be evaluated every quarter to ensure that the LEAs can meet compliance. This process is to include a review by the fiscal office certifying that the general ledger data is accurate for the respective period under review. This review and exchange should be done via email and saved properly for analysis and or adjustments.

DOE will ensure eligibility for the MOE by ensuring an adequate amount is made available each year for the LEAs. The LEAs must ensure that they maintain the appropriate levels of effort.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Health (DOH)

Epidemiology and Laboratory Capacity for Infectious
Diseases

CFDA #: 93.323

Award #: CK000377-03

Award Year: 08/01/2014 - 07/31/2019

Finding 2017-060: Cash Management

Current Status: On-going implementation. The DOH's Office of Federal Grants Management (OFGM) has improved its documentation and drawdown process by implementing improved Standard Procedures to outline the steps of the process. There must be a draw request sent to the Senior System Analyst from the Portfolio Representatives. The draw request documents the date the draw is requested, the grant identification, the amount of funding requested, and the explanation of the request. The request and the proof of check cut is sent into Treasury along with the draw request. The mandated turnaround on posting the drawdown is 3 days. Turnaround has improved and posting back to the DOF has improved.

Finding 2017-061: Equipment/Real Property Management

Current Status: On-going implementation. The DOH's Program Directors will maintain an internal listing of all equipment purchased by Federal funds, respective to their Program(s). This listing will be shared with DPP upon their Department annual inspection. DOH will utilize the Federal forms for equipment documentation, as they are required for Program Closeout.

Finding 2017-062: Reporting

Current Status: On-going implementation. A standard letterhead was improved and implemented to identify the DOH's reporting of financial, programmatic, and special reports. All programmatic correspondences, reports, and special requests are signed off by the Program Director and the Deputy Commissioners.

Program:

U.S. Environmental Protection Agency

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Performance Partnership Grants

CFDA #: 66.605

Award #: Various

Award Year: 10/01/2009 - 03/31/2019

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Finding 2017-082: Allowable Costs/Cost Principles - Indirect Cost Activities

Current Status: On-going implementation. The program will ensure that all indirect cost agreements are forwarded to United States Environmental Protection Agency (USEPA) for approval and for any indirect agreement that is not current, DPNR will obtain USEPA written approval to utilize such rates. In addition, the calculation and allocation of all indirect costs, along with the indirect cost analysis supporting spreadsheet, for the determination of the indirect costs is reviewed by the internal auditor and Business Office Director to ensure accuracy.

Finding 2017-083: Cash Management

Current Status: On-going implementation. In fiscal year 2020, an accountant was hired to assist in the drawdown process and to allow for segregation of duties and effective reviews. The drawdown process per the DPNR SOP will be closely followed and the financial staff is working diligently to ensure draws are executed within 30 days after USEPA approves the SF-270 and within the grant period.

Finding 2017-084: Equipment/Real Property Management

Current Status: On-going implementation. Staff has been identified to work closely with the administrative staff of DPP to ensure all fixed asset purchases and the documentation are timely forwarded to the Business Office staff to ensure accurate and complete inventory records. In addition, DPNR is working closely with DPP to ensure that both agencies' records reconcile.

Finding 2017-085: Matching, Level of Effort, Earmarking

Current Status: On-going implementation. A spreadsheet is prepared for all local matches to ensure an accurate calculation and allocation. These documentations are reviewed by the Program Manager, Division Director, and the Director of the Business Office.

Finding 2017-086: Procurement/Suspension and Debarment

Current Status: On-going implementation. All procurement transactions are conducted following the procurement laws per DPNR SOP and DPP manual. However, staff did not properly file and save the documentation that indicated whether the vendors conducting business with the Government are not suspended or debarred. Going forward, staff was mandated to file and store all of the documentation based on the debarment verification.

Finding 2017-087: Reporting

Current Status: On-going implementation. The Director of the Division of Environmental Protection reviews all reports before submission to USEPA. It has been mandated that all reports to all federal agencies be signed by all divisional directors throughout DPNR.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Aging Cluster

CFDA #: 93.044, 93.045, 93.053

Award #: 1601VISOSR, 1501VISOSR, 1401VISOSR

Award Year: 10/01/2015 - 09/30/2018

10/01/2014 - 09/30/2017

10/01/2013 - 09/30/2016

Finding 2016-034: Cash Management

Current Status: On-going implementation. Non-governmental emails are no longer being used. DHS continues to take corrective measures to resolve the cash management issue.

Finding 2016-035: Eligibility

Current Status: On-going implementation. DHS is committed to implementing internal policies and procedures to determine eligibility by developing a checklist of requirements and ensuring that it is consistently used.

Finding 2016-037: Subrecipient Monitoring

Current Status: On-going implementation. The subrecipient monitoring on subgrantees has been implemented with the requirements of reports submission and other performance requirements.

Program:

U.S. Department of Labor

Government Department/Agency:

Department of Labor (VIDOL)

Employment Service Cluster

CFDA #: 17.207, 17.801

Award #: ES260501455A78, ES275221555A78,

ES294431655A78, ES275221555A78, ES260501455A78,

ES246501355A78, DV64, 266241555578

Award Year: 07/01/2014 - 09/30/2017

07/01/2015 - 09/30/2018

07/01/2016 - 07/01/2019

07/01/2015 - 09/30/2018

07/01/2014 - 09/30/2017

07/01/2013 - 09/30/2016

10/01/2015 - 09/30/2016

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.

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Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of Health and Human Services

Government Department/Agency:

Department of Human Services (DHS)

Temporary Assistance for Needy Families Cluster

CFDA #: 93.558

Award #: 1501VITANF

Award Year: 10/01/2014 - 09/30/2015

Finding 2015-020 and 2014-018: Activities Allowed or Unallowed

Current Status: On-going implementation. DHS continues to work with its Federal partners to rectify the issue of funding distribution. A complete historic reconciliation of the account is wrapping up as requested by our Federal partners. This will allow for the funding to be distributed according to the areas of need eliminating overspending in one area and underspending in the other.

Finding 2015-023 and 2014-020: Eligibility

Current Status: On-going implementation. The Department continues to reinforce policies and procedures with staff during regularly scheduled meetings. Additionally, periodic internal audits of the files are completed to ensure compliance.

Finding 2015-024: Equipment/Real Property Management

Current Status: On-going implementation. There was severe staff displacement. Hence, the Department of Human Services continues to move forward in implementing its corrective action plan.

Finding 2015-026 and 2014-022: Special Tests and Provisions - Child Support Non-Cooperation

Current Status: On-going implementation. The Department continues to reinforce policies and procedures with staff during regularly scheduled meetings. Additionally, periodic internal audits of the files are completed to ensure compliance.

Finding 2015-027 and 2014-023: Special Tests and Provisions - Penalty for Refusal to Work

Current Status: On-going implementation. The Department continues to reinforce policies and procedures with staff during regularly scheduled meetings. Additionally, periodic internal audits of the files are completed to ensure compliance.

Finding 2015-028, 2014-025, 2013-017 and 12-14: Special Tests and Provisions - Income Eligibility and Verification System

Current Status: On-going implementation. The implementation project of the new eligibility system is restarting with expected completion in fiscal year 2021. In the interim, DHS staff are periodically retrained on policies and procedures relevant to programmatic rules and regulation.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Program:

U.S. Department of Commerce

Coastal Zone Management Administration Awards

CFDA #: 11.419

Award #: Various

Award Year: 10/01/2014 - 09/30/2015

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Finding 2015-042 and 2014-040: Allowable Costs/Cost Principles - Payroll Activities

Current Status: On-going implementation. The Program continues to ensure that adjustment vouchers are processed on a bi-weekly basis.

Finding 2015-043 and 2014-041: Equipment/Real Property Management

Current Status: On-going implementation. Concerted efforts were implemented to create a record of the equipment that was lost. Despite these challenges, the Department continues to work towards updating its records and reconciling all new equipment purchases going forward.

Finding 2015-045: Reporting

Current Status: On-going implementation. DPNR continues to closely monitor the grantor's electronic system for reporting, so that accessibility issues can be noted early enough to allow for a resolution that will enable timely submission of financial, programmatic, and special reports.

Program:

U.S. Department of Commerce

Coral Reef Conservation Program

CFDA #: 11.482

Award #: NA11NOS4820004/NA13NOS4820011

Award Year: 10/01/2014 - 09/30/2015

Government Department/Agency:

Department of Planning and Natural
Resources (DPNR)

Finding 2015-046 and 2014-044: Allowable Costs/Cost Principles - Payroll Activities

Current Status: On-going implementation. The Program's loss of administrative staff resulted in the incomplete reports of time and effort certifications.

Finding 2015-047: Equipment/Real Property Management

Current Status: On-going implementation. DPNR continues to collaborate with DPP staff to reconcile all equipment purchases within the department.

Government of the United States Virgin Islands

Appendix A: Status of Prior Audit Findings Year Ended September 30, 2020

Finding 2015-048 and 2014-045: Matching, Level of Effort, Earmarking

Current Status: On-going implementation. The Program continues to utilize the Time Distribution for the CZM Director, Accountant, and Grant Manager to track in-kind match associated with this award.

Corrective Action Plan

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
34	2020-001: Financial Position • Deficits in Unrestricted Net Position	The Governor's Financial Team	On-going	The Government is continuing with its recovery efforts of working with federal partners, attracting new industries, improving financial controls, monitoring cash flows, and rebuilding equity.
34	• 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.
35	• 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.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
36	2020-002: Year-End Close Process <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.
37	<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.

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Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
38	2020-003: Revenue and Receivables • 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.
38	• 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.
39	• Tax Return Processing Method	The management team of the Bureau of Internal Revenue; specifically, the Computer Operations and Processing Branches	September 2023	The Bureau is in the final testing stage of implementing online Gross Receipts and Income Tax filing systems. These two online systems will reduce data entry errors.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
39	<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	Department of Finance personnel will collaborate with the Office of the Lieutenant Governor to determine and consider the recommendations set forth.
40	<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.
41	<p>2020-004: Grants Management</p> <ul style="list-style-type: none"> Control Systems Over the Schedule of Expenditures of Federal Awards 	For the Grants Management Module, the Director, Office of Management and Budget and with respect to the SEFA, the Commissioner, Department of Finance	Immediately	<p>The SEFA is prepared by the Department of Finance via a customized report that extracts information from the ERP system. However, the reconciliation of grant expenditures is ostensibly decentralized at the departmental/agency level.</p> <p>As such, departments/agencies are primarily responsible for performing the reconciliation function between grant expenditures and federal financial reports; which, in the long run, will improve the reliability of the SEFA and reporting to grantor agencies.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
42	<ul style="list-style-type: none"> Federal Grants and Contributions 	Department of Finance management, specifically the Director of Treasury	On-going	<p>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> <p>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.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
43	2020-005: Capital Assets and Related Expenditures <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.
44	<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.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
44	<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.
45	<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.
46	<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.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
47	<p>2020-006: Recording of Liabilities</p> <ul style="list-style-type: none"> • Retroactive Pay Liability 	The management team of the Division of Personnel; specifically, the Information Technology Manager, Personnel Records Supervisor, OMB Director, and Budget Analysts	On-going	<p>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.</p> <p>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.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
47	<ul style="list-style-type: none"> Medical Malpractice Liability 	The Commissioner, Department of Health	Fiscal Year 2023	<p>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.</p> <p>The Department of Health will allocate the requisite resources to properly evaluate the necessary information, which can then be provided to an actuarial service provider for purposes of facilitating the Government in calculating the year-end medical malpractice liability.</p>
48	<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	<p>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.</p>

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Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
49	<ul style="list-style-type: none"> Income Tax Refunds Payable 	Bureau of Internal Revenue Team	On-going	The Bureau of Internal Revenue will revise its methodology in establishing the year-end liability and will continue to monitor the reports to avoid any duplication of reporting.
49	<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.
49	<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.
51	<p>2020-007: Management of the Medicaid Program</p> <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.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
				Additionally, the Medicaid Program will work closely to ensure all information is provided relative to the environment for the claims.
52	2020-008: Unemployment Insurance Trust Fund • Account Reconciliation Process	Commissioner, Virgin Islands Department of Labor	On-going	The Virgin Islands Department of Labor (VIDOL) hired a Financial Analyst in April 2021 to reconcile the Unemployment Insurance Trust Fund. The Trust Fund is in good standing and being reconciled daily.
53	2020-009: Workers Compensation Program • 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.

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Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
54	2020-010: Other Postemployment Benefits Obligation <ul style="list-style-type: none"> Administration and Recordkeeping 	Executive Assistant Commissioner, Department of Finance and Division of Personnel	On-going	The Department of Finance has already begun 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.
54	<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.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
56	<p>2020-011: Payroll, Related Accruals, and Other Expenditures</p> <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	Fiscal Year 2021	<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>
56	<ul style="list-style-type: none"> • Formalize Emergency Payroll Procedures 	The management team of the Division of Personnel and Department of Finance; specifically, Director of Payroll	On-going	<p>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. The Division of Personnel has also created a master file of the outstanding retroactive pay owed to employees. The Division is working on making the interface more user friendly for inquiries and tracking. Payments can only be made after appropriation is made via legislation.</p>

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
57	<ul style="list-style-type: none"> Transactions with Personnel 	The management team of the Office of the Governor and Department of Finance	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.
57	<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.
58	<p>2020-012: Bank Accounts</p> <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	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.

Government of the United States Virgin Islands

Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
59	<ul style="list-style-type: none"> Cash Pooling and Allocation(s) 	The management team of the Department of Finance; specifically, the Deputy Commissioner and Director of Treasury	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 that bank reconciliations are prepared timely as we continue to strive to improve the link between the confirmed cash account balances and cash balance per fund presented within the year-end financial statements.
59	<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.
60	2020-013: Information Technology (IT) Environment <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	On-going	Several enhancements have been made in alignment with correspondences to end users. Continuation of improvements is well underway. The Lieutenant Governor's Office has transitioned and upgraded its systems to address the issue of performing the re-certifications of user access security rights.

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Appendix B: Corrective Action Plan Year Ended September 30, 2020

Page Number	Finding	Contact	Estimated Completion Date	Corrective Action
61	<ul style="list-style-type: none"> Proactive Approach to Cybersecurity 	<p>Assistance of the Department of Human Services, and the Department of Finance</p> <p>BIT Director and Assistant Director to include all MIS Team leaders</p>	On-going	<p>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. 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> <p>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.</p>
62	2020-014: 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.
63	2020-015: 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.

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64	2020-016: Establishment of a Medical Malpractice Trust Fund	Commissioner, Department of Health and Medical Malpractice Action Review Committee	On-going	The Department of Health will continue to closely monitor the applicable laws related to professional medical malpractice by setting up a separate trust fund to be managed by a licensed broker or brokerage firm and to set up an investment plan approved by the Medical Malpractice Action Review Committee.
65	2020-017: 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.
66	2020-018: 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.
67	2020-019: Special Tests and Provisions - EBT Card Security	SNAP Administrator	September 2023	An EBT Standard Operating Policy and Procedure 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.
68	2020-020: Allowable Costs/ Cost Principles - Payroll Activities;	Director of Administration and Business Management	January 2021	OTAG has developed new policies and procedures to address pre-award costs and the 90 days close out process.

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	Period of Performance			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.
69	2020-021: Cash Management	Director of Administration and Business Management	January 2021	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.
70	2020-022: Matching, Level of Effort, Earmarking	Director of Administration and Business Management	January 2021	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.
71	2020-023: Period of Performance	Director of Administration and Business Management	January 2021	OTAG has developed new policies and procedures to address pre-award costs and the 90 days close out process.
72	2020-024: Reporting	Director of Administration and Business Management	January 2021	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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73	2020-025: Cash Management	OMB Federal Grants Management Unit Team Lead	Immediately	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.
74	2020-026: Equipment/Real Property Management	Commissioner of DPP and respective Agency Heads throughout the Government	On-going	DPP will improve the internal controls to ensure adherence to Federal regulations related to equipment and its related maintenance. OMB and DPP have prepared a report which has addressed the necessary steps to be taken to improve on communication with all departments and/or agencies that are responsible for handling and managing such assets.
75	2020-027: Reporting	OMB Federal Grants Management Unit Team Lead	On-going	The Government will monitor closely every report submitted for completeness, accuracy, dates, and consistency with specified guidelines/policies and procedures promulgated by the Oversight Agency.
76	2020-028: Activities Allowed or Unallowed	Financial Analyst and Department of Labor Commissioner	On-going	<p>The Virgin Islands Department of Labor (VIDOL) policies and procedures manual will be approved by the U.S. Department of Labor. The policies and procedures will address the ineffective internal controls, and the fiscal and administrative requirements for expending and accounting for all funds relative to the Unemployment Insurance Trust Fund accounts.</p> <p>VIDOL has hired a financial analyst that will be responsible for daily monitoring of the Trust Fund account to ensure compliance with CMIA and Social Security Act clearance and depository regulations.</p>

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77	2020-029: Special Tests and Provisions: UI Reemployment Programs: RESEA	Commissioner, Department of Labor	Immediately	VIDOL will endeavor to receive prior approval in the future for any such exceptions.
79	2020-030: Allowable Costs/Cost Principles - Payroll Activities	Commissioner, DOF and OMB Director	October 2024	OMB will work with the Department of Finance and its Payroll Division to ensure that the accounting for payroll expenditures is aligned with Federal regulations.
81	2020-031: Reporting	OMB, Federal Grants Management Unit Lead	Immediately	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.
82	2020-032: Subrecipient Monitoring	OMB, Federal Grants Management Unit Lead	Immediately	The Office of Management and Budget will implement internal controls to monitor all subrecipients adequately. These controls will include increased training in subrecipient monitoring, subrecipient monitoring checklists, and quarterly subrecipient monitoring reports to the Director.
84	2020-033: Cash Management	Commissioner, DPW	May 2023	DPW will follow up periodically with each agency involved in the Memorandum of Agreements (MOA) generation process to maintain a timely turnaround time for input and overall delivery time to EPA/Federal agency, as applicable.

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85	2020-034: Reporting	Commissioner, DPW	May 2023	<p>DPW will reinforce policies and procedures with staff. Additional training and periodic (monthly/quarterly) internal audits of the reports will be conducted to ensure compliance.</p> <p>For the MBE/WBE Utilization Under Federal Grants and Cooperative Agreements report, DPW will review the policy/procedure for improvement(s), as applicable and its filing and retention practices for said reports.</p>
86	2020-035: Special Tests and Provisions - Wage Rate Requirements	Construction Projects Administrator	May 2023	DPW will reinforce policies and procedures with staff and periodic (monthly/quarterly) internal audits of the reports to ensure all requirements are maintained.
87	2020-036: Allowable Costs/Cost Principles - Payroll Activities	Personnel Relations Administrator; Director of Business and Administrative Services; Federal Grants Manager; and Internal Auditor	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 Standard Operating Policies & Procedures, provide training to staff, and enforce approved policies & procedures.
89	2020-037: Period of Performance	Deputy Commissioner of Fiscal and Administrative Services	On-going	DOE will continue to exercise due diligence in ensuring all transactions and costs involving Federal funds comply with the terms and conditions of the Federal grant award and are recorded appropriately. In addition, DOE will continue to reevaluate its policies and procedures to ensure that all grant requirements are met timely.

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90	2020-038: Reporting	Commissioner, DOE; Assistant Commissioner of Fiscal & Administrative Services; and Federal Grants Director	Immediately	DOE will implement policies and procedures to ensure that the FFATA reporting requirements are performed accurately and timely. In addition, the reports will be reviewed by the appropriate officials to ensure completeness before final submission within the required timeframe.
91	2020-039: Allowable Costs/Cost Principles - Indirect Cost Activities	Commissioner, DOE; Assistant Commissioner of Fiscal & Administrative Services; and Federal Grants Director	On-going	DOE will implement policies and procedures to ensure that the cost allocations are reviewed and the information is accurate. Where revisions are required, it will be revisited to avoid overstatements.
92	2020-040: Allowable Cost/Cost Principles - Payroll Activities	Chief Financial Officer, DHS	July 2023	<p>DHS will ensure that all transactions are properly documented and archived with adequate notations/indicators that each transaction has been properly reviewed and approved by appropriate personnel.</p> <p>The STATS time management system is scheduled to go live in fiscal year 2023. Timesheet approvals will be electronic and vetted by the required levels of management.</p>
94	2020-041: Equipment/Real Property Management	Commissioner, DPP and Chief Financial Officer, DHS	On-going	DHS in collaboration with DPP will adhere to Federal regulations related to equipment and its related maintenance. The Office of Management and Budget is also reviewing and following up with the agency leadership of DPP and DHS to validate that the process is updated and maintained to monitor equipment acquired with federal funds.

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96	2020-042: Allowable Costs/ Cost Principles - Payroll Activities	Payroll Operations Manager; Human Resource Director; Human Resources Manager; Chief Financial Officer; Fiscal and Budget Manager; and Federal Grants Coordinating Specialist	May 2023	The fiscal staff will work closely with its Human Resources Division and DOF on the payroll allocation setup. A review of all NOPAs upon issuance will be performed to ensure all payroll codes are coded with the 66/34 federal/local match. On a biweekly basis, the Payroll Operations Manager within the Accounting Division performs reviews of the payroll codes and corrects any discrepancies. Each review verifies all employee's payroll codes are properly coded with the 66/34 match allocations. The reviews are completed before the Department of Finance processes any pay cycle, ensuring the payroll registers are created in the ERP with the correct hours for each employee.
98	2020-043: Allowable Costs/Cost Principles - Non-Payroll Activities	Federal Grants Coordinating Specialist; Chief Financial Officer; and Fiscal and Budget Manager	March 2021	<p>DOJ will enforce its policy where all invoices are sent directly to the fiscal unit for processing. The Federal Grants Coordinating Specialist reviews the invoices for accuracy and verification of services/supplies provided to the Agency. Once verification is completed, the invoice is approved by the Federal Grants Coordinating Specialist and forwarded to a fiscal staff to be entered into the ERP for payment.</p> <p>The Chief Financial Officer and the Fiscal and Budget Manager also verify all invoices contain evidence of approval before invoices are forwarded to the Department of Finance for payment. The Federal Grants Coordinating Specialist reminds staff and vendors of the invoicing policy and ensures all invoices contain approval before submission into the ERP. The Federal Grants Coordinating Specialist reviews all non-payroll expenditures to be entered into the ERP.</p>

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100	2020-044: Allowable Costs/Cost Principles - Non-Payroll Activities	Chief Financial Officer and Commissioner, DHS	October 2023	<p>DHS will ensure that all transactions are properly documented and archived with adequate notations/indicators that each transaction has been properly reviewed and approved by appropriate personnel. The review and approval process will include a thorough examination of payment documents to verify that expenditures, including internal authorizations for expenditures such as vouchers, were authorized and expenses incurred within the indicated grant period.</p> <p>Archived documentation will include supporting evidence of uniform review and approval process that is replicable and reliable and will be retained in accordance with applicable statutory and federal policy retention schedules.</p>
102	2020-045: Allowable Costs/Cost Principles - Payroll Activities	Chief Financial Officer, DHS	July 2023	DHS will ensure that all transactions are properly documented and archived with adequate notations/indicators that each transaction has been properly reviewed and approved by appropriate personnel. The STATS time management system is scheduled to go live in fiscal year 2023. Timesheet approvals will be electronic and vetted by the required levels of management.
104	2020-046: Eligibility	Assistant Commissioner, DHS	July 2023	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.

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				The program will implement a quarterly reconciliation and review of participants' folders to verify accuracy of eligibility determinations. The policies and procedures specific to eligibility, will be updated as appropriate to include the record retention requirements in accordance with the Territory plan.
105	2020-047: Matching, Level of Effort, Earmarking	Assistant Commissioner, DHS	Immediately	Report generation, review, signing and filing timelines to be implemented to ensure compliance with grant award requirements for respective fiscal years; this will apply to both monthly & quarterly reporting requirements. A review of current procedures for recording of grant expenditures will also be done and updated with recording of required earmark requirements per specific grant guidelines.
107	2020-048: Period of Performance	Chief Financial Officer, DHS	On-going	As part of the closeout process, all open purchase orders are now submitted to the Department of Finance to be closed. Additionally, the grant closeout process has now shifted to the OMB to ensure the grant is no longer available for transactions entries or liquidations.
108	2020-049: Special Tests and Provisions - Health and Safety Requirements	Assistant Commissioner, DHS	Immediately	The Office of Child Care and Regulatory Services (OCCRS) is in the process of bolstering staffing to allow for robust deployment of staff with responsibility for all areas of federal compliance. Staff will be assigned to coordinate access to and ensure provider compliance with health and safety requirements through consistent monitoring. Additionally, the Quality Unit has developed a work plan to ensure that providers have options and resources to obtain the indicated federally required training and competencies.

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				The CCDF program will generate a training schedule and checklist of competencies that address each of the 11 specific areas of health and safety requirements. The program will track completion of each competency and retain proof of completion of training to support verification of provider compliance.
109	2020-050: Special Tests and Provisions - Fraud Detection and Repayment	Administrator, Office of Child Care & Regulatory Services	June 2023	The Office of Child Care and Regulatory Services (OCCRS) will establish a schedule of quarterly internal audits conducted by non-OCCRS personnel to review documentation that supports subsidy eligibility and subsidy payments for the purposes of ensuring program integrity. Instances of apparent fraud will be reported for investigation and appropriate actions per OCCRS policies and procedures. In addition, appropriate OCCRS staff will receive training/retraining on the CCDF subsidy eligibility process and ongoing payment processes.
110	2020-051: Allowable Costs/Cost Principles - Payroll Activities	Chief Financial Officer, DHS	July 2023	DHS will ensure that all transactions are properly documented and archived with adequate notations/indicators that each transaction has been properly reviewed and approved by appropriate personnel. The STATS time management system is scheduled to go live in fiscal year 2023. Timesheet approvals will be electronic and vetted by the required levels of management.

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112	2020-052: Cash Management	Chief Financial Officer, DHS and Director of Accounting, DOF	July 2023	The Government endeavors to exercise due diligence in requesting all Federal funds consistent with the governing requirements. DHS is now performing drawdowns based on the payment summaries provided by the Department of Finance (DOF) after each bi-weekly check run. DHS will work with DOF to request workflow approval in posting to allow verification that each drawdown posted to the ERP includes the requisite support.
113	2020-053: Period of Performance	Chief Financial Officer, DHS	On-going	As part of the closeout process, all open purchase orders are now submitted to the Department of Finance to be closed. Additionally, the grant closeout process has now shifted to the OMB to ensure the grant is no longer available for transactions entries or liquidations.
114	2020-054: Reporting	Chief Financial Officer, DHS	Immediately	A vendor has been contracted to perform data review and populate the requisite information in the quarterly financial report and ensure timely submission.
116	2020-055: Special Tests and Provisions - Provider Eligibility	Director of Operations and Medicaid Director	August 2023	The provider agreement process has been streamlined to ensure that all approval and documents on file are timely and current. DHS will be implementing a new computerized Provider Enrollment Application (PEA) which will address the deficiencies identified.
117	2020-056: Special Tests and Provisions - Refunding of Federal Share of CHIP Overpayments to Providers	Medicaid Director	October 2023	DHS will review and update the policies and procedures to validate the functionality of capturing all overpayments to providers are functioning effectively. DHS will have the contractor, Gainwell Technology, submit reports as a measure of strengthening internal controls.

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118	2020-057: Allowable Costs/Cost Principles - Non-Payroll Activities	Medicaid Director and Chief Financial Officer	July 2023	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.
120	2020-058: Eligibility	Director of Operations and Medicaid Director	October 2023	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.
122	2020-059: Matching, Level of Effort, Earmarking	Medicaid Director and Chief Financial Officer	Immediately	DHS will assign resources responsible to ensure periodic monitoring and compliance of the match requirement throughout the fiscal year, provide certification of review, and remain vigilant to improve on internal procedures over reviews and authorizations.
123	2020-060: Reporting	Medicaid Director	Immediately	A vendor has been contracted to perform data review and populate the requisite information in the quarterly financial report and ensure timely submission.
124	2020-061: Special Tests and Provisions - Utilization Control and Program Integrity	Medicaid Director and Deputy Commissioner, Human Resources	December 2023	DHS has recruited a candidate as a full-time Director of Program Integrity position who will establish the Quality Control Unit 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.

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126	2020-062: Special Tests and Provisions - Inpatient Hospital and Long-Term Care Facility Audits	Chief Financial Officer; Medicaid Director; and Contract Administrator	September 2023	DHS will continue to work with the contractor to ensure the report is completed.
127	2020-063: Special Tests and Provisions - ADP Risk Analysis and System Security Review	MIS Manager; Contract Administrator; and Medicaid Director	September 2023	DHS is currently working through the procurement process with DPP in order to identify a new vendor to perform the mandated services.
128	2020-064: Special Tests and Provisions - Provider Eligibility	Director of Operations and Medicaid Director	Immediately	<p>The provider agreement process has been streamlined to ensure that all approval and documents on file are timely and current.</p> <p>The DHS Medicaid and CHIP Division will be implementing a new computerized Provider Enrollment Application (PEA) which will address the deficiencies identified.</p>
129	2020-065: Special Tests and Provisions - Medicaid Fraud Control Unit	Department of Justice and Medicaid Fraud Control Unit Director	July 2023	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.

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				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.
130	2020-066: Special Tests and Provisions - Federal Financial Participation Refunds	Chief Financial Officer, DHS	October 2023	DHS in collaboration with the OMB Compliance Unit will be working on the policy to identify cancelled and uncashed checks beyond 180 days.
131	2020-067: Special Tests and Provisions - Refunding of Federal Share of Medicaid Overpayments to Providers	Medicaid Director	July 2023	DHS will review and update the policies and procedures to validate the functionality of capturing all overpayments to providers are functioning effectively. DHS will have the contractor, Gainwell Technology, submit reports as a measure of strengthening internal controls.
132	2020-068: Special Tests and Provisions - Medicaid National Correct Coding Initiative	Medicaid Director and Chief Financial Officer	July 2023	DHS will work towards implementing internal controls to ensure that the NCCI methodologies are incorporated in the Medicaid Program.
133	2020-069: 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.

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134	2020-070: Reporting	Public Assistance Account Supervisor	On-going	<p>VITEMA will implement a Certificate of Review that will be submitted with a Quarterly Progress Report for signature and date upon review by the Territorial Public Assistance Officer (TPAO). This enhancement will prevent recurrence of the finding by providing evidence of review and approval of the report prior to submission as well as the report's submission date.</p> <p>To help enhance and streamline the compliance system, the Public Assistance Account Supervisor will be assigned to maintain a SharePoint file that contains the signed Certificate of Review and relating reports and supporting documents for accessibility. The Public Assistance Account Supervisor will monitor the progress and effectiveness of the corrective actions by reviewing packages before submission to ensure the signed certificate of review is included in the package. In addition, the PA Account Supervisor will continue to work with the Office of Management and Budget (OMB) as needed to ensure findings are cleared and requirements are met. To expand, enhance and streamline the compliance system, communication continues with FEMA to have the reports submitted to VITEMA for completion within a time frame that will allow the PA Account Supervisor to complete and submit no more than 30 calendar days after the reporting period. Also, VITEMA will assign a Public Assistance Account Supervisor who will ensure the information submitted is complete, accurate and consistent by obtaining information from Enterprise Resource Planning System (ERP) Flexible Period Reports and the FEMA Payment Management System (PMS).</p>

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				The Public Assistance Account Supervisor uses these reports to ensure the reported information agrees with the underlying financial records.
136	2020-071: Data Collection Form and Single Audit Reporting Package	Senior Compliance Manager, OMB	Immediately	The Government remains committed to and is focusing its efforts towards timely submission of the Data Collection Form and Reporting Package.