

**Virgin Islands Public Finance
Authority**
**(A Blended Component Unit of the
Government of the U.S. Virgin Islands)**

Government Auditing Standards Report on
Internal Control Over Financial Reporting
and on Compliance and Other Matters
Year Ended September 30, 2022

Virgin Islands Public Finance Authority
(A Blended Component Unit of the Government of the U.S. Virgin Islands)

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Tel: 301-354-2500
Fax: 301-354-2501
www.bdo.com

12505 Park Potomac Ave, Suite 700
Potomac, MD 20854

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 Board of Directors
Virgin Islands Public Finance Authority

We have audited, in accordance with the 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 Virgin Islands Public Finance Authority (the “Authority”), a blended component unit of the Government of the U.S. Virgin Islands, which comprise the statement of net position as of September 30, 2022, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 8, 2025. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters for The West Indian Company Limited and viNGN INC. d/b/a Virgin Islands Next Generation Network which is reported separately by us.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority’s internal control.

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. *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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying Appendix A as item 2022-001 that we consider to be a significant deficiency.



Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The Authority's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the findings identified in our audit and described in the accompanying Appendix A. The Authority's response was not subjected to the other 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

BDO USA, P.C.

April 8, 2025

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Appendix A - Significant Deficiencies in Internal Control Over Financial Reporting

Criteria:

Accounting tasks, such as periodic reconciliations, are essential for ensuring the accuracy and integrity of accounting data and information included in various interim financial statements and reports. These tasks help verify that financial records are complete and free from material misstatements.

Condition:

During the audit process, three adjusting entries were necessary to accurately reflect accounts payable and related accruals balances in the financial statements. These adjustments, which were recorded in the financial statements, addressed the following issues:

- Discrepancies between vendor confirmations and the accounts payable ledger.
- Two instances of accrual errors: one involving an overaccrual and another where an accrual was recorded in an incorrect period.

Cause:

The adjustments found appear to be the result of internal controls not being performed at the appropriate level of precision to prevent, or detect and correct, financial statement misstatements.

Effect or Potential Effect:

Future errors in the financial records and financial statements can occur.

Recommendation:

We suggest considering the enhancement of the reconciliation process to include more frequent reviews and adjustments of accounts payables and accruals. It may be beneficial for management to explore ways to improve the alignment between vendor confirmations and recorded liabilities, ensuring greater accuracy and reliability in financial reporting.

Views of Responsible Officials:

The Authority concurs with the auditor's findings and recommendations.

Action Plan: We acknowledge this issue and have already taken aggressive action to correct the accrual misstatements by adjusting our financial reports and implementing revised internal controls. To prevent similar issues in the future, we are enhancing our financial reporting procedures to include a more stringent review process of accruals to include midyear and yearend reviews with vendors to ensure greater accuracy and reliability of accruals.

Implementation Date: Fiscal Year 2025

Person(s) Responsible: Comptroller