



Legislature of the Virgin Islands

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POST AUDIT DIVISION

July 7, 2016

COMMITTEE ON FINANCE

Fiscal Year 2017

Budget Hearings

DEPARTMENT OF LICENSING & CONSUMER AFFAIRS

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INTRODUCTION

Created to advise, represent, protect, guide and educate the public on issues affecting consumers, the Department of Licensing and Consumer Affairs (DLCA) enforces all laws relating to unfair business practices, retail sales advertising, franchised businesses, weights and measures, and issues affecting consumers. Established under Virgin Islands Code Title 3, Chapter 16, but currently operates as mandated by V.I.C. Title 27, the DLCA’s mission entails,

- The issuance of business license
- Ensuring compliance with the Territory’s licensing laws
- Offer consumer protection through assistance, education and enforcement of the territory’s consumer protection laws

YEAR IN REVIEW

Act No. 7758 which provided funds for the operation of the Government of the Virgin Islands during the Fiscal Year ending September 30, 2016 appropriated the sum of **\$3,236,003** for DLCA’s’ operations from the General Fund.

DEPARTMENT OF LICENSING & CONSUMER AFFAIRS
Fiscal Year 2016
Appropriation Summary - General Fund
Exhibit I

Operations	Funding
Personnel & Fringe	\$ 2,432,903
Operating Expense	330,600
Utilities	72,500
Enforcement, Management and Other Critical Vacancies	400,000
Utilities	100,000
<i>FY 2016 TOTAL - DLCA</i>	<i>\$3,236,003</i>
<i>OMB Budget Allotment Log</i>	
<i>Allotment as of May 25, 2016</i>	<i>\$2,568,690</i>
Unallotted Amount	874,208

FISCAL YEAR 2017 BUDGET SUMMARY

The Governor has recommended a General Fund appropriation of **\$3,831,510** for fiscal year 2017. This represents a **18.4%** increase of **\$555,507** above fiscal year 2016 appropriation of **\$3,236,003**. Additionally, the department is slated to receive *funding* in the amount of **\$400,147** for total funding of **\$4,231,657** for fiscal year 2017. An overview of the DLCA’s Financial Summary as recommended by the Governor has been listed *Exhibit II*.

DEPARTMENT OF LICENSING & CONSUMER AFFAIRS

Financial Summary

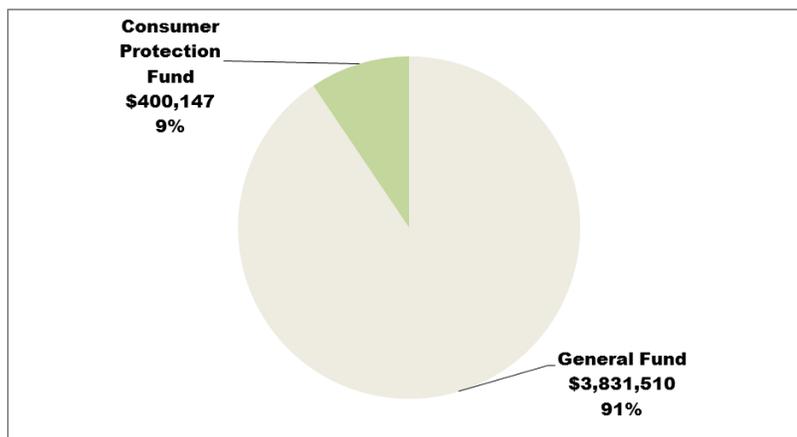
Fiscal Year 2015 through Fiscal Year 2017

Exhibit II

Description	FY 2015 Expenditure	FY 2016 Budgeted	FY 2017 Recommendation	Variance	% Chg
<i>Appropriated Funds:</i>					
General Fund:					
Personnel Services	\$ 1,550,694	\$ 1,955,730	\$ 2,253,716	297,986	15%
Fringe Benefits	724,967	877,173	937,886	60,713	7%
Supplies	16,697	20,000	20,000	-	-
Other Services	433,416	310,600	493,908	183,308	59%
Utilities	95,508	72,500	86,000	13,500	19%
Capital Projects	48,569	-	40,000	40,000	100%
Total General Fund	\$ 2,869,851	\$ 3,236,003	\$ 3,831,510	555,507	18.4%
Total Appropriated Funds	\$2,869,851	\$3,236,003	\$3,831,510	555,507	18.4%
<i>Non-Appropriated Funds:</i>					
Consumer Protection:					
Personnel Services	\$ -	\$ 46,067	\$ 46,067	0	0%
Fringe Benefits	3,979	29,220	29,367	147	.5%
Supplies	44,356	39,079	36,500	(2,579)	(7%)
Other Svcs. & Chgs.	207,461	303,153	268,213	(34,940)	(12%)
Capital Outlays	67,944	20,000	20,000	-	-
Total Consumer Protection Fund	\$323,740	\$437,519	\$400,147	558,135	(8.5)%
GRAND TOTAL	\$3,193,591	\$3,673,522	\$4,231,657	483,391	15.9%

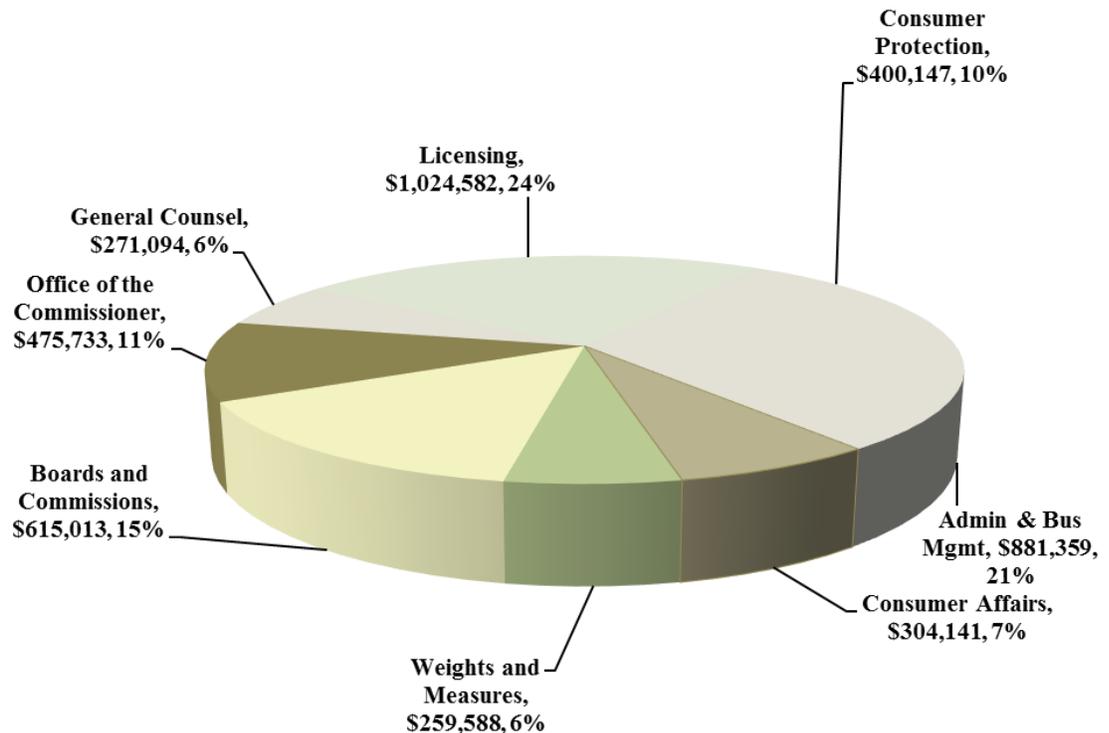
➤ Local Fund: Consumer Protection Fund

Exhibit IIa



The fiscal year 2017 Executive Budget comprises two funds (*see Exhibit IIa*) and projects a General Fund appropriation level of 18.4% above fiscal year 2016, as such, the Post Audit Division’s analysis of DLCA will include a presentation of the following 8 functional areas within the Department.

Department of Licensing & Consumer Affairs
General Fund Allocation by Function
Fiscal Year 2017
Exhibit III



For Fiscal Year 2017, the department’s strategic goal is to ***“Improve operational effectiveness and efficiency through enforcement of licensing and protection laws to ensure safe and reliable regulated industries”*** This goal is being supported by the following performance goals:

- Ensure that all businesses operating in the Territory are in compliance with the licensing and consumer laws of the U.S. Virgin Islands
- Protect and represent consumers
- Educate community to be informed and responsible consumers

Department of Licensing & Consumer Affairs

Divisions

Exhibit IV

Divisions	
<i>Boards and Commissions</i>	The Boards and Commissions Office provides administrative, budgetary and clerical assistance to nine (9) professional boards under the jurisdiction of DLCA.
<i>Office of the Commissioner</i>	The office conducts overall planning and implementation of policies relating to consumer protection and awareness for the safety of the citizens of the U.S. Virgin Islands.
<i>General Counsel</i>	Provides legal assistance to the various divisions throughout the department; resolves legal issues that may arise as well as represents the department and consumers on legal matters.
<i>Licensing</i>	Responsible for issuing business licenses in the Virgin Islands, collection of license fees, educating the public, and enforcement of all laws relating to such businesses, except when these powers are conferred on another agency or person by law.
<i>Consumer Protection</i>	Responsible for the development and implementation of community activities to inform the public, address consumer complaints and monitor businesses for compliance with consumer protection laws.
<i>Administration and Business Management</i>	The Office of Business Administration is responsible for all budgeting, accounting, payroll, procurement and personnel operations of the Department. The Office of Administration monitors and manages the General Fund and various revolving and special appropriated funds.
<i>Consumer Affairs</i>	Operates with an objective of strengthening the lines of communication with the general public.
<i>Weights and Measures</i>	Responsible for establishing measurement standards and ensuring that all commercial weighing and measuring devices used in the Territory are accurate. The division also enforces all laws and regulations pertaining to weights and measures such as food freshness, net contents of packaged goods, advertising practices, and unit pricing.

ASSESSING THE DEPARTMENT OF LICENSING & CONSUMER AFFAIRS

Exhibit V provides a brief comparison of *Expenditures* for fiscal year’s 2014, 2015 and 2016 through April 30, 2016.

DEPARTMENT OF LICENSING & CONSUMER AFFAIRS
Expenditures Report: Fiscal Year’s 2014 through 2016
Exhibit V

	Description	FY 2014 Expenditure	FY 2015 Expenditure	FY 2016 Expenditure to Date
	Personnel Services	\$1,609,941	\$1,550,694	\$975,003
	Fringe Benefits	717,073	724,967	422,185
	Supplies	24,820	16,697	2,276
	Other Svs & Chgs	498,412	433,416	146,125
	Utilities	99,176	95,508	27,608
	Capital Projects	136,322	48,569	-
	Total Expenditures	\$3,085,744	\$2,869,851	\$1,573,197

A quick comparison of the Department’s expenditure for fiscal years 2014 and 2015 shows a 7% decrease in total expenditures of **\$215,893**. Additionally, the line item category of “*Personnel Services*” experienced a 4% decrease of **\$59,247** in fiscal year 2015. A comparative analysis of the various components of “*Personnel Services*” has been listed in *Exhibit VI*.

Department of Licensing & Consumer Affairs
Personnel Services
Exhibit VI.

PERSONNEL SERVICES	FY 2015	FY 2016	FY 2017
Classified Employee Salaries	\$805,596	\$1,018,730	\$1,108,384
Unclassified Employee Salaries	386,523	597,000	785,000
Temp/Part Time Salaries	2,325	-	-
Overtime Salaries	-13,771	-	-
Night Differential Comp	-	-	-
Other Differential Comp	7,832	-	-
Lump Sum Salaries	17,219	310,000	330,332
Fees & Compensation NOC	59,184	30,000	30,000
Holiday Pay	98,336	-	-
Sick Pay	83,115	-	-
Accrued Leave Pay	103,325	-	-
Health Insurance Premium	1,100	-	-
TOTAL Personnel Services	\$1,550,694	\$1,955,730	\$2,253,716

FISCAL YEAR 2017 BUDGET OVERVIEW

PERSONNEL SERVICES

An appropriation of **\$2,253,716** has been recommended by the Governor for fiscal year 2017. The Governor’s recommendation indicates a **15%** increase of **\$297,986** above the fiscal year 2016 General Fund appropriation of **\$1,955,730**.

DLCA’S PERSONNEL LISTING			POSITION CLASSIFICATION						
Fund Name	Pos #	FY 2017 Total Budget	Pos #	Unclass.	Pos #	Class.	Pos #	Vacant	Adj.
General Fund	48	\$2,253,716	11	785,000	32	962,198	5	146,186	360,332
Fund 6062	2	46,067	2	46,067	-	-	-	-	-
TOTAL	50	\$2,299,783	13	831,067	32	962,168	5	146,186	360,332

➤ *Fund 6062*- Consumer Protection Fund

Department of Licensing & Consumer Affairs
Vacancy Summary
Fiscal Year 2017
Exhibit VII

Vacancy Summary	Fund 0100		Fund 6032		Fund 6062	
Classification	FTE	Amount	FTE	Amount	FTE	Amount
Classified New	5	\$ 95,817		\$ -		\$ -
Classified Vacancies	5	146,186				
Unclassified New			2	145,000	2	46,067
Total	10	\$ 242,003	2	\$ 145,000	2	\$ 46,067

FRINGE BENEFITS

A recommendation of **\$937,886** representing a **7%** increase of **\$60,713** is being requested for Fringe Benefits.

FRINGE BENEFITS	FY 2015	FY 2016	FY 2017
Workmen’s Comp. Premiums	\$3,614	\$3,799	\$3,521
F.I.C.A.	96,949	121,255	136,981
Medicare	22,672	28,358	29,558
Health Insurance Premiums	313,450	371,521	354,282
Employer’s Contr. Retirement	286,482	348,240	413,544
Uniform Allowance	1,800	4,000	-
TOTAL Fringe Benefits	\$724,967	\$877,173	\$937,886

SUPPLIES

A recommendation of **\$20,000** is being requested for supplies. This remains in line with the DLCA’s FY 2016 request.

SUPPLIES	FY 2015	FY 2016	FY 2017
Office Supplies	\$10,812	\$10,000	\$10,000
Operating Supplies	2,908	10,000	10,000
Repair and Maintenance Supplies	2,977	-	-
TOTAL <i>Supplies</i>	\$16,697	\$20,000	\$20,000

OTHER SERVICES & CHARGES

A recommendation of **\$493,908** representing an increase of **59%** is being requested for Other Services and Charges.

OTHER SERVICES & CHARGES	FY 2015	FY2016	FY2017
Repairs & Maintenance	\$31,838	\$29,100	\$21,563
Automotive Repair and Maintenance	10,544	-	-
Rental of Land/Building	45,750	91,500	91,500
Professional Services	288,659	130,000	340,845
Communication	56,625	60,000	40,000
TOTAL <i>Other Services & Charges</i>	\$433,416	\$310,600	\$493,908

UTILITIES

A recommendation of **\$86,000** representing a **19%** increase of **\$13,500** is being requested for utility services.

UTILITY SERVICES	FY 2015	FY 2016	FY 2017
Electricity	\$94,708	\$70,000	\$86,000
Water	800	2,500	-
TOTAL <i>Utility Services</i>	\$95,508	\$72,500	\$86,000

CAPITAL PROJECTS

A recommendation of **\$40,000** is being requested for capital projects.

CAPITAL PROJECTS	FY 2015	FY 2016	FY 2017
Mach Equip & Misc	\$48,569	-	\$40,000
TOTAL <i>Capital Projects</i>	\$48,569	\$-	\$40,000

SUPPLEMENTARY INFORMATION

Department of Licensing & Consumer Affairs
Fiscal Year 2016 and 2017 Contracts for Professional Services

Exhibit VIII

Vendor/Name	Period	Amount	Purpose	Funding Source
Carpet Masters	10/01/15 to 09/30/16	19,665	Janitorial Services	General Fund/ Consumer Protection
FiberNet, Inc.	11/09/16 to 11/09/18	218,000	Office IT & Technical Support On-line system	General Fund/ Consumer Protection
FILE 1		220,000	Project Management, system analysis customization of software, installations and upgrades	\$64,167 paid to date Corporations Revolving Fund
Property Info Corp.	5/07/11 to 5/15/17	78,975	Provides E-Commerce (document sales) and disaster recovery	\$36,450 paid to date Recorder of Deeds Revolving Fund

LEASES

Exhibit IX displays the Office of the Lieutenant Governor’s leases for fiscal year 2015- 2016.

Exhibit IX

Lessor	Location	Sq. Ft.	Annual Rent	Period
B & W Realty also referred to as TNC, Inc. d/b/a Nisky Center	Suite 211 Nisky Center St. Thomas, V.I.	9,940	\$ 257,446	10/1/13 - 9/30/18
Inga Hiilivirta, Trustee, Islandia Building	#18-23 Estate Enighed Cruz Bay, St. John	1,500	89,115	6/1/14 - 5/31/15
King Cross Associates, Inc.	#1131 Kings Cross Street Lagoon St., Complex	17,814	236,964	7/1/10 - 6/30/15
VI Housing Finance Authority	Building F'sted, St. Croix VI	1,833	8,707	7/1/10 - 6/30/15
Vanterpool Enterprises	No. 52-E-1 Estate No. 6A New Quarter, St. Thomas, VI	15,200	\$523,504	Lease Expired in 2014 - Renewal Under Negotiation
VI Housing Finance Authority	Lagoon St., Complex Building F'sted, St. Croix VI	292	3,358	7/1/14 - 6/30/16
	TOTAL	46,579	\$ 1,119,094	

VEHICLE LISTING

The DLCA has the following vehicles per district:

- Within the district of St. Croix, the department utilized **\$610** to maintain the cars and expended a total of **\$5,030** in gas.
 - 6 vehicles listed as good
 - 3 in poor condition
 - 1 in fair condition

- Within the district of St. Thomas, the department utilized **\$2,344** to maintain the cars and expended a total of **\$3,085** in gas.
 - 6 vehicles listed as good
 - 3 in fair condition

SUMMARY

The Governor has recommended a General Fund appropriation of **\$3,831,510** for fiscal year 2017. This represents a **18.4%** increase of **\$555,507** above fiscal year 2016 appropriation of **\$3,326,003**. Additionally, the department is slated to receive *funding* in the amount of **\$400,147** (**Consumer Protection Fund**) for total funding of **\$4,231,657** for fiscal year 2017.



Jose L. George
Post Auditor

APPENDIX I.
OFFICE OF THE LIEUTENENANT GOVERNOR
FISCAL YEAR 2017 PERSONNEL LISTS

	POSITION	STATUS	SALARY			CLASS
138000016	ASST. COMMISSIONER	Filled	90,000.00	1.0000	100	Unclassified
138000001	COMMISSIONER	Filled	102,000.00	1.0000	100	Unclassified
138000025	EXECUTIVE OFFICER	Filled	50,000.00	1.0000	100	Unclassified
138000105	PUBLIC INFO OFFICER	Filled	55,000.00	1.0000	100	Unclassified
138000028	DISTRICT COUNSEL	Filled	80,000.00	1.0000	100	Unclassified
138000017	GENERAL COUNSEL	Filled	90,000.00	1.0000	100	Unclassified
138000108	DIR OF ENFORCEMENT	Filled	70,000.00	1.0000	100	Unclassified
138000019	DIRECTOR LICENSING	Filled	70,000.00	1.0000	100	Unclassified
138000018	DIR ADM & BUS MGMT	Filled	68,000.00	1.0000	100	Unclassified
138000110	DIR OF CON AFFAIRS	Filled	70,000.00	1.0000	100	Unclassified
UNCLASSIFIED FILLED			745,000.00	10.0000		
138000020	SPEC ASST,TO ASST.CO	New	40,000.00	1.0000	100	Unclassified
UNCLASSIFIED NEW			40,000.00	1.0000		
238000042	ADMINISTRATIVE OFF I	Filled	40,000.00	1.0000	100	Classified
238000056	ADMINISTRATIVE OFF I	Filled	37,500.00	1.0000	100	Classified
238000038	LICENSING OFFICER	Filled	27,386.00	1.0000	100	Classified
238000088	LICENSING OFFICER	Filled	27,386.00	1.0000	100	Classified
238000039	RECEPTIONIST	Filled	20,140.00	1.0000	100	Classified
238000040	RECEPTIONIST	Filled	20,140.00	1.0000	100	Classified
238000100	PARALEGAL RESEARCHER	Filled	35,000.00	1.0000	100	Classified
238000041	CASHIER I	Filled	20,785.00	1.0000	100	Classified
238000074	ENFORCEMENT AIDE	Filled	23,281.00	1.0000	100	Classified
238000045	ENFORCEMENT OFFICER	Filled	29,344.00	1.0000	100	Classified
238000046	ENFORCEMENT OFFICER	Filled	24,500.00	1.0000	100	Classified
238000048	ENFORCEMENT OFFICER	Filled	28,148.00	1.0000	100	Classified
238000049	ENFORCEMENT OFFICER	Filled	35,271.00	1.0000	100	Classified
238000094	ENFORCEMENT OFFICER	Filled	33,246.00	1.0000	100	Classified
238000051	LICENSING OFFICER	Filled	27,386.00	1.0000	100	Classified
238000052	LICENSING OFFICER	Filled	27,386.00	1.0000	100	Classified
238000053	LICENSING OFFICER	Filled	27,386.00	1.0000	100	Classified
238000095	LICENSING OFFICER	Filled	41,000.00	1.0000	100	Classified
238000096	LICENSING OFFICER	Filled	40,000.00	1.0000	100	Classified
238000101	LICENSING OFFICER	Filled	34,000.00	1.0000	100	Classified
238000098	MANAGER ADMIN SERVIC	Filled	59,000.00	1.0000	100	Classified
238000057	CON COMP PROT OFC II	Filled	30,353.00	1.0000	100	Classified
238000093	CON COMP PROTC OFC 1	Filled	23,315.00	1.0000	100	Classified
238000092	CON COMP PROTC OFC I	Filled	22,364.00	1.0000	100	Classified
238000058	CONS COMP PROT OFC I	Filled	22,364.00	1.0000	100	Classified

Honorable Clifford F. Graham

Fiscal Year 2017 Budget Hearing – Department of Licensing & Consumer Affairs

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238000102	CHF WEIGHTS & MEASUR	Filled	37,280.00	1.0000	100	Classified
238000060	CHIEF INSPECT W & M	Filled	39,935.00	1.0000	100	Classified
238000064	WGHT & MEAS INSPT II	Filled	32,485.00	1.0000	100	Classified
CLASSIFIED FILLED			866,381.00	28.0000		
238000002	ENFORCEMENT OFFICER	New	24,500.00	1.0000	100	Classified
238000004	LICENSING OFFICER	New	27,386.00	1.0000	100	Classified
238000063	CON COMP PROTC OFC I	New	22,364.00	1.0000	100	Classified
238000007	WGHTS & MEAS INSP I	New	21,567.00	1.0000	100	Classified
CLASSIFIED NEW			95,817.00	4.0000		
238000077	CASHIER I	Vacant	20,785.00	1.0000	100	Classified
238000050	CHF ENFORCEMENT OFF	Vacant	45,222.00	1.0000	100	Classified
238000003	ENFORCEMENT OFFICER	Vacant	24,500.00	1.0000	100	Classified
238000054	ADMN ASST	Vacant	34,112.00	1.0000	100	Classified
238000087	WGHTS & MEAS INSP I	Vacant	21,567.00	1.0000	100	Classified
CLASSIFIED VACANT			146,186.00	5.0000		
838000001	FEES & COMP. NOC		30,000.00	-	100	
838000003	LUMP SUM		254,923.00	-	100	
838000007	LUMP SUM		6,258.00	-	100	
838000005	LUMP SUM		21,913.00	-	100	
838000002	LUMP SUM		8,080.00	-	100	
838000004	LUMP SUM		15,994.00	-	100	
838000008	LUMP SUM		23,164.00	-	100	
ADJUSTMENTS			360,332.00			
TOTAL FUND 100			2,253,716.00	48.0000		
238060621	ENFORCEMENT OFFICER	New	24,500.00	1.0000	6062	Classified
238060622	WGHTS & MEAS INSP I	New	21,567.00	1.0000	6062	Classified
CLASSIFIED NEW FUND 6062				46,067.00	2.0000	
TOTAL FUND 6062			46,067.00	2.0000		
TOTAL DLCA			2,299,783.00	50.0000		