



GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE V. I. INSPECTOR GENERAL

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OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL
Fiscal Year 2024 Budget Proposal

INTRODUCTION

Good afternoon Senator Donna Frett-Gregory, Chairperson of the Committee on Finance, members of the Committee, other members of the 35th Legislature, staff of the Legislature, ladies and gentlemen in the viewing and listening audience. I am Delia Thomas, Virgin Islands Inspector General designee. I am here today to provide an overview of the proposed Fiscal Year 2024 Budget for the operations of the Office of the Virgin Islands Inspector General (V.I. Inspector General's Office), and I will answer any questions you might have.

STATE OF THE V.I. INSPECTOR GENERAL'S OFFICE

Title 3, Chapter 40 of the Virgin Islands Code, establishes the V.I. Inspector General's Office as the independent auditing arm of the Government of the Virgin Islands (Government). The Code gives the V.I. Inspector General's Office the

responsibility of auditing and investigating all three branches of the Government, including the autonomous and semi-autonomous instrumentalities. We are the only Government auditing arm, Local or Federal, situated in the Virgin Islands.

Our mission is “to promote economy, efficiency, and effectiveness, and to further the prevention of fraud, waste, and abuse in the administration of the programs and operations of the Government of the Virgin Islands.”

At the conclusion of last year's budget hearing, an Inspector General Nominee had not been named, and our office was focused on wrapping up a few tasks so that a new Inspector General could concentrate on the organization's future direction. On September 12, 2022, The Honorable Governor Albert Bryan Jr. named me as the VI Inspector General Nominee, and the 34th Legislature's Committee on Rules and Judiciary voted to forward my nomination to the full legislative body on December 13, 2022. My nomination was approved on December 20, 2022. At this time, my swearing-in ceremony is scheduled for August 3, 2023.

During this past year, my focus shifted from ensuring that all pending matters were resolved, to assuming the responsibility for the future direction of this office. Today, I can report on the status of those pending matters and the changes made. At the end of last year's budget hearing, I reported that we were in the

process of closing out the imprest fund account, which still bore the name of the former Inspector General. Returning two vehicles to the Department of Property and Procurement, a 2014 Chevy Captiva from St. Croix and a 2017 Chevy Equinox from our St. Thomas fleet. Also, Issuing a report on the Inspection of the Management of the Agriculture Revolving Fund. Today, I can report that the imprest fund account was resolved and is available for us to use. Also, based on feedback received at last year's budget hearing, we turned in one vehicle, the 2014 Chevy Captiva, from our St. Croix office.

However, while we had hoped to issue a report on the Inspection of the Management of the Agriculture Revolving Fund, this still needs to be done. We are trying to resolve some pending issues with this report, and we hope to have this report issued shortly.

Focusing on the future

After exercising a 1-year lease renewal option for our St. Croix office, located at the Lagoon Complex in Frederiksted, the Department of Property and Procurement is actively working on a new 3-year lease agreement with The Virgin Islands Housing Finance Authority. Our lease expires on July 31, 2023. Also, in addition to our imprest fund checking account, we have, for the first time, established a credit card account for the office.

Moreover, we have filled vacancies and promoted auditors into positions for greater flexibility and productivity. At the start of Fiscal Year 2023, we had 15 filled positions, and today we have 17 filled positions within the organization. We reported 5 vacancies, and we have filled 3, with one, the Chief of Audits, being filled by promotion. We are currently recruiting for a Senior Special Investigator position on St. Croix. After this position is filled, one vacant position will remain, the Virgin Islands Deputy Inspector General. Our Organizational Chart has been updated to reflect changes to the auditors' positions as of July 7, 2023, and can be found on page 12. As we continue to build our staff, we intend to hire more auditors and other personnel, as needed and the budget permits.

Concerning audit assignments, we have two ongoing audits, namely, the Education Initiative Fund and the Virgin Islands Taxicab Commission. The objectives:

The Education Initiative Fund audit is to determine if the Department of Education thru fiscal years 2019 to 2022:

1. Ensured that the Education Initiative funds were accurately and timely disbursed to the various schools;
2. Monitored the schools' accounting of the funds, following applicable laws and regulations; and

3. Expended and accounted for any unused balance according to the Code.

The Virgin Islands Taxicab Commission audit is to determine if the Commission, thru fiscal years 2019-2022, effectively utilized its resources and carried out its administrative functions per established laws, rules, and regulations.

Additionally, we recently announced the start of two audits and three inspections of The Virgin Islands Water and Power Authority (WAPA). One audit was initiated based on a request to audit WAPA employees' personal and mortgage loan deductions. The objective of this audit is to determine whether monies WAPA deducted from employees' salaries for loan payments were transmitted to the respective financial institutions for calendar years 2021 and 2022. The other planned audit is of WAPA's billing and collections for calendar years 2021, 2022, and other appropriate periods. The objective of this audit is to determine whether (1) WAPA followed its policies and procedures for accurate and timely billing, (2) the Advanced Metering Infrastructure (AMI) improved the accuracy and timeliness of billing, and (3) WAPA did its due diligence in managing the collection of delinquent accounts.

The three Inspections initiated are: First, on WAPA's contracting practices from October 2017 to December 2022. This inspection is to determine whether

WAPA solicited, awarded, and monitored contracts following its policies and procedures, and applicable laws and regulations. The second Inspection is of WAPA's controls over fixed assets from 2017 to 2023. This inspection is to determine whether WAPA recorded and accounted for its fixed assets per its policies and procedures. The third Inspection is of WAPA's controls over vendor payments for Fiscal Years 2019 to 2023. The objective of this inspection is to determine whether WAPA established controls to ensure payments are issued to the appropriate vendor accounts.

In addition to these assignments, we have alerted WAPA's Board on the recently overridden Bill number 35-0061, directing the VI Inspector General's office to audit/investigate various aspects of WAPA's operations. While some items listed in the bill will be covered under the above-stated audits and inspections, they do not directly respond to the overridden bill.

Also, as these audits are ongoing, we are actively pursuing other audits and investigative matters and preparing for our peer review, which we hope will start by the end of this calendar year. Furthermore, as usual, we make ourselves available to assist Federal auditors regarding activities they plan on conducting in the Virgin Islands.

The demands on this office are tremendous. How we will proceed with new assignments is based on our available resources, primarily the staff size needed for each project. Although we have added two new auditors to our staff, more will be required to address our workload. Our 2023 Annual Audit Plan Summary can be found on page 13.

Regarding investigations, we started fiscal year 2023 with one open case from the prior fiscal year 2022. During fiscal year 2023, we received fifteen additional complaints alleging possible wrongdoing in Government. Of the fifteen new complaints, nine were determined not to be matters for our office, and six were added as cases for further review. Therefore of the seven opened cases so far in 2023, one claim of alleged wrongdoing was unfounded, and one case resulted in an arrest. Currently, we have 5 remaining active cases. For confidentiality purposes, I cannot discuss the details of these matters.

Staff Training

In fiscal year 2023, our staff has taken advantage of two training opportunities. We participated in the Association of Local Government Auditors organization (ALGA) 2023 Annual Conference from May 7 to 10, 2023. Also, we participated in the Annual ACFE Global Fraud Conference from June 11-16, 2023. Both conferences were attended virtually. However, in 2024, we plan on sending

auditors in person to these conferences. From August 13th thru the 19th, 2023, our two new auditors will attend a Basic Governmental Auditing Course in Washington, DC, offered by the Graduate School USA.

With regard to the Association of Local Government Auditors organization, we recently activated membership for our audit staff, and we are excited about the opportunities afforded. We are working with this organization to conduct our peer review. Also of particular interest to our auditors is the opportunity to be trained to be peer reviewers for other state and local governments. This opportunity will help to strengthen our internal controls over our audit process.

As we continue to encourage our staff's continued education and professional development, I want to congratulate Mrs. Alicia Bastien Edward and Ms. Sheniqua Lake for completing the Executive Leadership Development Program sponsored by the U.S Department of Interior's Office of Insular Affairs and administered by the Graduate School's Pacific and Virgin Islands Training Initiatives. I look forward to these two young ladies improving their skills to become future leaders in our agency.

The Office of the Virgin Islands Inspector General:

2024 BUDGET

The Virgin Islands Inspector General Office’s 2024 budget recommendation is \$2,470,535. Our Fiscal Year 2023 actual expenditures through July 7, 2023, totaled \$1,508,231.

The following are comments on each prime account of the Fiscal Year 2024 proposed spending plan. Our Fiscal Year 2024 proposal by sub-accounts is shown on page 14.

Personnel Services and Fringe Benefits. The budget proposal allows for the office to maintain the 17 filled positions and 2 vacant positions budgeted at ½ their annual salaries.

The proposed funding level for personnel and related services is \$2,044,273. or 83% of the budget request. This amount consists of \$1,467,926. and \$576,347. for Personnel Services and Fringe Benefits, respectively.

Personnel Services	\$1,467,926.
Fringe Benefits	<u>576,347.</u>
	<u>\$2,044,273.</u>

Supplies. Budgeted supplies costs for Fiscal Year 2024 are estimated at \$55,000 or 2% of the overall request.

Supplies	<u>\$55,000</u>
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Other Services. Budgeted other services costs for Fiscal Year 2024 are estimated at \$306,260, or 12.4% of the budget request.

Other Services **\$306,260**

Utility Services. Our utilities costs are estimated at \$40,000, or 1.6% of the Fiscal Year 2024 budget request.

Utility Services **\$40,000**

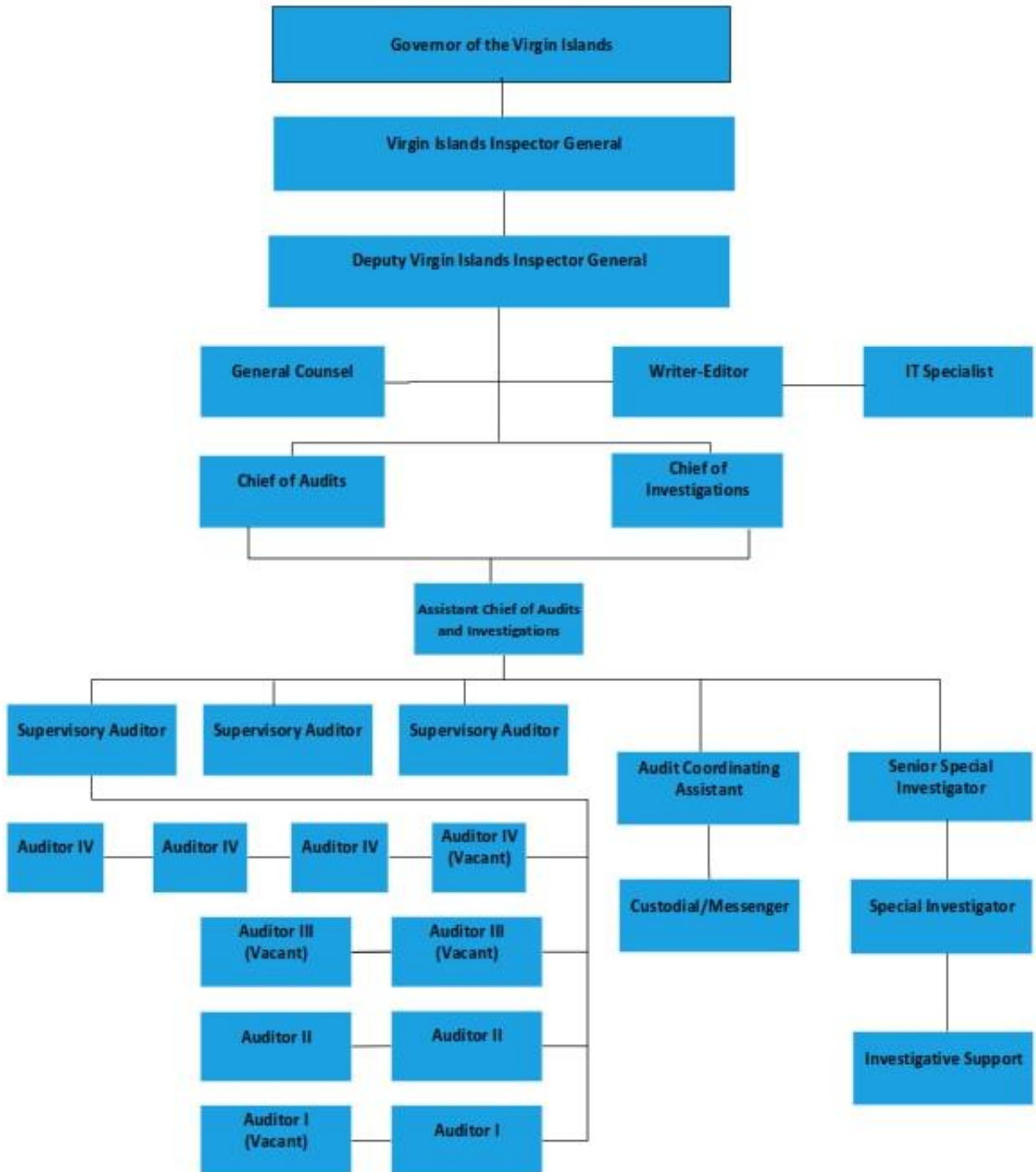
Capital Outlays. Finally, the budgeted cost of \$25,000 in capital outlays covers investigative and computer-related equipment costs. This amounts to 1% of the budget request.

Capital Outlays **\$25,000**

SUMMARY

Senators, as we continue our work, we will stay focused on growing our staffing levels to increase our ability to address the audit and investigative requests we receive. I want to thank this body in advance for supporting the Office of the VI Inspector General and the recommended Fiscal Year 2024 Budget of \$2,470,535. Thank you for the opportunity to be here today, and I am available to answer any questions you might have.

Office of the Virgin Islands Inspector General
Organizational Chart



ANNUAL AUDIT PLAN SUMMARY

OFFICE OF THE VIRGIN ISLANDS

INSPECTOR GENERAL

FISCAL YEAR 2023

RESOURCED ASSIGNMENTS	<u>Staff Days</u>
<u>Fiscal Year 2022 Carryover Assignments</u>	
Audit of Specific Accounts for the Department of Agriculture	<u>60</u>
<u>Fiscal Year 2023 New Starts</u>	
Inspection of the Education Initiative Fund	150
Audit of the Administrative Functions of the Taxicab Commission	<u>300</u>
	<u>450</u>
<u>Other Anticipated FY2023/2024 Assignments</u>	
Audit of Billing and Collection Processes at WAPA	400
Audit of the Contracting Practices at WAPA	400
Inspection of Unclaimed Properties	200
Government-wide Travel Advances	300
Government-wide Collectors Audit	<u>400</u>
	<u>1700</u>
Total Resourced Mandays	2210
 UNRESOURCED ASSIGNMENTS	
Non-Executive Branch Use of Credit Instruments	300
Contracting Practices of the UVI Research and Technology Park	300
Audit of Special Programs for the Department of Agriculture	300
Government-wide Imprest Funds and Petty Cash Accounts	<u>300</u>
Total Un-resourced Mandays	1200

OFFICE OF THE VI INSPECTOR GENERAL FY 2024 BUDGET

1 PERSONNEL SERVICES			
350001	511000	CLASSIFIED EMPLOYEE SALARIES	\$910,926
350001	511010	UNCLASSIFIED EMPLOYEE SALARIES	\$557,000
350001	514030	LUMP SUM PAYMENTS	\$0.00
TOTAL PERSONNEL SERVICES			\$1,467,926
2 FRINGE BENEFITS			
350002	520010	EMPLOYER CONTRIBUTION RETIREMENT	\$271,126
350002	521000	SOCIAL SECURITY	\$91,011.
350002	521100	MEDICARE	\$21,285
350002	522000	HEALTH INSURANCE PREMIUM	\$191,011
350002	522200	WORKERS COMP PREMIUMS	\$1,292
TOTAL FRINGE BENEFITS			\$576,347
3 SUPPLIES			
350003	541000	OFFICE SUPPLIES	\$10,000
350003	541100	OPERATING SUPPLIES	\$10,000
350003	542000	REPAIR AND MAINTENANCE SUP	\$15,000
350003	545200	PROF REF BOOKS & PERIODICALS	\$5,000
350003	546000	DATA PROCESSING SOFTWARE	\$15,000
TOTAL SUPPLIES			\$55,000
4 OTHER SERVICES			
350004	532000	REPAIRS & MAINTENANCE	\$90,000
350004	532100	AUTOMOTIVE REPAIR & MAINTENANCE	\$8,460
350004	533000	RENTAL OF LAND/BUILDING	\$21,000
350004	533020	RENTAL MACHINES/EQUIPMENT	\$5,000
350004	534000	PROFESSIONAL SERVICES	\$20,000
350004	534100	SECURITY SERVICES	\$4,000
350004	534110	TRAINING	\$30,000
350004	535000	COMMUNICATION	\$58,000
350004	536000	TRANSPORTATION-NOT TRAVEL	\$8,000
350004	560000	TRAVEL	\$40,800
350004	560100	PURCHASE BULK AIRLINE TICKETS	\$5,000
350004	564100	OTHER SERVICES NOC	\$16,000
TOTAL OTHER SERVICES			\$306,260
5 UTILITY SERVICES			
350005	530000	ELECTRICITY	\$37,000
350005	531010	WATER	\$3,000
TOTAL UTILITY SERVICES			\$40,000
7 CAPITAL PROJECTS			
350007	571000	BUILDINGS & IMPROVEMENTS	\$0
350007	575000	MACH EQUIP & MISC	\$25,000
TOTAL CAPITAL PROJECTS			\$25,000
TOTAL BUDGET			\$2,470,535