

THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL



LETTER AUDIT REPORT

AUDIT OF COLLECTION ACTIVITIES
AT THE DEPARTMENT OF PROPERTY AND PROCUREMENT
CHRISTIANSTED, ST. CROIX

**ILLEGAL OR WASTEFUL ACTIVITIES SHOULD BE REPORTED TO
THE OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL BY:**

Calling:

(340) 774-3388

Sending Written Documents to:

**Office of the Virgin Islands Inspector General
No. 75 Kronprindsens Gade
St. Thomas, Virgin Islands 00802**



GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE V. I. INSPECTOR GENERAL
No. 75 Kronprindsens Gade, Charlotte Amalie, St. Thomas, V.I. 00802

STEVEN VAN BEVERHOUDT
V.I. INSPECTOR GENERAL

Tel: (340) 774-3388
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February 26, 2001

Honorable Charles W. Turnbull
Governor of the Virgin Islands
Government House
21-22 Kongens Gade
Charlotte Amalie
St. Thomas, Virgin Islands 00802

Honorable Almando "Rocky" Liburd
President, 24th Legislature
Capitol Building
Charlotte Amalie
St. Thomas, Virgin Islands 00802

Dear Governor Turnbull and Senator Liburd:

This letter report contains the results of our audit of collection activities at the Department of Property and Procurement in Christiansted, St. Croix.

The objectives of the audit were to determine whether appropriate internal controls existed to safeguard funds collected, and if the collector complied with established rules and regulations.

To accomplish our audit objectives, we performed a cash count, examined collection files, interviewed employees, and evaluated the collection process. We focused our review on collections made for the period January 1 through August 9, 2000.

We conducted our review using generally accepted auditing standards applicable to government entities, and included tests and procedures that were considered necessary under the circumstances.

As part of the audit, we examined the system of internal controls to the extent necessary to accomplish the audit objectives. The internal control weaknesses identified are included in the Audit Results portion of this report.

Regulations concerning collector operations, receipting and reporting of collections are contained in Section 310 of the Virgin Islands Accounting Manual. The Section, in part, provides that "...collectors are personally accountable for all collections made by them and must deposit daily, during the morning, all funds collected during the previous work-day ..." Collectors are in charge

of the daily reporting of those revenues on a Summary of Collections and Deposits form. This summary has to be submitted daily to the Revenue Audit Section of the Department of Finance for the purpose of centralized accounting.

Collectors and assistant collectors are responsible to their department head for compliance with the Commissioner of Finance's directives related to their collection work program.

The Department of Property and Procurement does not have an official collector in St. Croix. These are two approved assistant collectors. One of them has been acting as the collector since 1993.

AUDIT RESULTS

We found that, overall, the internal control system implemented provides for the proper segregation of duties and physical security of funds. However, we found that (i) an assistant collector has been acting as the official collector since 1993, and her collection operations are not being reviewed by management; (ii) a difference of \$360 between collections and deposits remained unresolved; and, (iii) daily summaries were not submitted promptly according to regulations.

Need For An Official Collector and Supervision of Collectors

We found that the Department of Property and Procurement does not have an official collector. The last approved collector on record stopped collecting in June 1991 because of a conflict between her fiscal duties and the collection of funds.

An assistant collector has been acting as the official collector since 1993, making collections and deposits, and preparing reports for submission to the Department of Finance. This employee indicated that her collection operations are not being independently reviewed by anyone from the Department of Property and Procurement or the Department of Finance.

In our opinion, the Commissioner of the Department of Property and Procurement should designate an employee as the official collector and submit his/her name to the Commissioner of Finance for approval. The official collector will be in charge of the collection process and the supervision of the assistant collectors.

Management at the Department of Property and Procurement should conduct periodic evaluations of the official collector and assistant collectors to ensure compliance with established collection procedures. This can be done by making surprise cash counts and comparing collections to deposits and supporting documents, and ensuring that reports are filed on time.

Discrepancy Between Collections and Deposits

During our review, we found a difference of \$360 between funds collected and deposited on May 16, 2000. Collections per receipts totaled \$706.24 checks. A validated Certificate of Deposit showed that \$346.24 in checks were deposited; however, a detail listing of the checks on the reverse of the deposit slip showed a total of \$706.24.

The assistant collector could not explain the cause for the discrepancy. According to her statement, there is a possibility that a check may have been lost or misplaced, or that an incorrect amount was entered on the deposit slip. She was attempting to determine the cause of the shortage.

According to established regulations, collectors and assistant collectors are personally accountable for all collections made by them. To ensure that funds collected are accounted for, management should review collections and deposits to detect errors and/or omissions.

Summary of Collections and Deposits

The assistant collector prepares a manual daily Summary of Collections and Deposits; however, the report is not being submitted on a daily basis as required. As a result, Revenue Audit is not receiving a daily summary with supporting documents so that they can be verified promptly.

At the time of our review, the daily summaries dated May 16 through August 9, 2000, had not been submitted to Revenue Audit of the Department of Finance.

Recommendations

We recommend that the Commissioner of Property and Procurement:

1. Designate an employee as the official collector and submit his/her name to the Commissioner of Finance for approval.
2. Reemphasize to the Assistant Commissioner on St. Croix, that he is directly responsible for ensuring that provisions in the V.I. Government Accounting Manual dealing with collections, deposits, and submissions of reports are implemented and enforced.
3. Require the collector to follow-up on the investigation of the \$360 discrepancy between collections and deposit of May 16, 2000, and take measures so that the funds are repaid.

Department of Property and Procurement's Response

The Commissioner of the Department of Property and Procurement, in his response, agreed with the three recommendations made in the report. He indicated that an official collector was hired, the Chief Operations Officer will provide supervisory reviews, and the new collector will follow up on the collection discrepancy note in the report.

V. I. Inspector General's Comments

The response submitted by the Commissioner of Property and Procurement are sufficient for us to consider all off the recommendations resolved. It is included as an appendix to this report.

If you or your staff require additional information, please call me at 774-6426.

Sincerely,

A handwritten signature in blue ink that reads "Steven van Beverhoudt".

Steven van Beverhoudt, CFE, CGFM
V. I. Inspector General

Appendix:

GOVERNMENT OF
THE UNITED STATES VIRGIN ISLANDS

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DEPARTMENT OF PROPERTY AND PROCUREMENT



OFFICE OF
THE COMMISSIONER



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January 22, 2001

Mr. Steven vanBeverhoudt, CFE, CGFM
VI Inspector General
No. 75 Kronprindsøns Gade
St. Thomas, VI 00802

Dear Inspector General vanBeverhoudt:

Thank you for your office's report on the audit of collection activities at the Christiansted, St. Croix office of the Department of Property and Procurement. Mindful of the concerns raised and reported in your audit, I am still somewhat grateful that the method or system employed for collections is satisfactory and did not yield mass discrepancies. However, you can be assured that the requisite improvements will be made.

Regarding the recommendations made in the audit, the following actions are either in effect already or to be implemented shortly:

1. A Departmental Budget Control Officer was hired and came on board on December 27, 2000. Ms. Esther Felix is the DBCO and her name has been forwarded to the Commissioner of Finance for approval. Ms. Felix has received counseling and training from Ms. Valeria Sheppard regarding collections. Ms. Felix has been designated as the official collector.
2. We do not have an Assistant Commissioner on St. Croix. Mr. Herbert A. E. Grigg, Jr. is the Chief Operations Officer. He is now directly responsible for ensuring that the provision in the VI Government Accounting Manual dealing with collections, deposits and submissions of reports are implemented, enforced and adhered to.
3. Ms. Felix will be tasked with the following up on the May 16, 2000 discrepancy.

Again, let me express my appreciation for the audit report prepared by your office. Hiring Ms. Esther Felix was one of my goals for quite some time. Had

Mr. vanBeverhoudt, CFE,CGFM
February 22, 2001
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she been on board sooner, I am confident that the concerns noted in the report may not have been.

In the near future I fully expect to contact you regarding final resolution being made to all of the issues.

Sincerely,



Marc Biggs
Commissioner

MB/mso

Xc: Mr. Herbert A. E. Grigg, Jr., Chief Operations Officer
Ms. Gerda Sebastien, Administrator, Fiscal & Personnel Services
Ms. Esther Felix, Budget Control Officer
Ms. Cecile Phillip-Thomas, Contract Administrator/Team Leader