ISSUED: September 29, 2006 **AR-01-60-06**

THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL

AUDIT REPORT

AUDIT OF THE
ST. THOMAS - ST. JOHN
ANTILITTER AND BEAUTIFICATION
COMMISSION

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

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GOVERNMENT OF THE UNITED STATES VIRGIN ISLANDS
OFFICE OF THE V. I. INSPECTOR GENERAL
2315 Kronprindsens Gade #75, Charlotte Amalie, St. Thomas, V.I. 00802-6468

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V.I. INSPECTOR GENERAL

Tel: (340) 774-3388
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September 29, 2006

Honorable Charles W. Turnbull
Governor of the Virgin Islands
Government House
Kongens Gade
St. Thomas, Virgin Islands 00802

Honorable Lorraine L. Berry
President
26th Legislature
Capital Building
St. Thomas, Virgin Islands 00802

Dear Governor Turnbull and Senator Berry:

Attached is the final of our audit of the former St. Thomas – St. John Antilitter and Beautification Commission.

The objectives of the audit were to determine: (i) the extent of the Commission's control over draw-downs from the Fund, and the resulting impact on the Commission to accomplish its mandate; (ii) whether the Commission accounted for antilitter program funds in accordance with established guidelines and provisions of the Code; and, (iii) whether the Commission awarded grants and contracts in accordance with established rules and regulations, and adequately monitored the work performed by grant recipients and contractors. The objectives also included the identification of inadequacies in the operations of the Commission, and recommendations to address the causes of the inadequacies found.

Our audit disclosed that controls over the accounting and management of antilitter program funds were inadequate. Specifically, we found that the Commission: (i) did not have control over draw-downs and disbursements from the Fund; (ii) did not maintain complete accounting records; (iii) did not routinely reconcile its accounting records with the official Virgin Islands Government (Government) records maintained by Finance's Financial Management System (FMS); (iv) failed to submit annual financial statements to the Legislature and Governor as required by the Code; and, (v) did not always adequately monitor the work performed by grant recipients and contractors.

We attributed these conditions to: (i) the use of the Fund by Public Works to finance and administer the roadside cleanup program without the participation of the Commission; (ii) the extensive appropriations from the Fund by the Legislature to finance activities unrelated to the mandate of the Commission; (iii) inconsistent revenue and Fund Balance reporting practices; (iv) the Commission's failure to follow the established accounting control procedures of the Government; and, (v) the failure of the Commission to monitor services provided by grant recipients and contractors in accordance with contract and grant agreement terms.

As a result: (i) the Fund was over obligated by $198,573 in Fiscal Year 2004; (ii) the Commission did not receive timely and full funding allotments; (iii) the Commission closed or postponed all of its antilitter programs at some point in Fiscal Year 2004; (iv) the Commission did not always have accurate and timely financial information at its disposal to properly administer antilitter program funds; (v) the Commission relinquished some administrative and accounting control over a grant it had awarded to a private organization; and, (vi) the Commission made $175,000 in payments to a contractor for work that had not been verified in accordance with the terms of the contract.

If you or your staff require additional information, please call me at 774-3388.

Sincerely,

Steven van Beverhoudt

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

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EXECUTIVE SUMMARY

The following summarizes the major findings resulting from the Audit of the St. Thomas-St. John Antilitter and Beautification Commission (AR-01-60-06).

Finding 1: Fund Management (pages 4 to 12)

✓ There were no controls over draw-downs and disbursements from the Fund.

✓ The Fund was used by the Department of Public Works to finance and administer the roadside cleanup program without the participation of the Commission.

✓ The Legislature made appropriations from the Fund to finance activities unrelated to the mandate of the Commission.

✓ There were inconsistencies in the reporting and timeliness of revenues and Fund balances.

✓ In Fiscal year 2004, the Fund was over obligated by $198,573.

✓ During the 2004 Fiscal Year, all antilitter programs were closed or postponed.

Finding 2: Accounting Practices (pages 13 to 16)

✓ Antilitter program funds were not adequately accounted for.

✓ Complete and accurate records were not maintained.

✓ Internal accounting records were not routinely reconciled with the officials Government records maintained by the Department of Finance.

✓ Annual financial statements were not submitted to the Legislature and the Governor as required by the V. I. Code.

Finding 3: Grant and Contract Monitoring (pages 17 to 20)

- ✓ Work performed by grant recipients and contractors was not always monitored in accordance with grant and contract agreements.

- ✓ Some administrative and accounting controls over a grant were relinquished by the Commission.

- ✓ A contractor received payments totaling $175,000 for work that had not been verified in accordance with contract terms.

TABLE OF CONTENTS

Page

INTRODUCTION

Background 1
Objectives, Scope and Methodology 1
Prior Audit Coverage 2

AUDIT RESULTS

Conclusions 3

Finding 1: Fund Management 4
- Background 4
- Fund Management 5
  - Roadside Cleanup and Beautification 5
  - Appropriations 5
- Revenue and Fund Balance Trends 6
- Allotments 8
  - Fund Balance Levels and Finance Quarterly Reports 8
  - IRB Revenue Reports 8
- Antilitter Program Closures 9
- Recommendations 9
- V. I. Waste Management Authority's Response 9
- V. I. Inspector General's Comments 10
- V. I. Legislature's Response 11
- V. I. Inspector General's Comments 11
- V. I. Bureau of Internal Revenue's Response 12
- V. I. Inspector General's Comments 12
- Department of Finance's Response 12
- V. I. Inspector General's Comments 12

Finding 2: Accounting Practices 13
- Background 13
- Accounting Records 13
- FMS Reconciliation 14
- Fund Balance 15
- Annual Financial Statements 15
- Government Accounting Manual 15
- Recommendations 16
- V. I. Waste Management Authority's Response 16
- V. I. Inspector General's Comments 16

TABLE OF CONTENTS

Page

Finding 3: Grant and Contract Monitoring 17
Background 17
Grant 17
Undocumented Expenditures 17
Control Over the Grant Agreement 17
Recycling Contract 18
Monitoring 18
Unused Funding 19
Recommendations 19
V. I. Waste Management Authority's Response 19
V. I. Inspector General's Comments 20

APPENDICES

I V. I. Waste Management Authority's Response 21
II V. I. Legislature's Response 25
III V. I. Bureau of Internal Revenue's Response 27
IV Additional Information Needed to Close Recommendations 28
V Official Report Distribution 29

INTRODUCTION

BACKGROUND

Title 19, Section 1553a of the Virgin Islands Code (Code) established, within the Department of Public Works (Public Works), the Antilitter and Beautification Commission (Commission), one for the St. Thomas - St. John district, and one for the St. Croix district. Each Commission was established to control the accumulation of litter in the Virgin Islands through the development and implementation of antilitter programs and campaigns, to include; public education programs, clean up of roads and highways, removal and disposal of abandoned vehicles, solid waste redemption, and recycling.

The Code structured each Commission to consist of five members, residing in the respective districts, who would be appointed by the Governor with the advice and consent of the Virgin Islands Legislature (Legislature). The Code also assigned the Commissioner of Public Works or his designee to serve as an ex-officio non-voting member.

In January 2004, the 25th Legislature, by Act No. 6638, established the Virgin Islands Waste Management Authority (Authority) to "assume all the powers, duties, and responsibilities pertaining to solid waste and wastewater management services in the territory." The Act dissolved each Commission, repealed the laws which created them, and transferred the territory's antilitter and beautification program responsibilities to the Authority. All resources of the Commissions, including staff, unexpended funds in the Antilitter and Beautification Fund (Fund) and other accounts, and the rights to collect funds from specific funding sources were transferred to the Authority. The Act allowed for the transfer of resources to be finalized up to 365 days after the hiring of the Authority's Executive Director. Consequently, based on information provided, the transfer of all resources was not finalized until May 2006.

OBJECTIVES, SCOPE, AND METHODOLOGY

Our audit was initiated at the request of the members of the former St. Thomas - St. John Commission. We focused our audit on issues relating to the over obligation of the Fund in Fiscal Year 2004. The objectives of the audit were to determine: (i) the extent of the Commission's control over draw-downs from the Fund, and the resulting impact on the Commission to accomplish its mandate; (ii) whether the Commission accounted for antilitter program funds in accordance with established guidelines and provisions of the Code; and, (iii) whether the Commission awarded grants and contracts in accordance with established rules and regulations, and adequately monitored the work performed by contractors and grant recipients. The objectives also included the identification of inadequacies in the operations of the Commission, and recommendations to address the causes of the inadequacies found.

The scope of the audit covered fiscal years 2003 and 2004. However, in determining the underlying reasons for the over obligation of the Fund, we examined prior years' records.

To accomplish our audit objectives, we interviewed officials and examined records from the Commission, the Department of Finance (Finance), the Office of Management and Budget (OMB), the Bureau of Internal Revenue (IRB), and applicable vendors.

The audit was performed in accordance with generally accepted government auditing standards applicable to performance audits, contained in the Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide a reasonable basis for our findings and conclusions. Accordingly, we have performed such tests of records and performed other auditing procedures that were considered necessary under the circumstances.

As part of our audit, we evaluated the internal controls over the accounting operations of the Commission and the management of the Fund to the extent necessary to accomplish the audit objectives. Weaknesses identified during the audit are discussed in the Audit Result section of the report.

PRIOR AUDIT COVERAGE

We are unaware of any audits of the Commission during the past five years.

AUDIT RESULTS

CONCLUSIONS

Our audit disclosed that controls over the accounting and management of antilitter program funds were inadequate. Specifically, we found that the Commission: (i) did not have control over draw-downs and disbursements from the Fund; (ii) did not maintain complete accounting records; (iii) did not routinely reconcile its accounting records with the official Virgin Islands Government (Government) records maintained by Finance's Financial Management System (FMS); (iv) failed to submit annual financial statements to the Legislature and Governor as required by the Code; and, (v) did not always adequately monitor the work performed by grant recipients and contractors.

We attributed these conditions to: (i) the use of the Fund by Public Works to finance and administer the roadside clean-up program without the participation of the Commission; (ii) the extensive appropriations from the Fund by the Legislature to finance activities unrelated to the mandate of the Commission; (iii) inconsistent revenue and Fund Balance reporting practices; (iv) the Commission's failure to follow the established accounting control procedures of the Government; and, (v) the failure of the Commission to monitor services provided by grant recipients and contractors in accordance with contract and grant agreement terms.

As a result: (i) the Fund was over obligated by $198,573 in Fiscal Year 2004; (ii) the Commission did not receive timely and full funding allotments; (iii) the Commission closed or postponed all of its antilitter programs at some point in Fiscal Year 2004; (iv) the Commission did not always have accurate and timely financial information at its disposal to properly administer antilitter program funds; (v) the Commission relinquished some administrative and accounting control over a grant it had awarded to a private organization; and, (vi) the Commission made $175,000 in payments to a contractor for work that had not been verified in accordance with the terms of the contract.

We made several recommendations to address the conditions and causes cited in the report. In formulating the recommendations, we took into consideration the 2004 legislation that transferred the antilitter programs to the Authority. Our recommendations address the following areas: (i) the management of the Fund; (ii) the use of the Fund to finance activities unrelated to antilitter programs; (iii) revenue and Fund Balance reporting practices; (iv) accounting practices of the Authority; and, (v) the monitoring of grant recipient and contractor performance.

These matters are discussed in more details in the findings sections of the report.

FINDING 1: FUND MANAGEMENT

The Commission did not have control over draw-downs and disbursements from the Fund. The underlying reasons were attributable to: (i) the use of the Fund by Public Works to finance and administer the roadside clean-up program without the participation of the Commission; (ii) extensive appropriations from the Fund by the Legislature to finance activities unrelated to the mandate of the Commission; and, (iii) inconsistent revenue and Fund Balance reporting practices.

As a result: (i) by Fiscal Year 2004, the Fund was over obligated by $198,573; (ii) the Commission did not receive timely and full funding allotments; and (iii) during Fiscal Year 2004, the Commission closed or postponed all of its antilitter programs.

Background

Title 33, Section 3079 of the Code (Section) established the Fund. The Section, which was repealed due to the creation of the Authority under Act No. 6638, provided that the Fund consisted of advance disposal fees, an excise tax collected by IRB. Monies deposited into the Fund were to be divided evenly between the St. Thomas – St. John and the St. Croix Commissions. The Section stipulated that monies in the Fund were to be available for expenditures only as appropriated annually by the Legislature and disbursed by the Commissioner of Finance. Disbursements were required to be made at the direction of the Commissions for the following purposes:

- Establishment of recycling programs and redemption centers;
- Reimbursements paid in exchange for materials turned in at redemption centers for recycling;
- Roadside cleanup and beautification;
- Removal and disposal of abandoned vehicles;
- Antilitter educational programs;
- Administration and expenses of the Commissions; and,
- Other programs sponsored by the Commissions in accordance with Title 19, Chapter 56, of the Code.

As of the issuance of this report, the Authority was also financing its waste management operations through the advance disposal fee tax until it could implement an environmental user fee tax in accordance with Section 500a of Act No. 6638.

Fund Management Control

The Commissions did not have sole access to deposits into the Fund. Access was shared with Public Works to finance the operations of the roadside clean-up program, which, by law, was to be operated in conjunction with the Commissions. Our audit disclosed that the program had been managed by Public Works without the participation of the Commissions. We also found that the Legislature, over several fiscal years, had approved appropriations from the Fund to finance projects unrelated to the Commissions' antilitter program mandate.

Roadside Cleanup and Beautification. Title 19, Section 1553a, Subsections (e) and (2) of the Code required that the Commissions work in conjunction with Public Works to devise a system for regular roadside cleanups. However, based on our review of the roadside cleanup programs conducted in St. Thomas, we found that the programs had been funded and managed solely by Public Works instead of in conjunction with the Commission. The Commission had assumed no control over the $4,274,560 that had been appropriated from the Fund for roadside cleanups in St. Thomas for fiscal years 1999 through 2003. Based on our review of budget documents, no money had been appropriated from the Fund for such purposes for Fiscal Year 2004.

As part of our audit, we requested from the Commission copies of all contracts, grants, and other key transaction documents related to roadside cleanups for fiscal years 2003 and 2004. Commission staff members referred us to Public Works because the documents were filed and maintained by that department. In an interview, a Public Works official said that the roadside cleanup programs had been routinely and solely managed by Public Works, including the procurement and monitoring of contracts and grants. The official added that related program costs had been annually submitted as part of the Public Works budget.

Appropriations. From fiscal years 1999 through 2004, the Legislature appropriated more than $7,990,735 from the Fund to address territory-wide hazardous waste concerns that were beyond the scope of the Commissions' required services. The hazardous waste concerns largely included the used oil recycle a management program and a major wastewater repair and maintenance project. We believe that these appropriations, though well intentioned, gradually contributed to the over obligation of the Fund. From our review of provided budget and payment documents, we ascertained that at least $6,203,684 of the appropriated $7,990,735 was allotted and/or expended.

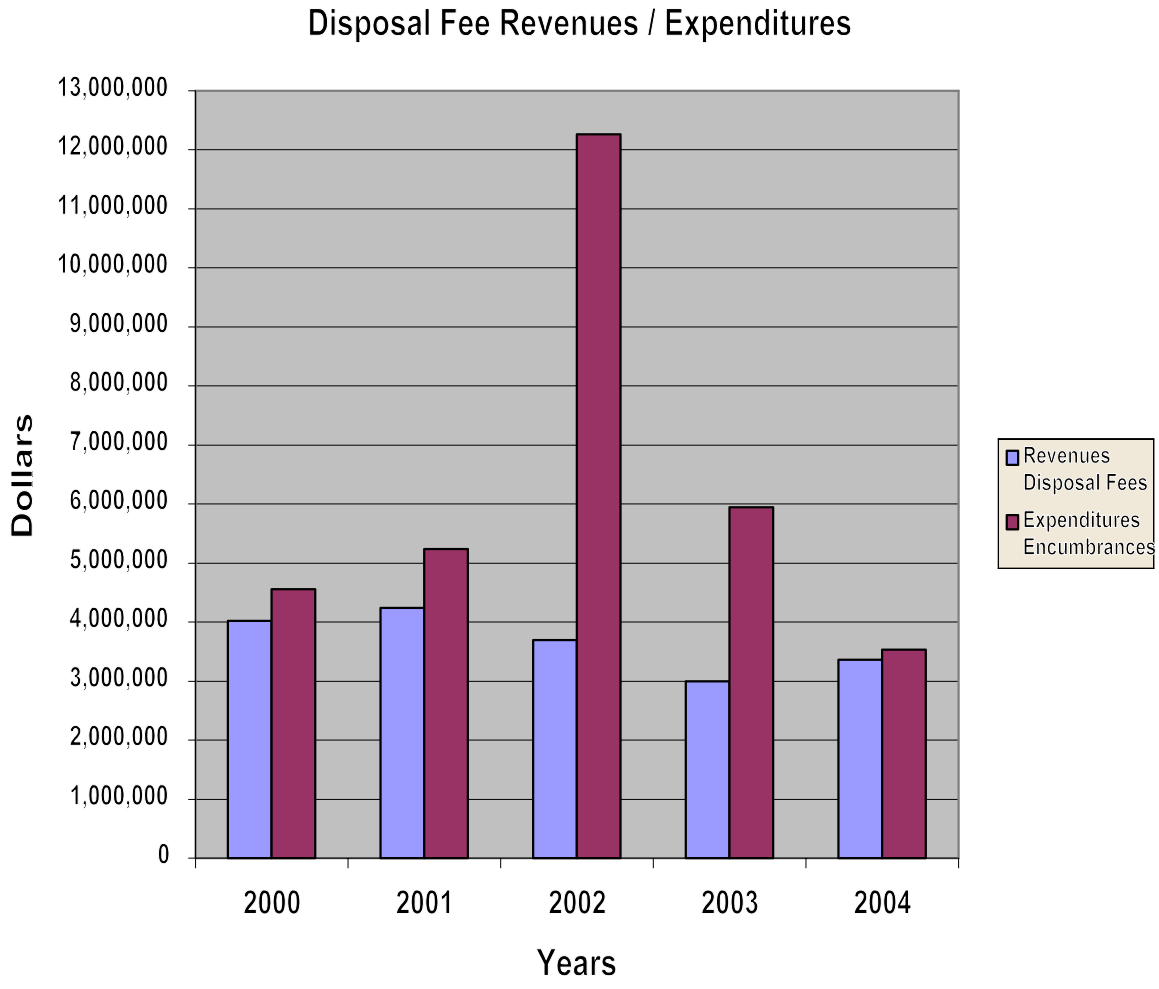
In addition to the above appropriations, the Legislature appropriated monies from the Fund for a variety of reasons not associated with solid or hazardous waste concerns. For instance, in Fiscal Year 2001, the Legislature appropriated $360,000 to hire six firemen and to purchase a fire truck for a St. Croix fire station. For Fiscal Year 2002, $1,350,000 was appropriated to finance major carnival events held annually on St. Thomas, St. Croix, and St. John. Additionally, for two public schools on St. Thomas, $122,000 was appropriated from the Fund for the purchase of library books, the erection of a fence, and the purchase and installation of electrical items. These represent only a portion of the appropriations of this nature.

Revenue and Fund Balance Trends

As shown in the FMS, in February of Fiscal Year 2004 the Fund was overdrawn by $198,573. Ineffective management at all levels contributed to the over obligation of the Fund. We found that the obligations of the Fund were consistently greater than the revenues that were being generated from the advance disposal fee tax, the only funding source for the Fund.

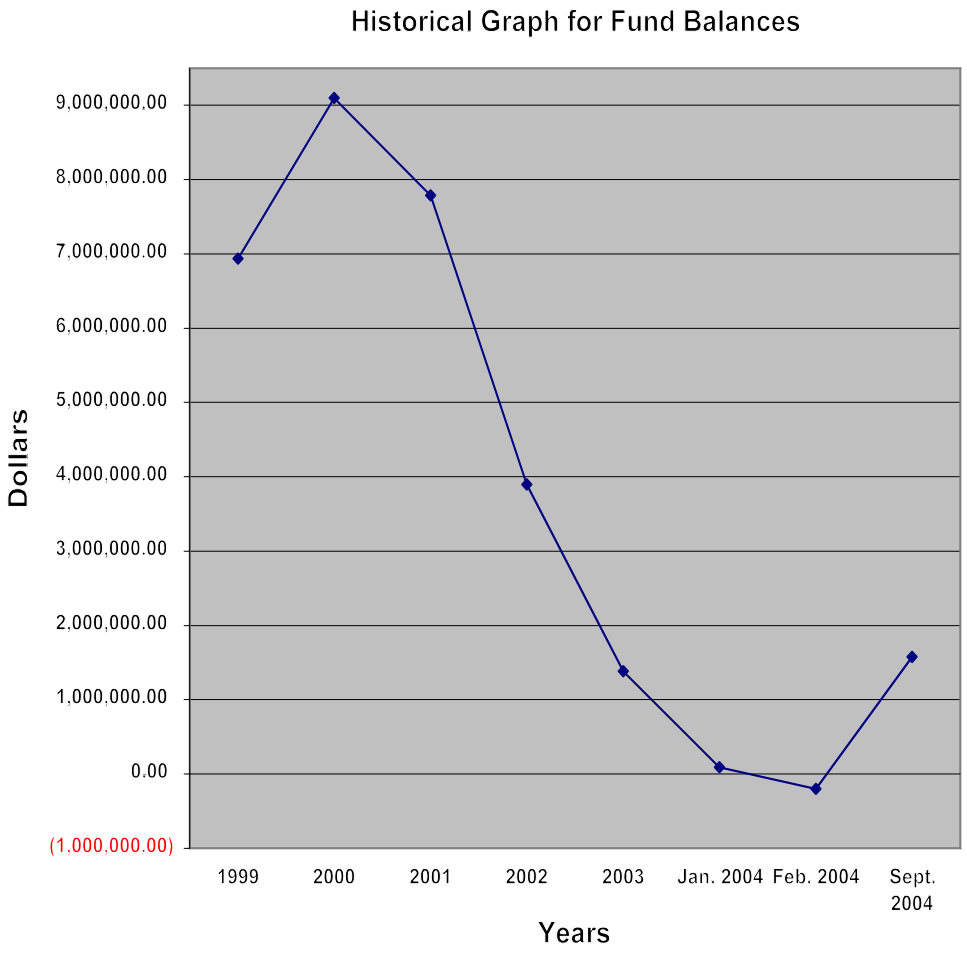
The graph below (Exhibit 1) illustrates the historical relationship between the disposal fee revenues and obligations of the Fund by fiscal year. The revenues include confirmed deposits made by IRB on behalf of the Fund, and the obligations include expenditures and encumbrances. As shown, obligations exceeded revenues in all the fiscal years. However, in Fiscal Year 2002, the variance was relatively significant in that it totaled $8,568,285 (revenues of $3,692,740, less disbursements of $12,261,025). A contributing factor to the high variance was the appropriation and expenditure of $4,410,000 to cover costs for wastewater repairs and maintenance as per a court order.

Exhibit 1*



We believe that officials appropriated and expended large sums of monies from the Fund based only on the high cash reserves (or balances) available in the Fund at certain periods. They did not assess the future impact such obligations could have on the stability of the Fund or the Commissions' ability to fulfill their mandate. The graph below (Exhibit 2) shows the year-end Fund balances for fiscal years 1999 through 2004 (September 2004). As shown, the Fund balance at the end of Fiscal Year 2000 was just above $9,000,000. However, a sharp decline occurred in the Fund balance from the beginning of Fiscal Year 2001 through February 2004, the point at which the Fund was over obligated. We found that significant draw-downs were occurring with the increased use of monies from the Fund to finance projects unrelated to the antilitter initiatives of the Commissions.

Exhibit2*



*The figures given were compiled from documentation provided by Finance, OMB, and IRB.

Allotments

Our audit disclosed that Finance and IRB did not always submit key revenue reports to the appropriate Government agencies in a timely manner. The reporting practices along with low Fund balance levels impacted the timely and full allotments of appropriations to the Commissions. For instance, for Fiscal Year 2004, the Commissions were not allotted any funds until June 2004 (or the 3rd quarter). Additionally, the Commissions were allotted only $1,736,565 of the $3,357,284 appropriated by the Legislature.

Fund Balance Levels and Finance Quarterly Reports. OMB officials indicated that low Fund balance levels and the untimely or non submission of key revenue and fund balance reports impacted the timely and full allotments of appropriations to the Commissions. OMB explained that in assessing allotment levels, it relies on quarterly revenue and fund balance reports provided by Finance. The reports are usually for the periods ending December 31, March 31, June 30, and September 30, of the fiscal year. The assessment process includes (but is not limited to) reviewing trends for quarterly and previous years' end-of-year fund balances, and year-to-date revenue collections for applicable funds. OMB will delay or reduce the quarterly allotments of appropriations if it assesses that agencies' obligations may exceed their current or projected resources.

As part of our audit, we requested, from Finance, quarterly revenue and Fund balance reports for fiscal years 2003 and 2004. We found that quarterly reports for the periods ending September 30 of Fiscal Year 2003, and December 31 of Fiscal Year 2004 were not submitted. A Finance official indicated that those reports were not prepared and submitted to OMB because key information needed to finalize the reports for those periods was unavailable at the time the reports were usually issued. From the provided documentation we also observed the following: the Fund balance, as of the ending of Fiscal Year 2003, was $1,380,670; the Fund was over obligated by $198,573 in February of Fiscal Year 2004; and, according to the FMS, revenues deposited into the Fund from October 2003 through February 2004 totaled only $2,100. The latter may reflect delays in posting to the FMS rather than actual revenues deposited into the Fund to that point.

IRB Revenue Reports. Finance depends upon revenue information submitted by the IRB to prepare revenue reports for the Fund. An IRB official indicated to us that they prepare and submit, to Finance, monthly reports of advance disposal fee collections. The reports confirm deposits made to the General Fund on behalf of the Fund. The Official also said that for any given collection month it normally takes two months to prepare and submit the reports. This practice occurs because of tax laws and internal procedures governing the way excise taxes are processed.

We reviewed IRB revenue reports to determine the timeliness of their submission to Finance, and found the following: for Fiscal Year 2003, revenue reports for 2 months were submitted to Finance 5 to 6 months after the month of collections; and, reports for 5 months were submitted 3 to 4 months after the month of collections. For Fiscal Year 2004, there were

two months for which reports were submitted 3 to 4 months after the month of collections. Reports for the remaining months in the two fiscal years were submitted within the processing time frame given by the official.

Except for one of the collection months, we were not given any explanation why it had taken more than 2 months to prepare and submit certain reports. For the collection month for which an explanation was given, we were told that the employee responsible for generating the report was on extended sick leave.

Antilitter Program Closures

During Fiscal Year 2004, the Commission closed or postponed all of its antilitter programs because of the funding problems. We found that the Commission had partially terminated an $825,000 recycling contract because monies that had been encumbered for it were unavailable to pay for contract services required during the fiscal year. At the time of the termination, the contractor had already been paid $175,000. Based on our review of an "Advice of Change in Encumbrance" document, we found that the contract's encumbrance was decreased from $825,000 to $175,000 after the over obligation of the Fund had been discovered.

Recommendations

We recommend that the Authority's Governing Board of Directors:

1. Adhere to procedures that promote effective management control over monetary resources deposited into funds designated to finance the operations and programs of the Authority.

2. Maintain overall oversight and management of the Fund to ensure that draw-downs by Government agencies sharing access to the Fund do not occur without the knowledge or consent of the Authority.

We recommend that the Legislature ensure that appropriations made from the Fund are consistent with the mandate of the Authority.

We recommend that the Commissioner of Finance and the Director of IRB ensure that revenue and fund balance reports are submitted in a timely manner to the appropriate Government agencies.

V. I. Waste Management Authority's Response

The July 26, 2006, response from the Authority began by stating the concerns the Authority had in responding to recommendations derived from the audit of an organization that no longer exists. The response stated that the Commission was not absorbed by the Authority, only its programs and activities. It further stated that, "Since the (Commission) preceded the

creation of the (Authority), and (our) audit covers the 2003 and a portion of the 2004 ALBC fiscal year, it is a bit difficult for the Authority to comment as though the Commission is a viable organization. The programs and activities of the Commission were unique to that organization, and the Authority does not conduct its business in a similar manner."

Regarding the first recommendation, the response seemed to indicate general agreement, by stating that the Authority has "developed formal procedures for the effective management and control over its monetary resources." The Chief Financial Officer Division, under the leadership of a Chief Financial Officer, manages and accounts for the financial resources of the Authority.

In the response, the second recommendation was viewed as impractical because access to and management of the Fund by the Legislature and certain government agencies are beyond the control of the Authority. Fund monetary resources are susceptible to appropriations and uses by the Legislature to finance its "pet projects." The Authority proposed what it described as a better recommendation to the one we had proposed. It recommended that "the Legislature be requested to amend the law which established the ALBC Fund, to provide that once collected by the V.I. Bureau of Internal Revenue, the pre-disposal fees should be released directly to the (Authority), rather than to the Department of Finance, where it is accessible to the members of the Legislature."

V. I. Inspector General's Comments

The Authority's response to the first recommendation adequately addressed the recommendations made in this section of the report; therefore, we consider the recommendation resolved.

Our remaining comments will address: (i) the Authority's introductory comments regarding concerns over its issuance of responses for our audit of the former Commission; and, (ii) its view of the second recommendation as impractical.

Our Response to Authority's Introductory Comments. In the planning phase of our audit, the Authority was designated as the agency to which audit findings and recommendations would be directed. This designation was based on the enactment of Act No. 6638, as well as instructions and referrals we had received from staff members of the former Commissions, Department of Public Works, and the Authority. Our entrance conference with the Authority's former Acting Executive Director occurred several months after the Commissions were dissolved. In the meeting we explained the objectives of the audit, and our endeavor to provide the Authority with an accurate and comprehensive report that could help it in the management of public resources, as well as help it avoid the pitfalls encountered by the Commissions.

Our audit of the former St. Thomas Commission included examining records which, according to Act No. 6638 were to be transferred to the Authority. These records provided a historical account of the Commission's administration of its programs and activities. Consequently, the transfer of the Commission's programs and activities to the Authority also

included the transfer of related transactions that had originated over the audit scope period. Our intent was never for the Authority to respond to the recommendations as though the Commission is a "viable organization," but to respond as the agency to which the resources and mandate of the Commission were transferred. We understand the Authority's concerns, but the prevailing message, as given in the Authority's comments, is that, as a newly formed agency, it has developed procedures for effectively managing public resources.

As a matter of clarification and as indicated in the Objectives, Scope, and Methodology section of this report, the scope of the audit covered all of Fiscal Year 2004, not a portion thereof.

Recommendation Two. The second recommendation focuses on the Authority's responsibility to maintain overall oversight and management of the Fund. At a minimum, draw-downs by other government agencies sharing access to the Fund should not occur without the knowledge of the Authority. This recommendation is based on (i) the transfer of the Fund to the Authority when the Commissions were dissolved; and, (ii) the current use of the Fund by the Authority to finance its waste management operations. We understand the Authority's concerns over the Legislature's accessibility to and past misapplication of Fund monetary resources, but we do not believe that decentralizing the management and funding controls over the Fund is the best solution. Sharpening the centralized controls might be in the best interest of the Government. In fact, bypassing the Department of Finance could affect the level of oversight the Government has over the operations of the Authority and other key agencies. Our issued audit reports promote accountability for public resources at every level of Government, hence the reason we also issued recommendations to the Legislature, Department of Finance, and Bureau of Internal Revenue.

Accordingly, we consider recommendation two unresolved.

V. I. Legislature's Response

The August 7, 2006, response from the Legislature indicated agreement with the recommendation made in this finding. It further stated that the legislature will strive to ensure that future appropriations from the Fund are consistent with the purposes for which the Fund was established.

V. I. Inspector General's Comments

We consider the response to be sufficient for us to close the recommendation.

V. I. Bureau of Internal Revenue's Response

The July 13, 2006, response from the Bureau indicated agreement with the recommendation made in this finding. It stated, "The Bureau will implement safeguards to ensure that all revenue and fund balance reports are submitted to the Office of Management and Budget within two (2) months after collections."

V. I. Inspector General's Comments

We consider the response to be sufficient for us to close the recommendation.

Department of Finance's Response

The Department of Finance did not issue a response to the recommendation.

V. I. Inspector General's Comments

Despite our written and oral requests to the Department of Finance for a written response to the recommendation, none was provided. As a result, we consider the recommendation unresolved.

FINDING 2: ACCOUNTING PRACTICES

The Commission did not adequately account for antilitter program funds. Specifically, we found that the Commission failed to: (i) maintain complete and accurate accounting records; (ii) routinely reconcile its accounting records with the official Government records maintained in the FMS; and, (iii) prepare and submit annual financial statements to the Legislature and Governor as required by the Code.

These conditions occurred because the Commission failed to follow the established accounting control procedures of the Government. As a result, the Commission did not always have accurate and timely financial information at its disposal to properly administer antilitter program funds.

Background

In Section 330 of the Government's Accounting Manual (Manual), Finance has prescribed procedures "designed to provide the Government of the Virgin Islands with an adequate and effective system of budgetary and other accounting controls over all appropriations and funds available to the various departments and agencies for financing their operation." Section 330.2 states that, "All financial transactions affecting appropriations and/or funds shall be evidenced by appropriate documents and shall be available for, and subject to, audit before being recorded."

Section 330.6 of the Manual states that, "Form FD-2-31, Encumbrance Liquidation Record, is a single part form used for keeping a manual record of activity in an encumbrance. For each encumbrance recorded in the FMS . . . this form shall be prepared, attached to the original encumbrance document, and maintained by the Pre-Audit Section of the Department of Finance and departments and agencies. The record shall show the number reference of the encumbrance document, the amount of the encumbrance, any increases or decreases and the outstanding or unliquidated balance of the encumbrance. All entries shall be referenced to the document evidencing the transaction. The encumbrance records must be kept up-to-date and the outstanding balance verified monthly against the encumbrance ledger in the FMS."

Under Title 19, Section 1553(g), of the Code, the Commission was required to submit to the Legislature and Governor for each fiscal year: (i) an Annual Report of its programs, activities, and accomplishments; (ii) a financial statement detailing total revenues received from all funding sources, expenditures made, and obligations incurred; and, (iii) a listing of contracts and grants established for antilitter and beautification services. These reports were required to be submitted no later than 60 days after the close of each fiscal year.

Accounting Records

Our audit disclosed that the Commission did not maintain a complete and accurate accounting of all antilitter funds received and disbursed. As part of our audit, we requested

copies of the accounting records maintained by the Commission over the audit scope period. The 2003 and 2004 accounting records provided consisted mainly of listings of encumbrance and payment vouchers. The vouchers were listed in numerical sequence, and the only other voucher descriptions given on the forms were "Payee", "Date" (prepared), and "Amount." No summary totals for the listed vouchers or liquidation information for encumbrances were provided. From viewing the forms, we could not determine if the payment vouchers had been actually processed and paid. An in-depth review disclosed that $200,000 in Fiscal Year 2004 vouchers had not been processed.

In addition to the voucher listings, we were given additional accounting records for Fiscal Year 2004. The records, which were grouped by expenditure accounts, provided information on allotment releases, vendor payments and encumbrances, and account fund balances. These records did not completely and accurately reflect all the transactions that had occurred during Fiscal Year 2004. For example, in the "Other Services and Charges" expenditure accounts section, the Commission recorded the total allotments it had received during the fiscal year as $293,173. However, our review of budget documents obtained from OMB disclosed that the actual amount that had been allotted was $596,975. This meant that a difference of $303,802 in Fiscal Year 2004 allotments was not reflected in the accounting records of the Commission.

Additionally, we reviewed a small sample of transactions that were posted as expenditures in the FMS to determine if the Commission's accounting records were current. We found that expenditures totaling $40,581 and $17,751 had not been recorded in the Commission's accounting records for fiscal years 2003 and 2004, respectively. We also found that adequate supporting documentation for $109,440 in expenditures was not available in the files of the Commission. We considered adequate supporting documentation to include approved encumbrance and payment vouchers, invoices, and/or time and attendance reports.

FMS Reconciliation

We were not provided any documentary evidence to show that the Commission had been reconciling its accounting records with the official Government records maintained by the FMS. Our audit disclosed that the Commission had been adjusting its accounts to match the amounts reported in the FMS. The adjustments were being made without determining the cause of any differences found or taking steps to resolve them.

As an example, we questioned why the Commission's records conflicted with OMB's concerning the total funds allotted to the "Other Services and Charges" expenditure accounts in Fiscal Year 2004. As previously stated, the Commission's figure was $293,173; OMB's was $596,975. The Commission staff member responsible for the financial records explained that the $293,173 was recorded directly from the FMS. Also, the staff member was not aware of the OMB memorandums which are provided quarterly to Government agencies and departments to notify them of their approved allotments. In addition, the staff member could not identify two expenditure transactions that had been charged to the Commission's cost center account.

Although the transactions only totaled $3,645, the overall lack of record reconciliation by the Commission impacted its effectiveness in accounting for antilitter funds.

Fund Balance

Staff members advised us that from July 2003 they had tried on several occasions to schedule a joint meeting with Finance and OMB officials to discuss the Commission's account balance, but their attempts were unsuccessful. We were told that in a July 2003 telephone conversation, a Finance official told a staff member that the Fund balance at the time was sufficient to cover the Commission's fiscal year obligations. As of the interview, staff members could not recall the exact figure given. Staff members said that in October 2003 they had to cancel certain antilitter programs because there was "no money in (the Commission's) account." We could not independently verify the information given by the staff members because the official who had provided the information had already retired at time of the audit. Finance officials indicated to us that they were not aware of the telephone conversation.

Annual Financial Statements

The Commission did not prepare the annual financial statements for fiscal years 2003 and 2004. The filing of annual financial statements is useful in helping the Legislature and Governor make prudent decisions in the budget and funding process.

We, however, found that the Commission had prepared annual reports of its programs, activities, and accomplishments, including listings of contracts and grants established for antilitter and beautification services.

Government Accounting Manual

The Commission did not follow certain accounting procedures prescribed in the Manual. For instance, no evidence was presented to us to show that the Commission had used the "Encumbrance Liquidation Record" form in its operations during the audit scope period. The form, which must be kept current and reconciled monthly with the encumbrance ledger in the FMS, provides a detailed liquidation history of encumbrances.

If used as prescribed, the form provides departments with an effective system of accounting control over public funds. To illustrate, under the "Other Services and Charges" expenditure account, OMB officials provided documents which showed that for Fiscal Year 2003 the account was over obligated by $306,757. Besides other reasons given, OMB and Finance officials suggested that the over obligation may have been linked to the Commission not properly liquidating its encumbrances through Finance. Obviously, had the form been an integral part of the Commission's operations, it could have provided detailed historical data of the liquidation of encumbrances.

Section 330.5 of the Manual gives departments the flexibility to implement the use of forms or accounting procedures not prescribed by the Commissioner of Finance. However,

approval must be obtained from the Commissioner. The Section gives departments the opportunity to establish procedures which are more stringent than those prescribed in the Manual. However, at a minimum, departments should adhere to the Manual's accounting procedures.

Recommendations

We recommend that the Authority's Governing Board of Directors:

1. Maintain a system of accounting that, at a minimum, conforms to the accounting principles and standards prescribed in the Government's Accounting Manual.

2. Maintain a system of internal controls that provides effective accountability for all funds which are the responsibility of the Authority. The internal controls should ensure that routine reconciliations are done of accounting data and records accurately and completely reflect the financial activities of the Authority.

3. Ensure that all annual reports and financial statements are prepared and submitted to the appropriate authorities within the specified time frames as required by law.

V. I. Waste Management Authority's Response

The Authority's response seemed to indicate general agreement with recommendations one and two by stating that the Authority has established systems of accounting and internal controls which conform with the Government's Accounting Manual and ensure that accounting data and records accurately reflect its financial activities.

The Authority's response indicated direct agreement with recommendation three. It stated that "since the Authority was to have become fully operational by May 2006, (its) first Annual Report has been completed and will be distributed to all appropriate authorities."

V. I. Inspector General's Comments

The Authority's response adequately addressed the recommendations made in this section of the report; therefore, we consider them resolved.

FINDING 3: GRANT AND CONTRACT MONITORING

The Commission did not always monitor the work performed by grant recipients and contractors in accordance with grant and contract agreement terms. As a result, the Commission: (i) indirectly relinquished some administrative and accounting control over a grant it had awarded to a private organization; and (ii) made $175,000 in payments to a contractor for work that had not been verified according to the terms of the contract.

Background

Title 19, Section 1553a of the Code authorized the Commission to award grants and contracts to private individuals or organizations and governmental agencies to further antilitter and beautification program objectives. Based on provided information, the Commission awarded grants and contracts totaling $1,335,300 during fiscal years 2003 and 2004. Our audit disclosed that they had been processed through the Department of Property and Procurement as required by Title 31, Chapter 23 of the Code. However, the Commission did not always monitor the grants and contracts according to the agreements.

Grant

In Fiscal Year 2003, the Commission awarded a one-year, $74,400 grant to a private organization (organization) to provide cleanup and beautification services in the St. Thomas - St. John district. The sum of $74,400 was payable upon the execution of the grant agreement. Under the agreement, the organization was required to maintain accurate records of all expenditures for funds received, and submit financial and written reports every three months that included, but was not limited to, the following: copies of canceled checks; original bills and invoices; deposit slips; bank statements; time and attendance records supporting payroll; and receipts for goods purchased or services rendered. The organization was also required to provide the names of all officers and their roles and responsibilities in the grant project.

Undocumented Expenditures. The Commission failed to ensure that the organization submitted accurate and complete records of expenditures for funds received under the grant agreement. From our review of records provided to us, we found that $66,475 in grant expenditures was supported only by copies of cancelled checks. Also, we were not given any supporting documents for an additional $4,965 of the $74,400 grant. Finally, we were not provided copies of bank statements or deposit slips to show that the organization had submitted these records to the Commission.

Control Over the Grant Agreement. The Commission did not obtain time and attendance records supporting grant payroll payments made to the staff of the organization. Also, documentation defining the staff's roles and responsibilities in the project was not obtained. These records could have aided the Commission in adequately substantiating payroll expenditures incurred under the agreement. During our audit, we found that the organization routinely commingled allowable and unallowable payroll expenditures in check payments made

to its administrator. Because adequate supporting documentation had not been provided, the Commission required that the organization's board members certify in writing that they had approved such payments. We found that the written verification request by the Commission and the resulting certification letter by the board members were signed and dated after the contract had expired.

The Commission was unsuccessful in obtaining financial reports from the organization as per the grant agreement. Despite the Commission's written requests for the financial reports, the organization had submitted only one report over the grant period.

The Commission had opted to pay the $74,400 grant to the organization in a lump sum at the beginning of the grant. Because of this, the Commission could not take advantage of a clause in the grant agreement which authorized it to withhold funding due the grantee if work had not been performed in accordance with the agreement.

Recycling Contract

In Fiscal Year 2004, the Commission awarded an $825,000 contract to a company (contractor) to provide redemption and recycling services. The contractor was responsible for managing the operations at redemption centers established to redeem and remove recyclable materials from the St. Thomas - St. John district. As per the contract, the contractor was advanced an initial payment of $175,000 to pay the public for recyclable materials, and to cover other approved costs. The contractor, however, was not advanced any more payments because the contract had been terminated due to funding problems.

The contract stipulated that the "Contractor shall provide to the Commission all information regarding the cost of shipping recyclables off-island and the revenue received thereof. Further, Contractor shall provide the Commission with all information regarding the revenue received from the sale of glass on or off-island. Contractor and Commission shall share all revenue received from the disposal of recyclables. Said, revenue sharing shall be negotiated with the Contractor and Commission prior to execution of the contract."

Monitoring. The Commission did not require that the contractor provide information regarding the cost of shipping recyclables off island and revenue earned from the subsequent sale thereof. A Commission staff member said that the information had not been required from the contractor because of the early termination of the contract. We, however, believe that the requirement should have been enforced because (i) it was a part of the terms and conditions of the contract; (ii) it was a useful tool in monitoring the work performed by the contractor; and, (iii) the $175,000 advanced to the contractor was material in amount.

As stated, the Commission could have used the required information as a tool in monitoring the work performed by the contractor. For instance, payments to the public for recyclable materials were based on their weight at redemption rates set by the Commission. The company contracted to provide redemption services submitted claims for reimbursement of

expenditures to the Commission. These claims detailed the weight of the recyclable materials redeemed and the redemption payments made to the public. Although redemption center activities were monitored, the Commission relied solely on the information provided by the company. The Commission could have used the revenue reports of off island sales as a way to verify the information submitted by the company. For instance, for specific periods, the Commission could have compared documentation from the company and the (off-island) recyclers to determine if significant differences existed between the weight of recyclables redeemed and the weight of recyclables shipped.

Unused Funding. We found that after the recycling contract had been terminated, the Commission conducted an internal review to determine if any unused funds remained from the $175,000 advanced to the contractor. The Commission found that $13,190 in unused funds remained from the advance. The contractor agreed with the finding. However, to date, the contractor had not reimbursed the amount owed, despite written requests by the Commission and the Department of Justice.

Recommendations

We recommend that Authority's Governing Board of Directors:

1. Ensure, through the application of established procedures, that grants and contracts are effectively and routinely monitored.

2. Ensure that payments made to grant recipients and contractors are only for work that has been satisfactorily completed and performed in accordance with the terms of the agreements. When feasible, grant and contract funds should be awarded in stages.

3. Continue to work with the Department of Justice to collect the $13,190 in unused funds owed by the recycling contractor. If necessary, file a civil claim in the Superior Court of the Virgin Islands for the amount owed.

V. I. Waste Management Authority's Response

The Authority agreed with recommendations one and two made in this section of the report. In its response to recommendation one, the Authority noted that, as of the issuance of this audit report, it only has "one holdover grant outstanding and all procurement activities are undertaken through contracts with the requisite controls built in; including monitoring and reporting." Regarding recommendation two, it indicated that "both the single grant and all contracts provide for periodic payments for work satisfactorily completed."

The Authority only partially agreed with recommendation three. Although it agreed that efforts should be taken to collect the $13,190 in unused funds from the contractor, it believed the recommendation to do so should be directed to the Department of Public Works and the V.I. Department of Justice, instead of the Authority. Its basis for this view is that no contractual

relationship existed between the Authority and the contractor at the time the recycling services were terminated.

V. I. Inspector General's Comments

The responses to recommendations one and two made in this section of the report are sufficient for us to consider them resolved.

Regarding recommendation three, we believe the Authority is the agency that should pursue collection of the $13,190 owed by the contractor. We base our position on the nature of the contractual relationship that existed when the recycling services were terminated. At the time, the Commission and the contractor were contracting parties, not the Department of Public Works. Act No. 6638 transferred the resources of the Commission to the Authority. Consequently, we believe that the $13,190 represents uncollected resources now owed the Authority and the Government of the Virgin Islands.

Furthermore, collection efforts were already started by the Commission before its dissolution. We are recommending that the Authority take the initiative to continue working with the V.I. Department of Justice to collect the monies owed. This follow-up initiative will not only benefit the Authority, but also the Government of the Virgin Islands.

Accordingly, we consider recommendation three unresolved.

V. I. WASTE MANAGEMENT AUTHORITY'S RESPONSE

VIWMA
Virgin Islands Waste Management Authority
Preserving Paradise

Office of the Executive Director

July 26, 2006

Steven Van Beverhoudt
Inspector General
Office of the Virgin Islands Inspector General
2315 Kronprindsens Gade No. 75
St. Thomas, VI 00802-6468

Re: Audit of the Former St. Thomas/St. John Anti-Litter and Beautification Commission

Dear Mr. Van Beverhoudt:

Your letter of July 6, 2006 inviting us to respond to the recommendations set forth in the above referenced audit report is acknowledged. We also express our appreciation that you not only shared the preliminary draft of the report with my staff and me, but that you incorporated some of our early suggestions into your final draft of the report.

In addressing your request that the V.I. Waste Management Authority (WMA) respond to the recommendations made in the audit of the practices and procedures of the now defunct St. Thomas/St. John Anti-Litter and Beautification Commission (ALBC), we must as a preliminary matter state for the record that the ALBC was disbanded in January 2004 pursuant to Act No. 6638. The ALBC was not absorbed into the WMA; just its programs and activities. As a consequence, since the ALBC preceded the creation of the WMA, and your audit covers the 2003 and a portion of the 2004 ALBC fiscal years, it is a bit difficult for the WMA to comment as though the ALBC is a viable organization. The programs and activities of the ALBC were unique to that organization, and the WMA does not conduct its business in a similar matter.

Further, it appears to us that the recommendations in the report to which you have requested responses from the WMA are recommendations which are in keeping with good business practices which in turn would successfully withstand an audit performed in accordance with generally accepted government auditing standards. In sum, each of the recommendations directed to the WMA in the ALBC Audit Report could simply have been presented to the Authority without the ALBC as a backdrop.

Our preliminary concerns having been expressed above, the WMA offers the following responses to the recommendations set forth in the audit report of the no-longer-in-existence Virgin Islands Anti-Litter and Beautification Commission:

FINDING I: FUND MANAGEMENT RECOMMENDATIONS

1. The WMA Board of Governors should..."(a)dhere to procedures that promote effective management control over monetary resources deposited into funds designated to finance the operations and programs of the Authority."

RESPONSE: The Authority, as an autonomous entity, has developed formal procedures for the effective management and control over its monetary resources, whether the repository of those funds is the Government's Department of Finance, the commercial banks in which the Authority has deposit accounts, or in special funds, i.e. the Corrective Action Trust Fund, the Department of the Interior's grants, and the like. The person or parties responsible for maintaining the Authority's financial resources is the Chief Financial Officer Division which is headed by a Chief Financial Officer, with a staff of trained and experienced employees.

2. The Authority's Governing Board of Directors should... "(m)aintain overall oversight and management of the fund to ensure that drawdowns by Government agencies sharing access to the fund do not occur without the knowledge or consent of the Authority."

RESPONSE: Since this recommendation relates specifically to the ALBC fund, and the audit report clearly states the culpability of the Department of Finance, the Legislature, the Bureau of Internal Revenue, and the Office of Management and Budget, a daunting task has been proposed. Short of a Congressional enactment or a dramatic and unprecedented agreement amongst the members of the 26th Legislature and future Legislatures to leave the ALBC fund inviolate, it is not likely that the ALBC fund will not be tapped by members of the Legislature to fund some of their pet projects. The phrase used by members of the Legislature to legitimize a raid on the ALBC fund is: **"Any law to the contrary notwithstanding; it is hereby appropriated from the Anti-Litter and Beautification Fund the sum of ..."**

The WMA would suggest a better recommendation relating to the protection of the ALBC fund and other funds earmarked for the Authority. We recommend that the Legislature be requested to amend the law which established the ALBC Fund, to provide that once collected by the V.I. Bureau of Internal Revenue, the pre-disposal fees should be released directly to the WMA, rather than to the Department of Finance, where it is accessible to the members of the Legislature.

FINDING II: ACCOUNTING PRACTICES RECOMMENDATIONS

1. The WMA Board of Governors should..."(m)aintain a system of accounting that, at a minimum, conforms to the accounting principles and standards prescribed in the Government's Accounting Manual."

RESPONSE: The WMA as a new startup autonomous government agency sought the advice, direction, and assistance of all appropriate institutions which would impact our financial management system, going forward. We therefore have put in place a system of finance and accounting which conforms with the Government's Accounting Manual. There are checks and balances in our system which we believe are actually an improvement over the current Government Financial Management System. We would note, in passing, that the Government's FMS is slated for wholesale replacement because of reliability issues.

2. The WMA Board of Governors should..."(m)aintain a system of internal controls that provides effective accountability for all funds which are the responsibility of the Authority. The internal controls should ensure that routine reconciliations are done of accounting data and records accurately and completely reflect the financial activities of the Authority."

RESPONSE: The WMA's response to this recommendation is the same as set forth in (2) above; the Authority's CFO Division has, with the assistance and guidance of other entities, instituted a system of internals controls which yield accuracy in our financial and other activities.

3. The WMA Board of Governors should..."(e)nsure that all annual reports and financial statements are prepared and submitted to the appropriate authorities within the specified timeframes as required by law."

RESPONSE: The WMA agrees with this recommendation, and would inform the reader that since the Authority was to have become fully operational by May 2006, our first Annual Report has been completed and will be distributed to all appropriate authorities.

FINDING III: GRANT AND CONTRACT MONITORING RECOMMENDATIONS

1. The WMA Board of Governors should..."(e)nsure, through the application of established procedures, that grants and contracts are effectively and routinely monitored."

RESPONSE: The WMA agrees with this recommendation, and would note that we have but one holdover grant outstanding and all other procurement activities are undertaken through contracts with the requisite controls built in; including monitoring and reporting.

2. The WMA Board of Governors should…"(e)nsure that payments made to the grant recipients and contractors are only for work that has been satisfactorily completed and performed in accordance with the agreements. When feasible, grant and contract funds should be awarded in stages."

RESPONSE: The WMA agrees with and currently follows the recommendations set forth above. The single grant is monitored by WMA staff and both the single grant and all contracts provide for periodic payments for work satisfactorily completed.

3. The WMA Board of Governors should…"(c)ontinue to work with the Department of Justice to collect the $13,190.00 in unused funds owed by the recycling contractor. If necessary, file a civil claim with the Superior Court of the Virgin Islands for the amount owed."

RESPONSE: The WMA agrees that the contractor should be pursued for refund of the $13,190.00. However, since there was no privity of contract between the WMA and the contractor when the services were terminated it would appear that this recommendation should be made to the Public Works Department and the V.I. Department of Justice.

We trust that our responses to the Audit Report and the recommendations set forth therein are appropriate contributions to the report.

Sincerely,

May Adams Cornwall
Executive Director

cc w/ enclosures

Winston Adams, Chair
All Other Board Members
Deandre Atwell, Chief Financial Officer
Charles Parrott, Director of Property and Procurement
Iver A. Stridiron, General Counsel

V. I. LEGISLATURE'S RESPONSE

HONORABLE LORRAINE L. BERRY
Senate President

Legislature of the Virgin Islands

Capitol Building
St. Thomas, U.S. Virgin Islands

Office of the Senate President

Chair
- Committee of the Whole

Vice Chair
- Committee on public Safety Homeland Security Justice

Committee Member
- Committee on Rules and Judiciary
- Committee on Health, Hospitals and Human Services
- Committee on Economic Development, Planning and Environmental Protection

MEMORANDUM 26 – 195

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

From: Lorraine L. Berry
Senate President, 26th Legislature of the Virgin Islands

Subject: Legislature's Response to Draft Audit of St. Thomas – St. John Antilitter and Beautification Commission

Date: August 7, 2006

In response to your memo dated June 23, 2006 in reference to the unofficial audit of St. Thomas – St. John Antilitter and Beautification Commission, the legislature offers the following:

IG's Recommendation:

"We recommend that the Legislature ensure that appropriations made from the fund are consistent with the mandates of the Authority."

Analysis:

The Inspector General's draft audit report states that extensive appropriations from the Anti-Litter and Beautification Fund to finance unrelated purposes has had an adverse impact on the performance of the Commission. The report indicates that between Fiscal Years 1999 and 2004, the Legislature appropriated $7,990,735 to address hazardous waste concerns that were beyond the scope of the Commission. These programs included funding for used oil recycle management and for major wastewater repairs and maintenance.

In addition, the Legislature appropriated funds for these unrelated purposes:

- $360,000 to hire six firemen and purchase a truck for St. Croix;
- $1,350,000 for annual carnival events on St. Thomas, St. Croix, and St. John; and,
- $122,000 to purchase library books, to erect a fence, and to purchase electronic items at two St. Thomas public schools.

"Your Voice of Reason"

St. Thomas: (340) 693-3507 Fax (340) 693-3660 • Capitol Building P.O. Box 1690 • St. Thomas, V.I. 00804
St. Croix: (340) 712-2379 Fax (340) 712-2340 • #1 Lagoon Street Complex • Frederiksted, VI 00840
St. John: (340) 776-6285 Fax (340) 776-6383 • Hilltop Bldg 1302 • Cruz Bay St. John, VI 00831-6113
Cell: (340) 690-0715 • **E-mail:** senatorberry@senate.gov.vi • **Home:** (340) 774-7767

Legislature's Response:

The Legislature agrees that in the past, it has appropriated funds from the Anti-Litter and Beautification Commission Fund for purposes not directly related to their mission. The Legislature, in doing so, utilized this funding source to facilitate projects that were considered to be in the best interests of the people of the Territory.

The Legislature agrees with the finding and will strive in the future to adhere to the mandates of the Commission as it relates to the appropriation of funds.

Pc: All Senators, 26th Legislature of the Virgin Islands
Post Auditor

V. I. BUREAU OF INTERNAL REVENUE'S RESPONSE

Director's Office
TEL: (340) 714-9301
FAX: (340) 714-9345

GOVERNMENT OF
THE VIRGIN ISLANDS OF THE UNITED STATES
VIRGIN ISLANDS
BUREAU OF INTERNAL REVENUE
9601 Estate Thomas
Charlotte Amalie, St. Thomas, U.S.V.I. 00802

July 13, 2006

Steven van Beverhoudt, CFE, CGFM
V.I. Inspector General
Office of Inspector General
2315 Kronprindsens Gade #75
St. Thomas, Virgin Islands 00802

Dear Mr. van Beverhoudt:

This is in response to Audit AR-01-60-06, audit of the St. Thomas-St. John Anti-Litter & Beautification Commission. The Bureau offers the following response to the recommendation that the Bureau ensures that revenue and fund balances are submitted in a timely manner to the appropriate government agencies.

Response:

The Bureau concurs with the recommendation of the Inspector General's Office. The Bureau will implement safeguards to ensure that all revenue and fund balance reports are submitted to the Office of Management and Budget within two (2) months after collections.

Please feel free to contact my office if you have any questions.

Sincerely,

Louis M. Willis
Director

LMW/dmag

ADDITIONAL INFORMATION NEEDED TO CLOSE RECOMMENDATIONS

Recommendation Number and Status	Additional Information Needed
1-1 Resolved	No further action needed.
1-2 Unresolved	Provide documentation to show that the Authority has developed a system to ensure that the use of the Antilitter and Beautification Fund will be monitored.
V. I. Legislature	
Resolved	No further action needed.
V. I. Bureau of Internal Revenue	
Resolved	No further action needed.
Department of Finance	
Unresolved	Indicate actions being taken to ensure that revenue and fund balance reports are submitted timely.
2-1 Resolved	No further action needed.
2-2 Resolved	No further action needed.
2-3 Resolved	No further action needed.
3-1 Resolved	No further action needed.
3-2 Resolved	No further action needed.
3-3 Unresolved	Provide documentation to show that the Authority has notified the V. I. Department of Justice that the amount in question is still outstanding.

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26th Legislature	15
Legislative Post Auditor	1
Delegate to Congress	1

Government of the United States

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