

**CONFIRMATION HEARING FOR STEVEN VAN BEVERHOUDT
COMMITTEE ON RULES AND JUDICIARY
OCTOBER 24, 2016**

Good morning Senator Kenneth Gittens, Chairman of the Committee on Rules and Judiciary, members of the Committee, other members of the 31st Legislature, legislative staff, ladies and gentlemen in the chambers and in the listening and viewing audience, I am Steven van Beverhoudt, Governor Kenneth Mapp's nominee for the position of Virgin Islands Inspector General for the Office of the Virgin Islands Inspector General. I am here this morning for my confirmation hearing and to answer any questions that you might have. Before I begin I would like to recognize the presence in the audience of my wife Myrna and some of the members of the VI Inspector General's Office.

I begin by giving praise to the Almighty God for allowing me the strength and health to be in a position to continue to serve the people of the Virgin Islands, for without Him none of this would be possible. I would like thank Governor Mapp for having the confidence in my abilities to re-nominate me for a fifth term to this position. I would also like to thank you for giving me the opportunity to appear here today. As previously stated this is the fifth time that I will be appearing before the Virgin Islands Legislature to give testimony on my nomination as the VI Inspector General and if confirmed, this will be the fifth administration under which I will serve. I assure you that with your approval I will continue to perform my duties and

responsibilities of protecting the interest of the Government and the people of the Virgin Islands to the best of my ability.

Most of you know me, but for those who don't and for the record, I would like to briefly tell you about myself. A native son, born on the island of St. Thomas (with Virgin Islands roots traced back to the 1600's to include St. Croix), I graduated "cum laude" from the College of the Virgin Islands in 1979, obtaining a BA degree in Accounting. In that same year, I received the "Wall Street Journal Award" in recognition of outstanding academic achievement. I was a member of the CVI's President's Club and was cited in "Who's Who Among Students in American Universities and Colleges".

I have spent my entire 38-year professional career in Government service. For the first seven years of my career I worked as an internal revenue agent with the Virgin Islands Bureau of Internal Revenue. The last 31 years I served as an auditor with the Office of the Virgin Islands Inspector General (formally the VI Bureau of Audit and Control); of which the last 27 years I have been the VI Inspector General. I am a Certified Fraud Examiner, and a Certified Government Financial Manager. I am a member of the Association of Certified Fraud Examiners, the Institute of Internal Auditors, the Association of Inspectors' General, the Association of Government Accountants, and the Association of Pacific Islands Public Auditors. I have received numerous certificates for training, including: detection and prevention

of fraud, waste and abuse; procurement fraud; performance auditing; operational auditing; interviewing techniques; statistical sampling; and white collar crime investigations, to name a few. In January 2008, I had the opportunity to write an article entitled “Corruption: A United States Virgin Islands Perspective” for the University of the Virgin Islands’ magazine Caribbean Perspective. In March of 2008, I had the honor of being chosen as the Rotary Club of St. Thomas’ II Person of the Year.

I am married to the former Myrna Velázquez Soto of Frederiksted, St. Croix, who is now enjoying her retirement, though at times, seems to be busier now than when she was working. We have two sons, Steven, Jr., and Mark, and I am the proud grandfather of a 19-month-old girl, Zariya, and another granddaughter expected in early 2017.

In 1989, when I was before this body to be confirmed as the first VI Inspector General, and again in 1995, 2002 and 2009, when I was three times re-nominated, I outlined several objectives that I had for the VI Inspector General’s Office, all of which would still apply today. They are:

- (i) to look for and report on fraud, waste and abuse in the VI Government;
- (ii) to identify and review various revenue sources of the VI Government to ensure that the maximum revenues possible are being collected;
- (iii) to ensure that departments and agencies are operating in an effective and

efficient manner, and that funds are being disbursed in a way to protect the best interest of the VI Government; and,

(iv) to take all steps possible to maintain a fully staffed office with well trained and well equipped auditors and investigators.

Over the past 27 years, I think we have done a fairly good job in meeting these objectives. I would like to thank and complement the current staff as well as prior staff members for a job well done. There are, however, some areas that I feel are in need of improvement, and I will discuss them when I talk about my future goals later in this presentation.

Like any other undertaking in life, at times things can be very frustrating and discouraging; but, for the most part serving as the VI Inspector General has been a challenging but rewarding experience. I assure you that at times I have asked myself “Do I really need this?” But in the end I have always felt that as long as I can still contribute in some way to the betterment of my home...the Virgin Islands, then yes I must continue.

Although I have served as the VI Inspector General for four terms, covering 27 years, I would like to focus my comments on the accomplishments of my most recent term, covering Fiscal Year 2010 to Fiscal Year 2016. Over the past 7 fiscal years, we have experienced a roller coaster ride with the up and down finances of the

VI Government. Our funding level has fluctuated from \$1.8 million in 2010 to a low of \$1.3 million in 2013, to an increase to \$2.0 million in fiscal years 2015 and 2016. Our 2017 funding has again increased to \$2.2 million, and I would like to thank this body for the additional funding.

Our staffing levels have likewise experienced the same roller coaster ride, going from 16 employees in 2010 to a low of 11 employees in 2013 to the current level of 17 employees. We recently hired several young and energetic individuals who we hope to train to be the future of the organization. In addition, for the first time, we have a writer-editor on board to assist the staff in improving our writing skills.

In Fiscal Year 2015, we have been able to implement an across the board pay increase of 10%, as well as, bringing all employees up to their current pay steps, some with as much as a six step increase. During the past few years, we have been able to acquire new furniture for both our St. Croix and St. Thomas offices; in addition to upgrading our computer equipment. In Fiscal Year 2015 we have implemented electronic work paper software and we are now able to communicate between the islands electronically.

During the past 7 years, we have had two satisfactory peer reviews of our operations, with only minor improvements recommended by the reviewer.

In the area of audits, we have issued some significant reports on the operations

of various departments, agencies and autonomous entities of the VI Government. Some of our reports covered the following: Loan Programs of the Economic Development Authority; Tax Incentive Program of the Economic Development Authority; Property Tax Auctions; Operations of the VI Lottery; the Education Initiative Fund; Operations of the VI Legislature; and Alternative Investments of the Government Employees Retirement System. All of these reports and others can be accessed from our website at www.viig.org. During this 7-year period, we have identified almost \$500 million in VI Government funds that have been misused, wasted or could have been put to better use.

In the area of investigations, either locally or in conjunction with the Federal Government, we have seen several former VI Government officials either plead guilty or were convicted of various violations of federal and/or local laws. Included are: a then sitting senator and two staff members; a former executive director of the VI Legislature; and the spouse of the former Chief Executive Officer of the Schneider Regional Medical Center. During this period, the trial for the three former executives of the Schneider Medical Center was held; although it ended in a hung jury. It is scheduled for retrial in 2017. In addition, four individuals were charged locally for their involvement in an alleged property tax auction scheme. The trial is scheduled for later this year; as is the misappropriation case against another former senator.

Over the 7-year period we have received and continue to receive complaints and allegations of wrongdoing by VI Government officials, averaging 30 such complaints per year. Although the majority are unsubstantiated or lack sufficient information to proceed, there are some that provide good leads to audit or investigative activities.

We have been able to meet our annual continuing education requirements, more recently by providing our staff with the opportunity to train with their colleagues and counterparts in the US mainland.

If confirmed, my short-term goals are to: (1) expand the office location on St. Thomas, we have currently just about reached our capacity, with only two vacant workstations, our St. Croix office still has the space for five individuals; (2) continue to increase the professional staff with energetic individuals who would like to make a career with the VI Inspector General's Office; to groom them to be the future of the agency; (3) hire an attorney with white collar experience to serve as the General Counsel to the VI Inspector General's Office; and, (4) continue to report on areas where VI Government funds can be put to better use and wrongdoers held accountable.

In the long-term, I hope to: (1) create a follow-up program where we can ensure that corrective actions promised by agencies and auditees are in fact implemented; (2) reduce the audit process, from the initial audit assignment to the

issuance of the final report, to 9 months or less; (3) ensure that all manuals, both audit and investigative, are revised and updated; (4) transition the investigative unit's records management to the electronic work paper system; and (5) have a smooth and effective functioning agency to be handed over to my successor once my time is completed.

Over the past 27 years, and five administrations, I have seen the VI Bureau of Audit and Control blossom. From a small, less than 10-person agency, answerable to the Commissioner of the Department of Finance, where reports were always kept confidential and not subject to the public's view; to become the Office of the Virgin Islands Inspector General, a watchdog for the people of the Virgin Islands, where fraud, waste and abuse is brought to the people's attention, and where wrongdoers are held accountable. Is there room for improvements? Of course there is. We should never be satisfied with what we have. I hope that this body will give me the opportunity to continue this journey as I strive with the help and support of the staff to make the Office of the Virgin Islands Inspector General the best that it can be.

I thank you for the opportunity to be here today, and I am available to answer your questions.