March 3, 2026 **AR-02-38-22**

THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE VIRGIN ISLANDS INSPECTOR GENERAL

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AUDIT OF ADMINISTRATIVE FUNCTIONS OF THE VIRGIN ISLANDS TAXICAB COMMISSION

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EXECUTIVE SUMMARY

The following summarizes the findings from the Audit of Administrative Functions of the Virgin Islands Taxicab Commission (AR-02-38-22).

Finding 1: Medallion Registry (pages 5 to 11)

- Commission officials did not (1) preserve the physical condition and information of some medallion registries; and (2) maintain complete and accurate information in the registries and owners' files. Also, thirteen (13) unsold medallions from the Commission's inventory are missing.

Finding 2: Medallion Auction (pages 12 to 15)

- Commission Officials accepted $22,101 in auctioned medallion payments after established deadlines and received an overpayment of $200 for one medallion sold. Also, officials issued certificates of entitlement and medallions up to seven months after the established timeline.

Finding 3: Taxi Licenses (pages 16 to 19)

- From 2018 to 2022, the Commission approved 10 taxi licenses to seven applicants who failed the exam and to three applicants for whom there is no evidence that they took the written exam.

Finding 4: Biannual Inspections and Enforcement (pages 20 to 23)

- During the audited period (2018-2022), the Commission did not conduct biannual vehicle-for-hire (taxicab) inspections or regular patrols to ensure that taxicab operators adhered to established laws and regulations. Furthermore, biannual inspections had not been conducted as early as 2008, indicating a period of at least 14 years without inspections.

Finding 5: Collections (pages 24 to 28)

- Commission officials did not (1) timely deposit $44,622 into the government bank account, and (2) timely post to the ERP $258,342 in revenues. There was a discrepancy of $18,587 between cash receipts deposited and posted to the ERP. Also, $54,811 in medallion sales were not posted to the ERP.

Finding 6: Expenditures (page 29)

- The Commission expended Fund monies in accordance with the regulations established by law. Funds were expended for operational expenses, including personnel services, fringe benefits, office supplies, vehicle repairs, and operating and maintenance costs.

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March 3, 2026

Ms. Melissa Smith
Executive Director
Virgin Islands Taxicab Commission
8201 Subbase, Suite 1
St. Thomas, Virgin Islands 00802

Dear Executive Director Smith:

This report contains the results of our audit of the Administrative Functions of the Virgin Islands Taxicab Commission. The objective of the audit was to determine if the Commission properly authorized the issuance of taxi licenses, inspected taxicabs, and accounted for medallions, collections, and expenses, in accordance with taxicab laws.

We found that the Taxicab Commission has not made significant improvements in its responsibility to maintain accurate medallion registries and implement biannual inspections of vehicles for hire (Taxi). Additionally, for the audited period, fiscal years 2018 to 2022, we found that the Commission did not (a) follow established rules and regulations for medallions auctioned, nor (b) approve the issuance of Taxi Licenses in accordance with established laws, rules, and regulations. Also, the Commission failed to appropriately safeguard and account for revenue collections in accordance with best business practices.

Specifically, the Commission officials: (i) did not implement measures to safeguard the physical condition of all medallion registries; (ii) did not maintain complete and accurate medallion registries; (iii) did not always ensure that medallion owners' files contained the required documents; (iv) did not ensure that all its inventory of medallions were accounted for; (v) accepted late payments from two customers for medallions sold at auctions; (vi) accepted, from two buyers, less than the 10% down payment required to secure winning bids for medallions; (vii) did not return an extra $200 that a customer overpaid for a medallion; (viii) issued certificate of entitlements and medallions to nine auction buyers up to seven months late; (ix) approved taxi licenses for ten applicants who did not meet the exam requirements; (x) did not perform biannual vehicle inspections on vehicles for hire; (xi) did not conduct routine taxi patrols; (xii) deposited $44,622 in revenue collections late; (xiii) did not timely post $258,342 in other cash revenue collections; (xiv) did not post to the Enterprise Resource Planning system (ERP) $54,811 from medallion sales; and (xv) had an unreconciled difference of $18,587 in cash payments deposited and posted to the ERP.

As a result, (i) information in some damaged medallion registries is at risk of being lost; (ii) information contained in the medallion registries and owners' files cannot be independently relied upon to reflect the most current status of medallions; (iii) thirteen unsold medallions are

unaccounted for; (iv) officials compromised the fairness of the auction process; (v) some taxi operators did not meet the minimum requirements needed for a taxi operators license; (vi) seven applicants who failed, and three applicants for whom there is no evidence that they took the written exam, were granted a taxi operator's license; (vii) the Commission risked public safety by not inspecting vehicles for hire; (viii) the Commission lost at least $170,310 in revenue due to vehicle inspection fees not being collected; (ix) the Commission encountered a 94% decrease in fines collected from citations issued each year; (x) the Commission's revenue collections were not adequately accounted for; and (xi) late deposits and ERP postings hindered the accurate accounting and reporting of revenue, thereby increasing the risk of mismanagement of government funds.

We made several recommendations to address the causes of the findings included in this report. Our recommendations concern medallions, taxi licenses, vehicle inspections and patrols, and collections.

An exit conference was held on January 21, 2026. There was general agreement with the report's findings and recommendations.

The Commission submitted a response to the recommendations on February 20, 2026, and it is included as Appendix I, beginning on page 30. The recommendations were adequately addressed. Five of 19 recommendations were considered resolved and implemented. Eleven recommendations were considered resolved, pending follow-up reviews. One recommendation was considered resolved but not implemented while another recommendation was resolved pending additional information. Additionally, one recommendation was partially resolved, pending a follow-up review.

If you require additional information, please call me at (340) 774-3388.

Sincerely,

Delia M. Thomas, CFE
Virgin Islands Inspector General

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INTRODUCTION

BACKGROUND

The Virgin Islands Taxicab Commission (Commission) was re-established as a semiautonomous agency in 2007 by Act No. 6968 of the V.I. Code (Code). The Act established the Commission as a separate agency from the Virgin Islands Department of Licensing and Consumer Affairs (Licensing). A nine-member Board governs the Commission, and the Executive Director oversees its daily operations.

The Commission's primary mandate is to oversee the operations of the taxi industry in the Virgin Islands. Specifically, the Commission is responsible for issuing medallions, authorizing taxi licenses to taxi operators, and inspecting taxicabs. To operate in the taxi industry, an individual must own or lease a medallion. The individual should also have a taxi license to operate a vehicle for hire. The Commission generates revenue through business license fees, taxi badge renewals, leases, medallion sales, and other services provided to taxi operators.

A medallion is an instrument that authorizes a person or business to operate a taxi. Taxi medallions

are income-producing assets that lending institutions can use as collateral. The Commission sells medallions to individuals, companies, corporations, or partnerships operating a vehicle for hire within the Virgin Islands. Each medallion shall bear on its face a permanent registration number different from that of any other medallion. The Commission sells one medallion for each valid set of Virgin Islands license plates issued for a vehicle for hire (Taxi).

V.I.C. Title 20, Section 408(a) requires the Commission to keep and maintain an accurate registry of medallions which shall include each medallion registration number, the islands for which it is valid, its owner, the attachment and cancellation of any lien or encumbrances against any medallion, the number of the set of license plates issued each medallion each year, any change in ownership of the medallion and such other information as the Commission deems necessary.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our audit objective was to determine if the Commission properly authorized the issuance of taxi licenses, inspected taxicabs, and accounted for medallions, collections, and expenses, in accordance with taxicab laws.

The scope of our audit covered Fiscal Years 2018 through 2022.

To accomplish this objective, we interviewed officials to gain a deeper understanding of the agency's operations. We reviewed laws, policies, procedures, and guidelines applicable to medallions and their owners' files, taxi licenses, vehicle inspections, collections, and expenses.

Also, we reviewed medallion registries, taxi license exam records, citation and collection records, and expenditures from the Taxi License Fund.

We conducted this performance audit in compliance with the Government Auditing Standards (GAS) issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. Accordingly, we performed tests of records and performed other auditing procedures that were considered necessary under the circumstances. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PRIOR AUDIT COVERAGE

There were no prior audit reports of the Commission that were completed within the past five years. However, the Office of the Virgin Islands Inspector General issued an audit report of the Commission in August 2005. The objectives of the audit were to determine whether (i) the Commission maintained adequate information in the registry to accurately account for all transactions pertaining to inventories of taxi medallions and license plates; (ii) the Commission collected all revenues pertaining to biannual vehicular inspections and renewals of business licenses as prescribed by law; (iii) enforcement has been effective in monitoring the activities of taxicab operators for conformance with the laws governing the operations of taxicabs; and (iv) the Commission funds were disbursed solely for activities related to the operations of the agency.

The 2005 audit discovered that the Commission (i) did not regularly update the registries with information that accurately reflects ongoing transactions relating to medallions and license plates; (ii) did not safeguard unissued license plates, nor have a complete accounting of all medallions issued or in inventory; (iii) did not enforce the law that requires taxicab operators to have their vehicles inspected biannually as required by the Code; (iv) did not equip the enforcement section with staffing resources that would enable it to adequately attend to many of the breaches of the taxicab laws; and (v) disbursed funds that were for general operations of Licensing and not exclusively for the operations of the Commission.

The recommendations addressed areas dealing with (i) the registries, (ii) the safeguarding of medallions and license plates, (iii) biannual inspections, (iv) the enforcement of taxicab laws, and (v) the use of the Commission funds.

WHY WE PERFORMED THE AUDIT

In September 2021, the then-Executive Director of the Taxicab Commission requested an audit of the administrative functions of the agency.

RESULTS

CONCLUSIONS

Since the V.I. Inspector General's audit report on The Operations of the Taxicab Division was issued in 2005, we found that the Taxicab Commission has not made significant improvements in its responsibility to maintain accurate medallion registries and implement biannual inspections of vehicles for hire (Taxi). Additionally, for the audited period, fiscal years 2018 to 2022, we found that the Commission did not (a) follow established rules and regulations for medallions auctioned, nor (b) approve the issuance of Taxi Licenses in accordance with established laws, rules, and regulations. Also, the Commission failed to appropriately safeguard and account for revenue collections in accordance with best business practices.

Specifically, the Commission officials: (i) did not implement measures to safeguard the physical condition of all medallion registries; (ii) did not maintain complete and accurate medallion registries; (iii) did not always ensure that medallion owners' files contained the required documents; (iv) did not ensure that all its inventory of medallions were accounted for; (v) accepted late payments from two customers for medallions sold at auctions; (vi) accepted, from two buyers, less than the 10% down payment required to secure winning bids for medallions; (vii) did not return an extra $200 that a customer overpaid for a medallion; (viii) issued certificate of entitlements and medallions to nine auction buyers up to seven months late; (ix) approved taxi licenses for ten applicants who did not meet the exam requirements; (x) did not perform biannual vehicle inspections on vehicles for hire; (xi) did not conduct routine taxi patrols; (xii) deposited $44,622 in revenue collections late; (xiii) did not timely post $258,342 in other cash revenue collections; (xiv) did not post to the Enterprise Resource Planning system (ERP) $54,811 from medallion sales; and (xv) had an unreconciled difference of $18,587 in cash payments deposited and posted to the ERP.

We attribute these conditions to Commission officials: (i) not updating registry records promptly to reflect changes in medallion status; (ii) not implementing adequate oversight controls for maintaining medallion owners' files, the medallion inventory, and the medallion transactions (buy, sell, transfer); (iii) deviating from their guidelines for medallions sold at auctions; (iv) bypassing the requirements to ensure that taxi operators met the minimum standards for a taxi operator's license; (v) not addressing or resolving the long-standing issue of taxi operators' contention with the biannual vehicle inspections; and (vi) lacking oversight over revenue collections. Also, the Commission is severely understaffed.

As a result, (i) information in some damaged medallion registries is at risk of being lost; (ii) information contained in the medallion registries and owners' files cannot be independently relied upon to reflect the most current status of medallions; (iii) thirteen unsold medallions are unaccounted for; (iv) officials compromised the fairness of the auction process; (v) some taxi operators did not meet the minimum requirements needed for a taxi operators license; (vi) seven applicants who failed, and three applicants for whom there is no evidence that they took the written exam, were granted a taxi operator's license; (vii) the Commission risked public safety by not inspecting vehicles for hire; (viii) the Commission lost at least $170,310 in revenue due to vehicle inspection fees not being collected; (ix) the Commission encountered a 94% decrease in fines

collected from citations issued each year; (x) the Commission's revenue collections were not adequately accounted for; and (xi) late deposits and ERP postings hindered the accurate accounting and reporting of revenue, thereby increasing the risk of mismanagement of government funds.

We made several recommendations to address the causes of the findings included in this report. Our recommendations concern medallions, taxi licenses, vehicle inspections and patrols, and collections.

WHAT WE FOUND

FINDING 1: MEDALLION REGISTRY

We found that Commission officials did not (1) preserve the physical condition and information of some medallion registries; and (2) maintain complete and accurate information in the registries and owners' files. Also, thirteen (13) unsold medallions from the Commission's inventory are missing.

These deficiencies occurred because officials did not (i) replace the damaged registries and transfer the information contained therein, (ii) promptly update the medallion registry's records to reflect the most current status, and (iii) implement adequate management oversight of medallion transactions and the medallion's inventory.

As a result, there is a risk that information contained in damaged registries could be lost. Sixty-three percent (44 of 70) of the medallions had incomplete, missing, or inconsistent data in registries and/or owners' files. Thirteen of 44 medallions lack information in the registries, including missing and detached registry pages. Also, 31 of 44 owner files lacked supporting documentation for transactions. Furthermore, 13 medallions, valued at least $286,000 ($22,000 on average), are missing.

Criteria

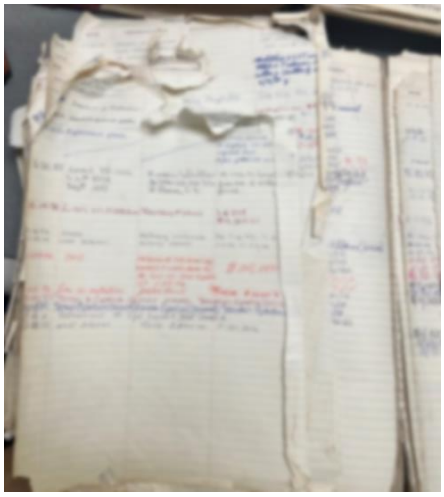
V.I.C. Title 20, Section 408(a) states that the Taxicab Commission shall keep and maintain an accurate Registry of Medallions which shall include each medallion registration number, the island for which it is valid, its owner, the attachment and cancellation of any lien or encumbrances, the number of the set of license plates, change in ownership, and such other information as the Taxicab Commission deems necessary.

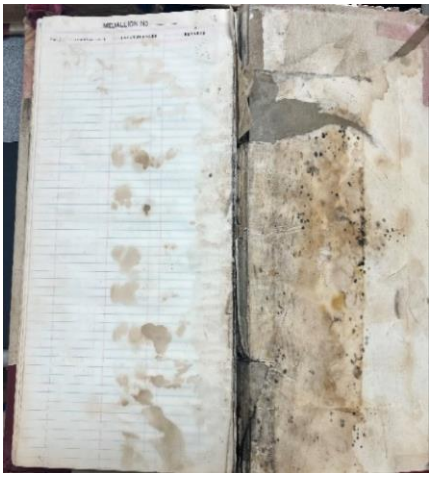
Physical Condition of the Registries

The medallion registry is a set of books used to maintain information on medallions sold throughout the territory. We found that the registries for the St. Thomas/St. John district were in disarray compared to the St. Croix district registries. Specifically, some registry pages were covered in mold, and torn pages fell apart at the seams. Additionally, many pages were either falling out or had already detached from the registry. Also, pieces of pages containing medallion transactions were shoved between unrelated pages. The condition of the registry compromised the integrity of critical records, raising concerns about usability, accountability, and preservation of essential data.

In our 2005 Audit Report, it was reported that the St. Croix district had recently replaced the old, water-damaged registries with new ones. Since then, it does not appear that the St. Thomas/St. John district has taken similar action to replace its damaged registries.

The pictures below show examples of the conditions of some St. Thomas/St. John district medallion registries.





Maintenance of Medallion Registries

We examined the medallion registries maintained in both island districts, St. Thomas/St. John and St. Croix. As of February 2024, the Commission issued 1,958 medallions: 1,274 for St. Thomas, 169 for St. John, and 515 for St. Croix.

To verify the accuracy of the registries, we performed an inventory count and selected 70 medallions for review.

Of the 70 medallions reviewed, thirteen had exceptions with the information recorded in the registries. Three medallions were not recorded; four medallions were listed but lacked accompanying information to identify their ownership or current status; three medallion pages of information were missing or torn from the registry. Two medallions were found on detached and/or misplaced registry pages, and one medallion was issued as a replacement; however, it was not easily traceable. These exceptions made it difficult to account for all medallions, and to reconcile the registry's information with the owners' files.

As our audit progressed, we notified officials of our findings on specific cases, and in some instances, the records were immediately updated. However, this was not done in all cases.

The following schedule, by district, summarizes the 13 medallions with recording exceptions in the registries.

Table 1: Recording Exceptions by District

Description	**STT/STJ**	**STX**
Medallions not recorded in the Registry.	-	3
Medallion numbers recorded in the Registry without additional Information	1	3
Medallion Registry pages are missing or torn	3	-
Medallion Registry pages detached and misplaced	2	-
Medallion recorded as a replacement, but not easily identifiable	1	-
Total Exceptions	**7**	**6**

Maintenance of Medallion Owners' Files

We examined the medallion owners' files to determine whether the necessary supporting documents were maintained for medallion transactions, including sales, transfers, liens, and auction purchases. Also, we reviewed the accuracy of the information recorded in the registries.

We reviewed 57 medallions with transactions from fiscal year 2018 to 2022. Regarding medallions purchased at auctions, we reviewed those by calendar year (2017-2022). We found that many files lacked the required supporting documents for the approved transactions. Also, there was no

evidence that the missing documents were provided to the Commission before the transactions were approved.

The following schedule summarizes the 57 medallions, including transaction types, the total number of identified document exceptions, and the percentage of exceptions found.

Table 2: Types of Transactions Reviewed

Transaction Type	Total Transactions	Number of Exceptions	Percentage of Exceptions
Sales by owner	15	8	53%
Transfers	10	6	60%
Medallion Purchased at Auction	17	15	88%
Liens	15	2	13%
Total	**57**	**31**	**54%**

We found that 31 of the 57 medallion owners' files, or 54%, lacked required documents to support the transactions.

Medallion Sale by Owner. We identified the sale of fifteen (15) medallions by their owners. Eight (53%) of the owners' files did not contain all the required documents to support the sale. Specifically, six files lacked copies of the Social Security card and proof of citizenship. Also, one file lacked a traffic and police record, and all three character-reference letters. Another file lacked all required documents.

Regarding one medallion sale, the file contained two documents, including a Bill of Sale that did not conform to the Commission's standard prepared Bill of Sale. The Bill of Sale document was not signed by any Commission official. The sale was finalized without a Letter of Intent to Sell, a Bill of Sale prepared and signed by a Commission official, and other supporting documents needed to verify that the buyer met the Commission's regulations for owning a medallion. It appears that the Commission was not notified of the intent to sell and did not participate in the preparation of the Bill of Sale. The medallion was sold in December 2020.

Transfer of Medallion. We identified ten medallion owners whose ownership was transferred. Six (60%) of the owners' files were missing one or more required supporting documents to complete the transactions. Specifically, five files lacked a copy of the individual's Social Security card; two lacked the proof of citizenship; three lacked a traffic record; one lacked the police record; and one file was missing all three-character reference letters.

Medallion Purchased at Auction. We found that 15 (88%) of 17 veteran owners' files were missing required documents. One owner's file for a medallion purchased on December 15, 2021, on St. Thomas, was found to be lacking a social security card, police, and traffic records, and all three character-reference letters. Also, another owner's file, for a medallion purchased at auction on December 17, 2020, did not contain an application, a copy of a Social Security card, proof of residency, proof of citizenship, or a valid photo ID.

Liens Against Medallions. We identified 15 medallion owners with liens on their medallions. For one St. Thomas medallion, the lien release document on file indicated that the lien was released on March 21, 2022. However, officials recorded the transaction as a new lien in the registry. Also, although no lien release document was found in another owner's file, officials recorded a lien release in the registry.

The schedule below summarizes the missing documents by description and the total number for each transaction type.

Table 3: Missing Documents by Transaction Type

Description	Sales	Transfers	Purchases	Liens
Social Security Card	6	5	5	-
Proof of citizenship	6	2	4	-
Traffic record	1	3	8	-
Proof of residency	-	-	12	-
Police record	1	1	8	-
Character-reference letters	1	1	5	-
Valid picture ID	-	-	2	-
No lien release letter found	-	-	-	1
Lien incorrectly recorded	-	-	-	1
Application	-	-	1	-
All documents missing	1	-	-	-

Medallions Inventory

In April 2024, we conducted an inventory count of the medallions in the Commission's possession. We documented 432 unsold medallions. Specifically, 215 is designated for St. Thomas, 196 for St. John, and 21 for St. Croix. To account for all medallions territory-wide, we reconciled unsold and sold medallions and found that 13 are missing, all of which are for St. Thomas. Our 2005 audit found one missing medallion for St. Croix. However, we have found that this medallion has since been accounted for.

St. Thomas Missing Medallions. Twelve of the 13 missing medallions were included in our 2005 audit report. Therefore, one additional medallion has gone missing. Based on the average price ($22,000) paid for medallions sold from 2018 to 2022, the value of the 13 medallions is at least $286,000. The 13 missing medallion numbers are listed below.

Table 4: Missing Medallions

Missing Medallions - STT	
1277	1487
1367	1488
1368	1489
1369	1490
1370	1491
1371	1500
1486	-

Planned Action to update the Medallion Records

We conducted interviews with the former Executive Director about the status of the medallion registries and owners' files. The former Executive Director stated that plans were developed to transition from manual to electronic records, enabling digital storage, collection, and verification. The Bureau of Information Technology was contacted to determine the best approach for digitizing. Further, interns were recruited to digitize the records of medallion owners and lessees into an Excel spreadsheet. Additionally, they plan to hire additional staff to assist with the Commission's workload. Also, the former Executive Director expressed a desire to raise awareness among inactive medallion owners, or the relatives of deceased owners, to check the status of their medallion or to inform the Commission of its status. However, we were told that plans to transition from manual to electronic records had been stalled due to a lack of funding.

WHAT WE RECOMMEND

We recommend that the Executive Director ensure that:

1. The damaged medallion registries and/or pages of information are preserved by re-establishing the location of the registry and the information contained therein.

2. Medallion registries are updated with the most recent information on each medallion to ensure its accuracy.

3. The medallion owners' files are routinely updated with all relevant information.

4. The Commission staff and the public are notified of missing medallions to limit their illegal use on the public roadways and to prevent their use for financial gain.

Commission's Response

The response indicated agreement with all four recommendations. The plan of action is as follows:

1. The Commission indicated that the condition of the medallion registries reflects long-standing deficiencies. The Commission has initiated an internal assessment to determine the extent of physical damage and identify pages requiring restoration or duplication. They indicated that funding will be needed to fully digitize records and procure an appropriate electronic records management system.

2. The Commission indicated that as part of their ongoing corrective actions they require lien checks, ownership verification, and review of supporting documents before transactions are approved. As part of the review and approval workflow, they are now completing internal receipts and documentation checks. They indicated that a standardized cover checklist is being finalized to validate the completion of all steps before transactions are recorded.

3. The Commission is implementing strict file review procedures and will ensure all required supporting documentation is present before processing transactions. They indicated that staff training is underway and the recruitment of additional administrative personnel.

4. The Commission indicated that upon completing the registry and inventory verification process, they will develop an official notification outlining missing medallions. They will implement measures to prevent unauthorized or fraudulent use of medallions.

Office of the V.I. Inspector General's Comments

Based on the submitted response, we will consider recommendations 1 and 3 resolved, 2 partially resolved, and 4 resolved but not implemented, pending verification of policy and procedure changes and of corrective actions taken by the Commission.

FINDING 2: MEDALLION AUCTION

Commission Officials accepted $22,101 in auctioned medallion payments after established deadlines and received an overpayment of $200 for one medallion sold. Also, officials issued certificates of entitlement and medallions up to seven months after the established timeline.

These deficiencies occurred because officials deviated from established laws and regulations governing the sale of medallions and the issuance of the certificate of entitlement and medallion to the winning bidder.

As a result, four bidders were allowed to purchase medallions, although their deposits and/or final payments were made after the deadline. The Commission owes $200 to the owner of a medallion purchased. Also, taxi drivers were delayed in starting their business due to the late issuance of the certificates of entitlement and medallions.

Criteria

V.I.C. Section 410 requires the sale of a medallion to the highest bidder. The Commission's guidelines require the winning bidder to pay a 10% deposit of the purchase price on the day of the auction, with the remaining balance (90%) due within 10 days of the sale. At which time, a certificate of entitlement and medallion will be issued.

Also, the Commission guidelines allow the second-highest bidder to win when the winning bidder defaults on the payment and the sale is not consummated within the allotted 10 days.

Late Payments. We found that officials accepted deposits and final payments from two buyers after the established deadlines had passed. Also, they accepted a business check, although it is not an approved method of payment for a medallion sold at auction.

For example, as shown in Table #5 below, one winning bidder purchased Medallion #7 on December 15, 2021. The bidder made a single payment of $20,101 on January 7, 2022. The bidder failed to pay the required 10% deposit on December 15, 2021, and the balance due on December 29, 2021. This bidder should have been disqualified after failing to pay the initial required deposit on December 15, 2021.

Also, another winning bidder purchased Medallion #9 on December 17, 2020, and paid the required $2,000 (10%) deposit with a business check on the same day. The business check was returned for insufficient funds. On December 28, 2020, officials accepted another business check to pay the remaining $18,000 (90%) balance. Eight months after the auction date, the 10% deposit was paid on August 31, 2021. We have no evidence that officials were aware that the first check bounced before accepting the second payment. Also, we found no evidence that officials attempted to return the second payment, even when they should have known that the first check had bounced, and before the buyer was allowed to replace it. Through interviews, we determined that, after some wrangling between the buyer and various Executive Directors, the sale was confirmed on October 16, 2023, despite payment issues.

The following schedule details the late payments made for medallion numbers 7 and 9, sold in the St. Thomas/St. John district.

Table #5: Medallion Action Sales and Payment

Description	Medallion #7	Amount Paid	Late Payment		Medallion #9	Amount Paid	Late Payment
Sales Price	$20,101				$20,000		
Date of Auction	12/15/21				12/17/20		
10% Paid Date	01/07/22	$0	21 days		08/31/21	$2,000	8 months
90% Due Date	12/29/21				01/04/21		
90% Paid Date	01/07/22	$20,101	7 days		12/28/20	$18,000	

Downpayment Shortages. We found that officials accepted less than the required 10% deposit from two buyers. Although the amounts were minimal, a total of $65.00, the laws and regulations must be followed to ensure the fairness of the auction process. Officials attributed the underpayments to likely errors in calculating the required 10% deposits.

Overpayment of Medallion. We found that one buyer overpaid $200 for a medallion purchased at auction. The sale price was $22,000. The buyer paid $2,200, the required 10% deposit, on December 16, 2020. On December 29, 2020, the buyer paid $20,000 instead of $19,800 needed to satisfy the balance owed, a difference of $200. Officials were unaware of the reason for the additional $200 collected. We found no evidence that the Commission attempted to return the overpayment.

Late Issuance of the Certificate of Entitlement and Medallions. During Calendar Year 2017 to 2022, we found that the Commission sold 17 medallions to veterans of the Virgin Islands. Nine of the 17 buyers (53%) did not receive their certificates of entitlement and medallions 10 days after the auction sale date. Except for one anomaly of 33 months, we found that officials took up to seven months to issue certificates of entitlement and medallions in the St. Thomas district. In the St. Croix district, the longest delay was two months.

Example #1. Medallion #3, as shown in Table #6 below, was sold in the St. Croix district on December 18, 2019, for $15,551. The buyer paid within 10 days, on December 31, 2019. The Commission issued the certificate of entitlement and the medallion on March 5, 2020, two months after the sales completion.

Example #2. Medallion #4 was sold in the St. Thomas district on December 16, 2019, for $27,550. The buyer paid within the required 10 days of the sale, on December 31, 2019. The Commission issued the certificate of entitlement on August 3, 2020, and the medallion on August 14, 2020, seven months later.

The following schedule shows the nine medallions sold where the Commission issued medallions and certificates of entitlement late.

Table #6: Late Issuance of the Certificate of Entitlement and Medallions

Medallion Number	Island	Sales Price	Date of Auction	Final Payment Date	Certificate of Entitlement Issuance Date	Medallion Issuance Date	Time-Lapse			
							Certificate of Entitlement Issued Date		Medallion Issue Date	
							Months	Days	Months	Days
1	STX	$ 8,100	12/15/17	12/15/17	02/01/18	02/01/18	1	17	1	17
2	STX	11,000	12/18/19	12/18/19	Not Listed	02/28/20	**Unknown**		**2**	**10**
3	STX	15,551	12/18/19	12/31/19	03/05/20	03/05/20	2	5	2	5
4	STT	27,550	12/16/19	12/31/19	08/03/20	08/14/20	**7**	**3**	**7**	**14**
5	STT	29,500	12/16/20	12/22/20	01/26/21	01/26/21	1	4	1	4
6	STT	22,000	12/16/20	12/29/20	06/08/21	06/11/21	**5**	**10**	**5**	**13**
7	STT	20,101	12/15/21	01/07/22	01/28/22	Not Listed	-	**21**	**Unknown**	
8	STT	27,100	12/15/22	12/21/22	01/24/23	Not Listed	**1**	**3**	**Unknown**	
9*	STJ	20,000	12/17/20	12/28/20	10/16/23	10/16/23	**33**	**18**	**33**	**18**

***9** This approved sale involved a returned check for insufficient funds.

Highest-bidder and Second-highest bidder

We did not encounter the second-highest bidder being awarded a medallion due to the highest bidder's failed payment; however, we question whether the commission's guidelines align with the law that specifies the highest bidder.

WHAT WE RECOMMEND

We recommend that the Executive Director:

1. Comply with established payment guidelines for medallions sold at auction to ensure the fair and equal treatment of bidders.

2. Ensure the timely issuance of medallions and certificates of entitlement.

3. Obtain a legal opinion from the Department of Justice to determine if the internal policy allowing a second-highest bidder is in line with the law that specifies the highest bidder.

Commission's Response

The response indicated agreement with all three recommendations. The plan of action is as follows:

1. The Commission will strictly enforce payment deadlines, required payment types, and deposit percentages as outlined in statute and guidelines.

2. The Commission will issue certificates and medallions within prescribed timeframes with improved staffing and clearer internal processes.

3. The Commission will request a formal opinion from the Department of Justice to ensure that their guidelines fully align with statutory requirements.

Office of the V.I. Inspector General's Comments

Based on the submitted response, we will consider all recommendations resolved, pending verification of the Commission's progress toward implementing the corrective actions. Also, the Commission would need to provide a copy of the formal request, and if provided, the legal opinion from the Department of Justice.

FINDING 3: TAXI LICENSES

Our audit found that from 2018 to 2022, the Commission approved 10 taxi licenses to seven applicants who failed the exam and to three applicants for whom there is no evidence that they took the written exam.

We attribute these conditions to a former Executive Director's failure to comply with the laws, rules, and regulations governing taxi license eligibility.

As a result, the Commission's integrity was compromised by failing to ensure that all taxi drivers meet the minimum requirements to own and operate a taxi. Also, one driver who had challenged the revocation of their taxi license was allowed to retain it.

Criteria

The law states that an individual applying for their first badge and identification card must achieve a passing score on the written exam and driving test. Applicants must obtain a passing score of 75% or higher on the written exam, and they have three opportunities to pass. After the third attempt, the applicant must retake the taxi certification program before attempting the exam a fourth time.

Failed Written Exam

From Fiscal Year 2018 to 2022, UVICELL reported that out of the 240 applicants who took the written exam, 201 (84%) achieved a passing score, while 39 (16%) did not. We found that 7 of the 39 applicants who did not achieve a minimum score of 75% were granted a taxi license. A review of the seven applicants' files and documents revealed that a former Executive Director had issued a taxi operator's badge and a signed letter to Motor Vehicles, approving the applicants for a taxi license.

Table #7 below details the seven applicants who failed the written exam. Specifically, the applicant's last exam date, the year the Taxi Operator's Badge was issued, the date of the approval letter, whether the applicant was included on the Motor Vehicles Taxi Operator's listing, and the date Motor Vehicles issued the taxi license.

Table #7: Applicants who Failed the Written Exam

Applicant	Last Exam Date	Commission Issued Taxi Operator's Badge	Commission Approval Letter Date for Taxi License	Motor Vehicles Taxi Operator's Listing	Motor Vehicles Issuance Date for Taxi License
1	01/13/21	2021	01/14/21	Yes	05/20/21
2	06/30/20	2020	12/17/20	Yes	12/18/20
3	06/30/20	2021	02/03/21	No	02/17/21
4	07/28/20	2020	07/31/20	No	10/09/20

5	07/28/20	2020	07/31/20 1st letter 07/06/21 2nd letter	No	10/15/21
6	07/09/19	2020	12/21/20	Yes	01/07/21
7	12/9/19	2021	04/22/21	Yes	05/18/21

Example #1. As shown in Table #7, Applicant 1 failed the written exam on January 13, 2021. The applicant's file at the Commission did not include a letter from the Executive Director approving the individual for a taxi license. However, Motor Vehicles provided a copy of the approval letter. The then-Executive Director signed the letter on January 14, 2021, one day after the individual failed the exam. The applicant was issued a taxi license four months later, on May 20, 2021.

Example #2. Applicant 3 failed the written exam on June 30, 2020. The then-Executive Director signed the approval letter on February 3, 2021, seven months after the failed exam. Fourteen days later, Motor Vehicles issued the applicant a taxi license on February 17, 2021. We did not find evidence that the applicant retook the exam during the seven months preceding the letter of approval issued by the then-Executive Director.

Example #3. Applicant 5 failed the written exam on July 28, 2020. We noted two approval letters on file. The then-Executive Director signed the first approval letter on July 31, 2020, and a second on July 6, 2021. Three months after the second approval letter, the applicant was issued a taxi license on October 15, 2021. No evidence was provided that showed Applicant 5 retook the exam during the 11 months that elapsed before the then-Executive Director issued the second letter of approval.

Administrative Hearing. In 2023, the Commission initiated an administrative hearing with Applicant 5 because the then-Executive Director had confiscated the driver's taxi license plates, as there was no evidence that the driver had passed the written exam. The hearing officers determined that the driver had received valid credentials from a previous Executive Director, although there were no records indicating that the driver had passed the required exam. Additionally, the list of the applicant exam results lacked an official UVICELL letterhead. The hearing officers considered the list as unverified evidence. These factors contributed to the hearing's decision in favor of the taxi driver.

As a result of the hearing decision, the then-Executive Director made changes to the taxi license certification program, effective June 2024. The Commission now requires applicants' exam results to be listed on an official UVICELL letterhead. Also, we were informed that when the Board heard of the issue, the Commission submitted information to the Department of Justice regarding the applicants who failed the test but obtained their taxi licenses. The previous Executive Director stated that about 20 cases of illegal taxi licenses were referred to the Attorney General's office.

No Evidence of a Written Exam

A review of the Commission's files, UVICELL listing, and correspondence with UVICELL officials revealed no evidence that three individuals had taken the written exam. However, all three applicants received approval documents from a former Executive Director to obtain a taxi license.

Example 1. The Commission's records for applicants' numbers 8 and 9, as shown in Table #8 below, were notably lacking. There was no evidence of a written exam or letters of approval. However, taxi licenses were issued on April 29, 2021, and on December 22, 2021.

Example 2. Regarding applicant 10, in addition to UVICELL confirming that there is no record of this individual taking the exam, the Commission's file contained a handwritten note stating, "Did not take test." Nonetheless, the then-Executive Director approved a letter on March 3, 2021, for the individual to receive a taxi license. Four months later, on July 20, 2021, Motor Vehicles issued the taxi license.

The following Table #8 below details information of the three applicants with no written exam records, noting the year the taxi operator's badge was issued, the date of the approval letter, whether the applicant was included on the Motor Vehicles listing, and the date the taxi license was issued.

Table #8: Applicants With No Exam Record

Applicants	Taxi Operator Badge (Year Issued)	Commission's Approval Date (Taxi License)	Motor Vehicles' List (Taxi Operators)	Motor Vehicles Taxi License Date Issued
8	2021	Letter Not Found	Yes	12/22/21
9	2021	Letter Not Found	Yes	04/29/21
10	2021	03/03/21	Yes	07/20/21

WHAT WE RECOMMEND

We recommend that the Executive Director:

1. Follow the law to ensure that taxi operator badges are issued only to individuals who complete the taxi certification program and pass the written exam.

2. Investigate and report instances of taxi licenses issued in violation of the law to the Department of Justice.

3. Follow up with the Department of Justice on the status of the 20 taxi licenses forwarded for investigation to ensure that the files are updated and reflect the legal position taken by the government.

Commission's Response

The response indicated agreement with all three recommendations. The plan of action is as follows:

1. The Commission has already implemented a requirement that exam results be provided only on official UVICELL Letterhead.

2. The Commission is reviewing files and will continue to cooperate with the Department of Justice on cases previously forwarded, while identifying additional discrepancies if they exist.

3. The Commission will request an updated status and incorporate the Department of Justice findings into the relevant files.

Office of the V.I. Inspector General's Comments

Based on the submitted response, we will consider all recommendations resolved, pending a follow-up review to verify the Commission's progress in resolving outstanding legal cases.

FINDING 4: BIANNUAL INSPECTIONS AND ENFORCEMENT

During the audited period (2018-2022), the Taxicab Commission did not conduct biannual vehicle-for-hire (taxicab) inspections or regular patrols to ensure that taxicab operators adhered to established laws and regulations. Furthermore, we found that biannual inspections had not been conducted as early as 2008, indicating a period of at least 14 years without inspections.

These conditions can be attributed to (1) unresolved issues between taxi operators and the Commission over biannual inspections, (2) Commission Officials, over time, accepting the status quo, and (3) the continued shortage of taxi inspectors.

As a result, the Commission's lack of biannual taxi inspections and patrols poses a heightened risk to public safety and to the public's trust in the industry's ability to deliver safe and reliable transportation. Also, from 2018 to 2022, the Commission lost at least $170,310 in revenue from biannual inspection fees not collected. Furthermore, the shortage of taxi inspectors to conduct routine patrols led to a 94% decrease in fines collected.

Criteria

Title 20, Section 433(b) of the code authorizes the Commission to collect a $15 fee for biannual vehicle inspections. Also, Section 401(b) states that Taxi Inspectors are authorized to issue citations for violations of any regulations established by the Commission.

Biannual Vehicle Inspections

The Commission lacks internal policies and procedures for conducting taxi inspections. Therefore, we interviewed the former Executive Director, other Commission officials, and the Motor Vehicles Supervisor of Commercial Vehicle Inspections. We found that the only routine taxicab vehicle inspection is conducted by the Bureau of Motor Vehicles (Motor Vehicles) during the annual vehicle registration for vehicles operating on the public roads of the Virgin Islands.

The former Executive Director stated that Motor Vehicles' inspections are more thorough; however, they do not replace the Commission's biannual vehicle inspections. The Motor Vehicles' Supervisor of Commercial Vehicle Inspections acknowledged that the taxicab vehicle inspections conducted by Motor Vehicles are more detailed than inspections conducted by the Commission. The Supervisor added that if Motor Vehicles discover a problem with the taxi, they contact the Commission, and the two work together to resolve the issue.

The following Table #9 lists the taxi vehicle components inspected**,** and the documents reviewed.

Table #9: Examples of Taxi Inspection Components*

Vehicles	Vehicle frame, seats, floor, brakes, brake lights, mirrors, seatbelts, horn, wipers, tires, and other safety-related components.
Documents	Taxi badge, business license, certificate of entitlement, class C driver's license, and posted tariff (rate sheet).

History of Opposition to Biannual Taxi Inspection. Our 2005 Audit Report cited that Biannual Taxi Inspections had not been carried out as early as 2001. Interviews were conducted with the then-Commissioner of Licensing and informally with several taxicab operators. As reported, the then-Commissioner of Licensing stated that the issue of enforcing that provision of the law had been contentious from the law's inception. It was stated that various taxicab associations and operators had refused to comply with the law's provisions. The reasons given for their defiance was that (1) the cost incurred in preparing their vehicles for an inspection is exorbitant, and to incur such expenses twice per year does not justify the expenditure of $15; (2) the law does not state the interval that must lapse between inspections, and it is possible for operators to exploit this loophole by incurring one inspection preparation expense, and have their two inspections within a short time of the previous one while the vehicle is still in an inspection-passable condition; and (3) the law does not set a standard amount of mileage that a vehicle is required to accumulate before the probability of wear and tear through mileage may necessitate a second inspection within a year.

The then-Commissioner of Licensing stated that he had devised a compromise proposal as an amendment to the law. Still, before he took it to the Legislature for amendment, he wanted the majority of taxi operators to endorse it. However, he stated that all his attempts to meet with the various taxi associations to present his proposal had been futile. His proposal included one annual inspection at a higher fee.

We find that all the same issues cited in the 2005 report remain today. If the Commission adopts a one-inspection-per-year plan, we believe the Commission's inspection should be considered the second inspection, occurring at the six-month point from the Motor Vehicles annual vehicle inspection date. This, coupled with a robust patrol of taxis by the Commission's Inspectors, would help to meet the biannual inspection requirement. The prolonged issue, combined with a persistent shortage of taxi inspectors for regular patrols, has heightened safety concerns about unauthorized and unsafe vehicles operating in the territory. Additionally, it has resulted in lost revenue.

Loss of Revenue. From fiscal year 2018 to 2022, the Commission lost at least $170,310 in biannual vehicle inspection fees. The total revenue loss is based on the number of taxi business licenses renewed each year, at a rate of $15 per inspection. As shown in Table #10 below, in Fiscal Year 2018, the Commission processed at least 1,277 business licenses. There should have been 2,554 vehicle inspections (1,277 x 2). The Commission's revenue loss was $38,310 (2,554 x $15 fee).

Table #10 summarizes, for each fiscal year, the number of business licenses renewed, the number of expected annual vehicle inspections, and total loss revenue.

Table 10: Revenue Loss

Fiscal Year	# of Business Licenses Renewed	# of Expected Annual Vehicle Inspections*	Revenue Loss**
2018	1,277	2,554	$38,310
2019	1,274	2,548	$38,220
2020	1,174	2,348	$35,220
2021	1,048	2,096	$31,440
2022	904	1,808	$27,120
Total	**5,677**	**11,354**	**$170,310**

*Expected annual vehicle inspection is the number of business licenses renewed multiplied by two.

**The lost revenue is the vehicle inspection fees that were not collected. The lost revenue is the expected annual vehicle inspections multiplied by the $15 inspection fee.

Fees and Citations. The Commission reported collecting a total of $36,225 in fines during Fiscal Years 2018 to 2022. However, revenues declined significantly, with total fees collected decreasing by 94%, from a high of $16,265 in 2018 to $950 in 2022.

The following schedule details the 94% decline in fines and citation fees collected from 2018 to 2022.

Table #11: Citations Reported on the ERP

Fiscal Year	Total
2018	$16,265
2019	10,060
2020	5,850
2021	3,100
2022	950
Total	**$36,225**

Interviews. We interviewed Commission officials and taxi inspectors about the decline in fines and citations. Officials responded by emphasizing that the severe shortage of staff and resources significantly impeded the Commission's ability to conduct patrols and monitor taxicab activities effectively. Also, Taxicab inspectors were occasionally assigned desk duties to cover administrative staff shortages. One taxi inspector stated that they frequently had to return to the office to handle clerical tasks, which fell outside their official duties. The inspector added that they were never able to patrol for a full shift. Another taxi inspector stated that they had not conducted patrols for several months because they were required to work in the office.

Staffing. A review of the Commission's employment records revealed that from 2009 to 2015, the Commission had at least six taxi inspectors. However, by fiscal year 2018 through 2022, the Commission operated with three Taxi inspectors, two of whom were based in the St. Thomas/St. John District and one in the St. Croix District. As of 2025, no taxi inspectors remain at the Commission. This situation endangers public safety. Also, it undermines the Commission's ability to regulate the taxi industry. Taxi inspectors' routine inspections serve to identify and issue citations for misconduct, including overcharging customers, operating with an expired business license, failing to display a badge and/or certificate of entitlement on the vehicle, and failing to pull over to the side of the road. These are some of the most frequently charged violations by taxicab inspectors.

WHAT WE RECOMMEND

We recommend that the Executive Director:

1. Seek resolution and amendment to the law regarding biannual inspections of vehicles for hire.
2. Consider the alternative of replacing the biannual inspection with an annual inspection occurring six months after motor vehicles' yearly registration.
3. Ensure that the Commission is adequately staffed with Taxi Inspectors or collaborate with other government law enforcement agencies to assist in resolving the shortage.
4. When feasible, implement robust patrols of vehicles for hire to ensure the safety of passengers and the public.

Commission's Response

The response indicated agreement with all four recommendations. The plan of action is as follows:

1. The Commission supports clarification of the statutory inspection requirement and intends to present legislative recommendations.

2. The Commission will explore this alternative. They indicated that coordinating inspections with BMW could streamline compliance and improve enforcement.

3. The Commission is actively engaged in hiring new taxi inspectors. They indicated that they will also explore partnerships with other enforcement bodies.

4. The Commission will resume patrols once inspector positions are filled and operational capacity is restored.

Office of the V.I. Inspector General's Comments

Based on the submitted response, we will consider recommendation 2 resolved with no further action required, and recommendations 1, 3, and 4 resolved pending a follow-up review to verify the Commission's progress in updating the law regarding biannual inspections, and filling vacant positions.

FINDING 5: COLLECTIONS

Commission officials did not (1) timely deposit $44,622 into the government bank account, and (2) timely post to the ERP $258,342 in revenues. There was a discrepancy of $18,587 between cash receipts deposited and posted to the ERP. Also, $54,811 in medallion sales were not posted to the ERP.

We attribute these conditions to Commission officials not establishing policies and procedures for revenue collection and not following best business practices. Also, not following the Department of Finance's (Finance) established policies and procedures for daily collections, reconciliation, deposit, and posting of revenue to the ERP. Additionally, there was a lack of management oversight of collections.

As a result, the Commission lacked timely and accurate financial information to support planning and reporting of its financial affairs to applicable government entities. Also, late deposits and delayed revenue posting to the ERP increased the risk of mismanagement of government funds.

Criteria

The Commission did not establish internal policies and procedures, nor did they follow best business practices or the standard operating policies and procedures (SOPPs) issued by Finance. In the absence of established or adopted policies and procedures, we used Finance's standard operating policies and procedures governing revenue collections, deposits, and postings to the ERP System.

Late Deposits

Late deposits hinder the use of the most current financial data for forecasting and planning. From fiscal years 2018 to 2022, we randomly selected two months of revenue collections for review. Of total collections reviewed, cash and check deposits totaled $238,444 territory-wide. Of that amount, the St. Croix district accounted for $57,755 (24%), and the St. Thomas/St. John district $180,689 (76%).

Of the $238,444 in total cash and checks deposited, we found that officials deposited $44,622 (19%) past the 24-hour requirement set by Finance. The deposits were made up to 35 days late. Of the late deposits, the St. Croix district accounted for $35,227 (79%), and the St. Thomas/St. John district $9,395 (21%).

St. Croix District. The St. Croix district's late deposits ranged from 2 to 35 days. In Fiscal Year 2020, of the $9,601 in cash and checks collected over the two months, officials deposited $6,248 (65%) 2 to 9 days late. In Fiscal Year 2021, of the $27,045 in collections $25,404 (94%) was deposited three to 15 days late. Based on the 8-month sample, the St. Croix district's late deposits averaged 61%.

We interviewed officials about the reason for the late deposits. We found that the St. Croix office had established the practice of making deposits on Fridays because the individual who provided

security for the deposit was only available on Fridays, as other job responsibilities required them to be on field assignments on Mondays to Thursdays. Also, when no deposit slips were on hand, deposits were not made. Furthermore, an official stated that some employees were reluctant to make small-dollar deposits.

Table #12 below details the total deposits, timely and late deposits, the time lapse for late deposits, and the percentage of late deposits for each fiscal year.

Table #12: Late Deposits - St. Croix District

Fiscal Year	Total Deposited	Timely Deposits	Late Deposits	Lapse-Time (Days Late)	Percentage of Late/Total Deposits
2018	$11,971	$10,161	$1,810	(2 - 35 Days)	15%
2019	$9,138	$7,373	$1,765	(2 - 4 Days)	19%
2020	$9,601	$3,353	$6,248	(2 - 9 Days)	65%
2021	$27,045	$1,641	$25,404	(3 - 15 Days)	94%
Total	**$57,755**	**$22,528**	**$35,227**	**(2 - 35 Days)**	**61%**

St. Thomas/St. John District. The ten (10) months of collections reviewed in the St. Thomas/St. John district totaled $180,689. We found that the St. Thomas/St. John district was mainly compliant with the daily deposit requirements, except for Fiscal Year 2022. We noted that during Fiscal Year 2022, $9,350 (42%) of the two sampled months' deposits were made three to 14 days late. Table #13 below shows the late deposits made by the St. Thomas/St. John district.

Table #13: Late Deposits

Fiscal Year	Deposits	Timely	Total Late	No. of days Late	Percentage of Late Deposits
2018	$42,759	$42,714	$45	(3 - 3 Days)	1%
2022	$22,333	$12,983	$9,350	(3 - 14 Days)	42%
Total	**$65,092**	**$55,697**	**$9,395**	**(3 – 14 Days)**	**14%**

ERP Daily Postings

Finance requires collections to be posted to the ERP daily. From 2018 to 2022, we reviewed 12 months of collections totaling $369,621. We randomly selected some months, while others were selected based on document availability. We found that $258,342 (70%) of the $369,621 in collections reviewed were not posted to the ERP on the same day they were collected, territory-wide. Specifically, the St. Thomas/St. John district posted $185,448 (72%) of $258,342 late, and the St. Croix district posted $72,894 (28%) late. The late postings were made two days to seven months after payments were received. In some instances, the posting did not accurately reflect the corresponding daily receipts.

St. Croix District. In the St. Croix district, officials posted late $20,200 in collections obtained from medallion sales 15 to 17 days after payments were received. Specifically, $11,100 was

collected on December 13, 2021, and $9,100 was collected on December 15, 2021. However, those payments were posted on January 5, 2022, 15 to 17 days after the required date.

St. Thomas/St. John District. In March 2022, officials in the St. Thomas/ St. John district consistently failed to post daily collections to the ERP. A total of $12,541 was posted from 137 to 198 days after the required posting date.

We interviewed the official responsible for the late postings. The official stated that they were not informed that collections should be posted to the ERP on the same day as received. Also, upon joining the Commission, employees at one of their offices were not posting collections to the ERP. Additionally, the employees' workload was cited as another reason for the late postings.

Unposted Revenues

During our audit, we noted that officials did not post $54,811 in medallion sales to the ERP. The revenues were traced to four medallions sold between Fiscal Years 2021 and 2022 in the St. Thomas/St. John district.

Table #14 below identifies the unposted medallion sales by number, amount paid, date paid, and deposit date.

Table #14: Medallion Auction Sales Payments

Medallion	Amount Paid/ Unposted	Date Paid	Deposit Date
#1	$ 3,000	12/15/21	12/16/21
#1	27,000	12/22/21	12/23/21
#2	20,101	01/07/22	01/27/22
#3	2,710	12/15/22	12/20/22
#4	2,000	08/31/21	09/09/21
Total	**$54,811**		

Reconciliation of Collections

Finance SOPPs require the daily reconciliation of revenue collections. During our audit, we found that the Commission did not reconcile its daily collections. We identified multiple instances in which cash receipts did not match the cash deposited or the amounts posted to the ERP.

We reviewed 12 months of the Commission's collections from 2018 to 2022. Our sample collections totaled $369,621 across the territory. The St. Thomas/St. John district accounted for $295,375, and the St. Croix district $74,246. Also, we noted that territory-wide, at least $203,026 was collected in cash and checks, $14,408 was collected by credit card, and $152,187 in collections payment type was unidentifiable.

St. Thomas/St. John District. Of the $295,375 in cash, checks, and credit card payments collected $180,689 in cash and check payments were deposited, whereas $198,838 was posted to the ERP. A total of $18,149 less was deposited than posted to the ERP.

St. Croix District. Of the $74,246 in cash, checks, and credit card payments collected, $58,193 was recorded as cash payments in the ERP. However, $57,755 was deposited. A total of $438 less was deposited than the amount posted to the ERP.

We found no documentation confirming that collections were reconciled or that employees notified management of any discrepancies. A former Executive Director who recognized some discrepancies stated that when they inquired with employees about the differences, the employees were unable to explain them.

During the audit, we attempted to obtain more detailed information on the discrepancies found. However, this matter remains unresolved and will be forwarded to our investigation unit for further review.

The Commission's lack of oversight over collections, deposits, and postings to the ERP undermines accountability and transparency, increasing the risk of mismanagement of government funds. Furthermore, timely deposits and postings enable the Commission and the government to maintain up-to-date accounts of their revenues and their ability to meet their obligations.

WHAT WE RECOMMEND

We recommend that the Executive Director:

1. Establish revenue control policies or formally adopt and follow the Department of Finance SOPPs.

2. Implement adequate internal controls and oversight of revenue collections.

3. Ensure that all collectors are appropriately trained in their duties and responsibilities.

4. Verify that all forms of payment are clearly identified on receipts.

5. Ensure that all collection discrepancies are reviewed and investigated to minimize instances of fraud.

Commission's Response

The response indicated agreement with all five recommendations. The Commission indicated that they already utilize the SOPPs and ERP System. Also, internal procedures are being drafted to strengthen compliance. The Commission in their response summarized recommendations two to five. They indicated that mandatory training will be provided to all administrative staff, and

discrepancy reviews will be logged and escalated to management. They also indicated that a uniform receipts-verification checklist will be part of the new control framework.

Office of the V.I. Inspector General's Comments

The Commission agreed with all the Inspector General's recommendations. During the audited period, we found no evidence that the Commission followed Finance's SOPPs. However, they have now indicated that they are following Finance's SOPPs.

FINDING 6: EXPENDITURES

From Fiscal Years 2018 to 2022, we found that the Commission expended Fund monies in accordance with the regulations established by law. Funds were expended for operational expenses, including personnel services, fringe benefits, office supplies, vehicle repairs, and operating and maintenance costs.

Criteria: V.I. Code Title 33, Section 3067 established the Taxi License Fund (Fund) as a separate and distinct fund administered by the Commissioner of Finance. Money appropriated from the Fund shall be used for the operation of the Commission.

APPENDIX I

TAXICAB COMMISSION'S RESPONSE

Virgin Islands Taxicab Commission
Response to the Audit Report on the Administrative Functions of the Virgin Islands Taxicab Commission

Submitted By: Melissa I. Smith, Executive Director

Submitted to:

Virgin Islands Inspector General Delia M. Thomas, CFE

February 20, 2026

INTRODUCTION

The Virgin Islands Taxicab Commission (TCC) appreciates the opportunity to review and respond to the draft audit report entitled *Administrative Functions of the Virgin Islands Taxicab Commission*, covering fiscal years 2018–2022. We acknowledge the issues identified and remain committed to ensuring compliance with all applicable laws, strengthening internal processes, and enhancing accountability across all operational areas.

It is important to note that the Commission is currently undergoing a period of significant transition and rebuilding. The Board recently approved the appointment of a new Executive Director, and the agency is actively engaged in filling critical vacancies. As staffing levels stabilize, the Commission expects to substantially improve oversight, record-keeping, and operational efficiency.

Additionally, while the Taxicab Commission is a semi-autonomous agency, it continues to fully utilize the Government of the Virgin Islands' Standard Operating Policies and Procedures (SOPPs) issued by the Department of Finance, as well as the Enterprise Resource Planning (ERP) system, for daily financial entries and reporting. Strengthened use and enforcement of these systems is part of our corrective strategy.

We further emphasize that **funding** remains a critical obstacle to implementing several recommended system improvements, particularly the modernization of the medallion registry and enforcement operations. Without adequate financial resources, the

Commission must prioritize the most immediate corrective measures while seeking additional funding avenues.

RESPONSE TO RECOMMENDATIONS

FINDING 1: MEDALLION REGISTRY

Recommendation 1

Preserve damaged medallion registries and re-establish the information contained therein.

Response:
We agree. The condition of the medallion registries reflects long-standing deficiencies predating current leadership. Under the new Executive Director, the Commission has initiated an internal assessment to determine the extent of physical damage and identify pages requiring restoration or duplication. Funding will be needed to fully digitize records and procure an appropriate electronic records management system. TCC will pursue grants or government funding to support this effort.

Recommendation 2

Update the medallion registries with the most recent and accurate information.

Response:
We agree. As part of our ongoing corrective actions, TCC requires **lien checks,** ownership verification, and review of supporting documents before approval of any transaction. Internal receipts and documentation checks are now completed as part of the review and approval workflow. A **standardized cover checklist** is being finalized to validate that all steps have been completed before transactions are recorded.

Recommendation 3

Ensure medallion owners' files are routinely updated with all relevant information.

Response:
We agree. The Commission is implementing strict file review procedures and will ensure all required supporting documentation is present before processing transfers, sales, or lien releases. Staff training is underway and additional administrative personnel are being recruited to ensure files are consistently updated.

Recommendation 4

Notify staff and the public of missing medallions.

Response:
We agree. Upon completing the registry and inventory verification process, the Commission will develop an official notification outlining missing medallions and implement measures to prevent unauthorized or fraudulent use.

FINDING 2: MEDALLION AUCTIONS

Recommendation 1

Comply with established payment guidelines for auctioned medallions.

Response:
We agree. Under the new Executive Director, TCC will strictly enforce payment deadlines, required payment types, and deposit percentages as outlined in statute and guidelines. Future auctions will incorporate enhanced controls, including verification checklists and documented payment tracking.

Recommendation 2

Ensure timely issuance of certificates of entitlement and medallions.

Response:
We agree. With improved staffing and clearer internal processes, the Commission will issue certificates and medallions within prescribed timeframes. A tracking log will be implemented for all auction activity.

Recommendation 3

Obtain a legal opinion regarding the second-highest bidder policy.

Response:
We agree. The new Executive Director will request a formal opinion from the Department of Justice to ensure the Commission's guidelines fully align with statutory requirements.

FINDING 3: TAXI LICENSES

Recommendation 1

Follow the law to ensure badges are issued only to applicants who complete certification and pass the written exam.

Response:
We agree. The Commission has already implemented a requirement that exam results be provided only on **official UVICELL letterhead**, and no applicant will be approved without verification of a passing score. Staff were retrained on eligibility requirements.

Recommendation 2

Investigate and report instances of improperly issued taxi licenses.

Response:
We agree. The current administration is reviewing files and will continue to cooperate with the Department of Justice on cases previously forwarded, while identifying additional discrepancies if they exist.

Recommendation 3

Follow up with DOJ on the 20 taxi license cases forwarded for investigation.

Response:
We agree. The new Executive Director will request an updated status and incorporate DOJ findings into the relevant files.

FINDING 4: BIANNUAL INSPECTIONS AND ENFORCEMENT

Recommendation 1

Seek resolution and amendment to the law regarding biannual inspections.

Response:
We agree. The Commission supports clarification of the statutory inspection requirement and intends to present legislative recommendations that better reflect practical enforcement capabilities.

Recommendation 2

Consider using a mid-year inspection aligned with BMV annual vehicle inspections.

Response:
We agree and will explore this alternative. Coordinating inspections with BMV could streamline compliance and improve enforcement.

Recommendation 3

Ensure adequate staffing or collaborate with other agencies.

Response:
We agree. The Commission is actively engaged in hiring new taxi inspectors. However, full staffing is directly affected by budget availability, underscoring the need for increased funding. TCC will also explore partnerships with other enforcement bodies.

Recommendation 4

Implement robust patrols when feasible.

Response:
We agree. Patrols will resume once inspector positions are filled and operational capacity is restored.

FINDING 5: COLLECTIONS

Recommendation 1

Establish revenue control policies or adopt Finance SOPPs.

Response:
We agree. While TCC already utilizes the SOPPs and ERP system, additional internal procedures are being drafted to strengthen compliance, reinforce supervisory oversight, and require documented daily reconciliations.

Recommendation 2–5

(Implement internal controls, train collectors, ensure clear identification of payment methods, and review all discrepancies.)

Response:
We agree. Mandatory training will be provided to all administrative staff, and discrepancy reviews will be logged and escalated to management. A uniform receipts-verification checklist will be part of the new control framework.

FINDING 6: EXPENDITURES – AGENCY RESPONSE

Audit Comment:

The audit concluded that from Fiscal Years 2018 through 2022, the Taxicab Commission expended funds in accordance with V.I. Code Title 33, Section 3067. All expenditures reviewed were used for authorized operational purposes, including personnel, fringe benefits, office supplies, vehicle repairs, and general operating and maintenance costs.

Response:

The Virgin Islands Taxicab Commission concurs with the comment. We appreciate the acknowledgment that all expenditures reviewed during the audit period were compliant with statutory requirements governing the Fund.

The Commission remains committed to ensuring that all funds appropriated are used solely for the operation, maintenance, and administration of the agency, consistent with Title 33, Section 3067 of the Virgin Islands Code. We recognize the importance of continued adherence to strong fiscal management practices, including documentation, monitoring, and oversight of all Fund expenditures.

It is my vision as the new Executive Director and as the expanded staff onboard, that the Commission will continue to make improvements in financial tracking procedures, internal controls, and alignment with the Department of Finance's SOPPs to ensure ongoing compliance and transparency. We strongly note that **adequate funding is essential** to both sustaining operations and implementing several corrective measures outlined in earlier findings, including technological upgrades, staffing increases, and restoration of enforcement activities.

The Commission remains fully committed to responsible stewardship of all public funds entrusted to the agency.

CONCLUSION

The Virgin Islands Taxicab Commission acknowledges the findings of the audit and is committed to corrective action, increased accountability, and operational improvement. Many deficiencies were observed upon the arrival of new leadership and are already being addressed. With the onboarding of new staff, improved processes, strengthened adherence to SOPPs and ERP practices, and the implementation of formal checklists and verification protocols, the Commission is confident that significant progress will be achieved.

However, additional funding remains critical to modernizing record-keeping systems, restoring enforcement capacity, and ensuring long-term compliance.

We appreciate the guidance provided through this audit and remain committed to full transparency and collaboration throughout the corrective action process.

Respectfully,

Melissa L. Smith
Executive Director

APPENDIX II

ADDITIONAL INFORMATION NEEDED TO CLOSE RECOMMENDATIONS

Recommendation Number and Status	Additional Information Needed
Finding 1: Medallion Registry	
1. Resolved, not implemented.	A follow-up will be necessary to attest to the Commission's progress in digitizing medallion records.
2. Partially resolved.	A follow-up will be necessary to verify the status of information in the medallion registry.
3. Resolved, not implemented.	A follow-up will be necessary to ensure the medallion owners' files are kept up to date.
4. Resolved, not implemented.	The Commission should provide evidence of its public and employee notifications regarding missing medallions.
Finding 2: Medallion Auction	
1. Resolved, not implemented.	A follow-up will be needed to ensure the Commission's compliance with auction payment requirements.
2. Resolved, not implemented.	A follow-up will be required to verify the timely issuance of certificates of entitlement and medallions.
3. Resolved but not implemented.	Provide a copy of the request, and if provided, the legal opinion from the Department of Justice.
Finding 3: Taxi Licenses	
1. Resolved.	No further action needed.
2. Resolved.	The Commission needs to provide a copy of the request and opinion from the Department of Justice.

Recommendation Number and Status	Additional Information Needed
3. Resolved	The Commission will need to provide a copy of the request to the Department of Justice and the Department of Justice's issued opinion regarding the second-highest-bidder policy.
Finding 4: Biannual Inspections and Enforcement	
1. Resolved, not implemented.	Provide a copy of any legislative recommendations that the Commission presents to the Legislature.
2. Resolved.	No further action is needed.
3. Resolved, not implemented.	A follow-up will be required to identify the status of hiring new taxi inspectors.
4. Resolved, not implemented.	A follow-up will be necessary to verify the status of filling the taxi inspector positions and verify the level of patrols.
Finding 5: Collections	
1. Resolved.	A follow-up will be required to verify whether the Commission has good cash handling practices.
2. Resolved, not implemented.	A follow-up will be required to determine the adequacy of the Commission’s internal control.
3. Resolved, not implemented.	A follow-up will be required to determine the adequacy of training provided to employees.
4. Resolved, not implemented.	A follow-up will be required to verify whether all forms of payment are clearly identified on receipts.

Recommendation Number and Status	Additional Information Needed
5. Resolved, not implemented.	A follow-up will be required to verify whether the collection discrepancies were reviewed by the Commission.
Finding 6: Expenditures	
No Recommendations.	No action is needed.

APPENDIX III

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