
The Virgin Islands Government Lacks Adequate Management Controls Over the Administration of Its IDEA, Part B Grant Program Salary Costs

FINAL AUDIT REPORT



**Control Number ED-OIG/A04-A0015
July 2001**

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U.S. Department of Education
Office of Inspector General
Atlanta, Georgia

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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

JUL 25 2001

THE INSPECTOR GENERAL

ED-OIG / A04-A0015

Honorable Charles W. Turnbull
Governor of the Virgin Islands
No. 21 Kongens Glade
Charlotte Amalie, Virgin Islands 00802

Dear Governor Turnbull:

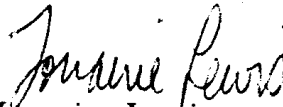
Attached is our report entitled "*The Virgin Islands Government Lacks Adequate Management Controls Over the Administration of Its IDEA, Part B Grant Program Salary Costs*". The report incorporates the comments provided in response to the draft report. If you have any additional comments or information that you believe may have a bearing on the resolution of this audit, you should send them directly to the following Education Department official, who will consider them before taking final Departmental action on the audit.

Assistant Secretary
Office of Special Education and Rehabilitative Services
U.S. Department of Education
Mary E. Switzer Building
330 C Street, S.W.
Washington, D.C. 20202

Office of Management and Budget Circular A-50 directs Federal agencies to expedite the resolution of audits by initiating timely action on the findings and recommendations contained therein. Therefore, receipt of your comments within 30 days would be greatly appreciated.

In accordance with the Freedom in Information Act (5 U.S.C. §552), reports issued to the Department's grantees and contractors are made available, if requested, to members of the press and general public to the extent information contained therein is not subject to exemptions under the Act.

Sincerely,


Lorraine Lewis

Attachment

**The Virgin Islands Government Lacks Adequate
Management Controls Over the Administration of Its
IDEA, Part B Grant Program Salary Costs**

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EXECUTIVE SUMMARY

The U.S. Department of Education (Department or ED), Office of Inspector General (OIG) performed an audit to determine whether the Virgin Islands Department of Education (VIDE) properly administered Part B salary costs for its Individuals with Disabilities Education Act (IDEA) grant. To accomplish our audit, we reviewed the financial, payroll, and personnel functions performed by VIDE and other Virgin Islands (VI) Government offices affecting the salary payments to VIDE Special Education employees during the period January 1998 through June 2000.

Due to a lack of adequate management controls, we determined the Department cannot rely on the financial management and personnel practices used by the VI Government offices in administering salary costs for the IDEA, Part B grant program. The VI Government offices administered the grant activities without accurate, complete, or actual financial and personnel information to support the salary costs charged to the grant. Specifically, our audit revealed the following deficiencies:

- The VI Department of Finance could not provide the detailed salary expenditures charged to the Department's fiscal year 1998 grants. VIDE only provided budgetary figures of about \$3.7 million for fiscal year 1998 salary expenditures.
- VIDE used at least \$131,542 of its IDEA, Part B grant funds to pay employees who did not work for Special Education.
- VIDE charged \$2.55 million of payroll expenses to accounting codes that did not appropriately identify them as Special Education grant expenditures. At the time of our audit, about \$150,000 of the \$2.55 million remained uncorrected.
- Special Education employees, who received about \$871,000 in pay from IDEA, Part B funds during fiscal years 1999 and 2000, either did not meet the position requirements set by both federal and VI regulations or their personnel files did not document that they met these requirements. In addition, the employees did not receive adequate training, so that they could meet the standards.
- VIDE may not have provided an adequate or appropriate education to students since it relied on paraprofessionals to substitute for Special Education teachers.
- VIDE drew down \$394,000 in IDEA grant funds to pay salary costs, but the VI Department of Finance (VI Finance) did not record the deposit until we identified the error.

To correct these deficiencies, we recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- VIDE to provide evidence that costs were appropriately expended or repay to the Department the approximately \$3.7 million in unsupported salary and fringe benefit costs for the Special Education program for calendar year 1998.

- VI Finance to have the capability to restore data prior to archiving any financial data in the future as it is required to maintain and provide evidence of the detailed expenditures.
- VIDE to repay to the Department at least \$131,542 in IDEA, Part B grant funds used to pay salaries of employees who did not work or provide direct services for Special Education.
- VIDE to ensure all required adjustments, including the \$150,000 of the \$2.55 million we identified as not corrected, are identified and recorded by VI Finance.
- VIDE to repay to the Department at least \$871,000 in IDEA grant funds that were used to pay 31 Special Education employees who either lacked the required credentials or appropriate evidence of required credentials for the positions they held.
- VIDE Division of Human Resources and VI Division of Personnel to follow prescribed employment procedures and ensure that employees receive appropriate training.
- VI Finance and VIDE to provide evidence that all draws of the Department's grant funds were recorded in the Financial Management System (FMS) during the entire time period of our audit.
- VI Finance to ensure all financial and accounting transactions are recorded accurately and timely in the FMS, so that agencies like VIDE can rely on and use the information.

The VI generally concurred with our findings and recommendations with the exception of Finding No 1. The VI response to our draft report stated that it did not concur with this finding because the archived payroll data referred to in the finding was now available. The VI response also stated that time and attendance reports, payroll registers, and hours of entry information needed to support the allowability of the 1998 payroll expenditures were available for our review.

However, in meetings held with VI officials in May and June 2001, we were advised that the archived payroll data had not been restored. Further, when we returned to the VI in June 2001, only a small portion of the additional supporting documentation referred to in their response was available for our review. The documentation was not adequate to enable us to reach a conclusion concerning the allowability of the payroll costs. As a result, our finding remains unchanged.

Virgin Islands officials were able to provide additional documentation on the qualifications for some of the employees questioned in Finding No. 4 and we have reduced the number of employees and the amount in question accordingly.

The Virgin Islands' response is included in its entirety as an attachment to the report.

Background

According to VIDE's records, the Department awarded about \$4.8 million for fiscal year 1998, \$7.8 million for fiscal year 1999, and \$8.8 million for fiscal year 2000 to administer their IDEA, Part B grant. VIDE budgeted over 70 percent of these funds to pay salaries and related fringe benefits to its Special Education employees during our audit period. Employees involved included: resource specialists, special education teachers, paraprofessionals, speech therapists, school bus drivers, and administrative personnel.

As a recipient of IDEA grant funds, VIDE is the state education agency (SEA) for the VI that is responsible for administering all state educational programs for children with disabilities. The Virgin Islands has two local education agencies: the school districts of St. Thomas/St. John and St. Croix.

The main VI Government offices providing financial, payroll, and personnel services for the administration of IDEA grant funds included VI Finance, the VI Division of Personnel (VI Personnel), VIDE and VIDE's Division of Human Resources (VIDE Personnel). VI Finance was the official record keeping entity for the Virgin Islands Government. VI Finance was responsible for accounting for all expenditures of federal grants received from the Department. VIDE was the agency responsible for delivering educational services to students with disabilities in accordance with the terms of the grant. VI Personnel was responsible for determining employment eligibility for VIDE non-professional staff hired. VIDE Personnel, with the assistance of the VI State Board of Education, was responsible for determining employment eligibility for VIDE professional staff hired.

Scope and Methodology

The purpose of our audit was to determine whether VIDE administered IDEA, Part B salary costs properly. We reviewed financial, payroll, and personnel functions affecting the payment of salaries to Special Education employees. The specific objectives of our audit were to determine whether VIDE adequately maintained:

- (1) Internal accounting controls over the payroll process for Special Education.
- (2) Documentation regarding whether Special Education employees charged to the grant only worked on Special Education projects.
- (3) Documentation that Special Education employees charged to the grant existed and were valid and qualified employees of VIDE.
- (4) Documentation and support for Special Education personnel actions taken.

To achieve our objectives, we performed the following tasks:

- Reviewed applicable federal and VI laws and regulations.
- Interviewed VI Government officials to determine and review VI policies and procedures covering the financial, payroll, and personnel functions affecting the payment of salaries to Special Education employees.
- Reviewed and tested VIDE salary and related fringe benefit expenditures and related cost center charges recorded by VI Finance for the period January 1999 through June 2000.
- Reviewed personnel files, including the qualifications, for all Special Education employees paid with IDEA grant funds.
- Reviewed and compared the salary and cost center charges recorded for Special Education employees by VI Finance's FMS and VIDE.
- Reviewed the classroom hours covered and additional payments made to paraprofessionals for substituting in Special Education teachers' classrooms.
- Reviewed selected payroll expenditure draws from the Department to determine whether they were recorded as received and deposited by VI Finance.
- Reviewed various monitoring and audit reports prepared by the U.S. Department of Education, the U.S. Department of Interior Office of Inspector General, and the non-federal audit firm for the VI.

We randomly selected 10 payroll periods during our audit period. For each pay period, we compared financial, payroll, and personnel data that we collected from each VI Government office involved for each Special Education employee. We also randomly selected and reviewed payroll expenditure draws from the Department for six pay periods during our audit period.

Our audit covered VIDE's funds awarded by the Department for fiscal years 1998, 1999, and 2000 (the payroll periods occurring between January 1998 through June 2000). We performed a total of five, two-week, on-site visits at VI Government offices in St. Thomas and St. Croix, VI from June 20, 2000 through December 7, 2000.

Scope Impairment

Our audit responsibilities required us to determine whether the VI Government's management controls were adequate to assure IDEA grant salary funds were spent properly. However, we found VI Finance did not maintain adequate fiscal and accounting controls over VIDE's 1998 salary expenditures. Thus, VI Finance could not provide the detailed salary expenditures for fiscal year 1998 charged to the Department's grants for our review. The lack of sufficient evidence imposed significant constraints on our audit approach and impaired the scope of our audit. Because sufficient data could not be provided by VI Finance, we were unable to trace funds and draw conclusions on whether salary costs were appropriately charged to the grant.

Guidance under Government Auditing Standards, 1999 Revision, Chapter 6, **Field Work Standards for Performance Audits**, section 6.46 states:

Sufficient, competent, and relevant evidence is to be obtained to afford a reasonable basis for the auditors' findings and conclusions.

Further, under section 6.53:

Evidence is sufficient if there is enough of it to support the auditors' findings.

Government Auditing Standards also provide guidance to auditors for reporting on evidence problems that affect the scope of the audit. Under Chapter 7, **Reporting Standards for Performance Audits**, Section 7.14 states:

In reporting the scope of the audit, auditors should... report the kinds and sources of evidence and explain any quality or other problems with the evidence. Auditors should also report significant constraints imposed on the audit approach by data limitations or scope impairments.

Therefore, irregularities may have occurred, but we would be unable to detect them because of our inability to review the data. As discussed in Finding No. 1, we consider the grant funds involved to be unsupported costs because we could not adequately trace funds to satisfy ourselves that funds were spent properly according to VI's official financial records.

Our review was conducted in accordance with generally accepted government auditing standards appropriate to the scope of our review described above. However, the scope of our audit was significantly impaired, as discussed above and in Finding No. 1, by our inability to review fiscal year 1998 payroll expenditures.

Statement on Management Controls

Prior to beginning our audit, we planned and determined the nature, timing, and extent of tests to be performed by assessing the management controls over VIDE's IDEA, Part B grant program. Management controls, in the broadest sense, include the plan of organization, methods, and procedures adopted by management to ensure that its goals are met. Management controls include the processes for planning, organizing, directing, and controlling program operations. They include the systems for measuring, reporting, and monitoring program performance.

To assess the management controls, we evaluated VIDE's ability to assure:

- Effectiveness and efficiency of operations.
- Reliability of financial reporting.
- Compliance with applicable laws and regulations.

Our assessment revealed material management control weaknesses existed in VIDE's implementation of the IDEA grant program prior to our audit. The U.S. Department of Education and the U.S. Department of Interior Office of Inspector General (DOI-OIG) have previously identified material management control weaknesses. Also, for several years, the VI

has failed to meet the Single Audit requirements of U.S. Office of Management and Budget (OMB), Circular A-133.

On June 29, 1998, ED issued a final monitoring report that documented serious problems with VIDE's compliance with Part B of IDEA. As a result of these findings, ED declared VIDE a "high risk" grantee and imposed special conditions on its fiscal year 1998 grant award. The special conditions required VIDE to provide ED with monthly reports on its efforts to come into compliance with Part B of IDEA. Those reports did not demonstrate significant progress by VIDE in meeting the requirements of Part B of IDEA. Consequently, ED proposed to VIDE a voluntary compliance agreement as a means of ensuring a continued flow of Part B of IDEA funds while VIDE implemented a structured plan to come into full compliance with the statute.

VIDE accepted this proposal and prepared a compliance agreement that became effective December 12, 1999. The following compliance goals were included in the agreement:

1. Timely evaluations and eligibility determinations.
2. Free and appropriate public education.
3. Least restrictive environment.
4. Sufficient qualified personnel.
5. Complaint resolution.
6. General supervision.
7. Fiscal accountability.

As presented in the AUDIT RESULTS section of the report, our audit determined and documented that significant deficiencies were occurring in VIDE's administration of its IDEA grants involving compliance agreement goals 2, 4, and 7.

DOI-OIG has performed a number of reviews of the Virgin Islands Government. In September 1998, DOI-OIG issued the audit report, "Interfund Loans and Federal Grant Balances, Government of the Virgin Islands" (No. 98-I-670). The report stated that complete, current, and reliable information on the balances of Federal grants awarded to the Government was not readily available and that the Government had not taken adequate actions to correct long-standing financial management problems that had an adverse impact on its financial condition.

In a September 1999 audit report on U.S. Department of Education grants, DOI-OIG reported that VIDE did not:

1. Adequately identify the source or the application of funds.
2. Adopt procedures to determine cost allowability.
3. Have adequate source documents.
4. Ensure that personal services costs were properly supported and were charged to the correct accounts.
5. Prepare and submit accurate grant financial reports within the required time frames.
6. Always use competitive procurement procedures when making purchases.

Further, the Virgin Islands Government has been historically late in submitting Single Audit reports to the Department. The VI had audits completed covering fiscal years 1994 and 1995,

but the 1995 report was not issued to the Department until February 28, 1999. In addition, no Single Audits of the VI Government have been performed for fiscal years 1996 and 1997. Work on the FY 1998 Single Audit was still being conducted when our audit began. The report was issued July 7, 2000. The 1999 audit was still on going at the end of our fieldwork.

Based on this evidence, we determined that the VI Government lacked adequate management controls over its operations that provide financial, payroll, and personnel services for the administration of IDEA, Part B grant funds. Thus, the available information related to the financial and program results of the grant could not be relied upon for accuracy. This necessitated that we perform substantive testing to determine whether the VI complied with the program and financial requirements of the IDEA, Part B grant.

Because of inherent limitations, a study and evaluation made for the limited purposes described above would not necessarily disclose all material weaknesses in the control structure. However, during our audit, we identified significant management control weaknesses as discussed in the AUDIT RESULTS section of this report.

AUDIT RESULTS

FINDING NO. 1 – The VI Department of Finance could not provide the detailed salary expenditures charged to the Department’s fiscal year 1998 grants.

During our initial survey work in the Virgin Islands in March and April 2000, the OIG requested that data for our audit period be extracted from VI Finance’s system FMS, including 1998, 1999, and 2000 payroll data. After we made numerous attempts to obtain the data, VI Finance advised us in June 2000 that it could not restore its archived 1998 detail payroll data. Subsequent requests were made and conversations were held about the issue with both VI Finance and VI contractor personnel through February 2, 2001, but the data was not provided.

VI Finance could not restore its archived 1998 payroll data detail because restoration applications could not be completed on the FMS. As a result, VI Finance could not provide the detailed 1998 salary and related expenditures charged to the IDEA, Part B grant for our review. This impaired the scope of our audit. Because we could not determine the 1998 salary and related expenditures charged to the IDEA, Part B grant we used the budgeted expenditures to approximate the unsupported actual expenditures.

The following facts also intensified our concerns over whether federal funds were expended properly. On June 29, 1998, the Department issued a final monitoring report documenting serious problems with VIDE's compliance with Part B of the IDEA grant. As a result of these findings, ED declared VIDE a "high risk" grantee and imposed special conditions on its fiscal year 1998 grant award. The special conditions required VIDE to provide ED with monthly reports on its efforts to come into compliance with Part B of the IDEA grant. Those reports did not demonstrate significant progress by VIDE in meeting the requirements of Part B of the IDEA grant. Consequently, ED proposed and VIDE accepted a voluntary Compliance Agreement as a means of ensuring a continued flow of Part B of IDEA grant funds, while VIDE implemented a structured plan to come into full compliance with the statute.

We reviewed the budgetary figures that VIDE provided for its salary costs for fiscal year 1998. However, because VI Finance could not provide the detailed accounting records for its expenditures, we consider the budgetary figures as potential salary expenditures representing approximately \$3.7 million in unsupported costs. By not providing detailed expenditures for our review, our ability to carry out our audit responsibilities was adversely affected. We were unable to conclude whether salary funds were expended properly for the Department’s grants. Therefore, irregularities may have occurred, but we would be unable to detect them.

Cause of the Finding

VI Finance's FMS did not have sufficient data storage space to maintain the detailed FY 1998 payroll expenditure data. Because of these system limitations, VI Finance elected to retain only two years' of detailed payroll data on the FMS. Therefore, VI Finance's Management Information Systems (MIS) Division archived the detailed FY 1998 payroll data to magnetic tape and removed that data from its system.

When we requested the 1998 payroll data detail, MIS was unable to restore the data to the FMS because restoration applications could not be properly run on the system. VI Finance had upgraded the FMS operating system, and the new operating system was not able to properly restore the 1998 detail payroll data. Thus, MIS could not provide the data for the 1998 payroll expenditures.

The General Education Provision Act (GEPA) and Departmental regulations require a state to have fiscal and accounting controls to ensure grant funds can be adequately traced to determine whether they were properly spent. GEPA states at 20 USC §1232f:

(a) Each recipient of Federal funds under any applicable program through any grant, subgrant, cooperative agreement, loan, or other arrangement shall keep records which fully disclose the amount and disposition by the recipient of those funds, the total cost of the activity for which the funds are used, the share of that cost provided from other sources, and such other records as will facilitate an effective financial or programmatic audit. The recipient shall maintain such records for three years after the completion of the activity for which the funds are used.

The Department's regulations state at 34 CFR §80.20:

(a) A State must expend and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees... must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing grant, and*
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.*

VI is a state within the meaning of 34 CFR § 80.3, which includes "any territory or possession of the United States."

Since VI Finance did not maintain adequate fiscal and accounting controls over VIDE's 1998 salary expenditures, sufficient evidence of expenditures did not exist. Thus, we were unable to trace funds and draw conclusions on whether salary funds were properly spent. Also, the lack of sufficient evidence imposed significant constraints on our audit approach and impaired the scope

of our audit. This scope impairment is reported in the Scope and Methodology section of the report.

Recommendations

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 1.1 VIDE to provide evidence that costs were appropriately expended or repay to the Department the approximately \$3.7 million¹ in unsupported salary and fringe benefit costs for the Special Education program for 1998.
- 1.2 VI Finance to maintain and provide evidence of the detailed expenditures charged to grants for the Department's review, as required by federal records retention and access requirements. Also, require VI Finance to have the capability to restore data prior to archiving any financial data in the future.

VI Comments

The VI response to our draft report stated that it did not concur with this finding because the archived payroll data referred to in the finding was now available. The VI response also stated that time and attendance reports, payroll registers, and hours of entry information needed to support the allowability of the 1998 payroll expenditures were available for our review.

OIG Response

However, in meetings held with VI officials in May and June 2001, we were advised that the archived payroll data had not been restored. Further, when we returned to the VI in June 2001, only a small portion of the additional supporting documentation referred to in their response was available for our review. The documentation was not adequate to enable us to reach a conclusion concerning the allowability of the payroll costs. As a result, our finding remains unchanged.

¹ Because VI Finance could not provide the detailed accounting records for 1998 salary and fringe benefit costs charged to the grant, we are using the 1998 budgetary figures for salary costs provided by VIDE as the unsupported costs.

FINDING NO. 2 – VIDE used at least \$131,542 of its IDEA, Part B grant funds to pay employees who did not work for Special Education.

VIDE failed to ensure salary costs charged to the IDEA, Part B grant were paid only to employees who did work for Special Education. Through VIDE Personnel, we determined that four employees did not work for Special Education. However, the four employees were paid salaries and related benefits from Special Education grant funds.

Regarding one of the four employees, a VIDE Personnel official stated that the employee was supposed to work for Special Education, but became ill and never actually transferred to or worked for Special Education. We informed the official that the employee's salary costs were charged to Special Education. The official said that the employee's salary costs should not have been charged to Special Education; the costs should have been charged to the Commissioner of Education's office.

In addition, a Special Education SEA official told us that the employee who became ill and one other employee charged to the grant did not work for Special Education. The official stated she was unaware that their salaries were charged to the IDEA, Part B grant. Later, VIDE Personnel identified two other employees who did not work for Special Education whose salaries were incorrectly charged to the grant.

For all four employees, their Notice of Personnel Action (NOPA) assigned their salary costs to the Special Education cost center. The cost center on a NOPA tells VI Finance to which federal grant program to charge an employee's salary costs. VI Finance's records also confirmed that all four employees were paid with Special Education grant funds.

Cause of the Finding

VIDE and VI Personnel created NOPAs for these four employees with Special Education's cost center as the source of funds, but they failed to ensure that these employees did work for Special Education. Since these employees did not start to work for Special Education, the NOPAs should have been cancelled and VIDE should have instructed VI Finance not to charge the salary costs to the grant.

34 CFR §80.22, entitled "***Allowable costs,***" states:

(a) ...Grant funds may be used only for: (1) The allowable costs of the grantees, sub-grantees and cost-type contractors... (b) For each kind of organization, there is a set of Federal principles for determining allowable costs. For the costs of a State, local, or Indian tribal government, the Secretary applies the cost principles in OMB Circular A-87...

OMB Circular A-87, amended August 29, 1997, Attachment A, ***General Principles for Determining Allowable Costs*** states that directs costs are those that can be identified specifically with a particular final cost objective, including compensation of employees for the time devoted and identified specifically to the performance of those awards. OMB Circular A-87 also defines

a state as “...any territory or possession of the United States...”

The Department’s Special Education regulations address a state’s use of grant funds. 34 CFR §300.370, entitled “*Use of SEA allocations*,” states:

(a) Each State shall use any funds it retains under §300.602 (State level activities for State administration) and does not use for administration under §300.620 for any of the following:

(1) Support and direct services, including technical assistance and personnel development and training.

Based on information provided by VIDE officials, the four employees in question did not work for Special Education. Since they did not work for Special Education, the payment of their salary and fringe benefits was not an allowable use of IDEA, Part B grant funds.

During January 1999 through June 2000, salary and fringe benefits totaling \$119,641 for the four employees who did not work for Special Education were improperly charged to IDEA, Part B grant funds. However, as described in Finding No. 1, we were unable to determine all salary costs charged to the grant for these employees for 1998 because VI Finance was unable to provide this information for our review. From VIDE payroll records for the five pay periods in 1998 we reviewed, we identified at least \$11,901 in IDEA salary and fringe benefits² paid to the four employees from grant funds. Therefore, we consider the total salary costs we could determine, \$131,542, as disallowed costs.

Recommendation

2.1 We recommend the Assistant Secretary for Special Education and Rehabilitative Services require VIDE to repay to the Department \$131,542 in IDEA, Part B grant funds used to pay salaries of employees who did not work for Special Education and determine the liability for the remaining pay periods in 1998.

VI Comments

The VIDE concurred that four employees paid from IDEA, Part B grant funds were improperly paid and that it would reimburse the IDEA, Part B account.

² This \$11,901 would be included in the total amount of unsupported costs that we could not determine for Recommendation 1.1 above.

FINDING NO. 3 – VIDE charged \$2.55 million of payroll expenses to accounting codes that did not appropriately identify them as Special Education grant expenditures.

VIDE charged \$2.55 million of payroll expenses to accounting codes that did not appropriately identify them as Special Education grant expenditures because proper accounting codes were not established in the FMS timely. The incorrect coding of grant expenditures impedes the VI Government's use of the FMS to provide management oversight of the grant.

Both the St. Thomas and the St. Croix VIDE business offices identified the incorrect coding problem and sent correcting adjustments to VI Finance. In May, August, and September 1999, the St. Croix office sent to VI Finance \$1.11 million in adjustments, which covered pay periods from January 1999 through September 1999. However, none of these adjustments were reflected in the FMS at the time of our audit. A possible reason this occurred was because the appropriate accounting codes were not established in the FMS timely. Since the expenses were not accurately posted, the VI Government would not have been able to rely on its official accounting records.

The St. Thomas adjustments of \$1.28 million were for pay periods from February 1999 to January 2000. However, the St. Thomas business office did not send the actual adjustments to VI Finance until the July 2000 through September 2000 period, well over a year after some of the St. Thomas salary costs were incurred. Consequently, VI Finance would not have been able to use the proper accounting codes to determine the actual salary costs for the Special Education programs until the adjustments were made. Without that capability, the FMS has little management value to the VI Government or other agencies, like the U.S. Department of Education, that have a responsibility to assure that proper expenditures of federal funds occur.

Further, the St. Croix and St. Thomas adjustments did not include all the coding errors. The payroll offices missed approximately \$150,000 in additional coding errors that we identified.

The problems associated with the coding errors indicate that the FMS would not be able to generate required reports or permit someone to easily trace funds to determine their allowability. The lack of accurate and timely FMS data has forced the VIDE to maintain its own accounting records to track grant expenses. This is a costly and duplicative effort.

Cause of the Finding

Based upon discussions with VIDE personnel, the coding errors were caused by several factors including the creation of a new cost center for Special Education, the late finalization of the fiscal year 1999 budget, and the subsequent late submission of new NOPAs to VI Personnel for inclusion into the FMS. In addition, the VI Finance MIS accounting code system was structured so that a specific combination of three key fields identified a Special Education expenditure. However, if one of these fields was valid, the system would accept the expenditure even though the combination of the three fields did not properly identify it as Special Education.

34 CFR §80.20, entitled “*Standards for financial management systems,*” states:

(a) A State must expand [sic] and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

(1) Permit preparation of reports required by this part and the statutes authorizing the grant, and

(2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.

Recommendations

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 3.1 VIDE to ensure appropriate budgets and personnel change notifications are created and forwarded, so the information can be entered promptly into the FMS.
- 3.2 VIDE to ensure all required adjustments, including the \$150,000 of the \$2.55 million we identified as not corrected, are identified and recorded by VI Finance.
- 3.3 VI Finance to ensure all adjustments are recorded in a timely fashion.
- 3.4 VI Finance to ensure that its FMS has a functioning control that will only accept a combination of codes relating to specific grant programs.
- 3.5 VI Finance to ensure accurate and timely data is available in the FMS so that agencies like VIDE and the U.S. Department of Education can rely on and use the information.

VI Comments

The VIDE concurred with the finding and recommendations 3.1 and 3.2. The VIDE also stated that VI Finance had concurred with recommendation 3.3.

A separate response to recommendations 3.4 and 3.5 to be provided by VI Finance has not been received.

FINDING NO. 4 – Special Education employees, who received \$871,000 in pay from IDEA, Part B funds, either did not meet the position requirements set by both federal and VI regulations or their personnel files did not document that they met these requirements.

Thirty-one of 186 Special Education employees whose files we reviewed either did not meet the position requirements set by VI regulations and the VI's own position standards, or their files did not document that they met these requirements. Neither VI Personnel nor VIDE Personnel could provide evidence that these employees had the required qualifications for the positions they held. Since these employees did not meet state requirements, federal requirements were also not met. Therefore, we concluded that VIDE could not support the proper expenditure of at least \$871,000 in Part B Special Education grant funds for salaries and fringe benefits for 31 employees during fiscal years 1999, and 2000. To determine the questioned costs for 1999 and 2000, we extracted the actual salary and related costs from VI Finance's FMS. However, as described in Finding No. 1, we were unable to determine salary costs paid to these employees for 1998 because VI Finance's payroll records were unavailable.

These employees either did not meet or may not have met the requirements for their positions. The types of employees involved included: resource specialists, special education teachers, paraprofessionals, clerk typists, speech therapists, school bus drivers, and an administrative secretary.

Lack of required qualifications

To determine whether Special Education employees were qualified, we reviewed the personnel files maintained by VI Personnel and VIDE Personnel. For 8 of the 31 employees, we found that the credentials documented in the files indicated that the employees did not meet the educational requirements for their jobs and were, therefore, not qualified according to VI standards. For the other 23 employees, the files did not document, nor were the personnel offices able to provide any evidence that the employees met the educational requirements for their positions. For example, according to VI position standards, special education teachers should have a Master's degree in special education, and paraprofessionals should have a high school diploma.

Inadequate training

We also learned that some employees did not receive adequate training for providing Special Education services. We visited 16 schools on St. Thomas, St. John, and St. Croix between May 9, 2000 and May 18, 2000. During these visits, we interviewed 15 school principals, 60 Special Education teachers, and VIDE Special Education personnel concerning their ability to implement Part B of the VI IDEA grant. Of the 60 Special Education teachers interviewed, 26 stated that paraprofessionals could use more training.

Paraprofessionals assist Special Education teachers in the care of children with disabilities. Despite the extensive role of the paraprofessionals in Virgin Island schools, we were told most

have only received limited training in providing services to children with disabilities. Teachers also stated that additional training in instructing children with disabilities, including dealing with behavioral problems, would be useful.

VIDE Special Education teachers told us they also have had limited opportunities to receive training in their field of work. On St. Thomas, workshops were provided, but many of the teachers stated that the workshops focused more on administrative matters than on providing training related to specific conditions of children with disabilities. On St. Croix, many teachers were concerned about not obtaining training related to their field of work. Due to Virgin Island's financial difficulties, off-island training was extremely rare, and many teachers stated that the low salaries did not allow them to finance their own training.

Federal requirements exist for qualified personnel. 34 CFR §300.135, entitled "***Comprehensive system of personnel development***," states:

- (a) General. The State must have in effect ... a comprehensive system of personnel development that--*
- (1) Is designed to ensure an adequate supply of qualified special education, regular education, and related services personnel;*

34 CFR §300.23 defines "qualified personnel" as:

[P]ersonnel who have met SEA-approved or SEA-recognized certification, licensing, registration, or other comparable requirements that apply to the area in which the individuals are providing special education or related services.

The Department's Special Education regulations also require state agencies to provide for an appropriate education. According to 34 CFR §300.13, "***Free and appropriate public education***" means:

[S]pecial education and related services that—

- (a) Are provided at public expense, under public supervision and direction, and without charge; and*
- (b) Meet the standards of the SEA, including the requirements of this part.*

Based on the lack of evidence regarding the qualifications and training of Special Education employees, we concluded that VIDE could not support the proper expenditure of Special Education grant funds by hiring employees who were not qualified to provide the services needed by students with disabilities.

State and VI Division of Personnel Requirements

According to the Virgin Islands Code for Title III, Chapter 25, Section 526: **Certification and appointment of lists**, documentation for educational and other requirements for *non-professional personnel* positions such as a paraprofessional are collected at the Division of Personnel (DOP). When hiring VIDE employees, VI Personnel reviews job descriptions for positions to determine the educational requirements and work experience needed. When a candidate applies for a position, DOP evaluates the candidate's education and experience to determine not only employment eligibility, but eligibility to be placed on a position list. DOP should not place a candidate on a position list unless he/she has been found qualified for the position.

Cause of the Finding

We found that VI Personnel did not follow established procedures for collecting and maintaining documentation of applicants' education. After reviewing Special Education employees' files, we notified VI Personnel that documentation of many employees' education was missing from their files. As stated above, VI Personnel is responsible for collecting and reviewing employment eligibility documentation for *non-professional staff*, such as paraprofessionals. However, VI Personnel had to request the needed documentation from VIDE Personnel. VIDE Personnel could not provide evidence of employees' education, either.

VIDE Division of Human Resources and VI State Board of Education Requirements

According to a VIDE Personnel official, in the past, VIDE Personnel did not follow prescribed procedures for assuring that *professional staff* were qualified when hired. However, VIDE Personnel recently instituted a process for assuring that *professional staff* are qualified when they apply for a position. When hiring VIDE employees, VIDE Personnel collects and evaluates qualifications for *professional staff*, such as Special Education teachers. The process requires VIDE Personnel to send details of potential employees' education to the VI State Board of Education, which determines whether employees meet the qualifications for the position.

The same VIDE personnel official told us that they recently began using a panel of school principals and VIDE managers to interview potential employees to assure they are qualified. The VIDE Personnel official also told us that currently they hire professional staff as temporary employees until their qualifications are verified or they have met the qualifications for the position. Employees who do not meet the qualifications for their position are provided up to three years to acquire them. The VIDE Personnel office advised us that they were designing a training program for Special Education teachers.

We concluded that until VIDE ensures that employees hired are adequately qualified and trained for their jobs, it may not meet IDEA, Part B's requirements.

Recommendations

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 4.1 VIDE to provide documentation to show that the 31 employees in question have the required qualifications for the positions they held or repay to the Department at least \$871,000 in IDEA grant funds that were used to pay the 31 Special Education employees. Also, require VIDE to repay the Department the funds that were paid to these employees in 1998.
- 4.2 VIDE Personnel and VI Personnel to follow prescribed procedures to hire and document that employees possess required qualifications and receive adequate training for the positions they hold or services they provide.

VI Comments

The VIDE provided additional documentation for the 72 employees referred to in recommendation 4.1 in our draft report, and stated that officials were still researching the issue to try and obtain the additional documentation required. VIDE concurred with recommendation 4.2.

OIG Response

We reviewed the additional documentation provided by VIDE and have reduced the number of employees and the amount in question accordingly.

FINDING NO. 5 – VIDE did not provide an adequate or appropriate education to students by relying on paraprofessionals to substitute for Special Education teachers.

VIDE used paraprofessionals who were not adequately trained or supervised to substitute for Special Education teachers. We identified 900 instances where a paraprofessional was paid to cover classes during a pay period. This accounted for 17,080 hours of substitutions and \$59,000 in additional expense. Out of the 31 employees we identified without the required, or properly documented, qualifications in Finding No. 4, 17 were paraprofessionals. Furthermore, of these 17 paraprofessionals, we found that 16 were substituting for Special Education teachers during the period we reviewed. They accounted for over \$14,000 of the additional expense.

Cause of the Finding

Even though federal and VI regulations required VIDE to employ qualified and adequately trained personnel, VIDE still relied on unsupervised paraprofessionals who were not qualified for their own positions to substitute for Special Education teachers. VI officials stated this occurred because there was a limited number of special education teachers.

Federal requirements allow for the use of paraprofessionals who are adequately trained and supervised to assist in providing services, but not to substitute for qualified Special Education teachers. 34 CFR §300.136(f), entitled ***“Use of paraprofessionals and assistants”***, states:

(f) A State may allow paraprofessionals and assistants who are appropriately trained and supervised, in accordance with State law, regulations, or written policy... to be used to assist in the provision of special education and related services to children with disabilities under Part B of the Act”

By not meeting this requirement, VIDE may not be fulfilling the needs of students with disabilities and providing an appropriate education.

Recommendations

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 5.1 VI Personnel to follow the VI's prescribed procedures to hire paraprofessionals having adequate qualifications for their positions and to document their qualifications.
- 5.2 VIDE to ensure paraprofessionals hired are adequately trained and supervised to provide appropriate services to students with disabilities.

VI Comments

The VIDE concurred with this finding. The VIDE responded that it would follow VI prescribed procedures in hiring paraprofessionals to ensure they have adequate qualifications for their positions. The VIDE also stated that it had developed a training plan to ensure that paraprofessionals are adequately trained and supervised.

FINDING NO. 6 – VIDE drew down \$394,000 in IDEA grant funds to pay salary costs, but VI Finance did not record the deposit.

VIDE requested a \$394,000 draw of IDEA, Part B grant funds to pay salary costs on January 13, 2000. After VIDE received a bank receipt acknowledgement for the draw's deposit on January 13, 2000, VIDE sent the acknowledgement and draw information to VI Finance to post the draw. Despite this, VI Finance never posted the deposit of the draw to the FMS. Further, when VI Finance reconciled the bank statement with the FMS records, it failed to notice that the draw was not posted. Also, VIDE personnel did not verify that the draw had been posted. Nearly 10 months later, on November 29, 2000, VI Finance recorded the transaction after we identified the error.

We reviewed six draws of IDEA, Part B grant funds during our audit period to determine if they were properly posted and accounted for in VI's FMS. During the audit period, VIDE drew down funds from the Department 62 times for payrolls. Because the six draws that we reviewed represented only 9.67 percent of the total draws, we concluded there could be a significant problem with VI Finance not recording and accounting for funds drawn down from the Department.

34 CFR §80.20 (a), entitled "*Standards for financial management systems*," states:

A State must expand [sic] and account for grant funds in accordance with State laws and procedures for expending and accounting for its own funds. Fiscal control and accounting procedures of the State, as well as its subgrantees and cost-type contractors, must be sufficient to:

- (1) Permit preparation of reports required by this part and the statutes authorizing the grant, and*
- (2) Permit the tracing of funds to a level of expenditures adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes.*

If funds are not properly applied to grant fund accounts, financial management activities and reporting of expenditures to the Department could be negatively affected. VI Finance could have improperly disallowed legitimate expenses to be paid if it thought that VIDE did not have sufficient funds on hand. We were told by the school principals, Special Education teachers and VIDE Special Education personnel we interviewed that services, supplies, and equipment were often requisitioned by VIDE, but payment problems within the Virgin Islands Government impacted the delivery of those services and goods.

Recommendations

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 6.1 VIDE to verify that all draws of IDEA grant funds have been posted in the FMS and that future draws are posted timely.
- 6.2 VI Finance to provide evidence that all draws of the Department's grant funds were recorded in the FMS during the entire time period of our audit.
- 6.3 VI Finance to ensure all future draws and deposits of the Department's grant funds are recorded into its FMS in a timely and accurate fashion.

VI Comments

Both VIDE and VI Finance concurred with the finding and recommendations. VIDE stated that the noted draw had been posted, a reconciliation would be conducted, and any other discrepancies reported to VI Finance in accordance with recommendation 6.1. The VI response also stated that VI Finance was working on the remaining recommendations.

ATTACHMENT

Virgin Islands' Response to Draft Report

VI Government Department of Education Corrective Action Plan**The Virgin Islands Government Lacks Adequate Management Controls Over the Administration of Its IDEA, Part B Grant Program Salary Cost****Control Number ED-OIG-/A04-A0015 April 2001**

Finding No. 1: The VI Department of Finance could not provide the detailed payroll expenditures charged to the Department's fiscal year 1998 grants.

Recommendations:

We recommend the Assistant Secretary for Special Education & Rehabilitative Services require:

- 1.1. VIDE to provide evidence that costs were appropriately expended or repay to the Department \$3,894,129 in unsupported salary and fringe benefit costs for the Special Education program for calendar year 1998.
- 1.2. VI Finance to maintain and provide evidence of the detail expenditures charged to grants for the Department's review, as required by federal records retention and access requirements. Also, require VI Finance to have the capability to restore data prior to archiving any financial data in the future.

Management Response:

- 1.1 We do not concur. VIDOE does have evidence that funds were appropriately expended. This information is available from our Report Writer on Payroll cost paid for federal programs during Fiscal Year 1999. In addition we do have time and attendance reports, payroll registers, and hours of entry information for the period in question. This finding and finding 1.2 is no longer valid.
- 1.2 We do not concur. The archived payroll data referred to in the above finding is now available. The Department of Finance has informed the U.S. Department of Education and arrangements have been made to review this information on or around May 15, 2001.

Finding No. 2: VIDE used \$131,542 of its IDEA Part B grants funds to pay employees who did not work for Special Education.

Recommendations:

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require VIDE to repay to the Department at least \$131,542 in IDEA Part B grant funds used to pay salaries of employees who did not work or provide services for Special Education and determine the liability for the remaining pay periods in 1998.

Management Response:

2.1 VIDE concurs that four employees paid from IDEA Part B grant funds were improperly paid and will prepare the necessary documentation to reimburse the IDEA Part B account.

Official Responsible: Beverly Jennings, Acting Director, Business Affairs STT/STJ
Targeted Completion Date: September 30, 2001

Finding No 3: VIDE charged \$2.55 million of payroll expenses to accounting codes that did not appropriately identify them as Special Education grant expenditures.

Recommendations:

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 3.1 VIDE to ensure appropriate budgets and personnel change notifications are created and forwarded so that the information can be entered promptly in the FMS.
- 3.2 VIDE to ensure all required adjustments (including the \$150,000 identified above) are identified and recorded by VI Finance.
- 3.3 VI Finance to ensure all adjustments are recorded in a timely fashion.
- 3.4 VI Finance to assure that its FMS has a functioning control that would accept a combination of codes relating to specific grant programs.
- 3.5 VI Finance to ensure accurately and timely data is available in the FMS so that agencies like VIDE and the U.S. Department of Education can rely on and use the information.

Management Response:

- 3.1 VIDE concurs with the recommendation and the finding and would ensure appropriate budgets and personnel change notifications are created and forwarded so that information can be entered promptly into the FMS.

Official Responsible: Joanne Rhymer, Director of Budget Control
Targeted Completion Date: On-going process.

- 3.2 VIDE concurs and is currently preparing the necessary adjustment vouchers to correct the remaining posting errors. Upon completion of the required adjustment vouchers the Business Director of St. Thomas/St. John and Business Director of St. Croix will sit in a meeting with the Department of Finance, the Commissioner of Education and the Deputy Commissioner of Fiscal and Administrative Services to ensure adjustments have been posted.

Official Responsible: Beverly Jennings, Acting Director of Business Affairs STT/STJ and Priscilla Diaz, Supervisor of Business Affairs STX.
Targeted Completion Date: September 30, 2001

- 3.3 VI Finance has concurred that adjustments should be posted timely and has implemented new procedures to ensure that adjustments get posted in a timely manner. (Please see Attachment A. Summary of the VI Government Federal Assistance Monitoring Program Meeting at which the policy decision was made.)

Official Responsible: Eshlyn Charles, Program Manager, Department of Finance
Targeted Completion Date: On-going

- 3.4 VI Department of Finance will respond to this finding under separate cover.
- 3.5 VI Department of Finance will respond to this finding under separate cover.

Finding No 4: Special Education employees who received \$2.5 million in pay from IDEA Part B funds either did not meet the position requirements set by both federal and VI regulations or their personnel files did not document that they met these requirements.

Recommendations:

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 4.1 VIDE to provide documentation to show that the 72 employees in question have the required qualifications for the positions they held or repay to the Department at least \$2,523,503 IDEA grant funds that were used to pay the 72 Special Education employees. Also, require VIDE to repay the Department the funds that were paid to these employees for the remaining pay periods in 1998 that we did not review.
- 4.2 VIDE Personnel and VI Personnel to follow prescribed procedures to hire and document that employees possess required credentials and receive adequate training for the position they hold or services they provide.

Management Response:

4.1 VIDOE has obtained credentials for 55 of the 72 employees. (Please see attachment B.) The remaining documentation was housed in an office which was severely damaged by Hurricane Marilyn. Documents were damaged and others had to be stored in another location to secure them. Therefore, we are still researching this matter to try and obtain the additional documentation as required.

Official Responsible: Alcess Lewis-Brown, Director of Human Resources
Targeted Completion Date: January 2002.

4.2 VIDE concurs with the recommendation and will follow the prescribed procedures to hire qualified employees and document that they possess required credentials and ensure that they receive adequate training for the positions they hold or services they provide.

Official Responsible: Alcess Lewis-Brown, Director of Human Resources
Targeted Completion Date: On going

Finding No 5: VIDE did not provide an adequate or appropriate education to students by relying on paraprofessionals to substitute for Special Education Teachers.

Recommendations:

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 5.1 VI Personnel to follow the VI's prescribed procedures to hire paraprofessionals having adequate qualifications for their positions and to document their qualifications.

- 5.2 VIDE to ensure paraprofessionals hired are adequately trained and supervised to provide appropriate services to students with disabilities.

Management Response:

- 5.1 VIDE concurs with the finding. VIDE will follow the VI's prescribed procedures to hire paraprofessionals to ensure they have adequate qualifications for their positions. VIDE will also document these qualifications in our files as required. The V.I. Division of Personnel and the V.I. Department of Education, Division of Human Resources in efforts to recruit for the Virgin Islands, will work in conjunction to ensure personnel being hired are qualified and meet all the necessary requirements for the job.

Official Responsible: Alscess Brown, Director of Human Resources
Targeted Completion Date: On-going process

- 5.2 VIDE has developed a training plan to ensure that paraprofessionals are adequately trained and supervised. (Please See Attachment C)

Official Responsible: Alscess Brown, Director of Human Resources
Targeted Completion Date: On-going process

Finding No 6: VIDE drew down \$394,000 in IDEA grant funds to pay salary costs, but VI Finance did not record the deposit.

Recommendations:

We recommend the Assistant Secretary for Special Education and Rehabilitative Services require:

- 6.1 VIDE to verify that all past draws of IDEA grant funds are posted on the FMS.
- 6.2 VI Finance to provide evidence that all draws of the Department's grant funds were recorded into its Financial Management System during the entire time period of our audit.
- 6.3 VI Finance to ensure all future draws and deposits of the Department's grant funds are recorded into its Financial Management System in a timely and accurate fashion.

Management Response:

6.1 VIDE concurs with the finding and notes that the draw has been posted. A reconciliation with VIDE and VI Finance Department will be conducted and any discrepancies will be reported to the Department of Finance for correcting.

*Officials Responsible: Beverly Jennings, Acting Director, Business Affairs STT/STJ
Priscilla Diaz, Supervisor Business Affairs STX*

Targeted Completion Date: March 2002.

6.2 VI Finance is working on this recommendation. Some work has been started as a result of the bi-weekly trainings that have been conducted at Government House. All Program Managers are being held accountable for ensuring that reconciliations are conducted regularly and deficiencies are noted. Also, procedures have been established for handling all adjustments to the FMS: 1) All adjustments necessary on the FMS should be prepared and submitted to the Federal Programs Manager at the Department of Finance. 2) If any adjustment submitted is not posted within fourteen days, a follow up, is required to the Federal Programs Manager. Finally the VIDE has prepared a reconciliation of its records with the V.I. Finance and all deficiencies have been noted. A copy of all bank deposits and draw information is being re-submitted to ensure posting.

*Official Responsible: Ethlyn Charles, Program Manager, VI Finance
Targeted Completion Date: On-going process*

6.3 VI Finance is working diligently to ensure that all future draws and deposits of the Department's grant funds are recorded into the FMS in a timely and accurate manner.

*Official Responsible: Bernice Turnbull, Commissioner of Finance
Targeted Completion Date: On-going process*

**Government of the United States Virgin Islands
Federal Assistance Monitoring Program
Summary of Meeting Action Items
March 22, 2001**

Debarred and Suspended Parties

- Attorney Davis from the Attorneys' General Office indicated that the clause that will be prospectively used in all contracts in relation to debarred and suspended parties will be added as an addendum to all contracts entered by the Government. This addendum will include a certification that the contractor is in compliance with the debarred and suspended parties requirements. The documentation of this addendum has been completed and it was already distributed to Property and Procurement. He also indicated that the checklist held by his office will include the requirement of this addendum, and that his office will not approve any contract unless the certification is completed.

Attorney General Office

Financial reporting

- Mrs. Turnbull indicated that six training sessions were held on how to retrieve federal transactions from FMS. A total of 45 participants from all of the departments participated during two days (March 16 and March 19, 2001) at the DOF and that a training session was still pending to be held in ST. Croix. Mrs. Turnbull will indicate to the program managers the date on which the ST. Croix training session will be held. Mr. Anthony D. Cruz indicated that with this training sessions the issue related to access to FMS should be resolved and that it is the program managers responsibility to understand how to retrieve federal program revenues and expenditures information from the FMS.
- Mr. Anthony D. Cruz indicated that since DOF has not received any completed "Update of Federal Program Information in FMS" worksheet, it is assumed that all of the Cost Centers of the programs are correct and that no changes are necessary. He urged the program managers to complete this form for the next meeting and if no changes are necessary to be made to the Cost Centers at least include a statement that no changes are necessary.

Bernice A. Turnbull and Gloria Briggs, DOF, Hillary Baker, OMB, and Program Managers who have training needs

All Program Managers

**Government of the United States Virgin Islands
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- During the meeting, it was established that if no suggestions are received from the program managers for the next meeting the reconciliation forms presented in the February 21, 2001 meeting will be accepted as the standard forms that will be used by the programs to reconcile Federal expenditures and revenues.
- During the meeting it was established that federal revenues and expenditures adjustments should be directly sent to Mrs. Ethelyn Charles, DOF. It was suggested that for federal program reporting, the programs must have a control of how many adjustments are transmitted. Therefore, each program should assign a sequential order (identification number) of adjustments by program for control purposes. Otherwise, the control over the adjustments of each of the programs could be lost. It was established that Mrs. Claudette Brown will prepare prior to March 29, 2001 a government wide standard adjustments form. It was agreed that federal revenues and expenditures adjustments should be the priority on posting of transactions. Mrs. Claudette Brown indicated that a 14 days turnaround period for processing adjustments should be reasonable. Program managers should ensure that adjustments are posted within that time frame. If the adjustments are not posted within that timeframe, the program managers shall call Mrs. Charles to verify why they have not been posted.
- During the meeting it was established that federal revenues and expenditures reconciliations should be sent to Hillary Baker of OMB for verification. Reconciliation forms should identify the following three items:
 - a) Transactions reported in FMS that should not be there (these items should be included in the "Request for Investigation of Federal Transactions" Form).

**Bernice A. Turnbull and
Claudette Brown, DOF
and Program Managers**

**Bernice A. Turnbull and
Claudette Brown, DOF
and Program Managers**

**Hillary Baker, OMB
Bernice A. Turnbull and
Claudette Brown, DOF
and Program Managers**

**Hillary Baker, OMB,
Bernice A. Turnbull and
Claudette Brown, DOF
and Program Managers**

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- b) Adjustments (these items should be included in the "Adjustments" Form to be designed by Claudette Brown).
- c) Documents in-transit to be posted.

It was established that adjustments should detail the reconciling transactions. This should be required to avoid "plug" adjustments. Reconciliations should be performed by all programs. It was established that for practical purposes the program managers should reconcile expenditures prospectively beginning February 2001 since the reconciliations should be ready by April 17, 2001. If it is feasible to reconcile back to October 1, 2000 and still comply with the established deadline it will be better.

Current Year Findings

- Provide KPMG a draft copy of the responses to current year findings for each of the 1999 major programs. KPMG has not received yet from the programs which already had an exit meeting with KPMG. Hillary Baker, OMB, agreed to obtain the responses from the program managers

Hillary Baker, OMB and Program Managers for which an exit interview was performed

Other Conclusions Reached During the Meeting:

- The Government will continue its Federal Monitoring Program meetings on a quarterly basis. These meetings will be directed by Mr. Ira Mills, OMB, and Mrs. Turnbull, DOF. This will help the Government to keep obtaining feedback from the program managers on problems that should be addressed.
- By April 2001, the DOF will hire a contact person that will work directly with the program managers to ease the reconciliation and adjustments process.
- The effect of not reconciling federal revenues and expenditures on a timely basis and of not having adjustments posted on a timely basis will cause Single Audit findings.
- The meeting of April 19, 2001 was rescheduled for May 10, 2001.

The next meeting was scheduled to be held on April 5, 2001.



GOVERNMENT OF THE VIRGIN ISLANDS OF THE UNITED STATES

April 23, 2001

Ruby Simmonds, D.A.
 Commissioner of Education
 #44-46 Kongens Gade
 St. Thomas, U.S.V.I 00802

From: Alscess Lewis-Brown
 Director Human Resources

Special Education

Commissioner Simmonds:

Per your April 20, 2001 request for assistance in updating and developing official personnel records maintained for the Department of Education, we have enclosed the following information detailed below. All attachments are noted in the column entitled *Education credentials*.

NAME OF EMPLOYEE	POSITION TITLE	EDUCATION CREDENTIALS	JOB DESCRIPTION	STATUS
Derika Harris	Paraprofessional	H.S Diploma	See attached	Active
Bernadette Connor	Paraprofessional	Certificate of Recognition Adm. Asst. Conference Certificate Paraprofessional Training H.S Diploma	Attached	Active
Lydia Pigott	Paraprofessional	H.S Diploma Certificate Paraprofessional Training, and Level I American Sign Language	Attached	Active
Gloria Joseph	Paraprofessional	Certificate of Achievement for Assertive	Attached	Active



		Discipline for Paraprofessionals H.S Diploma Certificate of Completion Paraprofessional Training Certificate of Achievement		
Abigail Melendez	Clerk Typist III	H.S Diploma Certificate Microsoft Office 97 Training Certificate Adm. Asst. Conference	Attached	Active
Joylin Powell	Administrative Secretary I	H.S Diploma	Attached	Active
Thelma Punter	Paraprofessional	H.S. Diploma	Attached	Active
Melba Edbey	Paraprofessional	H.S. Diploma	Attached	Active
Carol Francis	Paraprofessional	Certificate of Achievement Thinking Mathematics I Certificate of Achievement Care of infants, toddlers and young children with disabilities and chronic conditions.	Attached	Active
Shylver Bartlett	Paraprofessional	Certificate of Achievement Care of infants, toddlers, and young children with disabilities and chronic conditions	Attached	Active
Ruth Baptiste	Paraprofessional	H.S. Diploma Certificate of Attendance Division of Special Education Paraprofessional Training Certificate of Attendance training care of infants, toddlers, and young children with disabilities and chronic conditions.	Attached	Active
Maria Joseph	Paraprofessional	Certificate of Attendance Performance	Attached	Active