

GOVERNMENT OF THE VIRGIN ISLANDS  
DEPARTMENT OF  
**EDUCATION**  
*Office of the Commissioner*  
*Internal Audit*

**St. Croix:** 2133 Hospital Street, Christiansted  
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<b>To:</b>	Hasani Harris, Deputy Commissioner, Fiscal & Administrative Services; Keisha Culpepper-Smith, Federal Grants Director
<b>CC:</b>	Dr. Dionne Wells-Hedrington Ed.D., Commissioner; Victor Somme III, Assistant Commissioner
<b>From:</b>	Jermaine Dore, Senior Internal Auditor
<b>Date:</b>	March 13, 2025
<b>Re:</b>	VIDE Program Monitoring Internal Audit Report

**The Role of Internal Audit:**

The Internal Audit Department (IAD) is an independent, objective assurance and consulting activity designed to validate and continuously improve the company's operations. We help the organization achieve its' objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of internal controls that reside within the organization.

IAD evaluates procedures and processes relating to our governance, operations, and information systems, by assessing the following:

- Effectiveness and efficiency of operations
- Reliability and integrity of financial and operational information
- The culture and attitude around issues of integrity and ethics
- Compliance with laws and regulations

IAD is expected to provide recommendations for improvement in those areas where opportunities or deficiencies are identified based on best practices. While management is responsible for the overall internal control environment, the IAD function is responsible for providing assurance to the Commissioner and VIDE's Senior Leaders that internal controls are designed and operating as intended.



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**Background:**

The Government of the Virgin Islands, most recent issued Specific Condition Letter, dated June 25, 2024 outlines various stipulations for the territory to continue receiving Federal Grants. A program specific condition reflected in C.1 of the letter states,

“...VIDE must conduct comprehensive programmatic monitoring, in accordance with the Uniform Guidance at 2 CFR §§200.329 and 200.332, which require grantees to monitor activities under Federal awards to ensure compliance with applicable Federal requirements and that performance expectations are being achieved, and to evaluate the risk of noncompliance. VIDE must develop and implement a risk-based monitoring protocol, monitoring tools and instruments, and standard operating procedures for monitoring, that includes a risk assessment process designed to effectively prevent, detect, and respond to program mismanagement and potential fraud associated with ED grant programs and funds.”

**Objective:**

IAD assessed the effectiveness of VIDE’s Program Monitoring of Federal Grants/Awards for its Consolidated Grant Programs. This included identifying opportunities to enhance monitoring subrecipients and provide recommendations to strengthen the system of internal controls across its operations with a particular focus on the management of Federal awards.

The evaluation also aimed to determine whether the programs comply with the requirements of **2 CFR, Part 200.329**, and **2 CFR, Part 200.332**.

**2 CFR, Part 200.329 *Monitoring by the non-Federal entity***

- (a) “The non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function, or activity.”

**2 CFR, Part 200.332 *Requirements for pass-through entities states that all pass-through entities must:***

- (a) “Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of the information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward.”



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**Scope:**

The scope of this audit included VIDE’s Consolidated Grant which includes Career and Technical Education activity during the fiscal year 2023 (7/1/2023 - 9/30/24). A listing of the ten (10) programs reviewed and their point of contact are in **Appendix A**. IAD assessed the oversight provided by VIDE, including the frequency and extent of the monitoring process as outlined in VIDE’s Monitoring Policy and Procedures (GM 1.4). Federal Grants not included in this audit were: IDEA State, IDEA STTJ, IDEA STX, Striving Readers, Cares ARP STTJ and Cares ARP STX.

**Audit Procedures Performed:**

#	Program Names	Project Description	Authorized Funding	Award Periods	Background Questionnaire Completed	Obtained Org Chart; FY23 GAN and Goals	Size of Program Monitoring Team of 9/30/2024	Evidence Program Monitoring	Annual Reports to Federal Grants	Notes
1	Consolidated Grant State Education Agency (SEA)	84.403A Consolidated Grants to Insular areas	Current Award Amount \$8,134.00 Previous Cumulative Amount \$16,766,825.00 Cumulative Amount \$16,774,959.00  <i>Note:</i> This is applicable to all programs 2 – 11 below.	Budget Period 07/01/2023 - 09/30/2024 Federal Funding Period 07/01/2023 - 09/30/2024	N/A	Yes, Yes, Yes Submitted by Director of Federal Grants	6	Yes	Yes	No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.
2	Career and Technical Education (CTE) State Administration & Leadership				No	Yes, Yes, Yes Submitted by Director of Federal Grants	4	Yes	Yes	Monitoring Report completed but no evidence of review or approval. No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.



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3	State Assessment				Yes	Yes, Yes, Yes Submitted by Director of Federal Grants	2	No	Yes	No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.
4	21st Century				Yes	Yes, Yes, Yes Submitted by Director of Federal Grants	2	Yes	Yes	Monitoring Report completed but no evidence of review or approval. No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.
5	STTJ Local Education Agency (LEA)				Yes	Yes, Yes, Yes Submitted by Director of Federal Grants	5	Yes	Yes	Monitoring Report completed but no evidence of review or approval. No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.
6	STX Local Education Agency (LEA)				Yes	Yes, Yes, Yes Submitted by Director of Federal Grants	5	Yes	Yes	Monitoring Report completed but no evidence of review or approval. No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.
7	STTJ CTE Post-Secondary				Yes	Yes, Yes, Yes Submitted by Director of Federal Grants	3	No	Yes	No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.
8	STX CTE Post-Secondary				Yes	Yes, Yes, Yes Submitted by Director of Federal Grants	3	No	Yes	No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.



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9	STTJ CTE Secondary Coordinator				No	Yes, Yes, Yes Submitted by Director of Federal Grants	2	No	No	No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.
10	STX CTE Secondary Coordinator				Yes	Yes, Yes, Yes Submitted by Director of Federal Grants	2	No	Yes	Monitoring Report completed but no evidence of review or approval. No update on goal achievement received. Annual performance reports are not required until 90 days after the grants end.

**Audit Results:**

IAD concluded that effective comprehensive program monitoring is not being conducted in accordance with **2 CFR 200.329** and **2 CFR 200.332**. The programs reviewed were unable to provide timely evidence of oversight activities (e.g. program monitoring reports; validating program’s performance to its plan) demonstrate a lack of compliance with federal monitoring requirements.



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**Key Observations:**

#	Observations	Risk	Root Cause	Recommendation	Corrective Action Plan
1	<b>Lack of Timely Evidence</b>	Non-compliance with Federal Regulations.  Loss of Funding or Imposed Penalties.	Programs were unable to furnish adequate and timely documentation to support compliance with federal oversight requirements.	<i>Improve Record-Keeping and Reporting:</i>  Require timely and periodic submission of monitoring reports to track compliance and performance.  Implement digital tracking systems to streamline evidence collection and reporting.	Owner: <i>Deputy Commissioner of Fiscal and Administrative Services and Federal Grants Director</i>  Plan: <i>To hire a Financial Control Officer or Financial Analyst. The Financial Control Officer's position was not filled when the employee was promoted.</i>  Timeline: <i>This position should be filled as soon as possible within FY 2025.</i>
2	<b>Poor Oversight</b>	Increased Fraud Risk  Misuse of Funds	No clear documentation demonstrating that recipient and subrecipient performance is being adequately evaluated to meet program objectives.	<i>Establish Preemptive Financial Controls:</i>  Enforce regular financial reviews to prevent rushed expenditures and ensure funds are allocated efficiently and in compliance with grant requirements. Conduct training for program managers on proactive financial planning and regulatory compliance.  <i>Mandate collaboration with Program Managers and Federal Grants:</i>  Establish bi-weekly meetings with Program Managers and Federal Grants to assess the grants financial	Owner: <i>Federal Grants Director and Assistant Federal Grants Director</i>  Plan: <i>The preemptive financial controls and collaboration with the programs are already in place. We will continue to perform these duties. We are not in agreement with the 'poor oversight' observation.</i>  Timeline: <i>Already implemented</i>

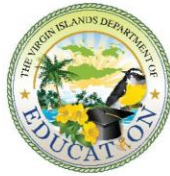


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#	Observations	Risk	Root Cause	Recommendation	Corrective Action Plan
				performance and determine steps to ensure the timely use of federal grants.	
3	<b>Ineffective Financial and Operational Monitoring</b>	Non-compliance with Grant Requirements  Financial Mismanagement	A recurring pattern of last-minute expenditures or fund allocations occurs as grants approach expiration. This occurs despite programs receiving frequent technical assistance, weekly Grant Status Reports (GSRs), structured spending plans, and regular financial meetings (weekly or more as needed).	<p><i>Enhance Monitoring Procedures:</i></p> <p>Develop and implement structured monitoring protocols to ensure compliance with federal regulations. Assign dedicated personnel to oversee monitoring activities and maintain audit-ready documentation.</p> <p><i>Establish Preemptive Financial Controls:</i></p> <p>Enforce regular financial reviews to prevent rushed expenditures and ensure funds are allocated efficiently and in compliance with grant requirements.</p> <p>Conduct training for program managers on proactive financial planning and regulatory compliance.</p>	<p>Owner: <i>Deputy Commissioner of Fiscal and Administrative Services and Federal Grants Director</i></p> <p>Plan: <i>The entire Monitoring and Compliance Division was dismantled. A Program Monitor needs to be hired as soon as possible.</i></p> <p>Timeline: <i>This position should be filled as soon as possible within FY 2025.</i></p>

Failure to address these issues could result in further compliance risks, potential funding disallowances, and reputational harm to the organization. Immediate action is required to ensure adherence to federal grant management standards.



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**Conclusion:** The lack of comprehensive program monitoring, coupled with ineffective financial oversight, poses a significant risk of noncompliance with federal grant management requirements. Immediate corrective actions are recommended to strengthen monitoring procedures, improve documentation practices, and ensure that program and financial oversight align with **2 CFR 200.329** and **2 CFR 200.332**.

**APPENDIX A:**

	<b>Program/Area</b>	<b>Point of Contact</b>
1	Consolidated Grant State Education Agency (SEA)	Keisha Culpepper-Smith- Director of Federal Grants
2	Career and Technical Education (CTE) State Administration & Leadership	Monique Faulkner- Director of Career and Technical Education
3	State Assessment	Uilez Semper- Director of State Assessment
4	21st Century	Carla King- Program Manager
5	STTJ Local Education Agency (LEA)	Tisha Lennard- LEA Program Manager
6	STX Local Education Agency (LEA)	Candice Rhymer-Johnson- RLIS Program Mgr.
7	STTJ CTE post-secondary	Mario Francis- Principal
8	STX CTE post-secondary	Betina Jules-Larocque- Assistant Principal
9	STTJ CTE Secondary Coordinator	Monique Richards- CTE Coordinator
10	STX CTE Secondary Coordinator	Juel Mills- CTE Coordinator