



VIDE's Private Donation & Economic Development Commission Audit

Internal Audit Final Report:

July 21, 2025



THE VIRGIN ISLANDS DEPARTMENT OF
EDUCATION



Audit Background, Purpose & Objectives

Background: The Business Division of the Virgin Islands Department of Education (VIDE) is responsible for overseeing the management of private donations (PD) received by schools and educational entities within the St. Croix (STX) and St. Thomas / St. John (STT/J) districts. These donations contribute to the financial well-being of the schools and support various educational initiatives. Additionally, the Economic Development Commission (EDC) allocates funds to VIDE, which are intended for specific educational purposes. To ensure these funds are utilized in alignment with donor intent and regulatory requirements, it is essential that they are managed with transparency, accountability, and in strict adherence to established financial protocols.

Audit Purpose: The purpose of this audit is to evaluate the effectiveness of current policies and procedures governing the receipt, documentation, and use of private donations, with particular attention to the recently revised Cash Handling Policy. This audit also seeks to assess transparency and regulatory compliance in the management and reporting of PDs, and EDC funding activities. Furthermore, it will determine whether these practices align with EDC's mission, strategic goals, and overall objectives.

Objectives:

- To assess whether the handling of private donations and EDC allocations complies with applicable internal policies and regulatory requirements.
- To evaluate the implementation and effectiveness of the revised Cash Handling Policy.
- To confirm that financial reporting related to donations and funding is transparent, accurate, and timely.

Regulatory Reference: VIDE Revised Cash Handling Policy
(2023)

Defining Private Donations & Its Process



A private donation to schools refers to funds contributed by individuals, families, or private foundations, rather than government sources, to support a school's operations, programs, or facilities. These donations are typically voluntary, philanthropic contributions made with the intent of benefiting the school and its students.

Process

1. Check collection from donor
2. Check sent to school (if not already at school)
3. School administrator copies the check & sends a budget to District Financial Control Officer (FCO) & Director of Partnership Relations.
4. Check is deposited into school general fund.
5. Money is spent based on the budget.
6. Supporting documents (receipts) are sent to the FCO
7. Pictures & acknowledgement letter to donor sent or created by the Director of Partnership Relations

➤ *Copies of all documents in step 3, 6, & 7, must be stored in a binder at the school for quick reference*

Audit Scope & Methodology



The audit examined PD transactions from March through December 2024 and EDC fund allocations to VIDE for fiscal years 2022–2024, in the STX and STT/J Districts.

Audit procedures included:

- Review and analysis of relevant financial policies and procedural documentation.
- Transactional testing to assess accuracy of records and compliance with VIDE's Cash Handling Policy
- Interviews with key VIDE and EDC personnel involved in the day-to-day operations and oversight.

Methodology:

- The audit was conducted through a comprehensive review of financial records and supporting documentation related to private donations and Economic Development Commission (EDC) fund allocations. The following procedures were employed:
 - ✓ Examination of donation records, check requests, bank statements, and donor correspondence to assess completeness and accuracy.
 - ✓ Evaluation of documentation against established internal standards and the VIDE Cash Handling Policy.
 - ✓ Identification and analysis of inconsistencies, missing documentation, and deviations from required financial protocols.
 - ✓ Cross-referencing donation reports with ledger entries and bank activity to verify reconciliation practices.
 - ✓ Interviews and discussions with key personnel involved in cash handling and fund management to understand current practices and potential gaps.

Period Covered:

- Private Donations: March 2024 - December 2024.
- EDC Fund Allocation to VIDE: Fiscal Years 2022-2024.



PD/EDC Contributions by Year and District

STTJ District

2023: \$165,249.00

2024: \$122,300.00

Commissioner Private Donations

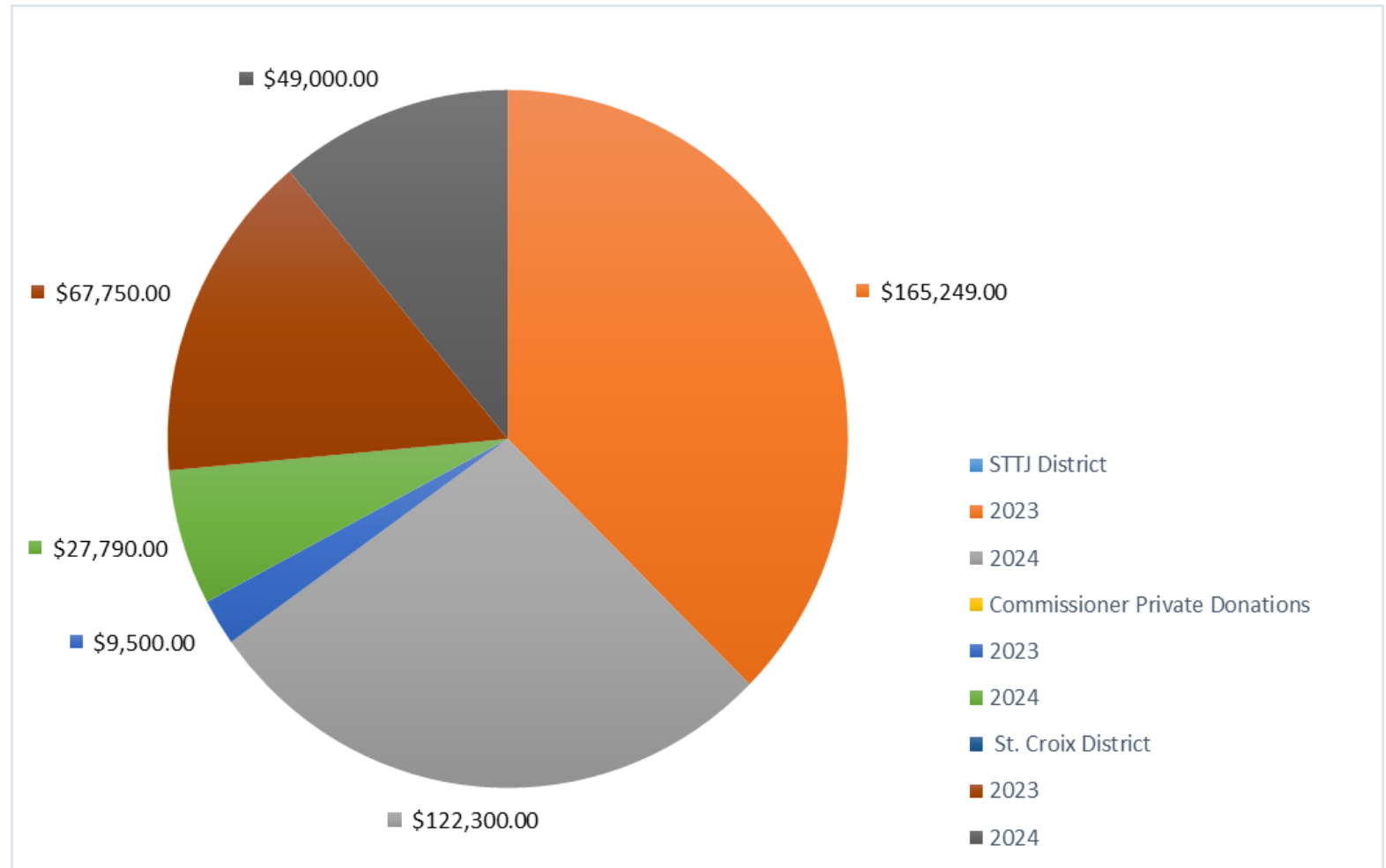
2023: \$9,500.00

2024: \$27,790.00

St. Croix District

2023: \$67,750.00

2024: \$49,000.00



Source: Internal dataset compiled from FY 2023–2024 donation logs and financial reports maintained by the Director of Partner Relations.

Executive Summary



The Internal Audit Division (IAD) reviewed a population of private donations reported by VIDE between March and December 2024. From this population, 30 samples were randomly selected - 8 from the STX district and 22 from the STT/J district.

The population of private donations and EDC funded transactions was maintained by the Office of the Commissioner, specifically Director of Partner Relations. The dataset was compiled using donation logs and financial reports managed by district-level Financial Control Officer (St. Thomas/St. John) and Fiscal Control Officer (St. Croix), covering activities from FY 2023 through FY 2024.

Key Discoveries at a Glance:

- 27 of 30 samples (90%) included exceptions, indicating systemic weaknesses in documentation and compliance.
- 14 samples lacked donor letters, which are essential for validating donor intent.
- 5 samples were missing invoices or receipts to support disbursements.
- 3 of the tested samples were also reflected in the FY 2023 EDC beneficiary report.
- Although financial policies are comprehensive, they are not consistently followed.

Impact: Weak adherence to financial policies increases the risk of misstatements, fraud, and non-compliance, potentially undermining public trust and the integrity of financial stewardship.

Call to Action: VIDE must implement immediate and sustained corrective actions to:

- Reinforce internal controls
- Improve documentation practices
- Ensure consistent and uniform application of financial policies.

Documentation Requested / Received



Private Donation: Requested

- A detailed listing of all private donations received during the audit period (March–December 2024).
- Copies of school check request forms related to the release of private donation funds within the same period.
- Bank statement and/or invoices reflecting the deposit and use of donated funds.
- Copies of donor checks and/or accompanying letters or communications confirming intent and donation details.

Economic Development Commission:

- Documentation detailing the total funding provided by EDC to VIDE for calendar years 2022 through 2024.
- Copies of reports or other documentation from 2022–2024 that outline the allocation and expenditure of EDC funds.
- A copy of the annual report(s) submitted by VIDE to EDC.
- A comprehensive list of all EDC and private donation (PD) funding beneficiaries, including amounts received.

Private Donation: Received

- Private Donation check list for 2023-2024.
- Copies of the school check request forms for fund released (March-December 2024).
- Monthly Private Donation Reports for STX District.
- Donation Ledger.

Economic Development Commission:

- VIDE 2023 annual report.
- Check list summarizing donation amounts received for 2023-2024.
- Copies of donor letters.

Observations on Deposits/Donations



Of the 30 private donations tested, IAD noted 14 were missing formal donor letters. These letters are essential for validating the source, donor intent, and appropriate allocation of funds. Additionally, several inconsistencies were noted between reported donation deposits, corresponding bank statements, and ledger entries, indicating deficiencies in reconciliation and recordkeeping procedures.

Example of Noted Irregularities:

1. Pearl B. Larsen Elementary School

- **Amount:** \$1,250.00
- **Donor:** STX Renaissance Group, LLLP
- **Transaction Logged:** November 27, 2024
- The donation was not accompanied by a formal donor letter and did not appear on the November bank statement. This indicates a lack of both proper documentation and timely reconciliation. **Exception noted.**

2. Ricardo Richards Elementary School

- **Amount:** \$1,250.00
- **Donor:** STX Renaissance Group, LLLP
- **Deposited:** May 24, 2024
- Supporting documentation including the donor letter, check copy, and bank statement is missing or incomplete, preventing full verification of the transaction. **Exception noted.**

Observations on Deposits/Donations Cont'd.



3. John H. Woodson Junior High School

- **Amount:** \$8,500.00
- **Donor:** STX Renaissance Group, LLLP
- **Deposited:** November 25, 2024
- This transaction was properly documented with both a donor letter and a VIDE private donation check. It represents a model of compliance with expected documentation standards.

4. John H. Woodson Junior High School

- **Amount:** \$3,800.00
- **Donors:**
- Buccaneer Hotel- Check #85618, dated 10/22/2024, \$1,300.00
- James Memorial Funeral Home- Check #22315, dated 10/17/2024, \$2,000.00
- Maryville STX Holdings, LLC- Check #3725, dated 10/23/2024, \$500.00
- Although the donation was properly itemized and traceable by check number and date, it lacked critical supporting documentation, including donor letters and the corresponding bank statement. **Exception noted.**

Observations on Deposits/Donations Cont'd.



5. STX Central High School

- **Amount in Email Notification:** \$8,000.00
- **Donor:** Sterisil Croskey
- **Amount in Donor Letter:** \$6,500 (Central's share of the \$35,000 annual contribution)
- **Check#:** 1782
- **Donor Later Date:** June 10, 2024
- A discrepancy of \$1,500.00 exists between the emailed notification and the official donor letter. This variance has not been explained and requires clarification to ensure accurate reporting and allocation. **Exception noted**

6. STX Central High School

- **Amount:** \$2,000.00
- **Donor:** Tropic Management, LLP / FLC
- **Check#:** 8239
- **Check date:** October 21, 2024
- Check was present, but no donor letter provided. **Exception noted.**

Observations on Deposits/Donations Cont'd



7. STX Central High School

- **Amount:** \$1,000.00
- **Donor:** Joel Holt Esq./FLC
- **Date:** December 10, 2024
- Both the check and a donor letter were included, indicating good practice.

8. Lew Muckle Elementary School

- **Amount:** \$1,250.00
- **Donor:** STX Renaissance
- **Check#:** 0779
- **Check date:** November 21, 2024
- Check provided, but donor letter was not included. **Exception noted**

9. Yvonne E. Milliner-Bowsky Elementary School

- **Amount:** \$550.00
- **Donor:** VI Coffee Co, LLC
- **Date Received:** May 24, 2024
- **Check#:** 2217
- **Check date:** May 20, 2024
- **Deposited:** May 31, 2024
- Deposit was supported by a Banco Popular deposit slip dated May 31, 2024 and a check distribution acknowledgment form. However, donor letter was not on file, and the acknowledgment form lacked a "received by" signature and date. **Exception noted.**

Observations on Deposits/Donations Cont'd.



10. Joseph Sibilly Elementary School

- **Amount:** \$10,000.00
- **Donor:** MVW & Affiliated Companies
- **Date Received:** April 15, 2024
- **Check#:** 1383577971
- **Check date:** December 13, 2023
- Deposit was supported by a ledger and a Banco Popular deposit slip dated April 15, 2024; no donor letter was not on file.
Exception noted

11. Bertha C. Boschulte Middle School

- **Amount:** \$1,000.00
- **Donor:** Community Medical Lab, Inc.
- **Date Received:** April 12, 2024
- **Check#:** 12378
- **Check date:** April 5, 2024
- Deposit was supported by a ledger and a Banco Popular deposit slip dated April 15, 2024; no donor letter was not on file.
Exception noted

Observations on Deposits/Donations Cont'd.



12. Ivanna Eudora Kean High School

- **Amount:** \$30,000.00
- **Donor:** MVW & Affiliated Companies
- **Date Received:** April 8, 2024
- **Check#:** 1383592707
- **Check date:** March 14, 2024
- Deposit was supported by a ledger and a Banco Popular deposit slip dated April 8, 2024; no donor letter was not on file.
Exception noted.

13. Lockhart Elementary School

- **Amount:** \$4,500.00
- **Donor:** Florida Cruise Association Inc.
- **Date Received:** November 22, 2024
- **Checks#:** 5293 (\$3,000.00) and #5292 (\$1,500.00)
- Deposit was fully supported by a Banco Popular deposit slip dated November 22, 2024, corresponding ledger entry, and a complete donor letter.

Observations on Deposits/Donations Cont'd.



14. Charlotte Amalie High School

- **Amount:** \$1,500.00
- **Donor:** Virgin Bay Capital LLC
- **Date Received:** May 24, 2024
- **Check#:** 1011
- **Check date:** May 24, 2024
- Deposit was supported by a Banco Popular deposit slip dated May 31, 2024; However, a formal donor letter was not on file. **Exception noted.**

15. Ulla F. Muller Elementary School

- **Amount:** \$10,000.00
- **Donor:** Flat Cay Management LLC
- **Date Received:** August 26, 2024
- **Check#:** 005596
- **Check date:** March 13, 2024
- Deposit was supported by a Banco Popular deposit slip dated August 26, 2024; However, a formal donor letter was not on file. **Exception noted.**

Observations on Deposits/Donations Cont'd.



16. Julius E. Sprauve School

- **Amount:** \$1,500.00
- **Donor:** Southland Gaming of the VI
- **Date Received:** September 7, 2024
- **Check#:** 2121
- **Check date:** April 24, 2024
- Deposit processed on a shared Banco Popular deposit slip dated September 27, 2024, for a total of \$2,100.00. Donor letter was not on file. **Exception noted.**

17. Julius E. Sprauve School

- **Amount:** \$100.00
- **Donor:** Caribbean Villas and Resorts
- **Date Received:** September 27, 2024
- **Check#:** 70810
- **Check date:** May 3, 2024
- Deposit processed on a shared Banco Popular deposit slip dated September 27, 2024, for a total of \$2,100.00. Donor letter was not on file. **Exception noted.**

Observations on Disbursements/Reimbursements (Checks Issued)



A recurring issue identified during the review of disbursements was incomplete or insufficient supporting documentation. This included missing check copies, invoices, ledger entries, and incomplete or unsigned check request forms. These deficiencies compromise the integrity of the audit trail and weaken internal controls over expenditures.

Examples of Noted Deficiencies:

1. Yvonne E. Milliner-Bowsky Elementary School

- **Check# 1382: Reimbursement of \$400.00 (May 30, 2024)**
- The reimbursement lacked a complete check request form. Key elements such as the check date, department, and account balance were missing. Additionally, there was no ledger entry to validate the transaction. The original invoice dated March 14, 2023, for Lanni's Sweet Bites was provided. **Exception noted.**

2. Yvonne E. Milliner-Bowsky Elementary School

- **Check# 2858: Reimbursement of \$2,224.91 (June 14, 2024)**

The multi-reimbursement was supported by a ledger entry but lacked a consolidated invoice for the total reimbursement amount. The following supporting documents provided were individual receipts and checks from 2023: **Exception noted.**

- CK #1378 dated 3/20/23 (\$437.82) with 5 Amazon invoices.
- CK #1381 dated 3/27/23 (\$59.16) with The Market receipt.
- CK #1388 dated 4/20/23 (\$450.00) paid to Elite Events with an invoice dated 4/11/23.
- CK #1379 dated 3/24/23 (\$561.93) with 5 Amazon invoices.

Observations on Disbursements/Reimbursements (Checks Issued) Cont'd.



3. Joseph Sibilly Elementary School

- **Check# 2884:** \$4,875.00 Disbursement on August 29, 2024:

While a check request form was submitted, it was incomplete missing both an approval signature/date and the accountant's signature. No copy of the issued check was included for this transaction. **Exception noted.**

4. Bertha C. Boschulte Middle School

- **Check# 2827:** \$1,550.00 Disbursement on May 7, 2024:
- The check request form lacked the required accountant signature, and the approval signature was illegible. Additionally, there was a discrepancy between the invoice amount (\$1,777.00) and the check amount (\$1,550.00), which was not explained in the documentation. **Exception noted.**

5. Ivanna Eudora Kean High School

- **Check# 2855:** \$251.05 Reimbursement on May 29, 2024:
- The check request form did not include the accountant's signature. Furthermore, the supporting documentation consisted of a PENFED Credit Union statement rather than a detailed invoice. **Exception noted.**

6. Ivanna Eudora Kean High School

- Undesignated check: \$45.00 Disbursement on Invoice #272551 dated August 29, 2024:
- A check request form was provided but it was incomplete, missing both the approval and accountant's signature as well as the date. Additionally, there was no copy of the actual check included for this transaction. **Exception noted.**

Observations on Disbursements/Reimbursements (Checks Issued) cont'd



7. Ivanna Eudora Kean High School:

- \$3,150.00 Disbursement October 7, 2024
- Processed based on Ace Business Invoice #ABSQ4806-0493. A ledger and a check request form were provided; however, the check request form lacked the accountant's signature. Additionally, there was no copy of the issued check for this transaction. **Exception noted.**

8. Charlotte Amalie High School:

- **Check# 2856:** \$1,500.00 Reimbursement June 3, 2024:
- The check request form was incomplete; missing the accountant's signature, approval signature, and date. No copy of check #2856 was provided. Supporting documentation included Invoice #0003 (dated May 21, 2024, for \$2,160.00) and copies of two other checks (CK# 3954 for \$1,000.00 and CK#3962 for \$1,160.00), neither of which matched the \$1,500.00 reimbursement amount or check #2856. **Exception noted.**

9. Superintendent General Fund Check# 28189:

- A \$4,082.00 Disbursement September 13, 2024.
- This disbursement was supported by Invoice #DC4942, dated August 8, 2024, for the same amount. However, the check request form was incomplete, lacking both the accountant's signature and the date the check was issued. **Exception noted.**

Observations on Disbursements/Reimbursements (Checks Issued) Cont'd



10. Ulla F. Muller Elementary School:

- \$2,502.00 Disbursement on Invoice #10101A dated September 23, 2024:
- Superintendent Check #2915 dated October 28, 2024 and a ledger were provided. The check request form lacked an accountant's signature, an approval signature, and a date. **Exception noted.**

11. Ulla F. Muller Elementary School:

- \$230.00 Reimbursement on Invoice #1474 October 28, 2024:
- A ledger was provided, but the check request form lacked all required signatures and date. No copy of the actual check included for this transaction. **Exception noted.**

12. Julius E. Sprauve School:

- \$2,300.00 Disbursement Premier Catering Contract/Quote #7302024 July 18, 2024:
- While a ledger was provided, the check request form was incomplete (missing signatures and date), and no check copy was available. **Exception noted.**

13. Commissioner's Office:

- \$23,000.00 Donation Universal Concrete, LLC (Donor Check #3705 December 30, 2023):
- Credited to the General Fund Ledger on March 6, 2024. A check request form was provided but a formal donor letter was not on file to document this transfer properly. **Exception noted.**

Key Findings



- 1. Non-Compliance with Policies and Regulations:** There was a failure to adhere to internal cash handling procedures, donor-specific restrictions, and applicable financial regulations.
- 2. Missing Donor Documentation:** Of the 30 samples tested, 14 lacked donor letters, impeding verification of donor intent and the accuracy of corresponding deposits.
- 3. Incomplete Supporting Documentation:** Five samples did not include supporting invoices or receipts, limiting the ability to substantiate the related expenditures.
- 4. Inadequate Reimbursement and Check Request Details:** Numerous reimbursement and expenditure check request forms were missing critical information, including check dates, department numbers, account balances, accountant signatures, and legible approval signatures with corresponding dates.
- 5. Inconsistencies in Donation Records:** Variances were identified between the donation amounts stated in donor communications and the actual deposits or fund allocations recorded.
- 6. Breakdowns in Chain of Custody:** Instances were observed where checks were reportedly received and forwarded but could not be traced to deposit records or supporting documentation, indicating potential lapses in custody controls.
- 7. Unsupported Reimbursement Transactions:** Several reimbursements lacked evidence of actual checks issued or corresponding invoices, raising concerns about the legitimacy and accuracy of those transactions.

Risk of Incomplete and Lack of Proper Documentation



1. Weak adherence to financial policies increases the risk of fund misappropriation, inaccurate financial reporting, and noncompliance with donor restrictions and internal policies.
2. The absence of supporting bank statements limits the ability to independently verify deposits.
3. Compromised internal controls, inadequate documentation and oversight elevate the risk of unauthorized expenditures and hinder the ability to trace financial transactions, potentially leading to financial misstatements.
4. Discrepancies in donor documentation and deposits may result in misallocated funds, and loss of accountability over restricted contributions.
5. Missing documentation and lack of acknowledgement for received checks create a high risk of lost or untraceable funds.
6. Incomplete reimbursement records, including missing invoices or check copies, impede the verification of legitimate expenses and increase the risk of fraudulent claims.
7. Without proper acknowledgment or documentation of received funds, disputes may arise, and donor confidence may be compromised.

Recommendations



1. Strictly enforce the existing Cash Handling policy by requiring all private donation transactions to be accompanied by comprehensive supporting documentation. This must include:
 - a) The original donor letters clearly outlining any restrictions or conditions associated with the donation;
 - b) A copy of the donor checks or other proof of payment;
 - c) Verification of the transaction against official bank statements.
 - d) A designated individual should be assigned the responsibility of reviewing and verifying the completeness and accuracy of these documents prior to processing any deposit.
2. Conduct recurring, mandatory training sessions for all employees involved in financial transactions, with specific focus on the proper completion of check request forms. Training should cover:
 - a) The necessity of completing all required fields; and
 - b) Ensuring all necessary signatures are present, including those of the accountant and approving authority and legible.
3. Implement a mandatory supervisory review and approval process for all forms prior to processing. Supervisors must confirm:
 - a) The legibility of all entries;
 - b) The completeness of all required fields and supporting documentation;
4. All discrepancies whether in documentation, amounts, or approvals must be investigated and resolved in a timely manner. Each resolution must be supported by adequate documentation detailing the findings.

Recommendations Cont'd.



5. Ensure the payment amounts match invoice totals. In cases of partial payments, clear justification and documentation must be provided, including:
 - a) An explanation for the variance;
 - b) Approval for the partial payment; and
 - c) A record of the remaining balance.
6. All reimbursement requests must be accompanied by complete supporting documentation, including:
 - a) Original itemized invoices or receipts;
 - b) Copies of the issued checks or payment confirmations.
 - c) A dedicated individual must verify the accuracy, completeness, and legitimacy of the submitted documentation before processing any reimbursement. Requests lacking proper documentation must be returned and not processed until fully compliant.
7. For all forms requiring acknowledgment of receipt, ensure that the receiving party:
 - a) Signs the forms; and
 - b) Clearly dates the acknowledgement.
8. Explore and implement the use of digital forms that include:
 - a) Mandatory fields to prevent submission of incomplete forms;
 - b) Automated routing for approvals and verifications; and
 - c) Audit trails to track submission and review history.
 - d) This transition is expected to enhance compliance, increase processing efficiency, and reduce manual errors.

Conclusion



- The audit identified systemic weaknesses in documentation and noncompliance related to the VIDE’s private donations and EDC-related transactions. Of the 30 transactions reviewed, 27 contained exceptions—including 14 missing donor letters and five (5) missing invoices or receipts - highlighting a significant risk of financial misstatement and operational inefficiency.
- Although existing policies appear comprehensive on paper, inconsistent application across transactions undermines their effectiveness. The absence of verifiable, transaction-level documentation compromises audit reliability and weakens the foundation of responsible financial stewardship.
- To restore accountability and ensure donor intent is respected, immediate and sustained corrective action is essential. This includes reinforcing internal controls, strengthening documentation protocols, and implementing comprehensive staff training. These steps are critical to fostering a transparent, compliant, and trustworthy financial environment.