



**U.S. Department of the Interior
Office of Inspector General**

AUDIT REPORT

INTERNAL CONTROLS OVER CASHIER OPERATIONS, GOVERNMENT OF THE VIRGIN ISLANDS

**REPORT NO. 00-I-166
JANUARY 2000**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

JAN 3 2000

AUDIT REPORT

Honorable Charles W. Turnbull
Governor of the U.S. Virgin Islands
Office of the Governor, Government House
No. 21-22 Kongens Gade
St. Thomas, Virgin Islands 00802

Subject: Audit Report on Internal Controls Over Cashier Operations, Government of
the Virgin Islands (No. 00-I-166)

Dear Governor Turnbull:

This report presents the results of our review of internal controls over cashier operations at 12 agencies of the Government of the Virgin Islands. The objective of our audit was to determine whether Governmental cashiers/collectors complied with policies and procedures established to provide an adequate level of internal controls over collections and deposits of Governmental revenues.

BACKGROUND

Pursuant to the responsibility authorized by Title 3, Section 177, of the Virgin Islands Code, the Department of Finance issued the Government Accounting Manual, which includes policies and procedures (Sections 3 10.1 to 3 10.10 of the Manual) to be used by cashiers/collectors when they collect, deposit, and report revenues on behalf of the Government of the Virgin Islands. Governmental departments and agencies responsible for collecting public funds are required to implement the procedures contained in the Manual to facilitate better controls over collections and deposits of Governmental revenues.

SCOPE OF AUDIT

The scope of the audit, which was performed during July and August 1999, included a review of internal controls over collections totaling \$88 million made during May and June 1999 by cashiers/collectors at the St. Thomas offices of the Bureau of Internal Revenue; the Roy L. Schneider Hospital; the Virgin Islands Lottery; and the Departments of Finance, Health, Labor, Police, Planning and Natural Resources, Licensing and Consumer Affairs, Agriculture, Public Works, and Human Services (see the Appendix). Our audit also included unannounced cash counts at the 12 selected departments and agencies.

Our review was made, as applicable, in accordance with the "Government Auditing Standards," issued by the Comptroller General of the United States. Accordingly, we included such tests of records and other auditing procedures that were considered necessary under the circumstances.

Our audit included an evaluation of the internal controls over the collection, deposit, and reporting of Governmental revenues. Internal control weaknesses were identified in these areas and are discussed in the Results of Audit section of this report. Our recommendations, if implemented, should improve the internal controls in these areas.

PRIOR AUDIT COVERAGE

The Office of Inspector General has not issued any prior audit reports exclusively on cashier operations of the Government of the Virgin Islands. However, during the past 5 years, the Virgin Islands Bureau of Audit and Control has issued 10 audit reports on the collection activities at specific departments and agencies of the Government. Those audits disclosed internal control weaknesses similar to those discussed in the Results of Audit section of this report.

RESULTS OF AUDIT

Government of the Virgin Islands cashiers/collectors did not comply with the policies and procedures established for collecting, depositing, and reporting Governmental revenues. Specifically, we found that (1) collections were not made exclusively by employees designated to be collectors, (2) collections were not properly documented and recorded, (3) collections were not adequately secured, (4) bank deposits were not made timely and were not reconciled to daily collections, and (5) collection records and reports were not submitted timely to the Department of Finance. Sections 3 10.1 to 3 10.10 of the Government Accounting Manual contain the requirements for the processing of collection and deposit documents. We found, however, that these requirements were not always complied with because the departments and agencies reviewed did not establish adequate internal controls or provide sufficient oversight of cashier operations, cashiers did not follow established controls, and adequate numbers of assistant collectors were not always designated or available. As a result, differences totaling \$42,232 existed between amounts collected and deposited during May and June 1999, collections were at risk of misappropriation and/or theft, and source documents were not always available to the Department of Finance for the timely preparation of daily and monthly revenue reports.

Designation of Collection Agents

Section 310.2 of the Government Accounting Manual requires that collections be made exclusively by collectors and assistant collectors approved by the Commissioner of Finance and specifies the process for obtaining such approval. However, employees who were not designated as collectors or assistant collectors were accepting payments and issuing receipts as follows:

• The Department of Planning and Natural Resources had three collectors at the Permits Division and one collector at the Enforcement Division. However, two employees who had not been **officially** designated as collection agents by the Department of Finance were assisting the Enforcement Division's collector by accepting collections and issuing receipts. We also found that the Enforcement Division's collector went to St. John 2 days each week during June of each year to collect annual boat registration fees. During that time, the collector pre-signed batches of blank receipt forms and left them at the Enforcement Division office for issuance to individuals who came to make payments. If the pre-signed receipt forms, which consisted of a white original and yellow and pink file copies, were all used, the employees who assisted the collector at the Enforcement Division issued unsigned receipts to customers who made payments. **Subsequent** to the issuance of unsigned white copies of the receipts, the collector would sign the file copies of the receipts. We found that the pink file copies of 55 receipts issued on June 22 and 23, 1999, were signed by the collector after returning from St. John.

• The Maternal Child Health Division of the Department of Health had a collector and an assistant collector. However, because the assistant collector was on leave status through December 1999, an employee of the Department's Family Planning Division made collections when the collector was not available. This employee was not designated as an assistant collector.

• The Community Health Clinic of the Department of Health had two collectors. However, an employee of the Clinic who was not a designated collector also had an assigned receipt book and had collected \$1,954 during May and June 1999.

We believe that Governmental departments and agencies should ensure that employees who are assigned to make collections and issue receipts on behalf of the Government are properly designated as collectors or assistant collectors by the Department of Finance in accordance with Section 3 10.2 of the Government Accounting Manual. Additionally, supervisors should ensure that collectors and assistant collectors are aware that pre-signing blank receipt forms or giving unsigned receipts to individuals who are making payments are inappropriate practices in that they weaken the controls over collections.

Although the Department of Human Services routinely collected license fees for **the** day care, preschool, and Headstart programs, we noted that the Department did not have a designated collector or assistant collector. The Department accepted only money orders and certified checks from clients and submitted such collections to the Department of Finance, along with Statements of Remittance, for deposit and recording to the Government's accounting system. This procedure was in accordance with Section 3 10.3 of the Government Accounting Manual, which requires agencies that do not have a collector or an assistant collector to prepare a Statement of Remittance and transmit it, along with the funds collected, to the Department of Finance. However, we believe that because the Department of Human Services routinely makes collections, it should have at least one designated collection agent.

Collection Procedures

To ensure the proper reporting of daily collections, the Government Accounting Manual requires that collectors prepare receipts, a listing of checks received, a Daily Summary of Collections and Deposits, and Certificates of Deposit.¹ The Department of Finance provided receipt books to collectors and assistant collectors of central governmental agencies, while autonomous agencies used their own **official** receipt forms. Additionally, real property tax bills, income tax returns, and motor vehicle registration certificates served as receipts when they were properly stamped by the appropriate collector or assistant collector. We reviewed these documents for collections made during May and June 1999 at selected departments and agencies and found that receipts were missing or were incomplete and/or were not properly filled out, listings of checks were not prepared, collection information was not entered timely into the computer to produce Daily Summaries, and/or bank deposits could not be verified.

Cashier Receipts. Section 3 10.3 of the Government Accounting Manual requires that cashier receipts be issued in strict numerical sequence and that no erasures or write-overs be made on receipts. However, receipts were missing or were incomplete and/or were not properly filled out as follows:

- At the Department of Finance, documents to support real property tax collections of \$15,848 could not be located.

- At the Records Division of the Virgin Islands Police Department, 47 receipts for collections of \$482 were not found.

- At the Department of Planning and Natural Resources, receipts were incomplete and not properly filled out. For example, the amount as written in words and in numbers was different on Receipt No. 1002795, issued on May 24, 1999; the date was not completed on Receipt No. 1003 197, issued in June 1999; the dollar amounts were not completed on Receipt Nos. 1004221 and 1004227, issued on June 22, 1999; there were write-overs on Receipt No. 1004 160, issued on June 22, 1999; and the dollar amount was not written out on Receipt No. 1004622, issued on June 30, 1999.

- At the Department of Public Works, Receipt No. 0 18 1874, issued on May 16, 1999, was initially written for \$3 and later changed to reflect that \$3 1 was collected.

Listings of Checks. Section 3 10.3 of the Government Accounting Manual requires that a listing of checks accompany all deposits that include checks. However, this requirement was not always complied with by the Motor Vehicle Bureau and the Records Division of the Police Department, the Department of Agriculture, and the Department of Public Works. The collections of these departments were processed on computerized cash registers (called PC cash drawers), and officials of the departments said that payments by

¹A Certificate of Deposit is an official Government of the Virgin Islands **form** that is used in lieu of a bank deposit slip.

check were identified on Workstation Summaries printed from the computerized cash registers. However, the Workstation Summaries showed only the **total** dollar amount of checks received and did not include information such as check number, date, **payor**, and amount. We found, during our audit, that the collection process was being computerized at most Governmental agencies. We believe, however, that unless the computerized system can be reprogrammed to include detailed check information on the Workstation Summaries, the listing of checks required by the Government Accounting Manual should be maintained because such detailed information about individual checks **would** be needed to follow up on checks returned by banks for insufficient funds that were received in payment of amounts owed the Government.

Daily Summaries of Collections and Deposits. Section 3 10.5 of the Government Accounting Manual requires that each collector prepare a Daily Summary of Collections and Deposits, preferably at the end of each workday but no later than the morning of the first workday following the day of collection. The Daily Summaries provide information on the sequence of cashier receipts used and the distribution of collections by revenue account code and also serve as a means of reconciling the daily amounts collected and deposited. However, we found that departments and agencies whose collection process had been computerized relied on Daily Summaries of information entered into the system by the agencies' collectors and printed at the Department of Finance. We found that some agencies did not enter their collection and deposit information into the computerized system on a daily basis and that other agencies either did not pick up **the** Daily Summaries **from** the Department of Finance or did not ensure that the Department of Finance provided them with copies of the Daily Summaries as follows:

- At the Department of Finance, 19 Daily Summaries for collections of \$735,200 were not available for our review. An **official** of the Department's Revenue Collection Branch told us that there was a backlog of 1 to 2 weeks in entering property tax collection information into the computer.

- At the Department of Agriculture, collections of \$474 for May 19, 20, and 24, 1999, and for June 17 and 18, 1999, were not entered into the computer on the same day that they were collected. Further, 10 Daily Summaries for collections of \$1,900 were not available for our review because they had not been forwarded to the Department of Agriculture by the Department of Finance.

- At the Department of Licensing and Consumer Affairs, **officials** told us that the computerized Daily Summaries were picked up each day from the Department of Finance. However, 13 Daily Summaries for collections of \$123,400 could not be located; therefore, they were not available for our review.

- At the Department of Labor, six Daily Summaries for collections of \$23,200 were not available for our review because they were not forwarded by the Department of Finance.

We also found that the Roy L. Schneider Hospital did not report collections of \$984,000 on the Daily Summary of Collections and Deposits for May 24, 1999. A Hospital **official** told

us that collections for that date were not reported to the Department of Finance because that was the day on which the Hospital opened its first bank account under new legislation that made it independent from the Government's Executive Branch.

Certificates of Deposit. Section 3 10.4 of the Government Accounting Manual requires that collectors prepare a Certificate of Deposit (deposit slip) each time a bank deposit is made. The amount of daily deposits should equal the amount of daily collections. However, as shown in Table 1, we identified at least 90 *instancès*, totaling \$42,232, in which there were differences between daily collections and deposits.

**Table 1. Summary of Differences Between Daily Collections and Deposits
for May and June 1999**

<u>Agency</u>	<u>Instances</u>	<u>Collections</u>	<u>Difference*</u>	<u>Error Rate</u>
Bureau of Internal Revenue	3	\$41,097,600.97	\$1,375.96	0.003%
Department of Finance	12	39,853,774.16	16,961.01	0.043%
Roy L. Schneider Hospital	6	3,312,331.91	5,975.12	0.180%
Virgin Islands Lottery	15	1,427,176.25	8,266.26	0.579%
Department of Labor	12	855,607.24	1,900.87	0.222%
Virgin Islands Police Department	22	504,213.08	2,221.70	0.441%
Department of Planning & Natural Resources	5	390,858.68	1,167.00	0.299%
Department of Licensing & Consumer Affairs	6	343,685.09	2,380.84	0.677%
Department of Health	6	164,232.60	1,979.02	1.205%
Department of Agriculture	3	5,577.30	4.10	0.074%
Department of Public Works	0	2,191.00	0.00	0.000%
Department of Human Services	4	1,025.00	0.00	0.000%
Totals	<u>90</u>	<u>\$87,958,273.28</u>	<u>\$42,231.88</u>	<u>0.048%</u>

*Amounts shown are the total net value of the differences. That is, some differences represented *shortages* of deposits to collections, and other differences represented overages of deposits to collections.

The circumstances of some of the differences noted in Table 1 were as follows:

- At the Virgin Islands Lottery, regular bank deposit slips were used instead of the Government's Certificate of Deposit form. However, deposit slips were not available for us to verify a deposit of \$6,040 for ticket sales on May 27, 1999, and deposits of other collections totaling \$1,934 in May and June 1999.

- At the Records Division of the Police Department, we could not verify two deposits totaling \$270 in June 1999 because the validated Certificates of Deposit had not been picked up from the bank.

- At the Motor Vehicle Bureau of the Police Department, discrepancies totaling \$1,470 existed because collections were not entered into the computer on the day collected and because the Bureau had a 2- to 3-week backlog of collections to be entered.

- At the Department of Licensing and Consumer Affairs, discrepancies totaling \$2,381 existed because the amounts reported on the Workstation Summary for particular days were not deposited until the next day.

Although the error rates shown in Table 1 were very small, especially for the Bureau of Internal Revenue and the Department of Finance, we believe that the existence of differences totaling \$42,232 demonstrates that internal controls related to the reconciliation of collections and deposits were not followed, which provided the potential for funds to be misappropriated. We believe that Governmental departments and agencies should ensure that cashier operations are adequately supervised, monies collected are properly documented and recorded using the appropriate manual or computerized procedures, and daily collections and deposits are reconciled.

Physical Security

Section 310.3 of the Government Accounting Manual requires that every collector be provided with a vault or a safe to protect the funds in his or her custody. However, at seven locations,² we found that vaults or safes were not available to secure funds which were kept on the premises overnight. Also, we found that collections were not adequately safeguarded during the workday. For example, at one location, the funds collected during the day were left in an envelope on top of a desk, and at another location, the funds collected during the day were kept in an unlocked desk drawer. Further, collection areas were not adequately secured to provide for the collectors' personal safety. For example, the collectors at five locations did not have secured booths or collection areas with restricted access. At one of these locations, a secure area that had been used as a cashier cage in prior years was used for storage.

We believe that Governmental departments and agencies should ensure that funds in their possession during the workday or left on premises overnight are properly safeguarded and that collection personnel are provided with secure work areas which restrict access by unauthorized personnel.

Bank Deposits

Section 310.4 of the Government Accounting Manual requires that collectors deposit daily, through the use of night depositories, all collections made by them during the day. However, this requirement was not always complied with as follows:

- The Department of Agriculture did not deposit collections made on June 17 and 18, 1999, until July 6, 1999.

²A list of locations where physical security was inadequate was provided to the Governor of the Virgin Islands in a separate letter.

- The Records Division of the Police Department and the Maternal Child Health Division of the Department of Health made three deposits up to 5 days after the dates of collections.

- The Department of Public Works made 21 deposits on Fridays, which was 2 to 4 days after the dates of collections.

- The Bureau of Internal Revenue made four deposits up to 2 days after the date of collection.

- The Instant Lottery office held collections for periods of up to 17 days so that the funds could be used to make payouts to instant lottery winners who came in to redeem their winning tickets. An Instant Lottery official told us that holding the collections was necessary because the \$300 cash fund that was available at the start of each business day was not sufficient to make payouts, which averaged about \$500 but could exceed that amount. The official further stated that the Instant Lottery office was trying to have the cash fund increased to \$1,000.

In a related matter, we noted that the Instant Lottery office issued packets of instant lottery tickets to retailers in advance of receiving payments for the tickets. Specifically, during May and June 1999, the Instant Lottery office distributed 850 packets of instant lottery tickets, which were valued at \$79,050, to retailers. However, during the same period, the Instant Lottery office collected from the retailers only \$35,800 for tickets distributed during those months and during prior periods. As of August 10, 1999, retailers owed the Instant Lottery office \$5 1,300 for instant lottery tickets that they had received.

We believe that Governmental departments and agencies should ensure that funds collected during each workday are deposited on the date of collection, in accordance with Section 310.4 of the Government Accounting Manual. We also believe that the Virgin Islands Lottery should provide the Instant Lottery office with a cash fund that is sufficient to meet its daily payout needs and should discontinue the practice of distributing instant lottery tickets to retailers in advance of receiving payments for such tickets.

Collection Records

Section 310.5 of the Government Accounting Manual requires that collectors submit the pertinent collection and deposit records to the Revenue Audit Section of the Department of Finance on a daily basis. (These records, consisting of copies of the issued and voided cashier receipts, Daily Summaries of Collections and Deposits,³ and Certificates of Deposits, are used by the Revenue Audit Section to verify the accuracy of reported collections and deposits and to prepare daily and monthly revenue reports.) However, we found that this requirement was not always complied with. Specifically, the required records were not

³The Daily Summaries of Collections and Deposits include manually prepared Daily Summaries and the entry of collection and deposit information into the computerized system so that computer-generated Daily Summaries can be printed at the Department of Finance.

submitted to the Department of Finance on a daily basis by the Records Division of the Police Department; the East End Family Health Center, the Revenue Services Division, and the Community Health Clinic of the Department of Health; the Department of Agriculture; and the Department of Planning and Natural Resources. As a result, current and accurate information on the revenues of the Government was not recorded in the Government's Financial Management System and was not available to operating and policy-making officials of the Government.

Unannounced Cash Counts

As part of our audit, we conducted unannounced cash counts at the departments and agencies included in the scope of our review except at the Virgin Islands Lottery's main office and Instant Lottery office and the Department of Human Services. We were unable to conduct cash counts at these three locations because the Lottery's main office had not made any collections as of the date and time of our unannounced visit, the Instant Lottery office did not have cash on hand, and the Department of Human Services collected only money orders and certified checks but not cash. The results of our cash counts are summarized in Table 2.

**Table 2. Results of Unannounced Cash Counts
for July and August 1999**

<u>Agency</u>	<u>Cash Counted</u>	<u>Receipts Issued</u>	<u>Change Fund</u>	<u>Cash Over/(Under)</u>
Police Dept. • Motor Vehicle Bureau	\$3,750.19	\$3,561.11	\$ 168.00	\$21.08
Police Dept. • Records Division	829.00	829.00	0	0
Department of Agriculture	46.43	13.00	40.00	(6.57)
Department of Agriculture • Abattoir	46.00	46.00	0	0
Department of Labor	5,135.65	5,135.56	0	.09
V.I. Lottery • Ticket Sales	24,280.00	24,280.00	0	0
Department of Finance	199,895.57	199,793.82	100.00	1.75
Department of Public Works	21.00	21.00	0	0
Dept. of Planning • Permits Division	1,234.56	1,134.56	100.00	0
Dept. of Planning • Enforcement	1,281.75	1,180.40	100.00	1.35
Dept. of Licensing	2,643.01	2,543.01	100.00	0
Dept. of Health • Maternal Health	150.00	150.00	0	0
Dept. of Health • East End Center	472.11	347.80	50.00	74.31
Dept. of Health • Revenue Services	649.00	574.00	75.00	0
Dept. of Health • Community Clinic	1,751.29	1,601.29	150.00	0
Roy L. Schneider Hospital	298,152.07	297,900.27	250.00	1.80
Bureau of Internal Revenue	<u>687.34</u>	<u>647.34</u>	<u>40.00</u>	<u>0</u>
Totals	<u>\$541,024.97</u>	<u>\$539,758.16</u>	<u>\$1,173.00</u>	<u>\$93.8</u>
V.I. Lottery • Prize Payments	\$6,027.00	\$1,973.00	\$8,000.00 **	0

*The 58,000 in the column "Change Fund" was the amount of start-up cash available for the payment of prizes. Cash on hand and receipts for prizes paid totaled \$8,000.

The collectors could not explain the reasons for the cash differences at the Motor Vehicle Bureau of the Police Department (\$21.08 overage) and the Department of Agriculture (\$6.57 shortage). The collector at the Department of Labor said that a customer did not pick up change of 9 cents. The collector at the Enforcement Division of the Department of Planning and Natural Resources said that the extra \$1.35 was found under the cash pan. The collector at the Department of Finance said that the change fund has had an overage of \$1.75 for a "long time." The collector at the East End Family Health Center of the Department of Health did not know how much start-up cash was in the cashdrawer at the start of the day and could not explain the \$74.31 overage. The collector at the Roy L. Schneider Hospital could not explain the overage of \$1.80. Although the cash differences identified were very minor amounts, we believe that a greater level of supervisory oversight may have reduced the instances of cash overages or shortages. Additionally, we believe that the unreconciled overages are indicative of internal control weaknesses that could result in more significant errors or irregularities in the future.

Supervision

We found that the level of supervisory oversight over collectors and assistant collectors was not adequate at all of the agencies included in our review as follows:

- At the Motor Vehicle Bureau of the Police Department, the Department of Agriculture, and the Department of Labor, the supervisors did not review the collectors' work.
- At the Records Division of the Police Department, the collector was also the supervisor of the Division. Therefore, no one reviewed the collector's work before it was submitted to the Department of Finance.
- At the Instant Lottery **office**, the staff consisted of only two employees, one of whom was in charge of **office** operations. However, collection records were not always reviewed by a mid-level supervisor who had oversight of all **office** operations before the records were submitted to the main Lottery **office**.
- At the Maternal Child Health Clinic of the Department of Health, the collector's work had not been reviewed since August 1998, when the previous supervisor retired. The collector told us that if she could not reconcile the collections and deposits, she would ask a clerk to double-check her work.
- At the East End Family Health Center of the Department of Health, the Center's accountant performed a cursory check rather than a full reconciliation of the Daily Summaries and the Certificates of Deposit.

We believe that Governmental departments and agencies should ensure that the work of collectors and assistant collectors is reviewed by supervisory personnel to make certain that the collections and deposits are properly reconciled and that pertinent requirements of the

Government Accounting **Manual** have been met before the collection documents are submitted to the Department of Finance.

Computer Deficiencies

The Department of Finance provided computerized cash registers (PC cash drawers) to the collectors at some departments and agencies, including the Motor Vehicle Bureau of the Police Department; the Bureau of Internal Revenue; and the Departments of Agriculture, Labor, Finance, Public Works, and Licensing and Consumer Affairs. However, we found that the computerized system did not always provide **needed** printed reports and occasionally printed inaccurate copies of the Workstation Summaries and Daily Summaries of Collections and Deposits. For example, the computerized system was not programmed to produce Daily Summaries of Collections and Deposits to serve as records for the files for days on which there were no collections. Also, the computerized system sometimes duplicated collection amounts on the Workstation Summaries and the Daily Summaries. For example, at the Department of Agriculture, a collection of \$82.20 that was made on May 12, 1999, was listed on the computerized Daily Summaries for both May 12 and 13, 1999. At the Department of Licensing and Consumer Affairs, a collection of \$7,732.51 that was made on June 30, 1999, was listed twice on that day's Workstation Summary. This error occurred when the collector tried to print a second copy of the Workstation Summary.

We believe that the Department of Finance should contact the collectors who have been provided with computerized cash registers to identify deficiencies in the computerized collection system and ensure that these deficiencies are corrected.

Recommendations

We recommend that the Governor of the Virgin Islands require Governmental departments and agencies to ensure that:

1. Employees who are assigned to make collections on behalf of the Government are properly authorized by the Department of Finance, in accordance with Section 3 10.2 of the Government Accounting Manual.
2. Collectors and assistant collectors do not pre-sign blank receipt forms or give unsigned receipts to individuals who make payments.
3. An employee of the Department of Human Services is officially designated, through the Department of Finance, as the collector for license fees for the day care, preschool, and Headstart programs.
4. Cashier operations are adequately supervised, monies collected are properly documented and recorded using the appropriate manual or computerized procedures, and daily collections and deposits are reconciled.

5. Funds in the possession of the collectors during the workday are properly safeguarded and that collection personnel are provided with secure workareas which restrict access by unauthorized personnel.

6. Funds collected during each workday are deposited on the date of collection, using night depositories when necessary.

7. The Virgin Islands Lottery provides the Instant Lottery **office** with a cash fund that is sufficient to meet its daily payout needs and discontinues the practice of distributing instant lottery tickets to retailers in advance of receiving payments for such tickets.

8. Adequate supervisory oversight is provided over collectors and assistant collectors so that collections and deposits are properly reconciled and pertinent requirements of the Government Accounting Manual are met before the collection documents are submitted to the Department of Finance.

9. The Department of Finance contacts the collectors who have been provided with computerized cash registers (PC cash drawers) to identify and correct, as appropriate, deficiencies in the computerized collection system.

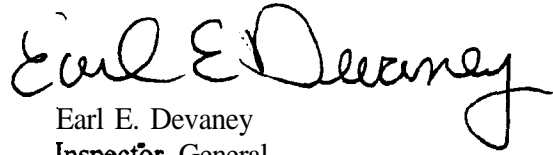
Governor of the Virgin Islands Response and Office of Inspector General Reply

On September 15, 1999, we provided a preliminary draft of this report to the Commissioner of Finance, requesting an exit conference to discuss the report. However, despite several followup inquiries, we were unable to schedule an exit conference with the Commissioner. Therefore, the draft report was issued on October 7, 1999, without the Commissioner's comments on the findings and recommendations. A response to the draft report was requested by November 30, 1999, but a response from the Governor of the Virgin Islands or the Commissioner of Finance had not been provided as of December 15, 1999. Therefore the recommendations are unresolved (see Appendix 2).

Section 5(a) of the Inspector General Act (Public Law 95-452, as amended) requires the Office of Inspector General to list this report in its semiannual report to the U.S. Congress. In addition, the **Office** of Inspector General provides audit reports to the Congress.

In view of the above, please provide a response to this report by February 4, 2000. The response should be addressed to our Caribbean Office, Federal **Building - Room 207**, Charlotte Amalie, Virgin Islands 00802. The response should provide the information requested in Appendix 2.

Sincerely,

A handwritten signature in black ink, reading "Earl E. Devaney". The signature is fluid and cursive, with the first name "Earl" and last name "Devaney" clearly legible. The middle initial "E." is also present. The signature is positioned above the printed name and title.

Earl E. Devaney
Inspector General

OFFICES AND COLLECTIONS INCLUDED IN SCOPE OF AUDIT

<u>Department or Agency*</u>	<u>Collections Reviewed</u>
Bureau of Internal Revenue	\$41,097,600.97
Department of Finance	39,853,774.16
Roy L. Schneider Community Hospital	3,312,331.91
Virgin Islands Lottery:	
Ticket Sales Office	1,412,300.25
Instant Lottery Office	45,117.52**
Main Office	14,876.00
Department of Labor	855,607.24
Virgin Islands Police Department:	
Motor Vehicle Bureau	477,968.08
Records Division	26,245.00
Department of Planning and Natural Resources:	
Permits and Enforcement Division	390,858.68
Department of Licensing and Consumer Affairs	343,685.09
Department of Health:	
Community Health Clinic	90,636.69
Revenue Services Office	44,569.86
East End Family Health Center	16,452.05
Maternal Child Health Center	12,574.00
Department of Agriculture:	
Abattoir	5,577.30
Department of Public Works	2,191.00
Department of Human Services	<u>1,025.00</u>
Total Collections Reviewed	<u><u>\$88,003,390.80</u></u>

*All offices visited were on the island of St. Thomas.

**This amount was not included in Table 1 in the report because it contained a combination of collections from instant ticket sales and payments of instant lottery prizes and was therefore not easily reconcilable to daily deposits.

STATUS OF AUDIT REPORT RECOMMENDATIONS

Finding/Recommendation Reference	status	Action Reauired
1 through 9	Unresolved.	Provide a response to each recommendation indicating concurrence or nonconcurrence. If concurrence is indicated, provide a plan identifying actions to be taken, including target dates and titles of the officials responsible for implementation. If nonconcurrence is indicated, provide specific reasons for the nonconcurrence.

**ILLEGAL OR WASTEFUL ACTIVITIES
SHOULD BE REPORTED TO
THE OFFICE OF INSPECTOR GENERAL**

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Washington, D.C. 20240-0001

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Telephone HOTLINE
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(202) 208-5300

TDD for hearing impaired
(202) 208-2420

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Caribbean Region

U.S. Department of the Interior
Office of Inspector General
Eastern Division - Investigations
4040 Fairfax Drive
Suite 303
Arlington, Virginia 22203

(703) 2359221

Pacific Region

U.S. Department of the Interior
Office of Inspector General
Guam Field Office
415 Chalan San Antonio
Baltej Pavilion, Suite 306
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