

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

Audit Report

Emergency Services Surcharge Collections by Innovative Telephone Corporation on Behalf of the Government of the Virgin Islands





United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Eastern Regional Office
381 Elden Street – Suite 1100
Herndon, Virginia 20170

September 26, 2003

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

Mr. David Sharp
President and CEO
Innovative Telephone Corporation
Post Office Box 6100
St. Thomas, Virgin Islands 00801

Subject: Audit Report “Emergency Services Surcharge Collections by Innovative Telephone Corporation on Behalf of the Government of the Virgin Islands” (No. 2003-I-0067)

Dear Governor Turnbull and Mr. Sharp:

This report presents the results of our audit of the emergency services surcharge collections made by Innovative Telephone Corporation on behalf of the Government of the Virgin Islands. The objective of the audit, which was requested by a member of the Virgin Islands Legislature, was to determine whether (1) Innovative Telephone collected and remitted the emergency services surcharge to the Commissioner of Finance in accordance with the provisions of Act No. 6333, as amended, and (2) the Department of Finance promptly deposited and accurately accounted for the emergency services surcharge remittances.

Section 5(a) of the Inspector General Act (5 U.S.C. app. 3) 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.

Please provide a response to this report by October 29, 2003. The response should provide the information requested in Appendix 5 and should be addressed to Mr. Roger La Rouché, Assistant Inspector General for Audits, Office of Inspector General, U.S. Department of the Interior, 1849 C Street, NW (MS-5341), Washington, DC 20240; with a copy to our Caribbean Field Office, Ron deLugo Federal Building – Room 207, St. Thomas, VI 00802.

Sincerely,

William J. Dolan, Jr.
Regional Audit Manager

cc: Commissioner of Finance
Director of Management and Budget

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CONTENTS

INTRODUCTION	Background	1
	Objective and Scope	1
	Prior Audit Coverage	2
RESULTS OF AUDIT	Overview	3
	Billing and Remittance Practices	3
	Accounting Practices	5
RECOMMENDATION	7
APPENDICES	1. Monetary Impact.....	9
	2. Surcharge Remittances.....	10
	3. Surcharge Expenditures	11
	4. Governor's Response to Draft	12
	5. Innovative's Response to Draft.....	14
	6. Status of Recommendation	17

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INTRODUCTION

BACKGROUND

In December 1999, the Legislature of the Virgin Islands enacted Act No. 6333, the 2000 Fiscal Year Omnibus Authorization Act. Section 29 of the Act established an emergency services surcharge of \$1 to be added to all telephone bills beginning on January 1, 2000. The Virgin Islands Telephone Corporation (now the Innovative Telephone Corporation) was to collect the surcharge with each monthly payment and remit such collections to the Commissioner of Finance within 15 days of collection. The Act also stipulated that the Commissioner of Finance was to deposit the proceeds of the surcharge into a special account known as the Emergency Services Special Fund. The monies in the Fund were to be earmarked for use by the Commissioner of Health, the Commissioner of Police, and the Director of the Fire Service “for the purchase of equipment or supplies to provide, maintain or improve emergency medical services, fire services or 911 emergency equipment.”

Innovative Telephone requested that the Virgin Islands delay implementation of the Act until it could update its computerized billing system and accommodate its three billing cycles. Residential and business customers are billed on the 1st or the 15th of each month, and government customers are billed on the 8th of each month. In June 2000, the Legislature enacted Act No. 6353. Section 1 of the Act changed the effective date for imposing the \$1 surcharge to April 1, 2000, and changed the due date for remittance of surcharge collections to a “monthly basis in accordance with the billing and collection procedures” of Innovative Telephone.

OBJECTIVE AND SCOPE

The objective of the audit was to determine whether (1) Innovative Telephone collected and remitted the emergency services surcharge to the Commissioner of Finance in accordance with the provisions of Act No. 6333, as amended, and (2) the Department of Finance promptly deposited and accurately accounted for the emergency services surcharge remittances. The scope of the audit included emergency services surcharge amounts billed and remitted during the period of April 2000 to September 2002.

To accomplish our audit objective, we interviewed officials of and reviewed billing, remittance, and accounting records at Innovative Telephone, the Office of Management and Budget, the Department of Finance, the Public Services Commission, and the Federal

Communications Commission. An auditor from the Office of the Virgin Islands Inspector General participated as a member of the audit team.

The scope of our audit was limited in that the sources of information related to billings for the emergency services surcharge were internal to or originated at Innovative Telephone. There were no external or independent sources of this information. The primary source document used for our audit was the Billing Cycle Summary by Charge Code reports, which are produced automatically as part of the computerized billing process and show a detailed summary of charges billed during each billing cycle. Billings to charge codes 116 and 126 related to the emergency services surcharge. The Billing Cycle Summary by Charge Code reports are used by Innovative Telephone to post charges to its general ledger accounts for financial accounting purposes. We were able to verify the reported surcharge amounts for January and June 2002 to detailed Emergency Services Tax Reports, which listed all bills issued as part of the three billing cycles for each of these two months. The Emergency Services Tax Reports had been prepared by Innovative Telephone at the request of the Public Services Commission.

Our audit was conducted 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. The “Standards” require that we obtain sufficient, competent, and relevant evidence to afford a reasonable basis for our findings and conclusions.

As part of our audit, we evaluated the internal controls related to the billing, remittance, and accounting for the emergency services surcharge to the extent we considered necessary to accomplish the audit objective. Internal control weaknesses identified in these areas are discussed in the Results of Audit section of this report. The recommendation, if implemented, should improve the internal controls in these areas.

**PRIOR AUDIT
COVERAGE**

Neither the Office of Inspector General, U.S. Department of the Interior, nor the Office of the Virgin Islands Inspector General has performed any prior audits of the emergency services surcharge.

RESULTS OF AUDIT

OVERVIEW

The Innovative Telephone Corporation billed for and remitted to the Government of the Virgin Islands (the Government) the emergency services surcharge in accordance with the provisions of Act No. 6333, as amended. Likewise, the Department of Finance deposited and accounted for emergency services surcharge remittances in accordance with the provisions of Act No. 6333, as amended.

In a related matter, we noted that Innovative Telephone consolidated the telephone bills of some customers who had multiple telephone lines. This resulted in a reduction of surcharge payments by these customers because the surcharge is based on bills not telephone lines. Had these bills not been consolidated, we estimate that surcharge payments would have increased by approximately \$9,000 per month.

Finally, we noted that early in the process Innovative Telephone (from April 2000 to June 2001) did not always remit the emergency services surcharge collections within 15 days of the end of each month, and the Department of Finance (from April to August 2000) did not pay the costs to maintain the 911 emergency telephone service until 6 to 10 months after the costs were incurred. These matters have been resolved and are now handled within appropriate time frames.

BILLING AND REMITTANCE PRACTICES

During the 30-month period of April 2000 to September 2002, Innovative Telephone billed customers and remitted to the Government a total of \$1,813,626 for the emergency services surcharge (see Appendix 2). This represented an average of \$60,454.20 per month, with a monthly high of \$61,530 in March 2001 and a monthly low of \$58,365 in August 2002. The monthly variances were caused by new telephone accounts being opened and old accounts being closed each month.

Innovative Telephone remits the monthly emergency services surcharge amounts to the Government in advance of collection of these amounts from some of its telephone customers. Therefore, the remittances are actually being paid from Innovative Telephone's funds when customers are delinquent in the payment of their telephone bills. In this regard, the \$1,813,626 total amount remitted to the Government included a total deduction of \$15,082 (0.83 percent) representing unpaid emergency services surcharge

**Surcharge
Methodology Was
Based on Number of
Bills Issued**

amounts related to delinquent customer accounts that were written-off as uncollectible by Innovative Telephone.

We concluded that Innovative Telephone charged customers for the emergency services surcharge at the rate of \$1 per telephone bill, as stipulated in Act No. 6333. This rate of \$1 per bill did not take into consideration the number of individual telephone lines that might be represented on each bill.

Information we obtained from the Federal Communications Commission indicates that as of December 31, 2001, Innovative Telephone had 69,073 “loops,” or connections between the telephone company and customers that were subject to the Federally-mandated Universal Service Charge.

Our review of Innovative Telephone’s Emergency Services Tax Reports for January and June 2002 disclosed that many telephone customers had multiple telephone lines that were consolidated under one account. Therefore, these customers were only required to pay \$1 per month for the emergency services surcharge regardless of the number of telephone lines represented on their monthly bills.

In contrast, we noted that other customers were receiving individual bills for each telephone line they had, with a resulting emergency services surcharge of \$1 on each monthly bill. For example, a customer with five telephone lines, each billed separately, would be charged a total of \$5 each month for the emergency services surcharge.

It is our understanding that any customer can request that multiple telephone lines be consolidated under one account and one monthly bill. However, the difference in the ways that customers with multiple telephone lines have set up their accounts results in inconsistent treatment that may not have been the intent of the Legislature in enacting Act No. 6333.

The monetary effect of the inconsistent treatment accorded by the billing method stipulated in Act No. 6333 is that while monthly remittances of the emergency services surcharge averaged \$60,454 per month, billing on the basis of the number of telephone lines would have generated emergency services surcharge collections of about \$69,000 per month. If billed on the basis of the number of telephone lines, additional emergency services surcharge revenues of about \$256,380 (see Appendix 1) would have been generated

during the 30-month period of April 2000 to September 2002 (computed as \$69,000 - \$60,454 x 30 months).

Other possible methodologies for more equitably assessing the emergency services surcharge include adding the \$1 charge to each monthly electrical bill issued by the Virgin Islands Water and Power Authority or adding \$12 to each annual real property tax bill issued by the Office of the Tax Assessor.

Regardless of the ultimate methodology used, we believe the Government should consider further amending Act No. 6333 to implement an alternative method of assessing the emergency services surcharge that is more equitable to all residents and businesses.

Initial Surcharge Collections Were Not Remitted Timely

Act No. 6333 required Innovative Telephone to remit emergency services surcharge collections to the Commissioner of Finance within 15 days of the date of collection. In June 2000, Act No. 6353 amended the remittance requirement to “a monthly basis in accordance with billing and collection procedures” of Innovative Telephone but without a specific deadline, such as the 15-day timeframe originally contained in Act No. 6333. However, for consistency, we reviewed the timeliness of remittances on the basis of 15 days after the end of each month. On this basis, we concluded that, of the 30 months included in our review, Innovative Telephone was late 11 times in making remittances – ranging from 54 days late for April 2000 (the first month of the process) to 1 day late for July 2000, with an average of 19 days late. Since July 2001, remittances have been made within the 15-day timeframe.

An Innovative Telephone official explained that the remittance delays in the early months of the process occurred because the procedures for transmitting the funds from Innovative Telephone to the Department of Finance were being worked out. According to the company official, each month the original payment check and a copy of the remittance statement was submitted to the Department of Finance, and a copy of the payment check and the original remittance statement was submitted to the Office of Management and Budget.

ACCOUNTING PRACTICES

The Department of Finance promptly deposited the emergency services surcharge remittances, totaling \$1,813,626, that were received from Innovative Telephone. Finance also accounted for

these monies in the Emergency Services Special Fund as required by Act No. 6333. However, we found that some of the disbursements from the Special Fund to pay the costs to maintain the 911 emergency telephone service were made up to 10 months late.

According to records maintained by Finance's General Ledger Section, \$123,000 was allocated from the Special Fund in fiscal year 2001 and again in fiscal year 2002 to pay the costs related to the 911 emergency telephone service. The remaining balance in the Special Fund was evenly distributed in fiscal years 2000, 2001, and 2002 among the Department of Health, the Police Department, and the Fire Service for emergency services as stipulated in Act No. 6333. Of the allotted amounts, a total of \$1,488,000 was expended or obligated for expenditure – \$127,583 for 911 emergency telephone service, \$485,912 by Health, \$438,506 by Police, and \$435,999 by Fire (see Appendix 3).

Initial Payments For 911 Telephone Service Were Delayed

Disbursements are made from the Emergency Services Special Fund to pay Innovative Telephone for maintaining the 911 emergency telephone service. However, we found that Finance did not pay 911 service costs incurred for April through August 2000 until February 2001, or 6 to 10 months late. The V.I. Director of Management and Budget wrote to the V.I. Commissioner of Finance in September 2000, and again in January and February 2001, advising that the monthly bills for 911 emergency telephone service should be paid before distribution of the emergency services surcharge funds to the three emergency service agencies (Health, Police, and Fire) in order to reduce paperwork and centralize the maintenance and bill paying functions for 911 emergency telephone service. Since March 2001, payments have been timely.

RECOMMENDATION

TO THE GOVERNOR OF THE VIRGIN ISLANDS

We recommend that the Governor of the Virgin Islands consider proposing legislation to further amend Act No. 6333 to establish an alternate billing methodology for the emergency services surcharge that more equitably assesses the surcharge against all residents and businesses in the Virgin Islands.

GOVERNOR'S RESPONSE

The Governor's July 22, 2003, response (see Appendix 4) to the draft report did not concur with the recommendation, stating that he would request an amendment to Act No. 6333 only if "Innovative is not allowing some customers to consolidate [bills] while others are being accorded this benefit, or is consolidating bills of non-related individuals or companies." The Governor also did not concur with our estimate that potential emergency surcharge revenues of about \$9,000 per month were being lost because of the methodology of assessing the surcharge. Lastly, the Governor stated that Innovative Telephone sent remittance checks to the Department of Finance, not the Office of Management and Budget, and that the delay in implementing the provisions of Act No. 6333 was as a result of a request from Innovative Telephone. Based on the response, we consider the recommendation to be unresolved (see Appendix 6).

OFFICE OF INSPECTOR GENERAL REPLY

With regard to the recommendation, we continue to believe that it is not equitable to assess telephone customers the emergency services surcharge differently simply on the basis of whether or not they have multiple telephone lines that are consolidated onto one bill. Additionally, it is a fact that if the surcharge was assessed on the number of telephone lines instead of the number of telephone bills, as much as \$256,000 in additional surcharge revenues would have been available to finance the operations of critical emergency operations, such as fire, police, and emergency medical services. Alternative methodologies for assessing the surcharge could include adding the surcharge to monthly electrical bills or to annual real property tax bills. Therefore, we believe that the Governor should reconsider the recommendation.

Regarding the process for remittance of monthly surcharge amounts to the Government, we contacted an Innovative Telephone official who confirmed that the original remittance checks were submitted to the V.I. Department of Finance, not the

V.I. Office of Management and Budget. We have revised the report accordingly.

Lastly, while we agree with the Governor that implementation of the surcharge was delayed from January to April 2000 at the request of Innovative Telephone, that delay was unrelated to the later delays by Innovative in remitting surcharge checks to the Government. Since July 2001, Innovative has submitted all surcharge checks within the required time frame.

**INNOVATIVE'S
RESPONSE**

The August 7, 2003, response (see Appendix 5) from Innovative Telephone's President and CEO expressed concern about changing the method of assessing the emergency services surcharge to one based on the number telephone lines, as opposed to the number of bills issued, because of the added burden such a change would represent for the company.

**OFFICE OF
INSPECTOR
GENERAL REPLY**

Our finding focused on the inequity caused by the current methodology of assessing the surcharge against each telephone bill issued because this inequity was the catalyst for the request by a member of the Virgin Islands Legislature that we perform the audit. However, we recognize that there are several different ways that the surcharge could be assessed. For that reason, our recommendation does not specify a preferred methodology, stating simply that Act No. 6333 should be amended to establish a more equitable methodology for assessment. The choice of that methodology is left to the Governor and the Legislature.

APPENDIX 1 - MONETARY IMPACT

FINDING AREA

Unrealized Revenues

Billing Methodology

\$256,380*

* Amount represents local funds.

APPENDIX 2 – SURCHARGE REMITTANCES

<u>No.</u>	<u>Month</u>	<u>Surcharge Amount Billed</u>	<u>Less: Write-Off Amount</u>	<u>Net Surcharge Amount</u>	<u>Net Surcharge Remitted</u>
1.	April 2000	\$60,292	\$0	\$60,292	\$60,292
2.	May 2000	60,355	0	60,355	60,335*
3.	June 2000	60,590	0	60,590	60,590
4.	July 2000	60,729	0	60,729	60,749*
5.	August 2000	60,879	0	60,879	60,879
6.	September 2000	60,961	0	60,961	60,961
7.	October 2000	61,207	0	61,207	61,207
8.	November 2000	61,302	0	61,302	61,302
9.	December 2000	61,208	0	61,208	61,208
10.	January 2001	61,229	0	61,229	61,229
11.	February 2001	61,466	0	61,466	61,466
12.	March 2001	61,530	0	61,530	61,530
13.	April 2001	61,207	0	61,207	61,207
14.	May 2001	61,123	0	61,123	61,123
15.	June 2001	60,042	638	59,404	59,404
16.	July 2001	60,633	341	60,292	60,292
17.	August 2001	60,873	808	60,065	60,065
18.	September 2001	60,755	890	59,865	59,865
19.	October 2001	60,678	1,940	58,738	58,738
20.	November 2001	60,782	1,533	59,249	59,249
21.	December 2001	60,698	949	59,749	59,749
22.	January 2002	60,787	2,318	58,469	58,465
23.	February 2002	60,910	671	60,239	60,243
24.	March 2002	61,032	153	60,879	60,879
25.	April 2002	61,244	32	61,212	61,212
26.	May 2002	61,337	205	61,132	61,132
27.	June 2002	61,283	183	61,100	61,100
28.	July 2002	61,203	301	60,902	60,902
29.	August 2002	61,284	2,919	58,365	58,365
30.	September 2002	<u>61,089</u>	<u>1,201</u>	<u>59,888</u>	<u>59,888</u>
	Totals	<u>\$1,828,708</u>	<u>\$15,082</u>	<u>\$1,813,626</u>	<u>\$1,813,626</u>

* A \$20 remittance shortage in May 2000 was corrected in July 2000.

Source: Based on source documents reviewed at the Innovative Telephone Corporation.

APPENDIX 3 – SURCHARGE EXPENDITURES

<u>Description</u>	<u>Fiscal Year</u>	<u>911 Emergency Service</u>	<u>Department of Health</u>	<u>Police Department</u>	<u>Fire Service</u>
Allotments	2000	\$0	\$80,655	\$80,655	\$80,655
Obligations*	2000	<u>0</u>	<u>-4,320</u>	<u>0</u>	<u>-34,579</u>
Balance	2000	<u>\$0</u>	<u>\$76,335</u>	<u>\$80,655</u>	<u>\$46,076</u>
Allotments	2001	\$123,000	\$222,957	\$222,957	\$222,957
Obligations*	2001	<u>-72,624</u>	<u>-115,568</u>	<u>-96,524</u>	<u>-193,915</u>
Balance	2001	<u>\$50,376</u>	<u>\$107,389</u>	<u>\$126,433</u>	<u>\$29,042</u>
Allotments	2002	\$123,000	\$198,966	\$198,966	\$198,966
Obligations*	2002	<u>-54,959</u>	<u>-366,024</u>	<u>-341,982</u>	<u>-207,505</u>
Balance	2002	<u>\$68,041</u>	<u>-\$167,058</u>	<u>-\$143,016</u>	<u>-\$8,539</u>
Allotments	Totals	\$246,000	\$502,578	\$502,578	\$502,578
Obligations*	Totals	<u>-127,583</u>	<u>-485,912</u>	<u>-438,506</u>	<u>-435,999</u>
Balance	Totals	<u>\$118,417</u>	<u>\$16,666</u>	<u>\$64,072</u>	<u>\$66,579</u>

* "Obligations" consist of disbursements and outstanding encumbrances for unpaid invoices.

Source: Based on summaries prepared by the General Ledger Section, Department of Finance.

APPENDIX 4 – GOVERNOR’S RESPONSE TO DRAFT



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
340-774-0001

July 22, 2003

Mr. Arnold E. van Beverhoudt, Jr.
Office of the Inspector General
Caribbean Office/Federal Building – Room 207
St. Thomas, Virgin Islands 00802

Dear Mr. van Beverhoudt:

The draft audit report, number V-IN-VIS-0003-2003 on the Emergency Services Surcharge Collections by Innovative Telephone Corporation on behalf of the Government of the Virgin Islands, made one recommendation to which I am responding. Additionally, on page 5, in the second paragraph under the heading "Initial Surcharge Collections were not remitted timely" there is a statement that must be corrected, as outlined below.

The audit report states: *"We recommend that the Governor of the Virgin Islands consider proposing legislation to further amend Act No. 6333 to establish a billing methodology for the emergency services surcharge that more equitably assesses the surcharge against all residents and business in the Virgin Islands."*

It should be noted that the language of Act No. 6333 is very explicit in that the surcharge is to be added to each bill issued by Innovative Telephone (formerly VITELCO.) As stated in this report, Innovative Telephone, a non-government agency, choose to consolidate the bills of some customers who have multiple telephone lines. Should your audit reveal that Innovative is not allowing some customers to consolidate while others are being accorded this benefit, or is consolidating bills of non-related individuals or companies, I would have no choice but to request an amendment to Act No. 6333. However, this is not the case, and as it stands, it is the prerogative of those individual customers with multiple billings to make the request of Innovative Company for consolidated billing.

Thus, I cannot concur with this recommendation or the estimated loss of some \$9,000 per month, while the mandates of the Act are being carried out.

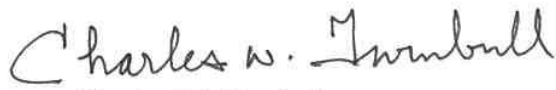
Mr. Arnold E. van Beverhoudt, Jr.
Office of the Inspector General
Page -2-

Stated in paragraph 2, on page 5 of this report, under the section headed: "Initial Surcharge Collections were not Remitted Timely" is the following: *"Although Act No. 6333 called for remittances to be made to the Commissioner of Finance, Innovative Telephone and the Government of the Virgin Islands arranged to make monthly remittances to the Office of Management and Budget, which would then transmit the funds to the Commissioner of Finance. An Innovative Telephone official explained that the remittance delays in the early months of the process occurred because the procedures for transmitting the funds from Innovative Telephone to the Office of Management and Budget were being worked out."*

The Office of Management and Budget (OMB) reports that at no time were remittance checks being sent to its office for forwarding to the Commissioner of Finance. From the onset, all remittance checks were being sent directly to the Commissioner of Finance and Innovative Telephone Company forwarded a **photocopy** of the check to OMB. OMB further reports that the delays in the early months of the process were caused by Innovative's request that Act 6333 be amended to facilitate a monthly remittance rather than 15 days after each billing issue, as discussed in your report. This required a Senate hearing and enactment of the amendment to the Act. Also, Innovative required its own computer system to be re-configured to accommodate this new billing statement on each bill.

I am always grateful for the assistance your office provides the Government through the audit findings presented and I trust that the above responses are acceptable.

Sincerely,

A handwritten signature in dark ink, reading "Charles W. Turnbull". The signature is fluid and cursive, with the first letter of each word being capitalized and prominent.

Charles W. Turnbull
Governor

APPENDIX 5 – INNOVATIVE’S RESPONSE TO DRAFT



August 7, 2003

Mr. Roger LaRouche
Assistant Inspector General for Audits
Office of Inspector General
U.S. Department of Interior
1849 C Street, NW (MS-5341)
Washington, DC 20240

**Subject: Draft Audit Report “Emergency Services Surcharge Collections
by Innovative Telephone Corporation on Behalf of the
Government of the Virgin Islands”
(Assignment No. V-IN-VIS-003-2003)**

Dear Mr. LaRouche:

This letter is in response to Mr. William J. Dolan’s June 25, 2003 letter asking for our response to the subject report. At the outset, we wish to thank your Caribbean Field Office Staff for their cooperation in getting us through the rigorous demands of this audit without totally disrupting our day-to-day operations.

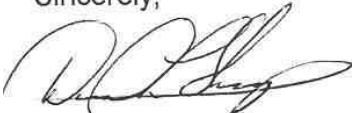
We generally concur with the findings of the report, but we strongly disagree with the recommendation that the existing law be modified to increase collections of this tax from Innovative’s customers. Under the current law, the procedures and systems for billing, collecting and remitting the \$1 tax are in place and working. As the report noted, there were many issues and problems that initially needed to be worked out before all the processes and procedures were working smoothly. Any change to the existing methodology will require extensive changes to our billing procedures and systems and the changes will be much more extensive and costly than those required to set up the existing systems. Adding \$1 to each telephone line is much more complicated than charging \$1 per bill as there are numerous type of lines and each one will have to be defined as being taxed or not. This would require costly modifications to our billing software. While Innovative voluntarily absorbed all the costs associated with the original setup, we hardly think that it is fair to expect to ask us to do so again. Further note that Governor Charles W. Turnbull sent down to the previous legislature, a bill that would switch the responsibility of the collection of this tax to WAPA (the local power company, a quasi-government agency). It is our understanding that the Administration is to resubmit the bill for consideration to the 25th Legislature (draft legislation attached).

Innovative Telephone
P. O. Box 6100
St. Thomas, VI 00804
Tel: (340) 771-8861 / Fax: (340) 774-2432

In closing, we respectfully request that you reconsider recommending changes to the existing methods and procedures that were costly and burdensome to set up and implement and that have been operating effectively for over two years. Additionally, we encourage you to get the final report released to the public as soon as possible. Over the past year the public has been bombarded with allegations and accusations, by a local senator, of improprieties in Innovative's collections of these taxes. We feel it is only fair that the record be set straight without further delay.

If you need additional information or clarification, please let me know.

Sincerely,

A handwritten signature in black ink, appearing to read 'David L. Sharp', written in a cursive style.

David L. Sharp
President & CEO

Cc: Mr. Arnold van Beverhoudt, Jr.

Attachment

PROPOSED AMENDMENT TO ACT NO. 6333

(Bill No. 23-0178)

Section 29 (a)

Notwithstanding any other law to the contrary, an emergency services surcharge of one dollar (\$1.00) shall be added to all water, or electric power utility bills beginning on August 1, 2002. The Virgin Islands Water and Power Authority shall collect the surcharge with each monthly payment and shall remit payment to the Commissioner of Finance within 15 days of collection.

Section 29(b)

(b) In the event a consumer makes a payment on the outstanding ~~telephone~~ utility bill for any month for an amount less than the full amount of the bill the one dollar (\$1.00) surcharge shall be deducted and credited to the Government before any other credit is made.

33 V.I.C. 3099(b)

(1) All emergency services surcharge added to any water, electrical, sewage or other utility bill or tax schedule

APPENDIX 6 – STATUS OF RECOMMENDATIONS

Finding/Recommendation Reference	Status	Action Required
1	Unresolved.	Reconsider the recommendation and provide a response that states concurrence or nonconcurrence. If concurrence is stated, provide a corrective action plan that includes the target date and title of the official responsible for implementation of the recommendation.

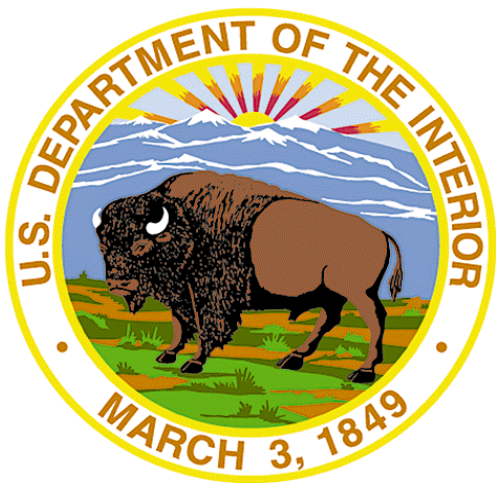
How to Report Fraud, Waste, Abuse and Mismanagement

Fraud, waste, and abuse in government are the concern of everyone – Office of Inspector General staff, Departmental employees, and the general public. We actively solicit allegations of any inefficient and wasteful practices, fraud, and abuse related to Departmental or Insular Area programs and operations. You can report allegations to us by:

Mail: U.S. Department of the Interior
Office of Inspector General
Mail Stop 5341-MIB
1849 C Street, NW
Washington, DC 20240

Phone: 24-Hour Toll Free 800-424-5081
Washington Metro Area 202-208-5300
Hearing Impaired (TTY) 202-208-2420
Fax 202-208-6081
Caribbean Field Office 340-774-8300
Hawaiian Field Office 808-525-5310

Internet: www.oig.doi.gov/hotline_form.html



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