U.S. Virgin Islands Department of Education
Monitoring Report

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11/4/20

Insular Areas Team Performance Review Process

The Insular Areas Team (IAT), within Rural, Insular, and Native Achievement Programs (RINAP) in the Office of Elementary and Secondary Education (OESE), is committed to supporting the Insular Areas as they implement United States Department of Education (Department) programs through the Consolidated Grant to the Insular Areas (CG). This includes a monitoring process designed to both address the IAT's responsibilities for fiscal and programmatic oversight and to also identify areas in which the Insular Areas need assistance and support to meet their goals and obligations. The monitoring process is anchored around ongoing conversations between IAT program officers and grantees and is conducted using both off-site (desk) monitoring and on-site monitoring visits to grantees.

The goal of the monitoring process is to conduct a program-centered, performance-focused review of the CG through a single, streamlined process that results in improved and strengthened partnerships between the Department and the Insular Areas. To accomplish this, the IAT monitoring process is organized into specific grant performance topics, which reflect the programmatic and fiscal requirements of the CG program.

Monitoring Report

This monitoring report summarizes the results of the February 24 – February 28, 2020 IAT on-site review of the Virgin Islands Department of Education's (VIDE) implementation of the Fiscal Year 2019 Consolidated Grant. The report is based on information provided in VIDE's submitted documentation, information gather during the on-site review, and other relevant qualitative data gathered from discussions with VIDE SEA and LEA staff as well as CG project and school site visits. The primary goal of monitoring is to ensure that implementation of the CG program is consistent with the fiscal and administrative requirements contained in the CG authority at 48 U.S.C. 1469a, the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards at 2 CFR Part 200 (Uniform Guidance), and the Education Department General Administrative Requirements (EDGAR), and with select program requirements in the Carl D. Perkins Career and Technical Education Act of 2006, as amended by the Strengthening Career and Technical Education for the 21st Century Act (Perkins V) and the Elementary and Secondary Education Act of 1965 (ESEA), as amended by the Every Student Succeeds Act.[1]

The CG allows Insular Areas to consolidate two or more of nine eligible State-administered formula grant programs[2] under one application, and to decide how to allocate funds among one or more of these programs. Eight of these programs are authorized under the ESEA:

1. Title I, Part A – Improving Basic Programs Operated by Local Educational Agencies (Title I-A);

2. Title I, Part B – State Assessment Grants (Title I-B);

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[1] The IAT office has chosen to focus only on fiscal and select program requirements applicable to the Insular Areas, as well as the uniform administrative requirements and general management systems of LEAs. Because this report summarizes the results of a non-comprehensive set of CG compliance requirements, the issuance of this report does not preclude Department program offices, or independent auditors, from identifying areas of noncompliance that are not outlined in this report.

[2] Under the Consolidated Grant authority in 48 U.S.C. 1469a, the Department has authority to determine what programs are eligible to be consolidated. Currently, there are nine such programs.

3. Title II, Part A – Supporting Effective Instruction (Title II-A);

4. Title III, Part A – English Language Acquisition, Language Enhancement, and Academic Achievement (Title III-A);

5. Title IV, Part A – Student Support and Academic Enrichment Grants (Title IV-A or SSAE);

6. Title IV, Part B – 21st Century Community Learning Centers (Title IV-B); and

7. Title V, Part B, Subpart 2 – Rural and Low-Income School Program (Title V-B or RLIS).

8. Education for Homeless Children and Youth Grants authorized by the McKinney-Vento Homeless Assistance Act.

The ninth program, the Career and Technical Education-Basic State Grants program, is authorized by Perkins V and is administered by the Office of Career, Technical, and Adult Education.

Section I: Grantee Overview

In Section I, IAT includes relevant grantee background information as a way of providing context for the review conversation. All data presented in Section I are reported by grantees to either the National Center for Education Statistics (NCES), Common Core of Data (CCD), through standard oversight activities, or from the VIDE website.[3]

Section II: Performance Assessment

The information provided in Section II is intended to help a grantee quickly assess whether there are sufficient capacities, infrastructure, and resources allocated to grantee activities by area, in a manner that enables the grantee to achieve its strategic goals for the reviewed Federal program. The section provides the IAT's rating of performance on grant administration of the Federal programs which were consolidated by the Insular Area in school year 2019-2020. Each rating reflects how a grantee is addressing fiscal and program requirements in a particular area of grant administration. The IAT's analysis for each area is primarily based on evidence submitted by the grantee in the form of answers to the self-assessment questions, documents submitted by the grantee prior to the monitoring, and the responses provided to questions during monitoring interviews. IAT's rating is also informed by evidence collected through public sources and other components of the monitoring process.

Ratings are based on a four-point scale, for which "met requirements with commendation" represents high quality implementation where the grantee is exceeding expectations; "met requirements" indicates that work is of an acceptable quality and the grantee is meeting expectations; "met requirements with recommendations" indicates there are quality implementation concerns and some improvements could be made to ensure the grantee continues to meet expectations; and "action required" indicates there are significant compliance or quality concerns that require urgent attention by the Insular Area and will be revisited until the Insular Area has remedied the issue.

Section III: Met Requirements with Commendation ● ● ● ●

This section highlights those areas where the Insular Area has exceeded requirements and is commended on the grant administration and fiscal management. This section provides an opportunity for the IAT to highlight those areas where the Insular Area has implemented an innovative or highly successful system or approach.

Section IV: Met Requirements ● ● ● ○

This section identifies those areas where the IAT has determined that the Insular Area has met basic requirements of grant administration and fiscal management and is implementing those requirements in a satisfactory manner. In those areas, the IAT is neither recommending nor requiring the Insular Area to take any further action.

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[3] VIDE website: http://www.vide.vi/

Section V: Met Requirements with Recommendations ● ● ○ ○

This section identifies those areas where the IAT has recommendations to improve the quality of grant administration and fiscal management. In those instances, the IAT is determining that the Insular Area is currently complying with requirements, but that improvements could be made to improve the efficiency or effectiveness of operations. Identified issues are grouped according to relevant area and requirement, with citations provided. For each issue listed, the IAT will provide a recommendation for improvement, but is not *requiring* the Insular Area to take any further action.

Section VI: Action Required ● ○ ○ ○

This section identifies those areas where the IAT has significant compliance and quality concerns. For those issues, the IAT will outline the current practice, the nature of noncompliance, and the required action. Documentation indicating completion of required action steps must be provided to the IAT within thirty (30) business days of the receipt of the final performance review report. In some instances, the action required may be too complex to effectively implement and document within thirty days (30), and, in those cases, the adjusted timeframe will be noted.

Grantee Overview

COVERED GRANT PROGRAMS[4]

TITLE I, PART B; TITLE IV, PART B; TITLE V, PART B

STUDENT CHARACTERISTICS

Enrolled   14,791

RACIAL/ETHNIC BACKGROUND (%)

White:	1.1	Asian or Pacific Islander:	0.6
Hispanic:	27.3	American Indian/Alaskan Native:	<0.1
Black:	70.5	Native Hawaiian/Other Pacific Islander:	0.1

SCHOOL & LEA CHARACTERISTICS

LEAs:	St. Thomas/St. John District (STTJ), St. Croix District (STX)
Per-Pupil Expenditures:	$11,642.83
FTE Teachers:	873

FEDERAL FUNDING

Eligible Program	FY19 Allocation	FY19 Consolidation	Eligible Program	FY19 Allocation	FY19 Consolidation
Title I, Part A – Improving Basic Programs Operated by Local Educational Agencies	$10,145,576		Title IV, Part B:	$714,739	$1,000,000
Title I, Part B – State Assessment Grants	$415,511	$750,000	Title V, Part B:	$101,790	$13,840,964
Title II, Part A –Supporting Effective Instruction	$2,252,308		Education for Homeless Children and Youth	$15,197	
Title III, Part A – English Language Acquisition, Language Enhancement, and Academic Achievement	$87,913		Career and Technical Education-Basic State Grants	$911,829	
Title IV, Part A – Student Support and Academic Enrichment Grants	$946,101				

Monitoring Information

Monitoring Dates	February 24 – February 28, 2020
Reviewers	Dr. Tiffany T. Forrester, Group Leader
	Matthew Hensell, Program Officer

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[4] Data Source: U.S. Department of Education, Common Core of Data, unless otherwise noted (see http://eddataexpress.ed.gov/ and http://nces.ed.gov/ccd/elsi/ for additional information).

Eligible Department Programs	FY19 Allocation	FY19 Consolidation
Title I, Part A – Improving Basic Programs Operated by Local Educational Agencies	$10,145,576	
Title I, Part B – State Assessment Grants	$415,511	$750,000
Title II, Part A – Supporting Effective Instruction	$2,252,308	
Title III, Part A – English Language Acquisition, Language Enhancement, and Academic Achievement	$87,913	
Title IV, Part A – Student Support and Academic Enrichment Grants	$946,101	
Title IV, Part B, Subpart 2 – 21st Century Community Learning Centers	$714,739	$1,000,000
Title V, Part B – Rural and Low-Income School Program	$101,790	$13,840,964
Education for Homeless Children and Youth Grants	$15,197	
Career and Technical Education-Basic State Grants	$911,829	

Approved Projects FY19

- State Education Agency (SEA) Administration and Technical Assistance
- Career & Technical Education (CTE) State Administration
- CTE State Leadership
- STTJ/STX Post-Secondary CTE Program: Raphael O. Wheatley Skill Center
- CTE STTJ/STX District
- CTE Secondary Education, STX District
- State Assessment
- 21st Century Community Learning Centers

St. Croix (STX)

- Administration and Technical Assistance
- Education Reform Program
- Educator Quality & Professional Development
- Engaging Families in Education
- English Language Acquisition Program
- Extended Learning Opportunities
- Personalized Learning Program
- Safe and Health Students Program
- Well-Rounded Education: Supplemental Classrooms

St. Thomas/St. John (STTJ)

- Administrative and Technical Support
- Alternative Education
- Educator Quality & Professional Development
- English Language Learners
- Parent and Community Engagement
- Safe and Healthy Schools
- Technology Integration for Student Success
- Well-Rounded Students
- Educator Quality (Non-Public Schools)
- Safe and Healthy Schools (Non-Public)
- Well-Rounded Education (Non-Public)

FY 2019 VIDE CG Project Summaries

ESEA Title I, Part A – Improving Basic Programs Operated by Local Educational Agencies

- SEA, STTJ Career & Technical Education Program Raphael O. Wheatley Skill Center – This program will support the Raphael O. Wheatley Skill Center (ROWSC), which is a post-secondary career & technical education institute. ROWSC offers programs of study in healthcare; computer applications; cosmetology; culinary arts; emergency medical technician; heating, ventilating, air conditioning and refrigeration (HVAC/R); and licensed practical nurse.
- SEA, CTE STX Secondary – This program will support STX schools as they offer coursework designed to prepare students to build careers. These courses will allow students to develop critical and analytical thinking skills, communicate clearly through the formation of logical arguments, develop problem-solving skills, and understand emerging technologies.

ESEA Title II, Part A – Supporting Effective Instruction

- SEA, Career & Technical Education State Administration – This program will support the State Office of Career, Technical and Adult Education (SOCTAE), which assists teachers, coordinators, and administrators with classroom and certification preparation; provides guidance to district schools in CTE standards; initiates college and career readiness; and offers pathway implementation.
- SEA, Career & Technical Education State Leadership – This program will support SOCTAE as it offers teachers, coordinators, and administrators the resources and opportunities for professional development. These opportunities will focus on integration of technology with instruction, increased career awareness and recruitment for incoming high school students, and greater engagement.

ESEA Title IV, Part B – 21st Century Community Learning Centers

- SEA, 21st Century Community Learning Centers – This program will allow VIDE to provide academic opportunities for students outside of the regular school day. These programs will help students improve in core subjects like math, English, and science, as well as homework help.

ESEA Title V, Part B, Subpart 2 – Rural and Low-Income School Program

- SEA, Administration & Technical Assistance –This program will ensure that federal funds are utilized for the benefit of increasing student achievement, recognizing that the funds are supplemental to the Department and are accounted for in a timely and appropriate manner. These funds will be used for state administration of programs, allocating funds, planning, supervising, processing, and monitoring and evaluation of relevant programs.
- SEA, State Assessment – This program will support the development and administration of interim and summative assessments for schools throughout the territory. Students are assessed through the Common Core State Standards and Next Generation Science Standards, which measure proficiency in math, English, and other core subjects.
- STTJ and STX, Administration and Technical Support – This program will provide the necessary oversight over the federal funds. Funds will support a full-time LEA Program Manager for each

district, responsible for providing consultation and technical assistance for schools. Four Program Assistants and two Program Monitors will provide supports to the programs in each district.

- STX, Education Reform Program – This project will support K-12 at-risk students' engagement by providing an integrated learning experience of both technology-based and face-to-face instructional approaches so that those students can achieve the average ELA and Math growth rate of students in the District.
- STX and STTJ, Educator Quality & Professional Development – This project will provide a system of professional development and training for administrators and educators in both districts to increase skills and improve the quality of leadership and instruction.
- STX, Engaging Families in Education; STTJ, Parent and Community Engagement – This program will establish formal community partnerships and engage families, specifically those with at-risk students, in expanded learning opportunities along college and career pathways.
- STX and STTJ, English Language Acquisition Program – This program will reinforce and supplement instructional practices with supplemental materials, provide continuous professional development for teachers and administrators, provide continuous use of software to provide data, create individualized learning plans, and improve communication with parents of English Learners.
- STX, Extended Learning Opportunities – This program will focus on Kindergarten -12th grades with the goal of integrating multiple academic disciplines and promote a diverse set of learning experiences to increase student ELA and Math performance on statewide assessments.
- STX, Personalized Learning Program – This program will provide educators with support through the planning, coordination and supervision of teacher in-service education, paraprofessional training, and general staff development in an effort to promote implementation of digital learning tools and personalized learning strategies.
- STX and STTJ, Safe and Healthy Students Program – This program will focus on increasing the participation of "at-risk" students in a safe, healthy, supportive, and drug-free learning environment. The project also supports counseling, behavior contracts, work detail, and after-school detention for students displaying maladaptive behaviors.
- STX and STTJ, Well-Rounded Education Supplemental Classroom – This program will support the implementation of a comprehensive program that integrates multiple academic disciplines and promotes a diverse set of learning experiences in order to improve student performance in statewide assessments.
- STTJ, Educator Quality Non-Public Schools – This program will support schools' core professional development program, offering all teachers, paraprofessionals, and administrators' opportunities to engage in professional learning communities and small group sessions.
- STTJ, Safe and Healthy Schools Non-Public Schools – This program will focus on increasing the participation of "at-risk" students in a safe, healthy, supportive, and drug-free learning environment in STTJ non-public schools.
- STTJ, Technology Integration for Student Success – This program will see four schools in the district selected to become model sites of embedded technology instruction for other schools to learn from. Teachers at these schools will receive training and then assist in training others.
- STTJ, Well-Rounded Education Non-Public Schools – This program will provide additional resources and materials to implement the core programs of reading, writing, mathematics, science, social studies, computer skills, physical education, and foreign language for STTJ non-public schools.

Carl D. Perkins Act of 2006 – Career and Technical Education, Basic Education Grants

- <u>SEA, STTJ CTE</u> – This program will support STTJ in providing quality career and technical education programs for students within the district. STTJ has five secondary schools and one alternative education program, serving approximately 2,900 students, charged with the responsibility of preparing secondary students with the foundational skills to be college or career ready.

Grant Administration and Fiscal Management Evaluation

Assessment Criteria Key

Met requirements with commendation

High quality implementation & compliance.

Met requirements

Satisfactory implementation & compliance.

Met requirements with recommendation

Satisfactory compliance with quality concerns.

Action required

Significant compliance & quality concerns.

		IAT Rating
Program Management	A	● ○ ○ ○
Evaluation	B	● ○ ○ ○
Equipment and Supplies Management	C	● ● ● ○
Travel Activities	D	● ● ○ ○
Non-Public Schools	E	● ● ○ ○
Uses of Funds	F	● ○ ○ ○
Period of Availability	G	● ○ ○ ○
Financial Management	H	● ○ ○ ○
Procurement	J	● ○ ○ ○
Indirect Costs	K	● ● ○ ○

SECTION III

Met Requirements with Commendation

N/A

REQUIREMENT SUMMARY

N/A

Met Requirements

C.

EQUIPMENT AND SUPPLIES MANAGEMENT

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REQUIREMENT SUMMARY

An Insular Area shall use, manage, and dispose of equipment and supplies purchased using Federal funds in accordance with all relevant laws and procedures, including the requirements of the Uniform Guidance at 2 C.F.R. 200.313.[5] Insular Areas shall ensure that equipment and supplies are used only for authorized purposes of the CG project during the period of performance (or until no longer needed).

Uniform Guidance, 2 CFR 200.313

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DESCRIPTION OF SATISFACTORY IMPLEMENTATION

VIDE demonstrated compliance with equipment and supplies management rules by providing the Department with its equipment management policies and procedures, including procedures for receiving and tagging items, distributing equipment and supplies to internal offices and schools, tracking items within the SEA's fixed asset management system, amending asset inventory records, and performing reconciliations and inventories. VIDE also prevents fixed assets from being missing, stolen, or damaged by following documented procedures for writing off fixed assets that were lost or damaged.

The VIDE Federal Grants Office (FGO) updated internal policies and processes at the request of the Department in response to VIDE's request to write off many fixed assets following Hurricanes Irma and Maria in 2017. During the aftermath of these hurricanes, many school sites discovered that equipment was damaged beyond use or stolen. As a result, the VIDE adopted comprehensive systems, processes, and procedures to manage equipment and supplies, with the intent to avoid future losses.

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[5] Relevant procedures for use, management, and disposal of equipment and supplies purchased with Consolidated Grant funds may vary depending on any specific conditions that may be imposed on an Insular Area's Consolidated Grant award. An Insular Area's use, management, and disposal of such equipment is generally governed by State laws and procedures, in accordance with 2 CFR 200.313(b), unless required by specific conditions to follow the requirements of 2 CFR 200.313(c)-(e). Each Insular Area should take necessary measures to ensure that it is following the appropriate procedures.

Met Requirements with Recommendation

D.

TRAVEL ACTIVITIES
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REQUIREMENT SUMMARY

An Insular Area shall ensure that any travel costs funded with CG funds are reasonable, necessary, and allocable (2 CFR 200.403) and that they are consistent with Uniform Guidance requirements at 2 CFR 200.474.

Uniform Guidance 2 CFR 200.302

Uniform Guidance 2 CFR 200.474

ISSUE

VIDE travel regulations are governed by Executive Order No. 439-2008, which establishes travel rules for U.S. Virgin Islands executive branch employees and sets requirements and limits on associated expenses. The Executive Order prohibits a number of high cost and unallowable travel expenses, consistent with Federal regulations, but does not explicitly require VIDE staff to demonstrate that travel activities support project goals. During the review, VIDE described a rigorous approval process for each travel activity that uses CG funds. Requests must be approved at several levels, passing through the district superintendent, the FGO (which checks the allowability of the proposed travel activity), the Deputy Commissioner of Education, the third party fiduciary agent, the Commissioner of Education, and, finally, the Governor.

RECOMMENDATION

Although VIDE has processes in place to ensure travel activities are reasonable, necessary, and allocable, VIDE does not have a systemic way to evaluate how the success and outcomes of travel activities (i.e., professional development conference) are measured. The IAT recommends that VIDE develop written, internal policies and procedures for evaluating the impact, effectiveness, and outcomes of travel activities on project goals.

E.

NON-PUBLIC SCHOOLS

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REQUIREMENT SUMMARY

An Insular Area shall ensure that it follows all relevant Federal statutes and regulations regarding the provision of services to students and teachers in non-public schools within an Insular Area with CG funds.

ESEA sections 8501-8504

EDGAR, 34 CFR 299e

Uniform Guidance, 2 CFR 200e

ISSUE

VIDE's CG application demonstrated – through its descriptions of planned activities – a plan for equitable services implemented at non-public schools to be secular, neutral, and non-ideological. To ensure compliance with their plan VIDE works directly with non-public school officials during their annual meeting to review student and teacher need identification plans and CG fund service plans (e.g., size and scope of services provided and assessment plans). VIDE's State Ombudsman Officer also supports plan implementation by coordinating with the Virgin Islands' non-public schools regarding acceptable provision of equitable services to students and teachers through CG funds. Although VIDE reported providing additional technical assistance to non-public schools, supporting documentation was not provided.

RECOMMENDATION

To ensure that services provided to teachers and students in non-public schools are implemented as required the Department recommends VIDE provide ongoing technical assistance to LEA Project Leads. Routine evaluation and technical assistance would demonstrate a strong and comprehensive internal controls framework for equitable services during program implementation. VIDE should also note that, although the VIDE's State Ombudsman Officer supports plan implementation by coordinating with non-public schools regarding acceptable provision of services through CG funds, VIDE should ensure that they maintain responsibility to provide equitable services and comply with all statutory requirements and should provide information regarding the CG program parameters in order to ensure that non-public schools have a clear understanding of the equitable services provisions in accordance with statute.

K.

INDIRECT COSTS

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REQUIREMENT SUMMARY

An Insular Area and its project leads shall ensure that indirect costs are only charged at the approved indirect cost rate. The Insular Area must use a restricted indirect cost rate consistent with the requirement in the Consolidated Grant regulations that Federal funds made available under the Consolidated Grant will not be used to supplant non-Federal funds An indirect cost is a cost that is "incurred for a common or joint purpose benefitting more than one cost objective, and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved."

EDGAR, 34 CFR 76.132(a)(1), 76.563-76.569

Uniform Guidance, 2 CFR 200.56

ISSUE

VIDE has written procedures for weekly reimbursement of indirect cost based on all allowable costs incurred by LEAs to ensure that indirect costs are only charged at the approved indirect cost rate. VIDE has had an issue with untimely indirect cost rate negotiations. Timely initiation of indirect cost rate negotiations is crucial for the Department of the Interior to establish the unrestricted cost rate and for the Department's Indirect Cost Division to establish the restricted indirect cost rate, which relies on the rate set by the Department of the Interior. Furthermore, during on-site discussions, SEA staff noted that the Virgin Islands Office of Management and Budget (VI OMB) is responsible for negotiating restricted and unrestricted indirect cost rates with the Department of the Interior and Department's Indirect Cost Group; however, the SEA did not share ways that they proactively communicate with VI OMB to initiate the process on-time as well as follow up with VI OMB on the status of indirect cost negotiations.

RECOMMENDATION

In order to improve the timeliness for renegotiating indirect cost rates, VIDE should consider establishing an SOP which serves as an internal reminder that renegotiations may commence six (6) months prior (i.e. March 30th) to the end of the performance period (which is September 30th for the CG). More broadly, VIDE should also consider developing an SOP for the SEA to work with VI OMB on ensuring timely initiations of unrestricted and restricted indirect cost agreements.

Action Required

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A.

PROGRAM MANAGEMENT

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REQUIREMENT SUMMARY

An Insular Area shall ensure that projects undertaken using CG funds are allowable under applicable authorized programs. Personnel conducting CG activities should ensure the efficient use of Federal funds to accomplish the goals of approved CG activities.

Consolidated Grant Authority 48 U.S.C. 1469a

EDGAR, 34 CFR 76.129(b), 76.132(a)(2)

Uniform Guidance 2 C.F.R. 200.302

Uniform Guidance, 2 CFR 200.403

Uniform Guidance, 2 CFR 200.331(d)

ISSUE

Insular Areas are required to ensure all CG funded activities are allowable under applicable authorized programs. To meet this requirement, grantees often regularly communicate Federal statutory and regulatory requirements to subgrantees and routinely monitor grant funded activities to ensure that they are being implemented in alignment with an approved application. VIDE informed the Department, and provided supporting documentation to demonstrate, that FGO instructs LEAs and project leads on project activity allowability and holds monthly project lead meetings to ensure projects are properly implemented in accordance with their approved CG application.

However, VIDE staff provided contradictory statements by noting that LEAs determine CG project activities and are responsible for monitoring and evaluating their LEA CG projects. In addition, VIDE could not document implementation of their oversight standard operating procedures, as it relates to LEA oversight and could not provide evidence that LEA project lead feedback is incorporated into VIDE's program management practices.

REQUIRED ACTION

Within 30 business days of receiving this report, to assure Federal funds are used solely for authorized purposes, VIDE must provide documentation that shows:

- VIDE staff adhere to existing SOPs and receive regular updates of LEA CG

project implementation; and

- VIDE provides regular technical assistance to LEAs and project leads.

RECOMMENDATION

In order to achieve effective oversight, VIDE should consider ensuring that feedback and technical assistance requests from LEAs and project leads are responded to in a timely manner. VIDE would benefit from more intentional planning when it comes to the managing of CG funds. Through a combination of improved long- and short-term strategic planning, VIDE can better plan CG projects, activities, and expenditures which may reduce the frequency of project amendment requests and allow for timely obligation and liquidation of CG funds.

B.

EVALUATION

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ISSUE

A comprehensive approach to CG project evaluation and monitoring should be proactive, multi-layered, allow for mid-course corrections, and confirm alignment with CG requirements. VIDE reported implementing mid-course CG project evaluations that review the fidelity of implementation, expenditures, and adherence to project performance measures. However, VIDE could not document implementation of a comprehensive project evaluation and monitoring plan and currently delegates all evaluation responsibilities to project leads.

Although monitoring tools were submitted to the Department, they are program specific (i.e., 21st Century Community Learning Centers) and there is no corresponding evidence that they have been implemented, as the monitoring tools do not align with the program specific (i.e., Career and Technical Education) monitoring report provided to the Department. This suggests VIDE is currently not in compliance with the requirement that grantees evaluate if CG projects and activities are meeting the purposes and objectives in the authorizing statues under which program funds are used and administered.

REQUIRED ACTION

Within 90 business days of receiving this report, VIDE must submit to the Department:

- A comprehensive plan for FYs 2021-2022 CG program evaluation and monitoring by the SEA (i.e., monthly, quarterly, and annual mechanisms to, formally and informally, evaluate CG projects). The plan should employ mechanisms to determine if project implementation is aligned with CG project and budget narratives and the CG project means for evaluating project outcomes chart.

F.

USE OF FUNDS

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REQUIREMENT SUMMARY

An Insular Area may only use CG funds for allowable costs, determined by the applicable program(s) as approved in the CG application and by the cost principles in the Uniform Guidance.

Uniform Guidance 2 C.F.R. 200.403

ISSUE

VIDE described how they ensure and monitor that CG funds are only used for activities, goods, or services that are allowable under applicable Federal programs using their financial management system in combination with on-site reviews. VIDE also submitted training materials illustrating some restrictions on expenditures under these Federal programs, as well as allocation tables showing the breakdown of budget allocation for services provided to students and teachers in public and non-public schools.

However, VIDE's procedures documentation did not include criteria by which the agency determines if expenditures are allowable – i.e., reasonable, necessary, and allocable to the program. Further, VIDE did not verify if training for LEAs and project leads covered such criteria.

REQUIRED ACTION

VIDE should develop and document procedures outlining the processes and controls utilized to ensure that funds are used only for allowable costs – i.e., those that are reasonable, necessary, and allocable to the program. Such procedures could help ensure consistent treatment of costs across CG programs and activities, allow for additional internal controls to be identified, and facilitate cost allowability training for new staff. Specifically, within 30 business days of receiving this report, VIDE must provide:

- Documented criteria for determining whether proposed expenditures are reasonable and necessary uses of CG funds; and
- Documented policies and procedures used to ensure CG expenditures are allocable to the program under which the funds are being used.

G.

PERIOD OF AVAILABILTY

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REQUIREMENT SUMMARY

An Insular Area and its subgrantees may only charge a grant program for allowable costs incurred during the period of availability and any pre-award costs that have been authorized by the Department. Unless the Department authorizes an extension, the Insular Area shall liquidate all obligations incurred under the award not later than 90 calendar days after the end date of the performance period. If the Insular Area fails to obligate all funds by the end of the award year, it can "carry over" the remaining funds for a period of one additional fiscal year. Carryover funds must be used in accordance with the applicable statutes, regulations, and applications in effect during the carryover year. Any funds not obligated by the end of the carryover period shall be returned by the Insular Area to the Federal government as an unobligated balance. The Insular Area and its subgrantees must demonstrate an understanding of obligation and the period of liquidation and have in place written procedures for liquidating CG funds.

EDGAR, 34 CFR 76.709 and 76.710

Uniform Guidance, 2 CFR 200.343(b)

ISSUE

VIDE provided documentation of their schedule for allocating and expending Federal funds, including internal deadlines to ensure federal obligation deadlines are met. These internal deadlines provide LEAs and project leads sufficient time to process funds before the liquidation period closes.

Although VIDE shared a plan for meeting federal obligation deadlines, VIDE regularly draws down CG funds late and frequently submits requests for CG project amendments, Tydings waivers, late liquidations, and large carryover balances.

REQUIRED ACTION

Within 90 business days of receiving this report, VIDE must provide:

- Written procedures for liquidating CG funds not later than 90 calendar days after the end date of the period of performance; and
- Evidence of training SEA and LEA staff as well as project leads on obligation and the period of liquidation requirements.

H.

FINANCIAL MANAGEMENT

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ISSUE

VIDE and the third-party fiduciary agent, BCA, utilize a specialized internal financial management system with unique identifying account numbers, MUNIS, for accounting and drawdown purposes. The system allows the FGO to review all expenditures made within their assigned projects to determine allowability, with the Federal Grants Director serving as a second reviewer to ensure accuracy. Budget modifications are reviewed by FGO staff and the Federal Grants Director, and BCA coordinates with the FGO and serves as the final modification reviewer. In this way, BCA ensures that the SEA avoids any discrepancies between MUNIS and the Federal financial management system, G5.

Although VIDE and BCA have procedures in place to properly expend and account for funds, because of missing documentation it is unclear if VIDE and BCA are tracing funds to a level of expenditures adequate to establish that funds have been used in accordance with applicable Federal statutes and regulations, and the terms and conditions of the CG award. For example, VIDE operates a cash-based accounting system for both U.S. Virgin Islands and Federal funds, but did not provide a description or SOP of the process. VIDE also involves several offices in financial management processes (Business, Budget, Procurement, Fixed Assets, Payroll, and Federal Grants), but did not clearly describe roles and responsibilities within VIDE. Further, the SOP submitted to document the expenditure approval process, "1.3 – Reviewing and Approving Requisitions," does not include evidence of authorship and/or approval by BCA. Collectively, these documents would offer evidence that VIDE is complying with financial management requirements.

! **REQUIRED ACTION**

Within 30 business days of receiving this report, VIDE must provide:

- A description or SOP of "cash-based accounting;"
- BCA's SOP for approving expenditures; and
- Documented functions of each office identified (Business, Budget, Procurement, Fixed Assets, Payroll and Federal Grants), illustrating the division of labor among offices.

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PROCUREMENT

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REQUIREMENT SUMMARY

An Insular Area shall ensure that it complies with applicable procurement requirements under the Uniform Guidance when procuring goods and services using Federal funds.[6]

Uniform Guidance, 2 CFR 200.317-200.326

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VIDE documented that relevant procurement procedures are in place for procuring goods and services using Federal funds. For example, a sample justification letter submitted by the St. Thomas/St. John District to the FGO demonstrated the requisition process for services. During the review, VIDE also described their competitive bidding process for determining the best available cost for vendors and contractors and how they compare shipping costs and monitor delivery status. Although VIDE described the various procedures and controls in place to ensure timely deliveries of any procurements and provided documentation of the SOP for managing open purchase orders, VIDE did not submit SOPs (which VIDE referred to during onsite discussions as ARM 4.0 and ARM 4.18) that pertain to procurement tracking and late delivery of goods and services. In addition, while VIDE submitted documentation outlining the process for cancelling orders if not fulfilled within 45 days, the documentation did not account for procurements which arrive after cancellation.

Furthermore, although VIDE clarified that legal counsel reviews agreements and/or contracts for legal sufficiency, it is unclear how their review safeguards against excessive spending and promotes compliance with procurement requirements.

REQUIRED ACTION

VIDE must closely follow all local procurement processes and those rules must be consistent with the standards in 2 CFR 200.318-200.326. Within 30 business days of receiving this report, VIDE must provide:
- A written description of what a legal sufficiency review includes, as conducted by VIDE's legal counsel; and
- ARM 4.0 and ARM 4.18 SOPs.

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[6] Relevant procurement procedures may vary depending on any specific conditions that may be imposed on an Insular Area's CG award. An Insular Area's procurements with CG funds are generally governed by State laws and procedures, in accordance with 2 CFR 200.317, unless required by specific conditions to follow the requirements of 2 CFR 200.318-200.326 (as is the case for VIDE). Each Insular Area should take necessary measures to ensure all relevant procurement procedures are followed.

RECOMMENDATION

VIDE should initiate the procurement process earlier to avoid procurement delays, which may have contributed to VIDE's frequent requests for CG project amendments, Tydings waivers, late liquidations, and large carryover balances.