

Lawmakers Press DOF on Late Audits, Vendor Payments, and Unreconciled Accounts

Senators took issue with outdated audits, unexplained fund balances, and chronic late payments as the Department of Finance defended its \$45.8M FY2026 budget and promised process reforms.

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Last week, the central government's core finance units were the first to present and defend their FY2026 budget requests before the Senate Committee on Budget, Appropriations and Finance. Representatives of the Department of Finance told lawmakers that the department is proposing to spend just over \$45.8 million, which includes a \$13.8 million appropriation from the general fund, a \$20 million V.I. Insurance Guaranty, and \$108,500 in indirect costs.

Lawmakers expressed growing concern about overdue audits, delayed vendor payments, and inconsistent financial reconciliations, all of which they argued are contributing to inefficiencies

across the government.

The budget breakdown was presented by Clarina Modeste-Elliott, DOF's assistant commissioner. From the general fund allocation, the department plans to spend \$3.5 million on personnel and \$1.5 million on fringe benefits for 50 vacancies, including 4 vacancies that are expected to be filled by the end of the month. Supplies are budgeted at just over \$300,000, while other services and charges are projected at \$7.9 million. "The miscellaneous budget request, an amount of \$6,459,020, was merged within this budget category, resulting in an evident increase," Ms. Modeste-Elliott explained. \$300,00 is earmarked for utilities, and another \$160,000 for capital outlay.

"We remain grounded in the belief that every dollar must be accounted for with integrity and fairness," noted Ms. Modeste-Elliott. DOF, she said, is placing "growing emphasis on accuracy, accountability and continuous improvement." That includes completing audits dating back to 2022. "We aim to be fully caught up with all outstanding audits by June 2026," she disclosed. Meanwhile, the department is "developing and implementing corrective action plans designed to directly address the deficiencies and findings" from pending audits, she said.

That portion of the testimony was a sticking point for Senator Kurt Vialet. "They're getting paid \$5 million a year and we behind four years in audits," he lamented, referring to auditor BDO USA. Senator Vialet questioned whether DOF is "late with the audits because the government agencies are not turning in the information," and received an affirmative response from Ms. Modeste-Elliott.

"Something gotta change," the lawmaker asserted.

Others, like Senator Marvin Blyden, were concerned about DOF's chronic challenges with making timely payments to vendors.

"We try to pay our vendors based on cash availability," Ms. Modeste-Elliott explained. "We have issues where, by the time the invoices get to Finance, it's already past due." She cast blame on the individual departments and agencies who receive the product or service. "I don't know what's the reason. Some struggle with their monthly allotment but it has nothing to do with Finance," she told Senator Novelle Francis.

Senator Marise James was perturbed by the status quo. "What are you doing to change that behavior within the agencies, and is there some meeting of the minds at the executive head levels?" she asked the DOF. A new mandate requires all chief finance officers to report to the Department of Finance, an attempt to "close the loop on that problem," as described by Sen. Francis. According to Maurice Wells, another DOF assistant commissioner, "what we are trying to do is streamline government processes."

Another point of contention during Tuesday's budget hearing was issues with reconciliation, particularly of the Tourism Advertising Revolving Fund (TARF). Reconciliation refers to the process of ensuring that financial records from different sources—such as bank statements and internal ledgers—match and accurately reflect all transactions. According to Brenda Carty, director of Treasury, "reconciliation is done on a monthly basis," but "has been delayed due to a lack of staffing." With new staff on hand, she told Senator Blyden that DOF is "slowly but surely getting caught up on reconciliation to the best of our abilities with the technology that we currently have."

When Violet inquired about the TARF fund balance, he learned that it contained “\$88,090,815,” a figure he considered “impossible.” “The fund only generates \$44 or \$45 million a year. How do you have \$80 million?” he asked. Mr. Violet argued that “if it has \$88 million, the fund has not been reconciled at all,” a contention confirmed by Ms. Modeste-Elliott. “If it's \$88 million, then we in a good place. But I know it's not, and that reflects that there's a serious need for reconciliation,” Violet underscored.

While committee members have been asked to “consider the budget that is before you,” Ms. Modeste-Elliott disclosed that the Department of Finance intends to submit a “supplemental budget” at a “later date.”