The Virgin Islands Consortium

Damning Audit Report Shows Casino Commission Paid Electrician $112,700 For 11 Days Of Work

Government / **Published On September 06, 2018 10:56 PM /**

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ST. CROIX -- A scathing audit report of the Virgin Islands Casino Control Commission (V.I.C.C.) conducted by the Office of the Inspector General (O.I.G.), revealed a flabbergasting array of what appeared to be questionable actions by Violet Ann Golden, chairperson of the commission, whom the audit casts as running the operations of the commission as if she were the sole authority, making major financial transactions with no secondary signatory.

The audit report, which was issued today, simply put, is damning. It charges that Ms. Golden processed over $1 million in electronic fund transfers without another employee or Casino Commission member reviewing or authorizing the payments. Ms. Golden also processed $2.6 million in check payments and maintained sole custody of financial records, the report says.

The commission also failed to fully provide supporting documents for its expenditures to justify expenses, and on many occasions it failed to provide requested financial statements, forcing the O.I.G. to obtain these documents from the companies where the expenses were incurred, according to the report.

[O.I.G. Audit: VI Casino Control Commission]

The report's executive summary says the following:

Internal Controls:

- There were no formal procedures for authorizing, processing, recording, reviewing, and reconciling financial transactions.
- Casino Commission members incurred $851,534 in credit card transactions and made $808,229 in payments to the credit card issuer without any formal review or approval process in place.
- The Chairperson processed $1,062,860 in electronic fund transfers without another employee or Casino Commission member reviewing or authorizing the payments.
- The Casino Commission allowed the Chairperson to process $2,660,163 in check payments, reconciled bank statements and maintained sole custody of financial records.
- The Casino Commission did not submit required financial reports timely to the Department of Finance and the Virgin Islands Legislature.

Operating Expenditures

- The Casino Commission expended $3,772,803 in operating costs; however, $1,315,635 was not supported with proper documentation.
- Questionable non-travel expenditures included: (i) $17,785 in education expenses; (ii) $13,046 in payments to financial institutions; (iii) $18,243 in payments to a grocery store vendor; (iv) $148,408 in leasehold improvements; (v) $67,819 in payments to a wireless communications company; (vi) $197,060 in payments for various goods and services; (vii) $44,071 in payments for a gaming conference; and, (viii) $138,413 in payroll advances.

Travel Expenditures

- The Casino Commission expended $680,172 in travel and travel-related expenses without having established formal travel policies and procedures.
- The Casino Commission ignored the Government-wide travel policy, while it did not implement a formal travel policy of its own.
- Supporting documentation for $488,674 in travel and travel-related expenses were not provided.
- Internal procedures were not implemented to ensure that travel expenses were properly controlled
- and accounted for.
- The Casino Commission incurred $556,851 or 82% of the travel and travel-related expenses using Casino Commission credit cards.

- These charges consisted of: (i) $190,508 in airline tickets, including non-employee and business/first class travel; (ii) hotel charges of $272,249; (iii) transportation charges of $28,120; and, (iv) meals and entertainment charges of $65,974.

Professional Services

- The Casino Commission did not follow the procurement laws of the Government in obtaining professional services.
- Payments were made to 14 individuals and businesses for which no contract or scope of work was provided.
- Six professional service contracts totalling $825,956 were awarded for which there was little evidence of competition.
- The terms of the contracts did not comply with the recommended language established by the Department of Property and Procurement.
- There was one instance where the funding source stipulated in the contract to pay a contractor for providing training to casino employees did not meet the requirements of the law.

In a glaring example of waste and the need for controls at the commission, the Casino Commission paid an electrician $112,700 for electrical services for 11 days of work. This sum only included labor costs, not material. The commission expended another $35,708 at a local electrical supply store for materials. Furthermore, there was no contract for the work, and the O.I.G. said it was not provided with justification and support for over half [illegible]lectrician.


Violet Ann Golden, Casino Control Commission Chairperson

In another stunning case, from August 2015 through May 2016, the Casino Commission decided to pay newly-hired employees $138,413 in advance salaries from the Casino Commission’s operating account. The employees’ Notices of Personnel Action (NOPA) were not finalized until 3-18 months after they were hired, according to the O.I.G. A NOPA is required before an employee could be paid from the government's ERP payment system. According to the O.I.G., the Casino Commission did not notify the Department of Finance (D.O.F.) of the advance payments, and when the employees’ NOPAs were signed and executed, D.O.F. issued retroactive payments to these employees from their effective date of hire.

As a result, employees were overpaid by $52,360 from the Casino Commission’s operating account, the O.I.G. said. Months later, the Casino Commission still had not made an effort to collect the overpayment from employees. As of February 10, 2017, none of the employees interviewed had repaid the advances, even though they had received their retroactive payment in May 2016.

Ms. Golden has responded to the O.I.G. report, diminishing it as a political hit job by Governor Kenneth Mapp, who she said used the Office of the Inspector General as a tool to "punish" political enemies.

Ms. Golden said she could not furnish all the requested documents because she is sick and has been on the mainland receiving care. She said the commission had commenced an internal audit when the Inspector General made known to the commission that the O.I.G. would also be conducting an audit. On July 27 at 10:00 a.m. an audit entrance conference was held, Ms. Golden said. She said the commission was faced with halting its audit and the implementation of said audit's recommendations, to allow the O.I.G.'s effort -- which she said was requested by the governor -- to move forward.

"We were conducting our own internal review so the commission did not have time to identify timely the documents needed by the auditors so it took us additional time to locate all the requested documents for their review," Ms. Golden said. "It also took time to locate documents which were never properly filed by previous administrations which was a finding in our own internal review. This entire ordeal disrupted the business of the commission for four long years but cooperation was of paramount concern to us."

She added, "I am therefore publicly objecting to the release and publication of the Inspector General’s Audit of the Virgin Islands Casino Control Commission on August 24th, 2018 without first being allowed to personally respond to its serious and egregious errors, findings and conclusions. As Chairman/CEO, I was denied an extension of time once for the exit interview with the IG team, and another for the extension of time to offer my comments to the final report, notwithstanding the fact that I have been on the mainland United States, disabled and recovering from major surgery.

"I also object to the IG’s insistence that two sitting commissioners who were not even employed by the commission during the audit period are being asked to respond to the audit, accept the findings, and offer their recommendations without having any prior knowledge or information about the findings in the audit. This is malpractice at its worst. This strong-arming by the IG is truly sad and this conduct I believe is contrary to the principles that established the IG’s office in the first place.

"I was always of the opinion that the IG existed to help make agencies better through its reviews, not “slash and burn” entities with findings that are erroneous, selectively analyzed, and unfounded. We cannot permit our public servants to weaponize government agencies to “punish” political enemies or prepare reports with interpretation bias that damage the reputation of certain public servants to achieve devious ends.

"I have served the people of the Virgin Islands for almost 30 years and on the eve of my retirement, an audit report that seeks to discredit my 10 years of hard work at the commission, and casts aspersions on the decisions I made is not the treatment one expects from its government."