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# FEMA Says Territory Owes Federal Government \$134 Million Resulting From Lack of Supporting Documentation for Funds Spent on Public Assistance, Other Programs

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**A destroyed home in St. John following Hurricane Irma in 2017. By. ERNICE GILBERT FOR VI CONSORTIUM**

The Federal Emergency Management Agency on Dec. 7 wrote to Governor Albert Bryan informing him that the V.I. government owed the federal government more than \$134 million resulting from recovery work performed in the USVI. The letter, obtained by the Consortium, says the \$134 million debt resulted from "an overall lack of supporting documentation for transactions conducted by each of the applicants, as well as limited cases of ineligibility."

The Dec. 7 letter from FEMA Regional Administrator Von Essen, was in response to a letter from the Bryan administration that sought to provide updates on changes the V.I. government had made relative to FEMA's directive in May that the G.V.I. implement an internal control plan (ICP) that, if found to be legitimate by FEMA, would lift the current manual drawdown of funds process that slows the release of monies appropriated to the USVI for disaster recovery work. In 2017, the U.S. Virgin Islands was devastated by Hurricanes Irma and Maria, leaving all three islands badly damaged. Subsequently, the federal government poured money into the territory for immediate and longterm recovery work, with total appropriation topping \$8 billion.

But most of the funds have yet to be released by FEMA, with a big hindrance being the local government's prior failure to implement the ICP, along with the funds FEMA is contending that the territory owes.

A chart in the letter, seen [here](#), shows the V.I. Water and Power Authority owing the most funds at \$96.8 million, followed by the Dept. of Public Works at \$25.1 million. The V.I. Dept. of Education owes \$9.3 million, according to FEMA. See chart below:

**Table 1: Amount owed for 4340-DR-VI Public Assistance - \$134,438,196.24**

Sub Recipient	Results of validation
Department of Public Works (DPW)	
DHS	
Waste Management Authority (WMA)	
Water and Power Authority (WAPA)	
VITEMA SMC	
University of VI	
HFA Step	
Virgin Islands Department of Education	
VI Port Authority	
<b>Totals</b>	

**Table 2: Amount owed for 4335-DR-VI Public Assistance - \$ 307,832.24**

Sub Recipient	Results of validation
Water and Power Authority (WAPA)	
Department of Public Works (DPW)	
Waste Management Authority (WMA)	
ASCS	
VITEMA	
Legislature	
<b>Totals</b>	

**Total Owed: \$134,746,028.48**

Mr. Essen, the FEMA regional administrator, had requested from the G.V.I. on Sept. 1 additional information relative to the establishment of the ICP, which was first requested in May. The request also demanded that the government provide its staffing plan and infrastructure to support the ICP, as well as milestones for hiring and execution of the plan.

FEMA also requested that the G.V.I. provide documentation to "remediate improper payment findings."

The local government on July 27 provided FEMA with initial documentation to satisfy the federal agency's requirements. However, in the Sept. 1 response from Mr. Essen, the federal agency identified a number of deficiencies in the government's July provision and asked that a followup response include the following:

- Sufficiently detail or clearly demonstrate the separate and shared roles and responsibilities and location for management and oversight of responsibilities between the Virgin Islands Territorial Emergency Management Agency and the Office of Disaster Recovery.
- Sufficiently detail all grants award administration responsibilities as outlined in [2 CFR Part 200](#)
- Sufficiently detail all disaster programs and how each is administered for the Public Assistance (PA), Hazard Mitigation Grant Program (HMGP) and Individual Assistance (IA) programs
- Sufficiently detail sub-monitoring activities to include frequency of corrective action plans, including A-133 sub-recipient monitoring
- Sufficiently detail separation of duties among staff assigned to manage these awards
- Sufficiently demonstrate or outline risk assessments conducted

The ICP plan should also "sufficiently demonstrate by a comprehensive administration and financial organizational chart the chain of authority for oversight of disaster awards (PA, HMGP), "and sufficiently detail job descriptions and oversight authorities to maintain internal control."

According to FEMA, the USVI responded to the federal government's requests on Sept. 12, and the federal agency found the ICP and ICP staffing plans to be acceptable.

However, the remediation of fiscal year 2018 improper payment findings failed. "Region II reviewed the documentation provided and the results reflect an overall lack of supporting documentation for transactions conducted by each of the [listed] applicants as well as limited cases of ineligibility," FEMA wrote.

FEMA planned a meeting within 30 days of the latest letter, which was sent on Dec. 7, "to discuss actions FEMA will take to monitor the effectiveness of the USVI's internal controls, expectations for future drawdown documentation requirements, and address any questions related to the notice of debt and appeal rights."

[In May](#), Governor Albert Bryan cast blame on his predecessor, former Governor Kenneth Mapp for problems facing the \$766 million federal Sheltering & Temporary Essential Power (STEP) Program, stating that Mr. Mapp left behind a "diabolical mess."

U.S. Senator John Kennedy had initiated a Congressional investigation whose goal was to learn why U.S. subcontractors owed hundreds of millions of dollars have yet to be paid in full after performing work in the territory almost two years ago. These companies, which uprooted their

workforce and brought them to the territory to help rebuild after Hurricanes Irma and Maria, paid upfront costs such as salaries, stipends, hotel stay, transportation and more, with the promise of payment from the Government of the Virgin Islands.

"We have been working on this diabolical mess created by the Mapp administration for the last year," Mr. Bryan said during one of his coronavirus response update press events in May. "So any help that we're getting, Kennedy or whoever wants to have an investigation, you know, let them have an investigation. One of the things that is causing this is because it was just not really handled well and now we're paying the price for that."

The man who currently leads the territory's STEP program is Virgin Islands Housing Finance Authority Director, Daryl Griffith. Mr. Griffith, however, is the same person who was at the helm during the Mapp administration. According to Mr. Griffith, as of May, the local government owed contractors \$366 million. An additional \$150 million in construction soft costs was being contested by FEMA as of May.