

# Frustration Brews in 35th Legislature Over U.S. DOE Grant Management

Government / **Published On May 12, 2023 06:12 AM /**

Staff Consortium **May 12, 2023**

Image not found or type unknown



Lawmakers who make up the 35th Legislature are challenging the performance and accountability of a third-party fiduciary agent, tasked with managing all U.S. Department of Education grant funds allocated to the territory.

The criticism emerged during a Senate Committee meeting on Budget, Appropriations, and Finance on Tuesday, where Jenifer O’Neal, director of the Office of Management and Budget, provided an update on the status of the compliance agreement between the USVI and the U.S. Department of Education.

In 1999, due to various non-compliance issues including procurement processes and financial management, the U.S. Department of Education labeled the V.I. Government a "high-risk

grantee". Consequently, in 2005, a third-party fiduciary agent was imposed to oversee financial management duties under federal regulations, due to perceived insufficient progress towards compliance.

In her statement, Ms. O'Neal explained that the current Third Party Fiduciary Agent (TPFA), McConnell & Jones LLP, took charge in December 2020. Their duty is to ensure that fiscal transactions comply with the Education Department's General Administrative Regulations (EDGAR). The process is overseen by the OMB's Federal Grants Specialized Processing Unit, which collaborates with the TPFA to manage funds and document expenditures.

Ms. O'Neal highlighted a plan designed to eliminate the 25 specific conditions outlined by the U.S. DOE monitoring report and transition the GVI away from the TPFA requirement. She assured that considerable progress has been made in addressing managerial deficiencies and improving documentation.

Notably, since McConnell & Jones assumed the role of TPFA, the scope of grants under management has grown from \$154 million in 2020 to \$328 million in the current contract. The OMB director also reported a reduction in the number of specific conditions requiring a response to the U.S. DOE from 25 to 9.

Despite these advances, Senator Samuel Carrion voiced concerns about staffing and training. Responding, Ms. O'Neal explained that steering committee meetings and ongoing staff training are being implemented to guide solutions.

Senate President Novelle Francis expressed deeper skepticism, questioning the transparency of the OMB's monitoring of the situation. "Houston, we have a problem," Mr. Novelle Francis expressed. "I continue to see that we're talking about unsatisfactory performances, non conforming terms and conditions and we continue to just point fingers in every direction possible, and we've been at this for some time."

Ms. O'Neal clarified that the OMB does not actively monitor the grants due to the TPFA's presence but is kept abreast of developments through monthly reports and regular meetings.

A back-and-forth ensued between Sen. Francis and Ms. O'Neal as the senator pressed for answers, asking, "Who's ensuring they're delivering the services we've paid for? It feels like we're just tossing money into the wind." In response, Ms. O'Neal emphasized her regular meetings with the agent, during which she receives monthly reports. Furthermore, she stated there are joint meetings with the agent and the U.S. Department of Education, confidently asserting, "I'm well-informed of their activities, and I hold them accountable for their tasks, refusing to accept any excuses that may arise."

Senator Donna Frett-Gregory expressed frustration over the recurrent discussions and costs associated with maintaining a third party, revealing that it costs the government up to \$3 million to secure the services of the third party. "We have to figure out ways to move these off the roll so we can afford to do things like support our hospitals," she asserted.

Despite these concerns, Ms. O'Neal assured the committee that efforts are ongoing to enhance compliance and eliminate the specific conditions necessitating TPFA oversight. She emphasized the importance of capacity building and retention, as well as the alignment of internal processes with central government policies.