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From Breast Reduction Funding to \$109K for Living Expensive of Legislator: Gross Waste of Public Funds in BVI Unveiled in Audit

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The office of Disgraced former BVI Premier, Andrew Fahie, was a central part of the unaccounted spending, according to the BVI Auditor General's report.

The Auditor General of the British Virgin Islands recently released a series of scathing "value for money" reports, borne out of the recommendations of a recently concluded Commission of Inquiry. The report on the territory's suite of Assistance Grants programs reveals reckless expenditure of public funds that raises serious questions about transparency, accountability, integrity, and misuse of power in the territory.

According to the report, from 2019 to 2022, the government awarded a total of almost \$23 million across three ministries and the House of Assembly. The Premier's Office, occupied by Andrew Fahie at the time, accounted for 47 percent of the total awards given, while the House of Assembly disbursed 39 percent. That percentage covers disbursements from all 13 parliamentary representatives, including the representative for the 1st District – Andrew Fahie – which then raises the portion of the \$23 million handed out directly by Mr. Fahie over the three years.

Despite the vast sums disbursed, there was alarmingly no specific legislation or financial instructions governing the distribution of these grants, the report found. This discrepancy was attributed to the prevailing belief that the funds did not represent a direct government expenditure, and thus the rules governing public finance did not apply. However, even given this belief, no guidelines or controls had been developed to ensure transparency and accountability in the distribution of these grants, resulted in elected officials having unrestrained power to distribute funds as they see fit.

The report also discovered that despite the intention of offering assistance to BVI residents facing particular hardship, none of the programs had clear, documented policy objectives or eligibility criteria, allowing for a wide variety of recipients from all socio-economic classes. This lack of controls even permitted applicants to receive assistance multiple times from different programs for the same purpose. For instance, there have been cases of single applicants receiving grants in excess of \$50,000 in one instance, and one applicant receiving over \$200,000 during the three-year period.

Furthermore, the lack of cross-ministry communication led to duplication of programs, where grants were given for the same purpose by different ministries or offices. This lack of coordination not only created unnecessary redundancy but also raised the specter of political bias in the decision-making process, as the representative or minister responsible for a specific program made the final decision to approve or disapprove the assistance, according to the audit.

The chaos was compounded by a disturbing lack of accountability and transparency in the disbursement of grants, the auditor general's report noted, with only the Ministry of Communications and Works operating in a financially accountable manner. In most cases, recipients were either not required or failed to provide evidence of need or use of funds, contributing to the opaque nature of the system. This lack of transparency also opened the door to abuse of the programs, with individuals in the political arena and senior public officers seemingly receiving preferential treatment in the awarding of grants.

One of the most worrying findings was the enormous increase in the Premier's Office Assistance Grants Program budget. In 2019 and 2020, the budgeted amounts were doubled in subsequent revisions. In total, over the audit period, the Premier's Office expended \$10.7 million without sufficient justification, according to the auditors. Instead, the Ministry of Finance indicated that the increases came as a result of the direct request of then-Premier Fahie, who was also the Minister of Finance. The manner in which these budgets were increased, with no transparency and no justification, constituted an abuse of process and pointed to a possible abuse of ministerial power.

Some of the money the Premier's Office gave out was to reportedly fund scholarships for needy and deserving students, despite the existence of a scholarship program administered by the Ministry of Education. More than \$2.6 million was offered to individuals reportedly pursuing higher education, yet almost \$790,000 was granted without any documented evidence of enrollment in educational institutions. Several scholarships were given without considerations for

eligibility, academic requirements, or restrictions on use of funds, in contradiction of the government's policy as documented in the Virgin Islands Scholarship Policy.

Further, some scholarship awards given by the Premier's Office were larger than those granted under the territory's official scholarship program. One individual received over \$35,000 in assistance for one semester, more than double the national scholarship program's cap of \$17,000. The audit also found that some people received scholarships from the official program as well as from the Premier's Office.

"In some instances, because of the multiple awards some applicants have received, some recipients were able to obtain more funding than required based on the documentation submitted. This we find represents an abuse of the program, whether intentional or unintentional, by applicants which resulted due to the lack of inter-departmental communication across programs," the audit report reads. The Premier's Office also wrote guarantee letters on at least two occasions, the auditors found, committing the Government of the British Virgin Islands to funding the education of people pursuing degrees. This highly unusual arrangement "potentially makes government liable for future payments to these institutions on behalf of these individuals," the auditors found. All these practices were abusive, the audit report says.

The Premier's Office was also making assistance awards in parallel with the official Covid-19 Small Business Grant program which was also being run out of the Premier's Office. As with the scholarships, the funds granted under the Premier's assistance grants program were larger than what was given to applicants under the formal Covid-19 program. "We find the award of these grants in this manner to be unfair as these applicants were seemingly given preferential treatment as Covid Business Grants were capped at less than eight thousand dollars (\$8,000) per business," the auditors said.

Three fishers who live in the former Premier's parliamentary district also received dual awards – from the Premier's Office and the official Covid-19 grants program for farmers and fishers. Altogether, they received \$49,000 from the official program, and over \$75,000 from the Premier's assistance program - another case of unfair double-dipping, said the auditors.

The largesse extended to a former legislator, who received sums amounting to \$109,500, supposedly for "monthly living expenses." This individual was already receiving significant government assistance through other programs, and the report highlighted this as a clear example of inequitable distribution of resources, especially since other former legislators were not receiving similar consideration.

The Premier's Office distributed 30 percent of the almost \$11 million it spent on assistance grants to residents of the First Electoral District, which Mr. Fahie previously represented, proving that funds from the program were not equitably distributed across the territory.

Public officers were also found to have requested and received over \$1 million from the program that either benefited them personally, or a family member. Some of these officers hold high-level positions within the Premier's Office and other departments, leading auditors to fret that the situation could have compromised the objectivity of the public officers, potentially creating conflicts of interest.

Other Members of Parliament were involved in the self-dealing, auditors found. The representative for District Four, who at the time was Mark Vanterpool, reportedly awarded assistance funds to his own business. Specifically, out of the over \$174,000 disbursed to K-Mark Food Market, over half of that money was authorized by Vanterpool, a principal of the company,

in his capacity as Parliamentary Representative.

The usage of the Assistance Grants program as a discretionary spending slush fund for elected politicians was highlighted by an occurrence in late 2020, when the grants budget under the House of Assembly was increased by an additional \$100,000 per representative. What followed was a spree of “monetary Christmas gifts” awarded to various individuals throughout the territory, ranging from a few hundred dollars (\$300) to several thousands (\$6,000), summing up to more than \$300,000 in total.

Furthermore, the investigation found a worrying lack of oversight and verification in the application process for the assistance grants, resulting in duplicate grants being awarded to the same applicant for the same purpose. One individual received a total of \$8,200 from six different representatives for the same funeral expenses, without indicating on their application form that they were requesting assistance from multiple representatives. The audit also discovered cases of medical assistance requests unsupported by evidence from attending physicians, the most glaring example being assistance provided for a breast reduction surgery without any medical diagnosis or referral.

Moreover, an assessment of 250 applications for assistance to the House of Assembly revealed that only 10 percent were adequately supported with necessary documentation, while the remaining 90 percent were awarded based on a letter or the HOA’s application stating the amount required. This alarming finding suggests that grants were often awarded based on the individual rather than the assessed merit of the application.

In conclusion, the auditor general likened the Assistance Grant Programme at the House of Assembly to an unorganized welfare program, with elected officials exercising unrestrained discretion with little to no oversight. The report calls out the now-discontinued programs for their absence of accountability, equity, and transparency, stating, "These programmes operated outside any financial rules for public expenditure on the fallacious belief that Elected Members exercised unconstrained authority over these funds."

The report further concludes that the operations of these programs did not serve to resolve any socio-economic deficiencies in BVI communities as they were largely utilized to satisfy individual wants and desires. The auditor general ends with a scathing indictment: "These programmes, as were operated, were an affront to good governance and an abuse of the Public purse."

Following the publication of the special report, BVI Governor John Rankin said that he would be forwarding the auditor general’s findings to the territory’s Attorney General, the Director of Public Prosecutions, and the Police, to determine whether the government should try to recover some of the misspent money, and to decide whether any crimes were committed in the orgy of wastefulness and seeming political patronage. Of the three agencies, none have thus far announced investigations of their own, or any other action pertaining to the shocking findings.