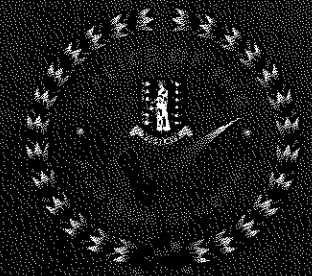


AUDIT REPORT



COVID-19 Stimulus Grants To Religious Institutions, Civic Groups, Private Schools & Daycares



Office of the Auditor General
Government of the Virgin Islands
Road Town, Tortola, Virgin Islands
23 June 2021

Special Report of the Auditor General

This report has been prepared under section 20 of the Audit Act 2003 which prescribes that:

- 20. (1)** The Auditor General may at any time prepare and submit a special report to the Governor if she is satisfied that there is a matter that should be brought to the attention of the Governor.
- (2)** The Governor shall, within three months of the receipt of the special report, cause the report to be laid before the Legislative Council.
- (3)** The Auditor General shall at the same time as submitting the special report to the Governor submit a copy of the special report to the Minister and the Financial Secretary.

Contents

Executive Summary	1
Objective and Scope	2
Programme Purpose	3
Budgeted Amount	3
Actual Expenditure to Date.....	3
Beneficiaries	3
Policy	3
Findings	4
Religious Institutions	4
Schools and Daycares	6
Committee’s Grant Assessments	7
Conclusion	7
Recommendations	8
Appendices	9

Schedule of Appendices

Appendix	Description	Page
1	Religious Institutions Summary	9-11
2	Civic Groups Summary	12
3	Educational Institutions and Daycares Summary	13-14

Executive Summary

- E-1. An audit examination was performed to assess the implementation and application of the Government's stimulus programme for religious organisations, civic groups, daycares and private schools that was launched as a part of the COVID-19 recovery initiative.
- E-2. The audit process was impeded by the Premier's Office failure to provide documents requested for this review. This is a direct contravention of Audit Act 19 (2)(d) and is contrary to public sector good governance policies of transparency and accountability.
- E-3. The grant awards recommended by the working committee were adjusted in the Premier's Office without any effort to maintain the apportionment within the available budget.
- E-4. The grant award for religious institutions increased by 662% over the recommended amounts. No criteria was made available for this increase. Eighty percent of the religious institutions did not apply for assistance but were nonetheless approved to receive public grants totaling \$1,060,000.00.
- E-5. The grant awards for private schools and daycares were amended in an apparent ad-hoc manner and without stated criteria.
- E-6. The issuing of unsolicited and extravagant public grants to religious institutions presents a threat to the political independence of these entities.

Objective and Scope

1. The audit covers the activity related to Religious Organisations, Schools, and Civic Groups Grant initiative undertaken by the Government in response to the negative economic impact resulting from COVID-19 shutdowns.

Objective

2. The purpose of the audit is to provide independent information and advice on:
- Whether approved procedures were followed in the adoption and execution of this stimulus programme;
 - Whether the objectives of the programme were achieved;
 - Whether the funds were applied with due regard to the principles of value for money.

Scope

3. The examination included a review of promulgated public policy with respect to the programme, documents and files obtained from the Ministry of Finance, Cabinet Office, Ministry of Health and Social Development and verification of payment activity through the Treasury System. Interviews were also performed with members of the assessment team.

4. The expenditure and payments quoted in this report are as at 20 May 2021.

Restriction of Scope

5. The Auditor General's Office was unable to obtain the relevant files and information from the Premier's Office pertaining to the COVID-19 stimulus grants which were repeatedly requested by e-mail and telephone. This includes access to databases, documents, reports and other information relevant to policy development and implementation of the programmes.

6. The refusal to present this information is in direct contravention of the VI Constitution and the Audit Act which provide for this office to have access to government documents and records. No public officer expending public funds has the authority to deny information requested for audit purposes.

Documents Referenced in Report

Registered Schools Database	Register of educational institutions maintained by the Ministry of Education, Culture, Youth Affairs, Agriculture and Fisheries
------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------

Religious Institution Database	Register of religious institutions maintained by the Ministry of Health and Social Development
---------------------------------------	-------------------------------------------------------------------------------------------------------

Cabinet List	List of Registered Educational and Religious Institutions approved to Cabinet on 30th September, 2020
---------------------	--------------------------------------------------------------------------------------------------------------

Policy Document	As reviewed by Cabinet on 30th September, 2020
------------------------	-------------------------------------------------------

Programme Purpose

7. In an attempt to mitigate the spread of the novel coronavirus; (COVID-19) the Government implemented measures to slow the movement of people and reduce the density of mass gatherings. Schools, religious organisations and civic groups were required to close their doors until appropriate measures were put in place to carry on with the new norm.

8. To cushion the impact of the closures, the Government announced in May 2020 that it would be allotting funds to assist daycares, pre-schools, private schools and religious organizations with the costs relating to reopening and compliance with health protocols.

9. At the end of July, organisations interested in receiving assistance were asked to complete an online application survey to allow for an evaluation of their individual needs, and that of the sector as a whole.

Budgeted Amount

10. The initial proposed amount for this Grant Programme was \$1,000,000. This was increased via Cabinet by an additional \$1,392,818 bringing the total to \$2,392,818.

Actual Expenditure to Date

11. Actual expenditure at 20 May 2021 was \$2,501,818.

Payments as at 20 May 2021		
	# Payments	Amount
Churches	94	1,554,000.00
Civic Groups	11	55,000.00
		<u>1,609,000.00</u>
*Schools & Daycares	31	892,818.00
		<u>2,501,818.00</u>

*In this report "schools" refer to private educational institutions below tertiary level.

Beneficiaries

12. The grant was open to registered private educational and religious institutions in operation before 1 January, 2020.

Policy

13. Cabinet decision dated on 8 July 2020 required that a Committee be established with responsibility for structuring and administering the grant programme. The policy document prepared by the committee stated that the intention of the programme was to support the continued operations of the institutions and assist them with compliance with the COVID-19 health and safety protocols for re-opening.

14. The document also indicated that all institutions that had re-opened after the COVID-19 shutdowns would qualify for some level of grant award.

Findings

15. *The recommended grant awards were adjusted without any effort to maintain the apportionment within the available budget.*

16. Institutions were asked to complete an application questionnaire with information on the institution's structure, operating expenditure and revenue and the cost incurred in implementing COVID-19 safety protocols. They were also required to provide evidence of compliance with statutory fees.

17. Based on the evaluations, the committee determined that the approved funds (\$1,000,000.00) would be apportioned with religious organizations and civic groups receiving 21% and educational institutions 79% and allotted the funds among the institutions accordingly.

Programme Summary			
	Committee Recommended	Adjusted	Paid
Religious Institutions	185,772.67	1,415,000.00	1,554,000.00
Civic Groups	25,472.98	0.00	55,000.00
	211,245.65	1,415,000.00	1,609,000.00
Schools & Daycares	788,754.33	907,818.00	892,818.00
	999,999.98	2,322,818.00	2,501,818.00

Religious Institutions

18. *The grant award for religious institutions increased by 662% over the recommended amounts. No criteria was made available for this increase. Eighty percent of the religious institutions did not apply for assistance. These were nonetheless approved to receive grants totaling \$1,060,000.00.*

19. Twenty percent (19 of the 94) of churches and religious institutions submitted the application questionnaire for stimulus funds. Analysis of the responses indicated that all institutions had suffered severe decline in revenue for the month of April, it also showed that collections had recommenced in May and most (about 62%) had returned to normal or almost normal revenue levels by June.

20. Most churches reported that their total collections for the two-month period May/June exceed their revenues collected in January/February period that was unaffected by the COVID-19 shutdowns. Approximately 84% (16 of 19) churches indicated membership below 200. Income for this group in the pre-COVID period varied from \$753.00 to \$16,840 for the two months, January and February combined. In the post-COVID period (May/June) this ranged from \$863.00-\$45,882.00.

21. The committee's assessment for grant award focused on the institutions' COVID related reopening costs. The respondents were required to provide estimates of funds that had already been spent on preparation and estimated amounts that would be required to complete preparation to ensure compliance with health protocols. The application questionnaire did not however require that cost details be provided.

22. The result was cost estimates by institutions that varied from \$0.00 to \$123,000 without any explanation as to what the preparations entailed. For those investing in preparations the cost per member varied from \$1.60 per member for a church with 125 members to \$2,506.25 per member for a church with 8 members.

Committee's Recommendations

23. Grant awards totaling \$211,245.65 were recommended by the committee for religious organisations and civic groups.
24. The 19 religious institutions that submitted application questionnaires were assessed based on statutory compliance (40%) and cost per member (60%). They were then recommended to receive grants in amounts varying from \$1,543.82 to \$8,233.69 for a total of \$74,617.83.
25. The 60 religious institutions that did not apply for stimulus aid were recommended for grants of \$1,287.51 if their non-profit registration fee was unpaid and \$2,058.82 if the fee was paid, for a total of \$111,154.84.
26. The committee also recommended grant awards totaling \$25,472.98 for 15 civic groups in amounts ranging from \$1,286.51 to \$2,058.42.

Ministry's Adjustments

27. The grant amounts for churches and civic groups were increased seven-fold by the Premier's Office from \$211,245.65 to \$1,415,000.00 and forwarded to Cabinet for approval. The 15 categorised as "civic groups" were not included on the list sent for Cabinet approval.

Religious Institutions and Civic Groups Summary			
	Committee Recommended	*Adjusted by Premier's Office	Payment at 20 May 2021
Applicants	74,617.83	355,000.00	585,000.00
Non Applicants	111,154.84	1,060,000.00	969,000.00
	185,772.67	1,415,000.00	1,554,000.00
Civic Groups	25,472.98	-	55,000.00
	211,245.65	1,415,000.00	1,609,000.00

*Adjusted by the Premier's Office and approved by Cabinet.

28. At 20 May 2021, a total of 105 payments had been made in grant awards to religious institutions and civic groups. These were in amounts of \$20,000; \$15,000; \$10,000 and \$7,000 for a total of \$1,609,000. One large institution was divided into its individual parishes to allow for payment of thirteen grant awards of \$20,000 each (with each parish church receiving its own grant). Similar instances were observed with other institutions. A summary of the amounts awarded is below.

Religious and Civic - Grants Paid		
# of Grants	Amount	Total
7	7,000.00	49,000.00
14	10,000.00	140,000.00
19	15,000.00	285,000.00
54	20,000.00	1,080,000.00
11	5,000.00	55,000.00
105		1,609,000.00

29. Review of the actual payments through the Treasury system showed that in a number of cases the amounts approved by Cabinet were different to the amounts sent for payment. Grants for 19 institutions

were reduced and the awards for 4 were increased. In addition, at 20 May 2020, no payments were made to 4 of the institutions on the list approved by Cabinet. There were however payments to 2 entities not in the public register.

30. Payments of \$5,000.00 each were made to eleven civic groups, although these were not sent for Cabinet consideration and approval.

31. The declaration prepared for the institutions to sign on receiving the funds indicated that the grant award was intended to assist with operation costs, including rent and utilities in addition to addressing COVID-19 health protocols compliance in reopening.

Schools and Daycares

32. *The grant award for Schools and daycares increased by 15% over the recommended amounts in changes that appear ad-hoc and without stated criteria.*

33. The response from educational institutions to the stimulus grant programme was more robust. As the threat and potential impact of the virus was being assessed daycares and primary schools were among the first institutions to be placed under restrictions (lockdown) which, for this group, commenced on 19 March 2020.

Committee's Recommendations

34. Thirty of the 32 schools in the Ministry's database completed the application survey to be considered for stimulus funding. The committee focused on providing grant assistance for compliance with COVID-19 safety protocols. Through an assessment similar to that performed for churches, grant awards were recommended for all 32 schools. The institutions were assessed based on institutional structure (10%); statutory compliance (30%) and cost per member (60%). The recommended total was \$788,754.35 in amounts varying from \$8,807.66 to \$34,855.86.

Ministry's Adjustments

35. Adjustments made in the Premier's Office increased the total grant amount for educational institutions and daycares to \$907,818. Appendix 3 refers.

36. The grant allotment for eleven centers were increased. Seven had an additional \$20,000 added to the recommended amount, three others were rounded upwards to \$34,500 each and one was rounded upwards to \$20,000.

37. In addition, the four centers had their recommended grant allotment reduced.

38. The adjustments appear to have been an effort to correct some of the recommended awards that appeared anomalous (as discussed in the next section). This was however done in a manner that increased the overall grant spending rather than reapportioning the existing approved amounts.

Educational Institutions and Daycares Summary			
	Recommended	Adjusted	Paid
Applicants	770,764.21	849,828.00	834,828.00
Non Applicants	17,990.12	57,990.00	57,990.00
	788,754.33	907,818.00	892,818.00

Committee's Grant Assessments

39. Review of the recommended grant amounts submitted by the committee showed anomalies where some smaller institutions were recommended for more generous grant awards than their larger counterparts. In one such example a daycare with an enrollment of 10 was recommended for \$34,855.86 whereas a multiple purpose institution – day care, primary and pre-primary – with an enrollment of 138 students was recommended for \$9,557.25.

40. Similarly, a church with 8 members was recommended for \$6,175.27 and another with 1,247 members was recommended for \$3,602.24 to assist with COVID compliance costs. All of the above were affected by loss of revenue during the precautionary period.

41. The anomaly in the grant awards appeared to be caused by two factors. The absence of a weighing element to factor in the size of the institutions ie number of members; and the committee's acceptance of the cost per member submitted by the entities (some of which could have been followed up and adjusted within reason) which accounted for 60% of the weighing.

42. In light of the above, the recommended grant awards should have been reverted to the committee to allow for adjustment and proper allotment within the approved funding.

Conclusion

43. The Committee established to develop the policy and procedures for administration of the programme produced recommendations for grant awards within the approved budget. The awards were changed in the Premier's Office without regard to the available budget resulting in a need for substantial additional funding.

44. Private educational institutions and daycares suffered immediate decline in activity as the territory hastened to mitigate and address its COVID-19 threats, this was compounded by public health COVID-19 precautionary protocols requiring new spending for reopening and operations. The funding provided served to alleviate some of the costs associated with the COVID-19 fallout.

45. No clear objectives were provided with respect to the grants awarded to "civic groups". These payments were not approved by Cabinet and appear gratuitous as they do not address any urgent public health requirements.

46. Religious institutions were affected by the restrictions, but with fewer overheads, appeared more resilient in the reported operational activity. The amounts allotted to religious institutions appear outside of reason, especially as many of the entities did not request funding and the awards were done without information to perform an assessment of needs (if any). Religious institutions perform important social and cultural roles which the government should support in appropriate ways. The application of public funds in the manner seen in this programme, with extravagant and unsupported increases in the COVID-19 stimulus grant awards, create the impression of an inappropriate turn to influence these institutions political independence.

Recommendations

1. The practice of issuing public funds to entities that have not applied, or indicated a need for assistance should cease. There should always be an assessment and needs justification in issuing public grants.
2. Government programmes should be undertaken by the oversight ministry. This allows for better long term monitoring and better outcomes.
3. Budgets are intended to guide public spending. Every effort should be made to ensure that these are observed in the planning and application of public funds. Where additional funding is required for a programme this should be adequately supported and the amounts justified within reason.
4. In no instance should public spending compromise or appear to undermine the political independence or impartiality of non-government institutions.

Sonia M Webster
Auditor General
Government of the Virgin Islands

Religious Institutions Summary

Name	Committee Submitted	Approved by Cabinet	PAID At 20 May 21
Applicants			
[REDACTED]	6,175.27	20,000.00	20,000.00
[REDACTED]	6,175.27	20,000.00	20,000.00
[REDACTED]	3,602.24	20,000.00	20,000.00
[REDACTED]	3,602.24	20,000.00	15,000.00
[REDACTED]	3,602.24	20,000.00	20,000.00
[REDACTED]	1,543.82	20,000.00	20,000.00
[REDACTED]	3,602.24	20,000.00	20,000.00
[REDACTED]	6,175.27	15,000.00	15,000.00
[REDACTED]	1,543.82	15,000.00	15,000.00
[REDACTED]	4,631.45	20,000.00	20,000.00
[REDACTED]	3,602.24	20,000.00	20,000.00
[REDACTED]	3,602.24	15,000.00	15,000.00
[REDACTED]	8,233.69	20,000.00	20,000.00
[REDACTED]	3,087.63	20,000.00	20,000.00
[REDACTED]	5,146.06	15,000.00	15,000.00
[REDACTED]	1,543.82	15,000.00	10,000.00
[REDACTED]	1,543.82	20,000.00	20,000.00
[REDACTED]	3,602.24	20,000.00	20,000.00
[REDACTED] *	3,602.24	20,000.00	260,000.00
	74,617.83	355,000.00	585,000.00
*13 payments of \$20,000.00 to [REDACTED]			
Non-Applicants			
[REDACTED]	2,058.42	15,000.00	15,000.00
[REDACTED]	1,286.51	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	-
[REDACTED]	2,058.42	20,000.00	-
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	1,286.51	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	1,286.51	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	10,000.00

Religious Institutions Summary

Name	Committee Submitted	Approved by Cabinet	PAID At 20 May 21
[REDACTED]	2,058.42	15,000.00	15,000.00
[REDACTED]	2,058.42	15,000.00	10,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	15,000.00	10,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	1,286.51	15,000.00	7,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	1,286.51	20,000.00	15,000.00
[REDACTED]	1,286.51	15,000.00	10,000.00
[REDACTED]	1,286.51	15,000.00	15,000.00
[REDACTED]	2,058.42	15,000.00	10,000.00
[REDACTED]	2,058.42	15,000.00	7,000.00
[REDACTED]			
[REDACTED]	1,286.51	15,000.00	15,000.00
[REDACTED]	2,058.42	15,000.00	20,000.00
[REDACTED]	1,286.51	15,000.00	7,000.00
[REDACTED]	1,286.51	20,000.00	15,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	15,000.00	7,000.00
[REDACTED]	2,058.42	15,000.00	10,000.00
[REDACTED]	2,058.42	15,000.00	-
[REDACTED]	2,058.42	15,000.00	7,000.00
[REDACTED]	2,058.42	15,000.00	20,000.00
[REDACTED]	2,058.42	15,000.00	15,000.00
[REDACTED]	2,058.42	20,000.00	10,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	15,000.00	15,000.00
[REDACTED]	2,058.42	15,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00

Religious Institutions Summary

Name	Committee Submitted	Approved by Cabinet	PAID At 20 May 21
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	20,000.00
[REDACTED]	2,058.42	15,000.00	7,000.00
[REDACTED]	1,286.51	20,000.00	20,000.00
[REDACTED]	1,286.51	15,000.00	15,000.00
[REDACTED]	1,286.51	15,000.00	10,000.00
[REDACTED]	2,058.42	15,000.00	20,000.00
[REDACTED]	2,058.42	15,000.00	15,000.00
[REDACTED]	1,286.51	15,000.00	15,000.00
[REDACTED]	1,286.51	20,000.00	-
[REDACTED]	2,058.42	15,000.00	10,000.00
[REDACTED]	2,058.42	15,000.00	15,000.00
[REDACTED]	1,286.51	20,000.00	20,000.00
[REDACTED]	2,058.42	20,000.00	10,000.00
[REDACTED]	-	-	15,000.00
[REDACTED]	-	-	7,000.00
[REDACTED]	-	-	10,000.00
[REDACTED]	-	-	10,000.00
[REDACTED]	-	-	10,000.00
[REDACTED]	-	-	15,000.00
[REDACTED]	-	-	20,000.00
Non-Applicants Total	111,154.84	1,060,000.00	969,000.00
Grand Total	185,772.67	1,415,000.00	1,554,000.00

Appendix 2

Civic Groups Summary			
Name	Submitted by Committee	Approved by Cabinet	Paid
[REDACTED]	2,058.42	-	5,000.00
[REDACTED]	1,286.51	-	5,000.00
[REDACTED]	1,286.51	-	
[REDACTED]	1,286.51	-	
[REDACTED]	2,058.42	-	5,000.00
[REDACTED]	1,286.51	-	5,000.00
[REDACTED]	1,286.51	-	5,000.00
[REDACTED]	1,286.51	-	5,000.00
[REDACTED]	2,058.42	-	5,000.00
[REDACTED]	2,058.42	-	5,000.00
[REDACTED]	1,286.51	-	
[REDACTED]	2,058.42	-	5,000.00
[REDACTED]	2,058.42	-	
[REDACTED]	2,058.42	-	5,000.00
[REDACTED]	2,058.42	-	5,000.00
	25,472.98	-	55,000.00

Educational Institutions and Daycares Summary

Name	Recommended	Awarded	PAID
[REDACTED]	34,855.86	34,856.00	34,856.00
[REDACTED]	17,615.33	37,615.00	37,615.00
[REDACTED]	34,855.86	34,856.00	34,856.00
[REDACTED]	34,855.86	34,856.00	34,856.00
[REDACTED]	9,182.46	29,182.00	29,182.00
[REDACTED]	34,481.06	20,000.00	20,000.00
[REDACTED]	32,419.70	32,420.00	32,420.00
[REDACTED]	9,557.25	29,557.00	29,557.00
[REDACTED]	22,862.44	22,862.00	22,862.00
[REDACTED]	26,422.99	26,423.00	26,423.00
[REDACTED]	20,051.49	20,051.00	20,051.00
[REDACTED]	17,615.33	37,615.00	37,615.00
[REDACTED]	26,048.20	15,000.00	0.00
[REDACTED]	23,612.03	23,612.00	23,612.00
[REDACTED]	9,182.46	29,182.00	29,182.00
[REDACTED]	17,240.53	20,000.00	20,000.00
[REDACTED]	28,484.36	15,000.00	15,000.00
[REDACTED]	28,859.15	20,000.00	20,000.00
[REDACTED]	20,426.28	34,500.00	34,500.00
[REDACTED]	29,608.74	29,609.00	29,609.00
[REDACTED]	23,612.03	34,500.00	34,500.00
[REDACTED]	8,807.66	28,808.00	28,808.00
[REDACTED]	15,179.16	35,179.00	35,179.00
[REDACTED]	34,481.06	34,481.00	34,481.00
[REDACTED]	34,481.06	34,481.00	34,481.00
[REDACTED]	20,426.28	34,500.00	34,500.00
[REDACTED]	26,422.99	26,423.00	26,423.00
[REDACTED]	34,855.86	20,000.00	20,000.00
[REDACTED]	25,673.40	25,673.00	25,673.00

Appendix 3

Educational Institutions and Daycares Summary

Name	Recommended	Awarded	PAID
[REDACTED]	34,481.06	34,481.00	34,481.00
[REDACTED]	23,237.24	23,237.00	23,237.00
[REDACTED]	28,859.15	28,859.00	28,859.00
	788,754.33	907,818.00	892,818.00