



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic And Atmospheric Administration
Office of Acquisition and Grants

August 31, 2011

Commissioner Angel Dawson
U. S. Virgin Islands Public Finance Authority (PFA)
32 & 33 Kongens Gade
St. Thomas, USVI 00802

Re: Broadband Technology Opportunities Program (BTOP) viNGN Comprehensive
Community Infrastructure (CCI) Program, Grant Award # NT10BIX5570096

Dear Commissioner Dawson:

Thank you, Mr. Francis and the PFA team for your time and effort in preparing for our June 22–24, 2011, site visit. During the visit, the site visit team identified programmatic, financial and grants management deficiencies. Addressing these issues quickly and comprehensively is essential to ensuring that the grant-funded projects are compliant with award terms and conditions, are completed on time, and are able to deliver the benefits described in the final award agreement.

Upon acceptance of a grant from the Department of Commerce, your organization agreed to comply with requirements specified in the terms and conditions of the award. The National Oceanic and Atmospheric Administration (NOAA) Grants Office received notice from the NTIA Program Office that you have not complied with these terms and conditions, as noted below. Consequently, NTIA has recommended that NOAA suspend your CCI award if PFA has not fulfilled the requirements of the corrective action plan (CAP) detailed below. We require your response by October 03, 2011, in order for the Program Office to review the response and to request and receive any clarifications as needed. NTIA has also recommended that NOAA simultaneously issue a unilateral stop work amendment instructing your organization to stop all project work with the exception of the work needed to implement the remedial action set forth in the CAP during the notice period (that is, through October 14, 2011, as necessary).

REASON FOR SUSPENSION: OIG has recommended that NTIA and the NOAA Grants Office consider available enforcement actions until PFA's "financial and procurement systems, policies, and procedures meet the provisions of Title 15, part 24, of the Code of Federal Regulations and are functioning as intended." OIG's recommendation is consistent with issues identified during the site visit, including (a) PFA's inability to maintain a cohesive organizational structure; (b) inadequate internal financial controls; (c) ineffective oversight plan for subrecipients and vendors; and (d) lack of adherence to an implementation schedule that will ensure timely deployment of the project.

RESULT: As a result, NOAA will issue a unilateral stop work amendment instructing your organization to stop all project work with the exception of the work needed to implement the remedial action set forth in the CAP during the notice period. Furthermore, NOAA will suspend your BTOP CCI award, if PFA does not satisfy all CAP requirements. Your complete response must be received by October 03, 2011. A suspension means that any requests for funds through ASAP will be rejected and all work on the projects must stop. Under an award suspension, NOAA will not process any pending or future requests for advance payment or reimbursement for payment. In the case of delinquent financial or progress reports, a debt will be established representing the amount drawn down during the period covered by the report. Consideration of the suspension may be used in future funding decisions for your organization.

REQUIRED CORRECTIVE ACTION: The CAP items below apply to your CCI NTIA grant award (some items may also apply to other NTIA awards). Please respond immediately to your NTIA Program Officer and/or NOAA Grants Specialist. The specific CAP items are as follows:

Program Management:

1. Organizational Structure: Provide a more detailed organizational chart outlining roles and responsibilities of all current and projected viNGN and PFA staff associated with the awards, including 3P support, and with which organization they are employed and whether or not the role is or will be funded by Federal funds for each grant award. The response should specify viNGN's role and PFA's oversight. Documentation that should be provided as part of this response includes copies of both viNGN and PFA's articles of incorporation, by-laws, and the PFA's services contract with 3P Consulting.

Financial Management:

2. Fiscal Controls:
 - a. Provide a list of staff in the PFA authorized to make draw-down requests through ASAP.
 - b. Document and implement policies and procedures that address timesheet approval for Program Director time, when and if funded by Federal funds or supplied as match.
3. Match
 - a. Match Eligibility: Please provide a list of the specific permits and approvals that were secured by WAPA to ensure that the deployment of the marine fiber stood in full compliance with all environmental laws and regulations. The associated \$4,000,000 in-kind match is not eligible until a review by the EA team concludes that WAPA undertook the appropriate steps, or if lacking, that viNGN takes the appropriate steps to address all NEPA requirements.
 - b. Valuation: Ensure that all match valuation documentation is in the Grants File.
4. Program Income: Provide NTIA with a plan as to how program income received will be incorporated into the project (e.g., as match, additive, etc.).

5. Budget Amendment:
 - a. Submit an Award Action Request (AAR) that reprograms the budget to include the excavation equipment already procured.
 - b. Submit an AAR specifying that viNGN is a subrecipient of PFA.

Grants Management

6. Audits: File the overdue annual A-133 Audit report.
7. Subrecipient Monitoring: The PFA must develop a subrecipient monitoring plan to monitor the activities of its subrecipients, including viNGN.
8. Property Management: Develop, document, and implement Asset/Property Management Policy and Procedures.
9. Procurement Policy: Provide a copy of meeting notes demonstrating when the PFA board adopted its Procurement Policy addendum to the USVI Territory Procurement Policy.
10. Contracts: Agreement between viNGN and the Atlantic Engineering Group (AEG) should be revised to include a task order for each project to facilitate the submission of invoices.
11. Third Party Relationship Management: Provide an overview of the PFA's processes, procedures, and systems used to manage third-party contributor and contractor relations.
12. Recordkeeping: Provide an overview of how the PFA complies with the requirement to document and record the Federal interest in property acquired or improved with Federal funds.
13. Reporting: Provide a process flow, including name of party responsible for each step, for PFA quarterly Performance Progress Report (PPR), FFR, and American Recovery and Reinvestment Act reporting.
14. Sole Source Justification: Resubmit sole source justification for excavation equipment outlining how procurement followed USVI and PFA's procurement policies.

Please provide additional information to address these CAP items no later than October 03, 2011, and work with Aimee Meacham, Director of BTOP compliance, if you have any questions or require any additional clarification. Failure to respond to this CAP in a timely or comprehensive manner may result in the suspension of your grant award. Thank you for your cooperation and assistance.

Sincerely,



Arlene Simpson Porter, Director
NOAA Grants Management Division

cc: Hon. John P. de Jongh, Governor USVI
Julito Francis, viNGN
Anthony Wilhelm, NTIA
Laura Dodson, NTIA
Doug Kinkoph, NTIA
Scott Woods, NTIA
Sandeep Taxali, NTIA
Aimee Meacham, NTIA
Kathleen McKevitt, DOC OIG
Chris Rose, DOC OIG
William Ball, NOAA