



**Virgin Islands Next Generation  
Network**  
**(A Blended Component Unit of the  
Virgin Islands Public Finance Authority)**

*Government Auditing Standards* Report on  
Internal Control Over Financial Reporting  
and on Compliance and Other Matters  
Year Ended September 30, 2022

**Virgin Islands Next Generation Network**  
(A Blended Component Unit of the Virgin Islands Public Finance Authority)

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## Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Governing Board  
Virgin Islands Next Generation Network

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of viNGN INC. d/b/a Virgin Islands Next Generation Network (the “Company”) a blended component unit of the Virgin Islands Public Finance Authority, which comprise the statement of net position as of September 30, 2022 and the related statements of revenues, expenses and changes in net position and cash flows for the year then ended and the related notes to the financial statements, and the related notes to the financial statements, and have issued our report thereon dated August 23, 2024. Our report contains an emphasis of matter paragraph referring to the Company’s adoption, in 2022, of Governmental Accounting Standards Board (GASB) Statement No. 87, Leases.

### Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Company’s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material* weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Company’s financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency identified below and described in greater detail in Appendix A to be a material weakness.

Finding #	Nature of finding
2022-001	Journal Entry Approval Process

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A *significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency identified below and described in greater detail in Appendix B to be a significant deficiency.

Finding #	Nature of Finding
2022-002	Year-End Close Process

### Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Company's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### The Company's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on the Company's response to the findings identified in our audit and described in the Appendix A and B. The Company's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

**BDO USA P.C.**

August 23, 2024

## Virgin Islands Next Generation Network (A Blended Component Unit of the Virgin Islands Public Finance Authority)

### Appendix A - Material Weakness in Internal Control Over Financial Reporting

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#### Finding 2021-001: Journal Entry Approval Process

**Criteria:**

Accounting tasks, such as preparation of journal entry checklists play a key role in proving the accuracy of accounting data and information included in various interim financial statements and or reports.

**Condition:**

Upon reviewing the Company's journal entries, we identified instances where journal entries were prepared without obtaining approval from an authorized individual. Additionally, there were cases where the same individual both prepared and posted the journal entries.

**Cause:**

Internal controls not being performed at the appropriate level of precision to prevent, or detect and correct, financial statement misstatements.

**Effect or potential effect:**

Errors or fraudulent entries being recorded in the financial records.

**Recommendation:**

In accordance with internal control best practices and the Company's policies, journal entries should be approved by an authorized individual who is independent of the preparer. This process should ensure that entries are reviewed and approved by an independent, authorized individual to maintain the integrity and accuracy of financial reporting.



**Virgin Islands Next Generation Network**  
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**Appendix A - Material Weakness in Internal Control Over Financial Reporting**

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*Views of Responsible Officials:*

The Company concurs with the auditor's findings and recommendations.

*Action Plan:*

Plans to enhance internal controls and improve the accuracy of the financial results were initiated after a new controller was retained on March 7, 2022. The process also included activating the Journal Entry Approval workflow which would allow the Controller to review and approve all manual journal entries. The process was implemented, user acceptance tested and placed in production.

*Implementation Date:* April 11, 2022

*Person(s) Responsible:* Controller, Accounting Manager and Accountant

## Virgin Islands Next Generation Network (A Blended Component Unit of the Virgin Islands Public Finance Authority)

### Appendix B - Significant Deficiency in Internal Control Over Financial Reporting

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#### Finding 2022-002: Year-End Close Process

##### *Criteria:*

Accounting tasks, such as periodic reconciliations, play a key role in proving the accuracy of accounting data and information included in various interim financial statements and/or reports.

##### *Condition:*

1. **Federal Grant Revenue** - Upon review, we noted that the Company initially recorded federal grant income for fiscal year 2020 and received reimbursement for this grant in fiscal year 2021. However, in fiscal year 2022, the Company recorded a duplicate entry of this revenue, which had already been recognized in fiscal year 2020. This resulted in an overstatement of grant income and accounts receivable, leading to accounting discrepancies.
2. **Recording of liabilities** - We noted an instance where a transaction supported by an invoice was not recorded in the general ledger. This omission led to an understatement of accounts payable and expenses in the financial statements. Additionally, we observed that payroll accruals were not consistently recorded, resulting in certain payroll expenses not being reflected in the general ledger and financial statements.

##### *Cause:*

The adjustments found appear to be the result of internal controls not being performed at the appropriate level of precision to prevent, or detect and correct, financial statement misstatements.

##### *Effect or potential effect:*

Future errors in the financial records and financial statements can occur.

##### *Recommendation:*

We recommend implementing regular reconciliations of grant income and accounts receivable, enhancing documentation, and tracking of all grant transactions, and establishing a formal review and approval process for related journal entries. We also recommend implementing regular reconciliations of accounts payable and expenses.

Additionally, leveraging accounting software for automated tracking, providing staff training on accurate recording practices will help ensure the accuracy and integrity of financial records. This will ensure that all transactions are accurately captured, and any discrepancies are promptly identified and corrected.

**Virgin Islands Next Generation Network**  
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**Appendix B - Significant Deficiency in Internal Control Over Financial Reporting**

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*Views of Responsible Officials:*

The Company concurs with the auditor's findings and recommendations.

*Action Plan:*

1. The Company will enforce strict adherence to the Revenue Cycle internal control which includes confirmation of the collectability of Revenues as a prerequisite for recognition. Reconciliations are performed on a monthly basis. The official tool used for account reconciliation is Blackline which reconciles all accounts on the Trial Balance. Reconciliations are prepared monthly by Accountant and Accounting Manager and approved by the Controller.
2. A review of all invoices will be made to confirm posting in the correct period. This will be accomplished by inserting both the period and general ledger account to which the invoice was posted on the Payment Package Approval Cover Sheet usually routed through RightSignature. The Controller will verify the period and the invoice date as well as the scope of work period, prior to approval, to ensure that all transactions are accurately captured. An additional check will be made when confirming invoice approval prior to payment.

*Implementation Date:* On-going.

1. The Blackline Reconciliation tool was implemented on March 14, 2022.
2. The implementation of the inclusion of the period and general ledger account on the Payment Package Approval Cover sheet is effective August 8, 2024.

*Person(s) Responsible:* Controller, Accounting Manager, Federal Grants Manager and Accountant.





**Status of Prior Year Significant Deficiency**

<b>Finding Number</b>	<b>Nature of Finding</b>	<b>Type of Finding in Fiscal 2021</b>	<b>Current Year Status</b>
2021-001	Year-End Close Process	Significant Deficiency	Repeated. Finding 2022-02