DHS/FEMA Region 2
One World Trade Center
285 Fulton Street, 52nd Floor
New York, New York 10007

FEMA

August 24, 2026

Adrienne L. Williams-Octalien
Governor's Authorized Representative
Director, Office of Disaster Recovery
Virgin Islands Public Finance Authority
P.O. Box 223245
Christiansted, VI 00822

Dear Ms. Williams-Octalien:

The Federal Emergency Management Agency (FEMA) continues to evaluate the status, pace, documentation, and financial oversight of FEMA-funded recovery work in the U.S. Virgin Islands. As part of FEMA's ongoing responsibility to protect federal disaster assistance funds, FEMA is reviewing project execution, funding accountability, management cost expenditures, time extension requests, and compliance with applicable federal requirements across the U.S. Virgin Islands recovery portfolio.

The U.S. Department of Housing and Urban Development's (HUD) recent suspension action involving the Virgin Islands Housing Finance Authority (VIHFA) raises additional concerns that may be relevant to FEMA-funded recovery projects. Although HUD's action involves HUD-administered programs, the issues identified in HUD's notice include matters that may affect FEMA interests, including potential duplication of benefits, project execution delays, financial controls, procurement oversight, documentation sufficiency, and contractor performance.

Accordingly, FEMA is initiating an enhanced compliance review of FEMA-funded recovery work in the U.S. Virgin Islands. This review may include projects involving VIHFA, the Office of Disaster Recovery (ODR), the U.S. Virgin Islands Water and Power Authority (WAPA), and other relevant U.S. Virgin Islands entities.

FEMA expects recipients and subrecipients to demonstrate timely execution of FEMA-funded recovery projects, maintain complete and accurate supporting documentation, comply with all grant terms and applicable federal requirements, and maintain appropriate controls to prevent duplication of benefits. It expects VIHFA to monitor work done by its design professionals, project managers and contractors to ensure such work is productive and payments are consistent with results and project completion. FEMA also expects adequate justification for project delays and time extension requests, sufficient support for management cost expenditures, prompt identification of risks or potentially overlapping funding sources, and full cooperation with FEMA oversight and information requests.

FEMA's enhanced review will include heightened scrutiny of supporting documentation, manual reimbursement validation procedures, review of management cost expenditures, review of time extension requests, an analysis of payment to professionals, project managers, and contractors relative to project completion, and review of potentially overlapping HUD-funded scopes of work. FEMA will implement additional oversight or enforcement measures if performance, documentation, or accountability concerns are not adequately addressed in a timely manner.

Additionally, FEMA requires the attendance of senior representatives from the Government of the U.S. Virgin Islands, VIHFA, ODR, USVI Water and Power Authority (WAPA), and relevant contractors or consultants at a meeting in Washington, D.C. to discuss project execution, recovery timelines, federal funding accountability, documentation requirements, potential duplication of benefits, and corrective actions necessary to maintain recovery progress. FEMA will coordinate with your office regarding meeting logistics.

To support this discussion, FEMA requests that the Government of the U.S. Virgin Islands provide, no later than September 24, 2026, a current status report for each FEMA-funded recovery project. The report should include:

- Current project status for each project;
- Completed projects;
- Projects under construction;
- Projects delayed or not yet obligated;
- Unobligated balances;
- Pending time extension requests;
- Management cost expenditures;
- Contractor performance summaries; and
- Any scope of work that potentially overlap with HUD-funded activities.

For any delayed project, the report should identify the cause of delay, the current project barrier, the responsible party, the revised completion schedule, and the next milestone.

FEMA will continue to coordinate with federal partners, including HUD, and may coordinate with the Office of Management and Budget, the Department of Homeland Security leadership, and White House staff, as appropriate. FEMA's objective is to ensure continued recovery progress while protecting federal funds and maintaining compliance with applicable requirements.

Nothing in this correspondence limits FEMA's authority to take additional actions available under applicable law, regulation, policy, or award terms.

Please direct your response and supporting materials to: Sean Carroll, Acting Recovery Office Director: Sean.Carroll@fema.dhs.gov; and Derval Wiltshire Peterson, Acting Deputy Recovery Office Director: Derval.WiltshirePetersen@fema.dhs.gov. FEMA will provide additional information regarding meeting logistics under separate cover.

Sincerely,

CHRISTOPHER HARTNETT
Digitally signed by CHRISTOPHER HARTNETT
Date: 2026.08.24 16:18:38 -04'00'

Christopher Hartnett
Regional Administrator
FEMA Region 2

cc: Daryl Jaschen, Director, VITEMA
Malinda Vigilant-Messer, Territorial Public Assistance Officer, VITEMA
Tamisha P. Lambert, Deputy Public Assistance Officer, VITEMA
David Arnold, Acting Associate Administrator, Office of Response and Recovery