

**Special Report**

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**General Services Division**

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**The General Services Division's Health/Safety  
Asbestos Personnel Abused Overtime**

**The General Services Division Lacks an Inventory  
Control System for Tools**

**The General Services Division Improperly Expended  
Funds from the Asbestos Litigation Recovery Fund**



**January 2006  
PE 05-30-373**

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Director

January 9, 2006

The Honorable Edwin J. Bowman  
State Senate  
129 West Circle Drive  
Weirton, West Virginia 26062

The Honorable J.D. Beane  
House of Delegates  
Building 1, Room E-213  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0470

Dear Chairs:

We are transmitting a Special Report on the *General Services Division*, which will be presented to the Joint Committee on Government Operations on Monday, January 9, 2006. The issues covered herein are "*The General Services Division's Health/Safety Asbestos Personnel Abused Overtime;*" "*The General Services Division Lacks an Inventory Control System for Tools;*" and "*The General Services Division Improperly Expended Funds from the Asbestos Litigation Recovery Fund.*"

We transmitted a draft copy of the report to the General Services Division on January 6, 2006. The General Services Division opted not to have an exit conference. We received the agency response from the General Services Division January 9, 2006. Let me know if you have any questions.

Sincerely,

Handwritten signature of John Sylvia in cursive script.  
John Sylvia

JS/tlc

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*Joint Committee on Government and Finance*

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# Executive Summary

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## **Issue 1: The General Services Division's Health/Safety Asbestos Personnel Abused Overtime**

At the request of the Secretary of the Department of Administration, the Legislative Auditor reviewed the overtime hours submitted by the former Health/Safety Asbestos personnel of the General Services Division. From April 2003 through November 11, 2005, the Health/Safety Asbestos personnel of the General Services Division charged a total of 2,384 hours of overtime. This was a sharp increase in the amount of overtime hours compared to the previous asbestos abatement personnel. Time sheets showed that the personnel recorded working days anywhere from 8 to 22 hours. During the time period reviewed, there were 119 instances where the two Health/Safety Asbestos employees recorded 18 hour days. The Legislative Auditor questions the necessity of the Health/Safety Asbestos employees working this amount of hours per day.

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*During the time period reviewed, there were 119 instances where the two Health/Safety Asbestos employees recorded 18 hour days.*

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A review of the base salaries of the two Health/Safety Asbestos employees revealed that the overtime pay significantly increased their salaries. The base salary for the former Health/Safety Asbestos Manager was \$46,068. Overtime payments increased the Health/Safety Asbestos Manager's overall salary to \$70,438, an increase of 53%. The base salary for the former asbestos assistant was \$22,908. The overtime payments increased the asbestos assistant's overall salary to \$31,716, an increase of 38%. The total amount of overtime payments collected by the two employees over the three year period was \$62,927.59. In fact, the Legislative Auditor was informed that the employees did not actually stay onsite during the overtime hours they were paid for. Furthermore, evidence indicates that the increase in overtime correlates with the former Health/Safety Asbestos Manager not receiving a position reclassification that would have resulted in a pay raise in 2004.

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*The total amount of overtime payments collected by the two employees over the three year period was \$62,927.59.*

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The Legislative Auditor recommends that the Department of Administration make an inquiry into purchasing software that will alert them to possible overtime abuse. Additionally, the Legislative Auditor recommends that the Secretary of the Department of Administration report to the Joint Committee on Government Operations during the May interim meeting on any actions taken concerning the matters in this report.

## **Issue 2: The General Services Division Lacks an Inventory Control System for Tools**

Recently, the Legislative Auditor attempted to conduct an inventory audit on tools that were purchased from a single vendor by agency-assigned purchase cards. Due to the General Services Division's complete lack of

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inventory control procedures, the Legislative Auditor was unable to determine for certain if tools were accounted for; however, the attempt to perform this audit allowed for the discovery of an unacceptable condition, to which recommendations have been made.

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*The General Services Division should immediately adopt an inventory control program that would account for in-house tool inventory as well as tools that are in the possession of employees.*

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Therefore, the General Services Division should immediately adopt an inventory control program that would account for in-house tool inventory as well as tools that are in the possession of employees. This program should be facilitated by the use of computerized inventory software that utilizes either a bar code or identification number that would be assigned to each tool. As well, the inventory of expendable resources and parts should be carefully accounted for so as to avoid loss and ensure cost realization for projects that are performed by the General Services Division.

### **Issue 3: The General Services Division Improperly Expended Funds from the Asbestos Litigation Recovery Fund.**

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*The Legislative Auditor has found that the General Services Division has improperly expended funds from the Asbestos Litigation Recovery Fund. Inappropriate expenditures include payment of a General Services Division's employee's salary; payment of wireless telephone service for multiple General Services Division employees; purchase of computer equipment, supplies, and services; payments to a company that provides physicals; and car rental fees.*

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The Legislative Auditor has found that the General Services Division has improperly expended funds from the Asbestos Litigation Recovery Fund. Inappropriate expenditures include payment of a General Services Division's employee's salary; payment of wireless telephone service for multiple General Services Division employees; purchase of computer equipment, supplies, and services; payments to a company that provides physicals; and car rental fees. The Legislative Auditor questions these expenditures as they do not appear to be for the furtherance of asbestos work as outlined in West Virginia Code §5-6-5a. Specifically, the General Services Division employee that has been paid salary from this account only performs minimal asbestos related work. Therefore, the Legislative Auditor has recommended that the payment of the employee's full salary from the Asbestos Litigation Recovery Fund be immediately discontinued.

### **Recommendations**

1. *The Legislative Auditor recommends that the Department of Administration make an inquiry into purchasing software that will alert them to possible overtime abuse.*
2. *The Legislative Auditor recommends that the Secretary of the Department of Administration report to the Joint Committee on Government Operations during the May 2006 interim meeting, on what actions have been taken to address the overtime issue.*



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3. *The Legislative Auditor recommends that the General Services Division immediately take measures to install an inventory control system, which would include computerized inventory software that would track all Division tools.*

4. *The Legislative Auditor recommends that the General Services Division immediately take measures to assign inventory control numbers to all tools, regardless of size, age and value, and place these items in a secured and centralized location that would allow for common use among all Division sections on an as-needed basis.*

5. *The Legislative Auditor recommends that the General Services Division formulate a policy that would provide for the employees' responsibility for lost tools while those tools were in the possession of the employees. This policy should also provide guidelines for the possession of certain tools on a long-term basis.*

6. *The Legislative Auditor recommends that the Secretary of the Department of Administration report to the Joint Committee on Government Operations, during the May 2006 interim meeting, on what actions have been taken to address the current inventory control problem.*

7. *The Legislative Auditor recommends that all current and future expenses from the Asbestos Litigation Recovery Fund be reviewed and approved by the Secretary of Administration or his designee. Any expenses that are not solely for the purpose of furthering West Virginia Code §5-6-5a should be discontinued immediately.*

8. *The Legislative Auditor recommends that the payment of the Administrative Services Assistant's full salary from the Asbestos Litigation Recovery Fund be immediately discontinued.*



# Review Objective, Scope and Methodology

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This Special Report of the General Services Division is authorized by West Virginia Code §4-2-5, as amended. This report was initiated as a result of concerns brought to the attention of the Legislative Auditor by the Secretary of the Department of Administration.

## Objective

The objective of this review was to determine whether the General Services staff abused overtime, if the General Services Division follows acceptable tool inventory guidelines, and if inappropriate expenditures are being made from a fund accessible to the Division.

## Scope

The scope of this review was from 2000 to 2005, and it only included the areas of the Division mentioned in the objective.

## Methodology

Information used in compiling this report was gathered from the Department of Administration, the General Services Division, interviews with General Services Division staff, and observations and conclusions based on an attempted inventory audit performed by the Legislative Auditor. Every aspect of this review followed the Generally Accepted Government Auditing Standards (GAGAS).



# Issue 1

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## The General Services Division's Health/Safety Asbestos Personnel Abused Overtime

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### Issue Summary

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*From April 2003 through November 11, 2005, the Health/Safety Asbestos personnel of the General Services Division charged a total of 2,384 hours of overtime. This was a sharp increase in the amount of overtime hours compared to the previous asbestos abatement personnel.*

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At the request of the Secretary of the Department of Administration, the Legislative Auditor reviewed the overtime hours submitted by the former Health/Safety Asbestos personnel of the General Services Division. From April 2003 through November 11, 2005, the Health/Safety Asbestos personnel of the General Services Division charged a total of 2,384 hours of overtime. This was a sharp increase in the amount of overtime hours compared to the previous asbestos abatement personnel. Time sheets showed that the personnel recorded working days anywhere from 8 to 22 hours. During the time period reviewed, there were 119 instances where the two Health/Safety Asbestos employees recorded 18 hour days. The Legislative Auditor questions the necessity of the Health/Safety Asbestos employees working this amount of hours per day.

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*The total amount of overtime payments collected by the two employees over the three year period was \$62,927.59.*

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A review of the base salaries of the two Health/Safety Asbestos employees revealed that the overtime pay significantly increased their salaries. The base salary for the former Health/Safety Asbestos Manager was \$46,068. Overtime payments increased the Health/Safety Asbestos Manager's overall salary to \$70,438, an increase of 53%. The base salary for the former asbestos assistant was \$22,908. The overtime payments increased the asbestos assistant's overall salary to \$31,716, an increase of 38%. The total amount of overtime payments collected by the two employees over the three year period was \$62,927.59. In fact, the Legislative Auditor was informed that the employees did not actually stay onsite during the overtime hours they were paid for. Furthermore, evidence indicates that the increase in overtime correlates with the Health/Safety Asbestos Manager not receiving a position reclassification that would have resulted in a pay raise in 2004.

The Legislative Auditor recommends that the Department of Administration make an inquiry into purchasing software that will alert them to possible overtime abuse. Additionally, the Legislative Auditor recommends that the Secretary of the Department of Administration report to the Joint Committee on Government Operations during the May interim meeting on any actions taken concerning the overtime issue in this report.

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## **The Legislative Auditor Questions the Overtime Hours Submitted by the General Services Division's Asbestos Abatement Personnel**

At the request of the Secretary of the Department of Administration, the Legislative Auditor reviewed the overtime hours submitted by the Health/Safety Asbestos personnel of the General Services Division from January 2000 through November 11, 2005. During this time period, the Asbestos Abatement section was overseen by two different managers. Under the direction of the previous Health/Safety Asbestos Manager, the total overtime charged from January 2000 through April 2003 was 116.5 hours. This total included the Health/Safety Asbestos Manager and an asbestos assistant who started in August 2002. The assistant accounted for only 2 of the 116.5 hours of total overtime submitted during this three year period.

In April 2003, the Health/Safety Asbestos Manager resigned and the asbestos assistant was hired as the new Health/Safety Asbestos Manager. The new manager had an assistant temporarily assigned to the Asbestos Abatement Section by the Deputy Director of the General Services Division on three occasions prior to July 2004. These three occasions were the only overtime hours this individual submitted prior to July 2004. This individual was permanently transferred to the asbestos abatement section in July 2004. As shown in Table 2, from April 2003 through November 11, 2005, the Health/Safety Asbestos personnel of the General Services Division charged a total of 2,384 hours of overtime.

Table 1 Asbestos Abatement Overtime Hours January 2000 through November 11, 2005							
Employee	2000	2001	2002	2003	2004	2005	Total Overtime
<b>Health/Safety Asbestos Manager</b> (Jan. 00 to Apr. 03)	65	32.5	17	0	NA	NA	<b>114.5</b>
<b>Asbestos Assistant</b> (Aug. 02 to Apr. 03)	NA	NA	2	NA	NA	NA	<b>2</b>
<b>Health/Safety Asbestos Manager</b> (Apr. 03 to Nov. 05)	NA	NA	NA	61	718	752	<b>1531</b>
<b>Asbestos Assistant</b> (Jul. 04 to Nov. 05)	NA	NA	NA	0	266	587	<b>853</b>
<b>Totals</b>	<b>65</b>	<b>32.5</b>	<b>19</b>	<b>61</b>	<b>984</b>	<b>1339</b>	
<i>Source: West Virginia Department of Administration</i>							

*The Legislative Auditor questions the sharp increase in overtime hours submitted by the most recent Health/Safety Asbestos Manager and his assistant.*

In Table 1, a comparison of hours shows that there was an increase of 2,268 overtime hours submitted by the most recent Health/Safety Asbestos Manager and his assistant compared to the first Health/Safety Asbestos Manager and his assistant. The Legislative Auditor questions the sharp increase in overtime hours submitted by the most recent Health/Safety Asbestos Manager and his assistant.

### **The Legislative Auditor Questions the Excessive Work Hours Submitted by the General Services Division’s Health/Safety Asbestos Personnel**

A review of overtime hours submitted by the Health/Safety Asbestos personnel of the General Services Division for the period of January 2004 through November 11, 2005, indicates an excessive amount of hours worked in a day. As shown in Table 2, the General Services Division’s Health/Safety Asbestos personnel worked days ranging from 8 hours to 22 hours. The Health/Safety Asbestos personnel have a normal work week of Monday through

Friday, working 8 hours per day for a total of 40 hours per week. **During the time period reviewed, there were 119 instances where the two Health/Safety Asbestos employees recorded 18 hour days.** The Legislative Auditor questions the necessity of the Health/Safety Asbestos employees working this amount of hours per day.

<b>Table 2</b>				
<b>Workday Hours for Health/Safety Asbestos personnel</b>				
<b>January 2004 through November 11, 2005</b>				
<b>Workday Hours</b>	<b>Health/Safety Asbestos Manager</b>		<b>Asbestos Assistant</b>	
	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>
Days Under 8 Hours	1	3	1	1
8 Hour Days	156	130	100	143
10 Hour Days	1	1	0	0
11 Hour Days	1	0	0	0
12 Hour Days	2	4	1	1
13 Hour Days	1	1	0	0
14 Hour Days	3	2	2	0
15 Hour Days	1	1	6	4
16 Hour Days	32	7	1	3
16.5 Hour Days	0	0	5	0
17 Hour Days	5	2	1	1
18 Hour Days	30	29	12	48
18.5 Hour Days	0	0	1	0
19 Hour Days	1	18	0	2
20 Hour Days	3	11	1	1
21 Hour Days	1	0	0	0
22 Hour Days	1	0	0	0

*Source: West Virginia Department of Administration*



*From January 2004 through November 11, 2005, the Health/Safety Asbestos Manager recorded 50 weeks that equaled or exceeded 60 hours of work.*

From January 2004 through November 11, 2005, the Health/Safety Asbestos Manager recorded 50 weeks that equaled or exceeded 60 hours of work. The asbestos assistant recorded 23 weeks that equaled or exceeded 60 hours of work. Additionally, as shown in Table 3, the Health/Safety Asbestos personnel submitted time exceeding 70 hours of work for a total of eight weeks. The Legislative Auditor questions whether the employees actually worked the amount of hours submitted in a day.

Hours worked each day							Total Hours	Asbestos Personnel	Date
Sat	Sun	M	T	W	Th	F			
0	0	18	18	19	18	8	81	Manager	7-13 Aug 2004
0	0	18	18	18	18	8	80	Manager	1-7 May 2004
0	0	18	18	18	18	8	80	Assistant	13-19 Nov 2004
0	0	18	18	18	17	8	79	Manager	13-19 Aug 2005
0	0	16	16	16	16	12	76	Manager	26 Jun - 2 Jul 2004
0	0	18	18	8	16	16	76	Manager	10-16 Jul 2004
0	0	16	16	18	16	8	74	Manager	28 Aug - 3 Sep 2004
0	0	17	17	16	16	8	74	Manager	2-8 Oct 2004

*Source: West Virginia Department of Administration*

### **Overtime Pay Significantly Increased the Base Salaries of the Health/Safety Asbestos Employees**

*The Health/Safety Asbestos Manager received 752 hours of overtime in 2005. This increased the Health/Safety Asbestos Manager's overall salary to \$70,438, an increase of 53%.*

A review of the base salaries of the two Health/Safety Asbestos employees revealed that the overtime pay significantly increased their salaries. As shown in Table 4, the base salary for the Health/Safety Asbestos Manager was \$46,068. The Health/Safety Asbestos Manager received 752 hours of overtime in 2005. This increased the Health/Safety Asbestos Manager's overall salary to \$70,438, an increase of 53%. The base salary for the asbestos assistant was \$22,908. The asbestos assistant received 587 hours of overtime in 2005. This increased the asbestos assistant's overall salary to \$31,716, an increase of 38%.

<b>Table 4 Health/Safety Asbestos Personnel Salaries 2005</b>			
<b>Personnel</b>	<b>Base Salary</b>	<b>Overtime Payment</b>	<b>Total Salary</b>
<b>Health/Safety Asbestos Manager</b>	\$46,068	\$24,369.84	\$70,437.84
<b>Asbestos Assistant</b>	\$22,908	\$8,807.85	\$31,715.85
<b>Totals</b>	<b>\$68,976</b>	<b>\$33,177.69</b>	<b>\$102,153.69</b>

*Source: Epics System of the West Virginia State Auditor's Office*

*The total amount of overtime payments collected by the two employees over the three year period was \$62,927.59.*

In total, from 2003 to 2005, the Health/Safety Asbestos Manager collected \$49,676.12 in overtime payments. In 2004 and 2005, the asbestos assistant collected a total of \$13,251.47 in overtime payments. The total amount of overtime payments collected by the two employees over the three year period was \$62,927.59. The overtime hours along with their monetary value are displayed, below, in Table 5 below.

<b>Table 5 Health/Safety Asbestos Personnel Total Overtime 2003-2005</b>								
	<b>2003</b>		<b>2004</b>		<b>2005</b>		<b>Totals</b>	
	<b>Hours</b>	<b>\$</b>	<b>Hours</b>	<b>\$</b>	<b>Hours</b>	<b>\$</b>	<b>Hours</b>	<b>\$</b>
<b>Health/Safety Asbestos Manager</b>	61	\$2,274	718	\$23,032	752	\$24,370	1,531	\$49,676
<b>Asbestos Assistant</b>		NA	266	\$4,444	587	\$8,808	853	\$13,251
<b>Totals*</b>	61	\$2,274	984	\$27,476	1339	\$33,178	2,384	\$62,928

*\*Overtime is rounded to nearest dollar.*

*Source: Department of Administration and Epics System of the West Virginia State Auditor's Office*

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## **Evidence Indicates That The Increase in Overtime Correlates to the Health/Safety Asbestos Manager Not Receiving a Position Reclassification That Would Have Resulted in a Pay Raise in 2004**

The Legislative Auditor obtained records from the Division of Personnel that indicate that the Health/Safety Asbestos Manager applied for a reclassification of position in September 2003, from an Administrative Services Manager I to an Administrative Services Manager II. This request was denied. The Asbestos/Safety Manager amended his request on December 2, 2003, and resubmitted it along with a letter of support from the Deputy Director urging reclassification. This request was also denied by the Division of Personnel on February 20, 2004.

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*In 2004, after being denied the reclassification that would result in a pay raise, he submitted 718 hours of overtime.*

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Evidence indicates there is a correlation between the time the second request was denied and the time when the Health/Safety Manager began submitting an excessive amount of overtime hours. In 2003, before being denied the reclassification that would result in a pay raise, he only submitted 61 hours of overtime. In 2004, after being denied the reclassification that would result in a pay raise, he submitted 718 hours of overtime.

In addition, an asbestos contractor informed the Legislative Auditor's Office that the Health/Safety Manager stated that he was increasing his overtime in response to his lack of a pay raise and:

*...that nothing else mattered including health and safety issues.*

## **The Legislative Auditor Questions Overtime Submitted by the Health/Safety Asbestos Personnel**

Due to the amount of excessive overtime paid to the asbestos personnel, the Legislative Auditor questions whether the overtime was actually worked. The Legislative Auditor asked the Deputy Director of General Services the following:

*Are the General Services Health/Safety Asbestos personnel required to be at the abatement work site and constantly observing the contractor during the entire time the contractor is working?*

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The Deputy Director responded by stating yes. The asbestos personnel stated that they did not feel that they were supposed to be in the same room as the contractors at all times, but just to be available by phone. According to the former Health/Safety Asbestos Manager, the Deputy Director was aware that they were not physically in the room at all times. The former Health/Safety Asbestos Manager stated that:

*There were instances where I was in my office, around campus, or on [Kanawha Boulevard] while the crew was working. We were never instructed to [be] with them 24/7. In contact was acceptable.*

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*The asbestos personnel stated that they did not feel that they were supposed to be in the same room as the contractors at all times, but just to be available by phone.*

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The Executive Assistant to the Cabinet Secretary stated that he began some routine checks to ensure that employees were on the premises during the weeks of September 19, 2005 and September 26, 2005. According to the Executive Assistant:

*...no state employees were encountered supervising the contractors...*

In addition, he stated that on September 27, 2005, he asked the asbestos contractor where the General Services employees were. The Executive Assistant stated that the contractor:

*...was unable to contact the [asbestos personnel] by phone nor knew his/her whereabouts.*

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*[Asbestos personnel] would stay for approximately 20 - 30 minutes then leave.*

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The Legislative Auditor also contacted Asbestos Testing Inc. (ATI), an asbestos company that had been contracted to perform work for General Services. When asked whether the asbestos personnel were present during ATI's work, the president of the company stated:

*Either [the Health/Safety Asbestos Manager or the asbestos assistant] was present at the beginning of the shift. [Asbestos personnel] would stay for approximately 20 - 30 minutes then leave. . . [The Health/Safety Asbestos Manager] would return later in the evening . . . to be sure that the abatement contractor's employees and ATI's employees were still at the job-site . . . ATI's representative was instructed not to run any clearance samples prior to 2130 hours even if the asbestos removal had been completed much earlier as this would further justify . . . overtime ...[the asbestos assistant] did not return later in the evening . . . For the most part, the abatement*

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*contractor's employees and ATI's representative were on 'their own'.*

As a result, the Legislative Auditor questions whether the overtime work was actually performed. At a minimum, the asbestos personnel were not being properly supervised by the Deputy Director. He stated that the asbestos personnel were required to be onsite, but the asbestos personnel stated otherwise. In addition, the Deputy Director was approving the overtime, but evidently was not ensuring that the overtime work was being supervised as was required. **Therefore, if the overtime work was not being performed, then management is also responsible for the payment of excessive overtime.**

*At a minimum, the asbestos personnel were not being properly supervised by the Deputy Director.*

The Secretary of the Department of Administration authorized an internal investigation concerning whether the Health/Safety Asbestos personnel were actually working the overtime hours they were submitting. The investigation yielded the following conclusions:

- The Health/Safety Asbestos personnel were claiming overtime hours when no asbestos abatement contract was in place;
- The Health/Safety Asbestos personnel were claiming overtime hours when they were not at the Capitol Complex;
- A lack of supervision by the Deputy Director of General Services for not checking on employees to ensure they were performing their work duties; and signing off on the overtime hours, often when contracts were not even in place, and letting the payments reach into the thousands.

The Legislative Auditor agrees with the findings in the Secretary of Administration's internal investigation of the overtime submitted by asbestos personnel.

### **The Legislative Auditor Finds that the Department of Administration Has No Internal Controls to Alert Officials When an Excessive Amount of Overtime Is Being Submitted By State Employees**

The Legislative Auditor asked the Secretary of the Department of Administration the following question:

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*What internal control system does the Department of Administration have in place to alert you when an individual may be taking excessive overtime?*

The Secretary responded:

*The Director is required to approve and sign off on all overtime. Implicit in his approval of overtime, the GSD Director should be determining that the overtime submitted is actually being worked. Further, overtime is submitted to payroll on a separate sheet with the signature of the Director or designee. Effective with the December 16 payroll, the Payroll Section will provide the Director of Finance with a report of all Department of Administration overtime. Any questionable overtime will be brought to the attention of the Secretary.*

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*Effective with the December 16 payroll, the Payroll Section will provide the Director of Finance with a report of all Department of Administration overtime. Any questionable overtime will be brought to the attention of the Secretary.*

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Additionally, the Legislative Auditor asked the Secretary if the Department of Administration utilized computer software that would alert agency officials to possible overtime abuse. The Secretary responded:

*The Department has no software that would alert us to possible overtime abuse and/or splitting of contracts at the time the data is entered into the system.*

The Legislative Auditor also posed this question to the State Auditor's Office. The State Auditor responded:

*Although the primary responsibility rests with the agency, the Auditor's office does maintain controls within the payroll system to flag employee payments which exceed certain normative values. Names and amounts appearing on this report are verified with the agency prior to payment.*

*Additionally, this office is in the process of establishing a similar program to specifically monitor the portion of employee payments related to overtime.*

The Legislative Auditor agrees that the primary responsibility is with the General Services Division and the Department of Administration. Therefore, the Legislative Auditor recommends that the Department of Administration make an inquiry into software that could alert them to possible overtime abuse.

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## Conclusion

The Legislative Auditor concludes that the Health/Safety Asbestos Manager and the asbestos assistant submitted excessive overtime hours, and questions whether the Health/Safety Asbestos Manager intentionally submitted excessive overtime in order to increase his salary. The Legislative Auditor also issues responsibility to the Deputy Director for his lack of supervision by not overseeing employees to ensure that they were performing their work, signing off on overtime hours when contracts were not in place, and allowing overtime payments to reach into the thousands. The Legislative Auditor recommends that the Department of Administration make an inquiry into purchasing software that will alert them to possible overtime abuse.

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*The Legislative Auditor also cites the Deputy Director for a lack of supervision.*

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## Recommendations

1. *The Legislative Auditor recommends that the Department of Administration make an inquiry into purchasing software that will alert them to possible overtime abuse.*
2. *The Legislative Auditor recommends that the Secretary of the Department of Administration report to the Joint Committee on Government Operations during the May 2006 interim meeting, on what actions have been taken to address the overtime issue.*





# Issue 2

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## The General Services Division Lacks an Inventory Control System for Tools

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### Issue Summary

Recently, the Legislative Auditor attempted to conduct an inventory audit on tools that were purchased from a single vendor by agency-assigned purchase cards. Due to the General Services Division's complete lack of inventory control procedures, the Legislative Auditor was unable to determine with certainty if tools were accounted for; however, the attempt to perform this audit allowed for the discovery of an unacceptable condition, to which recommendations have been made.

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*Work sites may be vacated by employees and expensive equipment may be left in the open.*

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### The Legislative Auditor Has Concern Over the Condition of the General Services Division's Inventory of Tools

It has become evident to the Legislative Auditor, through preliminary interviews with personnel, that the General Services Division does not provide for any formal internal control over the acquisition, issuance, storage, usage, and loss prevention of tools that are required to complete its mission. For instance, there are no checklists that would define the tools that are in the possession of certain employees at any given time. Additionally, there are no formal shut-down procedures for the securing of tools that are to be followed at the end of the work day. In other words, work sites may be vacated by employees and expensive equipment may be left in the open. As well, an employee could be in possession of state-owned tools unwittingly to the Division.

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*The Legislative Auditor was informed that during a particular renovation project, the Division realized a significant loss of tools and subsequently failed to notify law-enforcement authorities or initiate an investigation of its own.*

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The Legislative Auditor was informed that during a particular renovation project, the Division realized a significant loss of tools and subsequently failed to notify law-enforcement authorities or initiate an investigation of its own. It is the Legislative Auditor's understanding that the work site under which this loss took place, was not properly secured, nor were the contents inside. These allegations and a sense of the existence of a less than acceptable condition prompted the Legislative Auditor to examine the Division's tool inventory control program, since it is the existence of such a program that prevents resource loss.

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## The General Services Division Does Not Provide Internal Control Over Its Inventory of Tools

In order to determine if any internal control policy existed for the safeguarding of the General Services Division's tools, the Legislative Auditor set out to perform an inventory audit using a list of purchase card transactions between the Division and one tool vendor known to sell items to the Division. The Legislative Auditor received this information from the State Auditor. For calendar years 2003, 2004, and 2005 the totals for purchase card transactions with this vendor alone were \$68,436; \$98,571; and \$107,886, respectively. The lists included, but were not limited to, items such as reciprocating saws, circular saws, chop saws, orbital sanders, and more expensive hand tools. It is the opinion of the Legislative Auditor that items such as these, especially, should be accounted for and not considered as disposable or as affordable losses.

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*For calendar years 2003, 2004, and 2005 the totals for purchase card transactions with this vendor alone were \$68,436; \$98,571; and \$107,886, respectively.*

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Once arriving on site to perform the inventory audit, the Legislative Auditor was informed that tools listed on the purchase card line item could not be traced with the information that was on the purchase card spreadsheet. This was due to the fact that the purchase card holder may have bought tools for multiple General Services Division functions, such as maintenance, plumbing, grounds, and carpentry. The purchase card information that had been supplied by the State Auditor did not include these intended destinations.

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*The Legislative Auditor was informed that tools listed on the purchase card line item could not be traced with the information that was on the purchase card spreadsheet.*

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Although the planned methodology did not work under the given circumstances, the Legislative Auditor made several observations on the inventory tour. First, the tools located in the various General Services Division shops do not have assigned internal control or inventory numbers. While a purchase card receipt for tools may indicate the multiple quantity purchase of a product, the General Services Division has no method for determining the precise identity of the product identified by the purchase. For example, if purchase card records report the purchase of two identical reciprocating saws at the same exact cost at the same exact time, the Division would be unable to discern any difference between the two reciprocating saws bought on that day or in the past or future barring mere recollection of the custodians of those tools. In essence, had the purchase card data been sufficient enough to place the Legislative Auditor in the precise section's storage room, for which the tool purchase was intended, there still would have been no way to determine if the located tool was the tool being described by the purchase card description.

Second, the Legislative Auditor takes issue with the fact that the various Division shops may be in possession of multiple units of the same tools; thus, not sharing their tools in a combined effort. For example, the maintenance crew may have in its possession two cordless drills that are not being used. At

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the same time, the carpentry shop may have an additional three cordless drills that are not being used. Finally, assume that the maintenance crew had no cordless drills but required the temporary use of one. In the Legislative Auditor's observation it is the current condition that the maintenance crew would unnecessarily purchase their own cordless drill. If the General Services Division had a centralized inventory system, this scenario would quickly be ameliorated by utilizing a needs-based assignment system. Further, a centralized inventory would allow for the instantaneous counting of the number of tools on hand.

Third, the Legislative Auditor is concerned with the fact that even small hand tools, such as screwdrivers, hammers, and tape measures are not assigned to employees of the Division on a long-term basis. Currently, there is no standard method for the day-to-day assignment of smaller tools that may be carried around on the job. An employee may use one tool belt on Monday and another on Tuesday. Thus, employees are not accountable for the security and care of tools that should probably be assigned on a long-term basis.

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*This particular company informed the Legislative Auditor that all tools, no matter the size, are assigned a control number and manually logged into the software program, which tracks the internal tool inventory and employee possession of tools.*

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### **The General Services Division Should Adopt an Inventory Control Program to Account for Tools as is Common Practice in the Private Sector**

The Legislative Auditor contacted businesses in the area to ascertain the prevalence of inventory control measures that are taking place in the private sector. The Legislative Auditor found that such measures in place are very carefully adhered. One such company, which provides both project and maintenance-based services, uses software to account for both tool and expendable inventory. This particular company informed the Legislative Auditor that all tools, no matter the size, are assigned a control number and manually logged into the software program, which tracks the internal tool inventory and employee possession of tools. Using this inventory method, employees are assigned their own basic tool set, for which they agree to full responsibility while the items are in their custody. Therefore, employees would be responsible for any loss to tools that may take place, except for breakage that may occur due to normal use.

When tools are required for specialty projects, employees receive tools on a more temporary basis; however, the specialty tool would still be assigned to the individual employee, no matter how short the intended term of custody. This same procedure is followed for expendable items, or parts, that may be necessary to complete a job. For instance, if a part is required for a certain job and that part is located at the central office, the employee signs for

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*By not having inventory control procedures in place, the General Services Division runs the risk of loss that can be attributed to theft or carelessness.*

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the part when receiving it. Then, the employee, signs it over to the client when the service is invoiced. Thus, the employee is responsible for the supply inventory as it travels from the central office to the client. This is all facilitated by the use of a purchase order number, which traces a part or a specialty tool purchase to a particular job. The Legislative Auditor was informed that very few tools are lost using this inventory system. Further, from the description of the channels of inventory control and the similarity between the private sector maintenance and service provided and the General Services Division, a method of inventory control such as this would be appropriate since the General Services Division serves in a capacity that is very much like that of a private sector service provider.

## **Conclusion**

The Legislative Auditor is well aware of the fact that at any work site, tools and equipment may need to be replaced due to breakage from normal use. However, it is not prudent to accept rampant loss of resources due to irresponsibility and lack of proper and sufficient inventory control procedures. By not having inventory control procedures in place, the General Services Division runs the risk of loss that can be attributed to theft or carelessness. Therefore, the General Services Division should immediately adopt an inventory control program that would account for in-house tool inventory as well as tools that are in the possession of employees. This program should be facilitated by the use of computerized inventory software that utilizes either a bar code or identification number that would be assigned to each tool. As well, the inventory of expendable resources and parts should be carefully accounted for so as to avoid loss and ensure cost realization for projects that are performed by the General Services Division.

## **Recommendations**

3. *The Legislative Auditor recommends that the General Services Division immediately take measures to install an inventory control system, which would include computerized inventory software that would track all Division tools.*

4. *The Legislative Auditor recommends that the General Services Division immediately take measures to assign inventory control numbers to all tools, regardless of size, age and value, and place these items in a secured and centralized location that would allow for common use among all Division sections on an as-needed basis.*

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5. *The Legislative Auditor recommends that the General Services Division formulate a policy that would provide for the employees' responsibility for lost tools while those tools were in the possession of the employees. This policy should also provide guidelines for the possession of certain tools on a long-term basis.*

6. *The Legislative Auditor recommends that the Secretary of the Department of Administration report to the Joint Committee on Government Operations, during the May 2006 interim meeting, on what actions have been taken to address the current inventory control problem.*



# Issue 3

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## The General Services Division Improperly Expended Funds from the Asbestos Litigation Recovery Fund.

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### Issue Summary

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*The Legislative Auditor questions these expenditures as they do not appear to be for the furtherance of asbestos work as outlined in West Virginia Code §5-6-5a.*

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The Legislative Auditor has found that the General Services Division has improperly expended funds from the Asbestos Litigation Recovery Fund. Questionable expenditures include payment of a General Services Division's employee's salary; payment of wireless telephone service for multiple General Services Division employees; purchase of computer equipment, supplies, and services; payments to a company that provides physicals; and car rental fees. The Legislative Auditor questions these expenditures as they do not appear to be for the furtherance of asbestos work as outlined in West Virginia Code §5-6-5a. Specifically, the General Services Division employee that has been paid salary from this account only performs minimal asbestos related work. Therefore, the Legislative Auditor has recommended that the payment of the employee's full salary from the Asbestos Litigation Recovery Fund be immediately discontinued.

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The Asbestos Litigation Recovery Fund was created in 1991 by the West Virginia Legislature as a special revenue account and consists of recoveries from litigation pertaining to asbestos. As of December 23, 2005, there was a total of \$11,528,828 in the account. According to West Virginia Code §5-6-5a, the special revenue account moneys shall be expended for the following:

1. The investigation and pursuit of claims against manufacturers, suppliers and installers of asbestos or asbestos containing materials;
2. Services relating to the litigation involving the state and pertaining to asbestos or asbestos containing materials;
3. The location, treatment and abatement of asbestos or asbestos containing materials by the state;
4. The development of implementation, administration and management manuals pertaining to asbestos or asbestos containing materials and the treatment and/or abatement of asbestos or asbestos containing materials;

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5. The design, implementation and management of all state buildings containing asbestos and asbestos containing materials for the proper treatment and/or abatement of asbestos conditions as they arise and as are needed;
  6. All other related asbestos activities designed for the location, treatment and abatement of such asbestos or asbestos containing materials as are found in state buildings, including buildings under the control of the university of West Virginia board of trustees or the board of directors of the state college system, and as determined by the secretary of the department of administration; and
  7. All costs incurred in the administration of the special revenue account.

### **The Legislative Auditor Questions Expenditures from the Asbestos Litigation Recovery Fund**

*According to a legal opinion from Legislative Services, expenditures from this account which are not for asbestos abatement related activities would be inappropriate.*

The Legislative Auditor has discovered several questionable expenditures from the Asbestos Litigation Recovery Fund. These include the following: a General Services Division's employee's salary; wireless telephone service for multiple General Services Division employees; computer equipment, supplies, and services; payments to a company that provides physical exams; and car rental fees. The Legislative Auditor questions why some of these expenditures were paid from this account. According to a legal opinion from Legislative Services, expenditures from this account which are not for asbestos abatement related activities would be inappropriate. At this time it cannot be determined if some of these expenditures are inappropriate, but it appears that \$2,828 in payments to a physical company for FY2004 would be inappropriate. In addition, the Legislative Auditor questions wireless telephone expenditures and computer expenditures. If the use of these services are not 100% related to asbestos work, then the expenditures should not be paid from the Asbestos Litigation Recovery Fund. As a result of these questionable expenses, the Legislative Auditor recommends that all current and future expenses from the Asbestos Litigation Recovery Fund be reviewed and approved by the Secretary of Administration or his designee. Any expenses that are not solely for the purpose of furthering West Virginia Code §5-6-5a should be discontinued immediately.



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## A General Services Employee Is Incorrectly Being Paid from the Asbestos Litigation Recovery Fund

The Legislative Auditor found that an Administrative Services Assistant with the General Services Division has been paid his salary from the Asbestos Litigation Recovery Fund. This individual is not specifically assigned as asbestos personnel, but instead was and continues to be in charge of special projects for the General Services Division. According to the Administrative Services Assistant:

*I offered assistance to [the asbestos personnel] as needed or as arising situations dictated, but was seldom requested to assist with anything. I attended basic asbestos training classes but the scope of my work with the asbestos account was no more than 5-10% of my daily work at any given time. I basically ran and continue to run Special Projects for GSD even though I was assigned to the asbestos account. My duties never changed other than on paper.*

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*Since this date, a total of \$203,354 for the Administrative Services Assistant's salary and overtime has been paid out of the asbestos fund. The Legislative Auditor finds this to be an improper expenditure from the asbestos fund, since this individual performs minimal asbestos work within General Services.*

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Records show that the request was made by a previous Secretary of Administration to pay the Administrative Services Assistant out of the asbestos fund in December of 2001. Since this date, a total of \$203,354 for the Administrative Services Assistant's salary and overtime has been paid out of the asbestos fund. The Legislative Auditor finds this to be an improper expenditure from the asbestos fund, since this individual performs minimal asbestos work within General Services. The Administrative Services Assistant's full salary should not be paid from the asbestos fund. **Thus, the Legislative Auditor recommends that the payment of the Administrative Services Assistant's full salary be immediately moved from the Asbestos Litigation Recovery Fund.**

### Conclusion

The Legislative Auditor questions some expenditures from the Asbestos Litigation Recovery Fund. These expenditures do not appear to be for the furtherance of asbestos work as outlined in West Virginia Code §5-6-5a. In addition, the Legislative Auditor found that an employee's salary was being paid out of the Fund, and according to staff from the Secretary of Administration's office, this employee was not involved in asbestos work in any way. Thus, the Legislative Auditor recommends that this employee's salary no longer be paid from the Asbestos Litigation Recovery Fund.

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## Recommendations

7. *The Legislative Auditor recommends that all current and future expenses from the Asbestos Litigation Recovery Fund be reviewed and approved by the Secretary of Administration or his designee. Any expenses that are not solely for the purpose of furthering West Virginia Code §5-6-5a should be discontinued immediately.*

8. *The Legislative Auditor recommends that the payment of the Administrative Services Assistant's full salary from the Asbestos Litigation Recovery Fund be immediately discontinued.*

# Appendix A: Transmittal Letter

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## WEST VIRGINIA LEGISLATURE *Performance Evaluation and Research Division*

Building 1, Room W-314  
1900 Kanawha Boulevard, East  
Charleston, West Virginia 25305-0610  
(304) 347-4890  
(304) 347-4939 FAX



John Sylvia  
Director

January 6, 2006

Robert W. Ferguson, Jr., Secretary  
Department of Administration  
1900 Kanawha Blvd., East  
Building 1, Room E-119  
Charleston, WV 25305-0120

Dear Secretary Ferguson:

This is to transmit a draft copy of the Special Report on the General Services Division within the Department of Administration. This report is scheduled to be presented during the January 2006 interim meeting of the Joint Committee on Government Operations. The meeting will be held at 4:00 p.m. on Monday, January 9, 2006 in the House Government Organization Committee Room E-215. It is expected that a representative from your agency be present at the meeting to orally respond to the report and answer any questions the committee may have.

We need your written response by noon on Monday, January 9, 2006, in order for it to be included in the final report. If your agency intends to distribute additional material to committee members at the meeting, please contact the House Government Organization staff at 340-3192 to make arrangements.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,

A handwritten signature in cursive script that reads "John Sylvia".

John Sylvia

Enclosure

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*Joint Committee on Government and Finance*

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# Appendix B: Agency Response



JOE MANCHIN III  
GOVERNOR

STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION  
OFFICE OF THE CABINET SECRETARY

ROBERT W. FERGUSON, JR.  
CABINET SECRETARY

January 9, 2006

Mr. John Sylvia  
Building 1, Room W-314  
Charleston, WV 25305

RECEIVED  
JAN 09 2006

PERFORMANCE EVALUATION AND  
RESEARCH DIVISION

Re: General Services Division Audit

Dear Mr. Sylvia:

This letter is to transmit the West Virginia Department of Administration's response to the review by the Legislative Auditor of the General Services Division's asbestos personnel's overtime, inventory control for tools, and funding of an employee's salary from the Asbestos Litigation Recovery Fund.

Representatives from the Department of Administration will be available to appear before the Joint Committee on Government Operations during the January interim session. We do not intend to distribute additional material to committee members at the meeting.

We will honor your request that information in this report not be disclosed to anyone not affiliated with our agency before you release it.

As I stated in response to the first audit performed on the General Service Division, upon my appointment I was given clear guidance to operate the Department in such manner as to result in better and more efficient government and to safeguard the State's resources. Additionally, a further directive was to operate the Department at the highest level of ethical standards and to ensure that there is full compliance with not only all laws but also the spirit and intent of those laws.

As soon as the Department became aware that there were potential problems in the above-referenced areas, an in-house investigation was properly commenced. Upon completion, your office was contacted and asked to perform an audit on the General Services Division.

Thank you for responding so quickly to the Department's request for assistance.

Sincerely,

Robert W. Ferguson, Jr.  
Cabinet Secretary

RWFjr/JAK/jkj  
enclosures

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[WWW.STATE.WV.US/ADMIN](http://WWW.STATE.WV.US/ADMIN)

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**ISSUE 1: THE GENERAL SERVICES DIVISION'S HEALTH/SAFETY ASBESTOS PERSONNEL ABUSED OVERTIME.**

**RECOMMENDATION NO. 1:**

The Legislative Auditor recommends that the Department of Administration make an inquiry into purchasing software that will alert them to possible overtime abuse.

**Department Response:**

In response to Recommendation No. 1, the Department will do as recommended.

**RECOMMENDATION NO. 2:**

The Legislative Auditor recommends that the Secretary of the Department of Administration report to the Joint Committee on Government Operations during the May 2006 interim meeting, on what actions have been taken to address the overtime issue.

**Department Response:**

The Department has dismissed the two individuals who abused overtime. The Department has yet to make its final disciplinary decision, concerning the deputy director, and declines further comment as it is an ongoing personnel matter. The Secretary of Administration will appear before the Joint Committee on Government Operations prepared to address this matter.

**ISSUE 2: THE GENERAL SERVICES DIVISION LACKS AN INVENTORY CONTROL SYSTEM FOR TOOLS.**

**RECOMMENDATION NO. 3:**

The Legislative Auditor recommends that the General Services Division immediately take measures to install an inventory control system, which would include computerized inventory software that would track all Division tools.

**Department Response:**

See Department Response to Recommendation No. 5.

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**RECOMMENDATION NO. 4:**

The Legislative Auditor recommends that the General Services Division immediately take measures to assign inventory control numbers to all tools, regardless of size, age and value, and place these items in a secured and centralized location that would allow for common use among all Division sections on an as-needed basis.

**Department Response:**

See Department Response to Recommendation No. 5.

**RECOMMENDATION NO. 5:**

The Legislative Auditor recommends that the General Services Division formulate a policy that would provide for the employees responsibility for lost tools while those tools were in the possession of the employees. This policy should also provide guidelines for the possession of certain tools on a long-term basis.

**Department Response:**

In response to Recommendations Nos. 3-6, the Department states that on January 3, 2006, the Cabinet Secretary put in place a "Tool Control Point." Further, the Department understands the concerns the Legislative Auditor has regarding the accountability of State-owned tools purchased via the P-Card. The following is the current status:

- A. On December 23, 2005, the warehouse manager was instructed to provide an area to establish a "Tool Control Point."
- B. On January 5, 2006, the acting director was instructed by the Secretary's Executive Assistant to have all managers, excluding "Grounds Section," to bring all tools to the newly established "Tool Control Point," by 3:00 p.m. on January 6, 2006.
- C. On January 6, 2006, at 2:45 p.m., the warehouse manager briefed the Secretary's Executive Assistant explaining that the area designated as the "Tool Control Point" was full and that she will seek a larger area.

It appears that all managers are complying with submitting tools to the "Tool Control Point." An inventory has begun. Once the tools are inventoried, the tools will be tagged with a State identification and entered into the "MP2" system for tracking purposes. This process should be completed by January 23, 2006.



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**RECOMMENDATION NO. 6:**

The Legislative Auditor recommends that the Secretary of the Department of Administration report to the Joint Committee on Government Operations, during the May 2006 interim meeting, on what actions have been taken to address the current inventory control problem.

**Department Response:**

The Secretary of Administration will appear before the Joint Committee on Government Opposition prepared to address is matter.

**ISSUE NO. 3. THE GENERAL SERVICES DIVISION IMPROPERLY EXPENDED FUNDS FROM ASBESTOS LITIGATION RECOVERY FUND.**

**RECOMMENDATION NO. 7:**

The Legislative Auditor recommends that all current and future expenses from the Asbestos Litigation Recovery Fund be reviewed and approved for the Secretary of Administration or his designee. Any expenses that are not solely for the purpose of furthering West Virginia Code §5-6-5a, should be discontinued immediately.

**Department Response:**

The Department agrees with the Legislative Auditor's recommendation.

**RECOMMENDATION NO. 8:**

The Legislative Auditor recommends that the payment of the Administrative Services Assistant's full salary from the Asbestos Litigation Recovery Fund be immediately discontinued.

**Department Response:**

The Department agrees that if the Administrative Services Assistant does not do any work relating to asbestos that his salary should not be paid from the Asbestos Litigation Recovery Fund and should be immediately discontinued.

