

**WEST VIRGINIA LIBRARY COMMISSION**

**FOR THE PERIOD**

**JULY 1, 1978 - JUNE 30, 1995**

WEST VIRGINIA LIBRARY COMMISSION

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**WEST VIRGINIA LEGISLATURE**  
*Joint Committee on Government and Finance*



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The Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of the West Virginia Library Commission.

Our examination covers the period July 1, 1978 through June 30, 1995. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Theodore L. Shanklin".

Theodore L. Shanklin, CPA, Director  
Legislative Post Audit Division

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**WEST VIRGINIA LIBRARY COMMISSION**

**EXIT CONFERENCE**

We held an exit conference on April 19, 1996 with the Director, Assistant Director and other employees of the West Virginia Library Commission. All findings and recommendations were reviewed and discussed. The above officials' responses are included in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks sections of this report.

## WEST VIRGINIA LIBRARY COMMISSION

### INTRODUCTION

The West Virginia Library Commission was created in 1929 and is nonpartisan. It was originally composed of five members; however, the Acts of the 1995 Legislature increased the members from five to nine, 4 of whom must be women. Commission members are appointed by the Governor, with consent of the Senate, for a term of four years with vacancies being filled by appointment by the Governor for the unexpired term. Library Commission members serve without compensation but are reimbursed for travel expenses. The Commission appoints an executive secretary who serves at the will and pleasure of the Commission. The Commission is authorized to give counsel and advice to state-institutional, free and public libraries, as to the best means of establishment, administration, and management of libraries. It may send any of its members or staff to aid in organizing such libraries or assist in the improvement of those already established. The Commission is authorized to purchase library materials and distribute them as needed to places in the State without adequate public library service; and to establish, maintain and operate regional libraries. The Commission currently provides these services to 178 public libraries. The Commission is also authorized to promulgate rules and regulations governing library services in the State.

The offices of the West Virginia Library Commission are located in the Science and Cultural Center, Building 9, State Capitol Complex, Charleston, West Virginia.

WEST VIRGINIA LIBRARY COMMISSION

COMMISSION MEMBERS AND ADMINISTRATIVE STAFF

COMMISSION MEMBERS

Merle Moore . . . . . Chairperson  
Weston, WV

Elizabeth Abruzzino . . . . . Member  
Clarksburg, WV

Betty Heavner . . . . . Member  
Ireland, WV

Delbert Horstemeyer . . . . . Member  
Weirton, WV

Cliff Moore . . . . . Member  
Wilcoe, WV

Nick Winowich . . . . . Member  
Charleston, WV

Victor Young . . . . . Member  
Mt. Carbon, WV

William Young . . . . . Member  
Bethany, WV

Sarah Drennen . . . . . Member  
Charleston, WV

ADMINISTRATIVE STAFF

Frederic Glazer . . . . . (Director) Secretary  
Charleston, WV

David Childers . . . . . Assistant Director  
Charleston, WV

Jonnie Blackburn . . . . . Personnel Officer  
Charleston, WV

**WEST VIRGINIA LIBRARY COMMISSION**  
**SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES**

**Compliance with Purchasing Procedures**

1. During fiscal years 1994 and 1995, the Commission awarded approximately \$328,000.00 in supplemental grants-in-aid to public libraries to allow the libraries to make purchases for and pay expenses incurred by the Commission.

We recommend the Library Commission comply with Title 173, Series 1, Section 2.2.1(j) of its Legislative Rules and Regulations and Section 1.8 of the West Virginia Purchasing Division's Procedures Manual.

**Agency's Response**

*If our policy is deemed invalid, we will comply with the audit recommendation. (See pages 18-23.)*

**Services to Private Companies and Other State Agencies**

2. The Commission's Public Library Support Services and Video Services generated revenues by providing print and video services, respectively, to private entities and other State agencies. We could find no statutory authority which allows the Commission to generate revenues by providing these types of services to entities other than public libraries.

Also, five Commission employees were working after hours in the Commission's Video Services Department, with the consent

of the Commission's Administration, in order to provide services to other State agencies and private entities. The Commission was not compensating the employees for this work. Instead, these employees were invoicing the agencies and entities directly for their labor, but not for related employee benefits. These individuals were not operating as Commission employees, but rather operating a private business with State equipment and property. We could find no statutory authority for the Commission to allow employees to provide these services using State property and equipment. Also, the Commission is operating outside the scope of its mission as defined by Chapter 10 of the West Virginia Code.

We recommend the Commission operate within its scope and mission as defined in Chapter 10 of the West Virginia Code.

**Agency's Response**

**Agency did not respond to the audit recommendation. (See pages 23-28.)**

**Russia Trip**

3. The Commission's Director was compensated twice for his annual leave balance, once while on leave to Russia and secondly upon termination of his employment.

We recommend the Commission collect the overpayment of annual leave.



Agency's Response

Agency did not respond to the audit recommendation. (See pages 28-31.)

Maintenance of Effort Waiver

4. The Commission utilized a Maintenance of Effort Waiver for public libraries which did not meet the eligibility requirements for per capita grants-in-aid as specified in the Commission's Legislative Rules and Regulations.

We recommend the Commission comply with Title 173, Series 1, Section 2.2.1 of its Legislative Rules and Regulations or amend its Rules and Regulations if they believe the Maintenance of Effort Waiver is essential.

Agency's Response

*If our interpretation of the waiver as an administrative policy is deemed invalid, we will take the necessary steps to comply with the audit recommendation. (See pages 32-37.)*

Inventory

5. We could not locate equipment appearing on the Commission's equipment listing. The Commission did not include 67 items of equipment on its inventory listing. The Commission did not tag 66 items of State equipment and did not complete added property forms for 45% of the equipment purchases tested. The Commission did not submit an annual inventory listing to the Purchasing Division of the West Virginia Department of

Administration for fiscal years 1994 and 1995. Also, the Commission did not implement a prior audit recommendation that a physical inventory be taken of the equipment each year and the inventory listing be adjusted in accordance with State Policy.

We recommend the Commission comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code and Sections 3A, 4A and Section 6 of the West Virginia State Property Handbook.

Agency's Response

*We will comply with the audit recommendation. (See pages 37-41.)*

Legislative Intent

6. The Commission did not fully comply with Legislative Intent as set out in the 1994 and 1993 Acts of the Legislature.

No recommendation made. (See pages 41-45.)

Payment of Salary Before Services Were Rendered

7. Two employees were compensated a total of \$256.70 for annual leave in excess of their balances.

The Assistant Director told us he performs duties for two non-profit corporations, the West Virginia Library Association and the Friends of the West Virginia Radio Reading Services, during Commission work hours. Also, the Commission stores these records on State property. The Commission did not implement a prior audit recommendation.

We recommend the Commission comply with Chapter 12, Article 3, Section 13 of the West Virginia Code. We further recommend the Commission collect the overpayments and implement our prior audit recommendation.

**Agency's Response**

**Agency did not respond to the audit recommendation. (See pages 45-47.)**

**Redeposits**

8. We noted, in the Commission's records, a negative disbursement balance for the printing and binding line item. As of June 30, 1994, the Commission's general ledger records for its Public Library Support Services showed a negative ending balance of (\$4,196.22), for the Federal Fund - 8720. The negative balance was the result of redepositing more monies to the line item than were charged to it.

We recommend the Commission comply with Chapter 12, Article 3, Section 12 of the West Virginia Code.

**Agency's Response**

**Agency did not respond to the audit recommendation. (See pages 47 and 48.)**

**Sick Leave Accrual**

9. We believe the Commission's Director became ineligible to receive sick leave accrual as of January 1, 1990, when his salary was fixed by statute. The Commission continued to accrue him leave until October 31, 1994.

We recommend the Commission adjust the Director's sick leave balance to reflect his balance as of January 1, 1990.

Agency's Response

We have complied with the audit recommendation. (See pages 48-50.)

Petty Cash Funds and Deposits

10. The Commission operated two petty cash funds which had not been authorized by the State Board of Investments. Also, the Commission did not maintain records which indicated what monies had passed through the petty cash funds nor did they maintain daily records of cash received.

We recommend the Commission discontinue use of its existing funds, deposit any remaining balances with the Board of Investments and comply with Chapter 12, Article 2, Section 2 of the West Virginia Code.

Agency's Response

We will comply with the audit recommendation. (See pages 50 and 51.)

In-State Travel

11. Some Commission employees were being reimbursed travel expenses through public libraries. In turn, the Commission reimbursed the libraries by means of a grant. Also, travel requiring Travel Management's prior authorization was not authorized.

We recommend the Library Commission comply with the Governor's Travel Regulations.

**Agency's Response**

***No response by the agency. (See pages 51-53.)***

**Sweden Trip**

12. Two Commission employees, two Commission members and public librarians, along with the Commission's Director, traveled to Sweden from May 22, 1994 through June 12, 1994. The trip, characterized as a cultural exchange was not authorized by the Travel Management Office.

We recommend the Commission comply with the Governor's Travel Regulations.

**Agency's Response**

***No response by the agency. (See pages 53-57.)***

**Leave Balances**

13. The Commission carried forward, for one employee, 31.25 hours, or 3.90 days of annual leave in excess of the applicable rate authorized. We noted 37 instances in which the Commission did not accrue eight employees' leave in accordance with West Virginia Division of Personnel's Administrative Rules. We noted 69 errors for 21 employees in which our audited amounts for leave taken did not agree with the Commission's amounts of leave taken by employees. We also noted four instances in which the agency carried forward an incorrect monthly ending

leave balance as the beginning balance for the following month.

We recommend the Commission comply with Section 15.03(a) and 15.04(a) of the West Virginia Division of Personnel's Administrative Rules and restate the employee's leave records to reflect the accurate balances. We further recommend the agency review the leave records of those employees not selected for testing to ascertain their balances are accurate.

**Agency's Response**

***We will comply with the audit recommendation. (See pages 57-59.)***

**Pro Rata Annual Increment**

14. One Commission employee did not receive \$168.00 for her pro rata annual increment upon termination of employment.

We recommend the Commission comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended. We further recommend the Commission pay the \$168.00 of pro rata annual increment not paid to the former employee.

**Agency's Response**

***We will comply with the audit recommendations. (See pages 59 and 60.)***

Terminal Leave

15. The Commission does not include applicable annual increment as part of employees' salaries when determining the value of employees' terminal leave. Also, the Commission deducted \$32.69 for retirement contribution from one employee's gross pay for terminal leave.

We recommend the Commission comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, and Section 15.03(f1) of the West Virginia Division of Personnel's Administrative Rules.

Agency's Response

*We will comply with the audit recommendation. (See pages 60 and 61.)*

Leave Usage

16. The Commission has not defined what a pattern of sick leave abuse means in the West Virginia Division of Personnel Administrative Rules. Lack of a definition of sick leave abuse may permit extravagant use of sick leave.

We recommend the Commission define what a pattern of sick leave abuse means in the West Virginia Division of Personnel Administrative Rules in order to minimize any extravagant use of sick leave and to avoid any misunderstandings of sick leave abuse.

**Agency's Response**

*We will comply with the audit recommendation. (See pages 61-67.)*

**Lack of Time Sheets**

17. The Commission does not utilize time sheets which conform to the Department of Labor's Minimum Wages and Maximum Hours Standards Regulations.

We recommend the Commission comply with Title 42, Series 8, Section 4.2(g) of the Department of Labor's Minimum Wages and Maximum Hours Standards Regulations.

**Agency's Response**

*We have complied with the audit recommendation. (See pages 67 and 68.)*

**Commission Members Travel Reimbursement**

18. The agency reimbursed its Commission members for travel expenses incurred while performing their duties as Commission members, however, the reimbursements were made from general revenue funds instead of monies receipted from gifts.

We recommend the Commission comply with Chapter 10, Article 1, Section 15 of the West Virginia Code.

**Agency's Response**

*No response by the agency. (See page 69.)*



**Meal Reimbursement for Single Day Travel**

19. The Commission did not report meal reimbursement for single-day travel (travel with no overnight stay) to employees' on Form W-2 (Employee Withholding Statement) as taxable income.

We recommend the Commission comply with Chapter 11, Article 21, Section 12 and Chapter 11, Article 21, Section 72 of the West Virginia Code.

**Agency's Response**

*No response by the agency. (See pages 70-72.)*

**Vehicle Rental**

20. The Library Commission pays an average cost of \$.72 per mile for its rental vehicle. Considering the Governor's Travel Regulations provides State employees be compensated \$.285 per mile for use of their personal vehicles while performing State business, a cost of \$.72 per mile appears extravagant.

We recommend the Library Commission evaluate its need for a leased vehicle and examine alternative options.

**Agency's Response**

*No response by the agency. (See page 72.)*

**STRENGTHEN INTERNAL CONTROLS OVER COMPLIANCE**

We believe weaknesses in the internal control structure exists in the following areas: 1. Petty Cash Funds; 2. Calculation of Employees' Leave Balances; 3. Administrative Procedures Over Inventory Control; and 4. Cash Receipts.

We recommend the Commission strengthen or establish the necessary internal controls to better ensure compliance with the West Virginia Code and other administrative rules and regulations which govern the operations of the Commission.

Agency's Response

We are complying with the audit recommendation to strengthen controls over Calculation of Employees' Leave Balances. Agency did not respond to the other areas discussed. (See pages 74 and 75.)

INTERNAL CONTROLS (Account Receivables, Telephone System and Vehicle Maintenance Expenses)

We believe the Commission has weak internal controls in regards to its accounts receivables, telephone system and vehicle maintenance expenses.

We recommend the Commission strengthen internal controls over its accounts receivables, telephone system and vehicle maintenance expenses.

Agency's Response

No response by the agency. (See pages 75-77.)

WEST VIRGINIA LIBRARY COMMISSION

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the West Virginia Library Commission. The audit covered the period July 1, 1978 through June 30, 1995.

GENERAL REVENUE ACCOUNTS

The West Virginia Library Commission maintained the following accounts for its general operations.

<u>FUND NUMBER</u>	<u>OLD ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>
0296-001 . . . . .	3500-00 . . . . .	Personal Services
0296-004 . . . . .	3500-66 . . . . .	Annual Increment
0296-010 . . . . .	3500-35 . . . . .	Employee Benefits
0296-099 . . . . .	3500-15 . . . . .	Unclassified
0296-179 . . . . .	3500-16 . . . . .	Books and Film
0296-180 . . . . .	3500-17 . . . . .	Services to State Institutions
0296-181 . . . . .	3500-18 . . . . .	Services to Blind & Handicap
0296-182 . . . . .	3500-19 . . . . .	Grants to Public Libraries

FEDERALLY FUNDED ACCOUNTS

The West Virginia Library Commission maintained the following accounts which were primarily funded from Federal sources:

<u>FUND NUMBER</u>	<u>OLD ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>
8720-700 . . . . .	7817-15 . . . . .	Unclassified
8720-096 . . . . .	7817-99 . . . . .	Consolidated Federal Funds-General Administration Fund

**SPECIAL REVENUE ACCOUNTS**

During the audit period, the West Virginia Library Commission maintained four special revenue accounts. These accounts represent funds from proceeds of specific activities as required by law or administrative regulations. These funds were deposited with the State Treasurer in the following special revenue accounts:

<u>FUND NUMBER</u>	<u>OLD ACCOUNT NUMBER</u>	<u>DESCRIPTION</u>
3550-640 . . . . .	8450-10 . . . . .	<b>Video Production Service Fund</b> Fees for Professional Services
3552-640 . . . . .	8450-23 . . . . .	<b>Alcohol and Drug Abuse Grant</b> Federal and State funds from Department of Health and Human Resources for alcohol and drug abuse programs for the young.
3557-640 . . . . .	8450-61 . . . . .	<b>Statewide Satellite Fund</b> Gifts, grants and donations to provide satellite dishes to all public libraries.
3558-640 . . . . .	8450-18 . . . . .	<b>Children and Families Fund</b> Transfers of funds from the Department of Health and Human Resources and the Governor's Cabinet on Children and Families to provide statewide information and referral data base.

**COMPLIANCE MATTERS**

Chapter 10, Article 1 of the West Virginia Code generally governs the West Virginia Library Commission. We tested applicable sections of the above plus general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are discussed as follows.

### Compliance With Purchasing Procedures

We noted, during fiscal years 1994 and 1995, the Commission awarded approximately \$328,000.00 in supplemental grants-in-aid to public libraries to allow the libraries to make purchases for and pay expenses incurred by the Library Commission. These grants were awarded from the Alcohol and Drug Abuse Fund - Fund 3550 and Federal Funds - Fund 8720. The Commission's Assistant Director told us this policy was established prior to fiscal year 1980.

The Assistant Director reviewed the agency's general ledgers and the transmittals paid for the period July 1, 1993 through June 30, 1995, for grants which met the description above. From the records provided to us, we determined the Commission awarded at least \$327,644.27 in grants to public libraries to allow the libraries to make purchases for and pay expenses incurred by the Library Commission. We could not determine if this was the total amount of dollars awarded to public libraries for the purpose outlined above, however, the Commission's staff responded "...the cited figure of \$327,644.27 can be ascertain as the total figure awarded...."

The following are examples of goods and services secured by the Commission through the public libraries:

- \* Purchase of various equipment to be used by the Commission itself.
- \* Prepaid software maintenance for statewide automation network.

- \* Payment of hospitality expenses associated with meetings attended by others, and including, the grant recipient library.
- \* Purchases of drug awareness materials to be distributed throughout the State.

Expenditures made through this process are not subject to review by an independent third party, such as, the State Auditor's Office, nor the bidding process encompassed in the State's Purchasing Procedures. Also, it increases the risk that State monies could be expended for purposes not authorized by statute and we believe these purchasing practices are not in compliance with Section 1.8 of the West Virginia Purchasing Division's Procedures Manual which states in part,

"The following are exempt from the bidding procedures and Purchasing Division's approval (unlimited dollars): F. Grants to/from/between states, Federal government, cities, counties,...etc. are essentially agreements that allow the State to provide money to another organization and the State does not receive the benefit of a finished product or service. The State may define the use of the money in the grant, but the State must not receive any finished product or indirect service." (Emphasis added)

These purchasing practices are not in compliance with Title 173, Series 1, Section 2.2.1(j) of the Library Commission's Legislative Rules and Regulations which states in part,

"(j) The mandatory functions of a regional library, service center and designated public library, where applicable, are as follows: (1) To expend the grant-in-aid funds to benefit all residents of the area assigned;..." (Emphasis added)

The Assistant Director stated the Library Commission followed this practice in order to avoid making purchases through the Purchasing Division, because of the cumbersome nature of the process. The Commission's staff responded "...The reasons stressed by the Assistant Director primarily and importantly focused on the best buy, additional discounts, special educational pricing, in all cases an effort to buy better and least costly. Other important consideration included timeliness, availability, quality and ability to integrate products with existing equipment...." However, the State's purchasing procedures are designed with checks and balances that are intended to safeguard taxpayers' monies. In addition, the Commission's practice is equally cumbersome for the following reasons. Once an order has been placed, the invoice is received by the Commission or directly by a public library. The Commission then prepares a letter of instruction to the public library, obtains a State warrant to cover the grant amount given to pay for the purchase and forwards the warrants along with the invoices, which are payable to the public library. In turn, the public library then pays the invoice. We noted the amount of the grant made is not always equal to the purchase price of the goods or services being procured. The Commission does not always know the exact purchase price of the goods or services, meaning at times the Commission may owe the libraries additional monies or may have transferred excess funds to the libraries. The Assistant Director told us the Commission would sometimes allow the libraries to retain the overpayments to compensate them for performing these

administrative services on behalf of the Commission. He also informed us the Commission would have been allowed to purchase the same materials had it followed the State's purchasing procedures. The Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments promulgated by the United States Office of Management and Budget (OMB) requires the Commission to follow State purchasing procedures. Specifically, OMB 60 FR 19638, ¶883M, Section .\_.36, as amended, states in part,

"Procurement. (a) States. When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds... (b) "Procurement standards. (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section..."

Title 173, Series 1, Section 2.4.3. of the Commission's Legislative Rules and Regulations states,

"For other programs and purposes. -- Supplementary grants will be made by the Library Commission for other special purposes and needs as determined by the Library Commission to further the development of public libraries."

The Assistant Director stated the proceeding section of the rules and regulations authorizes the Commission to award supplemental grants-in-aid for whatever purpose the Commission deems necessary. However, we do not believe the Commission may make grants that are not in compliance with the West Virginia Code. The Purchasing Division's Procedures Manual is promulgated by authority found in Chapter 5A, Article 3, Section 1 of the West Virginia Code. We do



not believe these types of funding mechanisms fall within the definition of a "grant" because they were not awarded solely for the benefit of the recipient libraries and their assigned areas.

We recommend the Commission comply with Title 173, Series 1, Section 2.2.1.(j) of its Legislative Rules and Regulations and Section 1.8 of the West Virginia Purchasing Division's Procedures Manual.

Agency's Response

*"The first sentence ending with the phrase "In order that the libraries could make purchases for and pay for expenses incurred by the Library Commission" is very misleading and implies that the supplemental grants-in-aid were for the benefit of the Library Commission. This is not at all the case, in as much as the expenditure of these grants were for the performance of duties and services or the acquisition of materials or items on behalf of the libraries and people of West Virginia.... As a matter of fact, the same methods of grant awards were practiced during the years covered by the previous audit in 1978, and there was no finding indicating any "non-compliance". Therefore if we were in compliance then, what different interpretation is prevailing today. Are we to understand that we had been under the green light, not even a caution, but now red lights are out and our interpretation is invalid? If this proves to be the case, the Library Commission will do what is necessary to be compliant.... As to section 18 of the mentioned procedure manual the emphasized phrase "The State must not receive any finished product or indirect service" indeed*

*applies to an agency but not to a statewide constituency, i.e. the libraries and people of West Virginia. The products our services received were for the benefit of the network of libraries whether the acquisitions were for materials, network computing equipment or other items necessary for statewide network interactivities or statewide programs.... We do not believe that our grant making authority is in conflict with the West Virginia Code and we must again restate, repeat and reiterate that the grants are for the ultimate benefit of the libraries and people of West Virginia, if not solely for an individual library. All libraries are part of the greater whole, just as many individual trees define a forest."*

Services to Private Companies and Other State Agencies

We noted the Commission's Public Library Support Services and its Video Services provided print and video services, respectively, to private companies and other State agencies. We could find no authority for the Commission to generate revenues by providing these types of services to entities other than public libraries and communities proposing to establish libraries. The Assistant Director told us the issue of the Public Library Support Services providing services for a fee had been initially raised when the Commission had requested the creation of a special revenue fund to hold such fees which was denied by the State Auditor's Office. He also told us the Commission believed it had authority to provide video production services to entities other than libraries, but he could not cite any specific statute granting such authority.

The Video Services generated revenues of \$10,690.60 in fiscal year 1995 and \$16,715.00 in fiscal year 1994. The Public Library Support Services generated revenues of \$6,694.42 in fiscal year 1995 and \$18,007.65 in fiscal year 1994. The fees for services provided by both of the above are not set out in the West Virginia Code or the Library Commission's Legislative Rules and Regulations. The above recoup the cost of the supplies utilized in making their products. They do not recoup the cost for employee's salaries and benefits.

The Commission is not in compliance with Chapter 10, Article 1, Section 14 of the West Virginia Code, as amended, which states in part,

"The Commission shall give assistance, advice and counsel to all school, state-institutional, free and public libraries, and to all communities in the state which propose to establish libraries... The commission may issue and offer for sale printed material, such as lists and circulars of information, and in the publication thereof may cooperate with other state library commissions and libraries, in order to secure the more economical administration of the work for which it was formed... The commission shall perform such other service **in behalf of public libraries** as it may consider for the best interest of the state." **(Emphasis added)**

Also, we noted five Commission employees were working after hours in the Commission's Video Services, with the consent of the Commission's Administration, in order to provide services to other State agencies and private entities. The Commission was not compensating the employees for this work. Instead, these employees were invoicing the agencies and entities directly for their labor,

but not for related employees' benefits. The Commission's Director told us these employees were allowed to bill directly for their services because he considered this work to be related to the agency's mission and the Commission did not have the monies available in its budget to pay the salaries associated with the after hours work. From the records provided to us, these employees invoiced a total of \$6,413.43 for fiscal years 1994, 1995, and a portion of 1996. We were unable to determine whether this amount represents the total invoiced for work performed by these employees because some employees could only provide copies of their invoices for one or two fiscal years. From the records provided to us, this practice was occurring in fiscal year 1991, but we were told it had started in 1980.

These individuals were not operating in the capacity as Commission employees in performing this work because they were not paid through the State payroll system, they were generally being compensated at a rate which exceeded one and one-half times their rate of pay as a Commission employee and the invoices were personalized and made no reference to the West Virginia Library Commission. Instead, these individuals were not operating as Commission employees, but rather operating a private business with State equipment and property. If these individuals were operating as State employees, the Commission should have withheld, from employees' wages, applicable State and Federal taxes, employees' share of FICA (Federal Insurance Contributions Act) and Public Employees Retirement Contributions. The State would also be liable

for Workers' Compensation Contributions, FICA Matching and Public Employees Retirement Matching. We could find no statutory authority for the Commission to allow employees to provide such services using State property and equipment.

The Commission is operating outside the scope of its mission as defined by Chapter 10 of the West Virginia Code. We were told the Commission operates a 24 hour cable station, utilizing broadcast material which is internally produced. We were also told viewers throughout the United States could obtain copies of these broadcasts with the Library Commission paying the postage expense. We noted the Commission produced a video course on the Russian Language which was made available to colleges throughout the State to offer as a credit course to their students. Although the productions noted above may eventually become library material, and may even benefit the State at large, we do not believe the production of such material falls within the legislatively defined scope and mission of the Library Commission in reference to its role in serving libraries. The Director also told us the Library Commission owned the productions created from their partnering efforts with other State agencies and private entities. We requested documentation, such as copyrights or other documents, which verified the Commission owned these productions, but were told the Commission had only verbal agreements with its partners as to the ownership of such productions. Also, by providing print and video services to private entities, the Library Commission is in active competition with private companies who must pay taxes without subsidization by the taxpayer.

We recommend the Commission operate within its scope and mission as defined in Chapter 10 of the West Virginia Code.

Agency's Response

"... In no instance have video services been provided to private companies nor have they been offered to state agencies in any manner other than partnering, or in carrying out the information and educational function of the Library Commission. In every case the product, visual information, or taped programming is the exclusive property of the Commission for distribution, duplication or cablecasting to provide citizens and libraries with information not readily available in other formats or offered by other providers.

No print services were provided to any private company, but rather to our organizational partners in the cause of literacy, education, library services, or cultural enterprises. Materials produced and distributed to libraries included: newsletters, brochures, flyers, posters and bookmarks. The recipients of these print materials are libraries, library users and citizens. Indeed it would be cumbersome to bill each library rather than our supporting partners in the causes of literacy and information. Specifically we ask where is there any enactment not authorizing these collaborative efforts?... We procure, provide, create, catalogue, duplicate and distribute information to libraries and information seekers -- there can be no argument that such an activity is not in compliance with 10- 1-14.

It must be emphasized that every production, taping or broadcast or duplication undertaken by Video Services falls within the scope and mission of the Library Commission and is sanctioned

by 10-1-14. There was no "private business" being operated. All activities during and after hours or on weekends produced informational series for the Commission, libraries and the people of West Virginia.... We do information not otherwise available and for which is an interest has been expressed. Well over 3500 programs have been entered into the union catalog online data base providing access to all information seekers. Yes, we have helped West Virginians in their questoin for information on early breast cancer detection, Alzheimers, fiscal management, care for the elderly, environmental protection, or travel and tourism and maybe even a two semester Russian Language Program!

Print and Video Services provided for our libraries, education partners and other government agencies can by no stretch of the imagination be in active competition with private companies, commercially motivated and profit oriented. Our information component fills a void which is without other representation in the information service world. Yes, we are operating within our scope and mission in our ongoing efforts to inform, enlighten and improve the quality of life for our citizens through print and video services."

#### Russia Trip

The Commission's Director served as a consultant to the Library of Foreign Literature in Moscow, Russia for the American Library Association in conjunction with the United States Information Agency for the period September through December 1994.

The Commission's June 17, 1994 Minutes discuss the Director's trip to Russia as follows:

"...Mr. Glazer advised that he had received a Library Fellowship from the American Library Association in conjunction with the United States [sic] Information Agency to serve as an automation consultant for the Library of Foreign Literature in Moscow, Russia. He requested that the Commission approve his absence for a four month period. Ms. Moore moved that Mr. Glazer's request for the Fellows assignment to the Library of Foreign Literature be approved with the Commission continuing his benefits during his absence. Mr. Winowich seconded the motion and it was approved....Mr. Winowich moved that Dave Childers be named Acting Director during Mr. Glazer's absence, with a temporary upgrade in his salary according to regulations provided by the State Division of Personnel. Ms. Moore seconded the motion [sic] and it was approved."

The Commission's August 22, 1994 Minutes states in part,

"...Mr. Glazer advised that he was leaving on Monday, August 29 for his Fellowship in Russia. He will return to the office on January 4, 1995...."

The Director took his four month leave from September 1, 1994 through December 31, 1994, at which time the Assistant Director received a \$305.00 per month increase in salary as compensation for his duties as Acting Director during the Director's absence. The Director had 40 days of annual leave as of January 1, 1990, when his salary was set by statute. He was absent for 81 work days between September 1, 1994 through October 31, 1994. He was compensated \$9,915.40 for 41 of these 81 days. The Director used his 40 days of annual leave to remain on the payroll from September 1, 1994 through October 30, 1994. The Commission's records indicated the Director used annual leave during September



and October 1994, and in a letter to our office dated March 21, 1996 he stated the following:

"...On another matter relative to the benefits to West Virginia from my appointment as a USIA/ALA Library Fellow for the period September through December, 1994, it must be understood that this Fellowship was taken on my personal time at my personal expense and that of the federal government, and did not involve any paid non-leave time or investment from the State...."

The Director was also compensated \$225.35 for one day of undocumented compensatory time. The Director's leave records indicated he worked a portion of September 1994, however, other records indicated he was in Russia. The Personnel Officer told us she had recorded the Director as working because he had used compensatory time for the time in question. The Director, prior to becoming a statutory employee, could have earned compensatory time. The Library Commission does not have a written compensatory time policy. In addition, the Commission could not furnish us with records pertaining to the compensatory time and could not document when it was earned.

The Personnel Officer submitted a Report of Personnel Changes Payroll Certification to the Division of Personnel putting the Director on leave without pay status from November 1, 1994 through December 31, 1994. The Director was subsequently terminated on April 22, 1996 and was compensated \$9,152.80 for 40 days of annual leave. A memorandum from the Office of the State Auditor to the Library Commission states in part, "...In regard to annual and sick leave, as per Attorney General opinion, neither

elected officials nor department heads of State agencies accumulate annual or sick leave. However, department heads and elected officials are entitled to payment of accumulated annual leave upon termination of their services as a department head or elected State official...." We believe the Director was already compensated for his 40 days of accumulated leave by remaining on the payroll from September 1, 1994 through October 30, 1994.

We recommend the Commission collect the overpayment of annual leave.

Agency's Response

"... It is the understanding of the Commission that when Mr. Glazer became a statutory employee on January 1, 1990, that he no longer earned sick or annual leave, and that his salary was frozen at that point. By the same token it was our understanding that it was not necessary for him to take annual or sick leave when not on the job. His annual leave, sick leave and salary were frozen, and he would not be paid for that accrued accrued [sic] leave until his departure from the agency. Further, the minutes of the meeting of June 17, 1994, reinforce that the Commission approved of his being away.

Payment made to the Director at his termination of April 22, 1996, was compensation which we felt was due for the accumulated leave as of January 1, 1990."

### Maintenance of Effort Waiver

The Library Commission utilized a Maintenance of Effort Waiver for public libraries which did not meet the eligibility requirements for per capita grants-in-aid as specified in Title 173, Series 1, Section 2.2.1 of the Commission's Legislative Rules and Regulations. The Commission's Assistant Director stated the waiver was established because lacking the waiver, libraries would experience financial hardship and would be unable to remain open if the Commission enforced its rules and regulations. The Commission's August 22, 1994 Minutes discuss per capita grants-in-aid and waivers as follows:

"Mr. Glazer advised that he had spent several hours with Bob Kiss, Chairman of the House finance Committee, on July 13th. Delegate Kiss advised Mr. Glazer that he is very interested in finding a dedicated source of funding for libraries. He also said that he along with some of the other members of the House of Delegates are concerned about the current method of distributing grant-in-aid funds. Mr. Glazer presented the Commission with a proposal he had prepared for the Governor's Office which calls for funds to take the grants to \$5.00 per capita. This would require an additional \$2,690,215. He also proposed that the Commission's Budget be increased by an additional \$1,040,007 for equalization grants as follows:

- Communities under 20,000 to receive the difference between local per capita contribution and \$3.72 state average, not to exceed \$2.00 per capita equalization;
- Communities of 20,000 - 40,000 to receive the difference between local per capita contribution and \$3.72 state average, not to exceed \$1.00 per capita equalization;

- Communities in excess of 40,000 to receive the difference between local per capita contribution and \$3.72 state average, not to exceed 50 cents per capita equalization. Total cost for equalization is \$3.7 million.

Ms. Moore brought up the point that the equalization funding might cause more communities to be in violation of the Commission's Administrative Regulations regarding local funding. Mr. Glazer advised that the Commission has had waivers for several years for communities in violation of the Commission's Regulations. Ms. Moore said the point of the Regulations was to require local spending and with this totally new concept she thinks the Commission has to look at changing the Regulations. Ms. Moore stated that she feels that the waiver has become the rule and actually violates the intent of the Regulations, and that she thinks the philosophy of the equalization program opens the possibility of locals not doing their share. Mr. Glazer explained that this would be the benchmark year which would prevent a slipping back by the communities. A discussion followed on updating the Regulations. Mr. Young moved that the equalization proposal as outlined by Mr. Glazer be included in the Improvement portion of the budget package. Mrs. Gilligan seconded the motion and it was approved."

We believe the Maintenance of Effort Waiver is not in compliance with the aforementioned Section 2.2.1 which states in part,

"Requirements for public libraries to qualify as regional libraries, public library service centers (library systems) or designated recipients of grants-in-aid....(d) At least sixty-six and two-thirds percent (66 2/3%) of the operating budget must be available from tax funds....(i) Local operational funds shall not be less than the amount received during the previous year. **Grants are established to supplement service and are not intended to reduce the amount of local funding.** Should local funding be less than in the preceding

year, the library will be ineligible for grants-in-aid. Funds remaining in the Library's account at the end of the fiscal year must be explained to the Library Commission in order to retain eligibility for grants-in-aid." (Emphasis added)

Fifty-three or 30% of the existing libraries signing waivers in fiscal years 1994 and 1995 have routinely signed waivers since the Commission implemented the policy in fiscal year 1987. This 30%, which should not be construed to represent every library which did in fact sign a waiver during this period, received grants totaling \$2,353,399.59 and \$2,247,578.04 in fiscal years 1995 and 1994, respectively. Had the Commission followed its own rules and regulations, these monies would have been distributed to the other 70%, increasing their per capita grant amounts to \$5.54 and \$5.24 per person served for fiscal years 1995 and 1994, respectively, as compared to the Commission's per capita grant amounts of \$3.40 and \$3.16 per person served, respectively.

We recommend the Commission comply with Title 173, Series 1, Section 2.2.1 of its Legislative Rules and Regulations or amend its Rules and Regulations if they believe the Maintenance of Effort Waiver is essential.

#### Agency's Response

"The audit report's discussion of the "waiver" of requirements for the grants-in-aid does not take into account the events leading to its implementation. The Commission enacted the waiver at its June 15, 1987 meeting. This was not the first meeting where the topic was discussed but it was at this meeting where formal action was taken. The libraries had no control

whatsoever over the loss of Federal Revenue Sharing. The damage done to the budgets of County Commissions and municipal governments was devastating. When the first losses began to be reported, the Commission considered addressing the needs on a library-by-library basis. It quickly became evident, however, that too many libraries were involved to consider each one individually. Something had to be done immediately or, as you report, "30%" of the State's libraries would be lost. The WV Code does not charge the Library Commission with "closing" libraries, instead the legal charge is to develop them.... The Commission has always required local community support before library service could be established and maintained. The 66-2/3rds requirement is valid in showing that local support. A change in the Legislative Rules removing the percentage requirement would have relieved the local community of any requirement to provide support to the library. To do nothing would have created a "reverse Robin Hood" scenario allowing the more wealthy libraries to benefit at the expense of the poor. The position of the Commission was, since it had created 2.2.1 (which applied only to this agency) in more stable financial times, the agency should be allowed to redirect its own rule to respond to a financial crisis. The Commission chose a policy measure to continue library service. If a flaw exists, it is in the Commission's interpretation of this as a policy issue, not an Administrative Rule issue. There was no flaw in their choice to continue library service.

The requirement that the library turn over local authority to the Commission was also an attempt to bring the local funding authorities to the table. Few local governments are comfortable with the State stepping into, what they believe, are local issues.

It is difficult to read the comments on the possibility of increasing the "per capita grant figure to \$5.54 and \$5.24" to eligible libraries, if the waiver had not been implemented.... These counties were not penalized for meeting the requirements. Each of them retained the local integrity of the library, its board of Trustees and its funding authorities. The counties most drastically hit by the loss of Revenue Sharing were those least able to bounce back quickly.... The Commission's "waiver" gave the local authorities time. Again, it did not release them from the requirement of providing local support, but it gave them time to find the money. By leaving the Legislative Rule in place, the Commission made the statement that the local support would still be a factor of consideration, but it would not be used as a death blow.... The Commission chose equal service regardless of the local economic crisis. With the "waiver" in place, the per capita funding continues in the Legislative process.... The libraries have experienced tremendous growth over the last twenty plus years. Permanent facilities have been placed in rural communities which could only hope to be a bookmobile stop previously. These communities were given an equal share, not just in dollars, but also in the cornerstone of a democratic society. Their citizens

were given access to information, the very basis of our society. The Commission chose not to change the "rule" but to change the way in which the Commission's own "rule" was administered. That change allowed the smaller communities in the State to continue to move forward, ever increasing the library's place in the community. This is the agency's mission under Chapter 10 of the WV Code.

The recommendation that "the Commission comply with Section 2.2.1 of its Legislative Rules and Regulations" is to assume the Commission is currently out of compliance. The Commission established the "waiver" under what it believed to be its policy making authority in administering the Rules. However, if the basis for this position is deemed invalid, this agency will pursue the required steps to bring compliance while continuing to develop, not destroy, libraries."

Inventory

We noted that equipment appearing on the Commission's inventory listing could not be located. The employee in charge of inventory was also unable to locate the following equipment:

<u>DESCRIPTION</u>	<u>MODEL/SERIAL NUMBER</u>	<u>COST</u>
IBM Computer	IBM 021/721064546	\$1,515.00
IBM Computer	IBM 021/7212216189	\$1,515.00
Fax Machine	UX-192/0611956Y	\$ 150.00
		<u>\$3,180.00</u>

The Commission's staff subsequently indicated they had located this equipment, however, the serial number of the fax machine located by the agency did not match the serial number of the missing fax



machine as recorded on the agency's inventory listing. Also, the Commission told us it had retired one of the IBM computers. We could not confirm this was the same computer because the serial number was not recorded on the WV-64 Retirement Form. We were told the other IBM computer was located in the Commission's repair shop. This computer did not have a serial number, thus we could not confirm it was the same computer we indicated as missing.

We also noted 67 instances in which the Library Commission did not include equipment, such as, typewriters, computer monitors, disk drives, keyboards, printers, and video equipment on its inventory listing. In addition, we noted six instances in which the agency grouped monitors, disk drives, and keyboards as a "computer system" when these items should have been identified separately on the agency's inventory listing. Agency personnel in charge of inventory could not determine the cause of the items noted above. We believe these items are not in compliance with Section 3A of the West Virginia State Agency for Surplus Property Handbook which states in part,

"... any item which has a value of at least \$100.00 and/or has a life expectancy of one year or more should be inventoried and controlled.... In the past, agencies have grouped some items together that should have been inventoried separately. An example of incorrect grouping would be the listing of a computer terminal, monitor, disk-drive, and printer as a "computer system"."

We noted 66 instances in which the Library Commission did not tag state equipment, such as, typewriters, computer monitors, disk drives, keyboards, video equipment and printers. Agency

personnel in charge of inventory could not determine why the equipment had not been tagged. We believe these items are not in compliance with Section 4A of the West Virginia State Property Handbook promulgated by the West Virginia State Agency for Surplus Property which states in part,

"...Inventory Tag Numbers must be assigned, by the agencies, to all property reported on their inventories...."

Also, Section 6 of the West Virginia State Property Handbook promulgated by the West Virginia State Agency for Surplus Property states in part,

"...An Added Property Form WV62 must accompany all new reportable property/equipment agency transmittals sent to the Finance and Administration's Budget Division...."

Our audit shows the Library Commission did not complete added property forms for 45% of the equipment purchases tested. The agency uses added property forms to make personnel in charge of the agency's inventory listing aware of additions to the inventory. The agency could not provide an explanation as to why the added property forms were not completed.

Chapter 5A, Article 3, Section 35 of the West Virginia Code states,

"The head of every spending unit of state government shall, on or before the fifteenth day of July of each year, file with the director an inventory of all real and personal property, and of all equipment, supplies and commodities in its possession as of the close of the last fiscal year, as directed by the director."

We also noted the Library Commission did not submit an inventory listing for fiscal years 1994 and 1995 to the Purchasing Division of the West Virginia Department of Administration. We believe this is not in compliance with Chapter 5A, Article 3, Section 35 of the West Virginia Code which states,

"The head of every spending unit of state government shall, on or before the fifteenth day of July of each year, file with the director an inventory of all real and personal property, and of all equipment, supplies and commodities in its possession as of the close of the last fiscal year, as directed by the director."

In our prior audit of the Library Commission, we recommended the agency perform an annual physical inventory of equipment and adjust its inventory listing in accordance with State policy. During our current audit, we noted this recommendation had not been implemented. We were told the Commission does not submit an annual inventory to the Department of Administration, however, they do perform a physical inventory every three years. The employee responsible for inventory control stated he was unaware of the prior audit recommendation.

We recommend the Commission comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code and Sections 3A, 4A and Section 6 of the West Virginia State Property Handbook.

**Agency's Response**

*"Did not have Added Property form (equipment could have been from a different location, or may have been clerical error) When an Invoice groups a computer system as one component, the items were not separated into parts, thus enabling the line item*

for Equipment to be used. When an Invoice only lists parts, but the parts are to be used in conjunction with each other as a system, the items listed on Inventory sheet as one component, instead of just parts.... When brought to our attention, for whatever reason there were no forms, forms were completed and filed. The Library Commission was not aware of the requirement to submit an annual inventory listing to the Purchasing Division. The Commission follows the WV State Property Handbook. This handbook states that a physical inventory should be taken of every removable piece of property/equipment owned by an Agency at least once in a three-year period. The Library Commission completed such inventory in 1992. Change of personnel in position of Inventory Clerk resulted in much knowledge of duties not being communicated with new clerk. COMPLIANCE WILL BE MADE IN ACCORDANCE WITH THE RECOMMENDATIONS MADE."

Legislative Intent

Our audit shows the Library Commission did not fully comply with Legislative Intent as set out in the 1994 Acts of the Legislature. The Commission's staff stated it "...could not award the following grants as designated by the Acts:

Elk Garden Library	\$1,000
Burlington Public Library	\$2,500
Fort Ashby Library	\$5,000
Keyser-Mineral County Library	\$2,500
Mt. Storm Library	\$1,000
Petersburg Library	\$1,000

The Elk Garden Library could not receive state funds as they are not a statutorily created public library..., and the remaining five institutions declined acceptance of these awards, all indeed confirmed by letter...." We did confirm that five of these libraries had declined their awards. The 1994 Acts of the Legislature states in part,

"...From the Grants to Public Libraries line item above, it is the intent of the Legislature that the following projects be funded:

City of Bridgeport Library-Construction.....	45,000
Burlington Public Library.....	2,500
Capon Bridge Library.....	5,000
Elk Garden Library.....	1,000
Fort Ashby Library.....	5,000
Hampshire Public Library.....	40,000
Keyser-Mineral County Library.....	2,500
Lewis County Library--Construction.....	25,000
Lincoln County Library.....	50,000
McDowell County Library.....	10,000
Monroe County Library.....	2,000
Morgan County Library.....	7,000
Mount Storm Library.....	1,000
Petersburg Library.....	1,000
Peterstown Public Library.....	10,000"

We obtained a letter in which these awards were later amended by the Legislature which called for Hampshire County's award to be reduced to \$30,000 and the Wyoming County Library to be awarded \$10,000. The amended grants were awarded accordingly. The following schedules depict what was actually granted and what would have been granted if the Legislative Intent was fully complied with.

**ACTUALLY GRANTED**

<u>LIBRARY</u>	<u>LEGISLATIVE INTENT</u>	<u>PER CAPITA GRANTS</u>	<u>TOTAL</u>	<u>DOLLAR PER PERSON SERVED</u>
City of Bridgeport	\$45,000.00	\$-0-	\$45,000.00	N/A
Burlington	-0-	8,598.00	8,598.00	3.39841
Capon Bridge	5,000.00	12,047.00	17,047.00	4.80874
Elk Garden	-0-	-0-	-0-	N/A
Fort Ashby	-0-	19,775.00	19,775.00	3.39835
Hampshire	30,000.00	44,019.00	74,019.00	5.71443
Keyser-Mineral	-0-	57,606.00	57,606.00	3.39838
Lewis County	25,000.00	58,530.00	83,530.00	4.84991
Lincoln County	50,000.00	72,664.00	122,664.00	5.73679
McDowell County	10,000.00	89,261.00	99,261.00	3.77906
Monroe County	2,000.00	22,201.00	24,201.00	3.70442
Morgan County	7,000.00	27,476.00	34,476.00	4.26419
Mount Storm - (Allegheny MT Top)	-0-	-0-	-0-	N/A
Petersburg	-0-	-0-	-0-	N/A
Peterstown - (Grant Co.)	10,000.00	19,252.00	29,252.00	5.16363
Wyoming	10,000.00	98,519.00	108,519.00	3.74332
Other libraries	-0-	5,564,936.00	5,564,936.00	3.39836
<b>TOTAL</b>	<b>\$194,000.00</b>	<b>\$6,094,884.00</b>	<b>\$6,288,884.00</b>	<b>3.50653</b>

**COMPLYING FULLY WITH INTENT**

<u>LIBRARY</u>	<u>LEGISLATIVE INTENT</u>	<u>PER CAPITA GRANTS</u>	<u>TOTAL</u>	<u>DOLLAR PER PERSON SERVED</u>
City of Bridgeport	\$45,000.00	\$-0-	\$45,000.00	N/A
Burlington	2,500.00	8,580.00	11,080.00	4.37944
Capon Bridge	5,000.00	12,021.00	17,021.00	4.80141
Elk Garden	1,000.00	-0-	1,000.00	N/A
Fort Ashby	5,000.00	19,733.00	24,733.00	4.25038
Hampshire	30,000.00	43,925.00	73,925.00	5.70717
Keyser-Mineral	2,500.00	57,483.00	59,983.00	3.53861
Lewis County	25,000.00	58,405.00	83,405.00	4.84265
Lincoln County	50,000.00	72,509.00	112,509.00	5.26186
McDowell County	10,000.00	89,071.00	99,071.00	3.77183
Monroe County	2,000.00	22,154.00	24,154.00	3.69722
Morgan County	7,000.00	27,417.00	34,417.00	4.25689
Mount Storm - (Allegheny MT Top)	1,000.00	-0-	1,000.00	N/A
Petersburg	1,000.00	-0-	1,000.00	N/A
Peterstown - (Grant Co.)	10,000.00	19,211.00	29,211.00	5.15639
Wyoming	10,000.00	98,308.00	108,308.00	3.73605
Other libraries	-0-	5,563,067.00	5,563,067.00	3.39722
<b>TOTAL</b>	<b>\$207,000.00</b>	<b>\$6,081,884.00</b>	<b>\$6,288,884.00</b>	<b>3.50653</b>

We also noted the Library Commission did not fully comply with the 1993 Acts of the Legislature which states in part,

"...It is the intent of the Legislature that from the Grants to Public Libraries line item above, \$50,000 be allocated to the Hamlin-Lincoln County Public Library **in addition to their normal per capita grant.** It is the further intent of the Legislature that from the Grants to Public Libraries line item above, \$5,000 be allocated to the Mineral County Public Library and \$20,000 be allocated to the Wyoming County Library System."  
**(Emphasis added)**

The Assistant Director stated the Commission had interpreted the above to mean the Mineral County Public Library and the Wyoming County Library were to receive at least \$5,000 and \$20,000, respectively, in per capita grants-in-aid which are disbursed from the Grants to Public Libraries account. We believe the 1993 Acts of the Legislature restricted the Mineral County and Wyoming County Public Libraries to receive the specified amounts only.

The following schedules depict what was actually granted and what would have been granted if the Legislative Intent was fully complied with.

<u>LIBRARY</u>	<u>ACTUALLY GRANTED</u>			<u>DOLLAR</u>
	<u>LEGISLATIVE INTENT</u>	<u>PER CAPITA GRANTS</u>	<u>TOTAL</u>	<u>PER PERSON SERVED</u>
Mineral County	\$-0-	\$79,841.00	\$79,841.00	3.15577
Wyoming County	-0-	91,486.00	91,486.00	3.15577
Hamlin-Lincoln	50,000.00	67,476.00	117,476.00	5.49415
Other Libraries	<u>-0-</u>	<u>5,420,976.00</u>	<u>5,420,976.00</u>	3.15575
<b>TOTAL</b>	<b><u>\$50,000.00</u></b>	<b><u>\$5,659,779.00</u></b>	<b><u>\$5,709,779.00</u></b>	<b>3.18364</b>

COMPLYING FULLY WITH INTENT

<u>LIBRARY</u>	<u>LEGISLATIVE INTENT</u>	<u>PER CAPITA INTENT</u>	<u>TOTAL</u>	<u>DOLLAR PER PERSON SERVED</u>
Mineral County	\$5,000.00	\$-0-	\$5,000.00	N/A
Wyoming County	20,000.00	-0-	20,000.00	N/A
Hamlin-Lincoln	50,000.00	69,275.00	119,275.00	5.57829
Other Libraries	<u>-0-</u>	<u>5,565,504.00</u>	<u>5,565,504.00</u>	3.23989
TOTAL	<u>\$75,000.00</u>	<u>\$5,634,779.00</u>	<u>\$5,709,779.00</u>	3.28302

We made no recommendation for this finding.

Agency's Response

"... The Library Commission in truth did award the grants in compliance with amended Legislative intent and did award all other grants where the recipients were willing to accept the funds." The restatement of the situation indicates compliance with intent inasmuch as the Library Commission was in no position to force acceptance upon the declining or ineligible institution...."

Payment of Salary Before Services Were Rendered

Two Commission employees were compensated a total of \$256.70 for annual leave in excess of their leave balances. The Commission's Personnel Officer stated the overpayments were due to clerical errors. One employee was paid \$209.72 or 32.82 hours in excess of the employee's leave balance on May 31, 1994. Another employee was paid \$46.98 or 5.06 hours in excess of the employee's leave balance on July 31, 1994. The overpayments resulted from inaccurate leave balances.

In addition, the Commission's Assistant Director told us he performs duties for two private non-profit corporations, the



West Virginia Library Association and the Friends of the West Virginia Radio Reading Services, during Commission work hours. Also, these records are stored on State property. The Assistant Director told us he performed such services because the Commission's Director considered the function State business because the entities' missions were so closely related to the mission of the West Virginia Library Commission. In our prior audit covering the period July 1, 1968 through June 30, 1978, we noted the Commission stored records not belonging to the State on its premises and thus, we recommended the Commission not maintain these records on State property. The Commission did not implement our prior audit recommendation.

We believe the items noted above are not in compliance with Chapter 12, Article 3, Section 13 of the West Virginia Code which states,

"No money shall be drawn from the treasury to pay the salary of any officer or employee before his services have been rendered."

We recommend the Commission comply with Chapter 12, Article 3, Section 13 of the West Virginia Code. We further recommend the Commission collect the overpayments and implement our prior audit recommendation.

Agency's Response

*"... As to the duties performed by the Assistant Director, the matter as presented is deceiving. We take issue with "Two private non-profit corporations" which could be anything from "Easter Seals" to "Save the Whales." He has performed duties for*

*job-related professional organizations, from which the Commission libraries and individuals benefit. The cited organizations provide volunteers to record for the Radio Reading for the Blind, without which the service would discontinue. Through training, institutes, conferences and seminars, agency staff benefit from involvement in professional associations, and it is encouraged. Just as state government commits time, employees and resources to United Way and other professional involvement so too does the Library Commission recognize the importance of such affiliations."*

#### Redeposits

We noted, in the Commission's records, a negative disbursement balance for the printing and binding line item. As of June 30, 1994, the Commission's general ledger records for its Public Libraries Support Services showed a negative ending balance of (\$4,196.22) for its Federal Fund - 8720. When this department performs a service and collects a fee, the monies receipted are redeposited as negative disbursements to the line items charged in creating its products. The Public Library Support Services' operating expenses are paid from general revenue and federal funds. The negative balance was the result of redepositing more monies to the line item than were disbursed from it. Had these monies been redeposited to the general revenue account, they may have expired at the end of the fiscal year and been transferred to the State's General Revenue Fund. The Assistant Director told us the Library Commission has redeposited monies into the federal account that should have been redeposited in the general revenue account in order to prevent the monies from expiring at the end of the fiscal year. We believe this practice violates the intent of the Budget

Bill and is not in compliance with Chapter 12, Article 3, Section 12 of the West Virginia Code which states in part,

"Every appropriation which is payable out of the general revenue, or so much thereof as may remain undrawn at the end of the year for which made, shall be deemed to have expired at the end of the year for which it is made, and no warrant shall thereafter be issued upon it..."

We recommend the Commission comply with Chapter 12, Article 3, Section 12 of the West Virginia Code.

Agency's Response

"When invoices are prepared, it is difficult, and most often impossible to identify the date or account from which supplies were purchased. Supplies may be on hand, in part or in whole, for more than one fiscal year. Therefore, the cost of keeping detailed supply inventories and measuring the amount of ink, paper, etc. used in a job by fiscal year and account from which purchased would not be feasible. Also, if all reimbursements had been redeposited to the general fund, the Agency would have had the prerogative of "respending" these funds in any line item within the "Unclassified" appropriation and thereby preventing the expiration and returning of the funds to the general fund...."

Sick Leave Accrual

The Library Commission's Director became ineligible to receive annual leave accrual as of January 1, 1990, when his salary was "fixed" by Chapter 6, Article 7, Section 2a of the West Virginia Code, as amended. An Attorney General Opinion dated December 2, 1977 states in part,

"...It must be noted, however, that department heads of State agencies and elected State officials may not accumulate annual leave..."

Individuals ineligible to accrue annual leave are also ineligible to accrue sick leave. The Commission continued to accrue the Director sick leave until October 31, 1994. We believe the Commission should restate the Director's sick leave records to reflect his sick leave balance as of January 1, 1990. His current sick leave balance is 3,205.11 hours. His balance as of January 1, 1990 was 2,509.11, for a difference of 696 hours. These 696 hours of sick leave have an approximate value of \$27,241.27, consisting of salary and fringe benefits. In addition, the overstated hours may be utilized to extend the employee's health insurance coverage after termination or retirement from employment, or to extend the employee's years of service by four months for retirement purposes.

We recommend the Commission adjust the Director's sick leave balance to reflect his balance as of January 1, 1990.

Agency's Response

*"We totally agree that Mr. Glazer was ineligible to accrue sick and annual leave as of January 1, 1990. His leave was accrued until October, 1994, when we were advised by the Auditor's Office that he was ineligible to accrue leave. Our frame of reference for Mr. Glazer's sick and annual leave is the January, 1990 leave report.*

*Mr. Hoover did state, however, that as a statutory employee Mr. Glazer was not accountable for his leave to anyone but the Library Commission, and further stated that the fact that he took time off would not affect the leave balances as stated in the January, 1990 report. Mr. Hoover said that every person who had*

*been made statutory after their initial employment had been paid for accrued annual leave, with sick leave being applied to hospitalization benefits or additional tenure upon leaving state service."*

Petty Cash Funds and Deposits

Our audit shows the Library Commission operated two petty cash funds which had not been authorized by the State Board of Investments. The Assistant Director stated he was unaware of the statute governing the establishment of petty cash funds. Also, fund custodians stated the petty cash funds had been established prior to their employment. The Commission used photo copy fees to establish and replenish one fund maintained by the reference department. The fund had a balance of \$35.01 as of October 12, 1995. The Administrative department established a "stamp fund", however, the Commission sold stamps from the fund and made miscellaneous expenditures with the receipts. This fund had a balance of \$115.48 as of October 12, 1995. Also, the Commission did not maintain records that indicated what monies had passed through the petty cash funds. We believe the Commission is in non-compliance with Chapter 12, Article 2, Section 2(d) of the West Virginia Code, which states in part,

"The state board of investments shall have the authority to establish an imprest fund or funds in the office of any state agency or institution making proper application to the board...."

We also noted the Commission did not maintain daily records of cash received, thus we could not determine if the

Commission's cash receipts were deposited within 24 hours of receipt. We believe this is not in compliance with Chapter 12, Article 2, Section 2(a) of the West Virginia Code which states in part,

"All officials and employees of the state authorized by statute to accept moneys due the state of West Virginia shall keep a daily itemized record of such moneys so received for deposit in the state treasury and shall deposit within twenty-four hours with the state board of investments all moneys received or collected by them for or on behalf of the state for any purpose whatsoever...."

We recommend the Commission discontinue use of its existing petty cash funds, deposit any remaining balances with the Board of Investments and comply with Chapter 12, Article 2, Section 2 of the West Virginia Code.

#### Agency's Response

*"... The Library Commission will discontinue its existing petty cash funds, deposit remaining balances with the Board of Investments, and comply with Chapter 12, Article 2, Section 2 of the West Virginia Code."*

#### In-State Travel

We noted some Commission employees were being reimbursed travel expenses through public libraries. In turn, the Commission reimbursed the libraries by means of a grant. The War Public Library reimbursed two Commission employees a total of \$156.45 for expenses incurred at an August 1994 Conference with VTLS (Virginia Tech Library Services). Also, one employee was reimbursed \$518.59 by the Cabell County Public Library for expenses incurred at a

September 1994 conference with VTLIS. Included in this reimbursement was a \$2.87 expenditure for wine. The Governor's Travel Regulations states in part,

"...Meal expense reimbursement is limited to actual expenses incurred for food... Specifically excluded are alcoholic beverages and entertainment expenses..."

The reimbursements of travel expenses through this process are not subject to review by an independent third party, such as, the State Auditor's Office, thus increasing the risk that State monies could be expended for purposes not authorized by statute. This policy is not in compliance with the Governor's Travel Regulations which states in part,

"These regulations govern authorization for and methods of travel and reimbursement for travel related expenses incurred by all travelers doing business on behalf of the State of West Virginia either as a state employee or as a representative of the State of West Virginia, as is authorized by West Virginia Code 12-3-11, as amended..."

We noted two instances in which travel requiring Travel Management's prior authorization had not been authorized. These trips required Travel Management's prior authorization because the funding, in part, was neither state-appropriated nor state-administered funds. The Assistant Director stated the agency is aware of the guidelines as set out in the Governor's Travel Regulations and any departures from such regulations were merely oversights. We believe these items are not in compliance with the Governor's Travel Regulations which states in part,

"...Under no circumstances should travel requiring the approval of the Travel

Management Office be taken without approval... It is the responsibility of the individual traveler to complete and submit to the Travel Management Office the appropriate request for travel authorization no later than five (5) days prior to the departure date of the travel only when the following conditions occur:...in- or out-of-state travel for any employee where the funding source, all or in part, for the business related travel is neither state appropriated or state administered funds unless the funding source is personal and identified as a "personal expense" or is paid by a family member identified by name and relationship..."

A portion of the employees' expenses were paid by the West Virginia Library Association. The purpose of one trip was to attend the West Virginia Library Association's Annual Conference in Wheeling, from October 19, 1994 through October 22, 1994. The employee was reimbursed \$200.10 by the Commission. The purpose of the second trip was to attend a West Virginia Library Association meeting and to meet with librarians in Gassaway, Nutter Fort, and Morgantown, West Virginia. The employee was reimbursed \$76.69 by the Commission for travel covering the period May 30, 1995 through May 31, 1995.

We recommend the Commission comply with the Governor's Travel Regulations.

**Agency's Response**

***No response by the agency.***

**Sweden Trip**

We were told two Commission employees, two Commission members and public librarians, along with the Commission's Director, traveled to Sweden from May 22, 1994 through June 12,



1994. The trip, characterized as a cultural exchange and Commission related business, was not authorized by the Travel Management Office. We believe this is not in compliance with the Governor's Travel Regulations which states in part,

"...Under no circumstances should travel requiring the approval of the Travel Management Office be taken without approval... It is the responsibility of the individual traveler to complete and submit to the Travel Management Office the appropriate request for travel authorization no later than five (5) days prior to the departure date of the travel only when the following conditions occur:...international travel:..."

The trip was mentioned in the Commission's Minutes, but we saw no evidence to indicate the Commission authorized the international travel. In a letter to our office dated May 2, 1996, the Commission's Chairperson discusses the trip to Sweden as follows:

"Regarding the trip to Sweden in May/June, 1994, by the Director of the Library Commission, two Commissioners and several staff members, I would like to state that this trip was discussed by the Library Commission at several meetings. It was my understanding that the trip would be educational in nature, and although I am not sure it was specifically stated, it was also my understanding that the staff members involved would not have to use vacation time.

Travel plans called for them to visit various libraries and cultural entities while in Sweden, as well as attending lectures and various educational institutions. It is my opinion that the Commissioners considered the trip would offer the participants educational opportunities which would help them in their jobs when they returned to work, and we considered it to be job related."

We were also told the employees were asked to pay approximately \$2,000 each to participate in the job related cultural exchange. We did not see any evidence to indicate the State paid for any travel expenses associated with this trip.

The Library Commission's Assistant Director stated the travel was considered job related, but given the cost of the trip, it would have been frowned upon had the State paid for the travel expenses, thus the employees were asked to pay their own way. In a letter to our office and at our request, the Commission's Director defined the purpose and benefits of the travel as follows:

" . . . On May 22, 1994, a delegation of West Virginia librarians, library trustees and other educators arrived in Finland for a week of library tours and seminars which include the following:

- Visit and seminar - Helsinki City Library
- Presentation by the Finnish Library Services
- Dialogues with the Finnish Library Association and Finland's Swedish Library Association
- Visit and lecture to the Finnish Literature Information Center
- Tour of the Helsinki University Library
- Visit at the American Center Library
- Visit, tour and seminar on the Finnish Library System, held at the Salo Public Library
- Discussions on Finnish education for librarians at Abo Akademi University in Turko
- Visited Municipal Library on Island of Nagu
- Visit at the Tampere City Library
- Visit to Korsholm, the site of Finland's first public library in 1794
- Presentations at Malax Municipal Library
- Programs at Korsholm Public Library and Vaasa University Library
- Visit to Jakobstad City Library.

The above activities all took place in week one. Week two included a visit to Sweden where we visited may[sic] library branches, bookmobiles ad[sic] cultural centers as follows:

- Skelleftea - visited Cultural Center
- Umea:
  - Visit to Vasterbotten Cultural Center
  - Individual visits to libraries and institutions
  - Reception at County Governor's residence with County Governor
  - Presentations by various Cultural and Library Departments at Umea City Library
- Bildmuseet - Visit for research in library and information science and seminars on children's literature
- Ornskoldsbik Municipal Library - tours
- Sundsvale - tour of City Library and Cultural warehouse
- Uppsela
  - Tour of City Library and visit Carolina Rediviva, Uppsela University Library
- Stockholm: Seminar at the Nobel Library
  - Visit to Strindberg Museum and Lecture - individual meetings with Bibliotek Jansk for librarians and library trustees.

There were a multitude of benefits from the visit by West Virginia librarians:

1. Swedish and Finnish book circulation per capita is in excess of 40 per person; approximately ten times that of West Virginia library usage. As such, we discovered technical operations, programs and activities which are responsible for this ten-fold difference in their library activities and ours.

2. Foreign language library collection - Inasmuch as Sweden is a haven for refugees from across the globe, the libraries have developed a highly successful foreign language library collection.

3. Delivery and service systems for plants, factories, and industry workers.

4. Library programs for the newborn.

5. Delivery systems for isolated rural communities considering geography and climate (similar in many cases to West Virginia winters).

6. Techniques for services for handicapped individuals.

7. Library architecture to conserve energy and improve lighting.

8. Library mechanization to reduce labor intensive activities.

9. Network and resource sharing.

10. Library management involving trustees, governing boards and political parties.

11. Genealogy, history and local culture collections.

12. Scandinavia has one of the highest literacy rates in the world.

The above represents general benefits which were shared by our group. Individually, members brought back videos, photos, kept journals, pursued individual concerns and of course being librarians brought back pounds and pounds of informational pieces given to us by our many library hosts.

These benefits, while given as an overview, can indeed be supplemented by each individual's account of how they and their community benefitted from this educational exchange. . . ."

We recommend the Commission comply with the Governor's Travel Regulations.

Agency's Response

*No response by the agency.*

Leave Balances

We noted one instance in which the agency carried forward to the next calendar year 31.25 hours or 3.90 days of annual leave

in excess of the applicable rate authorized in Section 15.03(a) of the West Virginia Division of Personnel's Administrative Rules which states in part,

"...An employee with five years but less than ten years of regular employment can carry forward 240 hours or 30 days of annual leave from one calendar year to another..."

The Personnel Officer told us the excess carry forward of annual leave was due to a clerical error. We also noted 37 instances in which the Commission did not accrue eight employees' leave in accordance with Sections 15.03(a) and 15.04(a) of the West Virginia Division of Personnel's Administrative Rules. We noted 69 errors for 21 employees in which our audited amounts for leave taken did not agree with the Commission's amounts of leave taken by employees and four instances in which the agency carried forward an incorrect monthly ending leave balance as the beginning balance for the following month.

The net effect of the above errors are as follows: employees' annual leave balances were overstated a total of 135.96 hours and employees' sick leave balances were overstated a total of 33.88 hours. The Personnel Officer stated the mistakes were attributable to clerical errors.

We recommend the Commission comply with Sections 15.03(a) and 15.04(a) of the West Virginia Division of Personnel's Administrative Rules and restate the employee's leave records to reflect the accurate balances. We further recommend the agency review the leave records of those employees not selected for testing to ascertain their balances are accurate.

Agency's Response

*"... All overstated leave will be adjusted."*

Pro Rata Annual Increment

We noted one Commission employee did not receive \$168.00 for her pro rata annual increment upon termination of employment. The Personnel Officer stated the agency is aware that employees are due a pro-rated share of their annual increment upon termination and the underpayment noted above was an oversight. Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, provides that State employees are to earn annual increment. Attorney General Opinion #37, dated June 27, 1990, states in part,

*"...By entitlement to a pro rata share, it is meant that an employee who does not work an entire fiscal year is entitled to a fractional portion of the total increment to which the employee would have been entitled had he been employed during the entire fiscal year. The fraction would have as a numerator the number of pay periods employed, and as a denominator the number twenty four if the employing agency pays its employees twice monthly..."*

This employee had 15 full years of service as of July 1, 1994 and 3.5 months of service in the fiscal year in which employment was terminated.

We recommend the Commission comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended. We further recommend the Commission pay the \$168.00 of pro rata annual increment not paid to the former employee.

Agency's Response

*"The employee cited in the report called the Personnel Officer and stated that she had been off sick and would not be*

returning to her position. She demanded that the paperwork to terminate her be done immediately so she could file for disability. In haste to comply with this request, the employee's pro rata annual increment was not included in her terminal pay. This was an oversight. The Commission does comply with Attorney General Opinion #37, dated June 27, 1990, which states that employees are entitled to a pro rata share of their annual increment if they work less than the entire fiscal year. It is the Commission's policy to pay employees for a pro rated share of their annual increment upon termination."

#### Terminal Leave

We noted the agency does not include applicable annual increment as part of employees' salaries when determining the value of employees' terminal leave. The Personnel Officer told us she was unaware annual increment was to be included as salary when determining the value of employees' terminal leave. Chapter 5, Article 5, Section 2 of the West Virginia Code refers to annual increment as salary. In addition, Attorney General Opinion #3, dated August 17, 1988 states in part,

"...The statutory provision, Code 5-5-3, as we earlier noted, is cross-referenced to Code 5-5-1 wherein the increment for certain "eligible employees" is provided, and since Code 5-5-2 also addresses such increment constitutes an "annual salary increase" and is thus an integral part of an employee's gross annual salary, and such increment is not to be deleted or subtracted in the course of determining the value of payment for accrued and unused annual leave days, either under the "remaining on the payroll" method or under the "lump sum payment" optional method, since such deletion or subtraction unlawfully reduces the value payable for accrued annual leave days."  
(Emphasis added)

Section 15.03(f1) of the West Virginia Division of Personnel's Administrative Rules states in part,

"...No deductions may be made for contributions toward retirement from the payment for terminal leave."

We noted two instances in which the Library Commission deducted a total of \$32.69 for retirement contribution from one employee's gross pay for terminal leave. The Personnel Officer stated the withholding of retirement contribution from the employee's wages for terminal leave occurred because she was unaware this policy had been established by the 1993 amendment to the West Virginia Division of Personnel's Administrative Rules.

We recommend the Commission comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, and Section 15.03(f1) of the West Virginia Division of Personnel's Administrative Rules.

Agency's Response

*"In paying employees for terminal leave, they are paid a pro-rated annual increment and the Personnel Officer did not realize they were also entitled to have their increment added as part of their salary."*

*The Commission will comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended and Section 15.03 (f1) regarding terminal leave."*

Leave Usage

Each full-time employee is entitled to annual leave with pay and benefits. Annual leave accrual for part-time employees



shall be computed in proportion to hours worked during the pay period based on the proper length of service category. Section 15.03 of the Division of Personnel's Administrative Rules allows employees occupying full-time positions to accrue annual leave on the following basis:

"Less than 5 years service: 1.25 days/month,  
maximum carryover - 30 days;

5 but less than 10 years service: 1.50  
days/month, maximum carryover - 35 days;

10 but less than 15 years service: 1.75  
days/month, maximum carryover - 35 days

15 or more years service: 2.00 days/month,  
maximum carryover - 40 days."

Accrued annual leave shall be granted at such times as will not materially affect the agency's efficient operation. Generally, all annual leave must be approved in advance. Annual leave may not be granted in advance of the employee's accrual of the leave.

Annual leave shall be used in circumstances when sick leave of the sick leave allowance for an employee's immediate family is exhausted. The same rules regarding the necessity for a physician's statement when sick leave is used apply when annual leave is used under these circumstances. An employee who separates from employment for any reason shall be paid for all accrued and unused annual leave.

According to the rules, accrued sick leave shall be granted for incapacitating illness or injury of the employee, death in the immediate family of the employee, exposure to a contagious

disease, incapacity due to pregnancy, routine medical and dental appointments of the employee's immediate family (not to exceed 40 hours per calendar year). When an employee retires, all accrued sick leave may be applied towards extended insurance coverage or to acquire additional credited service in the retirement system.

Section 15.05 of the Division of Personnel's Administrative Rules states:

"Suspected Leave Abuse: When an employee appears to have a pattern of leave abuse, including such frequent use of sick leave as to render the employee's services undependable, the appointing authority may request appropriate substantiation of the employee's claim for leave, for example, verification of an illness of less than three days. Prior written notice of the requirement for appropriate substantiation must be given to the employee."

We could not test the aforementioned section of the handbook because the West Virginia Library Commission has not defined "a pattern of sick leave abuse". However, we believe this section may be subject to any interpretation and this condition could lead to extravagant use of sick leave. Also, we believe this particular section of the Rules may permit various interpretation to be made on the part of management.

Physician's statements are required when an employee is released to work on limited duty. It must state the reasons for and the dates of the imposed limitations. An employee shall furnish a written statement from the attending physician for all consecutive days of sick leave granted beyond three work days. For extended periods of sick leave, a physician's statement must be

submitted every 30 days. When an employee's absence is caused by exposure to a contagious disease, a physician must state in writing that the employee's presence on duty may jeopardize the health of others.

The results of the above leave policies for the period July 1, 1993 through June 30, 1995 are shown below:

<u>ANNUAL</u>	<u>TOTAL</u> <u>SICK</u>	<u>TOTAL</u>	<u>YEARLY AVERAGE</u> <u>ANNUAL</u>	<u>SICK</u>	<u>TOTAL</u>
<u>\$202,714</u>	<u>\$103,529</u>	<u>\$306,243</u>	<u>\$102,956</u>	<u>\$52,581</u>	<u>\$155,538</u>

Our examination of sick and annual leave usage included all West Virginia Library Commission employees (53) that accrued leave for the period July 1, 1993 through June 30, 1995. The cost of all leave for the West Virginia Library Commission was \$306,243 for the period of our examination. The average yearly usage for the leave was 30.03 days. The West Virginia Library Commission had a 1.14 full time equivalent employee for all leave taken during the period. This means the West Virginia Library Commission needed 60 employees to complete the work expected of 53 employees.

The West Virginia Library Commission employees used 2,075 days of annual leave for the period. Annual leave cost \$202,714 or an average \$102,956 per year. The average yearly usage ranged from 11.32 days for employees with less than five years of service, to 22.65 for employees with 15 years or more years of service. Costs are based on average salary during the period plus 30% of the average salary for the related benefits. The West Virginia Library

Commission had a full time equivalent employee of 1.09 for all annual leave taken.

The employees used a total of 1,060 sick days for the period. The West Virginia Library Commission had a 1.04 full time equivalent employee for all sick leave used. The cost of all sick leave was \$103,529 or an average of \$55,581 per year for the period examined. The total sick leave included 175 days of sick leave which had verification (physician's statement).

From our review of the West Virginia Library Commission records, it appears the employees with lower salaries took more sick leave than higher salaried employees. The average salary of all employees who accrue sick and annual leave at the West Virginia Library Commission is \$18,566. The employees with salaries below the average took an average of 12 days of sick leave per year. The employees with salaries above \$18,566 appeared to have taken an average of 7.40 days of sick leave per year.

It appears employees with 10 to 15 years of service have the highest sick leave usage rate. These employees took a total of 184 days of sick leave, or an average of 12 days per year during the audit period. It appears employees with less than 5 years of service take the least amount of sick leave. These employees took 113 days of sick leave during our audit period, or an average of 11 days per year.

We performed a detailed analysis of the employees' sick leave usage which was verified based on the employee's word. We will refer to this sick leave as "integrity sick leave". Our

analysis revealed the following information for integrity sick leave days used.

<u>EMPLOYEE SERVICE YEARS</u>	<u>&lt;5</u>	<u>5&lt;10</u>	<u>10&lt;15</u>	<u>15+</u>	<u>Total</u>
Number of Employees	6	9	8	30	53
Integrity Days	113	138	184	449	8.84
Average Integrity Leave Days Per Year	10.68	8.9	13.46	9.52	10.64
Total Cost of Leave	\$8,197	\$11,804	\$16,068	\$63,555	\$99,626
Full Time Equivalent	1.05	1.04	1.06	1.04	1.05
Average Salary	\$12,469	\$15,688	\$14,077	\$21,845	\$16,020
Employees Needed	6	9	8	29	56

We noted the West Virginia Library Commission's employees used 884 days of integrity sick leave for the period July 1, 1993 through June 30, 1995. Although not in violation of the Division of Personnel's Rules, the amount of employee integrity leave used may represent an extravagant use of sick leave. Integrity sick leave represented 83% of all sick leave used, while 17% of the sick leave taken was verified through some other source, namely physician's statements. The West Virginia Library Commission had a full time equivalent employee of 1.03 for integrity sick leave used. This means the West Virginia Library Commission needed 55 employees to perform the duties of 53 employees.

We recommend the West Virginia Library Commission define what a pattern of sick leave abuse means in the West Virginia Division of Personnel Administrative Rules in order to minimize any extravagant use of sick leave and to avoid any misunderstandings of sick leave abuse.

### Agency's Response

"As of January, 1996, of the 54 employees on the Commission staff, 8 had less than 10 days of sick leave, including one employee had less than 3 months service (36 had over 50 days). However, the Commission will follow the West Virginia Division of Personnel's Administrative Rules, Series I (1995) amended, Section 15: Attendance & Leave, Subsection 15.05 - Suspected Leave Abuse - "When an employee appears to have a pattern of leave abuse, including such frequent use of sick leave as to render the employee's service undependable, the appointing authority may request appropriate substantiation of the employees claim for leave, for example, verification of an illness of less than three days...". We are writing an administrative policy which will clearly define what a pattern of sick leave abuse means, in order that all employees are treated fairly.

The average yearly usage is abnormally high because of a very small percentage of staff using sick leave as they earn it."

### Lack of Time Sheets

Our audit shows the Library Commission does not utilize time sheets that conform to the Department of Labor's Minimum Wages and Maximum Hours Standards Regulations. The agency's Personnel Officer stated she was unaware specific records were to be maintained and believed the agency's forms would be sufficient to document employees work time. Employees record their time worked and leave utilized on the same form, marking an "X" to indicate they worked the entire day (8 hours), "S" or "A" to indicate they

utilized an entire day of sick or annual leave, respectively, however, they do not indicate the number of hours worked per day, nor the total hours worked each week. When utilizing sick or annual leave for a portion of their work day, employees indicate the number of hours and type of leave used. We do not believe the Commission's time sheets meet the requirements as specified in Title 42, Series 8, Section 4.2(g) of the Department of Labor's Minimum Wages and Maximum Hours Standards Regulations which state in part,

"Contents of records... the written record or records with respect to each and every employee shall contain... hours worked each work day and total hours worked each work week."

Time sheets meeting the above requirements help make it possible to determine if employees are working overtime hours (in excess of 40 hours per week) and receiving compensatory time instead of receiving pay at one and one-half times their regular rate of pay for overtime hours.

We recommend the Commission comply with Title 42, Series 8, Section 4.2(g) of the Department of Labor's Minimum Wages and Maximum Hours Standards Regulations.

Agency's Response

**"New forms have been developed and are being used which will indicate the number of hours worked per day as well as per week, in compliance with Title 42, Series 8, Section 4.2(g) of the Department of Labor's Minimum Wages and Maximum Hours Standards Regulations."**

### Commission Members Travel Reimbursement

We noted the Library Commission reimbursed its Commission members' travel expenses from general revenue funds. Chapter 10, Article 1, Section 15 of the West Virginia Code, states in part,

"If any sums of money are received by the commission as gifts, they shall be paid into the State Treasury and used exclusively for carrying out the provisions of this article, and paying expenses of the commissioners..."

Our audit shows the Commission received gifts in fiscal years 1994 and 1995, however, these gifts were donated specifically for use by the Blind and Handicapped department. Therefore, the Commission members' travel expenses were paid from State funds, not monies receipted as gifts. The Assistant Director stated the Library Commission believed it was authorized to reimburse its Commission members for all reasonable expenses incurred while performing their duties for the Commission. In addition, we observed a letter dated March 17, 1982, from the Commissioner of Finance and Administration to the Director of the Library Commission authorizing payment of the Commission members' "actual and necessary expenses incurred by the members while carrying out their duties for the Library Commission". However, we do not believe the former Commissioner was authorized to establish policies that are not in compliance with the West Virginia Code.

We recommend the Commission comply with Chapter 10, Article 1, Section 15 of the West Virginia Code.

### Agency's Response

*No response by the agency.*



Meal Reimbursement for Single Day Travel

Chapter 11, Article 21, Section 72 of the West Virginia Code states in part,

"Every employer required to deduct and withhold tax under this article from the wages of an employee, or who would have been required so to deduct and withhold tax if the employee had claimed no more than one withholding exemption, shall furnish to each such employee... a written statement as prescribed by the tax commissioner showing the amount deducted and withheld as tax, and such other information as the tax commissioner shall prescribe."

Library Commission members and employees were reimbursed for meal expenses incurred during the audit period where the trips involved did not require an overnight stay (single day travel), however, these amounts were not reported to these employees on a Form W-2 (Employees Withholding Statement). The agency's Personnel Officer stated she was unaware meal reimbursements for single day travel were taxable income or the agency was responsible for providing information to the State Auditor's Office so the income could be included on employees' Form W-2. Paragraphs (d)(2) and (c)(5) of the Regulation §1.62 of the Internal Revenue Services' Income Tax Regulations states:

"(d)(2) *Other bona fide expenses.* If an arrangement provides advances, allowances, or reimbursements for business expenses described in paragraph (d)(1) of this section (i.e., deductible employee business expenses) and for other bona fide expenses related to the employer's business (e.g., travel that is not away from home) that are not deductible under Part VI (section 161 and the following), subchapter B, chapter 1 of the Code, the payor is treated as maintaining two arrangements. The portion of the arrangement that provides

payments for the deductible employee business expenses is treated as one arrangement that satisfies this paragraph (d). The portion of the arrangement that provides payments for the nondeductible employee expenses is treated as a second arrangement that does not satisfy this paragraph (d) and all amounts paid under this second arrangement will be treated as paid under a nonaccountable plan. See paragraphs (c)(5) and (h) of this section."

"(c)(5) Treatment of payments under nonaccountable plans. Amounts treated as paid under a nonaccountable plan are included in the employee's gross income, must be reported as wages or other compensation on the employee's Form W-2, and are subject to withholding and payment of employment taxes (FICA, FUTA, RRTA, RURT and income tax).... Expenses attributable to amounts included in the employee's gross income may be deducted, provided the employee can substantiate the full amount of his or her expenses (i.e., the amount of the expenses, if any, the reimbursement for which is treated as paid under an accountable plan as well as those for which the employee is claiming the deduction) in accordance with §1.162-17, but only as a miscellaneous itemized deduction subject to the limitations applicable to such expense...."

Further, Chapter 11, Article 21, Section 12 of the West Virginia Code, as amended, states in part,

"(a) General - The West Virginia adjusted gross income of a resident individual means his federal adjusted gross income as defined in the laws of the United States for the taxable year with the modifications specified in this section...."

Therefore, any reimbursement received for non-deductible travel expenses are considered as taxable income under both Federal and West Virginia tax law.

We recommend the Commission comply with Chapter 11, Article 21, Section 12, as amended, and Chapter 11, Article 21, Section 72 of the West Virginia Code.

**Agency's Response**

***No response by the agency.***

**Vehicle Rental**

The Library Commission is paying a fee of \$430.00 per month to lease a vehicle from the Travel Management office. In addition, the Commission pays the operating expenses associated with the leased vehicle. The agency uses the vehicle an average of approximately 600 miles per month or 7,200 miles per year for mail runs and book deliveries. The monthly vehicle lease rate divided by the average monthly miles driven equates to a cost of \$.72 per mile. Considering the Governor's Travel Regulations provides State employees be compensated \$.285 per mile for use of their personal vehicles while performing State business, a cost of \$.72 per mile appears extravagant. However, this is the only option available, if Commission employees will not use their own vehicles, to the Commission because Travel Management does not lease vehicles on an as needed basis, which might benefit agencies who do not use their leased vehicles extensively.

We recommend the Commission evaluate its need for a leased vehicle and examine alternative options.

**Agency's Response**

***No response by the agency.***

**INTERNAL CONTROLS AND ACCOUNTING SYSTEM**

As part of our examination, we reviewed and tested the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted

auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgement, carelessness, or other personal factors. Control procedures whose effectiveness depends upon segregation can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further projection of any evaluation of internal accounting control to future periods is

subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal accounting control for the period July 1, 1978 to June 30, 1995, which was made for the purpose set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system. However, such study and evaluation disclosed conditions that we believe to be weaknesses.

#### STRENGTHEN INTERNAL CONTROLS OVER COMPLIANCE

As indicated by the items noted in the "Compliance Matters" section of this report, we believe the Library Commission should strengthen internal controls in the area of compliance with the West Virginia Code and various rules and regulations which control the agency's operations. We believe weaknesses in the internal control structure exist in the following areas: 1. Petty Cash Funds; 2. Calculation of Employees' Leave Balances; 3. Administrative Procedures Over Inventory Control; and 4. Cash Receipts.

We recommend the Commission strengthen or establish the necessary internal controls to better ensure compliance with the West Virginia Code and other administrative rules and regulations which govern the operations of the Library Commission.

#### Agency's Response

*"#2 - We are implementing several check points to try to strengthen calculation of Employee's Leave Balances. 1) New time sheets; 2) Requiring that the Supervisor signing off on the time*

*sheets be more responsible in calculations; 3) a triple check of leave once it is put in the computer by a) the data entry clerk; b) the Personnel Officer and c) employees and supervisor. All overstated leave will be adjusted...."*

Accounts Receivable

We noted the Commission's Public Library Support Services charged incorrect fees for services provided and did not collect all fees due the State. We noted eight instances in which we could not determine if the Commission had collected all monies due the State for services it has provided. We could not ascertain that invoices totaling \$841.22 had been paid. The Assistant Director confirmed the invoices had not been paid, however, upon notification of the past due receipts, the Commission attempted to collect the receivables. All invoices were subsequently paid, except one billed to the Paden City Public Library for \$103.62. The Assistant Directory sent a second invoice and a letter requesting payment from the library. We were told monies receipted for payment of such invoices are directed to two different departments within the Library Commission. The departments are not always informed of the monies receipted by the other department, making it difficult to maintain accurate accounts receivable records. The responsibility of ensuring that all receivables are collected does not rest with one department.

Also, we noted one instance in which we could not recalculate a job order because the order form was not complete. Agency personnel could not provide an explanation as to why the

form was incomplete. We also noted two instances in which the Public Library Support Services department charged fees in excess of their fees schedule. The RADAR program was overcharged \$10.00 and the Family Matters program was overcharged \$4.55. Agency personnel stated that the overcharges were due to clerical errors. In addition, we noted the Commission's Video Services did not maintain records that permitted us to audit its accounts receivables.

We recommend the Commission strengthen internal controls in the area of accounts receivables.

**Agency's Response**

***No response by the agency.***

**Control Over Telephone System**

We noted the Library Commission has not established controls over its telephone system. The Commission uses the "honor system" in which employees are permitted to make long distant calls and reimburse the agency. Agency personnel do not review the telephone bills to ascertain the Commission is being reimbursed for employees' personal calls. Per the State Auditor's records, the Library Commission expended \$106,880.15 in fiscal year 1995 and \$72,726.86 in fiscal year 1994 for telephone service, line item 024. We believe the lack of controls over the telephone system increases the risk State monies could be expended for purposes not authorized by statute.

We recommend the Commission strengthen internal controls over its telephone system.

**Agency's Response**

***No response by the agency.***

**Vehicle Maintenance**

We noted the Library Commission has not established controls over its payment of vehicle maintenance expenses. The Commission does not compare its records of vehicle expenses, such as gasoline and repairs, with amounts billed by Finance and Administration. The Commission pays the amount invoiced by Finance and Administration without having the invoice authorized by agency personnel responsible for the vehicle's maintenance. It is an established administrative practice for personnel within the agency to "sign off" on invoices to indicate the invoiced goods or services have been received. Per the State Auditor's records, the Commission expended \$282.14 in fiscal year 1995 for vehicle maintenance. We believe the lack of controls over vehicle maintenance increases the risk that the Commission may pay for services not received or be overcharged for services rendered.

We recommend the Commission strengthen internal controls in the area of expenditures for vehicle maintenance.

**Agency's Response**

***No response by the agency.***



## INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of appropriations/cash receipts, disbursements and changes in cash balance of the West Virginia Library Commission for the years ended June 30, 1995 and June 30, 1994. The financial statement is the responsibility of the management of the West Virginia Library Commission. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note A, the financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues collected and expenses paid of the West Virginia Library Commission for the years ended June 30, 1995 and June 30, 1994 on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectfully submitted,



Theford L. Shanklin, CPA, Director  
Legislative Post Audit Division

December 13, 1995

Auditors: Nick Arvon, Supervisor  
Donna F. Simmers  
David N. Harris

**WEST VIRGINIA LIBRARY COMMISSION**  
**STATEMENT OF APPROPRIATIONS/CASH RECEIPTS,**  
**EXPENDITURES/DISBURSEMENTS AND CHANGES IN FUND BALANCES**

	<u>Year Ended June 30, 1995</u>		
	<u>General</u>	<u>Special</u>	<u>Federal</u>
	<u>Revenue</u>	<u>Revenue</u>	<u>Program</u>
<b>Appropriations/Cash Receipts:</b>			
Appropriations	\$8,259,420.00	\$0.00	\$0.00
Professional Fees	0.00	10,450.60	0.00
Non-Federal Grants	0.00	267,575.00	0.00
Other Collections	0.00	5,240.00	0.00
U.S. Department of Education	0.00	0.00	1,126,000.00
	<u>8,259,420.00</u>	<u>283,265.60</u>	<u>1,126,000.00</u>
<b>Expenditures/Disbursements:</b>			
Personal Services	1,008,953.60	48,251.71	90,844.33
Employee Benefits	323,618.10	12,468.95	37,824.95
Current Expenses	286,061.67	14,854.40	140,615.59
Repairs and Alterations	13,850.84	814.19	18,361.86
Equipment	336,614.44	67,325.13	173,151.17
Grants, Awards, Scholarships and Loans	<u>6,237,258.91</u>	<u>190,588.63</u>	<u>578,981.76</u>
	<u>8,206,357.56</u>	<u>334,303.01</u>	<u>1,039,779.66</u>
<b>Appropriations/Cash Receipts Over/(Under)</b>			
Expenditures/Disbursements	53,062.44	(51,037.41)	86,220.34
<b>Expirations and Expenditures After June 30</b>	(53,062.44)	0.00	0.00
<b>Beginning Balance</b>	<u>0.00</u>	<u>121,271.46</u>	<u>19,846.26</u>
<b>Ending Balance</b>	<u>\$0.00</u>	<u>\$70,234.05</u>	<u>\$106,066.60</u>

<b>Year Ended June 30, 1994</b>				
<b><u>Combined</u></b> <b><u>Totals</u></b>	<b><u>General</u></b> <b><u>Revenue</u></b>	<b><u>Special</u></b> <b><u>Revenue</u></b>	<b><u>Federal</u></b> <b><u>Program</u></b>	<b><u>Combined</u></b> <b><u>Totals</u></b>
\$8,259,420.00	\$7,611,948.00	\$0.00	\$0.00	\$7,611,948.00
10,450.60	0.00	14,300.00	0.00	14,300.00
267,575.00	0.00	131,500.00	0.00	131,500.00
5,240.00	0.00	96,902.00	0.00	96,902.00
<u>1,126,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>805,000.00</u>	<u>805,000.00</u>
9,668,685.60	7,611,948.00	242,702.00	805,000.00	8,659,650.00
1,148,049.64	979,125.21	46,189.04	86,094.64	1,111,408.89
373,912.00	324,822.16	13,450.07	38,458.37	376,730.60
441,531.66	247,584.10	17,393.01	133,069.63	398,046.74
33,026.89	488.77	0.00	17,331.43	17,820.20
577,090.74	327,197.28	34,020.67	96,608.45	457,826.40
<u>7,006,829.30</u>	<u>5,676,757.12</u>	<u>81,830.80</u>	<u>492,667.75</u>	<u>6,251,255.67</u>
9,580,440.23	7,555,974.64	192,883.59	864,230.27	8,613,088.50
88,245.37	55,973.36	49,818.41	(59,230.27)	46,561.50
(53,062.44)	(55,973.36)	0.00	0.00	(55,973.36)
<u>141,117.72</u>	<u>0.00</u>	<u>71,453.05</u>	<u>79,076.53</u>	<u>150,529.58</u>
<u>\$176,300.65</u>	<u>\$0.00</u>	<u>\$121,271.46</u>	<u>\$19,846.26</u>	<u>\$141,117.72</u>

**WEST VIRGINIA LIBRARY COMMISSION**

**NOTES TO FINANCIAL STATEMENT**

**Note A - Accounting Policies**

Accounting Method: The modified cash basis of accounting is followed for the General Revenue Fund. The major modification from the cash basis is that a 31-day carry-over period is provided at the end of each fiscal year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditure encumbered prior to the end of the fiscal year may be paid up to 31-days after the fiscal year-end, however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Expenditures paid after June 30 in the carry-over period and expirations were as follows:

	<u>Expenditures</u>		<u>Expirations</u>	
	<u>Paid After June 30,</u>		<u>July 31,</u>	<u>July 31,</u>
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
Personal Services	\$(530.48)	\$-0-	\$27,551.88	\$12,460.79
Employee Benefits	9,149.67	7,479.84	106.23	-0-
Unclassified	10,840.66	13,451.15	-0-	-0-
Books & Films	1.00	-0-	-0-	-0-
Services to Blind & Handicapped	-0-	10,346.00	-0-	-0-
Grants to Public Libraries	<u>5,943.48</u>	<u>12,235.58</u>	<u>-0-</u>	<u>-0-</u>
	<u>\$25,404.33</u>	<u>\$43,512.57</u>	<u>\$27,658.11</u>	<u>\$12,460.79</u>

Combined Totals: The combined totals contain the totals of similar accounts of the various funds. Since the appropriations and cash receipts of certain funds are restricted by various laws, rules and regulations, the totaling of the accounts is for memorandum purposes only and does not indicate that the combined totals are available in any manner other than that provided by such laws, rules and regulations.

**Note B - Pension Plan**

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employee contributions are 4.5% of their compensation and employees are vested under certain circumstances. The West Virginia Library Commission matches contributions at 9.5% of the compensation on which the employee made contributions. The West Virginia Library Commission's pension expenditures were as follows:

	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
General Revenue	\$95,542.15	\$93,017.39
Special Revenue	3,256.32	5,312.27
Federal Program	<u>7,925.96</u>	<u>10,224.97</u>
	<u>\$106,724.43</u>	<u>\$108,554.63</u>

**SUPPLEMENTAL INFORMATION**

**WEST VIRGINIA LIBRARY COMMISSION**  
**STATEMENTS OF APPROPRIATIONS AND EXPENDITURES**  
**GENERAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
<b><u>Personal Services - Fund 0296-001</u></b>		
Appropriations	\$1,014,982.00	\$966,602.00
Reduction in Appropriation - Secretary Transfer	(4,243.00)	0.00
	1,010,739.00	966,602.00
Expenditures:		
Personal Services	983,187.12	954,141.21
	27,551.88	12,460.79
Transmittals Paid After June 30	(530.48)	0.00
Balance	<u>\$27,021.40</u>	<u>\$12,460.79</u>
<b><u>Annual Increment - Fund 0296-004</u></b>		
Appropriations	\$25,668.00	\$24,984.00
Reduction in Appropriation - Secretary Transfer	(432.00)	0.00
	25,236.00	24,984.00
Expenditures:		
Annual Increment	25,236.00	24,984.00
	0.00	0.00
Transmittals Paid After June 30	0.00	0.00
Balance	<u>\$0.00</u>	<u>\$0.00</u>
<b><u>Employee Benefits - Fund 0296-010</u></b>		
Appropriations	\$355,635.00	\$336,332.00
Reduction in Appropriation - Secretary Transfer	(22,761.00)	(4,030.00)
	332,874.00	332,302.00
Expenditures:		
Employee Benefits	332,767.77	332,302.00
	106.23	0.00
Transmittals Paid After June 30	9,149.67	7,479.84
Balance	<u>\$9,255.90</u>	<u>\$7,479.84</u>

**WEST VIRGINIA LIBRARY COMMISSION**

**STATEMENTS OF APPROPRIATIONS AND EXPENDITURES**

**GENERAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
<b><u>Unclassified - Fund 0296-099</u></b>		
Appropriations	\$225,212.00	\$225,212.00
Supplemental Appropriation - Secretary Transfer	27,436.00	4,030.00
	<u>252,648.00</u>	<u>229,242.00</u>
Expenditures:		
Current Expenses	<u>252,648.00</u>	<u>229,242.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>10,840.66</u>	<u>13,451.15</u>
Balance	<u>\$10,840.66</u>	<u>\$13,451.15</u>
<b><u>Books and Films - Fund 0296-179</u></b>		
Appropriations	\$150,000.00	\$150,000.00
Expenditures:		
Equipment	<u>150,000.00</u>	<u>150,000.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>1.00</u>	<u>0.00</u>
Balance	<u>\$1.00</u>	<u>\$0.00</u>
<b><u>Services to State Institutions - Fund 0296-180</u></b>		
Appropriations	156,310.00	156,310.00
Expenditures:		
Grants In Aid	<u>156,310.00</u>	<u>156,310.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$0.00</u>



**WEST VIRGINIA LIBRARY COMMISSION**

**STATEMENTS OF APPROPRIATIONS AND EXPENDITURES**

**GENERAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
<b><u>Services to Blind and Handicapped - Fund 0296-181</u></b>		
Appropriations	\$42,729.00	\$42,729.00
Expenditures:		
Current Expenses	21,735.47	18,677.70
Repairs and Alterations	833.40	488.77
Equipment	20,160.13	21,888.11
Grants In Aid	0.00	1,674.42
	<u>42,729.00</u>	<u>42,729.00</u>
	0.00	0.00
Transmittals Paid After June 30	0.00	<u>10,346.00</u>
Balance	<u>\$0.00</u>	<u>\$10,346.00</u>
<b><u>Grants to Public Libraries - Fund 0296-182</u></b>		
Appropriations	\$6,288,884.00	\$5,709,779.00
Expenditures:		
Current Expenses	22,582.19	13,115.55
Repairs and Alterations	13,017.44	0.00
Equipment	172,069.48	176,294.45
Grants In Aid	<u>6,081,214.89</u>	<u>5,520,369.00</u>
	<u>6,288,884.00</u>	<u>5,709,779.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>5,943.48</u>	<u>12,235.58</u>
Balance	<u>\$5,943.48</u>	<u>\$12,235.58</u>

**WEST VIRGINIA LIBRARY COMMISSION**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCE**  
**SPECIAL REVENUE**

	<u>Year Ended June 30.</u>	
	<u>1995</u>	<u>1994</u>
<b><u>Video Production Services Fund - Fund 3550</u></b>		
Cash Receipts:		
Professional Fees	\$10,450.60	\$14,300.00
Other Rental Income	0.00	300.00
Other Collections	<u>240.00</u>	<u>2,115.00</u>
	10,690.60	16,715.00
 Disbursements:		
Current Expenses	7,348.00	9,753.78
Repairs and Alterations	610.00	0.00
Equipment	<u>1,315.00</u>	<u>0.00</u>
	<u>9,273.00</u>	<u>9,753.78</u>
 Cash Receipts Over Disbursements	1,417.60	6,961.22
 Beginning Balance	<u>7,511.22</u>	<u>550.00</u>
 Ending Balance	<u>\$8,928.82</u>	<u>\$7,511.22</u>

**WEST VIRGINIA LIBRARY COMMISSION**  
**STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCE**  
**SPECIAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
<b><u>Alcohol and Drug Abuse Grant - Fund 3552</u></b>		
Cash Receipts:		
Non-Federal Grants	\$243,750.00	\$112,500.00
Other Collections	<u>0.00</u>	<u>82,487.00</u>
	243,750.00	194,987.00
Disbursements:		
Personal Services	31,181.80	24,100.40
Employee Benefits	6,744.51	6,352.88
Current Expenses	4,531.78	6,090.32
Repairs and Alterations	204.19	0.00
Equipment	63,637.18	33,770.67
Grants, Awards, Scholarships and Loans	<u>179,503.63</u>	<u>64,263.80</u>
	<u>285,803.09</u>	<u>134,578.07</u>
Cash Receipts (Under)/Over Disbursements	(42,053.09)	60,408.93
Beginning Balance	<u>89,646.07</u>	<u>29,237.14</u>
Ending Balance	<u>\$47,592.98</u>	<u>\$89,646.07</u>
<b><u>Statewide Satellite Fund - Fund 3557</u></b>		
Cash Receipts	\$0.00	\$0.00
Disbursements:		
Equipment	0.00	250.00
Grants, Awards, Scholarships and Loans	<u>10,760.00</u>	<u>17,535.00</u>
	<u>10,760.00</u>	<u>17,785.00</u>
Cash Receipts (Under) Disbursements	(10,760.00)	(17,785.00)
Beginning Balance	<u>23,224.65</u>	<u>41,009.65</u>
Ending Balance	<u>\$12,464.65</u>	<u>\$23,224.65</u>

**WEST VIRGINIA LIBRARY COMMISSION**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCE**  
**SPECIAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
<b><u>Children and Families Fund - Fund 3558</u></b>		
<b>Cash Receipts:</b>		
Non-Federal Grants	\$23,825.00	\$19,000.00
Gifts	0.00	6,000.00
Other Collections	<u>5,000.00</u>	<u>6,000.00</u>
	28,825.00	31,000.00
<b>Disbursements:</b>		
Personal Services	17,069.91	22,088.64
Employee Benefits	5,724.44	7,097.19
Current Expenses	2,974.62	1,548.91
Equipment	2,372.95	0.00
Grants, Awards, Scholarships and Loans	<u>325.00</u>	<u>32.00</u>
	<u>28,466.92</u>	<u>30,766.74</u>
<b>Cash Receipts Over Disbursements</b>	<b>358.08</b>	<b>233.26</b>
<b>Beginning Balance</b>	<b><u>889.52</u></b>	<b><u>656.26</u></b>
<b>Ending Balance</b>	<b><u>\$1,247.60</u></b>	<b><u>\$889.52</u></b>

**WEST VIRGINIA LIBRARY COMMISSION**  
**STATEMENT OF APPROPRIATIONS AND EXPENDITURES**  
**FEDERAL PROGRAM**

	<u>Year Ended June 30.</u>	
	<u>1995</u>	<u>1994</u>
<b><u>Unclassified - Fund 8720-096</u></b>		
Appropriations	\$1,810,692.00	\$1,800,673.00
Expenditures:		
Personal Services	90,844.33	86,094.64
Employee Benefits	36,825.02	39,458.30
Current Expenses	139,685.23	133,999.99
Repairs and Alterations	18,361.86	17,331.43
Equipment	173,151.17	96,608.45
Grants, Awards, Scholarships and Loans	<u>578,981.76</u>	<u>492,667.75</u>
	<u>1,037,849.37</u>	<u>866,160.56</u>
	772,842.63	934,512.44
Transmittals Paid After June 30	<u>0.00</u>	<u>1,930.29</u>
Balance	<u>\$772,842.63</u>	<u>\$936,442.73</u>

**WEST VIRGINIA LIBRARY COMMISSION**  
**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND**  
**CHANGES IN CASH BALANCE**  
**FEDERAL PROGRAM**

	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
<b><u>Consolidated Federal Funds - General</u></b>		
<b><u>Administrative - Fund 8720</u></b>		
Beginning Balance:	\$19,846.26	\$79,076.53
Cash Receipts:		
Department of Education	1,126,000.00	805,000.00
TOTAL CASH TO ACCOUNT FOR	<u>\$1,145,846.26</u>	<u>\$884,076.53</u>
Ending Balance:	\$106,066.60	\$19,846.26
Disbursements:		
Personal Services	90,844.33	86,094.64
Employee Benefits	36,825.02	39,458.30
Current Expenses	139,685.23	133,999.99
Repairs and Alterations	18,361.86	17,331.43
Equipment	173,151.17	96,608.45
Grants, Awards, Scholarships and Loans	<u>578,981.76</u>	<u>492,667.75</u>
	1,037,849.37	866,160.56
Add: Transmittals Paid July 1-31 Beginning; and (Less) Transmittals Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	0.00	0.00
Employee Benefits	999.93	0.00
(Employee Benefits)	0.00	(999.93)
Current Expenses	930.36	0.00
(Current Expenses)	0.00	(930.36)
Repairs and Alterations	0.00	0.00
(Repairs and Alterations)	0.00	0.00
Equipment	0.00	0.00
(Equipment)	0.00	0.00
Grants, Awards, Scholarships and Loans	0.00	0.00
(Grants, Awards, Scholarships and Loans)	<u>0.00</u>	<u>0.00</u>
	1,930.29	(1,930.29)
	<u>1,039,779.66</u>	<u>864,230.27</u>
TOTAL CASH ACCOUNTED FOR	<u>\$1,145,846.26</u>	<u>\$884,076.53</u>

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of the Legislative Post Audit Division, do hereby certify that the report of audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 12, Article 6, Section 15, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 20<sup>th</sup> day of May,  
1996.

*Thedford L. Shanklin*

Thedford L. Shanklin, CPA, Director  
Legislative Post Audit Division

Copy forwarded to each member of the Secretary of the Department of Administration to be filed as a public record. Copies forwarded to the Secretary of the Department of Education and the Arts; West Virginia Library Commission; Each member of the Commission; Attorney General; Governor; and State Auditor.