

STATE OF WEST VIRGINIA

SPECIAL REPORT

OF

***WEST VIRGINIA DEPARTMENT OF EDUCATION
BASIC STATE AID***

FOR THE PERIOD

JULY 1, 1997 - JUNE 30, 1999



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

WEST VIRGINIA DEPARTMENT OF EDUCATION

BASIC STATE AID

JULY 1, 1997 - JUNE 30, 1999

WEST VIRGINIA DEPARTMENT OF EDUCATION

BASIC STATE AID

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WEST VIRGINIA DEPARTMENT OF EDUCATION

BASIC STATE AID

EXIT CONFERENCE

We held an exit conference on February 6, 2001 with representatives of the West Virginia Department of Education. All findings were reviewed and discussed. The Department's responses are included in bold and italics in the Summary of Findings, Recommendations and Responses and after our findings in the General Remarks section of this Special Report.

WEST VIRGINIA DEPARTMENT OF EDUCATION

ADMINISTRATIVE OFFICERS AND STAFF

AS OF JUNE 30, 1999

Henry Marockie, Ph.D. State Superintendent of Schools

Division of Administrative Services

David Stewart Assistant Superintendent

Joseph Panetta . Executive Director, Office of School Finance

Karen Cummings, CPA . . . Coordinator, Office of School Finance

Susan Smith-Willey, CPA . Coordinator, Office of School Finance

Office of Technology & Information Systems

Nancy Walker Executive Director

Nancy Hawkins Program Analyst

Michael Cox Coordinator, Research and Statistics

Office of School Transportation

Wayne Clutter Director

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

Theodore L. Shanklin, CPA, Director
Legislative Post Audit Division
Building 1, Room W-329
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CHARLESTON, WEST VIRGINIA 25305-0610

The Joint Committee on Government and Finance:

The Objective of this Special Report was to gain an understanding of how the West Virginia Department of Education Basic State Aid is calculated and how it is distributed to the counties. To achieve the objectives noted above we performed the following:

Reviewed the West Virginia Code and other rules and regulations that pertain to the Basic State Aid calculation;

Obtained an understanding of procedures used for collecting data to calculate Basic State Aid;

Performed analytical reviews of student enrollment data;

Interviewed key Department personnel concerning the Basic School Aid Formula calculations and documentation;

Consulted with a computer analyst from the Legislative Automated Systems Division to develop our understanding of the Department's computer programs;

Reviewed the Department's certification process of enrollment and personnel data;

Selected several counties for testing the Basic State Aid Formula; and,

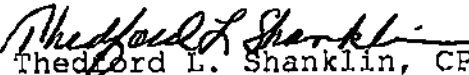
Recalculated the allocation amounts concerning:

1. Professional Educators
2. Service Personnel

3. Fixed Charges
4. Other Current Expenses
5. Transportation
6. Administration
7. Improve Instructional Programs
8. Local Share

The results of our work is contained in the General Remarks Section of this Special Report.

Sincerely yours,


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

January 25, 2001

Auditors: Ethelbert Scott, Jr., Supervisor
Jean Ann Waldron-Krebs, Auditor-in-Charge
Sheela S. Francis
Trenton W. Morton

WEST VIRGINIA DEPARTMENT OF EDUCATION

BASIC STATE AID

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Lack of Effective System of Internal Controls

1. During the course of our examination, it became apparent to us, based on the observed noncompliance with the West Virginia Code, the Department of Education did not have an effective system of internal controls in place to ensure compliance with applicable State laws. We believe an effective system of internal controls could have alerted management to these violations at an earlier date and allowed more timely corrective action.

Auditor's Recommendation

We recommend the agency comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish a system of internal controls. See pages 24-27.)

Lack of Written Procedures and Undocumented Computer Programs

2. The Department did not maintain written accounting procedures and documentation of computer programs for the calculation of the Basic State Aid. The Department's computer system is an integral part of the Basic State Aid calculation. The results of our Special Report revealed some errors in the computer programs used to compute Basic State Aid.

Auditor's Recommendation

We recommend the Department strengthen internal controls over the calculation of funding and document the accounting procedures and the computer programs used for the Basic State Aid.

Agency's Response

To correct the errors noted during the audit and to improve the accuracy and control of the calculations, it is the intent of the WVDE to develop new computer programs to perform the calculations on the WVEIS and to thoroughly document all procedures for computing the allowance under the Public School Support Program. (See pages 27-30.)

State Equity Computer Program Error

3. A computer programming error found in the state equity computer program caused the professional educator positions for one county to be underfunded by approximately \$26,000 for 42.90 positions while two other counties were over funded \$18,200 and \$5,600 for 7 and 2.53 positions, respectively, for fiscal year 1999. A computer program error also resulted in overstated funding amounts to counties of \$30 for each professional educator who had a masters degree and nine years experience.

Auditor's Recommendation

We recommend the Department correct the programming errors in the computer calculation for state equity funding. We also recommend the Department strengthen internal controls over the computer system to ensure state equity calculations for the professional educator allowance are made in accordance with the Department's procedures.

Agency's Response

Conversion to the new computer system discussed in the preceding paragraph should eliminate these types of errors. (See pages 30-33.)

State Equity Funding for Service Personnel

4. We were unable to audit fiscal years 1998 and 1999 service personnel allowance for Kanawha County because the Department was unable to provide us with the state equity funding calculation.

Auditor's Recommendation

We recommend the Department strengthen internal controls over the allowance for service personnel by obtaining an understanding and documenting such understanding of the state equity calculation used in the computer program. We further recommend the Department correct the computer errors for the monthly state equity funding and the number of full-time equivalency service personnel.

Agency's Response

This issue will have to be examined further to determine the details behind the finding. (See pages 33-36.)

Certification Statements

5. The Department relies on county superintendents' certifications for verification of accurate data. We were unable to determine if the data on the enrollment and personnel reports certified as correct by the county superintendents was the actual data used by the Department because the reports were not returned, as instructed by the Department. Also, our testing revealed errors noted by county superintendents were not corrected.

Auditor's Recommendation

We recommend the Department request county superintendents to return the reports that pertain to the certification statement and retain such reports. We further recommend the Department strengthen internal controls over correcting errors noted by county superintendents.

Agency's Response

The procedures involved in the certification process will be changed. (See pages 36-39.)

Allocation of State Equity Funding

6. We are unable to determine how the amounts for "State Equity" are to be allocated to the counties because no reference to this type of funding is noted in the West Virginia Code.

Auditor's Recommendation

We recommend the Department request the Legislature to amend the West Virginia Code to include the supplemental "State Equity" salary table and the corresponding calculation.

Agency's Response

A legislative proposal will be submitted during the upcoming legislative session recommending that the equity tables be incorporated into Chapter 18A of the West Virginia Code. (See pages 39-41.)

Average Salary Equity Calculation Error

7. Our testing of salary equity indicates the Department's calculation to determine the average county salary was in noncompliance with the average calculation mandated by the West Virginia Code.

Auditor's Recommendation

We recommend the Department comply with Chapter 18A, Article 4, Section 5 of the West Virginia Code and correct the average salary calculation.

Agency's Response

The WVDE will revise its calculations to include only the salary levels as specified in Code. (See pages 41-44.)

Overstated Bus Funding

8. Basic State Aid provides for additional bus funding in the transportation allowance to counties with increased net enrollment. Our testing revealed that Gilmer county received approximately \$47,180 in additional bus funding for fiscal year 2001 but no increase in net enrollment was noted.

Auditor's Recommendation

We recommend the Department comply with Chapter 18, Article 9A, Sections 7 and 2 of the West Virginia Code.

Agency's Response

This occurred as the result of a simple error for this one particular county board. (See pages 44-46.)

**Lack of Procedures to Verify
Competitive Insurance Bids**

9. We noted that the Department did not procure insurance premiums through competitive bidding for the transportation allowance.

Auditor's Recommendation

We recommend the Department comply with Chapter 18, Article 9A, Section 7 of the West Virginia Code and

develop procedures to determine if counties' insurance premiums are competitively bid.

Agency's Response

A proposal will be submitted to the Legislature recommending that the competitive bid provision be deleted from WVC §18-9A-7. (See pages 46 and 47.)

Computer Program Error for \$600 Classroom Teacher Salary Supplement

10. We noted the Department's computer program that calculates the allowance for professional educators contained an error that provided a \$600 salary supplement to a position that was not a classroom teacher which resulted in total over funding of \$69,768 to the various counties during the two-year period ended June 30, 1999.

Auditor's Recommendation

We recommend that the Department of Education comply with Chapter 18A, Article 4, Section 2(b) of the West Virginia Code.

Agency's Response

This was caused by a computer programming error and has been corrected. (See pages 47-49.)

Computer Program Error for Calculating Professional Instructional Personnel

11. For fiscal year 1999, we noted two counties were underfunded approximately \$8,000 because of an error in the calculation of professional instructional personnel.

Auditor's Recommendation

We recommend the Department comply with Chapter 18, Article 9A, Section 9 of the West Virginia Code and correct professional instructional personnel's computerized calculation.

Agency's Response

The cause for this will be investigated and corrected.

(See pages 49-51.)

Funding Calculation Error for Principal Increment

12. We noted that Principal's Increment Funding was not calculated in accordance with the West Virginia Code which resulted in an underfunded difference of (\$2,585) and (\$3,017) for fiscal years 1998 and 1999, respectively.

Auditor's Recommendation

We recommend the Department comply with Chapter 18A, Article 4, Section 3 of the West Virginia Code.

Agency's Response

This error was most likely caused by rounding. The computer program will be reviewed and any rounding errors corrected. (See pages 51-53.)

Error in Average Daily Attendance Calculation

13. For fiscal year 1998, we noted the Department used incorrect average daily attendance (ADA) figures for all

counties when distributing the "Allowance for Other Current Expense and Substitute Employees" and the "Allowance to Improve Instructional Programs". Using these incorrect ADA figures resulted in understatements and overstatements in funding ranging from (\$76,265) to \$90,473, respectively.

Auditor's Recommendation

We recommend the Department comply with Chapter 18, Article 9A, Sections 9(1) and 10(2) of the West Virginia Code when distributing funding to the counties for the Allowance for other Current Expense and Substitute Employees and the Allowance to Improve Instructional Programs

Agency's Response

Procedures have been revised so that the ADA and allocation calculations are reviewed to preclude these types of errors from occurring in the future.

(See pages 54-56.)

Computer Program Error for Transportation Allowance

14. For fiscal years 1999 and 1998, the Department overfunded the counties \$267,917 and \$243,915, respectively, in the transportation allowance because the Department's computer program included and excluded county expenditures that were not a part of maintenance, operation and related costs in the funding calculation.

Auditor's Recommendation

We recommend the Department comply with Chapter 18, Article 9A, Section 7 of the West Virginia Code.

Agency's Response

As stated in the audit report, this error has been corrected. (See pages 56-60.)

WEST VIRGINIA DEPARTMENT OF EDUCATION

BASIC STATE AID

GENERAL REMARKS

INTRODUCTION

We have completed the special report of the West Virginia Department of Education's Basic State Aid. The report covered the period July 1, 1997 through June 30, 1999. The following lists are the distribution of the Basic State Aid for the years ending June 30, 1999 and June 30, 1998, respectively.

**WEST VIRGINIA DEPARTMENT OF EDUCATION
BASIC STATE AID
1999**

<u>County</u>	<u>Allowance For Other Current Expenses</u>	<u>Net Allowance Professional Educators</u>	<u>Net Allowance Service Personnel</u>	<u>Allowance For Fixed Charges</u>
Barbour	\$ 1,014,946	\$ 6,783,989	\$ 2,242,654	\$ 792,539
Berkeley	4,182,777	25,801,349	7,978,502	2,965,871
Boone	1,699,481	10,593,737	3,436,920	1,231,892
Braxton	983,621	6,834,022	2,080,933	782,733
Brooke	1,409,486	9,424,316	2,927,660	1,084,503
Cabell	4,837,631	31,868,742	9,696,289	3,649,410
Calhoun	554,313	3,951,000	1,190,484	451,422
Clay	758,821	5,149,897	1,585,743	591,389
Doddridge	483,778	3,106,045	985,757	359,260
Fayette	2,894,569	18,299,473	5,777,479	2,113,956
Gilmer	443,691	2,791,016	926,362	326,386
Grant	698,418	4,836,391	1,562,720	561,842
Greenbrier	2,089,507	14,198,543	4,272,616	1,621,768
Hampshire	1,225,972	7,587,012	2,540,266	889,175
Hancock	1,692,038	10,777,107	3,311,494	1,236,979
Hardy	728,129	4,890,627	1,463,694	557,909
Harrison	4,327,354	28,836,711	8,374,047	3,267,105
Jackson	1,820,849	11,963,186	3,689,841	1,374,336
Jefferson	2,365,263	14,727,574	4,712,662	1,706,853
Kanawha	11,123,353	69,736,896	22,637,883	8,110,506
Lewis	1,012,676	6,924,199	2,142,914	796,093
Lincoln	1,509,156	10,377,403	3,205,448	1,192,574
Logan	2,498,728	16,267,922	5,356,433	1,898,618
Marion	3,179,348	20,301,677	6,134,153	2,321,066
Marshall	2,091,731	13,638,853	4,025,318	1,550,914
Mason	1,603,144	10,499,454	3,271,756	1,209,112
Mercer	3,541,474	23,792,560	7,417,779	2,740,268
Mineral	1,727,834	11,789,137	3,634,135	1,354,163
Mingo	2,153,107	14,568,903	4,618,669	1,684,669
Monongalia	3,658,152	22,969,022	7,233,381	2,651,771
Monroe	714,746	4,901,654	1,493,121	561,461
Morgan	782,056	4,760,849	1,615,828	559,872
McDowell	2,066,887	13,871,239	4,332,369	1,598,277
Nicholas	1,758,906	11,732,945	3,551,131	1,341,942
Ohio	2,235,282	13,814,878	4,482,362	1,606,498
Pendleton	506,653	3,532,224	1,055,607	402,812
Pleasants	528,268	3,542,372	1,075,079	405,412
Pocahontas	534,600	3,655,725	1,154,104	422,303
Preston	1,856,539	12,851,113	3,856,384	1,466,918
Putnam	3,133,783	19,404,668	5,940,863	2,225,338
Raleigh	4,541,178	30,096,677	9,131,808	3,444,261

<u>Allowance For Transportation Cost</u>	<u>Allowance for Administrative Cost</u>	<u>Allowance For Improvement Instructional Programs</u>	<u>Basic Foundation Allowance</u>	<u>Local Share</u>	<u>Total Basic State Aid</u>
\$ 419,919	\$ 59,522	\$ 386,431	\$ 11,700,000	\$ 1,531,128	\$ 10,168,872
1,471,782	592,131	1,122,774	44,115,186	9,439,374	34,675,812
636,194	59,522	541,319	18,199,065	5,559,161	12,639,904
548,923	59,522	376,585	11,666,339	2,257,400	9,408,939
375,609	59,522	475,151	15,756,247	3,388,825	12,367,422
1,452,706	642,830	1,269,413	53,417,021	12,611,610	40,805,411
213,694	59,522	276,481	6,696,916	844,243	5,852,673
501,409	59,522	325,577	8,972,358	1,412,478	7,559,880
253,420	59,522	262,374	5,510,156	1,124,614	4,385,542
913,916	59,522	823,060	30,881,975	5,007,211	25,874,764
196,820	59,522	254,170	4,997,967	1,337,732	3,660,235
243,948	59,522	310,174	8,273,015	3,564,496	4,708,519
675,301	59,522	632,721	23,549,978	4,641,813	18,908,165
532,323	59,522	435,670	13,269,940	3,235,973	10,033,967
502,500	59,522	542,658	18,122,298	5,177,947	12,944,351
348,323	59,522	319,149	8,367,353	2,085,802	6,281,551
943,318	59,522	1,147,830	46,955,887	10,971,580	35,984,307
661,586	59,522	568,588	20,137,908	4,103,527	16,034,381
850,139	59,522	697,991	25,120,004	6,468,768	18,651,236
2,220,393	666,158	2,731,857	117,227,046	32,536,346	84,690,700
284,744	59,522	385,029	11,605,177	2,434,218	9,170,959
622,457	59,522	497,380	17,463,940	1,626,945	15,836,995
891,012	59,522	731,111	27,703,346	4,949,249	22,754,097
952,233	731,458	888,797	34,508,732	6,558,525	27,950,207
685,167	59,522	633,710	22,685,215	6,569,189	16,116,026
611,556	59,522	520,496	17,775,040	4,297,306	13,477,734
806,185	59,522	969,893	39,327,681	6,148,827	33,178,854
610,828	59,522	549,889	19,725,508	2,994,164	16,731,344
653,045	59,522	648,417	24,386,332	5,081,323	19,305,009
1,073,159	59,522	1,001,049	38,646,056	12,636,746	26,009,310
290,744	59,522	316,101	8,337,349	884,520	7,452,829
222,419	59,522	332,575	8,333,121	2,208,947	6,124,174
607,642	59,522	627,531	23,163,467	3,076,388	20,087,079
701,790	536,130	556,905	20,179,749	3,707,219	16,472,530
445,832	533,480	670,828	23,789,160	5,219,285	18,569,875
259,821	59,522	267,797	6,084,436	1,135,375	4,949,061
216,637	59,522	270,369	6,097,659	2,823,070	3,274,589
249,695	59,522	273,238	6,349,187	1,571,894	4,777,293
707,182	59,522	579,983	21,377,641	4,140,116	17,237,525
1,091,443	59,522	875,968	32,731,585	8,296,148	24,435,437
1,525,383	608,901	1,197,664	50,545,872	10,291,281	40,254,591

WEST VIRGINIA DEPARTMENT OF EDUCATION
 BASIC STATE AID
 1999

<u>County</u>	<u>Allowance For Other Current Expenses</u>	<u>Net Allowance Professional Educators</u>	<u>Net Allowance Service Personnel</u>	<u>Allowance For Fixed Charges</u>
Randolph	\$ 1,784,445	\$ 12,820,734	\$ 3,839,772	\$ 1,462,792
Ritchie	652,300	4,552,005	1,407,370	523,233
Roane	1,043,893	6,941,418	2,187,547	801,523
Summers	637,109	4,487,600	1,375,062	514,742
Taylor	982,233	6,632,492	2,070,615	764,133
Tucker	471,829	3,187,399	1,010,976	368,617
Tyler	591,551	3,915,639	1,170,486	446,562
Upshur	1,497,912	10,380,680	3,072,581	1,181,196
Wayne	2,825,533	18,932,477	5,631,931	2,156,755
Webster	657,113	4,455,058	1,456,393	519,025
Wetzel	1,329,612	8,802,591	2,738,323	1,013,292
Wirt	430,130	2,943,883	851,976	333,276
Wood	5,187,433	32,939,117	10,971,527	3,855,355
Wyoming	<u>1,799,518</u>	<u>12,427,215</u>	<u>3,830,268</u>	<u>1,427,407</u>
Total	<u>\$106,858,856</u>	<u>\$698,869,415</u>	<u>\$217,737,475</u>	<u>\$80,478,084</u>

Allowance For Transportation Cost	Allowance for Administrative Cost	Allowance For Improvement Instructional Program	Basic Foundation Allowance	Local Share	Total Basic State Aid
\$ 485,059	\$ 59,522	\$ 561,565	\$ 21,013,889	\$ 3,537,038	\$ 17,476,851
299,869	59,522	301,115	7,795,414	1,248,334	6,547,080
494,028	59,522	392,125	11,920,056	1,395,237	10,524,819
232,780	59,522	297,240	7,604,055	1,023,854	6,580,201
430,620	59,522	377,362	11,316,977	1,668,406	9,648,571
202,035	59,522	259,597	5,559,975	1,574,490	3,985,485
257,499	59,522	286,874	6,728,133	1,474,041	5,254,092
417,294	59,522	497,318	17,106,503	2,991,921	14,114,582
1,232,834	59,522	802,078	31,641,130	4,461,361	27,179,769
267,732	59,522	301,870	7,716,713	1,552,456	6,164,257
455,919	59,522	457,734	14,856,993	2,165,082	12,691,911
123,970	59,522	249,330	4,992,087	469,645	4,522,442
1,296,309	567,965	1,355,896	56,173,602	13,341,656	42,831,946
<u>696,378</u>	<u>59,522</u>	<u>565,193</u>	<u>20,805,501</u>	<u>3,648,263</u>	<u>17,157,238</u>
<u>\$34,363,523</u>	<u>\$7,676,587</u>	<u>\$33,000,000</u>	<u>\$1,178,983,940</u>	<u>\$254,502,547</u>	<u>\$924,481,393</u>

**WEST VIRGINIA DEPARTMENT OF EDUCATION
BASIC STATE AID
1998**

<u>County</u>	<u>Allowance For Other Current Expenses</u>	<u>Net Allowance Professional Educators</u>	<u>Net Allowance Service Personnel</u>	<u>Allowance For Fixed Charges</u>
Barbour	\$ 942,259	\$ 6,596,331	\$ 2,138,985	\$ 773,075
Berkeley	3,834,702	24,168,253	7,498,795	2,802,534
Boone	1,624,977	10,237,909	3,289,441	1,197,170
Braxton	919,047	6,591,638	1,967,986	757,527
Brooke	1,344,010	9,061,916	2,759,894	1,046,230
Cabell	4,738,086	32,135,530	9,512,370	3,685,839
Calhoun	543,660	3,892,385	1,139,745	445,343
Clay	721,689	4,916,436	1,525,531	570,114
Doddridge	462,651	2,989,369	933,697	347,191
Fayette	2,852,544	18,604,276	5,632,664	2,144,969
Gilmer	430,210	2,803,960	902,019	327,979
Grant	654,447	4,663,956	1,414,994	537,987
Greenbrier	2,018,626	13,286,855	4,149,549	1,543,122
Hampshire	1,148,475	7,343,575	2,480,510	869,432
Hancock	1,639,495	10,423,486	3,180,955	1,203,993
Hardy	672,660	4,578,034	1,332,679	523,098
Harrison	4,133,491	27,766,958	8,083,111	3,172,731
Jackson	1,744,165	11,732,664	3,577,834	1,354,979
Jefferson	2,192,474	13,942,728	4,364,124	1,620,156
Kanawha	10,776,767	68,186,668	21,700,758	7,955,037
Lewis	976,952	6,736,347	2,045,706	777,212
Lincoln	1,454,396	10,245,186	3,039,939	1,175,734
Logan	2,515,885	16,202,818	5,265,871	1,899,979
Marion	3,077,120	19,810,098	5,917,465	2,276,889
Marshall	2,030,070	13,685,593	3,931,000	1,559,068
Mason	1,540,510	10,304,472	3,167,293	1,192,251
Mercer	3,429,094	23,370,084	7,134,676	2,699,671
Mineral	1,655,292	11,415,442	3,417,159	1,312,685
Mingo	2,154,253	14,328,009	4,503,597	1,666,597
Monongalia	3,458,068	22,075,322	6,884,928	2,562,982
Monroe	652,331	4,589,741	1,392,414	529,421
Morgan	744,267	4,674,910	1,549,345	550,847
McDowell	2,089,300	14,152,837	4,330,773	1,635,799
Nicholas	1,704,922	11,811,843	3,472,257	1,352,643
Ohio	2,133,375	13,452,183	4,312,806	1,572,202
Pendleton	489,153	3,429,062	1,029,188	394,555
Pleasants	501,147	3,404,657	1,026,269	392,137
Pocahontas	515,299	3,629,972	1,143,190	422,425
Preston	1,817,095	12,806,397	3,819,225	1,471,368
Putnam	2,936,566	18,574,149	5,588,905	2,138,430
Raleigh	4,485,975	29,723,809	9,029,859	3,429,700

<u>Allowance For Transportation</u>	<u>Allowance For Administrative (Includes RESA)</u>	<u>Allowance For Improvement Instructional Programs</u>	<u>Basic Foundation Allowance</u>	<u>Local Share</u>	<u>Total Basic State Aid</u>
\$ 353,567	\$ 59,723	\$ 371,767	\$ 11,235,707	\$ 1,536,869	\$ 9,698,838
1,311,521	575,318	1,053,608	41,244,731	8,844,392	32,400,339
526,171	59,723	530,144	17,465,535	5,610,068	11,855,467
477,056	59,723	364,101	11,137,078	2,072,117	9,064,961
354,028	59,723	465,799	15,091,600	3,384,539	11,707,061
1,377,997	631,672	1,266,745	53,348,239	12,049,218	41,299,021
203,589	59,723	276,518	6,560,963	803,629	5,757,334
424,380	59,723	320,403	8,538,276	1,305,827	7,232,449
239,664	59,723	259,494	5,291,789	929,818	4,361,971
813,655	59,723	823,896	30,931,727	4,790,856	26,140,871
219,466	59,723	252,569	4,995,926	1,181,279	3,814,647
219,982	59,723	303,176	7,854,265	3,358,912	4,495,353
681,580	59,723	631,011	22,370,466	4,421,860	17,948,606
567,703	59,723	421,414	12,890,832	3,009,302	9,881,530
428,307	59,723	538,722	17,474,681	5,144,358	12,330,323
316,795	59,723	309,353	7,792,342	2,089,921	5,702,421
783,840	59,723	1,122,072	45,121,926	10,477,963	34,643,963
516,240	59,723	557,458	19,543,063	3,907,798	15,635,265
660,564	59,723	666,162	23,505,931	6,395,027	17,110,904
2,255,885	650,867	2,697,173	114,223,155	32,011,250	82,211,905
279,188	59,723	380,202	11,255,330	2,224,234	9,031,096
517,947	59,723	490,724	16,983,649	1,541,726	15,441,923
802,745	59,723	748,665	27,495,686	4,708,667	22,787,019
871,132	715,188	878,505	33,546,397	6,252,345	27,294,052
610,526	59,723	626,648	22,502,628	6,177,566	16,325,062
536,563	59,723	510,193	17,311,005	4,067,243	13,243,762
849,152	59,723	958,653	38,501,053	5,879,891	32,621,162
598,949	59,723	541,248	19,000,498	2,909,111	16,091,387
717,406	59,723	657,426	24,087,011	5,060,441	19,026,570
945,335	59,723	968,774	36,955,132	12,068,053	24,887,079
268,512	59,723	303,954	7,796,096	870,480	6,925,616
203,496	59,723	326,534	8,109,122	1,952,336	6,156,786
659,145	59,723	641,621	23,569,198	2,830,914	20,738,284
623,745	526,554	550,186	20,042,150	3,409,086	16,633,064
408,763	523,398	655,364	23,058,091	5,108,195	17,949,896
268,943	59,723	265,712	5,936,336	1,092,121	4,844,215
220,632	59,723	265,977	5,870,542	2,733,515	3,137,027
251,272	59,723	270,593	6,292,474	1,549,140	4,743,334
688,121	59,723	577,922.00	21,239,851	3,952,247	17,287,604
1,045,608	59,723	841,203	31,184,584	7,616,922	23,567,662
1,233,447	600,207	1,208,913	49,711,910	9,758,013	39,953,897

WEST VIRGINIA DEPARTMENT OF EDUCATION
 BASIC STATE AID
 1998

<u>County</u>	<u>Allowance for Other Current Expenses</u>	<u>Net Allowance Professional Educators</u>	<u>New Allowance Service Personnel</u>	<u>Allowances For Fixed Charges</u>
Randolph	\$ 1,687,785	\$ 12,346,369	\$ 3,646,957	\$ 1,415,409
Ritchie	621,961	4,361,763	1,311,229	502,060
Roane	1,013,745	6,740,281	2,079,838	780,581
Summers	632,425	4,667,119	1,377,578	534,956
Taylor	934,823	6,535,742	1,983,492	753,952
Tucker	461,365	3,192,376	980,545	369,304
Tyler	579,731	3,946,036	1,197,067	455,165
Upshur	1,444,776	9,997,738	3,003,214	1,150,584
Wayne	2,664,718	18,320,908	5,291,827	2,089,727
Webster	647,473	4,370,544	1,402,330	510,899
Wetzel	1,279,835	8,613,489	2,622,102	994,350
Wirt	402,636	2,809,599	812,353	320,543
Wood	4,981,233	32,291,925	10,510,934	3,788,053
Wyoming	<u>1,810,685</u>	<u>12,229,794</u>	<u>3,822,083</u>	<u>1,420,591</u>
Total	<u>\$102,918,696</u>	<u>\$682,769,541</u>	<u>\$209,629,055</u>	<u>\$78,977,275</u>

<u>Allowance For Transportation</u>	<u>Allowance For Administrative (Includes RESA)</u>	<u>Allowance For Improvement Instructional Programs</u>	<u>Basic Foundation Allowance</u>	<u>Local Shares</u>	<u>Total Basic State Aid</u>
\$ 432,450	\$ 59,723	\$ 545,869	\$ 20,134,562	\$ 3,131,895	\$ 17,002,667
238,171	59,723	296,195	7,391,102	1,197,682	6,193,420
469,154	59,723	389,346	11,532,668	1,303,432	10,229,236
211,495	59,723	298,721	7,782,017	1,008,198	6,773,819
410,303	59,723	369,083	11,047,118	1,584,634	9,462,484
168,694	59,723	258,872	5,490,879	1,551,711	3,939,168
255,407	59,723	286,724	6,779,853	1,412,018	5,367,835
367,694	59,723	492,417	16,516,146	2,835,810	13,680,336
1,074,745	59,723	777,521	30,279,169	4,402,397	25,876,772
226,499	59,723	303,051	7,520,519	1,542,328	5,978,191
409,680	59,723	451,251	14,430,430	2,103,276	12,327,154
106,168	59,723	244,198	4,755,220	448,309	4,306,911
1,176,343	556,028	1,328,296	54,632,812	12,779,180	41,853,632
<u>675,844</u>	<u>59,723</u>	<u>578,848</u>	<u>20,597,568</u>	<u>3,307,080</u>	<u>17,290,488</u>
<u>\$31,555,264</u>	<u>\$7,586,213</u>	<u>\$32,520,994</u>	<u>\$1,145,957,038</u>	<u>\$243,695,199</u>	<u>\$902,261,839</u>

GENERAL REVENUE ACCOUNTS

The appropriated funds for transfer to counties by the Department of Education for Basic State Aid were made from the following accounts:

<u>Account Number</u>	<u>Description</u>
0317-022	Other Current Expenses
0317-151	Professional Educators
0317-152	Service Personnel
0317-153	Fixed Charges
0317-154	Transportation
0317-155	Administration
0317-156	Improve Instructional Programs

COMPLIANCE MATTERS

Chapter 18, Article 9A and Chapter 18A, Article 4 generally govern the West Virginia Department of Education's Basic State Aid. We tested applicable sections of the above plus other applicable chapters, articles, and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are discussed below.

Lack of Effective System of Internal Controls

During the course of our Special Report, it became apparent to us, based on the observed noncompliance with the West Virginia Code, the Department did not have an effective system of internal controls in place to ensure compliance with applicable State laws. Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, states in part:

"The head of each agency shall:
. . . (b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities. . . ."

The law requires the agency head to have in place an effective system of internal controls in the form of policies and procedures to ensure the agency operates in compliance with the laws, rules and regulations which govern it.

During our Special Report of the Basic State Aid, we found the following noncompliance with State laws or other rules and regulations: **(1)** The Department does not maintain written accounting procedures and documentation of the computer programs for the calculation of Basic State Aid. **(2)** A computer programming error in computing a county's total of professional educator positions caused three counties to receive an incorrect amount of state equity funding for fiscal year 1999 - one county was underfunded approximately \$26,000 while two other counties were over funded approximately \$18,200 and \$5,600. **(3)** For the service personnel allowance, the Department was unable to provide us with the state equity funding calculation for Kanawha County, and two other counties were over funded a total of \$2,852 because of a state equity computer program error in calculating full-time equivalency basis for personnel and a \$1.00 per month salary

funding error. (4) We were unable to determine if the data on the enrollment and personnel reports certified as correct by the county superintendents was the actual data used by the Department in the funding calculations because the reports were not returned, as instructed by the Department, from the counties. We further noted some errors reported by county superintendents were not corrected. (5) No allocation procedures are promulgated in the West Virginia Code for the state equity funding appropriated in the budget bills. (6) The Department's procedures to determine a county's average salary was in noncompliance with the West Virginia Code. (7) In our subsequent review of fiscal year 2001, we noted Gilmer County received, in error, \$47,180 for additional bus funding. (8) The Department does not verify that insurance premiums on county buses, buildings and equipment used in transportation were procured through competitive bidding as promulgated by Chapter 18, Article 9A, Section 7 of the West Virginia Code. (9) A computer program error resulted in counties being over funded a total of \$69,768 for fiscal years 1998 and 1999 because a \$600 classroom teacher supplement was funded for a professional educator position that was not a "classroom teacher". (10) For fiscal year 1999, two counties were under funded approximately \$8,000 because of a computer program error in the calculation of professional instructional personnel. (11) A computer program error resulted in under funding the principals and assistant principals increment for Kanawha

County totaling (\$2,585) and (\$3,017) for fiscal years 1998 and 1999, respectively. **(12)** For fiscal year 1998, the Department used incorrect average daily attendance (ADA) figures for all counties which resulted in incorrect distributions of the "Allowance for other Current Expenses and Substitute Employees" and the "Allowance to Improve Instructional Programs". The incorrect ADA amounts resulted in over or underfunded amounts ranging from \$90,473 to (\$76,265) for the counties. **(13)** For fiscal years 1999 and 1998, the Department over funded the counties \$267,917 and \$243,915, respectively, in the transportation allowance because the Department's computer program included/excluded county expenditures that were or were not a part of maintenance, operation and related costs in the funding calculation.

We recommend the Department comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish a system of internal controls.

Lack of Written Procedures and Undocumented Computer Programs

The Department does not maintain written accounting procedures and documentation of computer programs for the calculation of the Basic State Aid. Due to the complex calculation, we believe the procedures and computer programs should be documented to ensure funding amounts are computed accurately and

the procedures are performed consistently in accordance with the West Virginia Code and the Department's policies for the calculation. The results of our audit revealed some errors in the computer programs used to compute Basic State Aid.

The Department's computer system is an integral part of the Basic State Aid calculation. For the professional educator and service personnel allowance, student enrollment and personnel data are received from the counties electronically by the Department; computer programs process the data and calculate the majority of the Basic State Aid funding. Computer reports are generated showing the funding totals and these totals are used by the Department in the Basic State Aid's budget request. These reports are retained and we were told by Department personnel that the computer data files are archived on tape or disk and stored by the Information Systems and Communications Division of the West Virginia Department of Administration. However, we were also told the computer programs used to process the data files to compute funding amounts were not retained by the Department. The Department's procedures are to modify the computer programs as needed and prior programs were not saved. We also noted an additional weakness of the lack of logging users at sign-on or procedures in place to verify users which could result in unauthorized access to the system; we believe the Department should implement procedures which safeguards the system from unauthorized use.

We obtained the assistance of a computer systems analyst from the Legislative Automated Systems Division to develop our understanding of the computer programs and conducted interviews with the Department's computer personnel. Based on these interviews, the computer systems analyst stated, in part, in a memorandum to us, "...as the system is currently, there is no way to verify past data and no documentation to support or explain the programs and the results generated."

We recommend the Department strengthen internal controls over the calculation of funding and document the accounting procedures and the computer programs used for the "Basic State Aid."

Agency's Response

The Public School Support Program involves county school systems supplying information and the WVDE making calculations based on the existing State statutes. Collection of the data used in the calculations is documented through the West Virginia Education Information System (WVEIS), the management and information system for the schools and the county school systems. Definitions of data elements and field values are standardized for those elements being collected to make the calculations. These fields are documented in the software and tables can be easily viewed or printed out by the school districts.

County school systems' personnel data is collected from the WVEIS regional computers and is then uploaded into the State's mainframe computer operated by IS&C, where numerous programs are used to edit the data and make the calculations for the Public School Support Program. These programs have existed for many years and have been modified numerous times throughout the years as statutes were revised.

To correct the errors noted during the audit and to improve the accuracy and control of the calculations, it is the intent of the WVDE to develop new computer programs to perform the calculations on the WVEIS and to thoroughly document all procedures for computing the allowances under the Public School Support Program. This system redesign will begin in the Spring of 2001 and should be completely operational by the Fall of 2002.

State Equity Computer Program Error

For fiscal year 1999, we noted the computer program for the state equity calculation contained a programming error which resulted in professional educator positions for three counties to be overstated or understated. The programming error caused one county to be underfunded by approximately \$26,000 for 42.90 positions while two other counties were over funded \$18,200 and \$5,600 for 7 and 2.53 positions, respectively. We also noted a computer program error in the state equity table which resulted in

overstated funding amounts to counties of \$30 for each professional educator who had a masters degree and nine years experience.

The Department's calculation for computing the Allowance for Professional Educators includes funding state minimum salaries and supplemental amounts entitled "State Equity" for an allowable number of professional educators. The Department obtains two computer reports which contain the calculated funding amounts for each county - one for state minimum salaries and one for state equity. Each county should have the same number of full-time equivalent positions for professional educators on each computer report used to calculate funding amounts. Our testing revealed a computer program error resulted in differences for some counties between the number of positions used in the calculation for these two types of funding.

For fiscal year 1999, Kanawha County's professional educator allowance was understated approximately \$26,000 because 42.90 professional educator positions were not included in the state equity computer calculation. Our test further indicates state equity funding for professional educators were overstated 7 and 2.53 full-time equivalent positions for Greenbrier and Mingo Counties, respectively. These differences resulted in overstated funding of approximately \$18,200 and \$5,600 for the preceding counties. We also noted in our subsequent review for fiscal year 2001 that minor differences still exist between the number of professional educators funded for state minimum salaries and state

equity. We also brought the \$30 error in the computerized state equity table for professional educators with a masters degree and nine years experience to the attention of the Director of the Office of School Finance. We were subsequently informed the \$30 error had been corrected.

We recommend the Department correct the programming errors in the computer calculation for state equity funding. We also recommend the Department strengthen internal controls over the computer system to ensure state equity calculations for the professional educator allowance are made in accordance with the Department's procedures.

Agency's Response

(a). A computer error caused three county boards to receive an incorrect amount of state equity funding.

Conversion to the new computer system discussed in the preceding paragraph should eliminate these types of errors. Concerning the error for Kanawha County Schools, FY99 was the first year the school system used WVEIS to maintain and submit its personnel data to the WVDE. In prior years, the county had continued to maintain its personnel data files on its own system and converted the data to

the WVEIS file layout at the time of submission. Through the various edits that are performed, the WVDE noted several errors in the data and most were corrected prior to the calculations being performed that year. Apparently, some of the errors were not detected. This error occurred only in the one year.

(b). A \$30 error in the equity salary tables for personnel with a master degree plus 15 hours:

This error has been corrected.

State Equity Funding for Service Personnel

We attempted to test the fiscal year 1998 and 1999 service personnel allowance for Kanawha County but were unable to complete our test because the Department was unable to provide us with the state equity funding calculation. Kanawha County received \$857,223 and \$837,215 of state equity funding for fiscal years 1998 and 1999, respectively. Our subsequent review also indicates that the Department was not able to supply us with the procedure to calculate Kanawha County's state equity funding for fiscal year 2001. Secondly, we noted Calhoun and Gilmer Counties were over funded a total of \$2,852 because of a computer program error in calculating full-time equivalency (FTE) basis for personnel and a \$1.00 per month funding error.

State equity funding for service personnel is a standard \$115 per month per FTE position less a 1984 county supplement. The 1984 county supplements are listed on each county's salary schedule. Kanawha County's state equity funding calculation differs from other counties because Kanawha County's salary schedule has various levels with various 1984 county supplements - most counties have only one level in their salary schedule with one individual 1984 county supplement for each position. We were unable to test the state equity funding amounts for Kanawha County because Department personnel were unable to provide us the mathematical formula used in the computer program to compute state equity funding for counties that have various salary levels with various 1984 county supplements per position.

For the three counties selected for testing, we also noted the computer program used to calculate state equity contained an error which provides \$116 per month instead of \$115 for a difference of \$1.00. Also, the program's number of personnel reported on a FTE basis calculation differs from the FTE calculation used to fund state minimum salary. For the two-year period tested, these computer program errors resulted in the following differences for Calhoun and Gilmer counties:

<u>County</u>	<u>Fiscal Year</u>	<u>Audited Amount</u>	<u>Amount Funded</u>	<u>Overfunded/ (Underfunded) Difference</u>
Calhoun	1998	\$73,681	\$74,325	\$ 644
Gilmer	1998	\$63,000	\$63,552	\$ 552
				<u>\$1,196</u>
Calhoun	1999	\$72,531	\$73,738	\$1,207
Gilmer	1999	\$61,591	\$62,040	\$ 449
				<u>\$1,656</u>

We recommend the Department strengthen internal controls over the allowance for service personnel by obtaining an understanding and documenting such understanding of the state equity calculation used in the computer program. We further recommend the Department correct the computer program errors for the monthly state equity funding and the number of full-time equivalency service personnel.

Agency's Response

(a). *Computer procedures for computing the equity funding for Kanawha County Schools (multiple levels) not available.*

Multiple levels are not used in the calculation of equity. The process for Kanawha County should be the same as for all other county boards. This issue will have to be examined further to determine

the details behind the finding. Conversion to the new computer system discussed in the first paragraph should eliminate these types of errors.

(b). A computer program error resulted in the over funding of service personnel equity:

The equity programs will be analyzed and rewritten to correct any errors. The program rewrite discussed in the first paragraph should correct the problem.

(c). A \$1/month error in the service personnel equity tables:

The FTE calculation is apparently the problem creating this error. The program rewrite discussed previously should correct this problem.

Certification Statements

The Department relies on county superintendent's certifications for verification of accurate data. In our test of the certification statements used for funding the professional educator and service personnel allowance, we were unable to determine if the data on the enrollment and personnel reports certified as correct by the county superintendents was the actual data used by the Department because the reports were not returned, as instructed by the Department, from the counties. Secondly, our

testing revealed some errors noted by county superintendents were not corrected.

The Department sends the reports to the counties and instructs the superintendents to review the reports for accuracy, sign and return their certification statement, noting any errors. Further, the superintendents are instructed not to return the reports unless errors are noted and to return only the page(s) with corrections highlighted. Upon receipt of the certification statement by the Department, the staff makes the corrections to the database which originated the reports. After corrections are made, a final report is generated and retained as supporting documentation

Because the Department does not instruct the counties to return the computer reports, we are unable to determine if the data certified as correct by the superintendents was the actual data used in the formula calculation. We were informed that changes are made to the database files and any "new" information would overlay "old" information - old information cannot be retrieved so we were unable to obtain from the computer system the data in effect as of the report dates for the certification statements.

We further noted that for the six counties selected for testing, errors reported by superintendents on the certification statements were not corrected in four instances. For the service personnel allowance, the lack of making error corrections resulted

in two counties receiving \$100 each less than the amount authorized for funding. We were told by a Coordinator in the Office of School Finance that error corrections are not proofread because of time constraints; however, uncorrected errors should be "flagged" during the edit process. We believe, based on testing performed, internal controls need strengthened to include proofreading of corrections for errors noted by the county superintendents.

We recommend the Department request county superintendents to return the reports that pertain to the certification statement and retain such reports. We further recommend the Department strengthen internal controls over correcting errors noted by county superintendents.

Agency's Response

The procedures involved in the certification process will be changed. In addition to maintaining on file only copies of the signed certification statements and pages of the enrollment and personnel reports that contain corrections, a complete set of the original reports that are mailed to the county boards for the certification will be retained as well.

The WVDE strives to ensure that the enrollment, personnel, and financial data used in the calculations is accurate, while at the same time providing all county boards as much time as possible to review the data and make any corrections that are

determined to be necessary. Numerous edits are run against the data submitted and the county boards are provided several opportunities to make the necessary corrections. This is a difficult task considering the volume of data involved and the tight time constraints specified in Code. This process will improve when the new computer programs described in the first paragraph are developed and all of the edits are performed on the WVEIS. County boards will be able to run the same edits that the WVDE currently runs, thus providing them an opportunity to correct any errors noted in their data files much sooner than is currently being done.

Allocation of State Equity Funding

The Acts of the Legislature provide a Professional Educators and Service Personnel appropriation based on each fiscal year's budget bill. We noted the amounts appropriated per the budget bill are comprised of state minimum salaries, principals and assistant principals increment and supplemental salary funding entitled "State Equity"; however, we are unable to determine how the amounts are to be allocated to counties for "State Equity" because no reference to this type of funding is noted in the West Virginia Code. Allocation of other types of funding included in the professional educator and service personnel appropriations, such as state minimum salaries, are promulgated by law. Chapter 18, Article 9A, Sections 4 and 5 of the West Virginia Code states in part,

"The basic foundation allowance to the county for professional educators shall be the amount of money required to pay the state minimum salaries, in accordance with the provisions of article four ... chapter eighteen-a of this code, to the personnel employed...."[\$18-9A-4]
"...The basic foundation allowance to the county for service personnel shall be the amount of money required to pay the annual state minimum salaries in accordance with the provisions of article four...chapter eighteen-a of this code, to such service personnel employed...." [\$18-9A-5]

Chapter 18A, Article 4 of the West Virginia Code provides salary schedules to determine the state minimum salaries; however, we are unable to locate salary schedules for "State Equity" funding. The Department allocates the "State Equity" funding provided in the budget bill based on a "State Equity" table that is published by the Department. The funding amounts on the table vary for professional educators based on years experience and degree classification; service personnel receive a standard \$115 per month. For each position, the counties receive funding noted on the table less the county supplement in effect in 1984. The Director of the Office of School Finance stated that state equity funding began in the 1980's and has been funded ever since. The Director further stated

". . . The equity tables were created before the time of anyone currently employed in this office, so I do not know the specific legislators or department personnel involved in the creation of the tables. As I understand it, the equity tables were increased twice during the 1980s, but they have not been increased since 1990. The

tables used to calculate equity are the official tables distributed by this office and have not changed since 1990. . . ."

For fiscal years 1999 and 1998, state equity funded to the counties was as follows:

	<u>1999</u>	<u>1998</u>
Professional Educators	\$38,283,175	\$38,284,021
Service Personnel	<u>8,043,593</u>	<u>8,126,954</u>
Total	<u>\$46,326,768</u>	<u>\$46,410,975</u>

We recommend the Department request the Legislature to amend the West Virginia Code to include the supplemental "State Equity" salary table and the corresponding calculation.

Agency's Response

The WVDE agrees that the equity salary tables should be included in statute. A legislative proposal will be submitted during the upcoming legislative session recommending that the equity tables be incorporated into Chapter 18A of the West Virginia Code.

Average Salary Equity Calculation Error

Chapter 18A, Article 4, Section 5 of the West Virginia Code states in part,

" . . . salary equity among the counties means that the salary potential of school employees employed by the various districts throughout the state does not differ by greater than ten percent between those offering the highest salaries and those offering the lowest salaries. In the case of professional

educators, the difference shall be calculated utilizing the average of the professional educator salary schedules, degree classifications B.A. through doctorate and years of experience zero through twenty, in effect in the five counties offering the highest salary schedules compared to the lowest salary schedule in effect among the fifty-five counties. In the case of school service personnel, the difference shall be calculated utilizing the average of the school service personnel salary schedules, pay grades 'A' through 'H' and years of experience zero through thirty, in effect in the five counties offering the highest salary schedules compared to the lowest salary schedule in effect among the fifty-five counties"

Our test of salary equity indicates the Department's calculation to determine the average county salary was in noncompliance with the preceding Code section. The statute provides salary equity shall be based on salaries at years of experience of zero to 20 and zero through 30 for professional educators and school service personnel, respectively. However, for professional educators, the Department included county salaries for years experience greater than 20 and, excluded salaries for years experience 14 through 19 for a bachelor's degree and a bachelor's degree with 15 graduate hours, and salaries for years experience 17 through 19 for master's degree and a master's degree with 15 graduate hours. Secondly, for school service personnel, the Department included salaries for years experience greater than thirty.

For fiscal years 1999 and 1998, we performed the average calculation in accordance with the preceding statute and noted that all of the counties' salary schedules were within 10 percent of the average of the highest five counties; however, the Department's noncompliance with the average salary calculation could result in the Department being unaware of the lack of salary equity among the counties in the future.

We recommend the Department comply with Chapter 18A, Article 4, Section 5 of the West Virginia Code and correct the average salary calculation.

Agency's Response

The auditors noted that the WVDE's calculation of the average of the salary schedules for professional personnel did not include the years 14-19 for AB and AB+15 and the years 17-19 for MA and MA+15. These years have not been included, since the teachers' salary table included in statute does not increase beyond these levels. Including these additional levels will simply lower the average for each county board, but not change the relationship among the various county boards. The salary schedules of all county boards will still be within equity as defined in Code. The auditors also noted that for the county boards that have granted incremental increases beyond 20, these amounts are being included in the calculations.

For service personnel, the auditors noted that years beyond 30 are included in the calculation of the average for salary schedules for service personnel. The salary schedules for service personnel were revised a few years ago, increasing the years of experience from 30 to 36 and then again to 40. Since these years are part of the salary tables included in statute, they were included in the calculations. It was felt that using these additional years in the calculation addressed the intent of the legislation more accurately. The WVDE will revise its calculations to include only the salary levels as specified in Code. In addition, a legislative proposal will be submitted recommending that WVC §18A-4-5 be revised to reflect the recent increases that have been made to the salary schedules.

Overstated Bus Funding

Basic State Aid provides for additional bus funding in the transportation allowance to counties with increased net enrollment; however, our subsequent review revealed that Gilmer County received approximately \$47,180 in additional bus funding for fiscal year 2001 but no increase in net enrollment was noted. Additional bus funding is provided to counties in accordance with Chapter 18, Article 9A, Section 7 of the West Virginia Code which states in part,

"...in any school year in which its net enrollment increases when compared to the net

enrollment the year immediately preceding, a school district may apply to the state superintendent for funding for an additional bus..."

Net enrollment is defined in Chapter 18, Article 9A, Section 2 of the West Virginia Code which states in part,

"'Net enrollment' means the number of pupils enrolled in special education programs, kindergarten programs and grades one to twelve, inclusive, of the public schools of the county . . . net enrollment further shall include adults enrolled in regular secondary vocational programs"

According to the Department's "Final Computations, Public School Support Plan", Gilmer County had net enrollment on a full-time equivalency basis of 1,191.80 and 1,185.15 during the school terms 1998-99 and 1999-00, respectively, which results in decreased net enrollment of 6.65 students. Funding for the transportation allowance is based on prior year's data. In accordance with the preceding criteria, Gilmer County should not have received additional bus funding of \$47,180 for fiscal year 2001.

We recommend the Department comply with Chapter 18, Article 9A, Sections 7 and 2 of the West Virginia Code.

Agency's Response

This occurred as the result of a simple error for this one particular county board. The computations for the allowance for additional buses were apparently conducted prior to the enrollment numbers being certified by the county superintendents,

and the calculations were not subsequently reviewed. The written procedures discussed in the first paragraph will require that all calculations performed prior to the final certifications being received from the county boards be reviewed for accuracy.

Lack of Procedures to Verify Competitive Insurance Bids

Chapter 18, Article 9A, Section 7 of the West Virginia Code states, in part, that counties will receive additional funding in the transportation allowance for,

“...The total cost, within each county, of insurance premiums on buses, buildings and equipment used in transportation: Provided, That such premiums were procured through competitive bidding...”

We asked Department personnel what procedures the Department had in place to determine compliance with the preceding Code section regarding competitive bidding for insurance premiums.

A Coordinator of the Office of School Finance stated that no verification process is in effect to determine if insurance premiums are competitively bid. In order to appropriately calculate transportation funding for the counties, we believe the Department should implement procedures to determine if insurance premiums are competitively bid to comply with the preceding statute.

We recommend the Department comply with Chapter 18, Article 9A, Section 7 of the West Virginia Code and develop procedures to determine if counties' insurance premiums are competitively bid.

Agency's Response

The Department is aware that West Virginia Code §18-9A-7 includes the requirement that the insurance premiums on buses, buildings and equipment used in transportation be obtained through competitive bids in order for county boards to receive an allowance for this expense. According to West Virginia Code §29-12-5a, however, county boards of education are required to maintain their liability insurance coverage through the Board of Risk and Insurance Management. The Department has not requested verification of competitive bids, since the liability insurance coverage is statutorily mandated. A proposal will be submitted to the Legislature recommending that the competitive bid provision be deleted from WVC §18-9A-7.

Computer Program Error for \$600
Classroom Teacher Salary Supplement

We noted the Department's computer program that calculates the allowance for professional educators contained an error that provided a \$600 salary supplement to a position that was not a classroom teacher. The error in the computer program resulted in total over funding of \$69,768 to various counties during the two-year period ended June 30, 1999. Professional educators' state minimum salaries are to include a \$600 supplement for classroom teachers with 20 or more years experience in accordance with Chapter 18A, Article 4, Section 2(b) of the West Virginia Code which states,

"Six hundred dollars shall be paid annually to each classroom teacher who has at least twenty years of teaching experience. The payments: (i) Shall be in addition to any amounts prescribed in the "state minimum salary schedule"; (ii) shall be paid in equal monthly installments; and (iii) shall be considered a part of the state minimum salaries for teachers."

We discovered that positions entitled "Curriculum Specialist" were mistakenly included as classroom teacher positions in the computer program that calculates funding. According to the Department's "Instructions For Preparing And Submitting The Professional Personnel Employment Reports", a Curriculum Specialist is defined as "a professional educator who has expertise in a specialized field and is assigned to provide information and guidance to other staff members to improve the curriculum." Based on this definition, Curriculum Specialist does not meet the definition of classroom teacher.

Our review of the counties' personnel indicates 116.28 full-time equivalent Curriculum Specialists were funded for various counties during fiscal years 1999 and 1998; therefore, it appears each county which had Curriculum Specialists were overfunded \$600 per position for a total of \$34,182 and \$35,586 for fiscal years 1999 and 1998, respectively. Our subsequent review also indicated the program error existed for fiscal year 2001 funding. We brought this computer program error to the attention of Department personnel and were told the error would be corrected.

We recommend that the Department of Education comply with Chapter 18A, Article 4, Section 2(b) of the West Virginia Code.

Agency's Response

This was caused by a computer programming error and has been corrected.

Computer Program Error for Calculating Professional Instructional Personnel

For fiscal year 1999, we noted two counties were underfunded approximately \$8,000 because of an error in the calculation of professional instructional personnel. Professional instructional personnel are professional educators whose regular duties are that of a classroom teacher, librarian, counselor, attendance director, and a school psychologist or school nurse with a bachelor's degree. Chapter 18, Article 9A, Section 9 of the West Virginia Code provides funding to counties for academic materials, supplies and equipment based on the number of professional instructional personnel as follows:

"The total allowance for other current expense and substitute employees shall be the sum of the following: . . . (4) For academic materials, supplies and equipment for use in instructional programs, two hundred dollars multiplied by the number of professional instructional personnel employed in the schools of the county"

Our testing revealed that of the six counties selected for testing, Kanawha and Logan Counties received incorrect funding because an incorrect number of professional instructional personnel were used in the mathematical calculation. The differences for

personnel, on a full-time equivalency (FTE) basis, and corresponding funding amounts are as follows:

<u>County</u>	<u>Audited FTE Personnel</u>	<u>Funded FTE Personnel</u>	<u>FTE Personnel Difference</u>	<u>\$200 per FTE Position</u>	<u>Amounts Over/(Under) Funded</u>
Kanawha	2,163.00	2,121.57	(41.43)	\$200.00	(\$8,286.00)
Logan	486.50	486.00	(0.50)	\$200.00	(\$ 100.00)
			Total		(\$8,386.00)

The Department determines the number of professional instructional personnel using a computerized program. We asked why an incorrect number of professional instructional personnel was calculated and were told that the source document used to compute the amounts could not be located but the difference appeared to be caused by a computer program error. We reviewed Kanawha County's professional instructional personnel calculation for fiscal year 2001 and noted a difference of (1.00) FTE position between audited personnel and the personnel actually funded. Further, the number of professional instructional personnel affects, in some instances, funding amounts for the professional educator allowance. Chapter 18, Article 9A, Section 4 of the West Virginia Code states in part,

“. . . each county board shall establish and maintain a minimum ratio of fifty professional instructional personnel per one thousand students in adjusted enrollment . . . Any county board which does not establish and maintain this minimum ratio shall suffer a pro rata reduction in the allowance for professional educators”

The differences noted above had no affect on the allowance for professional educators because the counties' professional instructional personnel exceeded the minimum number required.

We recommend the Department comply with Chapter 18, Article 9A, Section 9 of the West Virginia Code and correct professional instructional personnel's computerized calculation.

Agency's Response

The error apparently emanated from a miscalculation of FTE. The cause for this will be investigated and corrected.

Funding Calculation Error for Principals Increment

Principal's increment is additional salary funding to the counties for principals and assistant principals - such funding is a part of the "Allowance for Professional Educators". In our test, we noted Kanawha County's increment funding was not calculated in accordance with the statute which resulted in an underfunded difference of (\$2,585) and (\$3,017) for fiscal years 1998 and 1999, respectively. We reviewed the calculation for fiscal year 2001 and did not note any errors.

Chapter 18A, Article 4, Section 3 of the West Virginia Code states in part, "

" . . . the county board shall pay each principal, a principal's salary increment and each assistant principal an assistant principal's salary increment as prescribed by this section . . . from state funds appropriated for the salary increments. State

funds for this purpose shall be paid within the West Virginia public school support plan in accordance with article nine-a...chapter eighteen of this code.

The salary increment in this section for each principal shall be determined by multiplying the basic salary for teachers in accordance with the classification of certification and of training of the principal as prescribed in this article, by the appropriate percentage rate prescribed in this section according to the number of teachers supervised.

**STATE MINIMUM SALARY INCREMENT
RATES FOR PRINCIPALS**

No. of Teachers Supervised	Rates
1-7	6.0%
8-14	6.5%
15-24	7.0%
25-38	7.5%
39-57	8.0%
58 and up	8.5%

The salary increment in this section for each assistant principal shall be determined in the same manner as that for principals, utilizing the number of teachers supervised by the principal under whose direction the assistant principal works, except that the percentage rate shall be fifty percent of the rate prescribed for the principal...."

The Department calculates principals increment using a computerized program. During our test of these computer reports, we noted the following funding differences for two schools within Kanawha County for the period under audit:

<u>Position</u>	<u>Fiscal Year</u>	<u>School</u>	<u>Audited Increment</u>	<u>Increment Funded</u>	<u>Over/(Under) Funded Difference</u>
Principal	1998	Nitro High School	\$1,965.00	\$521.00	(\$1,444.00)
Assistant Principal	1998	Nitro High School	\$924.00	\$245.00	(\$679.00)
Assistant Principal	1998	Nitro High School	\$983.00	\$521.00	(\$462.00)
Total					<u>(\$2,585.00)</u>

<u>Position</u>	<u>Fiscal Year</u>	<u>School</u>	<u>Audited Increment</u>	<u>Increment Funded</u>	<u>Over/(Under) Funded Difference</u>
Principal	1999	St. Albans High School	\$2,025.76	\$253.00	(\$1,772.76)
Assistant Principal	1999	St. Albans High School	\$983.48	\$246.00	(\$737.48)
Assistant Principal	1999	St. Albans High School	\$1,012.88	\$506.00	(\$506.88)
Total					<u>(\$3,017.12)</u>

As part of our subsequent review, we tested the fiscal year 2001 principals increment calculation for Kanawha County and did not note any differences.

We recommend the Department comply with Chapter 18A, Article 4, Section 3 of the West Virginia Code.

Agency's Response

This error was most likely caused by rounding. The computer program will be reviewed and any rounding errors corrected.

Error in Average Daily Attendance Calculation

For fiscal year 1998, we noted the Department used incorrect average daily attendance (ADA) figures for all counties when distributing the "Allowance for Other Current Expense and Substitute Employees" and the "Allowance to Improve Instructional Programs". Using these incorrect ADA figures resulted in funding amounts that were either understated or overstated for all 55 counties. The counties' understatements and overstatements ranged from (\$76,265) to \$90,473, respectively.

The "Allowance for Other Current Expense and Substitute Employees" and the "Allowance to Improve Instructional Programs" totaled \$79,205,103 and \$32,520,994, respectively. The funding distribution to the counties for the "Allowance for other Current Expense and Substitute Employees" is governed by Chapter 18, Article 9A, Section 9(1) of the West Virginia Code as follows:

. . . distribution to the counties shall be made proportional to the average of each county's average daily attendance for the preceding year and the county's second month net enrollment. . . ."

Likewise, funding distribution for the Allowance to Improve Instructional Programs is governed by Chapter 18, Article 9A, Section 10(2) of the West Virginia Code as follows:

"Distribution to the counties of the remainder of these funds shall be proportional to the average of each county's average daily attendance for the preceding year and the county's second month net enrollment."

The Department calculates ADA based on the total of days in each county's school term and the number of students present during the term. The calculation was made on the Department's computer and the calculations appear correct on the original file; however, it appears an error resulted in incorrect amounts for ADA being manually transferred into another computer file used to calculate the distribution of funding. The incorrect figures resulted in erroneous distribution amounts which affected all counties. We did not find any ADA errors for fiscal year 1999 and in our subsequent review of fiscal year 2001. The following schedule depicts the highest overpayments and underpayments to 12 of the 55 counties:

<u>County</u>	<u>Allowance for Other Current Expense and Substitute Employees</u>			<u>Allowance to Improve Instructional Programs</u>			<u>Total Over/ (Under) Funded</u>
	<u>Audited Allowance per County</u>	<u>Funded Allowance per County</u>	<u>Over/ (Under) Funded</u>	<u>Audited Allowance per County</u>	<u>Funded Allowance per County</u>	<u>Over/ (Under) Funded</u>	
Berkeley	3,007,178	2,948,801	(58,377)	1,071,496	1,053,608	(17,888)	(76,265)
Jefferson	1,705,279	1,684,426	(20,853)	672,552	666,162	(6,390)	(27,243)
Randolph	1,310,860	1,291,866	(18,994)	551,690	545,869	(5,821)	(24,814)
Hampshire	904,406	885,722	(18,684)	427,139	421,414	(5,725)	(24,409)
Barbour	741,479	723,706	(17,773)	377,213	371,767	(5,446)	(23,218)
Putnam	2,271,487	2,255,646	(15,841)	846,057	841,203	(4,854)	(20,695)
Greenbrier	1,553,730	1,569,714	15,984	626,113	631,011	4,898	20,883
Fayette	2,176,649	2,199,169	22,520	816,995	823,896	6,901	29,421
Wyoming	1,375,176	1,399,486	24,310	571,398	578,848	7,450	31,760
Logan	1,914,534	1,953,662	39,128	736,675	748,665	11,990	51,118
Raleigh	3,405,927	3,455,618	49,691	1,193,686	1,208,913	15,227	64,918
Kanawha	8,243,103	8,312,356	69,253	2,675,952	2,697,173	21,221	90,473

We recommend the Department comply with Chapter 18, Article 9A, Sections 9(1) and 10(2) of the West Virginia Code when distributing funding to the counties for the Allowance for other

Current Expense and Substitute Employees and the Allowance to Improve Instructional Programs.

Agency's Response

The error in 1998 resulted from using an ADA table from the previous year. This error occurred only in the one year. Procedures have been revised so that the ADA and allocation calculations are reviewed to preclude these types of errors from occurring in the future.

Computer Program Error for Transportation Allowance

For fiscal year 1999 and 1998, the Department over funded the counties \$267,917 and \$243,915, respectively, in the transportation allowance because the Department's computer program included and excluded county expenditures that were not a part of maintenance, operation and related costs in the funding calculation. The Department identified these computer program errors and our subsequent review indicates the fiscal year 2001 costs were calculated correctly.

For fiscal year 1999, Chapter 18, Article 9A, Section 7 of the West Virginia Code states in part,

"The allowance in the foundation school program for each county for transportation shall be the sum of the following computations:

(1) Eighty-five percent of the transportation cost within each high density county and ninety percent of the transportation cost within each low density county for

maintenance, operation and related costs,
exclusive of all salaries"

For fiscal year 1998, the preceding statute permitted only 80% of the costs to be funded in the allowance.

Counties' submit expenditure data to the Department electronically. The Department determined the counties' maintenance, operation and related costs using a computer program to extract the applicable expenditures from the accounting data. Our testing revealed that counties' costs incurred for "Aid-In-Lieu of Transportation" were included and "Purchased Professional & Technical Services" were excluded, both in error, in determining maintenance, operation and related costs.

According to a Coordinator of the Office of School Finance, "Aid-In-Lieu of Transportation" expenditures should not have been included in this costs. The computerized expenditure reports received from Department's Office of Technology and Information Systems did not provide enough detail to specifically identify "Aid-In-Lieu of Transportation" payments which were commingled with other expenditures. However, the Department requested and the counties supplied the amounts actually paid for "Aid-In-Lieu of Transportation" on certified statements which were used to compute another part of the transportation allowance. Therefore, the Department could have reduced the operations, maintenance and related costs by the expenditures supplied and certified by the counties. Conversely, the computer program

excluded, in error, "purchases professional and technical services" expenditures in the operation, maintenance and related costs calculation. For fiscal year 1999 and 1998, the following table represents the over funded and under funded transportation allowance for each county net of the respective percentages noted in the statute:

	<u>Fiscal Year 1999 Expenditures</u>			<u>Fiscal Year 1998 Expenditures</u>		
	<u>Overfunded</u> <u>Aid-In-Lieu</u> <u>of</u> <u>Transportation</u>	<u>(Underfunded)</u> <u>Purchased</u> <u>Professional</u> <u>& Technical</u> <u>Services</u>	<u>Total</u> <u>Over/</u> <u>(Under)</u> <u>Funded</u>	<u>Overfunded</u> <u>Aid-In-Lieu</u> <u>of</u> <u>Transportation</u>	<u>(Underfunded)</u> <u>Purchased</u> <u>Professional</u> <u>& Technical</u> <u>Services</u>	<u>Total</u> <u>Over/</u> <u>(Under)</u> <u>Funded</u>
Barbour	\$1,031	(\$649)	\$382	\$754	(\$3,783)	(\$3,029)
Berkeley	\$34,882	(\$20,625)	\$14,257	\$18,156	(\$19,454)	(\$1,298)
Boone	\$10,559	(\$13,560)	(\$3,001)	\$6,210	(\$5,309)	\$901
Braxton	\$40,435	(\$4,085)	\$36,350	\$37,474	(\$4,017)	\$33,458
Brooke	\$7,401	(\$738)	\$6,663	\$4,642	(\$3,629)	\$1,013
Cabell	\$77,709	(\$12,076)	\$65,633	\$59,741	(\$10,311)	\$49,429
Calhoun	\$2,805	(\$1,215)	\$1,591	\$1,647	(\$532)	\$1,115
Clay	\$5,343	(\$3,736)	\$1,607	\$4,458	(\$2,396)	\$2,062
Doddridge	\$2,241	(\$4,339)	(\$2,098)	\$2,406	(\$2,522)	(\$116)
Fayette	\$2,876	(\$25,262)	(\$22,387)	\$5,938	(\$33,041)	(\$27,104)
Gilmer	\$3,635	(\$3,470)	\$165	\$956	(\$3,384)	(\$2,428)
Grant	\$6,625	(\$4,264)	\$2,361	\$210	(\$1,304)	(\$1,094)
Greenbrier	\$11,281	(\$24,589)	(\$13,308)	\$7,998	(\$12,242)	(\$4,245)
Hampshire	\$13,496	(\$6,320)	\$7,177	\$16,309	(\$4,247)	\$12,062
Hancock	\$115	(\$4,832)	(\$4,717)	\$3,151	(\$4,112)	(\$960)
Hardy	\$6,619	(\$3,302)	\$3,317	\$6,063	(\$1,265)	\$4,798
Harrison	\$1,382	(\$29,482)	(\$28,100)	\$673	(\$51,365)	(\$50,692)
Jackson	\$8,217	(\$11,491)	(\$3,274)	\$8,441	(\$7,184)	\$1,257
Jefferson	\$0	(\$18,356)	(\$18,356)	\$582	(\$15,662)	(\$15,080)
Kanawha	\$249,218	(\$13,107)	\$236,111	\$227,390	(\$6,900)	\$220,490
Lewis	\$1,518	(\$2,397)	(\$879)	\$2,606	(\$3,244)	(\$639)
Lincoln	\$29,520	(\$4,430)	\$25,090	\$20,300	(\$2,300)	\$18,000
Logan	\$24,402	(\$11,476)	\$12,926	\$19,206	(\$10,269)	\$8,938
Marion	\$4,815	(\$7,035)	(\$2,220)	\$4,836	(\$6,557)	(\$1,721)
Marshall	\$605	(\$17,519)	(\$16,914)	\$318	(\$11,497)	(\$11,179)
Mason	\$3,500	(\$8,397)	(\$4,897)	\$2,350	(\$3,584)	(\$1,234)
Mercer	\$28,929	(\$7,471)	\$21,458	\$29,343	(\$6,798)	\$22,545
Mineral	\$3,992	(\$14,746)	(\$10,753)	\$3,440	(\$21,613)	(\$18,173)
Mingo	\$2,586	\$0	\$2,586	\$3,250	\$0	\$3,250
Monongalia	\$45,885	(\$13,767)	\$32,117	\$44,327	(\$20,623)	\$23,704
Monroe	\$2,122	(\$1,949)	\$174	\$3,910	(\$4,286)	(\$377)

	<u>Fiscal Year 1999 Expenditures</u>			<u>Fiscal Year 1998 Expenditures</u>		
	<u>Overfunded</u> <u>Aid-In-Lieu</u> <u>of</u> <u>Transportation</u>	<u>Purchased</u> <u>Professional</u> <u>& Technical</u> <u>Services</u>	<u>Total</u> <u>Over/</u> <u>(Under)</u> <u>Funded</u>	<u>Overfunded</u> <u>Aid-In-Lieu</u> <u>of</u> <u>Transportation</u>	<u>Purchased</u> <u>Professional</u> <u>& Technical</u> <u>Services</u>	<u>Total</u> <u>Over/</u> <u>(Under)</u> <u>Funded</u>
Morgan	\$0	(\$6,257)	(\$6,257)	\$2,127	(\$5,816)	(\$3,689)
McDowell	\$610	(\$4,275)	(\$3,665)	\$431	(\$2,370)	(\$1,939)
Nicholas	\$15,685	(\$33,189)	(\$17,504)	\$11,499	(\$8,106)	\$3,393
Ohio	\$4,287	(\$5,490)	(\$1,203)	\$14,094	(\$8,184)	\$5,909
Pendleton	\$812	(\$2,255)	(\$1,444)	\$682	(\$1,187)	(\$505)
Pleasants	\$0	(\$4,366)	(\$4,366)	\$0	(\$1,633)	(\$1,633)
Pocahontas	\$3,363	(\$5,505)	(\$2,141)	\$2,845	(\$4,346)	(\$1,501)
Preston	\$15,620	(\$4,467)	\$11,153	\$10,945	(\$15,368)	(\$4,424)
Putnam	\$54,314	(\$7,496)	\$46,818	\$51,192	(\$5,815)	\$45,377
Raleigh	\$9,919	(\$57,051)	(\$47,132)	\$8,349	(\$35,465)	(\$27,117)
Randolph	\$600	(\$4,802)	(\$4,201)	\$1,137	(\$4,796)	(\$3,659)
Ritchie	6,987.00	(\$5,105)	\$1,881	\$10,550	(\$1,996)	\$8,553
Roane	\$6,940	(\$4,205)	\$2,735	\$6,519	(\$3,288)	\$3,231
Summers	\$1,001	(\$1,603)	(\$602)	\$858	(\$2,089)	(\$1,230)
Taylor	\$1,408	(\$5,117)	(\$3,709)	\$1,422	(\$13,326)	(\$11,904)
Tucker	\$158	(\$2,355)	(\$2,197)	\$129	(\$2,571)	(\$2,442)
Tyler	\$0	(\$643)	(\$643)	\$0	(\$747)	(\$747)
Upshur	\$1,725	(\$4,276)	(\$2,551)	\$2,749	(\$4,839)	(\$2,090)
Wayne	\$436	(\$4,594)	(\$4,158)	\$504	(\$3,331)	(\$2,827)
Webster	\$641	(\$12,564)	(\$11,923)	\$1,049	(\$3,199)	(\$2,150)
Wetzel	\$1,677.00	(\$8,675)	(\$6,999)	\$1,403	(\$3,220)	(\$1,816)
Wirt	\$707.00	(\$2,363)	(\$1,657)	\$821	(\$1,477)	(\$656)
Wood	\$9,920.00	(\$22,081)	(\$12,162)	\$2,822	(\$17,057)	(\$14,235)
Wyoming	<u>\$7,273</u>	<u>(\$6,494)</u>	<u>\$779</u>	<u>\$4,407</u>	<u>(\$6,046)</u>	<u>(\$1,638)</u>
Total	<u>\$777,828</u>	<u>(\$509,911)</u>	<u>\$267,917</u>	<u>\$683,618</u>	<u>(\$439,703)</u>	<u>\$243,915</u>

The Department identified these computer errors and our subsequent review indicates the correct costs were included in the computerized calculation for funding the fiscal year 2001 transportation allowance.

We recommend the Department comply with Chapter 18, Article 9A, Section 7 of the West Virginia Code.

Agency's Response

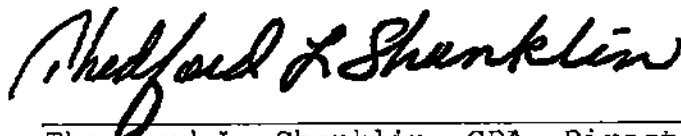
These errors were noted by department staff during the Fiscal Year 2001 calculations. A new report was designed that details the transportation expenditures by object code, thereby making it easier to verify the expenditures included in the calculations. As stated in the audit report, this error has been corrected.

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Theford L. Shanklin, CPA, Director of the Legislative Post Audit Division, do hereby certify that the Special Report appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true copy of said Special Report.

Given under my hand this 12th day of February, 2001.



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

Copy forwarded to the Secretary of Administration to be filed as a public record. Copies forwarded to the Governor; Attorney General; and, State Auditor.