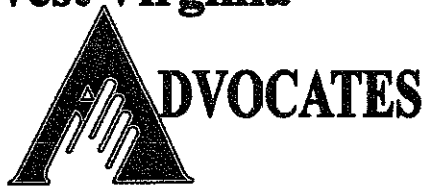


**West Virginia**



**Protection and Advocacy for Individuals with Disabilities in WV since 1977**

April 16, 2010

Ms. Kimberly Merritt, Compliance Auditor  
WV Department of Health and Human Resources  
Office of Accountability and Management Reporting  
Division of Compliance & Monitoring  
Capitol Complex, Building 3, Room 550  
Charleston, WV 25305

Dear Ms. Merritt:

Enclosed please find a copy of our FY 08-09 Audited Financial Statements along with copies of the following information:

- Indirect Cost Rate Agreement
- Management's response to audit finding

If additional information is required, please contact me.

Sincerely,

Barbara Criner  
Administrative Director

**DHHR - Finance**

APR 19 2010

**Date Received**

bc

Enclosures

J:\Administration\ACCOUNTING\Audits Federal And State\FY 09\State Of WV Audit Transmittal Doc

Toll Free 1-800-950-5250    wvadvocates.org  
PHONE (304) 346-0847  
FAX (304) 346-0867

Litton Building, 4th Floor  
1207 Quarrier Street  
Charleston, WV 25301-1842

Audited Financial Statements

West Virginia Advocates, Inc.

Years Ended September 30, 2009 and 2008

**DHHR - Finance**

**APR 19 2010**

**Date Received**

**Gibbons  
& Kawash**  
Certified Public Accountants

Audited Financial Statements  
WEST VIRGINIA ADVOCATES, INC  
Years Ended September 30, 2009 and 2008

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DHHR - Finance

APR 19 2010

Date Received

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
West Virginia Advocates, Inc  
Charleston, West Virginia

We have audited the accompanying statement of financial position of West Virginia Advocates, Inc (the Agency), as of September 30, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Agency. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency, as of September 30, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2010, on our consideration of the Agency's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the Agency, taken as a whole. The accompanying information on page 11 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by

U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The accompanying schedule of receipts and expenditures of state awards is presented for purposes of additional analysis as required by WV Code §12-4-14, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

*Jefferson & Kawash*

March 31, 2010

DHHR - Finance

APR 19 2010

Date Received

WEST VIRGINIA ADVOCATES, INC  
STATEMENT OF FINANCIAL POSITION

September 30, 2009 and 2008

<u>ASSETS</u>	<u>2009</u>	<u>2008</u>
Cash and cash equivalents	\$ 49,045	\$ 40,825
Grants receivable	83,366	66,072
Other receivable	258	-
Prepaid expenses	6,817	9,584
Furniture and equipment, net of accumulated depreciation of \$35,732 and \$57,799 in 2009 and 2008, respectively	<u>13,974</u>	<u>26,250</u>
Total assets	<u>\$ 153,460</u>	<u>\$ 142,731</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Liabilities:		
Accounts payable and accrued expenses	\$ 79,603	\$ 98,991
Claims payable	31,540	-
Refundable advances	<u>-</u>	<u>4,162</u>
Total liabilities	<u>111,143</u>	<u>103,153</u>
Net assets:		
Unrestricted	<u>42,317</u>	<u>39,578</u>
Total liabilities and net assets	<u>\$ 153,460</u>	<u>\$ 142,731</u>

The accompanying notes are an integral part of these financial statements

## WEST VIRGINIA ADVOCATES, INC

## STATEMENT OF ACTIVITIES

Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenues:		
Governmental grants	\$ 1,339,334	\$ 1,360,900
Other income	<u>9,893</u>	<u>6,434</u>
Total revenues	<u>1,349,227</u>	<u>1,367,334</u>
Expenses:		
Program services:		
Potomac	72,937	76,698
PADD	339,889	413,956
PAIMI	475,455	444,587
CAP	98,342	90,132
PAIR	149,499	156,794
PAAT	46,241	51,367
PABSS	65,922	75,006
HAVA	25,079	23,715
PATBI	72,753	54,580
Unallocated administrative costs	<u>371</u>	<u>(9,183)</u>
Total expenses	<u>1,346,488</u>	<u>1,377,652</u>
Change in net assets	2,739	(10,318)
Net assets, beginning of year	<u>39,578</u>	<u>49,896</u>
Net assets, end of year	<u>\$ 42,317</u>	<u>\$ 39,578</u>

The accompanying notes are an integral part of these financial statements.

## WEST VIRGINIA ADVOCATES, INC

## STATEMENT OF CASH FLOWS

Years Ended September 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities:		
Change in net assets	\$ 2,739	\$ (10,318)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	12,276	15,991
Gain on sale of equipment	-	(371)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(17,294)	(14,725)
Other receivable	(258)	138
Prepaid expenses	2,767	(1,671)
Increase (decrease) in:		
Accounts payable and accrued expenses	(19,388)	26,462
Claims payable	31,540	-
Refundable advances	<u>(4,162)</u>	<u>(839)</u>
Net cash provided by operating activities	<u>8,220</u>	<u>14,667</u>
Cash flows used in investing activities:		
Purchase of furniture and equipment	<u>-</u>	<u>(22,394)</u>
Net increase (decrease) in cash and cash equivalents	8,220	(7,727)
Cash and cash equivalents, beginning of year	<u>40,825</u>	<u>48,552</u>
Cash and cash equivalents, end of year	<u>\$ 49,045</u>	<u>\$ 40,825</u>

The accompanying notes are an integral part of these financial statements



## WEST VIRGINIA ADVOCATES, INC.

## NOTES TO FINANCIAL STATEMENTS

**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**Description of Organization

West Virginia Advocates, Inc (the Agency) is a non-stock, non-profit corporation formed in the State of West Virginia for the purpose of protecting and advocating the human and legal rights of citizens of West Virginia who are developmentally disabled, mentally ill, or emotionally impaired. The Agency receives substantially all of its funding from the U S Department of Health and Human Services and U S Department of Education. A significant reduction in the level of this funding may have a significant impact on the Agency's programs and activities. Descriptions of the Agency's programs are as follows:

PADD

The Protection and Advocacy for Persons with Developmental Disabilities program (PADD) was formed in 1975 to address problems of people with disabilities. PADD clients must have a developmental disability as defined by federal law (a chronic mental and/or physical condition which was evident before the age of 22 and causes substantial limitations in three or more areas of daily living)

CAP

The Client Assistance Program (CAP) was formed in 1984 to help individuals who have applied for or are getting services from the state Division of Rehabilitation Service, a Center for Independent Living, supported employment programs, and other programs funded under the Federal Rehabilitation Act. CAP clients must have a disability.

PAIMI

The Protection and Advocacy for Individuals with Mental Illness program (PAIMI) was formed in 1986 to help individuals with mental illness and to carry out abuse and neglect investigations on their behalf. PAIMI clients must have a mental illness or emotional problems and must live in a residential facility (or have lived in one within the past 90 days)

PAIR

The Protection and Advocacy for Individual Rights program (PAIR) was formed in 1993 to help individuals with disabilities who do not meet the eligibility standards for other federal programs. The Agency has chosen to focus on improving access to public places and public services.

## WEST VIRGINIA ADVOCATES, INC

NOTES TO FINANCIAL STATEMENTS  
(Continued)**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT  
ACCOUNTING POLICIES (Continued)**Description of Organization (Continued)PAAT

The Protection and Advocacy for Assistive Technology program (PAAT) was formed in 1994 to help individuals with disabilities get the devices and assistive technologies they need. PAAT clients must have a disability and be trying to get technological devices or assistive services related to their disease.

PABSS

The Protection and Advocacy for Beneficiaries of Social Security program (PABSS) is funded by the Social Security Administration under the Ticket to Work and Work Incentives Improvement Act of 1999 (TWWIA) to provide advocacy assistance to beneficiaries of Social Security who have problems obtaining, maintaining, and retaining employment.

HAVA

The Help America Vote Act program (HAVA) was established in 2004 to help ensure that individuals with disabilities can fully participate in the electoral process, including being able to register to vote, cast a vote, and to access polling facilities. The Agency works closely with other voting and civil rights organizations in education, outreach, and monitoring activities.

PAIBI

The Protection and Advocacy for Persons with Traumatic Brain Injury program (PATBI) was enacted in 2000 to provide legal advocacy for persons with Traumatic Brain Injury (TBI). PATBI works with individuals with TBI, their families and other stakeholders to ensure that needed services are available throughout the state of West Virginia and to help develop their self-advocacy skills.

Potomac – State Program

The Potomac state program was the result of a 2001 Court Order and the West Virginia Department of Health and Human Resources' decision to provide a full-time advocate for children who reside at the Potomac Center, a residential intermediate care facility for individuals with mental retardation. The Agency is responsible for attending meetings on the children's behalf, developing an advocacy plan for each child, and providing technical assistance and training as needed at the Potomac Center.

WEST VIRGINIA ADVOCATES, INC  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents

The Agency considers all highly liquid investments with a maturity of three months or less to be cash equivalents

Furniture and Equipment

Furniture and equipment are recorded at cost at the date of purchase, or in the case of donated assets, at fair value at the date of receipt. Depreciation is calculated on a straight-line basis over the estimated useful lives of property and equipment, which range from three to seven years. Maintenance and repairs are charged to operations as incurred and major improvements are capitalized.

Revenue Recognition

Grant revenue resulting from exchange transactions is recognized when the related costs are incurred. Refundable advances consists of grant funds that the Agency has received but for which it has not incurred related expenses and/or satisfied the requirements of the grant agreements. Grant receivables consist of grant funds the Agency has not received but has incurred related expenses and/or satisfied the requirement of the grant agreements. No allowance for doubtful accounts was considered necessary at September 30, 2009.

Expenses

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities.

Expense Allocation

Expenses which are not specifically identified with a particular service are allocated to the various program services based upon time devoted by the Agency staff in performing program functions.

Income Taxes

The Agency is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation.

Effective October 1, 2008, the Agency implemented the new accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon

WEST VIRGINIA ADVOCATES, INC  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

**1 - DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes (Continued)

examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of September 30, 2009, the Agency has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The date to which events occurring after September 30, 2009, have been evaluated for possible adjustment to or disclosure in the financial statements was March 31, 2010, which is the date that the financial statements were available to be issued.

**2 - GRANTS RECEIVABLE**

Grants receivable consisted of the following at September 30, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Potomac	\$ 17,033	\$ 5,687
PABSS	10,359	15,017
CAP	13,049	8,153
PADD	29,048	19,315
HAVA	314	-
PATBI	2,208	-
PAIMI	5,362	-
PAIR	4,416	10,289
PAAT	<u>1,577</u>	<u>7,611</u>
	<u>\$ 83,366</u>	<u>\$ 66,072</u>

WEST VIRGINIA ADVOCATES, INC  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

**3 - REFUNDABLE ADVANCES**

Refundable advances consisted of the following at September 30, 2009 and 2008:

	2009	2008
PAIMI	\$ -	\$ 3,259
PAVA	-	91
PATBI	-	181
Administrative	-	631
	\$ -	\$ 4,162

**4 - OPERATING LEASE**

The Agency leases office space in Charleston and Clarksburg under long-term leases. Total rent charged to operations for the years ended September 30, 2009 and 2008, was \$71,959 and \$69,427, respectively.

The future minimum rental payments required under the leases are as follows:

2010	\$ 74,477
2011	74,477
2012	51,960
	\$ 200,914

**5 - RETIREMENT PLAN**

The Agency has a noncontributory defined contribution pension plan covering all full-time employees. Contributions are made at 5% of the employee's annual salary. Pension expense for the years ended September 30, 2009 and 2008, were \$38,166 and \$38,077, respectively.

**ACCOMPANYING INFORMATION**

WEST VIRGINIA ADVOCATES, INC

SCHEDULE OF FUNCTIONAL EXPENSES

Year Ended September 30, 2009

	Program Services			
	Potomac	PADD	PAIMI	CAP
Salaries	\$ 42,692	\$ 174,740	\$ 241,828	\$ 49,870
Payroll taxes and fringe benefits	13,538	59,167	80,830	12,844
Travel and training	2,587	18,237	27,411	13,138
Contracts and outside services	629	9,350	20,541	2,424
Telephone	3,073	4,592	9,808	1,356
Postage	169	1,917	1,362	177
Office supplies and printing	1,261	9,638	8,223	2,306
Equipment costs and depreciation	104	6,564	7,727	2,007
Facilities rent and maintenance	1,087	14,692	23,075	4,029
Dues and subscriptions	275	6,702	6,129	956
Indirect costs	7,522	34,290	48,521	9,235
	<u>\$ 72,937</u>	<u>\$ 339,889</u>	<u>\$ 475,455</u>	<u>\$ 98,342</u>

Program Services						
PAIR	PAAT	PABSS	HAVA	PAIBI	Administrative	Total
\$ 77,450	\$ 26,075	\$ 30,646	\$ 7,990	\$ 37,900	\$ 44,438	\$ 733,629
25,526	7,913	9,256	2,751	11,322	13,972	237,119
6,733	1,032	6,932	922	8,131	5,279	90,402
4,494	939	2,420	2,708	2,119	32,633	78,257
4,331	1,059	1,619	290	538	2,598	29,264
1,124	204	252	530	698	1,272	7,705
2,785	847	2,219	4,616	1,001	15,777	48,673
3,385	890	1,509	974	923	1,750	25,833
6,345	2,005	2,936	900	2,863	18,523	76,455
2,536	680	1,632	875	-	-	19,785
14,790	4,597	6,501	2,523	7,258	(135,871)	(634)
<u>\$ 149,499</u>	<u>\$ 46,241</u>	<u>\$ 65,922</u>	<u>\$ 25,079</u>	<u>\$ 72,753</u>	<u>\$ 371</u>	<u>\$ 1,346,488</u>



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
West Virginia Advocates, Inc  
Charleston, West Virginia

We have audited the financial statements of West Virginia Advocates, Inc. (the Agency), as of and for the year ended September 30, 2009, and have issued our report thereon dated March 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Agency's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no material instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain matters that we reported to management of the Agency in a separate letter dated March 31, 2010.

The Agency's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Agency's response and, accordingly, we express no opinion on it.

This report is intended solely for the information of the board of directors, management, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



March 31, 2010

DHHR - Finance

APR 19 2010

Date Received

## WEST VIRGINIA ADVOCATES, INC

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2009

<u>Grantor/Program</u>	<u>Grant #/ CFDA #</u>	<u>Disbursements/ Expenses</u>
<u>Federal Awards</u>		
U S Department of Education:		
Client Assistance Program	84.161	\$ 89,826
Protection and Advocacy for Individual Rights Program	84.240	145,083
Protection and Advocacy for Assistive Technology Program	84.343	44,664
U.S. Department of Health and Human Services:		
Protection and Advocacy for Persons with Developmental Disabilities Program	93.630	333,265
Protection and Advocacy for Individuals with Mental Illness Program	93.138	470,093
Protection and Advocacy for Persons with Traumatic Brain Injury Program	93.234	70,545
Help America Vote Act Program	93.618	24,765
U S. Social Security Administration:		
Protection and Advocacy for Beneficiaries of Social Security	96.008	<u>63,399</u>
Total federal awards		<u>\$ 1,241,640</u>

**BASIS OF PRESENTATION**

The above schedule of expenditures of federal awards includes the federal grant activity of the Agency, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. The accrual of the transaction described in Note 6 to the Agency's financial statements has not been reflected in above schedule in accordance with the requirements of OMB Circular A-122, Cost Principles for Non-Profit Organizations.

See Independent Auditors' Report

## WEST VIRGINIA ADVOCATES, INC

## SCHEDULE OF RECEIPTS AND EXPENDITURES OF STATE AWARDS

Year Ended September 30, 2009

<u>Grantor/Program</u>	<u>Grant #</u>	<u>Receipts</u>	<u>Disbursements/ Expenses</u>
W V Department of Health and Human Resources:			
Potomac Center Program	G-09-0310	<u>\$ 55,902</u>	<u>\$ 72,937</u>

**BASIS OF PRESENTATION**

The above schedule of receipts and expenditures of state awards includes the state grant activity of the Agency, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of WV Code § 12-4-14.

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
West Virginia Advocates, Inc  
Charleston, West Virginia

Compliance

We have audited the compliance of West Virginia Advocates, Inc. (the Agency), with the types of compliance requirements described in the *U S Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2009. The Agency's major programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Agency's management. Our responsibility is to express an opinion on the Agency's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Agency's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Agency's compliance with those requirements.

In our opinion, the Agency, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

The management of the Agency is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Agency's internal control over compliance with requirements that could have a direct and material effect on a major federal program in

order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of the Agency's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, others within the entity, and the Board of Trustees, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



March 31, 2010

DHHR - Finance

APR 19 2010

Date Received

WEST VIRGINIA ADVOCATES, INC  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 Year Ended September 30, 2009

**Section I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?

yes  no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes  no

Identification of major programs:

<u>CFDA/grant Number(s)</u>	<u>Name of Federal Program/Cluster</u>
93 630	Protection and Advocacy for Persons with Development Disabilities Program
93 138	Protection and Advocacy for Individuals with Mental Illness Program

WEST VIRGINIA ADVOCATES, INC  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

Year Ended September 30, 2009

**Section I - Summary of Auditors' Results - (Continued)**

Dollar threshold used to distinguish  
 between type A and type B programs:       \$300,000

Auditee qualified as low-risk auditee:       \_\_\_\_\_ yes                      X   no

**Section II - Financial Statement Findings**

**2009-1 ACCOUNTING FOR NON-ROUTINE TRANSACTIONS**

Condition:

The Agency does not have effective procedures established to identify non-routine transactions and determine the appropriate accounting treatment in accordance with accounting principles generally accepted in the United States of America

Criteria:

The Agency should ensure that all transactions are properly recorded in its accounting records to ensure that its financial statements are prepared in accordance with generally accepted accounting standards

Effect:

Transactions could occur and not be properly reported in the Agency's financial statements

Cause:

During the year, the Agency was a party to a legal settlement that resulted in a non-routine accounting transaction for which the Agency failed to identify the proper accounting treatment. The Agency did not consult accounting professionals to ensure that the transaction was properly recorded in its accounting records.



WEST VIRGINIA ADVOCATES, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Year Ended September 30, 2009

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**Section II - Financial Statement Findings (Continued)**

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**2009-1 NON-ROUTINE TRANSACTIONS (Continued)**

Recommendation:

Management should develop procedures to ensure that all significant transactions are properly recorded. If the Agency is uncertain about the appropriate accounting treatment for such transactions, professional consultation should be sought.

Management Response:

Management will identify non-routine accounting transactions in the future and will consult with accounting professionals

**2009-2 JOURNAL ENTRY REVIEW AND APPROVAL**

Condition:

We noted that journal entries are posted to the Agency's general ledger by the Administrative Director without adequate supervisory review and approval

Criteria:

All transactions that are posted to the Agency's general ledger should be subject to appropriate supervisory review and approval to ensure that the transaction is correctly accounted for and appropriate in nature.

Effect:

Without appropriate supervisory review, errors or irregularities in the Agency's financial statements may not be detected in a timely manner by employees in the normal course of performing their assigned functions

Cause:

General journal entries are initiated by the Administrative Director, and the Agency does not have staff that would possess the requisite knowledge to perform effective oversight of initiation, development, and posting of these entries to the Agency's general ledger

WEST VIRGINIA ADVOCATES, INC  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Year Ended September 30, 2009

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**Section II - Financial Statement Findings (Continued)**

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**2009-2 JOURNAL ENTRY REVIEW AND APPROVAL (Continued)**

Recommendation:

Management should develop procedures to ensure that all significant general journal entries posted to the Agency's general ledger system have been reviewed and approved in a timely manner by someone with the requisite knowledge of the Agency's operations and the accounting principles used in the preparation of its financial statements

Management Response:

The Board of Directors has recruited a certified public accountant who has volunteered her services to perform the required review of all significant journal entries. Since September 2009, management has submitted all general journal entries for review on a monthly basis.

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**Section III - Federal Award Findings and Questioned Costs**

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None noted.

WEST VIRGINIA ADVOCATES, INC  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended September 30, 2009

**2008-1 JOURNAL ENTRY REVIEW AND APPROVAL**

Condition:

We noted that journal entries are posted to the Agency's general ledger by the Administrative Director without adequate supervisory review and approval

Recommendation:

Management should develop procedures to ensure that all significant general journal entries posted to the Agency's general ledger system have been reviewed and approved by someone with the requisite knowledge of the Agency's operations and the accounting principles used in the preparation of its financial statements

Status:

A similar finding was reported in the 2009 audit.