

Performance Update

State Agency Grant Awards

**Utilization of the State Agency Grant
Award Commitment Module Is
Improving but More Progress Is Needed**



**January 2008
PE 07-19-424**

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John Sylvia
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January 7, 2008

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

The Honorable Jim Morgan
House of Delegates
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1900 Kanawha Boulevard, East
Charleston, West Virginia 25305-0470

Dear Chairs:

Pursuant to the West Virginia Performance Review Act, we are transmitting a Performance Update on the State Agency Grants Award, which will be presented to the Joint Committee on Government Operations and Joint Committee on Government Organization on Monday, January 7, 2008. The issue covered herein is "*Utilization of the State Agency Grant Commitment Module Is Improving but More Progress Is Needed.*"

Let me know if you have any questions.

Sincerely,

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

John Sylvia

JS/tlc

Joint Committee on Government and Finance

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Executive Summary

Issue 1 Utilization of the State Agency Grant Award Commitment Module Is Improving but More Progress Is Needed.

In 2005, the Legislature passed legislation that requires recipients of state grants to submit to the granting agency a report performed and prepared by a certified public accountant or a sworn statement of expenditures made under the grant.

Some agencies have stated that their non-compliance is due to the fact that they were uninformed about the procedures necessary to report state grant information.

As of January 2, 2008, only the following agencies have been added to the compliance list: Governor's Office, Higher Education Policy Commission, and the Division of Tourism.

Of the 16 agencies that stated they were awarding state grants, only 6 agencies were not in compliance with the WVFIMS/SAGA system.

In 2005, the Legislature passed legislation that requires recipients of state grants to submit to the granting agency a report performed and prepared by a certified public accountant or a sworn statement of expenditures made under the grant. The purpose is to provide accountability that grant funds were used for intended purposes. The Legislature first passed Senate Bill 348 during the 2005 Regular Session. Later, during the 2005 Fourth Extraordinary Session, the Legislature passed Senate Bill 4006, which superseded the earlier-passed Senate Bill 348. It is now the responsibility of any agency that awards grants to ensure that the above described accountability measures are being taken, and the grant award information is reported in a manner designated by the Legislative Auditor. If a grant recipient does not comply with the reporting requirements, it is barred from future awards. Unless the agencies report pertinent data about awards to the Legislative Auditor, the eligibility of grant recipients cannot be determined properly.

Since that time, it cannot be determined with accuracy whether some state agencies are fulfilling their oversight duties. Some agencies have stated that their non-compliance is due to the fact that they were uninformed about the procedures necessary to report state grant information. Also, the Department of Administration's Finance Division noted that the non-compliance could be the result of the agencies not entering all data required into the West Virginia Financial Information Management System (WVFIMS) Commitment module, thus the information is not being transferred to the Legislature's website.

As of January 2, 2008, only the following agencies have been added to the compliance list: Governor's Office, Higher Education Policy Commission, and the Division of Tourism. For this update, the Legislative Auditor contacted 80 state agencies. Sixty-two agencies reported that they did not provide grants, 16 agencies stated that they were providing state grants and are using the WVFIMS Commitment module, and 2 agencies did not respond. Of the 16 agencies that stated they were awarding state grants, only 6 agencies were not in compliance with the WVFIMS/SAGA system. During the Legislative Auditor's survey, it was found that several noncompliant agency personnel stated that grant information was being entered, and thought that their agencies were properly in compliance. The Department of Administration Finance Division stated that the

Many of the agencies had questions regarding what information had to be reported and also what steps to take to comply with the WVFIMS commitment module requirements.

following agencies were recording the basic information necessary for the State Agency Grant Award (SAGA) reporting, but were not accessing the Grant Audit Detail Screen to update the compliance information: The West Virginia Development Office, Health Care Authority, WV Commission for National and Community Service, and the Bureau of Senior Services. Also, the Department of Environmental Protection (DEP) and the Department of Education (DOE) indicated that they have not been recording the information necessary for SAGA. In addition, many of the agencies had questions regarding what information had to be reported and also what steps to take to comply with the WVFIMS commitment module requirements. Some agencies suggested that a WVFIMS training program should be available so that the procedures and requirements could be thoroughly explained, and also to reduce the amount of agencies that are not in compliance. However, according to the Department of Administration's Finance Division, training materials for the WVFIMS Commitment module and SAGA requirements can be found on the Finance Division website <http://www.wvfinance.state.wv.us>. It could be possible that some of the agencies not in compliance could be attributed to the fact that the agencies are not aware of the training materials on the Finance Division website.

Recommendations

- 1. The Legislative Auditor recommends that the Department of Administration's Finance Division develop a more informative training system to educate state agencies on the WVFIMS commitment module and SAGA requirements.*
- 2. The Legislative Auditor recommends that all state agencies take the initiative to ensure that grant compliance information is properly being submitted and is accessible on the West Virginia Legislature's web site portal for state agency grant commitment information.*

Review Objective, Scope and Methodology

This Performance Review of the State Agency Grants Award system is authorized by §4-2-5 of the West Virginia Code, as amended.

Objective

The objective of this performance review was to determine whether or not state agencies are fulfilling their oversight duties concerning the State Agency Grants Award system.

Scope

The scope of this review includes activities from the passing of Senate Bill 348 during the 2005 Regular Session up until January 2, 2008.

Methodology

Information compiled in this report has been acquired through the West Virginia Code, the Acts of the Legislature, and communication with and documentation from the Department of Administration's Finance Division. Finally, a survey was conducted of West Virginia state agencies to determine which state agencies award state grants. Every aspect of this review complied with Generally Accepted Government Auditing Standards (GAGAS).

Issue 1

Utilization of the State Agency Grant Award Commitment Module Is Improving But More Progress Is Needed.

Issue Summary

In 2005, the Legislature passed legislation that requires recipients of state grants to submit to the granting agency a report performed and prepared by a certified public accountant or a sworn statement of expenditures made under the grant.

If a grant recipient does not comply with the reporting requirements, it is barred from future awards.

Also, the Department of Administration's Finance Division noted that the non-compliance could be the result of the agencies not entering all data required into the West Virginia Financial Information Management System (WVFIMS) Commitment module, thus the information is not being transferred to the Legislature's website.

In 2005, the Legislature passed legislation that requires recipients of state grants to submit to the granting agency a report performed and prepared by a certified public accountant or a sworn statement of expenditures made under the grant. The purpose is to provide accountability that grant funds were used for intended purposes. The Legislature first passed Senate Bill 348 during the 2005 Regular Session. Later, during the 2005 Fourth Extraordinary Session, the Legislature passed Senate Bill 4006, which superseded the earlier-passed Senate Bill 348. It is now the responsibility of any agency that awards grants to ensure that the above described accountability measures are being taken, and the grant award information is reported in a manner designated by the Legislative Auditor. If a grant recipient does not comply with the reporting requirements, it is barred from future awards. Unless the agencies report pertinent data about awards to the Legislative Auditor, the eligibility of grant recipients cannot be determined properly.

Since that time, it cannot be determined with accuracy whether some state agencies are fulfilling their oversight duties. Some agencies have stated that their non-compliance is due to the fact that they were uninformed about the procedures necessary to report state grant information. Also, the Department of Administration's Finance Division noted that the non-compliance could be the result of the agencies not entering all data required into the West Virginia Financial Information Management System (WVFIMS) Commitment module, thus the information is not being transferred to the Legislature's website.

Three Additional State Agencies Are Using the Commitment Module Since the June 2007 Report

In June 2007, the Legislative Auditor released a report showing state agencies that were in compliance with the grant information reporting requirement set forth by *West Virginia Code §12-4-14*. Compliance includes utilizing the commitment module through the WVFIMS network, which is in turn uploaded to the West Virginia Legislature's website. At the time of the June 2007 report, the following agencies were in compliance: the Division of Natural Resources,

As of January 2, 2008, only the following agencies have been added to the compliance list: Governor's Office, Higher Education Policy Commission, and the Division of Tourism.

the Department of Health and Human Resources, the Division of Culture and History, the Department of Education and the Arts, the Public Service Commission, the WV Jobs Investment Trust Board, the Division of Highways, the Division of Rehabilitation Services, and the Division of Public Transit. Since that time, only a few additional state agencies have begun properly utilizing the commitment module. As of January 2, 2008, only the following agencies have been added to the compliance list: Governor's Office, Higher Education Policy Commission, and the Division of Tourism.

The Legislative Auditor Conducted a Survey to Determine Which State Agencies Are Not in Compliance

The Legislative Auditor contacted 80 state agencies to determine which agencies awarded state grants. The questions asked were:

- Has your agency provided any grants since July 1, 2003 that fall under the requirements of WVC 12-4-14(e)(1)?
- If yes, it appears that your agency has not submitted grant use information through the WVFIMS/SAGA system. If correct, why not?
- Does your agency report grant use information to WVFIMS/SAGA on behalf of any other subsidiary divisions or departments? **OR** Does any agency report grant use information on your behalf?

The Legislative Auditor contacted 80 state agencies to determine which agencies awarded state grants. Of these 80 state agencies, 62 agencies reported that they did not provide grants and thus are not required to utilize the WVFIMS Commitment module.

Of these 80 state agencies, 62 agencies reported that they did not provide grants and thus are not required to utilize the WVFIMS Commitment module (see Appendix A), 16 agencies stated that they were providing state grants and are using the WVFIMS Commitment module, and 2 agencies did not respond. Of the 16 agencies that stated they were awarding state grants, only 5 agencies were not in compliance with the WVFIMS/SAGA system due to the other 9 agencies being subsidiary divisions for departments that are in compliance.

Some Agencies Have Not Entered Commitment Data Correctly Which Has Prevented Information From Being Uploaded to the Legislature’s Web Site

During the Legislative Auditor’s survey, it was found that several agency personnel stated that grant information was being entered, and thought that their agencies were properly in compliance. As a result, the Legislative Auditor contacted the Department of Administration’s Finance Division to investigate what the possible causes were. The Division stated that the following agencies were recording the basic information necessary for the State Agency Grant Award (SAGA) reporting, but were not accessing the Grant Audit Detail Screen to update the compliance information:

It was found that several agency personnel stated that grant information was being entered, and thought that their agencies were properly in compliance.

- West Virginia Development Office
- Health Care Authority
- WV Commission for National and Community Service
- Bureau of Senior Services

For information to be transferred to the Legislature’s website, compliance information must be entered on the Grant Detail Screen. Representatives from the agencies stated that commitment information would be reviewed, and will update information in order to be transferred to the Legislature’s website. Also, the Department of Environmental Protection (DEP) and the Department of Education (DOE) indicated it would review its SAGA reporting. The DEP and DOE currently uses the WVFIMS Commitment module. However, according to the Department of Administration’s Finance Division, DEP and DOE has not been recording the information necessary for SAGA. DEP and DOE representatives stated to the Finance Division that it will review which disbursements may require SAGA reporting and explore corrective action as necessary.

State Agency Fiscal Personnel Need Training on Proper Usage and Grant Requirements of SAGA

After communicating with various state agencies that award grants, the Legislative Auditor found that many agencies were still uninformed about the procedures necessary to report state grants and the recipients

who receive them. Many of the agencies had questions regarding what information had to be reported and also what steps to take to comply with the WVFIMS Commitment module requirements. Some agencies suggested that a WVFIMS training program should be available so that the procedures and requirements could be thoroughly explained, and also to reduce the amount of agencies that are not in compliance. The Department of Administration's Finance Division provided data from IS&C (see Table 1) that shows that there are many more total grant commitments entered into WVFIMS than grant commitments that are being transferred to the Legislative Auditor's website. These statistics suggest that there are 8,232 commitments that would potentially need the Grant Audit Detail Screen accessed for entry on necessary compliance information as appropriate.

These statistics suggest that there are 8,232 commitments that would potentially need the Grant Audit Detail Screen accessed for entry on necessary compliance information as appropriate.

Table 1
WVFIMS Commitment Module and SAGA Reporting (Statistics)*

Total Commitments in WVFIMS referenced as GRNT (SAGA)	14,991
Commitments referenced as GRNT where vendor business designation code is not GO – Governmental	10,698
Total Commitments transferred to Legislative Auditor's Office With Grant Audit Detail Screen compliance information	2,466

Source: IS&C Project Manager for WVFIMS
** As of 12/12/07*

Thus, at a minimum this is evidence that further training needs to be given on how to use the WVFIMS/SAGA commitment module. However, according to the Department of Administration's Finance Division, training materials for the WVFIMS Commitment module and SAGA requirements can be found on the Finance Division website <http://www.wvfinance.state.wv.us>. It appears that some agencies are not aware of these training materials on the Finance Division website.

Conclusion

Full agency compliance with the information reporting requirement set forth by *West Virginia Code §12-4-14* is necessary so that the Legislative Auditor may provide important information to state agencies about grant recipient's historical compliance and grant eligibility status. Several state agencies continue to be in noncompliance. This appears to partially be a result of improperly using the WVFIMS/SAGA commitment module, thus the information

is not getting transferred to the Legislature's web site. **Therefore, the Legislative Auditor recommends that the Department of Administration's Finance Division develop a more informative training system to educate state agencies on the WVFIMS Commitment module and SAGA requirements. In addition, all state agencies should take the initiative to properly ensure that it is in compliance with §12-4-14 and that its information is being included on the Legislature's web site.**

Recommendations

1. *The Legislative Auditor recommends that the Department of Administration's Finance Division develop a more informative training system to educate state agencies on the WVFIMS commitment module and SAGA requirements.*

2. *The Legislative Auditor recommends that all state agencies take the initiative to ensure that grant compliance information is properly being submitted and is accessible on the West Virginia Legislature's web site portal for state agency grant commitment information.*

Appendix A: State Agencies That Do Not Provide State Grant Awards

Adjutant General's Office
Department of Administration
Aeronautics Commission
Department of Agriculture
Air Quality Board
Alcohol Beverage Control Administration
Animal Health (Agriculture)
Armory Board
State Athletic Commission
Attorney General's Office
Auditor's Office
Aviation Division
Division of Banking
WV State Board of Education
State Budget Office (Revenue)
Office of Chief Medical Examiner (DHHR)
Children's Health Insurance Program (Department of Administration)
Division of Civil Rights
WV Conservation Agency (Agriculture)
Consolidated Public Retirement Board
Division of Corrections
Court of Claims
Division of Criminal Justice Services
Commission For Deaf and Hard-of-Hearing
Educational Broadcasting Authority
Division of Energy
Environmental Quality Board
Office of Equal Employment Opportunity
Fire Commission
Division of Forestry
Geological and Economic Survey
Homeland Security and Emergency Management
Human Rights Commission
Insurance Commission
Division of Labor
Library Commission
Lottery Commission
Miners' Health, Safety and Training
Division of Motor Vehicles
Parkways, Economic Development and Tourism Authority
Division of Personnel
Prosecuting Attorneys Institute
Division of Protective Services
Public Defender Services
Public Port Authority

Regional Jail Correctional Facility
Department of Revenue
School Building Authority
Secretary of State
Solid Waste Management Board
State Police
State Rail Authority
State Tax Department
Supreme Court of Appeals
Surface Mine Board
Office of Technology
Department of Transportation
Treasurer's Office •
Unemployment Compensation Division
Veteran's Affairs
Water Development Authority
Woman's Commission