

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA STATE BOARD OF

EXAMINERS OF LAND SURVEYORS

FOR THE PERIOD

JULY 1, 1979 - JUNE 30, 1984



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OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON 5, WEST VIRGINIA

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
FOR THE PERIOD
JULY 1, 1979 - JUNE 30, 1984

West Virginia



LEGISLATIVE AUDITOR

CHARLESTON

The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

In compliance with your instructions and the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of the West Virginia State Board of Examiners of Land Surveyors.

Our examination covers the period July 1, 1979 through June 30, 1984. The results of this examination are set forth on the following pages of this report. However, only the financial statements for the years ended June 30, 1984 and June 30, 1983 are included in this report. The financial statements covering the period July 1, 1979 through June 30, 1982 are included in our audit workpapers.

Respectfully submitted,

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

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/lcj

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
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WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
ACKNOWLEDGMENT

We extend our thanks and appreciation to the secretary and his staff for their cooperation in supplying the information necessary to prepare this report.

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
EXIT CONFERENCE

We held an exit conference on April 22, 1985 with the Board secretary and all findings and recommendations were reviewed and discussed. The above official's responses are included in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks.

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS

INTRODUCTION

This Board was created under Chapter 30, Article 13A, Acts of the Legislature, 1969, and operates according to this Chapter, Articles 1 and 3A, Sections 1-13 and 1-16, respectively. The Board is composed of three land surveyors with not fewer than ten years active practice of land surveying and the holder of a license under the provision of this chapter. Each member is appointed for a term of three years. The Board examines all applicants for practice of land surveying in the State and issues licenses to successful applicants. The secretary shall prepare and maintain a complete roster of names and office addresses of all persons licensed. (West Virginia Code, Chapter 30, Articles 1 and 13A.)

Every licensed land surveyor in this State who desires to continue the practice of this profession shall annually renew his license.

The location of the Board's office is not fixed by statute. The records were kept in an office located at 34 West Main Street, Romney, West Virginia. This office is leased and the current lease between Charles W. W. Tultz and Associates and the State of West Virginia (Finance and Administration) began the first day of July, 1982 and continues month to month until terminated by either party upon giving thirty (30) days written notice to the other party. The monthly rental rate is \$200.00 all utilities included. This Board is funded from collections and is under budget control.

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
BOARD MEMBERS AND STAFF

JUNE 30, 1984

<u>Members</u>	<u>Term Expires</u>
. Nelson McCoy, Chairman Marion County	June 30, 1984
Charles W. W. Stultz, Secretary Hampshire County	June 30, 1985
loyd L. Kendrick Braxton County	June 30, 1986

<u>Staff</u>	
nda Daugherty	Clerk

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

AREAS OF NONCOMPLIANCE

Overexpenditure of Budget

1. The Board overspent its budget by \$999.92 in fiscal year 1984. This does not appear to be in compliance with Chapter 5A, Article 2, Section 20 of the West Virginia Code.

We recommend in the future the Board comply with Chapter 5A, Article 2, Section 20 of the West Virginia Code.

Every effort will be made to insure that overexpenditures do not occur in the future. (See pages 8-9.)

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

Recording of Annual and Sick Leave

2. A standard form listing annual and sick leave accumulated and used is not being maintained.

We recommend a standard form listing accumulated annual and sick leave be established.

We have implemented this recommendation. (See page 10.)

Telephone Usage

3. There were no ledgers maintained for the listing of long distance telephone calls.

We recommend the system of internal controls over the telephone expense be strengthened.

We have implemented this recommendation. (See page 10.)

Rental - Building

4. Monthly rent for office space is not being paid when due. As of June 30, 1984, the lessor is owed \$1,000.00.

We recommend the Board pay the amount owed and continue to pay the rent when due.

Future rentals will be paid monthly. (See pages 10-11.)

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of the West Virginia State Board of Examiners of Land Surveyors. A financial and compliance audit determines whether the financial statements of an audited entity present fairly the financial position and the results of operations in accordance with generally accepted accounting principles and whether the entity has complied with laws and regulations that may have a material effect upon the financial statements. The audit covered the period July 1, 1979 through June 30, 1984.

SPECIAL REVENUE ACCOUNT

All expenditures required for the general operation of the Board are made from Account Number 8103-20, Board of Land Surveyors.

LOCAL ACCOUNT

During the audit period, the Board maintained a checking account in a bank in Elkins, West Virginia, from July 1, 1979 through May 31, 1982 and in a bank in Romney, West Virginia, from June 1, 1982 through the closing date of September 9, 1983. License fees and interest were deposited in these bank accounts and later transferred to the State Treasury. All funds are now deposited directly into the State Treasury designated bank account.

AREAS OF NONCOMPLIANCE

Chapter 30, Articles 1 and 13A of the West Virginia Code, as amended, generally governs the West Virginia State Board of Examiners of Land Surveyors. We tested applicable sections of the above plus general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertained to fiscal matters. Our finding is discussed below.

Overexpenditure of Budget

The Board's budget (expenditure schedule) estimates revenues and expenditures to be \$17,222.64 and \$24,135.00, respectively, for fiscal year 1984. The actual revenues and expenditures were \$18,011.94 and \$25,134.92, respectively. The Board overspent its budget by \$999.92.

Chapter 5A, Article 2, Section 20 of the West Virginia Code which states in part, "If the amount actually collected by a spending unit exceeds the amount which it is authorized to expend from collections, the excess in collections shall be set aside in a special surplus fund for the spending unit...."

"...If the governor approves the plan of expenditure and justification statement, and is satisfied that the expenditure is required to defray the additional cost of the service or activity of the spending unit, and that the expenditure is in accordance with sound fiscal policy, he may authorize the use of the surplus during the current fiscal year. Notices of such authorization shall be sent to the state auditor, the state treasurer and the legislative auditor.

An expenditure from a special surplus fund without the authorization of the governor, or other than in accordance with this section, shall be an unlawful use of public funds."

The above condition does not appear to comply with the aforementioned Code Section 20, because we could find no evidence the Governor authorized the \$999.92 expenditure.

We recommend in the future the Board comply with Chapter 5A, Article 2, Section 20 of the West Virginia Code.

A review of our revenues and expenditures are exactly those as indicated by your letter and no record of a request for Budget modification can be found in the Board administrative files. Apparently a request to modify the

Budget had not been forwarded as permitted by current policies. This is an oversight and every effort will be made to insure that overexpenditures do not occur in the future.

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

As a part of our examination, we reviewed and tested the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

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

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

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

Our study and evaluation of the system of internal accounting control for the period July 1, 1979 to June 30, 1984, which was made for the purpose set forth in the first paragraph above, would not necessarily disclose all weaknesses in the system. However, such study and evaluation disclosed conditions that we believe to be weaknesses.

Recording of Annual and Sick Leave

Our testing of personal services for the Board revealed that annual and sick leave accumulated and used could only be traced to the Personnel Action Form filed when an employee resigned.

We recommend a standard form listing accumulated annual and sick leave be maintained.

The recommended procedure has been implemented by utilizing the standard form for maintaining a record of annual and sick leave.

Telephone Usage

Our separate line item test of the telephone expense revealed there were no ledgers maintained for long-distance telephone calls during the audit period. If a ledger had been maintained we think the system of internal controls would have been strengthened.

We recommend the system of internal controls over telephone expense be strengthened.

A telephone log has been established to record incoming and outgoing calls and will be maintained in the future.

Rental - Building

As per contract of lease made August 18, 1982, the West Virginia State Board of Examiners of Land Surveyors agreed to pay \$200.00 per month

rent for office space at a location in Romney, West Virginia. These charges were to be paid from Account Number 8103-20. The last rent payment was made for January 1984. This account had a balance of \$13,656.02 as of June 30, 1984 and the lessor is owed \$1,000.00.

We recommend the Board pay the \$1,000.00 owed the lessor and continue to pay the rent when due.

The building rental agreement with the lessor will be satisfied June 1985. Future rentals will be paid monthly thereafter.

AUDITORS' OPINION

The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

Sir:

We have examined the financial statement of the West Virginia State Board of Examiners of Land Surveyors for the years ended June 30, 1984 and June 30, 1983, as listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other procedures as we considered necessary in the circumstances.

As more fully described in Note A, the Board's policy is to prepare its financial statement on a cash basis of accounting. Accordingly, the accompanying financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the aforementioned financial statement presents fairly the revenues, expenditures and the changes in cash balance for the years ended June 30, 1984 and June 30, 1983, on a basis consistent with that of the preceding year.

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

Respectfully submitted


Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

September 20, 1984

Auditors: Delbert Pullen, Supervisor-in-Charge
Forrest O. Grady, Jr., Auditor-in-Charge

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN CASH BALANCE
BUDGET AND ACTUAL

	<u>Year Ended June 30, 1984</u>		
	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Revenues	\$17,222.64	\$18,011.94	(\$ 789.30)
Expenditures:			
Personal Services	8,400.00	8,352.00	48.00
Current Expenses	15,735.00	16,782.92	(1,047.92)
Equipment	-0-	-0-	-0-
	<u>24,135.00</u>	<u>25,134.92</u>	<u>(999.92)</u>
Revenues (Under) Over Expenditures	(6,912.36)	(7,122.98)	210.62
Beginning Balance	<u>-0-</u>	<u>20,779.00</u>	<u>(20,779.00)</u>
Ending Balance	<u>(\$ 6,912.36)</u>	<u>\$13,656.02</u>	<u>(\$20,568.38)</u>

See Notes to Financial Statements

Year Ended June 30, 1983

<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
14,740.00	\$17,086.78	(\$ 2,346.78)
11,500.00	8,104.66	3,395.34
10,500.00	13,190.35	(2,690.35)
-0-	258.00	(258.00)
<u>22,000.00</u>	<u>21,553.01</u>	<u>446.99</u>
(7,260.00)	(4,466.23)	(2,793.77)
<u>-0-</u>	<u>25,245.23</u>	<u>(25,245.23)</u>
<u>7,260.00</u>)	<u>\$20,779.00</u>	<u>(\$28,039.00)</u>

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The Board's accounting method is on a cash basis. Therefore, certain revenue and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the accompanying financial statements are not intended to present financial position and results of operation in conformity with generally accepted accounting principles.

Note B - Budget

The West Virginia State Board of Examiners of Land Surveyors operates from fees collected from persons engaged in the practice of land surveying in this State. Each fiscal year the Board submits its budget (expenditure schedule) to the Department of Finance and Administration. Included in the budget is the Board's estimates of revenues and expenditures for the fiscal year. The ending budget balance is not forwarded from fiscal year to fiscal year.

Note C - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4½ percent of their compensation and employees have vested rights under certain circumstances. The Board matches contributions at 9½ percent of compensation paid the employees. The Board's contributions were as follows:

Year Ended June 30,	
<u>1984</u>	<u>1983</u>
<u>\$593.62</u>	<u>\$593.62</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE

<u>Board of Land Surveyors -</u> <u>Account 8103-20</u>	<u>Year Ended June 30,</u>	
	<u>1984</u>	<u>1983</u>
Cash Receipts:		
Fees	\$17,411.32	\$40,369.00
Matured Investments Returned	7,772.58	-0-
	<u>25,183.90</u>	<u>40,369.00</u>
Disbursements:		
Personal Services	8,352.00	8,104.66
Current Expenses	16,782.92	13,090.57
Equipment	-0-	258.00
Investment	-0-	18,746.39
	<u>25,134.92</u>	<u>40,199.62</u>
Cash Receipts Over Disbursements	48.98	169.38
Beginning Balance	<u>169.38</u>	<u>-0-</u>
Ending Balance	<u>\$ 218.36</u>	<u>\$ 169.38</u>

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS

STATEMENT OF CHANGES IN INVESTMENT BALANCE

<u>Investments - Account 8103-20</u>	<u>Year Ended June 30,</u>	
	<u>1984</u>	<u>1983</u>
Additions:		
Transfers to State Board of Investments	\$17,451.32	\$38,027.77
Interest Reinvested	914.94	1,548.91
	<u>18,366.26</u>	<u>39,576.68</u>
Deductions:		
Withdrawals from State Board of Investments	25,223.90	19,281.38
	<u>(6,857.64)</u>	<u>20,295.30</u>
Beginning Balance	<u>20,295.30</u>	<u>-0-</u>
Ending Balance	<u>\$13,437.66</u>	<u>\$20,295.30</u>

WEST VIRGINIA STATE BOARD OF
EXAMINERS OF LAND SURVEYORS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
LOCAL ACCOUNT

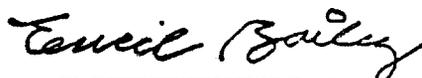
	Year Ended June 30,	
	1984	1983
Beginning Balance:		
Cash in Bank - Bank of Romney	\$ 314.32	\$11,195.00
Certificate of Deposit (Elkins)	-0-	10,000.00
Cash in Bank - Davis Trust Co.	-0-	4,050.23
	314.32	25,245.23
Cash Receipts:		
Fees	-0-	1,466.00
Interest	-0-	702.87
	-0-	2,168.87
TOTAL CASH TO ACCOUNT FOR	\$ 314.32	\$27,414.10
Disbursements:		
West Virginia State Treasurer	\$ 314.32	\$27,000.00
Current Expenses	-0-	99.78
	314.32	27,099.78
Ending Balance:		
Cash in Bank	-0-	314.32
TOTAL CASH ACCOUNTED FOR	\$ 314.32	\$27,414.10

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encil Bailey, Legislative Auditor, do hereby certify that the report of audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this _____ day of _____,
1985.



Encil Bailey, Legislative Auditor

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to the West Virginia State Board of Examiners of Land Surveyors; Governor; State Auditor; and, Attorney General.