

Master

STATE OF WEST VIRGINIA
AUDIT REPORT
OF

SECRETARY OF STATE
FOR THE PERIOD
JANUARY 1, 1978 - JANUARY 11, 1985



OFFICE OF LEGISLATIVE AUDITOR
CAPITOL BUILDING
CHARLESTON 5, WEST VIRGINIA

SECRETARY OF STATE
FOR THE PERIOD
JANUARY 1, 1978 - JANUARY 11, 1985



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 Secretary of State.

Our examination covers the period January 1, 1978 through January 11, 1985. The results of this examination are set forth on the following pages of this report. However, only the financial statements for the period ended January 11, 1985 and the years ended June 30, 1984 and June 30, 1983 are included in this report. The financial statements covering the period January 1, 1978 through June 30, 1982 are included in the audit workpapers.

Respectfully submitted,

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/nkk,spg,jaw

SECRETARY OF STATE

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SECRETARY OF STATE
EXIT CONFERENCE

We held an exit conference on August 13, 1986 with the Secretary of State and several members of his staff. All findings and recommendations were reviewed and discussed. The Secretary of State's responses are included in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks sections of this report.

SECRETARY OF STATE

INTRODUCTION

The Office of the Secretary of State was created by Article V, Section 7 of the Constitution of West Virginia. The Secretary of State is the Chief Election Official of the State. Other responsibilities include registering and dissolving domestic corporations, issuing certificates of authority to foreign corporations, and administering private detective and notary public laws.

The Secretary of State is Keeper of the Executive Journal, Keeper of the Administrative Laws of all State agencies, official administrator of the statutory provisions of the Uniform Commercial Code, statutory attorney-in-fact for and on behalf of all corporations and nonresident individuals and custodian of the Great and Lessor Seals of the State.

The Secretary of State is an ex-officio member of the State Election Commission, member and ex-officio Secretary of the Board of Public Works, member and ex-officio Secretary of the State Armory Board, ex-officio member of the West Virginia Housing Development Fund, ex-officio Secretary and Executive Officer of the State Building Commission and Chairman of the Commission on Charitable Organizations.

The responsibilities of the Office of the Secretary of State are to coordinate and oversee all State, county, Board of Education and municipal elections; to issue certificate of incorporation for the creation of domestic corporations; to issue certificate of authority to foreign corporations; to maintain the Executive Journal; to publish the State Register and the Index to the Administrative Code and to keep the Administrative Laws of all State agencies; to accept and serve notice of process for corporations and nonresident individuals; to administer the Uniform Commercial Code Laws; to administer

Private Detective Laws; to administer Notary Public Laws; and, to administer Charitable Organization Laws.

The Office of the Secretary of State is divided into three sections; the Administrative Law division, the Corporation division, and the Peoples Affairs division. The Administrative Law division files and certifies the rules and regulations of all State agencies, publishes the West Virginia State Register and is in the process of preparing the Index to the Administrative Code. It's duties are to insure that all State agencies' rules and regulations are properly filed and easily accessible to the public; to prepare and publish the West Virginia State Register; and, to prepare, publish and update the Index to the Administrative Code.

The Corporation division prepares and processes corporate documents, acts as attorney-in-fact for and on behalf of every corporation and non-resident individuals and administers the statutory provisions of the Uniform Commercial Code.

It's duties are to issue charters of incorporation to West Virginia businesses and certificates of authority to foreign corporations; to issue certified copies of charters and certificates of good standing; to process dissolutions and withdrawals, amendments, changes of name and reservations of name; to accept and serve process for every corporation and to nonresident individuals; to record Uniform Commercial Code financing statements and to process other documents; and, to record all documents on microfilm so that it is easily accessible.

The Peoples Affairs section, so named because it is the section of the Office of the Secretary of State that deals with the general public, provides administration and supervision of all operations; licenses private detectives; registers charitable organizations; and, issues certificates of

notary public. It heads the State Election Commission and is responsible for the proper conduct of all State, county, Board of Education and municipal elections; maintains the Executive Journal; acts as a liason to the Board of Public Works; furnishes and keeps on file Conflict of Interest Statements.

SECRETARY OF STATE
ADMINISTRATIVE OFFICERS AND STAFF

Administration

A. James Manchin Secretary of State
Charles E. Capet Undersecretary of State
John M. Pratt Deputy Secretary of State
Robert Jackson Deputy Secretary of State
Julia Stevenson Executive Assistant
Sue Cavender Fiscal Officer
Linda Jackson Special Assistant
Ratha Boggess Director, Charitable Organizations
Mary Jane Lopez Receptionist
Russell Winkler Inspector General
James White Investigator

Administrative Law Division

Robert Jackson Director
Mary Jane Lopez Assistant Director

Elections Division

Charlotte Cox Elections/Private Detectives
Helen Casto Executive Journal/Board of Public Works

Corporations Division

Delores Humbles Director
Penney Barker Assistant Director

Process Section

Gail Moore Director
Allen Kincaid Chief Clerk

Uniform Commercial Code Section

Jack Fuller Director

SECRETARY OF STATE
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

AREAS OF NONCOMPLIANCE

Overobligation of Budget

1. We noted the Secretary of State accrued obligations beyond the amounts appropriated by the Legislature.

We recommend the Secretary of State comply with Chapter 12, Article 3, Section 17 of the West Virginia Code, as amended. (See pages 12-14.)

Questionable Expenditures

2. We noted several expenditures from the Publication of State Register Account (8436-15) and Rules and Regulations Account (8436-20) which appear to have not been related to the publication of the State Register.

We recommend the Secretary of State comply with Chapter 29A, Article 2, Section 7(h) of the West Virginia Code. (See pages 14-15.)

Uniform Commercial Code Filing Fees

3. We noted the change in the Uniform Commercial Code filing fee from \$1.00 to \$2.00 promulgated by Senate Bill No. 399 was not implemented by the Secretary of State.

We recommend the Secretary of State comply with Chapter 59, Article 1, Section 2 of the West Virginia Code, as amended. (See pages 15-16.)

Purchase of New Telephone System

4. We noted the Secretary of State entered into a lease purchase agreement to purchase a new telephone system costing in excess of \$35,750.00 without obtaining the required sealed bids. Also, the lease agreement involved was not approved as to form by the Attorney General.

We recommend the Secretary of State comply with Chapter 5A, Article 5, Section 4 and Chapter 5A, Article 3, Section 12 of the West Virginia Code, as amended. (See pages 16-18.)

Failure to Obtain Competitive Bids

5. We noted several instances where the Secretary of State failed to obtain competitive bids.

We recommend the Secretary of State comply with Chapter 5A, Article 3, Section 13 of the West Virginia Code, as amended. (See pages 18-19.)

Payment of Salary Before Services Rendered

6. We noted several instances where employees with annual leave deficits were paid their full salary.

We recommend the Secretary of State comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended. (See page 19.)

Publication of State Register

7. We noted as of the date of our examination, a permanent State Register had not been published.

We recommend the Secretary of State comply with Chapter 29A, Article 2, Section 7(f) of the West Virginia Code.

We will comply with this recommendation. (See pages 19-20.)

Monthly Reports Not Filed

8. We noted the Secretary of State did not maintain records of all fees collected by his office and transmit monthly reports of such records to the State Auditor.

We recommend the Secretary of State comply with Chapter 59, Article 1, Section 4 of the West Virginia Code, as amended.

We will take the necessary actions to comply with this recommendation. (See pages 20-22.)

No Equipment Inventory

9. We noted the last office equipment inventory for the Office of the Secretary of State was dated September 5, 1979. In addition, several pieces of equipment could not be located and we could find no evidence that the proper forms had been processed to add some of the items to the master inventory listing.

We recommend the Secretary of State comply with Chapter 5A, Article 3, Section 42 of the West Virginia Code, as amended. (See pages 22-23.)

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

No Control Over Telephone Expense

10. It appears telephone billings were not reviewed in an effort to identify telephone calls of a personal nature. Also, we noted several calls charged to the Office of the Secretary of State which were made on holidays, weekends and before or after normal working hours.

We recommend telephone billings be reviewed and controls over use of the telephone system be strengthened. (See pages 24-25.)

Lack of Proper Control Over Receipts

11. We noted weaknesses in the system of recording receipts that results in an inability to ascertain that proper fees were collected in all cases for services provided.

We recommend better internal controls be developed to tie documents filed to deposits in the State Treasury.

We have complied with this recommendation. (See pages 25-26.)

Leave Records

12. We noted the Secretary of State has not promulgated rules and regulations regarding the accrual and usage of annual and sick leave and compensatory time off. Also, we noted several errors in the process of transferring information between daily attendance records (desk-top calendar) and the permanent leave records.

We recommend the Secretary of State promulgate such rules and regulations as he feels necessary regarding the accrual and usage of annual and sick leave as well as compensatory time off. Also, we recommend internal controls over leave records be strengthened.

We have complied with this recommendation. (See pages 26-27.)

SECRETARY OF STATE
GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of the Office of the Secretary of State. 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 January 1, 1978 through January 11, 1985.

APPROPRIATED ACCOUNTS

Expenditures required for the general operation and capital improvements of the Office of the Secretary of State were to be made from the following accounts:

<u>Number</u>	<u>Description</u>
2500-X0	Salary of the Secretary of State
2500-00	Other Personal Services
2500-01	Current Expenses
2500-03	Equipment

Expenditures for specific purposes by the Office of the Secretary of State were to be made from the following accounts:

<u>Number</u>	<u>Description</u>
2500-04	Certification - Primary and General Elections
2500-08	Special Election
2500-09	Publication of the State Register
2500-11	Election Training Presentation
2500-79	Claims Against the State

GENERAL REVENUE ACCOUNT

During the period under examination, the Office of the Secretary of State maintained the following general revenue account. The monies in this

account were paid into the State's General Revenue Fund.

<u>Number</u>	<u>Description</u>
2500-82	License Fees Various fees charged by Secretary of State; transfers to General Revenue Fund of West Virginia.

SPECIAL REVENUE ACCOUNTS

During the period under examination, the Office of the Secretary of State maintained the following special revenue accounts. The funds in these accounts are for specific purposes.

<u>Number</u>	<u>Description</u>
8436-06	Filing Fees Interest and fees paid by candidates running for office in primary elections; distributed to counties by Secretary of State as provided by law.
8436-07	Newspaper Publications Filing fees distributed to counties; to publish official sample primary ballots for each party.
8436-14	Electronic Voting Machine Trust Fund Surety bonds provided by voting machine suppliers; to ensure working order of machine and to defend county courts against any claim of patent infringement.
8436-15	Publication of State Register Subscription fees; for publication of rules, regulations, pertaining to all State agencies.
8436-20	Rules and Regulations State funds from Governor's Civil Contingent Fund Account 1240-06; for publication of rules and regulations.
8436-27	Postcard Registration Law State funds from Governor's Civil Contingent Fund Account 1240-06; to allow voters to register to vote by special postcard registration form.
8436-28	Amendment Publications State funds from Governor's Civil Contingent Fund Account 1240-06; to publish amendments to constitution.

AREAS OF NONCOMPLIANCE

Chapter 3; Chapter 5A, Articles 1 and 2; Chapter 29A, Articles 1 through 7 and Chapter 59, Article 1, Section 2 of the West Virginia Code generally govern the Office of the Secretary of State. We tested applicable sections of the above plus general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are listed below.

Overobligation of Budget

Chapter 12, Article 3, Section 17 of the West Virginia Code, as amended, states, "It shall be unlawful for any state board, commission officer or employee to incur any liability during any fiscal year which cannot be paid out of the then current appropriation for such year or out of funds received from an emergency appropriation or to authorize or to pay any account or bill incurred during any fiscal year out of the appropriation for the following year"

Chapter 12, Article 3, Section 16 of the West Virginia Code, as amended, states, "... Any such officer or person who, in violation of any of the provisions of two preceding sections [§§12-3-14, 12-3-15], shall expend any sum or amount of money, or incur any debt or obligation, or make or participate in the making of any such contract, or shall be a party to any such transaction in any official capacity, shall be personally liable therefor both jointly and severally, and an action may be maintained therefor by the State, or any person prejudiced thereby, in any court of competent jurisdiction"

A January 11, 1972 correspondence from the Attorney General to the Legislative Auditor stated, "... It is apparent that the Legislature is becoming impatient with the reoccurring annual overexpenditure of budgeted funds by the various spending agencies by virtue of the fact that it requested that this report be made to the Legislative Auditor. Those persons charged with the administration of the various spending agencies that have overexpended budgeted

funds should hereby be put on notice that the Legislature may, in the future, choose not to be so generous in appropriating money for the payment of claims arising because of overexpenditure of budgeted funds. If the Legislature should choose not to appropriate money for the payment of such claims as have been the subject of this report, any person, officer, board or body who expends for any fiscal year any sum greater than that appropriated by the Legislature will be exposed to personal liability by any person prejudiced by such overexpenditure, pursuant to the provisions of Chapter 12, Article 3, Section 16, of the West Virginia Code of 1931, as amended" The correspondence further stated, "... If appropriations are not made by the Legislature for payment of these claims, the vendors may institute legal proceedings against the person or persons responsible for exceeding their budgetary limitation under the provisions of Chapter 12, Article 3, Section 16, of the West Virginia Code of 1931, as amended"

The following are amounts due to various vendors that were unpaid and became a claim in the Court of Claims:

C&P Telephone Company April, May and June 1983 Telephone Charges - Unpaid - Claim Filed in Court of Claims October 1985	\$12,102.66
Department of Public Safety Two Helicopter Flights in March and April 1983 That are Unpaid	\$ 1,470.00
Department of Finance and Administration Central Mail Office - Postage Charges April 16, 1983 to June 30, 1983 That are Unpaid.	\$12,084.66
State Building Commission Build and Install Cabinet and Install Computer Terminal June 2, 1983 That are Unpaid.	\$ 475.00
S. Spencer Moore Company Various Invoices for Office Supplies, Film, and Film Processing - Unpaid - Claim Filed in Court of Claims October 1985	\$ 222.64

Chicago Embroidery Company 1,645 Cloth Shoulder Patches Paid House Bill No. 1272 (March 10, 1983)	\$ 3,468.07
Mountaineer Office Supply 12,000 Manuscript Covers Paid House Bill No. 1272 (March 10, 1983)	\$ 1,860.00
Department of Finance and Administration Office Supplies and Printing - Fiscal Year 1979 Through Fiscal Year 1982 That are Unpaid	\$39,744.36

We recommend the Secretary of State comply with Chapter 12, Article 3, Section 17 of the West Virginia Code, as amended.

Questionable Expenditures

Chapter 29A, Article 2, Section 7(h) of the West Virginia Code states, "All fees and other moneys collected by the secretary of state pursuant to the provisions of this section shall be deposited by him in a separate fund in the state treasury and shall be expended solely for the purposes of this section, unless otherwise provided by appropriation or other action of the legislature."

Such fees are deposited into Publication of State Register Account (8436-15). In addition, the Secretary of State received \$52,000.00 from the Governor's Civil Contingent Fund in fiscal year 1983 for the publication of rules and regulations. The transferred moneys were placed in Rules and Regulations Account (8436-20).

Invoices totaling \$630.00 were charged to the Publication of State Register Account (8436-15) in fiscal year 1983 and invoices totaling \$19,694.86 were charged to the account in fiscal year 1984 for the rental of a high-capacity Xerox copier. This copier was used beginning in June 1983 to produce the weekly supplement to the State Register. This copier was also used extensively by the Corporations, Process and Uniform Commercial Code sections of the Office. Apparently no attempt was made to proportion these costs among the sections receiving benefits from the expenditures.

Also, we noted the following questionable expenditures from Rules and Regulations Account (8436-20):

Invoice from Information System Services Division (ISSD); for Work Performed for Corporations Division	\$ 1,130.87
Printing of Letterheads Not Related to the Publication of the State Register	\$ 4,876.20
Payment of Word Processor Rental Prior to Compilation of Rules and Regulations from Other Agencies	\$ 1,933.20
Payment of Microfilm Expenses (Microfilm is Not Used in Publication of the State Register)	\$ 1,182.10
C&P Telephone Company January, February and March 1983 Telephone Charges Paid from Account 8436-20 in July 1983	\$10,087.66
Xerox Corporation Copier Rental Charges for May and June 1983, Paid July 1983 from Account 8436-20	\$ 2,710.00
Imperial Municipal Services Group, Inc. Telephone System Lease Payments for April and May 1983 Paid July 1983 from Account 8436-20	\$ 1,504.20

We recommend the Secretary of State comply with Chapter 29A, Article 2, Section 7(h) of the West Virginia Code.

Uniform Commercial Code Filing Fees

Chapter 59, Article 1, Section 2 of the West Virginia Code, as amended states, "Except as may be otherwise provided in article one [§31-1-1 et. seq.], chapter thirty-one of this Code, the secretary of state shall charge for services rendered in his office the following fees to be paid by the person to whom the service is rendered at the time it is done: ... For filing each financing, continuation or termination statement or other statement or writing permitted to be filed under chapter forty-six [§46-1-101 et seq.] of the Code \$2.00."

Senate Bill No. 399, passed March 7, 1980, in effect 90 days from passage (June 8, 1980) increased this fee from \$1.00 to \$2.00. Our examination of revenues and cash receipts indicates the fee increase promulgated by Senate Bill No. 399 was not implemented by the Secretary of State during the period under audit. Detailed testing of Uniform Commercial Code receipts as late as January 11, 1985 confirmed that a fee of \$1.00 was still being charged.

Uniform Commercial Code filing fees, photocopy charges and other miscellaneous receipts are deposited in License Fees Account (2500-82), Line Item 210.

We were unable to quantify the total loss of revenue resulting from failure to implement the provisions of Senate Bill No. 399 due to the fact that accounting ledgers were not maintained to provide detailed classification of the amounts of the various types of receipts placed in License Fees Account (2500-82), Line Item 210. Our examination reveals the total amount of moneys deposited in License Fees Account (2500-82), Line Item 210 since the passage of Senate Bill No. 399 are as follows:

Year Ended June 30, 1981	\$132,096.40
Year Ended June 30, 1982	101,005.31
Year Ended June 30, 1983	65,022.80
Year Ended June 30, 1984	71,061.40
Period Ending January 11, 1985	<u>36,144.20</u>
	<u>\$405,330.11</u>

We recommend the Secretary of State comply with Chapter 59, Article 1, Section 2 of the West Virginia Code, as amended, regarding the proper charge for Uniform Commercial Code filing fees.

Purchase of New Telephone System

On October 28, 1982, the Office of the Secretary of State, through the Secretary of State and the Undersecretary of State, entered into an agreement with the Imperial Municipal Services Group, Inc. for the lease purchase of

telephone equipment known as the Mitel 5-4-200/100 telephone system. This system was supplied by Century Communications of Clarksburg, West Virginia.

An order was originally placed with the C&P Telephone Company of West Virginia. When the C&P Telephone Company was unable to deliver this new system, the order was cancelled and a new order was placed with Century Communications. Century Communications, in turn, set up the lease purchase agreement between the Secretary of State's Office and Imperial Municipal Services to cover the procurement of this system. Chapter 5A, Article 5, Section 4 of the West Virginia Code states, "Leases and other instruments shall be signed by the commissioner in the name of the State. They shall be approved as to form by the attorney general. A lease or other instrument that contains a term, including any options, of more than six months for its fulfillment shall be filed with the state auditor." We found no indication the above mentioned lease was approved as to form by the Attorney General.

Chapter 5A, Article 3, Section 13 of the West Virginia Code regarding the Director of the Purchasing Division of the Department of Finance and Administration states, "The director may make a purchase of commodities and printing of five thousand dollars or less in amount in the open market, but such purchase shall, wherever possible, be based on at least three competitive bids.

"The director may authorize spending units to purchase commodities and printing in the amount of one thousand dollars in the open market without competitive bids." The telephone system in question, however, carried a purchase price in excess of \$35,750.00. Chapter 5A, Article 3, Section 12 of the West Virginia Code states, "The director shall solicit sealed bids for the purchase of commodities and printing which is estimated to exceed five thousand dollars. No spending unit shall issue a series of requisitions which would circumvent this five thousand dollar maximum. Bids shall be obtained by public notice published as a Class II legal advertisement in compliance with the provisions

of article three [§59-3-1 et seq.], chapter fifty-nine of this Code, and the publication area for such publication shall be the county where the department or agency making the requisition is located. Such notice shall be so published within the fourteen days next preceding the final date of submitting bids. The notice may also be published by any other advertising medium the director may deem advisable." We found no indication that the sealed bids required by Chapter 5A, Article 3, Section 12 of the West Virginia Code were obtained.

We recommend the Secretary of State comply with Chapter 5A, Article 5, Section 4 and Chapter 5A, Article 3, Section 12 of the West Virginia Code, as amended.

Failure to Obtain Competitive Bids

Chapter 5A, Article 3, Section 13 of the West Virginia Code, as amended, regarding the Director of the Purchasing Division of the Department of Finance and Administration states, "The director may make a purchase of commodities and printing of five thousand dollars or less in amount in the open market, but such purchase shall, wherever possible, be based on at least three competitive bids.

"The director may authorize spending units to purchase commodities and printing in the amount of one thousand dollars in the open market without competitive bids."

We noted the following claims were filed in the Court of Claims relating to commodities purchased by the Secretary of State. Claim CC82-91 was filed by the Chicago Embroidery Company in the amount of \$3,468.07 for 1,645 cloth shoulder patches and Claim CC82-337 was filed by Mountaineer Office Supply in the amount of \$1,860.00 for 12,000 manuscript covers. The Department of Finance and Administration refused to process transmittals in payment of the vendor invoices because the purchases were made without obtaining competitive bids.

Also, we noted the vehicle leased by the Secretary of State broke down in September 1984 and it was necessary to replace the engine. We found no evidence to indicate that at least three competitive bids were obtained.

We recommend the Secretary of State comply with Chapter 5A, Article 3, Section 13 of the West Virginia Code, as amended.

Payment of Salary Before Services Rendered

We noted in our examination of personal services that two employees were permitted to have annual leave deficits in various months throughout fiscal years 1983, 1984 and 1985. The following deficits were noted:

FY 1982-83	Two Employees with Leave Deficits
FY 1983-84	One Employee with Leave Deficit
FY 1984-85	Two Employees with Leave Deficits

Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, states, "No money shall be drawn from the treasury to pay the salary of any officer or employee before his services have been rendered." Our examination indicates the employees in question were paid their full salary. The payment of full salary resulted in violation of Chapter 12, Article 3, Section 13 of the West Virginia Code.

We recommend the Secretary of State comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended.

Publication of State Register

House Bill No. 1432, passed February 10, 1982 and made effective May 11, 1982, re-enacted many of the statutes on the publication of the State Register. An Attorney General's Opinion, dated December 15, 1982 stated, "... the failure to include specific line items in the budget bill does not negate the expended duties imposed on the Secretary of State and he is under a statutory mandate to implement the provisions of the re-enacted statutes and only after those provisions have been fulfilled is he free to devote funds to discretionary activities" Chapter 29A, Article 2, Section 7(f) of the West Virginia Code

states, "... On and after the first day of January, one thousand nine hundred eighty-three, and every two years thereafter the secretary of state shall offer for purchase succeeding biennial permanent state registers which shall consist of all rules effective on the date of publication selected by the secretary of state, which date shall be at least two years from the last such publication date, and materials filed in the state register relating thereto"

Our examination revealed that on February 1, 1983, the Secretary of State began charging one employee's wages to the Rules and Regulations Account (8436-20), in addition to various other expenditures, many of which appeared to have little or no relationship to the function of compiling the rules and regulations of the various State agencies. Publication of State Register Account (2500-09) was included in the 1983-84 budget to cover the publication of the State Register and a Deputy Secretary of State was made Director of the Administrative Law Division for this purpose.

The State Register currently is composed of approximately 100 loose-leaf binders of permanent rules. Requests for permanent rules are fulfilled by duplicating these rules. A weekly supplement is prepared containing notices of public hearings, proposed rules or changes, and other required filings. These supplements are sold to over 500 subscribers. As of the date of our examination, no permanent State Register has been published. The next scheduled publication date of permanent State Register is January 1, 1987.

We recommend the Secretary of State comply with Chapter 29A, Article 2, Section 7(f) of the West Virginia Code.

It is my belief we have remedied all of the points brought up in the preliminary draft with the exception of the monthly reports.

Monthly Reports Not Filed

Chapter 59, Article 1, Section 4 of the West Virginia Code, as amended, states, "The auditor, secretary of state and clerk of the supreme court of appeals shall each keep a complete and accurate account by items of all fees collected by

them, and the nature of the services rendered for which such fees were charged and collected, in one or more well-bound books kept for the purpose, which books shall at all times be open for inspection and examination by the governor or any other State officer, or member of the legislature, or any party interested.

"The secretary of state, auditor and clerk of the supreme court of appeals shall each, within twenty days after the close of each month, make a report for the preceding month, in which each shall set out in detail every payment of money made to him, and show by whom it was paid, and for what purpose. The reports of the secretary of state and clerk of the supreme court of appeals shall be filed in the office of the auditor, and the report of the auditor shall be filed in the office of the secretary of state. If any said officers shall fail to make and file such monthly report in any month within the time named, it shall be the duty of the officer in whose office it is required to be filed to report in writing the fact of such failure to the governor. All such reports shall be open to like inspection as is hereinbefore provided concerning the fee books of said officers. And each of said officers shall annually, in the annual report which he is required by law to make, report the aggregate of the fees so collected by him, and the amount paid over by him, as provided in this section, which report shall be sworn to."

No monthly reports by the Secretary of State are on file in the Office of the State Auditor and no monthly reports by the State Auditor are on file in the Office of the Secretary of State.

We recommend the Secretary of State comply with Chapter 59, Article 1, Section 4 of the West Virginia Code, as amended.

As required by Chapter 59, Article 1, Section 4 of the West Virginia Code, we are to make a report detailing every payment of money made to the Secretary of State's office for the preceding month. This report is to list each individual who paid money to the Secretary of State's office. From an

administrative vantage point, it would be extraordinarily expensive for us to prepare the detailed report as required by the West Virginia Code. We will continue to work on some way to resolve this point. The two obvious solutions would be to: 1) amend the statute to no longer require us to file the detailed report or 2) to automate our billing function so that we could produce the detailed report required by law. When spending the taxpayers dollars, I am very concerned about the amount of money that it would cost to produce the type of monthly report required.

No Equipment Inventory

Chapter 5A, Article 3, Section 42 of the West Virginia Code, as amended, states, "the head of every department of state government shall, on or before July fifteenth of each year, file with the commissioner of the department of finance and administration, an inventory of all equipment in its possession as of the close of the fiscal year." The latest office equipment listing in the Office of the Secretary of State was dated September 5, 1979.

We prepared schedules of equipment purchases during the period under examination made from Equipment Account (2500-03) and Publication of State Register Account (2500-09). In addition, we verified and where possible, traced the purchases to vendor invoices by use of serial numbers. As a result, we were unable to locate the following pieces of equipment:

<u>Vendor</u>	<u>Invoice Date</u>	<u>Description</u>	<u>Serial No.</u>
Taylor Typewriter Co.	07/23/82	Silver Reed Typewriter	70203838
47th Street Photo	10/13/82	Minolta X700 35mm Camera, Two Auxiliary Lens, Flash and Filters	
47th Street Photo	10/28/82	Case for Above Camera	
K-Mart	06/28/83	Flash Attachment for Above Camera	
Century Communications	07/15/83	Telephone Headset, Hayes Modem, Adaptor and Trans- mitter.	
IBM	03/02/84	IBM Selectric III Type- writer	4894981
Century Communications	05/17/84	Telephone Installed in Storage Room	

We found no evidence to indicate the purchases of the photographic equipment or the telephone installed in the storage room were reported by the filing of Added Property Forms (WV-62) to the West Virginia State Agency for Surplus Property and no correspondence was found reporting the loss of the above equipment to the West Virginia State Agency for Surplus Property.

We recommend the Secretary of State comply with Chapter 5A, Article 3, Section 42 of the West Virginia Code, as amended.

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 January 1, 1978 to January 11, 1985, 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.

No Control Over Telephone Expense

One major thing that stands out when reviewing the State Auditor's A05090 report for the period under examination was the total absence of any redeposits to Line Item 024 - Telephone Expense for any of the accounts assigned to the Office of the Secretary of State. This prompted a detailed examination of the expenditures charged to this line item.

We noted the following occurrences during the period under examination in our review of telephone billings:

1. Between November 24, 1982 and December 30, 1982, there were 11 telephone calls made to various numbers in Jacksonville, Florida. This period coincided with West Virginia University's invitation to play in the Gator Bowl through the day of the game itself. One of the calls was made to the Ticket Information Office of the City of Jacksonville, five calls were to hotels and motels and we were unable to identify the other five calls.
2. It appears that little review of the detail of the telephone bills was made. On March 22, 1983, there was a collect call from the Philippine Islands made to a telephone in the Secretary of State's Office, received at 8:00 p.m. Charleston time, with charges of \$77.38. The length of the

call was 44 minutes. This call should have been questioned at the time the bill was received but it appears it was not. There were numerous other examples of charges in excess of \$20.00 indicating very lengthy calls.

3. On Friday, June 24, 1983, between 2:44 p.m. and 5:05 p.m., there were 15 calls made to telephone number 900-720-2222. An additional call was made to this number on Monday, June 27, 1983. Area code 900 numbers are used to sample public opinion at a cost of \$0.50 each. These 16 calls were made from six different numbers assigned to the Secretary of State's Office.

Also, we noted calls which were made from telephones in the Office of the Secretary of State before or after normal working hours, on holidays and weekends. Our analysis revealed charges of \$421.86 in telephone calls falling in categories mentioned in the preceding sentence.

We recommend the Secretary of State improve internal control over the use of the telephone system and monthly billings be reviewed; personal calls, if any, identified and proper reimbursements made.

Lack of Proper Control Over Receipts

When money is received by any of the various sections within the Office of the Secretary of State, the payor, amount remitted and type of payment (Uniform Commercial Code, Process, Notary, etc.) are recorded on a small piece of paper (approximately 3" by 5"). Receipts are recorded on cash registers; the Secretary of State utilizes six registers so that various types of fees collected can be totaled by type since each type of fee is deposited into a different account number or line item number. At the time receipts are recorded on the cash register, the validation number, date, register number, and the amount of receipt are imprinted on the check received and the small piece of paper described above. No information, however, is recorded on the original document

that is filed. It is difficult to trace fees collected from the original document filed to cash deposited in the State Treasury other than relying upon the date of the transaction. Also, there is nothing on the form that is filed to indicate a fee was actually paid.

We recommend better internal controls be developed to tie documents filed to deposits in the State Treasury.

It is my belief we have remedied all of the points brought up in the preliminary draft with the exception of the monthly reports.

Leave Records

We learned during our examination of leave records that the Secretary of State has not promulgated rules and regulations regarding the accrual and usage of annual and sick leave earned. We noted that rules and regulations regarding the earning and usage of compensatory time off have not been promulgated.

Also, we noted employees are not required to submit time sheets or other supporting documentation to detail the use of annual and sick leave as well as compensatory time off. The usage of annual and sick leave was recorded on a desk-top calendar and later transferred to the employee's permanent leave record. It appears that some errors were made in the process of transferring information between the desk-top calendar and the permanent leave record and in the calculation of accrued leave balances. We noted the following discrepancies in sick leave records:

	<u>Balance per Leave Record</u>	<u>Recalculated Balance</u>	<u>Difference</u>
Employee Number 1	68.25 days	38.00 days	30.25 days
Employee Number 2	36.75 days	34.75 days	2.00 days
Employee Number 3	18.25 days	17.25 days	1.00 days

Also, we noted the following discrepancies in annual leave records:

	<u>Balance per Leave Record</u>	<u>Recalculated Balance</u>	<u>Difference</u>
Employee Number 1	.25 days	1.25 days	(1.00) days
Employee Number 2	28.25 days	29.25 days	(1.00) days
Employee Number 3	30.00 days	28.25 days	1.75 days

Also, leave records were compared to travel expense sheets submitted by employees for travel. Two exceptions were noted:

1. The Director of the Process section submitted travel expenses to Gary, West Virginia on Thursday, July 21, 1983 and return on Sunday, July 24, 1983 and leave records indicated annual leave on July 21st and July 22nd.
2. The Undersecretary of State submitted travel expenses for July 3, 1984 and leave records indicated annual leave on that date.

We recommend the Secretary of State promulgate such rules and regulations as he feels necessary regarding the accrual and usage of annual and sick leave as well as compensatory time off. Also, we recommend necessary improvements be made to overcome any deficiency in leave records that could result in posting errors or errors in the calculation of leave balances.

It is my belief we have remedied all of the points brought up in the preliminary draft with the exception of the monthly reports.

AUDITORS' OPINION

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

Sir:

We have examined the statement of appropriations/cash receipts, expenditures/disbursements and changes in fund balances of the Secretary of State for the period ended January 11, 1985 and the years ended June 30, 1984 and June 30, 1983. Except as explained in the following paragraph, our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

We noted the Secretary of State did not maintain accounting ledgers regarding receipts placed in the License Fees Account. As a result, we were unable to determine the amount of Uniform Commercial Code filing fees collected during the audit period. Accordingly, we were unable to apply auditing procedures to determine the loss of revenue resulting from the failure to implement the provisions of Senate Bill No. 399 passed March 7, 1980 increasing Uniform Commercial Code filing fees.

As more fully described in Note A, the financial statement was prepared using the cash and modified cash basis of accounting. Accordingly, the financial statement is not intended to present financial position and result of operations in accordance with generally accepted accounting principles.

In our opinion, subject to the effects, if any, on the financial statement resulting from the failure to implement the provisions of Senate Bill No. 399 referred in the preceding paragraph, the statement of appropriations/cash receipts, expenditures/disbursements and changes in fund balances of the Secretary of State presents fairly appropriations, expenditures and cash transactions for the period ended January 11, 1985 and the years ended June 30, 1984 and June 30, 1983 on a basis consistent with 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, subject to the effects of any loss of

revenue in relation to Uniform Commercial Code filing fees which may have occurred as discussed in paragraph two above, such information 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

February 25, 1986

Auditors: Michael E. Sizemore, CPA, Supervisor
Henry H. Roberts, Auditor-in-Charge
Debra A. Pauley

SECRETARY OF STATE

STATEMENT OF APPROPRIATIONS/CASH RECEIPTS, EXPENDITURES/
DISBURSEMENTS AND CHANGES IN FUND BALANCES

	Period Ended January 11, 1985		
	General Revenue	Special Revenue	Combined Totals
Appropriations/Cash Receipts:			
Appropriations	\$ 839,969.31	\$ -0-	\$ 839,969.31
License Fees	350,188.63	-0-	350,188.63
Candidate Filing Fees	-0-	2,777.00	2,777.00
Subscription Fees	-0-	16,464.45	16,464.45
Earned Interest	-0-	2,869.40	2,869.40
	<u>1,190,157.94</u>	<u>22,110.85</u>	<u>1,212,268.79</u>
Expenditures/Disbursements:			
Personal Services	304,016.49	-0-	304,016.49
Current Expenses	119,162.12	38,763.29	157,925.41
Repairs and Alterations	-0-	-0-	-0-
Equipment	4,880.00	-0-	4,880.00
Claims Against the State	774.55	-0-	774.55
Payments to Counties	-0-	74,025.00	74,025.00
State General Revenue Fund	350,188.63	-0-	350,188.63
	<u>779,021.79</u>	<u>112,788.29</u>	<u>891,810.08</u>
Appropriations/Cash Receipts Over (Under) Expenditures/Disbursements	411,136.15	(90,677.44)	320,458.71
Expirations and Expenditures After June 30	-0-	-0-	-0-
Beginning Balance	-0-	81,010.32	81,010.32
Transfers from Governor's Civil Contigent Fund	-0-	23,182.58	23,182.58
Transfers to State General Revenue Fund	-0-	(2.61)	(2.61)
Ending Balance	<u>\$ 411,136.15</u>	<u>\$ 13,512.85</u>	<u>\$ 424,649.00</u>

See Notes to Financial Statement

Year Ended June 30, 1984			Year Ended June 30, 1983		
<u>General Revenue</u>	<u>Special Revenue</u>	<u>Combined Totals</u>	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Combined Totals</u>
\$ 720,554.00	\$ -0-	\$ 720,554.00	\$645,684.19	\$ -0-	\$ 645,684.19
616,842.61	-0-	616,842.61	553,997.92	-0-	553,997.92
-0-	71,248.00	71,248.00	-0-	279.00	279.00
-0-	28,871.35	28,871.35	-0-	2,216.95	2,216.95
-0-	-0-	-0-	-0-	-0-	-0-
<u>1,337,396.61</u>	<u>100,119.35</u>	<u>1,437,515.96</u>	<u>1,199,682.11</u>	<u>2,495.95</u>	<u>1,202,178.06</u>
489,739.58	625.00	490,364.58	447,304.55	10,800.05	458,104.60
188,384.75	52,516.59	240,901.34	164,166.36	16,449.32	180,615.68
-0-	-0-	-0-	-0-	710.15	710.15
11,546.31	-0-	11,546.31	21,186.07	-0-	21,186.07
-0-	-0-	-0-	7,750.19	-0-	7,750.19
-0-	-0-	-0-	-0-	31,203.38	31,203.38
616,842.61	-0-	616,842.61	555,599.15	-0-	555,599.15
<u>1,306,513.25</u>	<u>53,141.59</u>	<u>1,359,654.84</u>	<u>1,196,006.32</u>	<u>59,162.90</u>	<u>1,255,169.22</u>
30,883.36	46,977.76	77,861.12	3,675.79	(56,666.95)	(52,991.16)
(30,883.36)	-0-	(30,883.36)	(73,782.14)	-0-	(73,782.14)
-0-	26,532.56	26,532.56	70,106.35	31,199.51	101,305.86
-0-	7,500.00	7,500.00	-0-	52,000.00	52,000.00
-0-	-0-	-0-	-0-	-0-	-0-
<u>\$ -0-</u>	<u>\$ 81,010.32</u>	<u>\$ 81,010.32</u>	<u>\$ -0-</u>	<u>\$ 26,532.56</u>	<u>\$ 26,532.56</u>

SECRETARY OF STATE

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The modified cash basis of accounting is followed for the General Revenue Fund. The major modification from the cash basis is that a 90-day carry-over period is provided at the end of the fiscal years ended June 30, 1984 and June 30, 1983 for the payment of obligations incurred in those years. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriate surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 90 days after the fiscal year ended June 30, 1984 and June 30, 1983; however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenue and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

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

	<u>Expenditures</u>		<u>Expirations</u>	
	<u>Paid After June 30,</u>		<u>September 30,</u>	
	1984	1983	1984	1983
Personal Services	\$ -0-	\$ -0-	\$ 5.56	\$17,285.45
Current Expenses	21,162.70	6,409.73	1.95	8.46
Equipment	1,327.97	254.88	-0-	4,064.05
Certification - Primary and General Elections	-0-	-0-	0.60	3,191.32
Special Election	-0-	-0-	-0-	42,568.25
Publication of State Register	8,117.13	-0-	267.45	-0-
Total	<u>\$30,607.80</u>	<u>\$ 6,664.61</u>	<u>\$ 275.56</u>	<u>\$67,117.53</u>

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

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4.5% of their annual compensation and employees have vested rights under certain circumstances. The West Virginia Public Employees' Retirement System matches contributions at 9.5% of the compensation on which the employees made contributions. The Secretary of State matches contributions at 9.5% of the compensation on which the employees made contributions for all employees whose compensation is paid from any funds other than appropriations from the General Revenue Fund of West Virginia. The Secretary of State's pension expenditures were as follows:

	Period Ended January 11, 1985	Year Ended June 30, 1984		1983
Special Revenue	\$ -0-	\$ -0-	\$	672.96

Note C - Fund Balances

The components of the fund balances are as follows:

	Period Ended January 11, 1985	Year Ended June 30, 1984		1983
Filing Fees:				
Cash	\$ 3.00	\$ -0-	\$	3.00
Investments	2,869.40	71,251.00	-	0-
	<u>2,872.40</u>	<u>71,251.00</u>	<u>3.00</u>	
Publication of State Register:				
Cash	9,011.74	7,403.18	1,018.80	
Rules and Regulations:				
Cash	-0-	2.61	25,510.76	
Postcard Registration:				
Cash	1,628.51	2,353.53	-0-	
Amendment Publication:				
Cash	0.20	-0-	-0-	
	<u>\$13,512.85</u>	<u>\$81,010.32</u>	<u>\$26,532.56</u>	

Note D - Seizure of Earned Interest

Subsequent to the date of the financial statement, House Bill 2051 was adopted which required the transfer of certain accrued interest to the General Revenue Fund of West Virginia. As a result of House Bill 2051, the Office of the Secretary of State was required to relinquish the following amounts of accrued interest:

Filing Fees (Account 8436-06)	<u>\$ 2,898.52</u>
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Note E - Security Interest on Telephone System

The Office of the Secretary of State entered into a lease purchase agreement with the Imperial Municipal Services Group, Inc. in October 1982 for the purchase of a telephone system. The Lessor was granted a security interest constituting a first lien on the equipment and on all additions, attachments, accessions and substitutions thereto, and any proceeds therefrom.

The amount due on this system at the end of the periods are as follows:

<u>January 11,</u> <u>1985</u>	<u>June 30,</u> <u>1984</u>	<u>June 30,</u> <u>1983</u>
<u>\$23,651.77</u>	<u>\$27,011.42</u>	<u>\$34,288.92</u>

Note F - Intra-Account Transactions

The following intra-account transactions have been eliminated:

	<u>Period Ended</u> <u>January 11,</u> <u>1985</u>	<u>Year Ended June 30,</u> <u>1984</u>	<u>1983</u>
Special Revenue	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 1,601.23</u>

SUPPLEMENTAL INFORMATION

SECRETARY OF STATE
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 GENERAL REVENUE

<u>Salary of Secretary of State</u> <u>Account 2500-X0</u>	Period Ended January 11, 1985	Year Ended June 30, <u>1984</u> <u>1983</u>	
Appropriations	\$ 39,305.00	\$ 36,000.00	\$ 36,000.00
Expenditures	19,479.42	36,000.00	36,000.00
	<u>19,825.58</u>	<u>-0-</u>	<u>-0-</u>
Transmittals Paid After June 30	-0-	-0-	-0-
Balance	<u>\$ 19,825.58</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Other Personal Services -</u> <u>Account 2500-00</u>			
Appropriations	\$463,510.00	\$428,590.00	\$428,590.00
Reduction of Appropriations - House Bill 120	-0-	(21,319.00)	-0-
	<u>463,510.00</u>	<u>407,271.00</u>	<u>428,590.00</u>
Expenditures	252,930.36	407,265.44	411,304.55
	<u>210,579.64</u>	<u>5.56</u>	<u>17,285.45</u>
Transmittals Paid After June 30	-0-	-0-	-0-
Balance	<u>\$210,579.64</u>	<u>\$ 5.56</u>	<u>\$ 17,285.45</u>

SECRETARY OF STATE
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 GENERAL REVENUE

	Period Ended January 11, 1985	Year Ended June 30, 1984		1983
<u>Current Expenses - Account 2500-01</u>				
Appropriations	\$192,799.00	\$163,975.00		\$142,889.00
Expenditures	<u>106,557.73</u>	<u>163,973.05</u>		<u>142,880.54</u>
	86,241.27	1.95		8.46
Transmittals Paid After June 30,	<u>-0-</u>	<u>21,162.70</u>		<u>6,409.73</u>
Balance	<u>\$ 86,241.27</u>	<u>\$ 21,164.65</u>		<u>\$ 6,418.19</u>
 <u>Equipment - Account 2500-03</u>				
Appropriations	\$ 28,000.00	\$ 25,505.00		\$ 25,505.00
Reduction of Appropriations - House Bill 1520	<u>-0-</u>	<u>(14,257.00)</u>		<u>-0-</u>
	28,000.00	11,248.00		25,505.00
Expenditures	<u>-0-</u>	<u>11,248.00</u>		<u>21,440.95</u>
	28,000.00	-0-		4,064.05
Transmittals Paid After June 30	<u>-0-</u>	<u>1,327.97</u>		<u>254.88</u>
Balance	<u>\$ 28,000.00</u>	<u>\$ 1,327.97</u>		<u>\$ 4,318.93</u>
 <u>Certification - Primary and General Elections - Account 2500-04</u>				
Appropriations	\$ 6,000.00	\$ 5,000.00		\$ 4,950.00
Reduction of Appropriations - House Bill 1520	<u>-0-</u>	<u>(2,915.00)</u>		<u>-0-</u>
	6,000.00	2,085.00		4,950.00
Expenditures:				
Current Expenses	<u>-0-</u>	<u>2,084.40</u>		<u>1,758.68</u>
	6,000.00	0.60		3,191.32
Transmittals Paid After June	<u>-0-</u>	<u>-0-</u>		<u>-0-</u>
Balance	<u>\$ 6,000.00</u>	<u>\$ 0.60</u>		<u>\$ 3,191.32</u>

SECRETARY OF STATE
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 GENERAL REVENUE

	Period Ended January 11, 1985	Year Ended June 30, <u>1984</u> <u>1983</u>	
<u>Special Election - Account 2500-08</u>			
Reappropriations	\$ -0-	\$ -0-	\$ 6,284.12
Restoration of 1982 Appropriation Reduction	-0-	-0-	62,221.00
	<u>-0-</u>	<u>-0-</u>	<u>68,505.12</u>
Expenditures:			
Current Expenses	-0-	-0-	25,936.87
	<u>-0-</u>	<u>-0-</u>	<u>42,568.25</u>
Transmittals Paid After June 30	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 42,568.25</u>
 <u>Publication of State Register - Account 2500-09</u>			
Appropriations	\$ 94,075.00	\$ 88,975.00	\$ -0-
Reduction of Appropriations - House Bill 1520	-0-	(4,000.00)	-0-
	<u>94,075.00</u>	<u>84,975.00</u>	<u>-0-</u>
Expenditures:			
Personal Services	31,606.71	46,474.14	-0-
Current Expenses	12,604.39	35,548.05	-0-
Equipment	4,880.00	2,685.36	-0-
	<u>49,091.10</u>	<u>84,707.55</u>	<u>-0-</u>
	44,983.90	267.45	-0-
Transmittals Paid After June 30	<u>-0-</u>	<u>8,117.13</u>	<u>-0-</u>
Balance	<u>\$ 44,983.90</u>	<u>\$ 8,384.58</u>	<u>\$ -0-</u>

SECRETARY OF STATE
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 GENERAL REVENUE

<u>Election Training Presentation - Account 2500-11</u>	Period Ended January 11, 1985	Year Ended June 30, <u>1984</u> <u>1983</u>	
Appropriations	\$ 15,000.00	\$ 15,000.00	\$ -0-
Expenditures:			
Current Expenses	-0-	15,000.00	-0-
	<u>15,000.00</u>	<u>-0-</u>	<u>-0-</u>
Transmittals Paid After June 30	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Balance	<u>\$ 15,000.00</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Claims Against the State - Account 2500-79</u>			
Appropriations	\$ 1,280.31	\$ -0-	\$ 7,750.19
Expenditures:			
Claims Against the State	774.55	-0-	7,750.19
	<u>505.76</u>	<u>-0-</u>	<u>-0-</u>
Transmittals Paid After June 30	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Balance	<u>\$ 505.76</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

SECRETARY OF STATE
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 GENERAL REVENUE

	Period Ended January 11, 1985	Year Ended June 30, <u>1984</u> <u>1983</u>	
<u>License Fees - Account 2500-82</u>			
Cash Receipts:			
License Fees	\$350,318.63	\$617,672.61	\$554,817.12
Less: Refunds	(130.00)	(830.00)	(819.20)
	<u>350,188.63</u>	<u>616,842.61</u>	<u>553,997.92</u>
Transfers from Newspaper Publications - Account 8436-07	-0-	-0-	1,401.23
Transfers from Electronic Voting Machine Trust Fund - Account 8436-14	-0-	-0-	200.00
	<u>350,188.63</u>	<u>616,842.61</u>	<u>555,599.15</u>
Disbursements:			
Transfers to State General Revenue Fund	<u>350,188.63</u>	<u>616,842.61</u>	<u>555,599.15</u>
	-0-	-0-	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

SECRETARY OF STATE
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 SPECIAL REVENUE

<u>Filing Fees - Account 8436-06</u>	Period Ended January 11, <u>1985</u>	<u>Year Ended June 30,</u> <u>1984</u> <u>1983</u>	
Cash Receipts:			
Candidate Filing Fees	\$ 2,777.00	\$ 71,608.00	\$ 279.00
Less: Refunds	<u>-0-</u>	<u>(360.00)</u>	<u>-0-</u>
	2,777.00	71,248.00	279.00
Disbursements:			
Payments to Counties	<u>74,025.00</u>	<u>-0-</u>	<u>31,203.38</u>
Cash Receipts (Under) Over Disbursements	(71,248.00)	71,248.00	(30,924.38)
Beginning Balance	<u>71,251.00</u>	<u>3.00</u>	<u>30,927.38</u>
Ending Balance	<u>\$ 3.00</u>	<u>\$ 71,251.00</u>	<u>\$ 3.00</u>

SECRETARY OF STATE
STATEMENT OF CHANGES IN INVESTMENT BALANCE

<u>Filing Fees - Investments - Account 8436-06</u>	Period Ended January 11, 1985	Year Ended June 30, <u>1984</u> <u>1983</u>	
Additions:			
Transfers to State Board of Invest- ments	\$ -0-	\$ 71,251.00	\$ -0-
Interest Reinvested	2,869.40	-0-	-0-
	<u>2,869.40</u>	<u>71,251.00</u>	<u>-0-</u>
Deductions:			
Withdrawals from State Board of Investments	71,251.00	-0-	-0-
	<u>(68,381.60)</u>	<u>71,251.00</u>	<u>-0-</u>
Beginning Balance	<u>71,251.00</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u>\$ 2,869.40</u>	<u>\$ 71,251.00</u>	<u>\$ -0-</u>

SECRETARY OF STATE
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
 SPECIAL REVENUE

<u>Newspaper Publications - Account 8436-07</u>	<u>Period Ended January 11, 1985</u>	<u>Year Ended June 30,</u>	
		<u>1984</u>	<u>1983</u>
Cash Receipts	\$ -0-	\$ -0-	\$ -0-
Disbursements:			
Transfer to License Fees - Account 2500-82	-0-	-0-	1,401.23
Cash Receipts (Under) Disbursements	-0-	-0-	(1,401.23)
Beginning Balance	-0-	-0-	1,401.23
Ending Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
<u>Electronic Voting Machine Trust Fund - Account 8436-14</u>			
Cash Receipts	\$ -0-	\$ -0-	\$ -0-
Disbursements:			
Transfer to License Fees - Account 2500-82	-0-	-0-	200.00
Cash Receipts (Under) Disbursements	-0-	-0-	(200.00)
Beginning Balance	-0-	-0-	200.00
Ending Balance	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

SECRETARY OF STATE
STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

<u>Publication of State Register - Account 8436-15</u>	<u>Period Ended January 11, 1985</u>	<u>Year Ended June 30,</u>	
		<u>1984</u>	<u>1983</u>
Cash Receipts:			
Subscription Fees	\$ 16,464.45	\$ 28,931.35	\$ 2,216.95
Less: Refunds	-0-	(60.00)	-0-
	<u>16,464.45</u>	<u>28,871.35</u>	<u>2,216.95</u>
Disbursements:			
Current Expenses	<u>14,855.89</u>	<u>22,486.97</u>	<u>1,470.28</u>
Cash Receipts Over Disbursements	1,608.56	6,384.38	746.67
Beginning Balance	<u>7,403.18</u>	<u>1,018.80</u>	<u>272.13</u>
Ending Balance	<u>\$ 9,011.74</u>	<u>\$ 7,403.18</u>	<u>\$ 1,018.80</u>
<u>Rules and Regulations - Account 8436-20</u>			
Cash Receipts:			
Transfers from Governor's Civil Contingent Fund	\$ -0-	\$ -0-	\$ 52,000.00
Disbursements:			
Personal Services	-0-	625.00	10,800.05
Current Expenses	-0-	24,883.15	14,979.04
Repairs and Alterations	-0-	-0-	710.15
Transfer to State General Revenue Fund	<u>2.61</u>	<u>-0-</u>	<u>-0-</u>
	<u>2.61</u>	<u>25,508.15</u>	<u>26,489.24</u>
Cash Receipts (Under) Over Disbursements	(2.61)	(25,508.15)	25,510.76
Beginning Balance	<u>2.61</u>	<u>25,510.76</u>	<u>-0-</u>
Ending Balance	<u>\$ -0-</u>	<u>\$ 2.61</u>	<u>\$ 25,510.76</u>

SECRETARY OF STATE
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS
 SPECIAL REVENUE

<u>Postcard Registration Law - Account 8436-27</u>	Period Ended January 11, 1985	Year Ended June 30, <u>1984</u> <u>1983</u>	
Cash Receipts:			
Transfers from Governor's Civil Contingent Fund	\$ -0-	\$ 7,500.00	\$ -0-
Disbursements:			
Current Expenses	<u>725.02</u>	<u>5,146.47</u>	<u>-0-</u>
Cash Receipts (Under) Over Disbursements	(725.02)	2,353.53	-0-
Beginning Balance	<u>2,353.53</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u><u>\$ 1,628.51</u></u>	<u><u>\$ 2,353.53</u></u>	<u><u>\$ -0-</u></u>
<u>Amendment Publication - Account 8436-28</u>			
Cash Receipts:			
Transfers from Governor's Civil Contingent Fund	\$ 23,182.58	\$ -0-	\$ -0-
Disbursements:			
Current Expenses	<u>23,182.38</u>	<u>-0-</u>	<u>-0-</u>
Cash Receipts Over Disbursements	0.20	-0-	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u><u>\$ 0.20</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

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 7th day of October,
1986.

Encil Bailey

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 Secretary of State; Governor; Attorney General; and, State Auditor.