

Master

STATE OF WEST VIRGINIA
AUDIT REPORT
OF

WEST VIRGINIA DEPARTMENT OF LABOR
FOR THE PERIOD
JULY 1, 1980 - JUNE 30, 1986



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON 5. WEST VIRGINIA

WEST VIRGINIA DEPARTMENT OF LABOR

FOR THE PERIOD

JULY 1, 1980 - JUNE 30, 1986



LEGISLATIVE AUDITOR

CHARLESTON

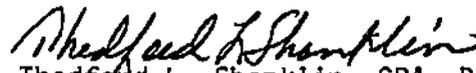
The Honorable Encil Bailey
Legislative Auditor
State Capitol - West Wing
Charleston, West Virginia

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 Department of Labor.

Our examination covers the period July 1, 1980 through June 30, 1986. 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, 1986 and June 30, 1985 are included in this report. The financial statements covering the period July 1, 1980 through June 30, 1984 are included in our audit workpapers.

Respectfully submitted,


Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/jaw

WEST VIRGINIA DEPARTMENT OF LABOR

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WEST VIRGINIA DEPARTMENT OF LABOR

EXIT CONFERENCE

We held an exit conference on October 2, 1987 with the Commissioner, Fiscal Officer and a Technical Assistant of the West Virginia Department of Labor and all findings and recommendations were reviewed and discussed. The above officials' 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.

WEST VIRGINIA DEPARTMENT OF LABOR

INTRODUCTION

The Department of Labor was created by the Legislature in 1889 "to protect the lives and health, and to promote the prosperity" of workers in West Virginia. Services to accomplish this goal are provided through three divisions and one council: Weights and Measures Division; Wage and Hour Division; Safety and Boiler Division; and, Labor-Management Advisory Council.

The Weights and Measures Division (formerly known as the Consumer Protection Division) tests and ascertains that all the weighing and measuring devices used in the State are true and correct; enforces laws pertaining to fair and accurate packaging and labeling of products; enforces business sale laws and laws regulating upholstered furniture and bedding; and, maintains two metrology laboratories to assure traceability of the State's working standards to national and international standards and to have facilities for training.

The Wage and Hour Division is responsible for enforcing the labor laws that affect the wages and hours of employees in the State. These laws are:

1. The West Virginia Minimum Wage and Maximum Hours Standards Act which requires employers to pay a minimum wage of \$3.05 per hour to employees and to pay overtime at a rate of one and one-half times the regular hourly rate of pay for all hours worked in excess of 40 hours in one workweek;
2. The Wage Payment and Collection Act which requires payment of wages within 72 hours to employees who are discharged, and requires that employees who quit or are laid-off be paid at the next regular payday;
3. The Wages for Construction of Public Improvements Act (known as the Prevailing Wage Rate) which requires any public authority constructing a public improvement to obtain from the Wage and Hour Division wage rates to be paid to the workers on that project; and,
4. The Child Labor Law which requires that minors 14 and 15 years of age obtain work permits, and those 16 and 17 years of age obtain certificates of age from the boards of education in the counties in which they live.

The Wage and Hour Division also investigates and approves the licensing of private employment agencies and since enacted by the 1983 Legislature, enforces the Polygraph Law which prohibits employers from requiring, requesting, or knowingly subjecting any employee or prospective employee to submit to a polygraph, lie detector or similar test using mechanical measures of physiological reactions to evaluate truthfulness. Exceptions to this law are law enforcement agencies, State military forces, and any employers who manufacture, distribute or dispense drugs. The Polygraph Law also requires polygraph examiners to be tested and licensed by the Department of Labor. As of June 30, 1986, 12 polygraph operators have passed the test and received their licenses.

The Safety and Boiler Division offers safety consultation services to employers in order to promote employee safety and health; tests and certifies all steam boilers annually; enforces the State's safety code for aerial passenger tramways through inspection; enforces the Safety Glazing Act which requires safety glazing materials put on ordinary annealed glass in "hazardous locations" in residential, commercial or public buildings; tests and certifies welding apprentices; and, enforces the Hazardous Chemical Substances Act which requires any employer using a hazardous substance to conspicuously post a warning notice in the work area where the chemical is used.

The Labor-Management Advisory Council promotes and encourages improved labor-management relations by addressing better communication between labor and management, productivity, and quality of working life. The Council feels that improved labor-management relations, safety and stabilized productivity are essential in order to improve West Virginia's labor-management relations climate and image. The Council is to function as an advisory arm of State government and to provide leadership and assistance to both labor and management whenever needed or requested.

WEST VIRGINIA DEPARTMENT OF LABOR
IMPLEMENTATION OF PRIOR AUDIT RECOMMENDATIONS

In the prior audit covering the period July 1, 1974 through June 30, 1980, 15 recommendations were made. Of these, three have not been fully implemented.

1. The Department did not appear to assign gasoline credit cards to particular vehicles in order to control and monitor use of the credit cards. (See page 23.)
2. The Department did not maintain adequate accounting records in order to maintain accountability of the fees collected. (See page 25.)
3. The Department did not make all necessary reimbursements from the Federal fund accounts to those accounts funded by appropriations from the State General Revenue Fund. (See pages 15-17.)

WEST VIRGINIA DEPARTMENT OF LABOR
ADMINISTRATIVE OFFICERS AND STAFF

Staff

The present Department of Labor staff consists of 74 employees. All employees are covered by the West Virginia Civil Service System except the Commissioner, Deputy Commissioner, Fiscal Officer, Executive Secretary and the Division Directors.

During the period covered by the audit, the Department was under the following commissioners:

- Jess T. Shumate February 14, 1985 - Present
- Lawrence Barker September 4, 1979 - February 13, 1985

The administrative officers and staff at the close of the audit period were as follows:

Administration

- Fletcher R. Barker Deputy Commissioner
- William D. Bone Fiscal Officer
- Ann C. Burns-Slusher Clerk
- Virginia Corder Section Chief
- Frank Allison Section Chief
- Andrew Brown Technical Assistant
- Donna G. Price Clerk
- One 90-Day Exempt Employee

Weights and Measures Division

- James P. Rardin Director
- Gypsie Dodson Supervisor
- Diane S. Carney Section Chief
- John A. Holt Supervisor
- F. Duane Boggs Clerk
- Karl H. Angell Metrologist
- James W. Crowley Field Supervisor
- Herence H. Meador Field Supervisor
- Twenty-one Inspectors
- One 90-Day Exempt Employee

Safety and Boiler Division

William D. Hoffman, Sr. Director
Neva Boles Section Chief
Arvis E. Purnell Typist
Teresa Taylor Clerk
John Stankas Industrial Hygienist
Vacancy Industrial Hygienist
Seven Safety Consultants
Three 90-Day Exempt Employees

Wage and Hour Division

Marsha Wright Acting Director
Dorothy Hamon Section Chief
Vicky Casto Clerk
Stephen Davis Information Representative
Beverly S. Hudson Secretary
Robert Goff Field Supervisor
William Steffick Field Supervisor
Ten Inspectors

Labor-Management Advisory Council

Mark Julian Director
Stephen Edens Associate Director

Members

Term Expires

John D. Lough
Clarksburg, WV June 30, 1988

Jack O'Brien
South Charleston, WV June 30, 1987

Hope F. Wilmer
Huntington, WV June 30, 1988

James Cerra
Charleston, WV June 30, 1987

James Litman
Triadelphia, WV June 30, 1989

Gary White
Charleston, WV June 30, 1989

Thomas Cerra
Wheeling, WV June 30, 1989

E. Allen Fisher
Charleston, WV June 30, 1987

George V. Mehalic
Morgantown, WV June 30, 1987

Labor-Management Advisory Council - Continued

<u>Members</u>	<u>Term Expires</u>
Carroll Rogers Monongah, WV	June 30, 1988
McDonald Smith St. Albans, WV	June 30, 1988
Wetzel E. Harvey Charleston, WV	June 30, 1988
James Bowen Wheeling, WV	June 30, 1989
Mike Burdiss Charleston, WV	June 30, 1989
Joseph Powell Charleston, WV	June 30, 1989
Jess T. Shumate, Ex Officio Commissioner of Labor	
Adna Irl Thomas, Ex Officio Commissioner of Employment Security	
Tom McNeel, Ex Officio Superintendent of Schools	

WEST VIRGINIA DEPARTMENT OF LABOR
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

AREAS OF NONCOMPLIANCE

Reimbursements from Federal Fund Accounts

1. We noted the Department of Labor apparently failed to make all necessary reimbursements from Federal fund accounts to those accounts funded by general revenue appropriations.

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

We are now in compliance with this audit recommendation. (See pages 15-17.)

Deposit of Receipts and Use of Stamp Fund

2. We noted the Department of Labor apparently did not deposit all monies within 24 hours of receipt, established a local checking account for the deposit of donations without apparent authority to accept such donations and purchased \$30.70 of current expense items from the stamp fund.

We recommend the Department comply with the various provisions of Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended.

We are now in compliance with this audit recommendation. (See pages 17-18.)

Sick Leave

3. Our examination indicates the Department of Labor may have some employees who are abusing sick leave privileges.

We recommend the Department review the leave records to ascertain whether sick leave privileges may have been abused and if such abuse is identified, take the necessary corrective action.

We will review this audit finding. (See pages 19-20.)

Cash Advances

4. It appears the Department of Labor failed to settle 22 of 54 cash advances received from July 1, 1984 through June 30, 1986 within 30 days of the last date of travel from the advance as required by the Governor's Travel Regulations.

We recommend the Department comply with Section V, Subsection (B) of the Governor's Travel Regulations.

We are now in compliance with this audit recommendation. (See page 20.)

Retention of Records

5. During the audit engagement, we were unable to locate numerous transmittals, deposit tickets (T-1's) and Intra-Governmental Transaction documents (IGT's). In addition, several expenditures did not have supporting documentation retained at the agency for review and numerous deposits had no description to explain the origin of the receipts.

We recommend the Department comply with Chapter 5, Article 8, Section 17 of the West Virginia Code, as amended.

We are now in compliance with this audit recommendation. (See pages 20-21.)

Equipment

6. It appears the Department of Labor has not completed any Added Property Forms (WV-62) or any Retirement and/or Surplus Forms (WV-64) as required by the West Virginia State Agency for Surplus Property's State Property Handbook.

We recommend the Department comply with Chapters 6 and 8 of the West Virginia State Agency for Surplus Property's State Property Handbook.

We will comply with this audit recommendation. (See pages 21-22.)

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

Vehicle Expense

7. It appears the Department of Labor is not enforcing its policy regarding the use of credit cards assigned to Department-owned vehicles. We were told credit cards were assigned to particular vehicles; however, we noted a majority of credit card purchases did not coincide with credit cards assigned to those vehicles. This procedure would result in a lack of control over the credit cards and could result in the cards being converted to personal use.

We recommend the Department strengthen internal controls over vehicle expense.

We are now in compliance with this audit recommendation. (See page 23.)

Telephone Expense

8. We noted the Department of Labor is no longer maintaining a telephone log. This practice could inhibit management's ability to control unauthorized

use of the telephone for personal calls. Also, the Department charged business calls made by field employees to the Office Expense line item rather than the Telephone Expense line item.

We recommend the Department strengthen internal controls over telephone expense.

We will comply with this audit recommendation. (See page 24.)

Record Keeping

9. We noted accounting ledgers were not maintained for any accounts of the Department of Labor for the period February 10, 1986 through April 1, 1986. Ledgers were not maintained for the Transient Vendor Permit Fees or Prevailing Wage Booklet Receipts during fiscal years 1986 and 1985.

We recommend necessary accounting records be maintained for all accounts utilized by the Department.

We are now in compliance with this audit recommendation. (See page 25.)

WEST VIRGINIA DEPARTMENT OF LABOR

GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of the West Virginia Department of Labor. The audit covered the period July 1, 1980 through June 30, 1986.

GENERAL REVENUE ACCOUNTS

Expenditures required for the general operation of the Department of Labor were made from the following appropriated accounts:

<u>Number</u>	<u>Description</u>
4500-00	Personal Services
4500-01	Current Expenses
4500-02	Repairs and Alterations
4500-03	Equipment
4500-06	Labor-Management Advisory Council
4500-66	Annual Increment
4500-79	Claims Against the State
4500-80	Fees

SPECIAL REVENUE ACCOUNTS

The Department of Labor maintained the following special revenue accounts. The funds contained in these accounts were used for specific purposes as follows:

<u>Number</u>	<u>Description</u>
8129-09	Occupational Health and Safety Standards Federal and State funds and collections; to comply with and develop Federal health and safety standards. (Closed.)
8129-10	Occupational Safety and Health Act Federal funds; for on-site consultation to comply with O.S.H.A. standards. (Closed.)
8129-12	Occupational Safety and Health Act - Statistical Program Federal funds; to participate with the Federal Government to develop state and national data in accordance with Section 24 of the Safety Health Act of 1970. (Closed.)

<u>Number</u>	<u>Description</u>
8129-14	Prevailing Wages ESA Grant Federal funds; to develop language for a State Prevailing Wage Act. (Closed.)
8129-15	West Virginia Productivity Demonstration Project Federal funds; for productivity demonstra- tion project. (Closed.)
8129-16	Poison Prevention Packaging Act Study Federal funds, for poison prevention packaging study. (Closed.)
8129-18	Save Energy Safety Grant Federal funds; for energy safety grant. (Closed July 1, 1984.)
8129-19	Boiler Inspection Fees Federal and State funds, fees and interest; for processing inspection reports from insurance companies; issuing annual permits and commissioning insurance company boiler inspectors.
8129-20	Special Equipment State funds from Account 1240-06; for testing equipment.
8129-23	Special Mines Gifts, grants and donations; to upgrade skills in mine safety and health in West Virginia.
8129-24	Labor-Management Advisory Council Special Operations Transfer from local bank account; to fund special events for the Labor-Management Advisory Council.

FEDERAL FUND ACCOUNTS

The Department of Labor maintained the following Federal fund accounts during the audit period:

Consolidated Federal Fund - General Administration

<u>Number</u>	<u>Description</u>
7884-00	Personal Services
7884-01	Current Expenses
7884-02	Repairs and Alterations
7884-03	Equipment
7884-66	Annual Increment
7884-99	Cash Control

TRUST FUND ACCOUNTS

The Department of Labor maintained the following trust fund accounts during the audit period:

<u>Number</u>	<u>Description</u>
8129-17	Wage Payment and Collection Act - Escrow Bonds, cash or securities; held to insure payment of wages and fringe benefits to employees by employer.
8129-18	Wage Payment Bond Assurance Investments Bonds, cash or securities; held to insure payment of wages and fringe benefits to employees by employer. (Opened March 1, 1986.)
8129-25	Transient Vendor Permit Fees Fees; issuing of 90-day licenses to conduct business within the State.
8129-27	Investment of Transient Vendor Bond Fees; held to insure the satisfaction of all claims of purchasers of goods, wares, merchandise or services from the merchant and that all State and local sales taxes and other taxes have been paid.

LOCAL ACCOUNT

The Department of Labor utilized the following local account during the audit period:

Magnet Bank #14062180

Deposit of corporate donations for the First Annual Labor-Management Conference Classic; to pay expenses of the First Annual Labor-Management Conference Classic. (Closed July 3, 1985.)

AREAS OF NONCOMPLIANCE

Chapter 21, Articles 1 through 9 and Chapter 47, Articles 1, 5 and 11 of the West Virginia Code, as amended, generally govern the West Virginia Department of Labor. 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 discussed as follows.

Reimbursements from Federal Fund Accounts

We noted the Department of Labor received reimbursements from the United States Department of Labor in conjunction with cooperative agreements between the two parties. The two parties shared expenses in carrying out functions in accordance with the agreed cost sharing percentages formalized in the binding agreement. Specifically, we examined the Safety and Health Consultation Program, Bureau of Labor Statistics - Occupational Illness and Injury Survey Program and the United States Consumer Products Safety Commission's Compliance and Enforcement Program.

The cost of implementing the aforementioned programs were paid from accounts funded by appropriations from the State General Revenue Fund. Reimbursements received from Federal sources were placed in the Consolidated Federal Fund - Cash Control Account (7884-99). Chapter 12, Article 3, Section 12 of the West Virginia Code, as amended states in part, "Every appropriation which is payable out of the general revenue, or so much thereof as may remain undrawn at the end of the year for which made, shall be deemed to have expired at the end of the year for which it is made, and no warrant shall thereafter be issued upon it" Also, Chapter 4, Article 11, Section 3 of the West Virginia Code states, "Unless contrary to federal law, all federal funds received by a spending unit shall be deposited in and credited to special fund accounts as provided by section two, [§12-2-2], article two, chapter twelve of this code and shall be available for appropriation by the Legislature as part of the state budget."

Based on our examination, the Department of Labor did make reimbursements to the accounts appropriated from the State General Revenue Fund; however, the Consolidated Federal Fund - Cash Control Account (7884-99) contained \$455,045.31 at June 30, 1986 and \$413,522.62 at June 30, 1985 which indicates that all necessary reimbursements had not been made. We noted expenditures for the purchase of goods and materials were being made directly from the Federal accounts. It appears this should not have been the case unless actual grant funds had been advanced to

the Federal accounts. If funds are advanced from State General Revenue monies to fund expenditures for a cooperative agreement, the Federal account should act only as a clearing account to reimburse the State General Revenue Fund. The Department did not maintain ledgers to separately account for grant funds and reimbursed funds. The failure to make necessary reimbursements to accounts funded by general revenue appropriations would result in a failure to expire the proper amounts of appropriated funds in noncompliance with Chapter 12, Article 3, Section 12 of the West Virginia Code, as amended.

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

The Department recognizes the audit findings in this and, in part, agrees with these findings. It is nearly impossible to access and expire federal funds at the close of the State fiscal year on June 30. The reason here is that all Federal Grant Programs operate on the Federal fiscal year which closes on September 30. With respect to the expiration of funds and the overlapping fiscal years, we seek the advice of the Legislative Auditor's Office.

The Department acknowledges the fact that not all appropriate transfers of funds were made. Transfers for personal services and fringe benefits were made as scheduled. However, the Department has failed to make all necessary transfers in the area of current expense. This situation has been corrected and total transfers are scheduled on a quarterly basis.

The Department agrees that the Consolidated Federal Fund is a clearing account and that the purchase of goods and materials should not be made directly from that account. This situation has been corrected. However, this situation developed from a special approval for direct purchase and the practice developed and was continued. It should be noted that Federal Funds are available on a reimbursement basis. Therefore, even if the purchase is to be covered by Federal reimbursement, if the General Revenue account is insufficient, the purchase may

not be possible. We seek the advice of the Legislative Auditor's Office in this matter.

Deposit of Receipts and Use of Stamp Fund

During our testing of receipts, we noted the fees collected for bedding licenses, going out of business licenses, prevailing wage booklets, transient vendor permits, polygraph licenses and boiler inspection permits were not always deposited within 24 hours of receipt nor was an itemized record of receipts maintained as required by Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended. Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended states in part, "All officials and employees of the State authorized by statute to accept moneys due the State of West Virginia shall keep a daily itemized record of such moneys so received for deposit in the state treasury and shall deposit within twenty-four hours with the state treasurer all moneys received or collected by them for or on behalf of the State for any purpose whatsoever"

Also, we noted a local checking account was established on July 1, 1984 to deposit corporate donations sent for the First Annual Labor-Management Conference Classic at Lakeview Resort in Morgantown, West Virginia. It does not appear the Department was authorized to collect such donations until enabling legislation under Chapter 5B, Article 4, Section 3 of the West Virginia Code became effective July 1, 1985 which also established the West Virginia Labor-Management Council as a separate agency of State government. In addition, the establishment of the local checking account would appear to be in violation of the abovementioned provisions of Chapter 12, Article 2, Section 2 of the West Virginia Code regarding deposit of collections with the State Treasurer. On July 3, 1985, the remaining balance in the local checking account of \$3,373.96 was transferred to the Labor-Management Advisory Council Special Operations Account (8129-24) and the local checking account closed.

Also, we noted the Department of Labor maintained a stamp fund in the amount of \$220.00 for the purchase of postage stamps. Our review of the activity in the stamp fund indicates a limited number of current expense items totaling \$30.70 were purchased from the fund. Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended states in part, "The state treasurer shall have authority to establish an imprest fund or funds in the office of any state agency or institution making proper application to him"

We found no evidence indicating the Department of Labor has requested nor has the State Treasurer authorized the establishment of an imprest fund. Accordingly, it appears items needed for the general operation of the Department of Labor should have been purchased from the Current Expense Account (4500-01) or from particular special revenue accounts if used to carry out the function of the special revenue account. By making the petty purchases from the stamp fund, the probability the purchases would not be reviewed by the Department of Finance and Administration's Purchasing Division for compliance with purchasing rules and regulations is increased.

We recommend the Department comply with the various provisions of Chapter 12, Article 2, Section 2 of the West Virginia Code, as amended.

The Department agrees that problems did exist with the deposit and recording of receipts. This was largely due to a lack of personnel. However, this situation has been corrected through new procedures and reassignment of personnel.

With respect to a local checking account for the West Virginia Labor-Management Council, this problem has been corrected. The L-MC has been transferred to the Department of Commerce along with all its accounts.

The Department acknowledges improper purchase from its Stamp Fund. This situation has been corrected and as recommended, the Department is investigating the establishment of an imprest fund.

Sick Leave

We examined sick leave records for all employees for fiscal year 1986. Our analysis consisted of reviewing the total number of sick leave days taken, the number of unexcused (no verification of illness in employee's file) sick leave days taken, the number of days of sick leave taken before or after weekends or holidays and the percentage of sick leave taken before or after weekends or holidays. Our analysis is based on the aforementioned items which individually or collectively can yield pattern results indicative of possible sick leave abuse.

We noted individuals who had unexcused sick leave days taken in contrast to total sick leave taken in the following amounts in fiscal year 1986: 15 unexcused days out of a total of 21 days with 48% taken before or after weekends or holidays; 11.81 unexcused days out of a total of 15.19 days with 52% taken before or after weekends or holidays; 13.37 unexcused days out of a total of 17.69 days with 45% taken before or after weekends or holidays; 14.06 unexcused days out of a total of 20.06 days with 70% taken before or after weekends or holidays and 16.10 unexcused days out of a total of 30.35 days with 39% taken before or after weekends or holidays.

The topic of sick leave is governed for these employees by Sections 16.04 and 16.05 of the Civil Service System's Rules and Regulations. Section 16.05 of the Civil Service System's Rules and Regulations states, "When an employee appears to have a pattern of leave abuse, the appointing authority may request appropriate substantiation of the employee's claim for leave, for example, verification of illness of less than three days."

We recommend the Department review the leave records to ascertain whether sick leave privileges may have been abused and if such abuse is identified, take the necessary corrective action.

The Department does not acknowledge patterns of sick leave abuse relative to weekends. It should be noted that a workyear contains 247 days of which 132 or

about 53% are adjacent to weekends and/or holidays. Only one instance cited by the report exceeds the 53 percent. The findings merely imply abuse patterns but do not confirm such. The Department intends to conduct an in-depth audit and will take action if merited.

Cash Advances

During our test of travel expenses, we noted the Department of Labor had failed to settle 22 of the 54 cash advances received from July 1, 1984 through June 30, 1986 with the State Auditor's Office within 30 days of the last date of travel from the advance as required by the Governor's Travel Regulations. The Governor's Travel Regulations state in Section V, Subsection (B), "An agency or department head may approve an advance allowance for out-of-state travel, provided that the transmittal for the advance allowance is cleared against the related expenses within thirty (30) days of the last day of travel. The department head will be responsible to ascertain that such allowance and related expense report are cleared within thirty (30) days"

We recommend the Department comply with Section V, Subsection (B) of the Governor's Travel Regulations.

With the establishment of the new Travel Division and all applicable new procedures, the practice of advancing cash has been eliminated except in very rare situations. The Department has also taken steps, by policy, to insure the correction of problems of clearing cash advances within the allowable time frame.

Retention of Records

During our audit, we were unable to locate numerous transmittals, deposit tickets (T-1's) and Intra-Governmental Transaction documents (IGT's). Also, we noted upon examination that there were several transmittals and IGT's that had no back-up documentation to explain the expenditures made, and numerous deposits had no description to explain the origin of the receipts. Chapter 5, Article 8, Section 17 of the West Virginia Code, as amended states, "No record shall be destroyed or

otherwise disposed of by any agency of the state, unless it is determined by the administrator and the director of the division of archives and history of the department of culture and history that the record has no further administrative, legal, fiscal, research or historical value."

We recommend the Department comply with Chapter 5, Article 8, Section 17 of the West Virginia Code, as amended.

The Department acknowledges this finding. The Department is fully aware of the records retention requirements of Chapter 5, Article 8, Section 17 of the Code and was unaware of problems until mid-way through the audit process. New procedures and security measures have been implemented to correct this problem.

Equipment

During our test of equipment, we noted that the Department of Labor has not completed any Added Property Forms (WV-62) or any Retirement and/or Surplus Forms (WV-64) as required by the West Virginia State Agency for Surplus Property's State Property Handbook. Chapter 6 of the West Virginia State Property Handbook which addresses the registering of equipment states, "When any state agency acquires reportable personal property/equipment, the ownership of the acquired item must be reported to the WVSASP's Inventory Control Office. This information is transmitted on a State Added Property Form WV62." Chapter 8 of the West Virginia State Property Handbook addresses the disposal of equipment which states, "When property, of any kind, is no longer needed or used by the agency claiming property ownership on an inventory, it is to be declared surplus and retired. The property is listed on the proper Retirement Form WV64 and the form is sent to the West Virginia State Agency for Surplus Property ... Even if the property is delivered to (or picked up by) WVSASP, it will stay on the agency inventory until the proper Retirement Forms are received and approved."

We recommend the Department comply with Chapters 6 and 8 of the West Virginia State Agency for Surplus Property's State Property Handbook.

The Department has reviewed its inventory control and found it not in compliance and inadequate for our own needs. A complete wall-to-wall inventory has been ordered in an attempt to bring the Department into immediate compliance.

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, 1980 to June 30, 1986, 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. The weaknesses are discussed below.

Vehicle Expense

The Department of Labor made gasoline credit card purchases in the amount of \$7,297.16 in fiscal year 1986 and \$6,821.84 in fiscal year 1985. The Department presently has 26 credit cards in their possession, 13 Chevron Corporation cards and 13 Exxon Corporation cards. We were informed each credit card is assigned to a certain vehicle owned by the Department and we were supplied with a listing showing which card numbers are assigned to particular vehicles. However, during our test of vehicle expense, we noted that of the credit card purchases made, a majority of the card numbers and vehicle license numbers did not coincide with the listing from the Department. It appears that the credit cards are not assigned to a particular vehicle. This procedure would result in a lack of control over the credit cards and could result in the cards being converted to personal use.

We recommend the Department strengthen internal controls over vehicle expense.

The problem noted concerning gasoline credit cards and their assignment to vehicles by license number, has been corrected. Those credit cards must remain with the vehicle to which assigned and shall be used to service no other vehicle. A general memo was issued to this effect and indicated that violators of this procedure will be held personally responsible for all instances of misuse.

Telephone Expense

In reviewing the telephone bills of long distance calls made by the Department of Labor, we noted the Department is no longer maintaining a telephone log to record and control long distance calls, identify who was making the calls, and the purpose of the calls. The Metrology Laboratory in Saint Albans, West Virginia stopped maintaining a telephone log in August 1984 while the Administrative Office, located in the Capitol Complex, stopped in May 1986. The lack of telephone logs could inhibit management's ability to control unauthorized use of the telephone for personal calls.

In addition, we noted the Department of Labor consistently charged reimbursements for business phone calls made by employees headquartered outside the Capitol Complex to Line Item 020 - Office Expenses, instead of to Line Item 024 - Telephone Expense. This practice results in approximately a \$2,000.00 overstatement of Office Expenses and an understatement of Telephone Expense each fiscal year.

We recommend the Department strengthen internal controls over telephone expense.

With the restructure of the Department's internal control and accounting system, the application of telephone expense to an improper line item (020, office expense) should not be a re-occurring problem.

With respect to abuse of telephones through personal call, the Department will immediately investigate that suggestion by acquiring and reviewing DAIN listings of all toll calls made. If there is an indication of abuse, appropriate action will be taken. While the telephone log is an excellent monitor, it is at the same time a cumbersome and time-consuming process that hampers employees' most efficient use of their available worktime. Also, for the honest and efficient employees, we believe it to be a detriment to good morale and work ethics.

Record Keeping

During our examination, we noted that no ledgers were maintained for Transient Vendor Permit Fees or Prevailing Wage Booklet Receipts during fiscal years 1986 and 1985. Also, we noted that ledgers were not maintained for any accounts assigned to the Department of Labor for the period February 10, 1986 through April 1, 1986. The failure to maintain ledgers could inhibit management's ability to monitor and control the activities of the various accounts.

We recommend necessary accounting records be maintained for all accounts utilized by the Department.

The issues here have been addressed along with internal controls and accounting. Also, the Department's accounting and internal control procedures are totally a manual operation. At present, the Department is pursuing automation of this process in an effort to tighten controls and more wisely use existing resources.

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 West Virginia Department of Labor for the years ended June 30, 1986 and June 30, 1985. 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 were informed by accounting personnel that accounting ledgers were not maintained from February 10, 1986 through April 1, 1986. In addition, accounting ledgers were not maintained from Transient Vendor Permit Fees and Wage Payment Booklet Receipts for the entire period under examination. As a result, we were unable to determine that all transactions were recorded and entered in the proper accounts. Accordingly, we were unable to prepare financial statements from the Department's accounting records.

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 results of operations in conformity with generally accepted accounting principles.

In our opinion, subject to the effects, if any, of the possibility of transactions not being recorded or not being recorded in the proper accounts referred to in paragraph two above, the statement of appropriations/cash receipts, expenditures/disbursements and changes in fund balances of the West Virginia Department of Labor present fairly appropriations, expenditures, and cash transactions for the years ended June 30, 1986 and June 30, 1985 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, if any,

of accounting transactions not being recorded or accounting ledgers not being maintained as discussed in paragraph two above, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectfully submitted,



Theodora L. Shanklin, CPA, Director
Legislative Postaudit Division

December 11, 1986

Auditors: Michael E. Sizemore, CPA, Supervisor
Martha A. Gibson
Carolyn J. Epling
P. Bruce Davis

WEST VIRGINIA DEPARTMENT OF LABOR

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

	Year Ended June 30, 1986			
	General Revenue	Special Revenue	Federal Programs	Trust Funds
Appropriations/Cash Receipts:				
Appropriations	\$1,506,187.42	\$ -0-	\$ -0-	\$ -0-
Federal Funds	-0-	-0-	301,606.17	-0-
Gifts, Grants and Donations	-0-	20,025.00	-0-	-0-
License and Inspection Fees	-0-	75,089.11	-0-	-0-
Miscellaneous Collections	-0-	103.15	-0-	-0-
Wage Payment Bonding	-0-	-0-	-0-	268,300.93
Transient Vendor Bonding	-0-	-0-	-0-	1,824.50
Earned Interest	-0-	-0-	-0-	482.48
	<u>1,506,187.42</u>	<u>95,217.26</u>	<u>301,606.17</u>	<u>270,607.91</u>
Expenditures/Disbursements:				
Personal Services	1,049,581.96	17,058.73	172,369.72	-0-
Current Expenses	248,126.05	16,456.51	53,961.00	-0-
Repairs and Alterations	884.01	4,740.51	5,392.85	-0-
Equipment	1,035.92	2,653.27	28,359.91	-0-
Claims Against the State	40.42	-0-	-0-	-0-
Transfers to State General Revenue Fund	-0-	44,614.77	-0-	-0-
Payment of Claims	-0-	-0-	-0-	114,264.86
Refunds	-0-	-0-	-0-	40,978.00
	<u>1,299,668.36</u>	<u>85,523.79</u>	<u>260,083.48</u>	<u>155,242.86</u>
Appropriations/Cash Receipts Over (Under) Expenditures/ Disbursements	206,519.06	9,693.47	41,522.69	115,365.05
Expirations and Expenditures After June 30	206,519.06	-0-	-0-	-0-
Beginning Balance	-0-	66,162.09	413,522.62	9,402.24
Transfer to Special Mines Account (8129-23)	-0-	-0-	-0-	-0-
Transfer from Governor's Civil Contingent Fund Account Account (1240-06)	-0-	-0-	-0-	-0-
Ending Balance	<u>\$ -0-</u>	<u>\$ 75,855.55</u>	<u>\$ 455,045.31</u>	<u>\$ 124,767.29</u>

See Notes to Financial Statement

<u>Combined Totals</u>	<u>Year Ended June 30, 1985</u>				<u>Combined Totals</u>
	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Federal Programs</u>	<u>Trust Funds</u>	
\$1,506,187.42	\$1,433,302.00	\$ -0-	\$ -0-	\$ -0-	\$1,433,302.00
301,606.17	-0-	-0-	436,674.29	-0-	436,674.29
20,025.00	-0-	-0-	-0-	-0-	-0-
75,089.11	-0-	84,994.47	-0-	-0-	84,994.47
103.15	-0-	11,319.80	-0-	-0-	11,319.80
268,300.93	-0-	-0-	-0-	47,774.96	47,774.96
1,824.50	-0-	-0-	-0-	-0-	-0-
482.48	-0-	-0-	-0-	-0-	-0-
<u>2,173,618.76</u>	<u>1,433,302.00</u>	<u>96,314.27</u>	<u>436,674.29</u>	<u>47,774.96</u>	<u>2,014,065.52</u>
1,239,010.41	1,099,644.56	13,087.50	134,060.44	-0-	1,246,792.50
318,543.56	284,658.89	27,109.50	36,309.55	409.77	348,487.71
11,017.37	641.88	1,565.18	-0-	-0-	2,207.06
32,049.10	4,599.99	7,077.31	33,429.28	-0-	45,106.58
40.42	-0-	-0-	-0-	-0-	-0-
44,614.77	-0-	57,786.40	-0-	-0-	57,786.40
114,264.86	-0-	-0-	-0-	62,436.60	62,436.60
40,978.00	-0-	780.00	-0-	-0-	780.00
<u>1,800,518.49</u>	<u>1,389,545.32</u>	<u>107,405.89</u>	<u>203,799.27</u>	<u>62,846.37</u>	<u>1,763,596.85</u>
373,100.27	43,756.68	(11,091.62)	232,875.02	(15,071.41)	250,468.67
206,519.06	43,756.68	-0-	-0-	-0-	43,756.68
489,086.95	-0-	45,233.71	200,672.60	24,473.65	270,379.96
-0-	-0-	20,025.00	(20,025.00)	-0-	-0-
-0-	-0-	11,995.00	-0-	-0-	11,995.00
<u>\$ 655,668.16</u>	<u>\$ -0-</u>	<u>\$ 66,162.09</u>	<u>\$ 413,522.62</u>	<u>\$ 9,402.24</u>	<u>\$ 489,086.95</u>

WEST VIRGINIA DEPARTMENT OF LABOR

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 30-day carry-over period is provided at the end of the fiscal years ended June 30, 1986 and June 30, 1985 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 unappropriated 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 30 days after the fiscal year ended June 30, 1986 and June 30, 1985; 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>1986</u>	<u>1985</u>	<u>July 31,</u> <u>1986</u>	<u>July 31,</u> <u>1985</u>
Personal Services	\$ -0-	\$ 1,951.71	\$131,292.00	\$ 3,707.73
Current Expenses	49,590.70	31,958.60	21,583.25	3,144.30
Repairs and Alterations	-0-	-0-	15.99	258.12
Equipment	3,525.50	-0-	38.58	0.01
Labor-Management Advisory Council	-0-	-0-	473.04	2,736.21
Total	<u>\$ 53,116.20</u>	<u>\$ 33,910.31</u>	<u>\$153,402.86</u>	<u>\$ 9,846.37</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 West Virginia Department of Labor 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 West Virginia Department of Labor's pension expenditures were as follows:

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Federal Programs	\$ -0-	\$ 828.90
Special Revenue	<u>2,243.94</u>	<u>1,160.46</u>
Total	<u>\$2,243.94</u>	<u>\$1,989.36</u>

Note C - Fund Balances

The components of the trust fund balances are as follows:

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Wage Payment and Collection Act - Escrow: Cash	\$ 15,171.82	\$ 9,402.24
Wage Payment Bond Assurance Investments: Investments	108,670.62	-0-
Transient Vendor Permit Fees: Cash	500.00	-0-
Investment of Transient Vendor Bond: Investments	<u>424.85</u>	<u>-0-</u>
Total	<u>\$124,767.29</u>	<u>\$ 9,402.24</u>

Note D - Intra-account Transactions

The following intra-account transactions have been eliminated:

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Special Revenue	<u>\$3,373.96</u>	<u>\$ -0-</u>

Note E - Bonding Requirement

In conformity with Chapter 12, Article 5, Section 2 of the West Virginia Code, as amended, various State agencies are required to deposit with the West Virginia State Treasurer all securities required to be deposited with the State or held in legal custody by the State and all departments of the State. Commensurately, the West Virginia Department of Labor had on deposit with the West Virginia State Treasurer for the purpose of wage payment security, \$3,765,506.13 at June 30, 1986.

SUPPLEMENTAL INFORMATION

WEST VIRGINIA DEPARTMENT OF LABOR
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Personal Services - Account 4500-00</u>		
Appropriations	\$1,140,835.00	\$1,082,852.00
Expenditures	<u>1,009,543.00</u>	<u>1,079,144.27</u>
	131,292.00	3,707.73
Transmittals Paid After June 30	<u>-0-</u>	<u>1,951.71</u>
Balance	<u>\$ 131,292.00</u>	<u>\$ 5,659.44</u>
 <u>Current Expenses - Account 4500-01</u>		
Appropriations	\$ 319,300.00	\$ 319,300.00
Expenditures	<u>297,716.75</u>	<u>316,155.70</u>
	21,583.25	3,144.30
Transmittals Paid After June 30	<u>49,590.70</u>	<u>31,958.60</u>
Balance	<u>\$ 71,173.95</u>	<u>\$ 35,102.90</u>
 <u>Repairs and Alterations - Account 4500-02</u>		
Appropriations	\$ 900.00	\$ 900.00
Expenditures	<u>884.01</u>	<u>641.88</u>
	15.99	258.12
Transmittals Paid After June 30	<u>-0-</u>	<u>-0-</u>
Balance	<u>\$ 15.99</u>	<u>\$ 258.12</u>

WEST VIRGINIA DEPARTMENT OF LABOR
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Equipment - Account 4500-03</u>		
Appropriations	\$ 4,600.00	\$ 4,600.00
Expenditures	4,561.42	4,599.99
	<u>38.58</u>	<u>0.01</u>
Transmittals Paid After June 30	<u>3,525.50</u>	<u>-0-</u>
Balance	<u>\$ 3,564.08</u>	<u>\$ 0.01</u>

Labor-Management Advisory Council - Account 4500-06

Appropriations	\$26,832.00	\$25,650.00
Expenditures:		
Personal Services	26,358.96	22,452.00
Current Expenses	-0-	461.79
	<u>26,358.96</u>	<u>22,913.79</u>
	473.04	2,736.21
Transmittals Paid After June 30	<u>-0-</u>	<u>-0-</u>
Balance	<u>\$ 473.04</u>	<u>\$ 2,736.21</u>

Annual Increment - Account 4500-66

Appropriations	\$13,680.00	\$ -0-
Expenditures	13,680.00	-0-
	<u>-0-</u>	<u>-0-</u>
Transmittals Paid After June 30	<u>-0-</u>	<u>-0-</u>
Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA DEPARTMENT OF LABOR
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE

<u>Claims Against the State - Account 4500-79</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Appropriations	\$ 40.42	\$ -0-
Expenditures	<u>40.42</u>	<u>-0-</u>
	-0-	-0-
Transmittals Paid After June 30	<u>-0-</u>	<u>-0-</u>
Balance	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA DEPARTMENT OF LABOR
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
GENERAL REVENUE

<u>Fees - Account 4500-80</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Beginning Balance: State Treasury	\$ -0-	\$ -0-
Cash Receipts:		
Bedding License	34,151.62	51,270.00
Going Out of Business License	6,150.00	3,650.00
Polygraph License	1,200.00	2,200.00
Transient Vendor License Fee	3,010.00	-0-
Prevailing Wage Booklet	100.00	-0-
Miscellaneous Collections	3.15	666.40
	<u>44,614.77</u>	<u>57,786.40</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$44,614.77</u>	<u>\$57,786.40</u>
Disbursements:		
Transfer to State General Revenue Fund	\$44,614.77	\$57,786.40
Ending Balance:		
State Treasury	<u>-0-</u>	<u>-0-</u>
TOTAL CASH ACCOUNTED FOR	<u>\$44,614.77</u>	<u>\$57,786.40</u>

WEST VIRGINIA DEPARTMENT OF LABOR
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 FEDERAL PROGRAM

<u>CONSOLIDATED FEDERAL FUNDS -</u> <u>GENERAL ADMINISTRATION</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Personal Services - Account 7884-00</u>		
Appropriations	\$214,103.00	\$203,214.00
Supplemental Appropriations - Governor	37,879.00	20,937.00
Reappropriations - FY 1984	-0-	53,033.66
	251,982.00	277,184.66
 Expenditures	 172,369.72	 134,060.44
	79,612.28	143,124.22
 Transmittals Paid After June 30	 -0-	 -0-
 Balance	 <u>\$ 79,612.28</u>	 <u>\$143,124.22</u>
 <u>Current Expenses - Account 7884-01</u>		
Appropriations	\$ 99,842.00	\$ 96,493.00
Supplemental Appropriations - Governor	204,582.00	14,085.00
Reappropriations - FY 1984	-0-	68,096.08
	304,424.00	178,674.08
 Expenditures	 52,794.13	 37,476.42
	251,629.87	141,197.66
 Transmittals Paid After June 30	 -0-	 1,166.87
 Balance	 <u>\$251,629.87</u>	 <u>\$142,364.53</u>
 <u>Repairs and Alterations - Account 7884-02</u>		
Appropriations	\$ 2,500.00	\$ -0-
Supplemental Appropriations - Governor	30,000.00	-0-
	32,500.00	-0-
 Expenditures	 5,392.85	 -0-
	27,107.15	-0-
 Transmittals Paid After June 30	 -0-	 -0-
 Balance	 <u>\$ 27,107.15</u>	 <u>\$ -0-</u>

WEST VIRGINIA DEPARTMENT OF LABOR
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 FEDERAL PROGRAM

<u>CONSOLIDATED FEDERAL FUNDS -</u> <u>GENERAL ADMINISTRATION</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Equipment - Account 7884-03</u>		
Appropriations	\$ 5,000.00	\$ -0-
Supplemental Appropriations - Governor	59,686.00	-0-
Reappropriations - FY 1984	-0-	35,118.00
	64,686.00	35,118.00
Expenditures	28,359.91	33,429.28
	36,326.09	1,688.72
Transmittals Paid After June 30	-0-	-0-
Balance	\$36,326.09	\$ 1,688.72
 <u>Annual Increment - Account 7884-66</u>		
Appropriations	\$ 2,736.00	\$ -0-
Expenditures	-0-	-0-
	2,736.00	-0-
Transmittals Paid After June 30	-0-	-0-
Balance	\$ 2,736.00	\$ -0-

WEST VIRGINIA DEPARTMENT OF LABOR
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FEDERAL PROGRAM

<u>CONSOLIDATED FEDERAL FUND -</u> <u>GENERAL ADMINISTRATION</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Cash Control - Account 7884-99</u>		
Beginning Balance:		
State Treasury	\$413,522.62	\$200,672.60
Cash Receipts:		
Federal Funds - Occupational Safety and Health On-Site Consultation Project	234,480.84	371,668.68
Federal Funds - Occupational Injury and Illness Survey Project	36,175.90	44,433.62
Federal Funds - Appalachian Regional Commission	30,459.43	-0-
West Virginia Department of Mines	-0-	20,025.00
Miscellaneous Receipts	490.00	546.99
	<u>301,606.17</u>	<u>436,674.29</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$715,128.79</u>	<u>\$637,346.89</u>
Disbursements:		
Personal Services	\$172,369.72	\$134,060.44
Current Expenses	52,794.13	37,476.42
Repairs and Alterations	5,392.85	-0-
Equipment	28,359.91	33,429.28
Transfer to Special Mines Account	-0-	20,025.00
	<u>258,916.61</u>	<u>224,991.14</u>
Add Transmittals Paid July 1-30 Beginning and (Less Transmittals Paid July 1-30 Ending):		
Current Expenses	1,391.37	224.50
(Current Expenses)	<u>(224.50)</u>	<u>(1,391.37)</u>
	<u>1,166.87</u>	<u>(1,166.87)</u>
	260,083.48	223,824.27
Ending Balance:		
State Treasury	<u>455,045.31</u>	<u>413,522.62</u>
TOTAL CASH ACCOUNTED FOR	<u>\$715,128.79</u>	<u>\$637,346.89</u>

WEST VIRGINIA DEPARTMENT OF LABOR
 STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCE
 SPECIAL REVENUE

	Year Ended June 30,	
	1986	1985
<u>Boiler Inspection Fees - Account 8129-19</u>		
Cash Receipts:		
Boiler Inspection Fees	\$30,577.49	\$27,874.47
Disbursements:		
Current Expenses	9,465.05	17,041.19
Repairs and Alterations	4,740.51	1,565.18
Equipment	-0-	3,317.31
	14,205.56	21,923.68
Cash Receipts Over Disbursements	16,371.93	5,950.79
Beginning Balance	51,184.50	45,233.71
Ending Balance	\$67,556.43	\$51,184.50
 <u>Special Equipment - Account 8129-20</u>		
Cash Receipts:		
Transfer from Governor's Civil Contingent Fund Account (1240-06)	\$ -0-	\$11,995.00
Disbursements:		
Equipment	2,653.27	3,760.00
	(2,653.27)	8,235.00
Cash Receipts (Under) Over Disbursements		
Beginning Balance	8,235.00	-0-
Ending Balance	\$ 5,581.73	\$ 8,235.00

WEST VIRGINIA DEPARTMENT OF LABOR
 STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCE
 SPECIAL REVENUE

	Year Ended June 30,	
	1986	1985
<u>Special Mines - Account 8129-23</u>		
Cash Receipts:		
Gifts, Grants and Donations	\$20,025.00	\$20,025.00
Disbursements:		
Personal Services	23,620.08	13,087.50
Current Expenses	6,264.71	3,568.87
Reimbursement to Personal Services	(6,561.35)	-0-
	23,323.44	16,656.37
Cash Receipts (Under) Over Disbursements	(3,298.44)	3,368.63
Beginning Balance	3,368.63	-0-
Ending Balance	\$ 70.19	\$ 3,368.63
 <u>Labor-Management Advisory Council</u>		
<u>Special Operations - Account 8129-24</u>		
Cash Receipts:		
Transfer from Conference Classic	\$ 3,373.96	\$ -0-
Disbursements:		
Current Expenses	726.75	-0-
Cash Receipts Over (Under) Disbursements	2,647.21	-0-
Beginning Balance	-0-	-0-
Ending Balance	\$ 2,647.21	\$ -0-

WEST VIRGINIA DEPARTMENT OF LABOR
 STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCE
 TRUST FUNDS

<u>Wage Payment and Collection Act -</u>	<u>Year Ended June 30,</u>	
<u>Escrow - Account 8129-17</u>	<u>1986</u>	<u>1985</u>
Cash Receipts:		
Wage Payment Bonding	\$120,112.44	\$ 47,774.96
Disbursements:		
Current Expenses	-0-	409.77
Payment of Claims	114,264.86	62,436.60
Refunds	78.00	-0-
	<u>114,342.86</u>	<u>62,846.37</u>
Cash Receipts Over (Under) Disbursements	5,769.58	(15,071.41)
Beginning Balance	<u>9,402.24</u>	<u>24,473.65</u>
Ending Balance	<u>\$ 15,171.82</u>	<u>\$ 9,402.24</u>
<u>Wage Payment Bond Assurance Investments -</u>		
<u>Account 8129-18</u>		
Cash Receipts:		
Wage Payment Bonding	\$148,188.49	\$ -0-
Earned Interest	482.13	-0-
	<u>148,670.62</u>	<u>-0-</u>
Disbursements:		
Refunds	<u>40,000.00</u>	<u>-0-</u>
Cash Receipts Over Disbursements	108,670.62	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u>\$108,670.62</u>	<u>\$ -0-</u>

WEST VIRGINIA DEPARTMENT OF LABOR
 STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCE
 TRUST FUNDS

<u>Transient Vendor Permit Fees -</u> <u>Account 8129-25</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts:		
Transient Vendor Bonding	\$1,400.00	\$ -0-
Disbursements:		
Refunds	<u>900.00</u>	<u>-0-</u>
Cash Receipts Over Disbursements	500.00	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u>\$ 500.00</u>	<u>\$ -0-</u>

<u>Investment of Transient Vendor Bond -</u> <u>Account 8129-27</u>		
Cash Receipts:		
Transient Vendor Bonding	\$ 424.50	\$ -0-
Earned Interest	<u>0.35</u>	<u>-0-</u>
	424.85	-0-
Disbursements	<u>-0-</u>	<u>-0-</u>
Cash Receipts Over Disbursements	424.85	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u>\$ 424.85</u>	<u>\$ -0-</u>

WEST VIRGINIA DEPARTMENT OF LABOR

RECONCILIATIONS

JUNE 30, 1986

SPECIAL REVENUE/TRUST FUNDS

Wage Payment and Collection Act -

Escrow - Account 8129-17

Balance per State Treasury and Department \$ 15,171.82

Wage Payment Bond Assurance Investments -

Account 8129-18

Balance per State Treasury and Department \$108,670.62

Boiler Inspection Fees - Account 8129-19

Balance per State Treasury and Department \$ 67,556.43

Special Equipment - Account 8129-20

Balance per State Treasury and Department \$ 5,581.73

Special Mines - Account 8129-23

Balance per State Treasury and Department \$ 70.19

Labor-Mangement Advisory Council

Special Operations - Account 8129-24

Balance per State Treasury and Department \$ 2,647.21

Transient Vendor Permit Fees - Account 8129-25

Balance per State Treasury and Department \$ 500.00

Investment of Transient Vendor Bond -

Account 8129-27

Balance per State Treasury and Department \$ 424.85

WEST VIRGINIA DEPARTMENT OF LABOR

RECONCILIATION

JUNE 30, 1986

FEDERAL PROGRAM

CONSOLIDATED FEDERAL FUND -
GENERAL ADMINISTRATION

Cash Control - Account 7884-99

Balance per State Treasury and Department

\$455,045.31

WEST VIRGINIA DEPARTMENT OF LABOR
STATEMENT OF CHANGES IN INVESTMENT BALANCE

<u>Wage Payment Bond Assurance Investments - Account 8129-18</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Additions:		
Transfers to State Board of Investments	\$108,188.49	\$ -0-
Interest Reinvested	482.13	-0-
	108,670.62	-0-
Deductions:		
Withdrawals from State Board of Investments	-0-	-0-
	108,670.62	-0-
Beginning Balance	-0-	-0-
Ending Balance	\$108,670.62	\$ -0-
<u>Investment of Transient Vendor Bond - Account 8129-27</u>		
Additions:		
Transfers to State Board of Investments	\$ 424.50	\$ -0-
Interest Reinvested	0.35	-0-
	424.85	-0-
Deductions:		
Withdrawals from State Board of Investments	-0-	-0-
	424.85	-0-
Beginning Balance	-0-	-0-
Ending Balance	\$ 424.85	\$ -0-

WEST VIRGINIA DEPARTMENT OF LABOR
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
MAGNET BANK #14062180
LOCAL ACCOUNT

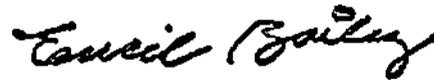
	Year Ended June 30,	
	1986	1985
Cash Receipts:		
Proceeds for Conference Classic	\$ -0-	\$10,653.40
Disbursements:		
Current Expenses	-0-	6,499.44
Refunds	-0-	780.00
Transfer to Labor-Management Advisory Council Special Operations	3,373.96	-0-
	3,373.96	7,279.44
Cash Receipts (Under) Over Disbursements	(3,373.96)	3,373.96
Beginning Balance	3,373.96	-0-
Ending Balance	\$ -0-	\$ 3,373.96

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 17th day of November, 1987.



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 Department of Labor; Governor; Attorney General; and, State Auditor.