

WESTON HOSPITAL  
FOR THE PERIOD  
JULY 1, 1981 - JUNE 30, 1986

*West Virginia*



**LEGISLATIVE AUDITOR**

**CHARLESTON**

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

Sir:

In compliance with your instructions and the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of Weston Hospital.

Our examination covers the period July 1, 1981 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, 1981 through June 30, 1984 are included in our audit workpapers.

Respectfully submitted,

*Theodore L. Shanklin*  
Theodore L. Shanklin, CPA, Director  
Legislative Postaudit Division

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WESTON HOSPITAL

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WESTON HOSPITAL  
EXIT CONFERENCE

We held an exit conference on August 3, 1987 with the Administrator, Associate Administrator and Accountant of Weston Hospital and the Director of Financial Services Division - Office of Administration and Oversight of the West Virginia Department of Health. 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.

## WESTON HOSPITAL

### INTRODUCTION

Weston Hospital, West Virginia's oldest public institution, has been in operation for over 120 years as a treatment facility for the mentally and emotionally ill. Located in Weston, West Virginia, the Hospital has grown from an initial structure that accommodated 35 residents in 1864 to the present structure which has housed over 2,300 residents. Today, Weston Hospital serves 30 of West Virginia's 55 counties.

A teaching unit for nursing education is being used by students from West Virginia Wesleyan, Fairmont State, Alderson-Broadus and Salem Colleges. There is also an in-service training program for psychiatric aides and training of psychologists, social workers and medical students which is carried out in conjunction with West Virginia University and other colleges.

There are well developed and proven programs which deal with various aspects of physical, mental, psychiatric, social, psychological, spiritual, learning, recreational and emotional treatment needs. These services are delivered to the client/patient on an individually determined plan with the staff working as a multi-professional team.

WESTON HOSPITAL  
IMPLEMENTATION OF PRIOR AUDIT RECOMMENDATIONS

In the prior audit covering the period July 1, 1982 through June 30, 1985, 13 recommendations were made. Of these, seven have not been implemented.

1. Employees were often not familiar with or had not complied with applicable West Virginia Code sections or Department of Health Instructions. (See pages 12-13.)
2. The Hospital did not exercise sufficient control over cash receipts. (See pages 16-19.)
3. Financial evaluations and exoneration computations were prepared late or not at all for over half of all patients tested and the Hospital had therefore not determined, as required, the ability of some patients to pay for care and maintenance and accordingly had not complied with West Virginia Code, Chapter 27, Article 8, Section 1 and the applicable Department of Health Instructions. (See pages 19-21.)
4. The Hospital has written-off uncollectible accounts as exonerations under West Virginia Code, Chapter 27, Article 8, Section 1, but we believe this action is only intended to exonerate those patients who do not have the ability to pay. (See pages 19-21.)
5. The Hospital did not comply with Department of Health Instruction No. 6047 for expenditures from the Patient Welfare Account. (See pages 27-28.)
6. The Hospital had insufficient separation of duties and poor internal control over local accounts in the Trustee Section. (See pages 16-19.)
7. There was a lack of sufficient internal controls over cash receipts into local accounts. (See pages 16-19.)

WESTON HOSPITAL  
ADMINISTRATIVE OFFICERS AND STAFF

The administrative officers and staff during this period were as follows:

Administrators

Arthur Paletti . . . . . July 1, 1981 - July 31, 1984  
Ann Stottlemeyer (Acting). . . . . August 1, 1984 - October 7, 1984  
Rein Valdov . . . . . October 8, 1984 - Present

Other Administrative Officers and Staff at End of Period

Carl Hatfield . . . . . Assistant Administrator  
Calvin Summers . . . . . Clinical Director  
Joel Flaxer . . . . . Assistant to Clinical Director  
Lilburn Garrison . . . . . Director of Social Services  
John Boner . . . . . Accountant  
Alex Cruz . . . . . Trustee Section Supervisor

WESTON HOSPITAL  
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

AREAS OF NONCOMPLIANCE

Administrator Not Fully Cognizant  
of Compliance Requirements

1. The Administrator and employees did not appear to be sufficiently familiar with the Department of Health Instructions and the portions of the West Virginia Code applicable to the Hospital as evidenced by the lack of compliance described elsewhere in our findings.

We recommend the current Administrator review and comply with Department of Health Instructions, the West Virginia Code, other laws, rules and regulations applicable to this Hospital and require compliance by Hospital employees.

*We will comply with this audit recommendation.* (See pages 12-13.)

Cash Receipts Not Properly Deposited

2. We noted certain receipts were apparently not deposited to the proper accounts; however the amounts involved were relatively small.

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

*We will comply with this audit recommendation.* (See pages 14-16.)

Noncompliance With Department of Health Instruction  
No. 6046 - Patient Trustee Account

3. We noted various findings resulting in a poor segregation of duties and weaknesses in the system of internal controls over patient funds in apparent noncompliance with Department of Health Instruction No. 6046.

We recommend the Hospital comply with Department of Health Instruction No. 6046.

*We will comply with this audit recommendation.* (See pages 16-19.)

Patient Accounts Receivable Not Sufficiently Controlled

4. It appears the Hospital has written-off amounts due for patient maintenance when the responsible party has the means to pay the maintenance but refuses to do so. Also, the Hospital does not appear to have adequately controlled patient accounts receivable by failing to timely evaluate patients' ability to pay resulting in a substantial increase in patient accounts receivable.

We recommend the Hospital comply with Chapter 27, Article 8, Section 1 of the West Virginia Code, as amended, and Department of Health Instructions No. 6046 and 6060.

*We will comply with this audit recommendation.* (See pages 19-21.)

Rental Unit Operating at a Loss and  
Failure to Collect Rent Due on a Timely Basis

5. The Administrator was allowed to occupy a rental unit of the Hospital and paid rent that was not representative of the fair value of the rental unit. In addition, the Hospital failed to timely collect rent which was charged.

We recommend the Hospital collect rent due on a timely basis and cease paying emolument to the Administrator by complying with the West Virginia Code, Chapter 27, Article 2, Section 2.

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

Improper Expenditure of Appropriated Funds -  
Employee Personal Telephone Calls

6. We noted the Hospital apparently was not requiring employees to make reimbursement for personal phone calls.

We recommend the Hospital comply with the West Virginia Code, Chapter 12, Article 3, Section 9.

*We will comply with this audit recommendation.* (See pages 22-24.)

Improper Payments Made to Consultants from  
Appropriated Personal Services Account

7. The Hospital utilized the Personal Services Account No. 4180-00 to pay consultants for professional services which should have been paid from the Current Expenses Account No. 4180-01.

We recommend the Hospital comply with Chapter 5A, Article 2, Section 11 of the West Virginia Code.

*We are now in compliance with this audit recommendation.* (See page 24.)

Annual Physical Inventory Not Taken

8. The Hospital last took a physical inventory on February 22, 1985 while applicable laws, rules and regulations require the filing of an annual inventory.

We recommend the Hospital fully comply with the provisions of Chapter 5A, Article 3, Section 42 of the West Virginia Code and the Department of Health Procedure No. 3031.

*We will comply with this audit recommendation. (See pages 24-25.)*

#### INTERNAL CONTROLS AND ACCOUNTING SYSTEM

##### Lack of Internal Control Over Disbursement Transmittals

9. We noted proper internal controls were not in place over disbursement transmittals. Supporting documentation was not presented with transmittals for signature and warrants were returned with the transmittal to be mailed by the employee who prepared the transmittal.

We recommend control over disbursement transmittals be strengthened.

*We will comply with this audit recommendation. (See pages 26-27.)*

##### Improper Payments from Patient Welfare Account

10. Our review disclosed disbursements paid from the Patient Welfare Account which appear to be items that normally would be paid from the Current Expense Account No. 4180-01.

We recommend the Hospital exercise fiduciary responsibility over the Patient Welfare Account by ensuring that expenditures are made only for the benefit of all patients or individual patients who have no funds available and when such expenditures cannot be made from appropriated accounts.

*We will comply with this audit recommendation. (See pages 27-28.)*

### Improper Payments from Canteen Account

11. We noted the Canteen Account was utilized to purchase items which normally would have been purchased from the Current Expense Account No. 4180-01.

We recommend the Hospital exercise fiduciary responsibility over the Canteen Account.

*We will comply with this audit recommendation.* (See pages 28-29.)

### Discretionary Fund

12. We noted the Discretionary Fund was established initially to provide extrameritorious awards for employees. Later uses of the account included therapy programs, payment of registration fees for medical seminars, and expenditures for the benefit of patients. The activities of the Discretionary Fund have been adequately recorded for accounting purposes and not all transactions had been properly supported.

We recommend the Hospital close the Discretionary Fund and transfer any remaining balance to the Patient Welfare Account.

*We have complied with this audit recommendation.* (See page 29.)

WESTON HOSPITAL

GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of Weston Hospital. The audit covered the period July 1, 1981 through June 30, 1986.

GENERAL REVENUE ACCOUNTS

All expenditures required for the general operation of Weston Hospital were made from the following appropriated accounts:

<u>Number</u>	<u>Description</u>
4180-00 . . . . .	Personal Services
4180-01 . . . . .	Current Expenses
4180-02 . . . . .	Repairs and Alterations
4180-03 . . . . .	Equipment
4180-07 . . . . .	Psychiatric Training Unit

SPECIAL REVENUE ACCOUNTS

During the audit period, Weston Hospital 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>
7839-02 . . . . .	Weston Energy Grant Receives Federal funds; for repairs and alterations.
8494-10 . . . . .	Weston - Duane Cookman Bequest Gifts, grants and donations; to be used as bequest of donor.
8494-11 . . . . .	Weston - Stella Cummings Bequest Gifts, grants and donations; to be used as bequest of donor.
8500-05 . . . . .	Various Capital Improvement Projects for Institutions Receipts from hospital services revenues; for Cycle V, clockwork repair and energy conservation.
8500-07 . . . . .	Weston Hospital - Capital Outlay and Renovation Receipts from hospital services revenues; for hospital renovation.

8500-26 . . . . .	Contingency for Repairs and Alterations, Equipment, Emergency Services and Miscellaneous Projects Receipts from hospital services revenues; for repairs and alterations, equipment, emergency services and miscellaneous expenditures.
8520-06 . . . . .	Behavior Modification Program Federal and State funds; for participation in Behavior Modification Program.
8520-11 . . . . .	Clinical Pastoral Education Fund Student tuition fees; for pastoral education.
8520-14 . . . . .	Air Conditioners State funds from Account 1240-06; to purchase air conditioners.

LOCAL ACCOUNTS

During the audit period, Weston Hospital maintained several local accounts which are described as follows:

Superintendent's Trustee Fund

Received funds from or for patients for maintenance and personal care, interest earned and donations; disbursed for support of patients.

Collection Account

Received funds for patient maintenance, rents, refunds to appropriations; for transfer to the State Treasury.

Patient Welfare Account

Received funds from donations for patient benefit and from interest earned; disbursed for the benefit of all patients or for indigent patients.

Canteen Account

Received funds from sale of food and sundries, interest earned and other sources; disbursed for merchandise for resale, payroll, supplies and other operating expenses.

Employee Fund

Received funds from vending machine commissions; for employee dances, picnics and other functions.

Rachel M. Lake Bequest

Received funds from donations; disbursed for indigent patients.

Mary Edmiston Fund

Received funds from donations; disbursed for indigent patients.

Arts and Crafts Fund

Received funds from sale of arts and crafts items; disbursed for purchase of arts and crafts supplies.

Employee Relief Fund

Received funds from donations intended for flood victims.

Discretionary Fund

Received funds from donations; disbursed for employee awards and seminar registration fees.

AREAS OF NONCOMPLIANCE

Chapter 27, Articles 1A, 2 and 8 of the West Virginia Code as well as the West Virginia Department of Health Instructions generally govern Weston Hospital. 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.

Administrator Not Fully Cognizant  
of Compliance Requirements

Department of Health Instructions have been issued on a wide variety of subjects for which the Hospital is responsible. Portions of the West Virginia Code govern the operations of this Hospital. The Administrator and employees have not been sufficiently familiar with the Department of Health Instructions and the portions of the West Virginia Code applicable to this Hospital as evidenced by the lack of compliance described elsewhere in our findings.

We recommend the current Administrator review and comply with Department of Health Instructions, the West Virginia Code, other laws, rules and regulations applicable to this Hospital and require compliance by Hospital employees.

As a part of their analysis, the Legislative Auditors made a general reference to the Administrator's cognizance of compliance requirements. In response, this institution feels that the Administrator's responsibility is a coordinating and directing function. Knowledge of the individual details of the codes is the responsibility of the Accounting Department.

The Administrator has had at his disposal copies of relevant codes. These codes were specifically reviewed subsequent to the Auditor's Report and copies of relevant sections are now on file in the Administrator's Office as a resource. It should be noted that these resources were previously stored and accessible to the staff in the Bookkeeping and Trustee Offices.

As a general comment, the Auditors found the Hospital Trustee Office and to some extent the Accounting Office out of compliance with standard accounting practices as a result of a lack of separation of duties within those offices.

We have reviewed the situation in regard to separation of duties and as a result will be assigning an additional person to the Trustee Office. With this additional person and some relatively minor changes in the Accounting Office, we will meet the standard of separation of duties within these departments. As a result of these changes, we have corrected the following citations noted by the Auditors under the section Noncompliance With DOH Instruction No. 6046 - 1, 2, 3, 4, 5, 6 and 10. Additionally, these changes will rectify any shortcomings listed in the section entitled Internal Controls and Accounting System and Insufficient Internal Control Over Local Accounts Through Separation of Duties and Lack of Internal Control Over Disbursement Transmittals.

It should be noted parenthetically that the separation of duties as now practiced allows us to avoid any possible problems within our Accounting and Trustee systems and to meet nationally recognized accounting standards/practices. At no point in the Auditor's evaluation of our system was there even a hint that the lack of separation of duties had led to illegal activities or misappropriation of funds.

### Cash Receipts Not Properly Deposited

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 ... When so paid, such moneys shall be credited to the state fund and treated by the auditor and treasurer as part of the general revenue of the State: Provided, that all moneys received out of appropriations made by the Congress of the United States shall be carried in special fund accounts, apart from the general revenues of the State, in the state treasury and all such moneys shall not be used for any purpose whatsoever unless and until authorized and directed by the legislature, excepting the following funds which shall be carried in separate accounts:

(a) All funds excluded by the provisions of section six [§ 4-11-6], article eleven, chapter four of this Code;

(b) All funds derived from the sale of farm and dairy products from farms operated by any agency of the state government other than the farm management commission;

(c) All endowment funds, bequests, donations, executive emergency funds, and death and disability funds;

(d) All fees and funds collected at state educational institutions for student activities;

(e) All funds derived from collections from dormitories, boardinghouses, cafeterias and road camps;

(f) All moneys received from counties by institutions for the deaf and blind on account of clothing for indigent pupils;

(g) All insurance collected on account of losses by fire and refunds;

(h) All funds derived from bookstore and sales of blank paper and stationery, and collections by the chief inspector of public offices;

(i) All moneys collected and belonging to the capitol building fund, state road fund, state road sinking funds, general school fund, school fund, state fund (moneys belonging to counties, districts and municipalities) state interest and sinking funds, state compensation funds, the fund maintained by the public service commission for the investigation and supervision of applications and all funds and moneys payable to or received by the natural resources commission of West Virginia;

(j) All moneys collected or received under any act of the legislature providing that funds collected or received thereunder shall be used for specific purposes ...."

The Hospital had not complied with the above in the following manner:

(a) Cash receipts from vending machine commissions were deposited in the local employees' fund and used to finance employee activities;

(b) Beginning in February 1986, public telephone commissions were treated as redeposits to Current Expenses Account No. 4180-01, Line Item 024, rather than being deposited to the General Revenue Fund of the State; and,

(c) Certain cash receipts which should have been treated as redeposits to Current Expense line items or as deposits to the General Revenue Fund were, instead, deposited to the Hospital Services Revenue Account No. 8500-99. While these amounts were relatively small, totaling \$330.10 in fiscal year 1986 and \$379.01 in fiscal year 1985, these errors, combined with those noted above and elsewhere in these General Remarks, are indicative of possible problems within the accounting system.

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

*The Auditor was concerned that cash receipts from vending machines were deposited to the wrong account. In response, Weston Hospital will deposit any cash receipts from vending machines used by clients to the Patient Welfare Account rather than to the Weston State Hospital's Employee Fund.*

*In a similar vein, all public telephone commissions will be deposited to the Patient Welfare Account as of July 28, 1987, rather than being redeposited to help defray the Hospital's telephone expenses from the Current Expense line item.*

*The Auditor questioned the deposit process of certain relatively small cash receipts (\$330.00 in 1986, \$379.00 in 1985). The question was that these items were deposited to Hospital Services Revenue rather than General Revenue or Current Expense. After a careful review of these 2 deposits, we feel that the correct account to deposit to is an accounting judgment call. In this case, our judgment may have been in error regarding the fund to which these monies were deposited. The Hospital will carefully review all future deposits to insure that all such transactions are completed to the correct accounts.*

Noncompliance With Department of Health Instruction  
No. 6046 - Patient Trustee Account

Department of Health Instruction No. 6046, a comprehensive instruction dealing with the proper handling of patient funds, was issued on October 21, 1983. Weston Hospital failed to comply with this instruction in the following manner:

1. Mail containing cash or checks was not opened or prelisted by an employee who had no other cash duties. Such mail was delivered unopened to the Trustee Office.
2. The cashier function received monthly bank statements for local accounts and performed bank reconciliations rather than that work being performed by an employee with no other cash duties. Bank reconciliations were performed on the back of a check stub and the required form, DMH-723, was not utilized.
3. Cash receipts and disbursements journals were not maintained for the Patient Welfare Account.
4. Input for accounts receivable and billing was prepared by the same employee who recorded receipts, mailed billings, performed financial evaluations,

determined charged rates and exonerations and prepared bank reconciliations for the Trustee Account.

5. The admission function did not perform financial evaluations and subsequent determination of maintenance rates and/or exonerations. When such evaluations were performed, they were prepared by the employee noted above in Item No. 4.

6. There is no system in place to provide for an annual review of patient financial status to determine proper billing for patient accounts receivable.

7. Purchases in excess of \$50.00 were not processed by the Purchasing Department under regular West Virginia State Purchasing Practices.

8. Patient funds were invested with the Consolidated Investment Fund in a lump-sum amount which was not allocated to individual patients. This lump-sum amount, invested during fiscal year 1982, remained invested throughout the current audit period and, as of June 30, 1986, the balance was \$118,751.79. We reviewed the amounts due patients ledger and interviewed Trustee Office employees in an attempt to determine transactions in principal and interest for this investment. We found the Hospital does not account for interest transactions for any of the funds invested with the Consolidated Investment Fund. Therefore, we deemed it necessary to perform a time-consuming analysis of such transactions. The analysis resulted in the following determinations:

	<u>Principal</u>	<u>Balance June 30, 1986 Interest</u>	<u>Total</u>
Amounts Invested for Specific, Identifiable Patients	\$ 50,110.34	\$ 42,330.95	\$ 92,441.29
Lump-sum Investment	<u>64,649.00</u>	<u>54,102.79</u>	<u>118,751.79</u>
	<u>\$114,759.34</u>	<u>\$ 96,433.74</u>	<u>\$211,193.08</u>

The interest earned on the lump-sum investment, like the principal, is unallocable to specific patients. Subsequent to the ending date of this audit, June 30, 1986, the Hospital began transferring portions of this interest to the Patient Welfare Account.

9. Financial reports for Superintendent's Trustee Account and the Patient Welfare Account were not prepared for review by the Hospital Administrator and the Director of the Office of Administrative Services, West Virginia Department of Health.

10. Resulting from a poor system of internal control over local accounts, there is a general lack of proper segregation of duties within the Trustee Office as well as a possible lack of sufficient external monitoring of its operation.

We recommend the Hospital comply with Department of Health Instruction No. 6046.

*We believe our general response noted above in regard to separation of duties addresses most of the issues raised in this section. Specific corrective activities are as follows:*

1. *We have arranged a system to have a separate employee with no other cash duties open and list mail containing checks before forwarding them to the Trustee Office.*
2. *Weston Hospital will comply as of August 1, 1987; and the bank reconciliations will be done on Form DMH-723.*
3. *As of August 1, 1987, Weston Hospital will implement a disbursement and cash receipt journal for the Patient Welfare Account. This system will be retro-active to July 1, 1987.*
4. *Here again, Weston Hospital will use separation of duties policy. We will verify separation of duties and our new accounting system which will go into effect on August 1, 1987 and be retroactive to July 1, 1987.*
586. *The separation of duties principle will again be used in these areas of function. The Hospital will assign another staff member to the Trustee Office to bring client financial evaluation information up-to-date and to conduct annual reviews. The tentative date of implementation will be September 30, 1987.*
7. *Weston Hospital has been found to be out of compliance with the Department of Health Policy 6046. At the request of our clinical staff, we are asking that the section of this policy regarding the method to be followed when clients purchase items over \$50.00 in value, be revised. This revision must include a system which will allow clients to spend monies in their own account without following the state purchasing practices which include the requirement of obtaining 3 bids. Instead we would stipulate that clients who are competent be allowed to spend their own funds, with appropriate clinical guidance, as they see fit. We would, of course, endorse a provision in this policy that would limit the purchasing ability of clients who have been found incompetent.*

8. *The Auditors reviewed and commented on the status of the Hospital's investment (for clients) in the State's Consolidated Investment Fund. The Auditors did not recommend any action in regard to these investments. The Hospital, therefore, will continue its current policy in regard to this account. First, all current and future investments will be tracked by the individual contributor. Both the principal and the interest will be credited back to the individual's account. Secondly, the Hospital will continue to supervise the lump sum investment in the Fund. Interest earned will continue to be deposited to the Patient Welfare Account. We will continue to make every attempt to identify contributors of the principal amount into this lump sum investment. As they are identified, their accounts will be credited with both the principal and any interest earned and the monies will be transferred to them as quickly as possible.*
9. *The Auditors commented that financial reports for the Superintendent's Trustee Account and Patient Welfare Account were not prepared for review. As of July, 1987, a reporting system was designed for monitoring of these accounts and as of the tenth of each month. Beginning with the tenth of August, a financial report was prepared and presented as noted above.*

#### Patient Accounts Receivable Not Sufficiently Controlled

Chapter 27, Article 8, Section 1 of the West Virginia Code states, "The cost of the maintenance of patients admitted to the state hospitals shall be paid out of funds appropriated for the department, but the state hospitals, through the director of health, shall have a right of reimbursement, for all or any part of such maintenance, for each patient or from the committee or guardian of the estate of the patient, or the estate of the patient if deceased, or if that be insufficient, then from the patient's husband or wife, or if the patient be an unemancipated child, the father and mother, or any of them. If such a relative so liable does not reside in this State and has no estate or debts due him within the State by means of which the liability can be enforced against him, the other relatives shall be liable as provided by this section. In exercising this right of reimbursement, the director of health may, whenever it is deemed just and expedient to do so, exonerate any person chargeable with such maintenance from the payment thereof in whole or in part, if the director finds that such person is unable to pay or that payment would work an undue hardship on him or on those dependent upon him ...."

It appears the Hospital is using the above mentioned Code section to write-off amounts due for patient maintenance when the responsible party has the

means to pay the maintenance but refuses to do so. We do not believe this to be the proper use of this Code section since it appears this section is intended to exonerate only those individuals who do not have the ability to pay.

We reviewed the amounts due from patients for care and maintenance as of June 30, 1986. Based upon this review, it appears that financial evaluation forms, when prepared, were not completed at the time of admission by the patient or responsible person at the request of an admission or registration function as specified by Department of Health Instruction No. 6046. The financial evaluation form was either not prepared or was prepared at a later date by the trustee clerk. The trustee clerk also determined the amount, if any, to be paid by the patient or responsible payee and the amount, if any, to be exonerated. The financial evaluations, when prepared, have generally not been fully completed. Therefore, the amount to be paid or exonerated has often been based on data insufficient to make a reasonable decision concerning ability to pay.

Since the determination of the patient's ability to pay has generally not been made on a current basis, it appears the collection of funds and the exoneration of charges in behalf of patients has not been given adequate attention. The Hospital may not have collected reimbursement for patient care that would otherwise be available from the patient or responsible payee; or has failed to exonerate, completely or in part, the patient or responsible payee from payment of patient care where circumstances warrant.

The balance in patient accounts receivable has increased from \$1,048,589.62 on June 30, 1981, the ending date of the previous audit, to \$3,982,593.91 on June 30, 1986. This substantial increase in patient accounts receivable has occurred because gross amounts billed have been charged to patient accounts receivable on a current basis and amounts to be exonerated from patient accounts receivable have not

been computed on a current or systematic basis or have not been computed at all.

We recommend the Hospital comply with Chapter 27, Article 8, Section 1 of the West Virginia Code, as amended, and Department of Health Instructions No. 6046 and 6060.

*The Auditors have reviewed the Hospital's patient billing process and this Facility's use of exonerations. The Auditor recommends that the Hospital follow a more conservative interpretation of Chapter 27, Article 8, Section 1 of the Code. They further recommend that the Facility look beyond the individual client and attempt to collect from other "responsible parties" who have the means to pay but refuse to do so. In response, Weston Hospital wishes to note that the Exoneration Policy is currently under review by the Department of Health. A revised policy is to be issued sometime in September. Once this policy is received, we will follow the procedures of that policy to the letter in regard to exonerations of charges for hospital care.*

*In conjunction with the above, the Auditor felt that our current balance in Accounts Receivable was the result of not pursuing the exoneration and financial evaluation procedures correctly. Weston Hospital will be assigning a fourth individual to the Trustee Office who will be held responsible for financial evaluations. This, along with the response noted above, should rectify this problem.*

Rental Unit Operating at a Loss and  
Failure to Collect Rent Due on a Timely Basis

West Virginia Code, Chapter 27, Article 2, Section 2 states in part, "... superintendents, officers and employees may be provided meals, household facilities and supplies as may be necessary for them to perform their duties, if such superintendents, officers and employees agree to pay the reasonable cost thereof as established by the director of the department of health ...."

The estimated cost of a rental unit occupied by the Hospital Administrator was in excess of rent received as shown in the following schedule:

<u>Fiscal Year Ended</u>	<u>Estimated Cost of Rental Unit</u>	<u>Actual Rent Received</u>	<u>Estimated Cost in Excess of Rent</u>
June 30, 1986	\$7,410.09	\$ 700.00	\$6,710.09
June 30, 1985	\$5,008.86	\$ 50.00	\$4,958.86

It appears the Administrator is receiving an emolument in violation of the above noted section of the West Virginia Code since the Administrator is not paying the reasonable cost of the household facility being furnished him.

In addition, the difference between rent charged and rent received resulted in total rent in arrears as of June 30, 1986 of \$700.00 as shown in the following schedule:

	<u>Year Ended June 30,</u>		
	<u>1986</u>	<u>1985</u>	<u>Total</u>
Rent Charged	\$1,050.00	\$ 400.00	\$1,450.00
Rent Received	<u>700.00</u>	<u>50.00</u>	<u>750.00</u>
	<u>\$ 350.00</u>	<u>\$ 350.00</u>	<u>\$ 700.00</u>

We recommend the Hospital collect rent due on a timely basis and cease paying an emolument to the Administrator by complying with the West Virginia Code, Chapter 27, Article 2, Section 2.

*The Administrator has requested an up-to-date billing process and record of rent due. All outstanding rent due was paid and collected on July 27, 1987. The Administrator will be vacating this property within three (3) months, and this property will not be rented in the future.*

Improper Expenditure of Appropriated Funds -  
Employee Personal Telephone Calls

It appears Weston Hospital has made no effort to identify personal phone calls in order that such calls may be reimbursed to the State. When long distance calls are made on unrestricted telephones, the Hospital has no way of identifying the caller or the purpose of the calls. All long distance calls made with

restricted phones are recorded in a log by the Hospital operator. The Hospital started this log in January 1986. We reviewed the log for the period of January 1986 through July 1986 and found numerous personal calls; however, there have been no reimbursements to the Current Expense Account for personal telephone calls since August 1984. The Hospital should be reimbursed for all personal telephone calls. The telephone bills should be reviewed for determination of the amount of personal calls, collection of these amounts from employees, and redeposit of the amounts collected into the proper account. It appears the Hospital is not in compliance with the West Virginia Code, Chapter 12, Article 3, Section 9 which states, "Every board or officer authorized by law to issue requisitions upon the auditor for payment of money out of the state treasury, shall before any such money is paid out of the state treasury, certify to the auditor that the money for which such requisition is made is needed for present use for the purposes for which it was appropriated; and the auditor shall not issue his warrant to pay any money out of the state treasury unless he is satisfied that the same is needed for present use for such purposes ...." Since employee phone calls are being made without reimbursement, funds are being requisitioned for a purpose other than intended.

We recommend the Hospital comply with the West Virginia Code, Chapter 12, Article 3, Section 9.

*Weston Hospital has taken several actions in this regard. First of all, we have purchased a telephone system which allows us to restrict telephone calls so that long distance calls can only be made through the Hospital operator. Most phone lines within the Facility are so restricted. Secondly, the system has a built-in computerized call tracking system which allows us to record the telephone numbers of all long distance calls made from each phone. This gives us the ability to accurately check on such calls. Lastly, Hospital policy now requires*

*that any long distance personal call be placed through the operator on either a collect or credit card basis. The Hospital will not maintain an accounting system for personal telephone calls.*

Improper Payments Made to Consultants from  
Appropriated Personal Services Account

The West Virginia Code, Chapter 5A, Article 2, Section 11 states in part, "(1) 'Personal services' which shall mean salaries, wages and other compensation paid to full-time, part-time and temporary employees of the spending unit, but shall not include fees or contractual payments paid to consultants or to independent contractors engaged by the spending unit: Provided, that the total expenditure shown for personal services shall reflect the actual expenditure for each line item under this classification ...."

The Hospital failed to comply with the West Virginia Code section by using funds from the appropriated Personal Services Account No. 4180-00 to pay consultants for professional services which should have been paid from the appropriated Current Expenses Account No. 4180-01, Line Item 025 - Contractual and Professional Services. These payments, per Department of Health records, totaled \$151,434.00 for fiscal year 1986 and \$137,429.00 for fiscal year 1985.

The Hospital was instructed by the Department of Health to discontinue this practice and did so as of July 1, 1986.

We recommend the Hospital comply with Chapter 5A, Article 2, Section 11 of the West Virginia Code.

*Weston Hospital discontinued this practice as of July 1, 1986 following instructions received by the Department of Health. This practice was deemed necessary by this Facility's budgetary restrictions. Since July 1, 1986, sufficient funds were made available in Current Expense to maintain consultant fees.*

Annual Physical Inventory Not Taken

Chapter 5A, Article 3, Section 42 of the West Virginia Code states, "The head of every department of the state government shall, on or before July fifteenth

of each year, file with the director (Purchasing Division, Department of Finance and Administration) an inventory of all real and personal property, and of all equipment, supplies and commodities in its possession as of the close of the last fiscal year." Department of Health Procedure No. 3031 states that appropriated staff time is to be set aside during the last two weeks in June to compile and submit inventories by July 1.

The Hospital had not complied with the above criteria in that the last physical inventory taken of equipment was completed on February 22, 1985 and the equipment inventory had not been filed for fiscal year 1986.

We recommend the Hospital fully comply with the provisions of Chapter 5A, Article 3, Section 42 of the West Virginia Code and the Department of Health Procedure No. 3031.

*The Auditor observed that the last complete inventory was finalized on February 2, 1985. They recommended that a physical inventory of equipment be completed annually. Weston Hospital will assure that a physical inventory will be submitted as per the Code on or before June 30, 1988 and subsequent to that, on an annual basis.*

#### 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, 1981 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.

#### Lack of Internal Control Over Disbursement Transmittals

From our review of procedures, we found vouchers and other supporting documentation were not presented together with the disbursement transmittals submitted for signature. Warrants were returned with the transmittal to be mailed out by the employee who prepared the transmittal. The quantity and condition of goods received was not always determined by someone independent of the purchasing function.

We recommend control over disbursement transmittals be strengthened.

We have reviewed the situation in regard to separation of duties and as a result we will be assigning an additional person to the Trustee Office. With this additional person and some relatively minor changes in the Accounting Office, we will meet the standard of separation of duties within these departments. As a result of these changes, we have corrected the following citations noted by the Auditors under the section Noncompliance With DOH Instruction No. 6046 - 1, 2, 3, 4, 5, 6 and 10. Additionally, these changes will rectify any shortcomings listed in the section entitled Internal Controls and Accounting System and Insufficient Internal Control Over Local Accounts Through Separation of Duties and Lack of Internal Control Over Disbursement Transmittals.

Improper Payments from  
Patient Welfare Account

The Patient Welfare Account was established to benefit all patients or individual patients who have no funds available. Our review of disbursements made from this account disclosed payments for items or services which would ordinarily be obtained from appropriated accounts as follows:

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Current Expenses:		
Postage	\$1,350.00	\$2,700.00
Miscellaneous	697.00	4,477.07
Repairs and Alterations	5,598.00	47.40
Equipment	-0-	470.00
	<u>\$7,645.00</u>	<u>\$7,694.47</u>

We recommend the Hospital exercise fiduciary responsibility over the Patient Welfare Account by ensuring that expenditures are made only for the benefit of all patients or individual patients who have no funds available and when such expenditures cannot be made from appropriated accounts.

The Auditors noted that improper purchases were made in three areas from the Patient Welfare Account. It appears that these items should have been

*billed back to appropriated accounts. The three (3) areas in question are:*

- A. Postage - monies were taken from Client Welfare to pay for correspondence from clients to families and others and to pay for mailing packages of Arts and Crafts items, etc. sent to families and others.*
- B. Miscellaneous - The Hospital purchased items such as framed pictures and decorations which were placed on client wards.*
- C. Repairs and Alterations - Money from this account was used to install two (2) air conditioners obtained from another Facility on client wards.*

*In the last instance, this expenditure appears to be incorrectly made. These monies should have been taken from Repairs and Alterations section of appropriated monies. Actions of this type will not occur again in the future.*

*In regard to items a and b, a reasonable argument could be made that these expenditures were made towards general client welfare and therefore, using the Patient Welfare Account is justifiable. We will conduct a more careful examination of any expenditures from the Patient Welfare Account to assure that they are devoted to the benefit of all clients and/or to the benefit of individuals who have no funds available.*

#### Improper Payments from Canteen Account

The Hospital Canteen, operated for the convenience of patients and employees, is a self-supporting enterprise and, therefore, should be accounted for as one. Disbursements from this account should be for Canteen operations and the transfer of profit, if any, to the Patient Welfare Account. However, beginning in December 1984, the account was used to make purchases and payments which would ordinarily be made from appropriated accounts and the Patient Welfare Account. These included patient payrolls, postage, recreational supplies and activities, merchandise for various therapy programs, repair and alteration supplies, and equipment. These expenditures total \$3,814.38 for the year ended June 30, 1986 and \$15,398.37 for the year ended June 30, 1985.

We recommend the Hospital exercise fiduciary responsibility over the Canteen Account.

*The Auditors noted that beginning in December, 1984, expenditures were made from the Canteen Account which could ordinarily be made from appropriated or Patient Welfare Accounts. Weston Hospital would like to note that in the future, any profits within the Canteen Fund will be transferred to the Patient Welfare Account. In accordance with discussion of the item listed above, all expenditures from the Patient Welfare Account will be made in accordance with proper procedures.*

Discretionary Fund

The Discretionary Fund was established to provide extrameritorious awards for employees. The account was used for this purpose for a short time and then was used for therapy programs, payment of registration fees for medical seminars, and expenditures for the benefit of patients. Receipts, which consist of donations and refunds to expenditures, were not recorded in a receipt book so that the source and nature of such receipts could be readily identified. Supportive documentation was not prepared for each disbursement. Cash receipt and disbursement journals were not maintained and were prepared by the audit team. The checkbook for this account was in the possession of a Personnel Office employee rather than being controlled by the Business Office.

We recommend the Hospital close the Discretionary Fund and transfer any remaining balance to the Patient Welfare Account.

*In consideration of the Auditor's Review of the Discretionary Fund, this fund has been closed. It should be noted that the Fund was underwritten by donations by our previous Clinical Director in order to provide recognition for extrameritorious service and tuition/registration for seminars. No appropriated or welfare monies were devoted to this account.*

AUDITORS' OPINION

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

Sir:

We have examined the financial statements of Weston Hospital for the years ended June 30, 1986 and June 30, 1985 as listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

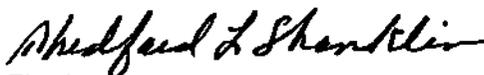
As more fully described in Note A, the Hospital's policy is to prepare its financial statements on the modified cash and cash basis. Accordingly, the accompanying financial statements are not intended to present financial position and results of operation in conformity with generally accepted accounting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

Patient accounts receivable for maintenance has been overstated during the audit period by a substantial but undetermined amount since exonerations of accounts receivable had been completed untimely or not at all on a majority of the patients included in accounts receivable.

In our opinion, subject to the effects that would have occurred had the exonerations been completed timely as referred to in the preceding paragraph, the financial statements referred to above present fairly appropriations and expenditures, cash accounts receivable and trust balances 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 statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, subject to the condition indicated in the third paragraph, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Thedford L. Shanklin, CPA, Director  
Legislative Postaudit Division

April 10, 1987

Auditors: Michael E. Sizemore, CPA, Supervisor  
Leonard H. Lewis, Auditor-in-Charge  
Robert E. High  
Leslie M. Smith

WESTON HOSPITAL

STATEMENT OF APPROPRIATIONS/CASH RECEIPTS, EXPENDITURES/

DISBURSEMENTS AND CHANGES IN FUND BALANCES

	Year Ended June 30, 1986		
	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Trust Funds</u>
Appropriations/Cash Receipts:			
Appropriations	\$11,006,716.00	\$ 11,572.00	\$ -0-
Trust Funds	-0-	-0-	581,042.16
Interest	-0-	-0-	49,494.51
Hospital Services Revenue	-0-	12,402,411.82	-0-
	<u>11,006,716.00</u>	<u>12,413,983.82</u>	<u>630,536.67</u>
Expenditures/Disbursements:			
Personal Services	8,100,953.79	-0-	66,295.70
Current Expenses	1,951,313.03	603.11	527,009.76
Repairs and Alterations	92,486.45	89,159.33	1,505.56
Equipment	75,820.26	43,350.60	2,196.50
General Revenue	-0-	-0-	10,439.65
Hospital Services Revenue	-0-	338,804.06	330.10
Exonerations	-0-	9,734,329.83	-0-
	<u>10,220,573.53</u>	<u>10,206,246.93</u>	<u>607,777.27</u>
Appropriations/Cash Receipts Over (Under) Expenditures/ Disbursements	786,142.47	2,207,736.89	22,759.40
Expenditures After June 30 and Expirations	<u>(786,142.47)</u>	<u>(23,393.46)</u>	<u>-0-</u>
	-0-	2,184,343.43	22,759.40
Beginning Balance	-0-	2,039,040.61	414,190.90
Ending Balance	<u>\$ -0-</u>	<u>\$ 4,223,384.04</u>	<u>\$ 436,950.30</u>

See Notes to Financial Statement

<u>Combined Totals</u>	<u>General Revenue</u>	<u>Year Ended June 30, 1985</u>		<u>Combined Totals</u>
		<u>Special Revenue</u>	<u>Trust Funds</u>	
\$11,018,288.00	\$10,502,548.00	\$ 44,767.00	\$ -0-	\$10,547,315.00
581,042.16	-0-	-0-	489,579.81	489,579.81
49,494.51	-0-	-0-	48,070.35	48,070.35
12,402,411.82	-0-	7,727,454.68	-0-	7,727,454.68
<u>24,051,236.49</u>	<u>10,502,548.00</u>	<u>7,772,221.68</u>	<u>537,650.16</u>	<u>18,812,419.84</u>
8,167,249.49	7,485,594.82	-0-	32,425.27	7,518,020.09
2,478,925.90	1,932,219.49	2,232.25	520,914.57	2,455,366.31
183,151.34	83,126.73	86,165.77	567.95	169,860.45
121,367.36	69,884.69	31,887.20	3,420.00	105,191.89
10,439.65	-0-	-0-	7,113.66	7,113.66
339,134.16	-0-	387,428.95	379.01	387,807.96
9,734,329.83	-0-	7,323,714.07	-0-	7,323,714.07
<u>21,034,597.73</u>	<u>9,570,825.73</u>	<u>7,831,428.24</u>	<u>564,820.46</u>	<u>17,967,074.43</u>
3,016,638.76	931,722.27	(59,206.56)	(27,170.30)	845,345.41
(809,535.93)	(931,722.27)	-0-	-0-	(931,722.27)
2,207,102.83	-0-	(59,206.56)	(27,170.30)	(86,376.86)
2,453,231.51	-0-	2,098,247.17	441,361.20	2,539,608.37
<u>\$ 4,660,334.34</u>	<u>\$ -0-</u>	<u>\$ 2,039,040.61</u>	<u>\$ 414,190.90</u>	<u>\$ 2,453,231.51</u>

WESTON HOSPITAL

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 each fiscal year for the payment of obligations incurred in that year. 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-end; however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. Except for accounts receivable, 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 during the 30-day carry-over period and expirations were as follows:

	<u>Expenditures</u>		<u>Expirations</u>	
	<u>July 1-30,</u>		<u>July 31,</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Personal Services	\$374,325.70	\$358,818.91	\$ 267.81	\$161,009.26
Current Expenses	383,874.56	352,261.17	6,547.86	26,879.35
Repairs and Alterations	10,827.27	15,037.93	1,656.28	5,600.34
Equipment	5,311.23	8,415.95	3,331.76	3,699.36
Special Revenue	-0-	-0-	23,393.46	-0-
	<u>\$774,338.76</u>	<u>\$734,533.96</u>	<u>\$ 35,197.17</u>	<u>\$197,188.31</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 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 4½% of their annual compensation and contributions by the West Virginia Public Employees' Retirement Board are 9½% of the employees' annual compensation.

Note C - Hospital Services Revenue Account

On and after January 1, 1982, there was established in the State Treasury a separate account designated the Hospital Services Revenue Account. The Director of Health shall deposit promptly into the account any fees received by a facility owned and operated by the State Health Department from whatever source including the Federal and State governments or other third-party payer or personal payment.

The Director of Health is authorized to expend the moneys deposited in the account in accordance with Federal laws and regulations and with the laws of this State as is necessary for the development of a five-year health facilities long-range plan and subsequent revisions.

SUPPLEMENTAL INFORMATION

WESTON HOSPITAL  
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES  
 APPROPRIATED ACCOUNTS

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Personal Services - Account 4180-00</u>		
Appropriations	\$8,238,963.00	\$7,785,153.00
Expenditures	<u>8,238,695.19</u>	<u>7,624,143.74</u>
	267.81	161,009.26
Transmittals Paid After June 30	<u>364,608.24</u>	<u>349,808.45</u>
Balance	<u>\$ 364,876.05</u>	<u>\$ 510,817.71</u>
 <u>Current Expenses - Account 4180-01</u>		
Appropriations	\$2,330,735.00	\$2,293,920.00
Expenditures	<u>2,330,734.37</u>	<u>2,278,054.01</u>
	.63	15,865.99
Transmittals Paid After June 30	<u>382,672.87</u>	<u>350,672.76</u>
Balance	<u>\$ 382,673.50</u>	<u>\$ 366,538.75</u>
 <u>Repairs and Alterations - Account 4180-02</u>		
Appropriations	\$ 104,970.00	\$ 103,765.00
Expenditures	<u>103,313.72</u>	<u>98,164.66</u>
	1,656.28	5,600.34
Transmittals Paid After June 30	<u>10,827.27</u>	<u>15,037.93</u>
Balance	<u>\$ 12,483.55</u>	<u>\$ 20,638.27</u>

WESTON HOSPITAL  
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES  
 APPROPRIATED ACCOUNTS

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Equipment - Account 4180-03</u>		
Appropriations	\$ 82,000.00	\$ 82,000.00
Expenditures	<u>78,668.24</u>	<u>78,300.64</u>
	3,331.76	3,699.36
Transmittals Paid After June 30	<u>2,847.98</u>	<u>8,415.95</u>
Balance	<u>\$ 6,179.74</u>	<u>\$ 12,115.31</u>
 <u>Psychiatric Training Unit - Account 4180-07</u>		
Appropriations	\$250,048.00	\$237,710.00
Expenditures:		
Personal Services	236,584.30	220,269.99
Current Expenses	4,453.22	6,426.65
Equipment	<u>2,463.25</u>	<u>-0-</u>
	<u>243,500.77</u>	<u>226,696.64</u>
	6,547.23	11,013.36
Transmittals Paid After June 30	<u>13,382.40</u>	<u>10,598.87</u>
Balance	<u>\$ 19,929.63</u>	<u>\$ 21,612.23</u>

WESTON HOSPITAL  
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS  
 SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Weston Energy Grant - Account 7839-02</u>		
Cash Receipts	\$ -0-	\$ -0-
Disbursements:		
Repairs and Alterations	-0-	28,369.50
Expiration of Fund Balance	<u>18,769.50</u>	<u>-0-</u>
	<u>18,769.50</u>	<u>28,369.50</u>
Cash Receipts (Under) Disbursements	(18,769.50)	(28,369.50)
Beginning Balance	<u>18,769.50</u>	<u>47,139.00</u>
Ending Balance	<u>\$ -0-</u>	<u>\$18,769.50</u>
 <u>Weston - Duane Cookman Bequest -</u> <u>Account 8494-10</u>		
Cash Receipts	\$ -0-	\$ -0-
Disbursements:		
Current Expenses	<u>70.83</u>	<u>373.62</u>
Cash Receipts (Under) Disbursements	(70.83)	(373.62)
Beginning Balance	<u>21,568.97</u>	<u>21,942.59</u>
Ending Balance	<u>\$21,498.14</u>	<u>\$21,568.97</u>

WESTON HOSPITAL  
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS  
 SPECIAL REVENUE

<u>Weston - Stella Cummings Bequest - Account 8494-11</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts	\$ -0-	\$ -0-
Disbursements:		
Current Expenses	532.28	1,858.63
Equipment	-0-	1,370.10
	<u>532.28</u>	<u>3,228.73</u>
Cash Receipts (Under) Disbursements	(532.28)	(3,228.73)
Beginning Balance	<u>1,841.90</u>	<u>5,070.63</u>
Ending Balance	<u>\$ 1,309.62</u>	<u>\$ 1,841.90</u>
<u>Various Capital Improvements Projects for Institutions - Account 8500-05</u>		
Cash Receipts	\$ -0-	\$ -0-
Disbursements:		
Repairs and Alterations	-0-	28,369.50
Equipment	-0-	2,280.00
Expiration of Fund Balance	4,623.96	-0-
	<u>4,623.96</u>	<u>30,649.50</u>
Cash Receipts (Under) Disbursements	(4,623.96)	(30,649.50)
Beginning Balance	<u>4,623.96</u>	<u>35,273.46</u>
Ending Balance	<u>\$ -0-</u>	<u>\$ 4,623.96</u>

WESTON HOSPITAL  
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS  
 SPECIAL REVENUE

<u>Weston Hospital - Capital Outlay and Renovation - Account 8500-07</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts	\$ -0-	\$ -0-
Disbursements:		
Repairs and Alterations	66,866.56	-0-
Equipment	3,624.27	-0-
	<u>70,490.83</u>	<u>-0-</u>
Cash Receipts (Under) Disbursements	(70,490.83)	-0-
Beginning Balance	<u>268,631.95</u>	<u>268,631.95</u>
Ending Balance	<u>\$198,141.12</u>	<u>\$268,631.95</u>
<u>Contingency for Repairs and Alterations, Equipment, Emergency Services and Miscellaneous Projects - Account 8500-26</u>		
Cash Receipts:		
Hospital Services Revenue	\$ 11,572.00	\$ 26,700.00
Disbursements:		
Repairs and Alterations	22,292.77	29,426.77
Equipment	39,726.03	10,170.10
	<u>62,018.80</u>	<u>39,596.87</u>
Cash Receipts (Under) Disbursements	(50,446.80)	(12,896.87)
Beginning Balance	<u>65,903.13</u>	<u>78,800.00</u>
Ending Balance	<u>\$ 15,456.33</u>	<u>\$ 65,903.13</u>

WESTON HOSPITAL  
 STATEMENTS OF CASH RECEIPTS AND DISBURSEMENTS  
 SPECIAL REVENUE

<u>Behavior Modification Program -</u> <u>Account 8520-06</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts	\$ -0-	\$ -0-
Disbursements	<u>-0-</u>	<u>-0-</u>
	-0-	-0-
Beginning Balance	<u>2,352.00</u>	<u>2,352.00</u>
Ending Balance	<u>\$2,352.00</u>	<u>\$2,352.00</u>
<u>Clinical Pastoral Education Fund -</u> <u>Account 8520-11</u>		
Cash Receipts	\$ -0-	\$ -0-
Disbursements	<u>-0-</u>	<u>-0-</u>
	-0-	-0-
Beginning Balance	<u>2,033.22</u>	<u>2,033.22</u>
Ending Balance	<u>\$2,033.22</u>	<u>\$2,033.22</u>

WESTON HOSPITAL  
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS  
SPECIAL REVENUE

<u>Air Conditioners - Account 8500-14</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts:		
Appropriations	\$ -0-	\$18,067.00
Disbursements:		
Equipment	<u>-0-</u>	<u>18,067.00</u>
	-0-	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

WESTON HOSPITAL

STATEMENT OF CHANGES IN FUND BALANCE

LOCAL ACCOUNT

<u>Collection Account</u>	<u>Year Ended June 30, 1986</u>		
	<u>Cash</u>	<u>Accounts Receivable</u>	<u>Total</u>
Beginning Balance	\$ 100.00	\$ 1,653,315.98	\$ 1,653,415.98
Additions:			
Accounts Receivable, Payments and Billings	338,804.06	12,402,411.82	12,741,215.88
General Revenue	4,145.60	-0-	4,145.60
Refunds to Appropriations	6,624.15	-0-	6,624.15
	<u>349,573.81</u>	<u>12,402,411.82</u>	<u>12,751,985.63</u>
	349,673.81	14,055,727.80	14,405,401.61
Deductions:			
General Revenue	3,599.84	-0-	3,599.84
Hospital Services Revenue	338,804.06	338,804.06	677,608.12
Exonerations	-0-	9,734,329.83	9,734,329.83
Special Revenue	330.10	-0-	330.10
Refunds to Appropriations	6,839.81	-0-	6,839.81
	<u>349,573.81</u>	<u>10,073,133.89</u>	<u>10,422,707.70</u>
Ending Balance	\$ 100.00	\$ 3,982,593.91	\$ 3,982,693.91

Year Ended June 30, 1985

<u>Cash</u>	<u>Accounts Receivable</u>	<u>Total</u>
\$ 100.00	\$ 1,637,004.32	\$ 1,637,104.32
387,428.95	7,727,454.68	8,114,883.63
838.66	-0-	838.66
6,654.01	-0-	6,654.01
<u>394,921.62</u>	<u>7,727,454.68</u>	<u>8,122,376.30</u>
395,021.62	9,364,459.00	9,759,480.62
603.15	-0-	603.15
387,428.95	387,428.95	774,857.90
-0-	7,323,714.07	7,323,714.07
379.01	-0-	379.01
6,510.51	-0-	6,510.51
<u>394,921.62</u>	<u>7,711,143.02</u>	<u>8,106,064.64</u>
<u>\$ 100.00</u>	<u>\$ 1,653,315.98</u>	<u>\$ 1,653,415.98</u>

WESTON HOSPITAL  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCE  
LOCAL ACCOUNT

<u>Superintendent's Trustee Fund</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<b>Cash Receipts:</b>		
Contributions by Patients, Responsible Payers or Third-Party Agencies	\$439,588.08	\$373,053.19
Interest on Investments	31,813.76	27,831.97
Transfers from Canteen Account	1,192.88	2,120.43
Transfers from Patient Welfare Account	-0-	521.99
	<u>472,594.72</u>	<u>403,527.58</u>
<b>Disbursements:</b>		
Payments on Behalf of Patients	156,299.54	182,346.12
Transfers to Collection Account for Maintenance	202,580.53	186,006.96
Transfers to Canteen Account for Patient Purchases	46,538.72	43,644.05
Transfers to Patient Welfare Account	88.45	3,017.73
	<u>405,507.24</u>	<u>415,014.86</u>
Cash Receipts Over (Under) Disbursements	67,087.48	(11,487.28)
Beginning Balance	<u>249,929.08</u>	<u>261,416.36</u>
Ending Balance	<u>\$317,016.56</u>	<u>\$249,929.08</u>

	<u>Year Ended June 30,</u>		
	<u>1986</u>	<u>1985</u>	<u>1984</u>
Ending Balance:			
Cash in Bank	\$105,823.48	\$ 16,760.81	\$ 3,920.57
Consolidated Investment Fund	<u>211,193.08</u>	<u>233,168.27</u>	<u>257,495.79</u>
	<u>\$317,016.56</u>	<u>\$249,929.08</u>	<u>\$261,416.36</u>

WESTON HOSPITAL  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCE  
LOCAL ACCOUNT

<u>Canteen Account</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts:		
Sales	\$171,180.69	\$148,552.84
Interest	13,562.69	14,686.73
Donations	690.00	1,047.23
Miscellaneous	178.59	122.86
	<u>185,611.97</u>	<u>164,409.66</u>
Disbursements:		
Personal Services	66,295.70	32,425.27
Current Expenses	9,633.20	7,245.38
Repairs and Alterations	1,505.56	567.95
Equipment	2,196.50	3,420.00
Merchandise for Resale	122,177.78	103,349.88
State Tax Department - Sales Tax	8,355.17	6,819.67
Improper Disbursements	3,814.38	15,398.37
	<u>213,978.29</u>	<u>169,226.52</u>
Cash Receipts (Under) Disbursements	(28,366.32)	(4,816.86)
Beginning Balance	<u>119,663.02</u>	<u>124,479.88</u>
Ending Balance	<u>\$ 91,296.70</u>	<u>\$119,663.02</u>

	<u>Year Ended June 30,</u>		
	<u>1986</u>	<u>1985</u>	<u>1984</u>
Ending Balance:			
Cash in Bank	\$ 5,167.47	\$ 9,696.48	\$ 3,683.83
Consolidated Investment Fund	85,829.23	109,766.54	108,350.43
Savings Account - Local	-0-	-0-	2,270.62
Certificate of Deposit	-0-	-0-	10,000.00
Change Fund	300.00	200.00	175.00
	<u>\$ 91,296.70</u>	<u>\$119,663.02</u>	<u>\$124,479.88</u>

WESTON HOSPITAL  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND CHANGES IN CASH BALANCE  
 LOCAL ACCOUNT

<u>Patient Welfare Account</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts:		
Donations	\$ 1,636.60	\$ 1,402.65
Interest	4,118.06	8,044.38
Refunds to Expenditures	391.51	348.34
	<u>6,146.17</u>	<u>9,795.37</u>
Disbursements:		
Payments to Benefit All Patients or Specific Patients Who Have No Funds Available	15,990.47	13,128.01
Improper Disbursements	7,645.00	7,694.47
	<u>23,635.47</u>	<u>20,822.48</u>
Cash Receipts (Under) Disbursements	(17,489.30)	(11,027.11)
Beginning Balance	<u>42,815.71</u>	<u>53,842.82</u>
Ending Balance	<u>\$25,326.41</u>	<u>\$42,815.71</u>

	<u>Year Ended June 30,</u>		
	<u>1986</u>	<u>1985</u>	<u>1984</u>
Ending Balance:			
Cash in Bank	\$ 684.98	\$ 4,292.34	\$ 871.10
Consolidated Investment Fund	24,641.43	38,523.37	52,971.72
	<u>\$25,326.41</u>	<u>\$42,815.71</u>	<u>\$53,842.82</u>

WESTON HOSPITAL  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
 AND CHANGES IN CASH BALANCE  
 LOCAL ACCOUNT

<u>Employee Fund</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts:		
Vending Machine Commissions	\$2,096.19	\$1,861.33
Redeposits	265.50	401.33
Other	63.30	-0-
	<u>2,424.99</u>	<u>2,262.66</u>
Disbursements:		
Employee Activities	<u>2,015.15</u>	<u>2,469.28</u>
Cash Receipts Over (Under) Disbursements	409.84	(206.62)
Beginning Balance	<u>1,161.76</u>	<u>1,368.38</u>
Ending Balance	<u>\$1,571.60</u>	<u>\$1,161.76</u>

	<u>Year Ended June 30,</u>		
	<u>1986</u>	<u>1985</u>	<u>1984</u>
Ending Balance:			
Cash in Bank	<u>\$1,571.60</u>	<u>\$1,161.76</u>	<u>\$1,368.38</u>

WESTON HOSPITAL  
 STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS  
 AND CHANGES IN CASH BALANCE  
 LOCAL ACCOUNT

<u>Employee Relief Fund</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts:		
Donations	\$ 259.35	\$ -0-
Disbursements	<u>-0-</u>	<u>-0-</u>
Cash Receipts Over Disbursements	259.35	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u>\$ 259.35</u>	<u>\$ -0-</u>
<u>Discretionary Fund</u>		
Cash Receipts:		
Donations	\$ 490.72	\$ 590.72
Repayment of Cash Advance	<u>350.00</u>	<u>-0-</u>
	840.72	590.72
Disbursements:		
Seminar Registration Fees	750.00	150.00
Cash Advance	350.00	-0-
Miscellaneous	<u>88.12</u>	<u>168.00</u>
	<u>1,188.12</u>	<u>318.00</u>
Cash Receipts (Under) Over Disbursements	(347.40)	272.72
Beginning Balance	<u>426.48</u>	<u>153.76</u>
Ending Balance	<u>\$ 79.08</u>	<u>\$ 426.48</u>

WESTON HOSPITAL  
 STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS  
 AND CHANGES IN CASH BALANCE  
 LOCAL ACCOUNT

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
<u>Rachel M. Lake Bequest</u>		
Cash Receipts:		
Donations	\$1,000.00	\$ -0-
Disbursements:		
Purchases for Patients	<u>315.95</u>	<u>-0-</u>
Cash Receipts Over Disbursements	684.05	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u>\$ 684.05</u>	<u>\$ -0-</u>
 <u>Mary Edmiston Fund</u>		
Cash Receipts:		
Transfer from Trustee Fund	\$ 215.18	\$ -0-
Donations	403.53	-0-
	<u>618.71</u>	<u>-0-</u>
Disbursements:		
Purchases for Patients	<u>56.00</u>	<u>-0-</u>
Cash Receipts Over Disbursements	562.71	-0-
Beginning Balance	<u>-0-</u>	<u>-0-</u>
Ending Balance	<u>\$ 562.71</u>	<u>\$ -0-</u>

WESTON HOSPITAL  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS  
AND CHANGES IN CASH BALANCE  
LOCAL ACCOUNT

<u>Arts and Crafts Fund</u>	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Cash Receipts:		
Transfer from Trustee Fund	\$-0-	\$ 94.85
Sales	45.90	-0-
	<u>45.90</u>	<u>94.85</u>
Disbursements:		
Art Supplies	64.85	-0-
Bank Charges	22.06	-0-
	<u>86.91</u>	<u>-0-</u>
Cash Receipts (Under) Over Disbursements	(41.01)	94.85
Beginning Balance	<u>94.85</u>	<u>-0-</u>
Ending Balance	<u>\$ 53.84</u>	<u>\$ 94.85</u>

	<u>Year Ended June 30,</u>		
	<u>1986</u>	<u>1985</u>	<u>1984</u>
Ending Balance:			
Cash in Bank	<u>\$ 53.84</u>	<u>\$ 94.85</u>	<u>\$ -0-</u>

WESTON HOSPITAL  
RECONCILIATIONS  
JUNE 30, 2986

Weston - Duane Cookman Bequest -  
Account 8494-10

Balance per State Treasury and Hospital \$ 21,498.14

Weston - Stella Cummings Bequest -  
Account 8494-11

Balance per State Treasury and Hospital \$ 1,309.62

Weston Hospital - Capital Outlay and  
Renovation - Account 8500-07

Balance per State Treasury and Hospital \$198,141.12

Contingency for Repairs and Alterations, Equipment,  
Emergency Services and Miscellaneous Projects -  
Account 8500-26

Balance per State Treasury and Hospital \$ 15,456.33

Behavior Modification Program - Account 8520-06

Balance per State Treasury and Hospital \$ 2,352.00

Clinical Pastoral Education Fund -  
Account 8520-11

Balance per State Treasury and Hospital \$ 2,033.22

WESTON HOSPITAL  
 BANK RECONCILIATION  
 JUNE 30, 1986

Superintendent's Trustee Fund

Balance per Bank \$127,757.47

Less: Outstanding Checks

Check Numbers

21597	4.41
21705	85.00
21905	0.50
22083	1.18
22206	360.15
22235	824.00
22236	1,765.83
22237	160.00
22238	1,138.70
22239	434.90
22259	138.00
22260	18.00
22261	90.03
22272	8.88
22273	148.00
22274	13,882.93
22276	39.60
22292	45.00
22294	10.00
22295	45.00
22296	81.50
22297	16.00
22298	150.00
22299	2,486.38
	<u>21,933.99</u>

Balance per Book \$105,823.48

WESTON HOSPITAL  
 BANK RECONCILIATIONS  
 JUNE 30, 1986

Canteen Account

Balance per Bank	\$8,760.82
Less: Outstanding Checks	
<u>Check Numbers</u>	
2179	6.94
2429	704.08
2430	537.21
2431	684.23
2432	695.03
2433	567.21
2434	398.65
	<u>3,593.35</u>
Balance per Book	<u>\$5,167.47</u>

Patient Welfare Account

Balance per Bank	\$1,376.20
Less: Outstanding Checks	
<u>Check Numbers</u>	
3788	0.34
3806	33.35
3807	345.39
3808	62.77
3809	93.37
3810	146.00
3811	10.00
	<u>691.22</u>
Balance per Book	<u>\$ 684.98</u>

WESTON HOSPITAL  
BANK RECONCILIATIONS  
JUNE 30, 1986

Employee Fund

Balance per Bank and Book \$1,571.60

Employee Relief Fund

Balance per Bank and Book \$ 259.35

Discretionary Fund

Balance per Bank and Book \$ 79.08

Rachel M. Lake Bequest

Balance per Bank and Book \$ 684.05

Mary Edmiston Fund

Balance per Bank and Book \$ 562.71

Arts and Crafts Fund

Balance per Bank and Book \$ 53.84

WESTON HOSPITAL  
PATIENT COST

	<u>Year Ended June 30,</u>	
	<u>1986</u>	<u>1985</u>
Average Population	354	411
Patient Days	129,176	150,058
Total Appropriated Expenditures	\$10,994,912.29	\$10,305,359.69
Cost per Patient Day	\$ 85.12	\$ 68.68
Average Cost per Patient Year	\$ 31,059.08	\$ 25,073.87

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 Weston Hospital; West Virginia Department of Health; Governor; Attorney General; and, State Auditor.