

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
COMMISSION ON CHILDREN AND YOUTH
CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
FOR THE PERIOD
JULY 1, 1989 - APRIL 30, 1991

West Virginia



LEGISLATIVE AUDITOR

CHARLESTON

The Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code Chapter 49, Article 6C, Section 3, we have examined the accounts of the West Virginia Department of Health and Human Resources, Commission on Children and Youth, Children's Trust Fund for Child Abuse and Neglect Prevention.

Our examination covers the period July 1, 1989 through April 30, 1991. The results of this examination are set forth on the following pages of this report.

Respectfully Submitted,

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

TLS/td

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
COMMISSION ON CHILDREN AND YOUTH
CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION

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WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
COMMISSION ON CHILDREN AND YOUTH
CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
EXIT CONFERENCE

We held an exit conference on October 28, 1991 with the Director of Family and Children's Services of the West Virginia Bureau of Human Resources and all findings and recommendations were reviewed and discussed. The above-named official's responses are included in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks section of this report.

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
COMMISSION ON CHILDREN AND YOUTH
CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION

INTRODUCTION

The Children's Trust Fund for Child Abuse and Neglect Prevention was created by the West Virginia Legislature under Senate Bill No. 85 on March 29, 1984. Finding that child abuse and neglect are threats to the family unit and impose major expenses on society, it was the intent of the Legislature that an increase in prevention programs would help reduce the breakdown in families and thus reduce the need for State intervention and State expense.

The trust fund consists of Federal funds granted by Congress or executive order, gifts, bequests and donations from individuals, private organizations or foundations and voluntary contributions of a portion of refunds due taxpayers, as designated by taxpayers on State personal income tax return forms, which are to be used for the following purposes:

1. Establishing and maintaining programs for the prevention of child abuse and neglect, such as crisis care, aid to parents, child abuse counseling, and early identification of families where the potential for child abuse and neglect exists;
2. Providing educational programs directed toward the prevention of child abuse and neglect. Such programs may include, but are not limited to, community-based programs on prenatal care, perinatal bonding, child development, basic child care, coping with family stress, and safety skills for children in self care;
3. Establishing and maintaining a continuing program of community relations aimed at interpreting child protective services to the community, promoting the identification of children in need of protection, and maintaining clear lines of responsibility with hospital, education, law enforcement, juvenile court and other publicly and privately employed personnel providing child abuse and neglect services;
4. Assisting public agencies or nonprofit private organizations in making applications for grants from the Secretary of the Federal Department of Health and Human Services for demonstration programs and projects designed to prevent child abuse and neglect, as well as matching any Federal moneys to provide increased funding for educational programs and services related to the prevention of child abuse and neglect; and,

5. Research for and evaluation of educational programs and services related to the prevention of child abuse and neglect.

The Commission on Children and Youth was established as a statutory body within the Department of Health and Human Resources to oversee the Children's Trust Fund for Child Abuse and Neglect Prevention. The Commission is composed of 20 citizen members appointed by the Governor. In addition, the Director of Health, the Superintendent of Schools, the Commissioner of Corrections, the Commissioner of the Department of Health and Human Resources and the Director of The Governor's Office of Community and Industrial Development or their designated representatives serve as voting ex-officio members of the Commission. Of the 20 initial members appointed by the Governor ten were appointed for terms of two years and ten were appointed for terms of four years. Upon the expiration of the initial terms, the Governor shall make appointments of members to the Board to serve for terms of four years each. No citizen member shall be appointed to serve more than two consecutive four-year terms. Members of the Commission may receive no compensation but shall be entitled to reimbursement for actual and necessary expenses incurred in the performance of their duties. All funding for administrative purposes and all staff for the Commission is provided by the Department of Health and Human Resources.

Senate Bill No. 1 which was enacted by the Third Extraordinary Session of the 1990 West Virginia Legislature transferred all funds under the control of the Commission on Children and Youth which were contained in the Children's Trust Fund for Child Abuse and Neglect Prevention to the Children's Fund which is under the direction of the Governor's Cabinet on Children and Families. The enacting legislation stated in part:

"...Any moneys deposited in the children's trust fund created pursuant to article six-c, chapter forty-nine of this code on the effective date of this

section, and any interest accruing to such fund, shall be deposited in the children's fund created pursuant to this section, and the children's trust fund shall thereafter be discontinued...."

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 COMMISSION ON CHILDREN AND YOUTH
 CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
 ADMINISTRATIVE OFFICERS AND STAFF

Taunja Willis Miller,
 West Virginia Department of Health and Human Resources Secretary

Ruth A. Panepinto, Ph.D.
 West Virginia Bureau of Human Resources Commissioner

Michael O'Farrell
 Family and Children's Services Director

Ex-Officio Members

Vacancy
 West Virginia Bureau of Human Resources

Hope Coleman*
 West Virginia Division of Corrections

Corally Edens*
 West Virginia Division of Health

Lenore Zedosky*
 West Virginia Department of Education

Jamie Albert*
 Governor's Office of Community and Industrial Development

* Agency Appointed Representatives

<u>Citizen Members</u>	<u>Term Expires</u>
Ann Marie Krum, Chairperson	June 30, 1990
Doris Bradshaw	June 30, 1990
Helen Carson	June 30, 1990
Sybil Miller	June 30, 1990
Gaye Mitchell	June 30, 1990
Jane Vieweg	June 30, 1990
Vacancy	June 30, 1990

Vacancy June 30, 1990
Vacancy June 30, 1990
Vacancy June 30, 1990
Harry Burgess June 30, 1992
Charlene Byrd June 30, 1992
C.T. O'Donnell June 30, 1992
The Reverend Richard D. Reece June 30, 1992
Michele Craig June 30, 1992
Joseph Simms June 30, 1992
Vacancy June 30, 1992
Vacancy June 30, 1992
Vacancy June 30, 1992
Vacancy June 30, 1992

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
COMMISSION ON CHILDREN AND YOUTH
CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

COMPLIANCE MATTERS

Interest Earnings Transferred in Prior Periods

1. As noted in our prior audit report, \$44,818.40 of interest earnings were transferred from the Child Abuse and Neglect Account (9155-36) to the State General Revenue Fund during the period January 1, 1986 through June 30, 1989. During these prior years, the Commission on Children and Youth transferred earned interest to the State General Revenue Fund through the direction of various legislation covering the fiscal year in question. It appears a potential conflict existed between the provisions of the legislation and Chapter 49, Article 6C, Section 3 of the West Virginia Code.

An Attorney General's Opinion has been requested regarding the responsibilities of the members of the Commission and the legality of the transfer of funds. (See pages 9-10)

Transfer of Fund Balance

2. Chapter 5, Article 26 of the West Virginia Code created the Governor's Cabinet on Children and Families and called for the transfer of all funds from the Children's Trust Fund to the newly created Children's Fund. However; as of April 30, 1991, the funds held in the Children's Trust Fund amounted to \$237,143.99. Our discussions with employees of the Department of Health and Human Resources indicate the Governor's Cabinet on Children and Families has not yet requested the transfer of monies called for by the West Virginia Code.

We recommend the transfer of funds required by Chapter 5, Article 26, Section 6 of the West Virginia Code be completed.

The transfer of funds will be finalized when requested by the Governor's Cabinet on Children and Families. We agree to pursue this arrangement.

(See page 11)

Failure to Complete Annual Report

3. We noted the Commission on Children and Youth failed to prepare the annual report for fiscal year 1990 required by Chapter 49, Article 6C, Section 6 of the West Virginia Code. We believe the Department of Health and Human Resources should have completed the annual report. The annual report would aid the Governor's Cabinet on Children and Families in gaining an understanding of the status of the trust fund which was transferred to its jurisdiction through the enactment of Chapter 5, Article 26 of the West Virginia Code.

We recommend the annual report for fiscal year 1990 which was required by Chapter 49, Article 6C, Section 6 of the West Virginia Code be completed.

We will complete the annual report by December 1, 1991.

(See pages 11-12)

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
COMMISSION ON CHILDREN AND YOUTH
CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
GENERAL REMARKS

INTRODUCTION

We have completed the audit of the West Virginia Department of Health and Human Resources, Commission on Children and Youth, Children's Trust Fund for Child Abuse and Neglect Prevention as required by Chapter 49, Article 6C of the West Virginia Code. The audit covered the period July 1, 1989 through April 30, 1991.

SPECIAL REVENUE ACCOUNT

All grant awards of the West Virginia Department of Health and Human Resources, Commission on Children and Youth, Children Trust Fund for Child Abuse and Neglect Prevention were made from the Child Abuse and Neglect Account No. (9155-36). By statute, the West Virginia Department of Health and Human Resources provided for required staff and operating expenses for the Commission on Children and Youth.

COMPLIANCE MATTERS

Chapter 49, Article 6C of the West Virginia Code generally governs the West Virginia Department of Health and Human Resources, Commission on Children and Youth, Children's Trust Fund for Child Abuse and Neglect Prevention. 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.

Interest Earnings Transferred in Prior Periods

As noted in our prior audit report, \$44,818.40 of interest earnings were transferred from the Child Abuse and Neglect Account (9155-36) to the State General Revenue Fund during the period January 1, 1986 through June 30, 1989. During these prior years, the Commission on Children and Youth transferred earned

interest to the State General Revenue Fund through the direction of various legislation covering the fiscal year in question. A summary of the interest transferred each fiscal year and the legislation directing the transfers is shown below:

<u>Fiscal Year</u>	<u>Legislative Bill No.</u>	<u>Amount Transferred</u>
1986	House Bill No. 2178	\$11,789.65
1987	House Bill No. 2178	16,882.16
1988	Senate Bill No. 763	14,056.82
1989	Senate Bill No. 763	<u>2,089.77</u>
	Total	<u>\$44,818.40</u>

Chapter 49, Article 6C, Section 3 of the West Virginia Code stated in part,

"... All funds received in the manner provided herein shall be transmitted to the state treasurer for deposit in the trust fund. All interest accruing from investment of moneys in the trust fund shall be credited to the fund...."

Therefore, it appears a potential conflict may have existed between the provisions of House Bill No. 2178 and Senate Bill No. 763 which required the transfer of accrued interest from specified special revenue accounts and the provisions of Chapter 49, Article 6C, Section 3 of the West Virginia Code which governed the administration of the Children's Trust Fund for Child Abuse and Neglect Prevention.

In response to your draft report, I have attached a letter written by Secretary Taunja Willis Miller requesting an Attorney General's opinion regarding the responsibilities of the members of the Commission, and the legality of the transfer of funds. This issue is germane to your first finding, Interest Earnings Transferred in Prior Periods. We have not yet received an opinion but have again requested a response to the Secretary's request.

Transfer of Fund Balance

Senate Bill No. 1 enacted by the Third Extraordinary Session of the 1990 West Virginia Legislature created the Governor's Cabinet on Children and Families set forth in Chapter 5, Article 26 of the West Virginia Code. Chapter 5, Article 26, Section 6 of the West Virginia Code states in part,

"... Any moneys deposited in the children's trust fund created pursuant to article six-c, chapter forty-nine of this code on the effective date of this section, and any interest accruing to such fund, shall be deposited in the children's fund created pursuant to this section, and the children's trust fund shall thereafter be discontinued...."

The effective date of this legislation was August 30, 1990; however the operation of the Children's Trust Fund has continued since the enactment of the aforementioned legislation. Our examination showed payments on grant awards totaling \$6,123.97 were made between the effective date of the legislation and the concluding date of our current fieldwork (May 24, 1991). As of April 30, 1991, the funds held in the Children's Trust Fund amounted to \$237,143.99. Our discussions with employees of the Department of Health and Human Resources indicate the Governor's Cabinet on Children and Families has not yet requested the transfer of monies called for by the West Virginia Code.

We recommend the transfer of funds required by Chapter 5, Article 26, Section 6 of the West Virginia Code be completed.

Your second finding, Transfer of Funds, will be finalized when requested by Lyle Sattes, Executive Director of the Governor's Cabinet on Children and Families. Mr. O'Farrell has agreed to pursue this arrangement.

Failure to Complete Annual Report

We noted the Commission on Children and Youth failed to prepare the annual report for fiscal year 1990 required by Chapter 49, Article 6C, Section 6 of the West Virginia Code which stated in part,

"... (6) Prepare an annual report describing the financial status of the trust fund, criteria established for the awarding of grants and the grants awarded; and..."

Even though the Commission on Children and Youth was terminated by legislation, enacted by the Third Extraordinary Session of the 1990 West Virginia Legislature, we believe the Department of Health and Human Resources should have completed the annual report. The annual report would aid the Governor's Cabinet on Children and Families in gaining an understanding of the status of the trust fund which was transferred to its jurisdiction through the enactment of Chapter 5, Article 26 of the West Virginia Code.

We recommend the annual report for fiscal year 1990 which was required by Chapter 49, Article 6C, Section 6 of the West Virginia Code be completed.

Your final finding, Annual Report, will be completed by December 1, 1991 by Mr. O'Farrell.

INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of cash receipts, disbursements and changes in fund balance of the West Virginia Department of Health and Human Resources, Commission on Children and Youth, Children's Trust Fund for Child Abuse and Neglect Prevention for the period July 1, 1990 through April 30, 1991 and the year ended June 30, 1990. The financial statement is the responsibility of the West Virginia Department of Health and Human Resources, Commission of Children and Youth, Children's Trust Fund for Child Abuse and Neglect Prevention. Our responsibility is to express an opinion on the financial statement based on our audit.

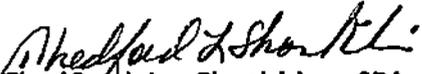
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described in Note A, the financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue collected and expenses paid by the West Virginia Department of Health and Human Resources, Commission on Children and Youth, Children's Trust Fund for Child Abuse and Neglect Prevention for the period July 1, 1990 through April 30, 1991 and the year ended June 30, 1990 on the basis of accounting described in Note A.

Our audit 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 audit of the basic financial statement and, in our opinion, is fairly stated in relation to the basic financial statement taken as a whole.

Respectfully submitted,


Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

May 24, 1991

Auditors: Michael E. Sizemore, CPA, Supervisor
Gary L. Williams
Patrick A. Rossano

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 COMMISSION ON CHILDREN AND YOUTH
 CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE

	<u>For the Period Ended April 30, 1991</u>	<u>For the Year Ended June 30, 1990</u>
Cash Receipts:	\$ 19,551.11	\$ 13,057.99
Disbursements:		
Awards to Governmental Agencies and Nonprofit Private Organizations	<u>7,141.11</u>	<u>16,199.43</u>
Cash Receipts Over (Under) Disbursements	12,410.00	(3,141.44)
Beginning Balance	210,372.21	210,244.54
Intra Account Transfers	<u>14,361.78</u>	<u>3,269.11</u>
Ending Balance	<u>\$237,143.99</u>	<u>\$210,372.21</u>

See Notes to Financial Statement

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 COMMISSION ON CHILDREN AND YOUTH
 CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
 NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The cash basis of accounting is followed. 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.

Note B - Investment of Fund Income

In accordance with Chapter 49 Article 6C, Section 5 of the West Virginia Code, no less than one-half of the annual income of the trust fund shall be invested, with the interest thereon being returned to the fund. In fiscal year 1990, total receipts were \$120.00 of which \$85.00 was immediately invested with the State Board of Investments. During the period July 1, 1990 through April 30, 1991, total receipts were \$18,816.11 of which \$18,796.11 was immediately invested with the State Board of Investments.

Note C - Limitation on Expenditures

The Commission may authorize the expenditure of no more than one-half of the income of the trust fund in each year that the trust fund is in existence. The Commission approved grants for 1990 totaling \$15,079.08. The amount was based on receipts totaling \$30,158.17 during the period October 1, 1988 through September 30, 1989.

Note D - Fund Balance

The components of the fund balance were as follows:

	<u>April 30, 1991</u>	<u>June 30, 1990</u>
Cash	\$ 1,643.67	\$ 1,052.78
Investments	<u>235,500.32</u>	<u>209,319.43</u>
	<u>\$237,143.99</u>	<u>\$210,372.21</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 COMMISSION ON CHILDREN AND YOUTH
 CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCE

<u>Child Abuse and Neglect -</u> <u>Account 9155-36</u>	<u>For the Period Ended</u> <u>April 30, 1991</u>	<u>For the Year Ended</u> <u>June 30, 1990</u>
Cash Receipts:		
West Virginia State Tax Department	\$17,321.11	\$ -0-
State Board of Investments - Earned Interest	-0-	8,161.99
Federal Funds - U.S. Department of Health and Human Services	735.00	4,776.00
Private Gifts and Other Donations	1,495.00	120.00
Refunds	-0-	-0-
	<u>19,551.11</u>	<u>13,057.99</u>
Disbursements:		
Awards to Governmental Agencies and Nonprofit Private Organizations	7,141.11	16,199.43
Transfers to State Board of Investments	11,819.11	23,246.02
	<u>18,960.22</u>	<u>39,445.45</u>
Cash Receipts Over (Under) Disbursements	590.89	(26,387.46)
Beginning Balance	<u>1,052.78</u>	<u>27,440.24</u>
Ending Balance	<u>\$ 1,643.67</u>	<u>\$ 1,052.78</u>

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
 COMMISSION ON CHILDREN AND YOUTH
 CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
 STATEMENT OF CHANGES IN INVESTMENT BALANCE

<u>Investments - Account 9155-36</u>	<u>For the Period Ended April 30, 1991</u>	<u>For the Year Ended June 30, 1990</u>
Addition:		
Transfers to State Board of Investments	\$ 33,192.89	\$460,810.76
Interest Reinvested	-0-	2,050.27
	<u>33,192.89</u>	<u>462,861.03</u>
Deductions:		
Withdrawals from State Board of Investments	7,012.00	436,345.90
	<u>26,180.89</u>	<u>26,515.13</u>
Beginning Balance	<u>209,319.43</u>	<u>182,804.30</u>
Ending Balance	<u>\$235,500.32</u>	<u>\$209,319.43</u>

WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES
COMMISSION ON CHILDREN AND YOUTH
CHILDREN'S TRUST FUND FOR CHILD ABUSE AND NEGLECT PREVENTION
RECONCILIATION
APRIL 30, 1991

Child Abuse and Neglect - Account 9155-36

Balance per State Treasury and Agency

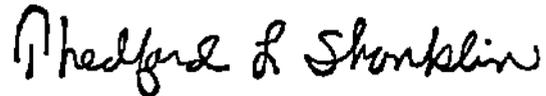
\$1,643.67

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of the Legislative Postaudit Division, do hereby certify that the report of the audit appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 49, Article 6C, Section 3, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 4th day of November, 1991.



Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

Copy forwarded to the Secretary of the Department of Administration to be filed as a public record. Copies forwarded to the Secretary of the West Virginia Department of Health and Human Resources; West Virginia Bureau of Human Resources; Governor's Cabinet on Children and Families; Governor; Attorney General; and State Auditor.