

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

**WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS**

FOR THE PERIOD

JULY 1, 1982 - JUNE 30, 1992



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS
FOR THE PERIOD
JULY 1, 1982 - JUNE 30, 1992

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

LEGISLATIVE POSTAUDIT DIVISION
BUILDING 6, ROOM 751A
CAPITOL COMPLEX



PHONE 348-2184
AREA CODE 304

CHARLESTON, WEST VIRGINIA 25305

The Joint Committee on Government and Finance:

In compliance with your instructions and the provisions of the West Virginia Code Chapter 4, Article 2, as amended, we have examined the accounts of the West Virginia Board of Registration for Professional Engineers.

Our examination covers the period from July 1, 1982 to June 30, 1992. The results of the examination are set forth on the following pages of this report. However, only the financial statements for the years ended June 30, 1992 and June 30, 1991 are included in this report. The financial statements covering the period July 1, 1983 to and including June 30, 1990 are included in the audit workpapers.

Respectfully submitted,

A handwritten signature in cursive script, reading "Theford L. Shanklin".

Theford L. Shanklin, CPA, Director
Legislative Post Audit Division

TLS/ela

WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS
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WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS
EXIT CONFERENCE

The audit findings were discussed with Anna Hicks, Executive Director of the West Virginia Board of Registration for Professional Engineers. A formal letter dated June 10, 1994, outlined the Board's responses. The Board's responses can be found in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks section of the report.

WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS
INTRODUCTION

The State Board of Registration for Professional Engineers was created under Chapter 63, Acts of the Legislature, Regular Session 1923; and subsequently amended by Chapter 184, Acts of the Legislature, Regular Session, 1975, with the latest amendment being Chapter 165, Acts of the Legislature, Regular Session, 1992.

The State Board of Registration for Professional Engineers was created because the Legislature of the State of West Virginia determined and found that the advancing state of knowledge in mathematical, physical and engineering sciences as applied in the practice of professional engineering had a critical impact on the lives, property, economy, security and the general health and welfare of our State and our citizens. Therefore, the Legislature declared that the practice of professional engineering must be regulated and controlled in order to ensure that the privilege of practicing professional engineering shall only be entrusted to persons with the necessary qualifications, good character, education, training and experience.

The Board consists of five professional engineers appointed by the Governor, by and with the consent of the Senate, preferably from a list of names submitted by the West Virginia Society of Professional Engineers. Members shall serve a term of five years. Members are eligible for reappointment but may be appointed for no more than three consecutive terms.

WEST VIRGINIA BOARD OF
 REGISTRATION FOR PROFESSIONAL ENGINEERS
 BOARD MEMBERS AND ADMINISTRATIVE STAFF

	<u>Term Expires</u>
Robert B. Scott, President Elkins, West Virginia	June 30, 1995
Dr. Kenneth H. Means, Vice President Morgantown, West Virginia	June 30, 1996
H. Ben Faulkner, Secretary Princeton, West Virginia	June 30, 1994
Dr. Patrick R. Esposito, Member Morgantown, West Virginia	June 30, 1993
Frank L. Gaddy, Member Huntington, West Virginia	June 30, 1992
Anna Hicks	Executive Director
Alta Montgomery	Secretary

WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

COMPLIANCE MATTERS

Travel

1. During our test of travel we noted two instances, one in June 1987 and one in May 1988, in which travel expenses claimed for reimbursement were not actually incurred. According to the records a Staff member paid a Board member \$268.00 for traveling with the Board member, and both submitted claims for reimbursement.

We recommend the Board member reimburse the Staff member in the amount of \$268.00; that the Staff member return the \$268.00 to the State Treasury, reimbursement be requested for actual expenses incurred, and that the Board comply with the Governor's Travel Regulations, thereby avoiding the possibility of violating West Virginia Code Chapter 61, Article 3, Section 24 "Obtaining Money, Property and Services Under False Pretenses."

Board's Response

The Board will recommend the parties involved reimburse the state. (See pages 8 and 9.)

Personal Services Payments

2. We noted pay increases for staff members that are not documented in the minutes to the meetings of the Board, which gives the appearance that the increases were not approved by the required quorum.

We recommend the Board exercise greater caution in the documentation of their proceedings so as to keep and maintain adequate and complete records as required by West Virginia Code Chapter 30, Article 13, Section 5.

Board's Response

The Board will comply with the recommendation. (See pages 9 and 10.)

Report to Governor

3. We also noted that for fiscal year 1991 the Board did not submit to the Governor, on or before the first day of January of each year in which the Legislature meets in regular session, a report of its transactions for the preceding two years, as required by the West Virginia Code Chapter 30, Article 1, Section 12.

We recommend the Board comply with Chapter 30, Article 1, Section 12 of the West Virginia Code.

Board's Response

The Board will comply with the recommendation. (See pages 10 and 11.)

Report to State Auditor

4. The Board is not filing with the State Auditor, on the first day of January and July in each year or within five days thereafter a detailed statement of all monies received, as required by the West Virginia Code Chapter 30, Article 1, Section 10.

We recommend the Board comply with Chapter 30, Article 1, Section 10 of the West Virginia Code.

Board's Response

The Board will comply with West Virginia Code Chapter 30, Article 1, Section 10. (See page 10.)

Equipment Inventory

5. The Board's office equipment is not tagged with State tag numbers as required by Section 4B, page 10 of the West Virginia State Property Handbook.

We recommend the Board tag all equipment with tags noting State of West Virginia ownership and a sequential number.

Board's Response

The Board will comply with the recommendation. (See pages 11 and 12.)

WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS
GENERAL REMARKS

INTRODUCTION

We have completed a Post Audit of the West Virginia Board of Registration for Professional Engineers for the period July 1, 1982 through June 30, 1992.

SPECIAL REVENUE ACCOUNT

All expenditures required for the general operations of the Board are made from Account 8107-40, West Virginia Board of Registration for Professional Engineers.

LOCAL ACCOUNT

During the audit period the Board had one local bank account with a bank in Charleston, West Virginia. Periodically, the Board transferred the fees collected to the State Treasury by checks drawn on the local bank account. In compliance with a prior audit recommendation, the Board closed the local bank account and transferred the balance to the State Treasury on November 1, 1984.

REVENUES

Revenues were derived from the following fees from July 1, 1987 to June 30, 1992:

Renewal Fee	\$20.00
Application Fee	25.00
Registration Fee	20.00
Reinstatement Fee	45.00
Temporary Permit	50.00
Replacement of Lost Certificates	10.00
Roster (alone) Fee	10.00
Roster with Renewal Fee	5.00
Returned Check Service Fee	10.00
Late Fee	2.00

For fiscal years 1984 through 1986, fees were as follows:

Renewal Fee	\$15.00
Application Fee	25.00
Registration Fee	25.00
Reinstatement Fee	50.00
Temporary Permit	50.00
Replacement of Lost Certificates	10.00
Roster (alone) Fee	5.00
Roster with Renewal Fee	5.00
Returned Checks Service Fee	10.00
Late Fee	1.50

For fiscal year 1983, fees were as follows:

Renewal Fee	\$15.00
Application Fee	25.00
Registration Fee	25.00
Reinstatement Fee	50.00
Temporary Permit	50.00
Replacement of Lost Certificates	10.00
Roster (alone) Fee	5.00
Roster with Renewal Fee	3.00
Returned Checks Service Fee	10.00
Late Fee	1.50

COMPLIANCE MATTERS

Chapter 30, Article 13 of the West Virginia Code generally governs the West Virginia Board of Registration for Professional Engineers. We tested applicable sections of the above plus general State Regulations and other applicable chapters, articles, and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are discussed below.

Travel

During our test of travel, we noted what appears to be two separate instances, one in June 1987 and one in May 1988, in which travel expenses claimed were not actually incurred. It appears that a Staff member paid a Board member for traveling with the Board member, and both submitted claims for reimbursement. The Board member's travel expenses claimed in the two instances totaled \$314.00. However, the Board member was reimbursed by the staff member in the amount of \$268.00, with one personal check for \$200.00 and a second personal check for \$68.00. This results in the Board members actual expenses incurred of \$46.00. It

also appears that the Staff member submitted for reimbursement expenses totaling \$268.00, while the Board member submitted claims for a total of \$314.00.

The Governor's Travel Regulations state, in part,

" . . . Reimbursement is based on expenses actually incurred . . .", and " . . . no reimbursement will be made for any expenses incurred in instances in which such expenses have been paid or are to be paid by any other third party . . ."

Additionally, it would appear that reimbursement claimed for expenses not actually incurred would violate the provisions of Chapter 61, Article 3, Section 24, of the West Virginia Code which deals with obtaining money, property and services under false pretenses.

We recommend the Board member reimburse the Staff member in the amount of \$268.00, that the Staff member return the \$268.00 to the State Treasury, reimbursement be requested for actual expenses incurred, and the Board comply with the Governor's Travel Regulations thereby avoiding from the possibility of violating West Virginia Code Chapter 61, Article 3, Section 24.

Board's Response

There were no wrongful intentions by either party. However, in compliance with the Governor's travel regulations and avoiding any violation of the State Law (WV Code Chapter 61, Article 3, Section 24), the Board will recommend the parties involved reimburse the state.

Personal Services Payments

We noted pay increases for staff members that appear to not be documented in the minutes to the meetings of the Board as approved actions. It seems that on two occasions, those being the pay period ending August 16, 1990 and again for the pay period ending September 15, 1991, staff members received pay increases that were not documented in the Board minutes.

The West Virginia Code Chapter 30, Article 13, Section 5 states, in part,

" . . . The board shall . . . keep adequate and complete records of its proceedings . . ."

We recommend the Board exercise greater caution in the documentation of their proceedings so as to keep and maintain adequate and complete records as required by West Virginia Code Chapter 30, Article 13, Section 5.

Board's Response

Precaution will be taken in the future to ensure that adequate and complete records are kept in the minutes for all personnel wage or salary decisions.

Report to Governor

We noted that for fiscal year 1991 the Board did not submit to the Governor, on or before the first day of January of each year in which the legislature meets in regular session, a report of its transactions for the preceding two years. The Board's report for fiscal year 1991 was incomplete in that the report contained data for one year, fiscal year 1991, rather than the required two years (fiscal years 1991 and 1990).

West Virginia Code Chapter 30, Article 1, Section 12 states, in part,

" . . . On or before the first day of January of each year in which the legislature meets in regular session the board shall submit to the governor a report of its transactions for the preceding two years . . ."

We recommend the Board comply with Chapter 30, Article 1, Section 12 of the West Virginia Code.

Board's Response

A new law as passed by the Legislature and became effective June 4, 1992. It states "on the first day of July of each year, the board shall submit to the governor a report of its transactions of the preceding year." The Board also has a letter from the Office of the Attorney General dated October 1, 1992

regarding the filing of reports with the governor. The letter advises the Board, that it would be permissible to submit to the governor by January 1st a listing of registrants during the current year and file a report of its transactions for the preceding year to the governor by July 1st of each year.

Report to State Auditor

It appears the Board is not filing with the State Auditor a detailed statement of all monies received.

West Virginia Code, Chapter 30, Article 1, Section 10 state, in part,

" . . . The secretary of every such board shall . . . on the first day of January and July in each year, or within five days thereafter, certify to the state auditor a detailed statement of all such moneys received by him during the preceding six months . . ."

We recommend the Board comply with the West Virginia Code, Chapter 30, Article 1, Section 10.

Board's Response

The Board was unaware of any report due to the State Auditor as noted in WV Code, Chapter 30, Article 1, Section 10. In the future, the Board will comply with the requirement.

Equipment Inventory

In our examination of equipment, we noted that although an equipment inventory is maintained the Board's office equipment is not tagged with State tag numbers. Untagged inventory items lessen the accountability of inventory and, in effect, increase the probability of conversion of the agency asset to personal use.

Section 4B, page 10 of the West Virginia State Property Handbook states in part,

" . . . All reportable personal property owned by the State of West Virginia will be identified as such by the affixation of a property identification decal (tag) with an assigned inventory tag number . . ."

We recommend the Board comply with Section 4B of the West Virginia State Property Handbook.

Board's Response

According to our information pertaining to equipment inventory, it does not appear to be mandated by the WV Code and only addressed in the WV State Property Handbook. In any event, as time permits, the Board will make an effort to tag and assign numbers to the office property.

INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of revenues, expenditures and changes in cash balance of the West Virginia Board of Registration for Professional Engineers for the years ended June 30, 1992 and June 30, 1991. The financial statement is the responsibility of the management of the West Virginia Board of Registration for Professional Engineers. 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 from 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 cash basis of accounting, 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 Board of Registration for Professional Engineers for the years ended June 30, 1992 and June 30, 1991, 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 Post Audit Division

April 27, 1993

Auditor: Patrick A. Rossano

WEST VIRGINIA BOARD OF REGISTRATION FOR PROFESSIONAL ENGINEERS
 STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN CASH BALANCE

	<u>Year Ended June 30, 1992</u>		
	<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Revenues:			
Application Fees	\$ -0-	\$ 24,110.00	\$ -0-
Registration Fees	-0-	6,900.00	-0-
Renewal Fees	-0-	84,140.00	-0-
Temporary Permit Fees	-0-	1,300.00	-0-
Miscellaneous Fees	-0-	20,233.20	-0-
Total Revenues	<u>173,450.00</u>	<u>136,683.20</u>	<u>36,766.80</u>
Expenditures:			
Personal Services	81,866.00	64,312.59	17,553.41
Employee Benefits	21,800.00	19,609.98	2,190.02
Current Expenses	69,256.00	71,302.08	(2,046.08)
Repairs and Alterations	-0-	707.00	(707.00)
Equipment	3,000.00	11,709.87	(8,709.87)
Total Expenditures	<u>175,922.00</u>	<u>167,641.52</u>	<u>8,280.48</u>
Revenues (Over) Under Expenditures	(2,472.00)	(30,958.32)	(28,486.32)
Beginning Balance	<u>-0-</u>	<u>174,948.12</u>	<u>174,948.12</u>
Ending Balance	<u>(\$ 2,472.00)</u>	<u>\$143,989.80</u>	<u>\$146,461.80</u>

See Notes to Financial Statement

Year Ended June 30, 1991

<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
\$ -0-	\$ 18,775.00	\$ -0-
-0-	13,480.00	-0-
-0-	125,940.00	-0-
-0-	850.00	-0-
-0-	11,095.12	-0-
<u>163,000.00</u>	<u>170,140.12</u>	<u>(7,140.12)</u>
81,794.00	58,438.35	23,355.65
17,150.00	19,115.58	(1,965.58)
62,056.00	54,227.79	7,828.21
-0-	303.75	(303.75)
2,000.00	-0-	2,000.00
<u>163,000.00</u>	<u>132,085.47</u>	<u>30,914.53</u>
-0-	38,054.65	38,054.65
-0-	136,893.47	136,893.47
<u>\$ -0-</u>	<u>\$174,948.12</u>	<u>\$174,948.12</u>

WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS
NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The cash basis of accounting is followed. Therefore, revenue and related assets are recognized when received rather than when earned, and 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 - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are four and one-half percent of their compensation and employees have vested rights under certain circumstances. Contributions by the West Virginia Public Employees' Retirement Board are nine and one-half percent of the employees' compensation.

Contributions to the pension and retirement plan were as follows:

	<u>Year Ended June 30,</u>	
	<u>1992</u>	<u>1991</u>
Special Revenue	<u>\$5,398.53</u>	<u>\$5,007.70</u>

Note C - Local Account

During the audit period, the Board operated a checking account with Charleston National Bank. The accounting records are located at 608 Union Building in Charleston. Periodically, the office transferred collections to the State Treasury by check drawn on the local bank checking account. In compliance with a prior period audit recommendation, the Board closed out the local account and transferred to the State Treasury the account balance of \$35,255.16 on November 1, 1984.

SUPPLEMENTAL INFORMATION

WEST VIRGINIA BOARD OF
REGISTRATION FOR PROFESSIONAL ENGINEERS
RECONCILIATION
SPECIAL REVENUE
JUNE 30, 1992

West Virginia Board of Registration
for Professional Engineers - Account 8140-07

Balance per State Treasury and Agency

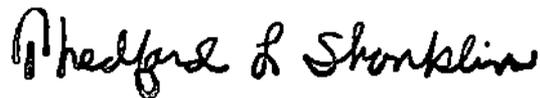
\$143,989.80

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of the Legislative Post Audit Division, 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 8th day of August,
1994.



Thedford L. Shanklin, CPA, Director
Legislative Post Audit Division

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to the State Board of Registration for Professional Engineers; Governor; Attorney General; and, State Auditor.