

STATE OF WEST VIRGINIA

AUDIT REPORT OF

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

For The Period

JULY 1, 1985 - JANUARY 31, 1996



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0619

Handwritten notes on the right margin, including a large bracket and some illegible scribbles.

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

FOR THE PERIOD

JULY 1, 1985 - JANUARY 31, 1996

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

Theodore L. Shanklin, CPA, Director
Legislative Post Audit Division
Building 1, Room W-329
1900 Kanawha Blvd., E.



Area Code (304)
Phone: 347-4880
Fax: 347-4889


CHARLESTON, WEST VIRGINIA 25305-0844

The Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of the West Virginia Division of Culture and History.

Our examination covers the period July 1, 1985 through January 31, 1996. The results of this examination are set forth on the following pages of this report. However, only the financial statements for the period ended January 31, 1996 and the years ended June 30, 1995 and June 30, 1994 are included in this report. The financial statements covering the period July 1, 1985 through June 30, 1993 are included in our audit workpapers.

Respectfully submitted,


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

TLS/ela

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

TABLE OF CONTENTS

Exit Conference	1
Introduction	2
Administrative Officers and Staff	8
Summary of Findings, Recommendations and Responses	9
General Remarks	21
Independent Auditors' Opinion	69
Statement of Appropriations/Cash Receipts, Expenditures/Disbursements and Changes in Fund Balances	71
Notes to Financial Statement	74
Supplemental Information	76
Certificate of Director, Legislative Post Audit Division	87

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

EXIT CONFERENCE

We held an exit conference on November 7, 1997 with the Commissioner, Director of Administration and Director of Administrative Services of the West Virginia Division of Culture and History and all findings and recommendations were reviewed and discussed. The above official's responses are included in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks sections of this report.

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

INTRODUCTION

The Department of Culture and History was created by an Act of the Legislature effective July 1, 1977 as set forth in Article 1, Chapter 29 of the West Virginia Code. The Department of Archives and History and several divisions of the Department of Commerce and Antiquities Commission were merged upon their abolishment into the Department of Culture and History. The Department consists of five divisions: Administration, Archives and History, Arts and Humanities, Historic Preservation, and Programming; and, two corresponding citizens commissions: Archives and History Commission and Arts and Humanities Commission.

Housed in the West Virginia Science and Cultural Center, the purposes and duties of the Department are to advance, foster and promote the creative and performing arts and crafts, including both indoor and outdoor exhibits and performances; to identify, acquire, mark and care for historical, prehistorical, archaeological and unique architectural sites, structures and objects in the State; to coordinate all cultural and artistic activities in the State government and at the state-owned facilities; to acquire, preserve and classify books, documents and memorabilia of historical interest or importance; and, in general, to do all things necessary or convenient to preserve and advance the culture of the State.

In the 1989 First Extraordinary Session of the Legislature Culture and History became a division of the Department of Education and the Arts. The Division consists of an Administrative and Communications section and four program sections: Archives and History, Arts and Humanities, Historic Preservation, and Museums. The Division operates three facilities: the Cultural Center in Charleston, Camp Washington-Carver in Fayette County and West Virginia Independence Hall in Wheeling. The Division also has two commissions: Archives and History Commission and Arts and Humanities Commission.

Administrative Section

The Administrative Division provides central administrative, technical, security and information services for all divisions and coordinates the operations and affairs of the divisions, commissions, and allied activities of the Department.

Communications Section

The Communications Section coordinates and disseminates information to the public for marketing and audience development for all three facilities. This section also publishes the newsletter Patterns, manages the Cultural Center Shop, and coordinates volunteer services.

Archives and History Section

The Archives and History Section of the Department of Culture and History traces its roots back to early beginnings as a private sector organization in 1869. It joined State government in 1905 as the Bureau of Archives and History under the Board of

Public Works. With legislation enacted in 1925, the Agency became the Department of Archives and History and remained under this title headquartered in the State Capitol Building until its integration into the Department of Culture and History in 1977.

This section is responsible for the acquisition of records, books, microfilm, artifacts, and memorabilia, documenting and preserving the history of the State from pre-history to the present; maintaining and exhibiting these materials in the State Library, Archives, and Museum for their informational and enrichment value, thereby enhancing the public's awareness and understanding of the State's history and culture. This section provides referral and consultative services to the public, State agencies, historical societies, and museums. In addition, the section publishes a history journal and other information of historic value.

Arts and Humanities Section

The Arts and Humanities Section involves artists, craftspeople, arts institutions and citizens of West Virginia in ongoing programs which promote the development of the arts. The division provides financial and technical assistance to further develop arts through the communities of West Virginia.

Historic Preservation Section

With the creation of the Department of Culture and History in the 1977-78 year, the Historic Preservation Unit administratively absorbed the functions of the former West Virginia Antiquities Commission. The section is responsible for locating,

surveying, identifying, registering and protecting West Virginia's historic buildings, structures, objects, districts and sites. Activities consist of: administering a State grant program for restoration of historic sites and covered bridges; a Federal grants program for survey and planning; reviewing of Federal or federally-assisted projects; processing applications and providing assistance for tax benefits for rehabilitation; providing technical assistance; nominating properties to the National Register of Historic Places; and, providing the public with information on the economic benefits of historic preservation.

Museums Section

The Museums Section operates the West Virginia State Museum at the Cultural Center while preserving the collection of 46,000 artifacts. This section creates permanent and changing exhibits of historical artistic significance; and presents cultural events in the State Theater and on State Capitol grounds. The Museums Section also develops educational programs for students and visitors to the Capitol Complex and other sites in the State.

Archives and History Commission

The Archives and History Commission was created under Chapter 7, Acts of the Legislature, 1st Extraordinary Session, 1977, and replaced the West Virginia Antiquities Commission effective July 1, 1977. This Commission consists of nine members appointed by the Governor with the consent of the Senate. The Director of the Division of Archives and History, President of the State Historical Society, President of the State Historical

Association of College and University Teachers, Director of State Geological and Economic Survey and the State Historic Preservation Officer shall serve ex officio. Each member or ex officio member of the Commission shall serve without compensation, but shall be reimbursed for all reasonable and necessary expenses actually incurred in the performance of his duties.

The Commission advises the Commissioner of the Division of Culture and History and the Director of the Division of Archives and History concerning the accomplishments of the purposes of that division and to establish a State plan with respect thereto; approves and distributes grants-in-aid and awards from Federal and State funds relating to the purposes of the Archives and History Division; and, encourages and promotes the purpose of the Archives and History Division.

Arts and Humanities Commission

The West Virginia Arts and Humanities Commission, which was created by Chapter 20, Acts of Legislature, Regular Session 1967, and continued under Chapter 85, Acts of Legislature, Regular Session 1977, replaced the West Virginia Arts and Humanities Council. The Commission consists of fifteen members appointed by the Governor with the consent of the Senate. The Director of the Arts and Humanities Division shall be an ex officio nonvoting member. Each member or ex officio member of the Commission shall serve without compensation, but shall be reimbursed for all reasonable and necessary expenses actually incurred in the performance of his duties.

The Commission advises the Commissioner of the Division of Culture and History and the Director of the Arts and Humanities Division concerning the accomplishments of the purposes of the Division and to establish a State plan with respect thereto; approves and distributes grants-in-aid and awards from Federal and State funds; stimulates and promotes performing and creative arts in the State.

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

ADMINISTRATIVE OFFICERS AND STAFF

JANUARY 31, 1996

William H. Drennen, Jr. Commissioner
State Historic
Preservation Officer

William G. Farrar, IV Deputy Commissioner
Deputy State Historic
Preservation Officer Director -
Historic Preservation
Director - Museums

Sharon Mullins Director - Administration

Lakin Cook Director - Arts

Fred Armstrong Director - Archives & History

Jody Cottrill Director - Friends of Culture and History

Joyce Jones Director - Administrative Services

Ken Sullivan Editor - Goldenseal

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

COMPLIANCE MATTERS

Transfer of Funds for Veterans Memorial

1. The Division of Culture and History transferred \$18,019.50 to the Veterans' Memorial Commission based on documents other than original invoices, paid approximately 30 invoices more than one time and transferred \$31,085.85 to the Veterans' Memorial Commission to pay expenses not related to the design, construction or maintenance of the Veterans' Memorial.

We recommend the Division comply with the provisions of Chapter 29, Article 1I, Section 4 of the West Virginia Code and the agreement dated August 19, 1994 between the Veterans' Memorial Commission and the Division of Culture and History. Also, we recommend the Division seek reimbursement of \$31,085.85 paid over to the Veterans' Memorial Commission for expenses not related to the design, construction or maintenance of the Veterans' Memorial.

Agency's Response

We will comply with the audit recommendation. (See pages 23-32.)

Disbursement of Grant Funds

2. The Division disbursed funds to a non-profit corporation known as Mountain Arts Foundation in the form of grants which we believe were used to procure goods or services for the Division's benefit. The use of grants for such purposes circumvents State laws, rules and regulations designed to provide oversight with respect to the expenditure of State funds.

We recommend the Division comply with Chapter 12, Article 3, Section 10, as amended, and Chapter 12, Article 3, Section 12, as amended, of the West Virginia Code and the provisions of the Agency Purchasing Procedures Manual.

Agency's Response

We will comply with the audit recommendation. (See pages 32-36.)

Deposit of State Revenue Funds into
Private Non-Profit Corporation

3. We noted the Division deposited \$5,670.79 into accounts belonging to Mountain Arts Foundation, Inc., the Foundation transferred back \$3,286.73 leaving \$2,384.06 still due the Division.

We recommend the Division comply with Chapter 12, Article 2, Section 2, as amended, and Chapter 29, Article 1, Section 11 of the West Virginia Code.

Agency's Response

We will comply with the audit recommendation. (See pages 37-39.)

Full-Time Pay for Part-Time Employee

4. An employee of the Division spent part of her work time functioning as the Director of "Friends of Culture and History", but received full-time pay and related fringe benefits as a State employee resulting in her being paid for services not rendered.

We recommend the Division comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, and West Virginia Division of Personnel Administrative Rule 15.03(d).

Agency's Response

We will comply with the audit recommendation. (See pages 39-41.)

Camp Washington Carver Cash Receipts

5. Records were not adequate regarding several major events held at Camp Washington Carver in recent years and we were not able to determine whether all cash collections were deposited. Also, records relating to commemorative shirts sold by concessionaires were not adequate.

We recommend the Division comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Response

We will comply with the audit recommendation. (See pages 41-43.)

Recording and Depositing of Moneys Received

6. The Division failed to keep an itemized list of cash receipts and those receipts were not deposited within 24 hours of collection resulting in foregone potential interest earnings of approximately \$2,449.00 during the period July 1, 1993 through January 31, 1996.

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

Agency's Response

We will comply with the audit recommendation. (See pages 43 and 44.)

Operation of "The Shop"

7. The Division spent \$439,324.00 for salaries and fringe benefits of employees operating "The Shop", an operating unit of Mountain Arts Foundation which is a private, non-profit corporation.

We recommend the Division comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, and the West Virginia Supreme Court ruling.

Agency's Response

We will comply with the audit recommendation. (See pages 44-46.)

Over Obligation of Funds

8. The Division received \$10,974.00 of computer equipment and the use of a Xerox copier with a rental fee of \$1,403.16, during fiscal year 1995 but expended only \$1,829.00 from the budget. The Court of Claims approved payment of \$10,548.16 to the respective vendors after the Division over obligated their general revenue appropriation. Also, we believe the Division failed to follow purchasing guidelines when buying the computer equipment.

We recommend the Division comply with Chapter 12, Article 3, Section 17 of the West Virginia Code, as amended, and the provisions of the Agency Purchasing Procedures Manual.

Agency's Response

We will comply with the audit recommendation; however, we do not believe we circumvented purchasing procedures.

(See pages 46-49.)

Meal Reimbursements for Single Day Travel

9. We noted one hundred twenty-five (125) instances totaling \$1,182.95 where meal reimbursements were paid relating to trips with no over night stay, but these amounts were not reported to the respective employees as income.

We recommend the Division comply with Chapter 11, Article 21, Section 12 of the West Virginia Code, as amended.

Agency's Response

We will comply with the audit recommendation. (See pages 49 and 50.)

Miscalculation of Increment Pay

10. We noted five Division employees were paid incorrect amounts for annual increment ranging from a cumulative underpayment of \$396.00 to a cumulative overpayment of \$1,980.00.

We recommend the Division comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended. We further recommend the Division seek reimbursement of any over payments identified and make payments to those employees who have been under paid.

Agency's Response

We will comply with the audit recommendation. (See pages 50-52.)

Incorrect Accrual Rates and Calculations for Annual Leave

11. We located eight employees who were being credited with an incorrect accrual rate for annual leave. Also, we noted the Division accounts for employee leave based on an eight-hour work day but employees actually work a seven and one-half hour day.

We recommend the Division comply with Section 15.03(a) of the Division of Personnel Administrative Rule when determining the accrual rate for employees and that the Division calculate leave accrued and used based on the actual number of hours in the employee's work day.

Agency's Response

We have corrected the error in leave balances noted and have new employees now reviewing leave records for accuracy, but we do not believe we incorrectly accrue and use annual and sick leave based on the length of our work day. (See pages 52-55.)

Excessive Claims for Mileage Reimbursement

12. We observed 31 travel expense claims where we believe the affected employees were reimbursed \$507.60 more than the proper amount because excess mileage was claimed.

We recommend the Division comply with section 4.2.6.1 of the Governor's Travel Regulations.

Agency's Response

We do not agree with the audit finding. (See pages 55 and 56.)

Meal Reimbursements Exceed Maximum Allowable

13. We located nine employees who requested meal reimbursements which exceeded the allowable amount by \$80.00.

We recommend the Division comply with the Governor's Travel Regulations.

Agency's Response

We will comply with the audit recommendation. (See pages 57-59.)

Inadequate Inventory Records

14. Our audit of equipment showed the Division had failed to add new equipment purchases to their inventory and to assign inventory numbers and affix identifying inventory tags to the equipment.

We recommend the Division comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code.

Agency's Response

We will comply with the audit recommendation. (See page 59.)

Invoices Are Not Being Paid in a Timely Manner

15. The Division did not pay invoices totaling \$6,783.40 in a timely manner which could have resulted in the Division incurring interest charges of approximately \$155.00, if the affected vendors had exercised their right to claim interest on the unpaid amount.

We recommend the Division comply with Section 8 of the Agency Purchasing Procedures Manual promulgated by the Purchasing Division of the West Virginia Department of Administration.

Agency's Response

We are now in compliance with the audit recommendation.
(See pages 60 and 61.)

No Documentation for Sick Leave as Required

16. We noted 20 instances where we were unable to locate third-party verification when sick leave was taken by employees for more than three consecutive work days.

We recommend the Division comply with Section 15.04(g) of the West Virginia Division of Personnel's Administrative Rules.

Agency's Response

We will comply with the audit recommendation. (See pages 61-63.)

Payments and Reimbursements From Goldenseal to Non-State Employees

17. The Division failed to require non-state employees working on behalf of Goldenseal Magazine to complete a WV-48 agreement form and paid mileage expense reimbursements to non-state employees without the submission of Travel Expense Account Settlement Forms.

We recommend the Division comply with the Agency Purchasing Procedures Manual and the Governor's Travel Regulations.

Agency's Response

We will comply with the audit recommendation. (See pages 63 and 64.)

Agency Is Not Properly Establishing and Adhering to Rate Schedule

18. We noted the Division is allowing members of "Friends of Culture and History" to receive a discount rate for subscriptions to the West Virginia History Journal in conflict with the Division's procedural rules outlining fees and the Division's internal fee schedule for room bookings is not always followed.

We recommend the Division comply with Chapter 29A, Article 3, Section 3 of the West Virginia Code and their procedural rules.

Agency's Response

We will comply with the audit recommendation. (See pages 64-66.)

Strengthen Internal Controls Over Compliance

19. We believe the Division should strengthen internal controls in the area of compliance with the West Virginia Code and various rules and regulations which control the Division's operation.

We recommend the Division establish or strengthen the necessary internal controls to better insure compliance with the West Virginia Code and other applicable administrative rules and regulations which govern the Division of Culture and History.

Agency's Response

We have or will comply with all aspects of the audit recommendation. (See pages 67 and 68.)

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the West Virginia Division of Culture and History. The audit covered the period July 1, 1985 through January 31, 1996.

GENERAL REVENUE ACCOUNTS

Expenditures required for the general operation of the West Virginia Division of Culture and History were made from the following accounts.

<u>Fund</u> <u>Number</u>	<u>Old Account</u> <u>Number</u>	<u>Description</u>
0293-001	3510-00	Personal Services
0293-099	3510-01	Current Expense
0293-099	3510-02	Repairs and Alterations
0293-099	3510-03	Equipment
0293-099	3510-04	Grants, Fairs and Festivals
0293-099	3510-05	Camp Washington Carver
0293-099	3510-06	Historic Preservation
0293-099	3510-07	Technical Assistance
0293-099	3510-08	Programming Funds
0293-099	3510-09	WV Independence Hall
0293-099	3510-19	Project 2021
0293-099	3510-22	Unclassified
0293-099	3510-25	State Grants
0293-010	3510-35	Employee Benefits
0293-511	3510-41	Capital Outlay
0293-542	N/A	Capital Outlay and Equipment
0293-589	N/A	Capital Outlay Repairs and Alterations
0293-601	N/A	Capitol Tourism Programs
0293-624	N/A	Grants (Competitive Arts Projects)
0293-677	N/A	FY 95 Capital Outlay (repair & equipment surplus)
0293-004	3510-66	Personal Service (increment)
0293-001	3515-00	Arts and Humanities Salaries

0293-099	. . . .	3515-01	. . . .	Arts and Humanities Current Expense
0293-099	. . . .	3515-05	. . . .	Arts and Humanities Grant Fund
0293-001	. . . .	3515-66	. . . .	Arts and Humanities Personal Services
0293-099	. . . .	3520-06	. . . .	Department Program Fund Outreach and Education
0293-099	. . . .	3520-07	. . . .	Department Program Fund - Technical Assistance
0293-099	. . . .	3520-08	. . . .	Department Program Fund - Cultural Center Program

SPECIAL REVENUE ACCOUNTS

The West Virginia Division of Culture and History maintained the following special revenue accounts. The funds in these accounts were for specific purposes as defined below:

<u>Fund Number</u>		<u>Old Account Number</u>		<u>Description</u>
3530-099	. . . .	8580-10	. . . .	Unclassified
3531-099	. . . .	8580-21	. . . .	Endangered Historic Prop.
3532-099	. . . .	8580-32	. . . .	Veterans Memorial

FEDERAL FUND ACCOUNTS

Consolidated Federal Funds

The West Virginia Division of Culture and History maintained the following Federal fund accounts during the audit period:

<u>Fund Number</u>		<u>Old Account Number</u>		<u>Description</u>
8718-096	. . . .	7828-01	. . . .	Current Expense Historic Preservation
8718-096	. . . .	7828-03	. . . .	Equipment
8718-096	. . . .	7828-06	. . . .	Historic Preservation Grants
8718-096	. . . .	7828-22	. . . .	Unclassified
8718-096	. . . .	7828-66	. . . .	Historic Preservation Personal Services
8718-096	. . . .	7828-78	. . . .	Refunds
8719-000	. . . .	7828-99	. . . .	Cash Control
8785	. . . .	7831-01	. . . .	Arts and Humanities Grants
8785	. . . .	7831-05	. . . .	Arts and Humanities
8785	. . . .	7831-99	. . . .	Cash Control

FEDERAL REVENUE SHARING FUNDS

Old Account

<u>Number</u>	<u>Description</u>
9750-12	Grants, Fairs and Festivals
9750-23	Grants, Fairs and Festivals
9750-34	Grants, Fairs and Festivals

COMPLIANCE MATTERS

Chapter 29, Article 1 of the West Virginia Code generally governs the West Virginia Division of Culture and History. 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.

Transfer of Funds for Veterans Memorial

Chapter 29, Article 11, Section 4 of the West Virginia Code designed to provide funding for the Veterans' Memorial states in part:

"The funds shall be used for the purpose of designing, constructing and maintaining a veterans memorial on the grounds of the state capitol complex...."

THE AMENDED AGREEMENT, made August 19, 1994 by and between the WEST VIRGINIA VETERANS MEMORIAL COMMISSION ("Commission") and THE DIVISION OF CULTURE AND HISTORY ("C&H") of the Department of Education and the Arts of the State of West Virginia, by the Purchasing Division of the Department of Administration of the State of West Virginia, in amendment of the Agreement dated July 1, 1994 between the parties states in part:

".... The Commission agrees to: a. submit an original invoice to C&H certifying the services were performed and/or the supplies or

materials were used in connection with the Project and specifying the total funds to be paid....

b. disburse or use such funds only for the purposes necessary to complete the Project;...

As funds are available from the West Virginia Lottery and as proper certified invoices are received from the Commission, C&H agrees to certify and process such invoices for payment to the Commission, or its assignee, as expeditiously as possible in an amount not to exceed the amount of funds available...."

We noted that payment was made based upon documents other than original invoices and in some instances payment was made more than once for the same goods or services (duplicate payments).

1. We noted several instances as listed below where the supporting documents that accompanied the requisition for funds were statements, order confirmations and proposals as opposed to the required invoices.

<u>PAYMENT REQ. NO.</u>	<u>SERVICE DATE</u>	<u>AMOUNT</u>	<u>VENDOR</u>	<u>DOCUMENT PROVIDED</u>
3	03/27/95	\$ 272.45	Charleston Business Machine	Statement
3	03/27/95	43.81	Merrill Photo	Statement
4	04/26/95	167.41	Charleston Business Machine	Statement
9	10/18/95	99.32	Charleston Business Machine	Statement
10	11/14/95	10,090.00	Frame Incorporated	Estimate
10	11/14/95	3,000.00	Megasound	Proposal
12	01/10/96	786.61	Drake Brothers	Proposal
13	02/27/96	16.26	Commercial Insurance Services	Statement
13	02/27/96	314.75	Charleston Business Machine	Statement

<u>PAYMENT REQ. NO.</u>	<u>SERVICE DATE</u>	<u>AMOUNT</u>	<u>VENDOR</u>	<u>DOCUMENT PROVIDED</u>
13	02/27/96	246.90	State Electric Supply	Statement
16	07/23/96	63.23	State Electric Supply	Statement
16	07/23/96	1,277.00	Art In Bronze	Order Form
16	07/23/96	1,425.00	Art In Bronze	Order Form
17	07/23/96	90.63	Chem Lawn	Statement
17	07/23/96	90.63	Chem Lawn	Statement
17	07/23/96	<u>35.50</u>	Federal Express	Statement
TOTAL		<u>\$18,019.50</u>		

2. We noted several instances of funds being requested and provided more than once for the same goods or service.

(a) The supporting document was a statement rather than an invoice and the previous balance reflected on the statement which had already been paid was paid again as shown in the following schedule:

<u>PAYMENT REQ. NO.</u>	<u>VENDOR</u>	<u>INVOICE NUMBER</u>	<u>DATE PAID</u>	<u>PREVIOUS BALANCE INCLUDED</u>
3	WV Press Service	13115	03/27/95	\$ 58.10
4	WV Press Service	13249	04/26/95	75.95
5	WV Press Service	13388	05/22/95	26.95
6	WV Press Service	13530	07/10/95	97.65
9	WV Press Service	13937	10/18/95	7.80
18	WV Press Service	15126	09/19/96	63.90
19	WV Press Service	15259	09/19/96	57.60
21	WV Press Service	15516	10/09/96	7.85
3	Merrill Photo	N/A	03/27/95	11.70
4	Merrill Photo	N/A	04/26/95	32.11

<u>PAYMENT</u> <u>REQ. NO.</u>	<u>VENDOR</u>	<u>INVOICE</u> <u>NUMBER</u>	<u>DATE PAID</u>	<u>PREVIOUS</u> <u>BALANCE</u> <u>INCLUDED</u>
6	Merrill Photo	N/A	07/10/95	180.25
3	Tyler Mt. Water	N/A	03/27/95	15.20
4	Tyler Mt. Water	N/A	04/26/95	9.95
6	Tyler Mt. Water	N/A	07/10/95	1.50
7	Tyler Mt. Water	N/A	08/18/95	9.95
8	Tyler Mt. Water	N/A	09/15/95	11.65
9	Tyler Mt. Water	N/A	10/18/95	12.20
10	Tyler Mt. Water	N/A	11/09/95	<u>11.05</u>
Total				<u>\$691.36</u>

(b) Documentation for a good or service is submitted more than once and paid each time submitted. Duplicate payments which resulted are listed below:

<u>VENDOR</u>	<u>PAYMENT</u> <u>REQ.</u> <u>NO.</u>	<u>INVOICE</u> <u>NUMBER</u>	<u>AMOUNT</u> <u>PAID</u>	<u>SERVICE/</u> <u>PRODUCT</u> <u>RECEIVED</u>
A1 Rental	17	108437102	\$ 50.99	Buffing Pads
A1 Rental	18	108437102	50.99	Buffing Pads
Art In Bronze	16	N/A	1,425.00	Beirut 1983
Art In Bronze	18	409091	1,425.00	Beirut 1983
Art In Bronze	21	N/A	1,425.00	Beirut 1983
Art In Bronze	16	N/A	1,277.00	WWII Mono
Art In Bronze	17	402940	1,277.00	WWII Mono
Charleston Business Machine	3	0012137	3.66	Not Listed
Charleston Business Machine	4	0012137	3.66	Not Listed
Charleston Business Machine	3	9412691	5.90	Not Listed
Charleston Business Machine	4	9412691	5.90	Not Listed
Charleston Business Machine	3	9501420	6.09	Not Listed

<u>VENDOR</u>	<u>PAYMENT REQ. NO.</u>	<u>INVOICE NUMBER</u>	<u>AMOUNT PAID</u>	<u>SERVICE/ PRODUCT RECEIVED</u>
Charleston Business Machine	4	9501420	6.09	Not Listed
Charleston Business Machine	3	9502106	6.80	Not Listed
Charleston Business Machine	4	9502106	6.80	Not Listed
Charleston Business Machine	3	9503348	125.00	Copier Rental
Charleston Business Machine	4	9503348	125.00	Copier Rental
Charleston Business Machine	12	9511666	20.30	File Folders
Charleston Business Machine	13	9511666	20.30	File Folders
Charleston Business Machine	12	9512252	125.00	Copier Rental
Charleston Business Machine	13	9512252	125.00	Copier Rental
Charleston Business Machine	17	9605236	125.00	Copier Rental
Charleston Business Machine	18	9606167	125.00	Copier Rental
Commercial Ins.	20	010802	1,022.12	Renewal
Commercial Ins.	20	010810	141.40	Renewal Auto
Commercial Ins.	21	N/A	1,180.49	Renewal, Late Charge
Commercial Ins.	10	008074	176.00	Prem.
Commercial Ins.	11	N/A	196.26	Prem. & Late Charge
Commercial Ins.	12	N/A	16.26	Late Charges
Commercial Ins.	13	N/A	16.26	Late Charges
Federal Express	4	5-476-07763	15.50	Shipping Chgs.

<u>VENDOR</u>	<u>PAYMENT</u> <u>REQ.</u> <u>NO.</u>	<u>INVOICE</u> <u>NUMBER</u>	<u>AMOUNT</u> <u>PAID</u>	<u>SERVICE/</u> <u>PRODUCT</u> <u>RECEIVED</u>
Federal Express	6	5-476-07763	15.50	Shipping Chgs.
Federal Express	12	5-476-07763	15.50	Shipping Chgs.
Federal Express	9	5-583-12297	22.50	Shipping Chgs.
Federal Express	12	5-583-12297	22.50	Shipping Chgs.
Federal Express	13	5-583-12297	22.50	Shipping Chgs.
Federal Express	13	5-583-12297	22.50	Shipping Chgs.
Federal Express	12	5-654-25961	62.00	Shipping Chgs.
Federal Express	13	5-654-25961	62.00	Shipping Chgs.
Federal Express	12	5-655-81903	31.75	Shipping Chgs.
Federal Express	13	5-655-81903	31.75	Shipping Chgs.
Federal Express	12	5-655-81904	31.75	Shipping Chgs.
Federal Express	13	5-655-81904	31.75	Shipping Chgs.
Federal Express	13	5-684-08616	20.00	Shipping Chgs.
Federal Express	16	5-684-08616	20.00	Shipping Chgs.
Federal Express	17	5-803-32638	35.50	Shipping Chgs.
Federal Express	19	5-803-32638	35.50	Shipping Chgs.
Federal Express	18	5-808-88258	25.50	Shipping Chgs.

<u>VENDOR</u>	<u>PAYMENT REQ. NO.</u>	<u>INVOICE NUMBER</u>	<u>AMOUNT PAID</u>	<u>SERVICE/ PRODUCT RECEIVED</u>
Federal Express	20	5-808-88258	25.50	Shipping Chgs.
Federal Express	21	5-808-88258	25.50	Shipping Chgs.
Kinko's	5	1142008886	98.10	Collating
Kinko's	6	1142008886	98.10	Collating
Kinko's	6	1142009010	20.79	Not Listed
Kinko's	7	1142009010	20.79	Not Listed
Kinko's	6	1142009119	11.33	Not Listed
Kinko's	7	1142009119	11.33	Not Listed
One Valley Bank	12	N/A	9,552.84	Interest
One Valley Bank	13	N/A	9,552.84	Interest
Pip Printing	8	22188	134.62	Business Cards
Pip Printing	10	22188	134.62	Business Cards
Pip Printing	8	100159	387.56	Letterhead/ env.
Pip Printing	10	100159	387.56	Letterhead/ env.
State Electric	9	952504688	111.01	Not Listed
State Electric	10	952504688	111.01	Not Listed
State Electric	9	952545325	61.28	Fish Tape
State Electric	10	942545325	61.28	Not Listed

3. We noted instances of funds being provided for purposes that do not appear to have been related to the design, construction or maintenance of the Veterans' Memorial. These transactions are listed below:

<u>VENDOR</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>SERVICE/PRODUCT</u>
Young Floral Co	07/13/95	\$ 56.07	Flowers/Sympathy/ McMilla
Young Floral Co.	08/31/96	104.41	Gold Star Mothers
Joey's	11/11/95	1,000.00	Luncheon for 110
Jarrett/Aim	09/25/95	1,215.00	Dedication Brochures

<u>VENDOR</u>	<u>DATE</u>	<u>AMOUNT</u>	<u>SERVICE/PRODUCT</u>
Jarrett/Aim	10/13/95	920.00	WV Vet Posters
Jarrett/Aim	11/10/95	4,945.85	Dedication Brochures
Jarrett/Aim	11/24/95	587.12	WV Vet Memorial Caps
Jarrett/Aim		796.00	Handouts Homecoming 96
Jarrett/Aim	08/20/96	391.00	Rosa Ellis Ded. Prog.
Wal Mart	05/15/95	22.88	School Tour Booklets
Lighter Than Air	10/06/95	1,625.00	Imprinted Balloons
Lighter Than Air	10/06/95	9,200.00	Balloon Art- Dedication
Executive Air	10/20/95	1,341.00	Chartered Flight
Mezasound	11/11/95	3,000.00	Sound System (stage, orchestra, parking lot)
Ed's Comfort Station	11/17/95	1,370.00	25 Portable Toilets
Bob Campbell	11/15/95	812.00	Document Dedication
Bob Campbell	03/01/96	630.00	Document Recognition Day
Seneca Communications	11/11/95	115.00	Cassettes
KRT	11/95	1,470.00	Trolley Charters for Tour
Gem Publications	12/08/95	900.00	Veterans Dedication
Gem Publications	02/02/96	450.00	Framed Photos
Gem Publications	02/23/96	270.00	Framed Photos
Gem Publications	08/16/96	<u>25.00</u>	Framed Photos
Total		<u>\$31,085.85</u>	

The Division of Culture and History is not requiring the Veterans' Memorial Commission to submit original invoices with the

requisition for funds derived from the West Virginia Lottery Commission nor are they assuring that funds have not previously been provided for the same goods or services and as a result funds are being provided by the Division of Culture and History to the Veterans' Memorial Commission two or more times for the same good(s) or service(s). This situation results in either a duplicate payment to the vendor or an accumulation of State funds in the Veterans' Memorial Commission's Trustee Account at One Valley Bank. Funds which have been requisitioned from the Division are transferred by State warrant to the Veterans' Memorial Commission for deposit into the Trustee Account to pay invoices for which these funds are being requisitioned as provided by the agreement mentioned earlier.

We recommend the Division comply with the provisions of Chapter 29, Article 11, Section 4 of the West Virginia Code and the agreement dated August 19, 1994 between the Veterans' Memorial Commission and the Division of Culture and History. Also, we recommend the Division seek reimbursement of \$31,085.85 paid over to the Veterans Memorial Commission for expenses not related to the design, construction or maintenance of the Veterans' Memorial.

Agency's Response

1. We concur that supporting documents to the requisitions for payment were not always invoices.

2. We concur that funds were provided more than once for the same goods or services. We will review the items listed in (a)

and (b) and notify the Commission and Bank that they must repay the Veterans Memorial accounts or credit the loan balance with the Bank for the duplicate payments.

3. We concur that in some instances funds were provided for purposes that do not appear to have been related to the design, construction or maintenance of the Veterans' Memorial and will comply with the recommendation.

Effective January 1997, ledgers were set up to ensure that duplicate payments were not made for the same goods and services.

Agency representatives met with Veterans' Memorial Board Members, Bank officials, Agency counsel from the Attorney General's office and Department of Administration legal counsel on August 28, 1997. Since that date, the Agency is paying only expenses for the purpose of designing, constructing and maintaining a veterans memorial and those in compliance with the Agreement.

Disbursement of Grant Funds

We believe the method of disbursing grant funds by the Division is in violation of Chapter 12, Article 3, Section 10 of the West Virginia Code, as amended, which states, :

"It shall be unlawful for any state officer to issue his requisition on the state auditor in payment of any claim unless an itemized account is filed in the office of the officer issuing the requisition. If the account is for services, it shall show the kind of

service, dates when performed and names of persons performing the service; if the account is for materials or supplies, it shall show in detail the kind of material or supplies, the quantity, dates of delivery and to whom delivered; and if the amount is for automobile hire or other transportation, it shall show the date, from where, to where, and the purpose of the expenditure. No account shall contain an item designated as "sundry", "miscellaneous", or by terms of like nature."

In addition, Chapter 12, Article 3, Section 12 of the West Virginia Code states in part:

"Every appropriation which is payable out of the general revenue, or so much thereof as may remain undrawn at the end of the year for which made, shall be deemed to have expired at the end of the year for which made, and no warrant shall thereafter be issued upon it...."

As we noted in the previous audit various disbursements were made from various accounts of the West Virginia Division of Culture and History to an organization known as Mountain Arts Foundation (the Foundation). During this audit period special revenue funds and Federal funds were also disbursed to the Foundation. Agreements titled Contract for Grant are the source documents used by the Division to disburse these funds. Listed below is a summarization of the purposes and expectations of several of these agreements:

1. The Division of Environmental Protection has transferred special revenue funds to the Division of Culture and History to review, comment, and make recommendations on permit applications and related permitting actions for surface coal mining operations in the State of West Virginia. This review was performed to insure that significant archeological sights are not disturbed or to minimize any disturbance. Using these funds Culture and History awarded a grant to the Foundation. For the sum of \$60,000 per year, the Foundation provided two

employees to perform the required functions. These employees were provided office space by the Division of Culture and History.

2. Goldenseal magazine awarded a grant, using special revenue funds, to the Foundation for layout and distribution of the magazine. The Foundation in turn hired a vendor to help with the layout and mailed the publication using the lower postage rate available to them as a non-profit corporation. This grant totaled \$50,000.00; \$55,000.00; and \$58,500.00 in the years ended June 30, 1996; June 30, 1995; and, June 30, 1994, respectively.
3. The Division also awarded a grant to the Foundation from appropriated funds for the production and preparation of communications materials and to implement a distribution system for the Divisions bulk mailings. Funds were granted for this purpose in the amounts of \$14,000.00; \$6,188.00; and, \$10,000.00 in the years ended June 30, 1996; June 30, 1995; and, June 30, 1994, respectively.
4. The Division awarded a grant from Federal funds to the Foundation for part-time employees and contracted services. This \$5,000 was used to provide temporary part-time help for data entry in the Division of Culture and History.

Mountain Arts Foundation is a non-profit corporation which, based on records provided to us, acts as a conduit to coordinate various cultural activities which fall under the purview of the West Virginia Division of Culture and History. The Foundation submits a summary of services or goods to be provided as opposed to the itemized invoices required, and lump-sum payments are made by the Division of Culture and History. Since we do not have access to the financial records of Mountain Arts Foundation, we can not determine whether the use of funds is in compliance with applicable State laws, rules and regulations.

Appropriated general revenue funds are being transferred to Mountain Arts Foundation and then actually being disbursed for the benefit of the agency after the fiscal year has ended, even

though the unexpended amount of these funds should have been expired at the end of the fiscal year and returned to the unappropriated surplus of the State General Revenue Fund. These amounts are included in "deferred revenue" (funds received for a specific use which have not been expended in the current period) on the Mountain Arts Foundation financial statements. Total deferred revenue reflected in the Mountain Arts financial reports was \$226,756 for fiscal year 1994 and \$12,084 for fiscal year 1995. Based on interviews that we conducted and records we reviewed, the Division of Culture and History has no procedures in place to prevent the inclusion of State funds in deferred revenue. Both State and Federal funds are included in this amount and since we do not have access to the financial records for Mountain Arts we can not determine the amount of State funds involved.

We also noted the Board of Directors of Mountain Arts Foundation is made up substantially of the top managerial officials of the West Virginia Division of Culture and History. This transfer of funds to a non-profit corporation which is not subject to State laws, rules and regulations but which is essentially controlled by agency personnel, quite simply results in the circumvention of state laws, rules and regulations established to provided oversight with respect to the expenditure of State funds.

We believe the method of disbursements is in violation of State purchasing procedures which indicate on Page 2 of the Agency Purchasing Procedures Manual that in order for grants to be exempt from the required bidding procedures of the State,

"...the State must not receive any finished product or indirect service."

This method of disbursements can result in employees being hired without any regard for established procedures and contracts being awarded without competitive bids which may be required in some instances.

We recommend the Division comply with Chapter 12, Article 3, Section 10, as amended, and Chapter 12, Article 3, Section 12, as amended, of the West Virginia Code and the provisions of the Agency Purchasing Procedures Manual.

Agency's Response

The Agency has begun reducing the amount of funds granted to Mountain Arts Foundation.

1. *The Division of Environmental Protection and Federal funds for part-time employees and contracted services are no longer transferred to Mt. Arts.*
2. *Funds are no longer transferred to Mt. Arts for Goldenseal distribution.*
3. *We will review all future grant proposals to Mt. Arts to ensure compliance with the Agency Purchasing Procedures Manual, require itemized invoices for all payments to Mt. Arts in compliance with Chapter 12, Article 3, Section 10 of the West Virginia Code, and require repayment of all undisbursed general revenues in Mt. Arts at the end of the fiscal year.*
4. *Federal funds for part-time employees and contracted services are no longer transferred to Mt. Arts for temporary help.*

Deposit of State Revenue Funds into
Private Non-Profit Corporation

Chapter 29, Article 1, Section 11 of the West Virginia Code, states in part:

"The division may, in the name of the state of West Virginia, through the commissioner or its commissions, accept and receive grants, appropriations, gifts, bequests and funds from any public or private source for the purpose of carrying out the duties and purposes of this article.... All funds received from any source shall be paid into the treasury of the state and disbursed upon warrant by the state auditor following requisition by the division." (emphasis added).

In addition 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 money so received for deposit in the state treasury and shall deposit within twenty-four hours with the state board of investments all moneys received or collected by them for or on behalf of the state for any purpose whatsoever..." (emphasis added).

We noted the Division in several instances deposited earned and donated revenue directly into accounts belonging to Mountain Arts Foundation, Inc. Although it appears the funds were eventually forwarded and deposited into Division accounts, the funds were not placed to the Division accounts which had generated the receipts. We believe the deposit of such monies into Mountain

Arts Foundation accounts was in violation of the West Virginia Code.

The schedule below details the earned and donated revenue that was improperly deposited into the Mountain Arts Foundation accounts, those amounts transferred from Mountain Art Foundation back to the Division of Culture and History and the amount remaining to be transferred:

<u>SOURCE OF REVENUE</u>	<u>ACTIVITY</u>	<u>AMOUNT</u>
Traveling Exhibits	Rental Fees Collected for Exhibits	\$ 60.76
Museum Donation Box	Donations of Visitors	1,292.71
Quilt Exhibit	Quilt Preservation	50.00
Room Bookings Grant	Remainder of Grant for Paying Sound Tech	17.17
WV Independence Hall	Donations, Tour Fees and Sale of Posters	3,785.09
Outreach Materials	Rental Fees for Discovery Kits	31.85
Black Heritage Arts Camp	Cash Donation	50.00
Doo Wop Saturday Night	Profit From Corn Booth	<u>383.21</u>
		5,670.79
Less:		
	Transfer to Camp Washington Carver from Mountain Arts Foundation	3,248.73
	Transfer to Culture and History Unclassified Account-Fund 0293-099	<u>38.00</u>
		<u>3,286.73</u>
	Difference Still Due Division of Culture and History	<u>\$2,384.06</u>

We recommend the Division comply with Chapter 12, Article 2, Section 2, as amended, and Chapter 29, Article 1, Section 11 of the West Virginia Code.

Agency's Response

The Division will begin immediately depositing all revenues received by Agency officials and employees with the State Board of Investments and will determine funds in Mt. Arts that should be transferred to Culture and History.

Full-Time Pay for Part-Time Employee

Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, states in part:

"No money shall be drawn from the treasury to pay the salary of any officer or employee before his services have been rendered."

Also, the West Virginia Division of Personnel Administrative Rule 15.03(d) 3 states:

"Annual leave accorded part-time employees shall be computed in proportion to hours worked during the pay period based on the proper length of service category."

We noted the Director of the organization know as "Friends of Culture and History" is on the payroll of the Division of Culture and History. We interviewed the above individual who stated that she started work for the agency on May 24, 1994 spending part of her work time functioning as the Director of "Friends" and the remainder providing administrative support to the Commissioner of Culture and History. This information was verified by other employees who were interviewed. The employee stated that her duties include writing grant applications and budget narratives. According to the employee in question, she originally

split her time between the two functions almost equally and the time spent in her capacity as Director of "Friends" has steadily decreased to where it occupies only approximately 20% of her time at the conclusion of our field work, with the other 80% being spent on her duties as an employee of the Division of Culture and History.

This employee was also earning leave as a full-time State employee. The Division considered this employee to be full-time with all associated benefits, but the employee was actually working for the Division on a part-time basis. The annual salary and related benefits for this employee totaled approximately \$37,500.00 per year. Since the individual was classified by the Division as a full-time employee and was only working part-time on agency matters, we believe the employee was being paid for services not received by the Division and was accruing leave that exceeded the leave earned.

Based upon the assumption that the increase in work time spent on duties related to her position within the Division of Culture and History has been at a constant rate, she has received an average of \$1,093.75 per month for services actually performed for "Friends of Culture and History" or a total of \$21,875.00 since she was employed on May 24, 1994.

We recommend the Division comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, and West Virginia Division of Personnel Administrative Rule 15.03 (d).

Agency's Response

This position has been eliminated and the Agency will ensure that this situation does not occur in the future.

Camp Washington Carver Cash Receipts

The failure to maintain records in a manner that would facilitate tracing cash receipts to deposit in the local depositing bank is in violation of Chapter 5A, Article 8, Section 9 of the West Virginia Code which states in part:

"The head of each agency shall: . . .
(b) Make and maintain records concerning adequate and proper documentation of organization, function, policy, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities. . ."

During our test of receipts related to major ticketed events at Camp Washington Carver and the rental of facilities there, we noted ineffective internal control procedures in place relating to cash, items purchased for resale and tickets for the events. According to cash receipts records made available to us, the ticket sales for the three major events averaged approximately \$62,000 per year and the related concession sales averaged approximately \$18,000 per year.

We attempted to reconcile ticket sales to cash deposits for the three major events at Camp Washington Carver for 1993, 1994 and 1995. For Doo Wop and Country Showdown which are both one day events, this reconciliation was accomplished with no material

variances for fiscal year 1995. The unsold tickets were not maintained for these events for fiscal years 1993 and 1994 and we were therefore not able to reconcile ticket sales to cash receipts but we were able to reconcile the reported cash receipts to the deposits. We were unable to reconcile the ticket sales to cash deposits for String Band for any of the three years. For 1993 and 1994 many of the ticket accountability forms were missing which prevented us from determining the number of tickets (wrist bands) sold. The records for 1995 were essentially nonexistent preventing any attempt at a reconciliation of sales to deposits for this event.

Also, the cashiers at concession stands were not held accountable for the product (Tee-Shirts and Sweat Shirts) which they were selling, in that no records were maintained to reflect the amount of shirts issued to the concession to sell, nor were there any records to reflect the amount of shirts returned unsold. Good accounting or business practices would require that these records be maintained to control inventory and to determine the cost of goods sold.

Lastly, we were not able to locate deposit slips for some of the monies received for dining hall rentals and for Dinner Theaters. This situation made it impossible to determine whether deposits were made in a timely manner or in some cases if the deposits were made at all.

By failing to establish and maintain the proper records the Division has created an environment in which it is not possible

to determine if or when receipts were deposited. Additionally, the failure to deposit receipts in a timely manner has deprived them of the use of those funds for that period of time and has resulted in the loss of interest on those funds.

We recommend the Division comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Response

The Division will establish procedures and internal control measures to provide for: tracing cash receipts and ticket sales to deposit in the local deposit depositing bank, reconciliation of tickets and merchandise purchased for resale to sales records, and the deposit of receipts in a timely manner.

Recording and Depositing of Moneys Received

The Division's failure to keep an itemized list of cash receipts, and to deposit such funds within 24 hours of receipt is in violation of Chapter 12, Article 2, Section 2 of the West Virginia Code which 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 money so received for deposit in the state treasury and shall deposit within twenty-four hours with the state board of investments all moneys received or collected by them for or on behalf of the state for any purpose whatsoever..."

Our test of collections consisted of 110 cash receipts which totaled \$86,536.36. These moneys were deposited on average a total of 17.2 days after receipt with the time lapse between

receipt and deposit ranging from four days to 189 days. The interest lost as a result of these late deposits was approximately \$140.00. If this amount is projected to all cash receipts during the period from July 1, 1993 through January 31, 1996, the interest lost through untimely deposits would be approximately \$2,449.00.

During our test of cash receipts, we noted 45 of 110 (41%) of the selected receipt items where the Division was unable to provide us with a deposit which corresponded with the cash receipt item selected for testing. In some instances we could not verify monies were deposited because the Division did not maintain a record listing the individual receipts which made up particular deposits. In addition, some deposits which the Division claimed were for receipts in our sample were for different dollar amounts. When we were able to locate the records which allowed us to trace these receipts to deposits in the State Treasury, we noted that none of those 65 cash receipts were deposited within 24 hours of receipt.

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

Agency's Response

We concur and have developed and implemented, effective January 16, 1997, Attachment I "Procedures For Receiving Revenues and Submitting Revenues for Deposit."

Operation of "The Shop"

Chapter 12, Article 3, Section 13 of the West Virginia

Code, as amended, states in part:

"...No money shall be drawn from the treasury to pay the salary of any officer or employee before his services have been rendered...."

In *SER State Bldg. Comm. of West Virginia v Patrick Casey*, 232 S.E.2d 349 (1977), the West Virginia Supreme Court ruled that:

"providing space to a non-profit corporation in a government building to be used without cost is a grant of "credit" in violation of the Constitution, Article X, Section 6." See Casey at 352.

We noted in our previous two audits, a private non-profit corporation operates a craft shop known as "The Shop" which is a show place and marketing outlet for the work of West Virginia's quality craftsmen. The method of operation of "The Shop" is essentially the same as it was during our previous two audits and has cost the State in excess of approximately \$439,000.00 since our last audit. The most significant change has been the removal of the operation's employees from the State payroll and this was not accomplished until February 1, 1996. "The Shop" occupies facilities in the Science and Cultural Center and was managed by a full-time employee of the Division of Culture and History until January 31, 1996. As stated earlier, the manager was removed from the State payroll effective February 1, 1996. The State of West Virginia received no payments from the corporation for rental of the facilities or to reimburse the salary of the State employee who managed "The Shop". All income from the operation was deposited into the Mountain Arts Foundation, a private non-profit

corporation, and reportedly used for the purchase of additional craft work and the support of technical and marketing programs.

Maintaining the manager of "The Shop" on State payroll for the period July 1, 1985 through January 31, 1996 cost the Division of Culture and History approximately \$192,397.00 in salary. The other employee who worked in "The Shop" was removed from the State payroll on January 3, 1992 and from July 1, 1985 until that time was paid salary of \$145,527.00 in State funds. The total cost to the State during the audit period was \$337,924.00 for salaries and approximately \$101,400.00 in benefits for a total of **\$439,324.00**. Therefore, the State paid \$439,324.00 for services not rendered the State, but instead rendered to a private non-profit corporation in violation of the provisions of Chapter 12, Article 3, Section 13 of the West Virginia Code. In addition to the above cost, the State has provided janitorial services and paid utilities for "The Shop" and has received no compensation or reimbursement in return.

We recommend the Division comply with Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, and the West Virginia Supreme Court ruling.

Agency's Response

We concur and will comply with the recommendation.

Over Obligation of Funds

The Division violated the provisions of Chapter 12, Article 3, Section 17 of the West Virginia Code, as amended, which states in part:

"...it shall be unlawful for any state board, commission, officer or employee: (1) To incur any liability during any fiscal year which can not be paid out of the then current appropriation for such year or out of funds from an emergency appropriation...."

The State of West Virginia Agency Purchasing Procedures Manual

Section 3.1 states in part:

"PURCHASES OVER \$10,000: All requisitions for products and services over \$10,000 must be submitted to the Purchasing Division...."

We noted during our audit there were some purchases made by the Division which were ultimately approved for payment by the West Virginia Court of Claims. The invoices relating to these purchases had to be submitted to the Court of Claims because the Division obligated funds in excess of the amount of their general revenue appropriation in the Unclassified Account-Fund 0293-099.

Several items of computer equipment costing \$10,974.00 were ordered in the last week of fiscal year 1995 and were not paid for out of Division funds but were eventually submitted to and approved by the Court of Claims. Appropriated expiring funds were originally obligated in conjunction with \$5,487.00 of these purchases and special revenue funds were obligated to pay for the remaining \$5,487.00 of the equipment; however, changes were later processed to charge all of the purchases to expiring general revenue funds. Of the \$10,974.00 due the vendor, one invoice in the amount of \$1,829.00 was paid, leaving a total of \$9,145.00 still unpaid. However, only \$36.17 eventually expired in this account. This situation would indicate that no funds were

available for these purchases and that the purchases resulted in an over obligation of funds. The Court of Claims approved payment to the vendor (Gateway 2000) in the amount of \$9,145.00.

The Court also approved a payment to Xerox Corp. in the amount of \$1,403.16 for copier rental at Independence Hall in Wheeling, WV from June 30, 1994 through June 30, 1995. The end result is that the Division received \$10,974.00 worth of computer equipment by spending only \$1,829.00 of their funds and rented a Xerox copier for one year without any expenditure of Division funds.

By over obligating the appropriated account, the Division forced the vendor to go through the Court of Claims to obtain payment. Had the over obligation not occurred, payment could have been made from the next year's appropriation per 45 Op. Attorney General. 95 (1952) which states:

"Payments from current fund which should have been made from previous appropriation - The auditor's office can legally issue a state warrant for the payment of claims out of the current funds which should have been out of a previous appropriation only when there was an expired balance from the previous appropriation sufficient to cover the claim."

The Division by ordering six computers at a total cost of \$10,974.00, using four separate purchase orders and obtaining their own bids also circumvented State purchasing procedures.

During our audit, we noted four separate purchase orders which were all for computer equipment, all dated the same date and all awarded to the same vendor. The four purchase orders were for

a total of six computers at a price of \$1,829.00 each for a total of \$10,974.00. There is no apparent reason for using separate purchase orders other than circumventing established purchasing procedures by keeping the purchase orders below the \$10,000.00 threshold.

We recommend the Division comply with Chapter 12, Article 3, Section 17 of the West Virginia Code, as amended, and the provisions of the Agency Purchasing Procedures Manual.

Agency's Response

Agency staff were unaware of 45 Op. Attorney General.95 (1952) which allows for payment of claims out of the current funds which should have been out of a previous appropriation when there was an expired balance. We will take steps to ensure that this type of situation does not occur in the future.

Four separate purchase orders were used to purchase these items because they were being purchased from four different accounts, three different programs, two different sections and three different budget managers. We do not believe that we circumvented purchasing procedures for over \$10,000 purchasing.

Meal Reimbursements for Single Day Travel

Chapter 11, Article 21, Section 12 of the West Virginia Code, as amended, states in part:

"(a) General - The West Virginia adjusted gross income of a resident individual means his federal adjusted gross income as defined in the laws of the United States for the taxable year with the modifications specified in this section."

During our testing of employee travel, we noted one-hundred twenty-five (125) transmittals for travel expense claiming meal reimbursement where there was no over night stay. These reimbursements are taxable income according to IRS regulations and are included in the Federal adjusted gross income but were not included on the employees' W-2's. There were 12 employees affected for a total dollar amount of \$1,182.95. As a result, the employees' income was understated on their W-2 forms.

We recommend the Division comply with Chapter 11, Article 21, Section 12 of the West Virginia Code, as amended.

Agency's Response

The agency requests a copy of the federal tax provision regarding meal reimbursements as federal tax income for review. We will develop a procedure to track and report this income.

Miscalculation of Increment Pay

Chapter 5, Article 5, Section 2, of the West Virginia Code, as amended, granting incremental salary increases based on years of service, states in part:

"...Effective for the fiscal year beginning the first day of July, one thousand nine hundred eighty-five, every eligible employee with three or more years of service shall receive an annual salary increase equal to thirty-six dollars times the employees' years of service, not to exceed twenty years of service. In each fiscal year thereafter and on the first day thereof, each such employee shall receive an annual increment increase of thirty-six dollars for such fiscal year: Provided, That every employee becoming newly eligible as a result of meeting the three

years of service minimum requirement on the first day of July in any fiscal year subsequent to one thousand nine hundred eighty-five, shall be entitled to the annual salary increase equal to aforesaid thirty-six dollars times the employee's years of service,..."

We noted five of the 18 employees tested were paid increment payments in excess of or less than the amount that they were eligible to receive. These employees and amount of over (under) payment were as follow:

<u>Employee</u>	<u>Date Paid</u>	<u>Amt. Paid</u>	<u>Recalculated Amount</u>	<u>Difference Over/ (Under)</u>	<u>Difference For Audit Period</u>
#1	07/31/95	\$540.00	\$576.00	(\$36.00)	(\$396.00)
#2	07/31/95	\$612.00	\$576.00	\$36.00	\$396.00
#3	07/31/95	\$504.00	\$468.00	\$36.00	\$396.00
#4	07/31/95	\$504.00	\$540.00	(\$36.00)	(\$396.00)
#5	07/31/95	\$720.00	\$540.00	\$180.00	\$1,980.00

The Division listed the starting date for one employee as December 1980 but it should have been October 1981. For three employees, the Division calculated the years of service incorrectly. Another employee was incorrectly given credit for military service when his increment was calculated. As a result, these employees have been either overpaid or underpaid for annual increment each year that they have been employed by the Division of Culture and History.

We recommend the Division comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended. We further recommend the Division seek reimbursement of any over payments

identified and make payments to those employees who have been under paid.

Agency's Response

The agency will review tenure for all our employees, seek reimbursement for any overpayment, and inform employees of their court of claim option to secure any underpayment due them.

Incorrect Accrual Rates and Calculations for Annual Leave

Section 15.03(a) of the Division of Personnel Administrative Rule states:

"(a) Amount, Accrual: Except as otherwise noted in this rule, each employee is entitled to annual leave with pay and benefits. The table below lists rates of accrual according to the employee's length of service category and the number of hours of annual leave that may be carried forward from one calendar year to another. Annual leave cannot be accrued for hours not paid nor for hours worked beyond the normal work week which shall not exceed 40 hours.

<u>Length of Service Category</u>	<u>Accrual Rate</u>	<u>Carry-Forward Hours</u>
Less than 5 years of Regular Employment	Hours Equal to 1.25 days/month	Hours Equal to 30 days
5 years but less than 10 years of regular Employment	Hours Equal to 1.5 days/month	Hours Equal to 30 days
10 years but less than 15 years of regular Employment	Hours Equal to 1.75 days/month	Hours Equal to 35 days
15 Years or more	Hours Equal to 2 days/month	Hours Equal to 40 days"

We noted errors in accrual rates for eight of the 83 employees based on their length of service with the State. The following list indicates those employees who are accruing annual leave at an incorrect rate:

<u>Employee</u>	<u>Agency Accrual Rate (Days)</u>	<u>Audited Accrual Rate (Days)</u>	<u>Difference (Days)</u>	<u>No. of Months Leave Rate Was Incorrect</u>	<u>Over/ (Under) Stated</u>
#1	1.25	1.50	.25	1	(.25)
#2	1.75	2.00	.25	10	(2.50)
#3	1.50	1.75	.25	29	(7.25)
#4	1.75	1.50	(.25)	1	.25
#5	2.00	1.75	(.25)	12	3.00
#6	1.75	1.50	(.25)	1	.25
#7	2.00	1.75	(.25)	8	2.00
#8	2.00	1.75	(.25)	14	3.50

In addition, the Division calculates annual and sick leave usage, and employees were submitting Request for Leave based upon an eight- hour work day when they are only working a seven and one-half hour day. The calculation based on an eight-hour day compared to a seven and one-half hour day is as follows:

<u>EIGHT HR. DAY</u>	<u>SEVEN AND ONE-HALF HOOR DAY</u>	<u>DIFFERENCE</u>
.5 hr. = .0625 Days	.5 hr. = .066 Day	.004 Day
1 hr. = .125 Days	1 hr. = .133 Days	.008 Days
2 hr. = .250 Days	2 hr. = .266 Days	.016 Days
3 hr. = .375 Days	3 hr. = .400 Days	.025 Days
4 hr. = .500 Days	4 hr. = .533 Days	.033 Days

<u>EIGHT HR. DAY</u>	<u>SEVEN AND ONE-HALF HOUR DAY</u>	<u>DIFFERENCE</u>
5 hr. = .625 Days	5 hr. = .666 Days	.041 Days
6 hr. = .750 Days	6 hr. = .800 Days	.050 Days
7 hr. = .875 Days	7 hr. = .933 Days	.058 Days
8 hr. = 1.0 Days	7.5 hr. = 1.0 Days	-0- Days

Calculating annual leave in this manner may result in an erroneous amount being charged to annual leave in any instance where any increment other than a full day of leave is taken. In instances where something other than a full day of leave is taken, the method currently being used would result in an insufficient amount of leave being charged to the employee and consequently the employee's annual leave balance would be overstated.

Any errors in annual leave balance could result in employees being over compensated or under compensated for their services at the time of their resignation or retirement and could result in employees taking leave not earned or being denied leave earned.

The Division's internal review procedures for annual leave balances are not being followed. The Division's Personnel Manager indicated the leave records were inaccurate and incomplete, but the Division has now employed new personnel to take over the duties of reviewing the accuracy of the leave records.

We recommend the Division comply with Section 15.03(a) of the Division of Personnel Administrative Rule when determining the accrual rate for employees and that the Division calculate leave accrued and used based on the actual number of hours in the employee's work day.

Agency's Response

Leave balances were credited and debited in July, 1996 to correct mathematical errors. The agency will review and correct state tenure totals to ensure all accrual rates will be based on the correct length of service.

In reference to the submission of "request for leave based upon an eight-hour work day", this agency does not concur. We feel this agency correctly requests leave for annual and sick leave for partial day absences because, per this agency's work hours policy, employees are paid for an 8 hour day - 7.5 hours of actual work and .5 hours lunch period (see Attachment II, work hours policy). This agency has initiated the services of the Division of Personnel for further review.

As stated in the report, this agency has now employed new personnel to review and ensure the accuracy of the leave records.

Excessive Claims for Mileage Reimbursement

The Division is in violation of Section 4.2.6.1 of the Governor's Travel Regulations which states in part:

"...Reimbursement will be made at the prevailing rate per mile established by the Travel Management Office, excluding commuting mileage, for actual miles traveled using the shortest practicable route to the point of arrival at the traveler's destination...."

We noted 31 instances where the calculated distance for the most practical route to the destination indicated on the travel account settlement form of the employees tested was less than the mileage for which the employee was reimbursed. The calculated mileage is the city-to-city mileage indicated on the official highway map of the West Virginia Division of Highways plus ten percent. Only those instances where the mileage claimed exceeded the calculated mileage by more than five percent were noted as being excessive. The 31 expense claims noted affect seven of the 12 employees tested and indicates total excess payments amounting to \$507.60.

We recommend the Division comply with section 4.2.6.1 of the Governor's Travel Regulations.

Agency's Response

This agency does not concur. As many of our travelers do field work, it could appear they were claiming excess mileage because of the travel needed in and around the vicinity of their destination, thus elevating the number of miles claimed. The persons responsible for the audit of agency travel will be given an official highway map to properly review the correct city to city mileage and, employees will be instructed to list destinations within each city traveled to further document the mileage claimed.

Meal Reimbursements Exceed Maximum Allowable

The Governor's Travel Regulations state in part:

"Meal expense reimbursement is limited to actual expenses incurred for food, service, and any gratuity of 15% or less not to exceed the Authorized Daily Rate (ADR) as issued by the Travel Management Office for the destination city.

Meal expense reimbursement for days of departure and return should be the appropriate percentage up to the allowable 100% of the Authorized Daily Rate (ADR).

When meals are provided for a traveler, the traveler's Authorized Daily Rate (ADR) shall be reduced by an appropriate amount. For the purpose of determining the amount of deductions for meals on a uniform basis, allowances for meal expenses shall be deducted accordingly:

Breakfast	20% of ADR
Lunch	20% of ADR
Dinner	60% of ADR

Meal expense reimbursement for singly day travel (when there is not an overnight stay) is limited to actual expenses not to exceed 25% of the Authorized Daily Rate (ADR) of the destination city for each quarter - for partial quarters, round to the nearest quarter - of the day during which the traveler is approved travel status. The following chart illustrates the quarters used for calculation:

12:00 AM	To 06:00 AM	25% of ADR
06:00 AM	To 12:00 Noon	25% of ADR
12:00 PM	To 06:00 PM	25% of ADR
06:00 PM	To 12:00 Midnight	25% of ADR"

We noted nine (9) of the 12 employees tested during the audit period had meal reimbursements exceeding the amount allowed in the Governor's Travel Regulations by a total of \$80.00. Information concerning these instances of excess meal reimbursements follows:

<u>FIMS</u> <u>NUMBER</u>	<u>EMPLOYEE</u>	<u>AMOUNT</u> <u>REIMBURSED</u>	<u>ALLOWABLE</u> <u>REIMBURSEMENT</u>	<u>DIFFERENCE</u>
I1760863	#1	\$ 39.00	\$ 24.00	\$ 15.00
I0512965	#2	78.00	73.00	5.00
I0502136	#2	52.00	47.00	5.00
I1158328	#3	52.00	50.00	2.00
I1753771	#4	162.00	155.00	7.00
I0501100	#5	94.00	86.00	8.00
I1426885	#5	283.00	267.00	16.00
I1006889	#6	14.00	13.00	1.00
I0900684	#6	14.00	13.00	1.00
I1485604	#6	136.00	128.00	8.00
I0935083	#7	65.00	63.00	2.00
I1861641	#7	71.00	66.00	5.00
I1283108	#7	<u>140.00</u>	<u>135.00</u>	<u>5.00</u>
		<u>\$1,200.00</u>	<u>\$1,120.00</u>	<u>\$80.00</u>

Based on the above, we believe expense vouchers were not being adequately reviewed for compliance with the Governor's Travel Regulations before they were paid.

We recommend the Division comply with the Governor's Travel Regulations.

Agency's Response

As travel vouchers are audited by this agency and the West Virginia State Auditor's Office for compliance with the Governor's travel regulations, this finding is somewhat surprising. A thorough review of the listed transactions will be completed to identify problems in this area and to ensure compliance with the

State Travel Regulations.

Inadequate Inventory Records

Chapter 5A, Article 3, Section 35 of the West Virginia Code states in part:

"The head of every spending unit of state government shall on or before the fifteenth day of July of each year, file with the director 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, as directed by the director."

During our various tests of inventory, we noted the Division had failed to add new equipment purchases to their inventory and to assign inventory numbers and affix identifying inventory tags to the equipment. Equipment purchases for the period July 1, 1994 through January 31, 1996 totaled approximately \$223,000.00. We noted the only inventory record on hand was a hand written list prepared several years ago by students who were employed as summer help.

The Division's failure to keep an updated complete listing of inventory and purchases could result in loss of inventory through theft without the Division becoming aware of such inventory loss for long periods of time.

We recommend the Division comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code.

Agency's Response

We concur and will comply.

Invoices Are Not Being Paid in a Timely Matter

Section 8.2 of the Agency Purchasing Procedures Manual promulgated by the Purchasing Division of the West Virginia Department of Administration states in part:

"Effective July 1, 1991, the Prompt Payment Act of 1990 entitles a vendor to interest on a legitimate uncontested invoice calculated from the sixty-first (61st) day after the invoice was received by the State agency until the date on which the State check is mailed to the vendor...."

Pertinent information from these invoices along with the calculated interest amounts, to which the vendors were entitled, but failed to claim in these instances is outlined in the table below:

<u>FIMS COVER</u> <u>SHEET NO.</u>	<u>DATE</u>	<u>DAYS</u> <u>INVOICE</u> <u>HELD</u>	<u>INVOICE</u> <u>AMOUNT</u>	<u>CALCULATED</u> <u>INTEREST</u> <u>AMOUNT</u>
I777385	03/21/94	96	\$ 61.35	\$ 1.29
I1079381	09/21/94	82	553.99	9.96
I1087521	09/26/94	73	17.60	0.28
I116117	11/10/94	78	478.40	8.18
I1280429	01/24/95	120	38.10	1.00
I1432313	04/24/95	105	160.00	3.68
I1516795	06/13/95	112	74.00	1.82
I165007	10/23/95	109	<u>5,399.96</u>	<u>129.00</u>
TOTAL			<u>\$6,783.40</u>	<u>\$155.21</u>

The Division failed to establish controls to insure that invoices were being paid in a timely manner. As a result, payments to the vendors were delayed and the Division would incur an additional unnecessary cost if the vendor exercised his option to claim interest on the unpaid amount.

We recommend the Division comply with Section 8, of the Agency Purchasing Procedures Manual promulgated by the Purchasing Division of the West Virginia Department of Administration.

Agency's Response

Invoices are now paid within two to ten days of receipt in the Accounting Office. The Sections may take from one to five days to approve prior to submitting to Accounting. Approved invoices are placed in file folders marked with approved date as a method for the Director of Financial Services to monitor the age of invoices and determine if help is needed to process.

No Documentation for Sick Leave as Required

Section 15.04(g) of the West Virginia Division of Personnel's Administrative Rules state:

"Immediately upon return to work, an employee shall furnish a written statement from the attending physician for all consecutive days of sick leave granted beyond three working days."

During our review of the days taken for sick leave we noted 20 instances affecting 11 of the 83 employees where we were unable to locate third-party verification when sick leave was taken for more than three consecutive work days. Holidays and week-ends were taken into consideration and were not included as work days. The employees involved and the dates of leave not documented are as follows:

<u>EMPLOYEE</u>	<u>DATES OF SICK LEAVE</u>
#1	January 9-12, 1995
#2	March 23-26, 1993
#3	April 21-29, 1994
#3	May 2-6, 1994
#3	December 15-18, 1994
#4	February 10-14, 1992
#5	October 2-6, 1995
#5	September 16-23, 1992
#5	October 5-19, 1992
#5	February 19-24, 1992
#6	July 3-10, 1995
#7	February 6-9, 1995
#8	January 19-22, 1993
#8	December 21-24, 1992
#8	July 5-23, 1991
#8	June 25-28, 1991
#9	May 21-24, 1991
#10	February 2-5, 1991
#11	May 7-10, 1991

The Division's Personnel Manager indicated the leave records were inaccurate and incomplete, but the Division has now employed new personnel to take over the duties of reviewing the leave records. We believe employees may be more likely to use extended leave when the Division does not require third-party documentation as required by the Division of Personal's Administrative Rules.

We recommend the Division comply with Section 15.04(g) of the West Virginia Division of Personnel's Administrative Rules.

Agency's Response

This agency will ensure third-party verification is secured for sick leave for more than three consecutive work days to comply with Section 14.04(g) of the WV Division of Personnel's Administrative Rule. As stated in the report, this agency has employed new personnel to assume the duties of leave record review.

Payments and Reimbursements From Goldenseal to Non-State Employees

The Agency Purchasing Procedures Manual promulgated by the Purchasing Division of the West Virginia Department of Administration states:

"The Form WV-48, Agreement is designed to provide Agencies a method whereby they may enter into a short term agreement without the necessity of drawing up complicated legal forms. By utilizing the form, whose content and format have previously been approved, the Agency will aid in the prompt processing of the contact."

Also, the Governor's Travel Regulations state in part:

"Travelers doing business on behalf of the State of West Virginia either as a state employee or as a representative of the State of West Virginia are responsible for accurately completing and submitting for reimbursement the travel expense account."

The Division failed to require non-state employees working on behalf of Goldenseal Magazine to complete a WV-48 Agreement Form. In addition, mileage expense reimbursements were paid to non-state employees without the submission of Travel

Expense Account Settlement Forms.

We recommend the Division comply with the Agency Purchasing Procedures Manual and the Governor's Travel Regulations.

Agency's Response

Payments to Goldenseal contributors are not payment for services as a contractor but for royalties for the right to publish the vendor's articles in Goldenseal. Travel expenses will no longer be paid to vendors from whom we purchase royalty rights to articles.

Agency Is not Properly Establishing and Adhering to Rate Schedules

Chapter 29A, Article 3, Section 3 of the West Virginia Code states in part:

" . . . (a) Each agency shall adopt procedural rules governing the formal and informal procedures prescribed or authorized by this chapter. . . ."

Title 82-6-7.4 Procedural Rules Culture and History Series 6 Archives and History Library Services and Fee Guidelines states:

"7.4 West Virginia History, the state journal of history, biography, bibliography, and genealogy, costs twelve dollars (\$12) per year in the United States and fifteen dollars (\$15) per year outside the United States."

The Division of Culture and History is allowing members of "Friends of Culture and History" to receive a discount rate for subscriptions for the West Virginia History Journal in apparent conflict with Title 82-6-7.4 Procedural Rules Culture and History

Series 6 Archives and History Library Services and Fee Guidelines. We noted 31 instances where fees collected were less than the amount prescribed by the procedural rules. The subscription amount for the journal is \$12.00 per year, but members of the "Friends of Culture and History" organization received the magazine at a discounted price of \$10.00 per year. We were unable to find any provision which would authorize this discount. The difference amounted to \$62.00.

Also, the Division of Culture and History has not adopted a procedural rule which includes the fee schedule which they use for the rental of space in the Cultural Center (room bookings). Although procedural rules have been adopted for many of the fees collected by the Division, only an internal fee schedule for room bookings could be located. It was also noted that the fees and conditions outlined in this schedule were not being adhered to in some cases. For example, the Science and Culture Center's facility use policy and agreement states in part:

". . . The facilities are not available for events of a strictly personal nature (i.e. wedding receptions, bar mitzvah, proms, graduation parties). . ."

Contrary to this policy, we noted an invoice for the use of the Great Hall which stated that the charge was for a wedding reception held in that area.

We recommend the Division comply with Chapter 29A, Article 3, Section 3 of the West Virginia Code and their procedural rules.

Agency's Response

We will modify our procedural rules to allow for the variance in rates, will ensure that procedural rules are on file for all fees we collect, and will more closely monitor the collection of fees to ensure compliance with the procedural rules on file.

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

As 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 in 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, 1985 to January 31, 1996, 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.

Strengthen Internal Controls Over Compliance

As indicated by the items noted in the "Compliance Matters" section of this report, we believe the Division of Culture and History should strengthen internal controls in the area of compliance with the West Virginia Code and various rules and regulations which control the Division's operations. We believe weaknesses in the internal control structure exist in the following

areas: 1. Cash Receipts; 2. Calculation of Employees' Leave Balances; 3. Reimbursement of Employees' Travel Expenses; and 4. Administrative procedures Over Inventory Control.

We recommend the Division establish or strengthen the necessary internal controls to better insure compliance with the West Virginia Code and other applicable administrative rules and regulations which govern the Division of Culture and History.

Agency's Response

1. *See Attachment I.* (A listing of updated accounting procedures not included in these responses as a part of the audit report).
2. *The Division has strengthened internal controls to ensure correct calculation of leave balances by the employment of new personnel to review the records, and will do further review to make corrections where applicable.*
3. *We will develop the procedure to track and report this income and require travelers to further document mileage from city to city.*
4. *We will begin immediately tagging all equipment, will inventory Agency equipment annually and enter inventory in FIMS fixed assets.*

INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of appropriations/cash receipts, expenditures/disbursements and changes in fund balances of the West Virginia Division of Culture and History for the period ending January 31, 1996 and for the years ending June 30, 1995 and June 30, 1994. The financial statement is the responsibility of the management of the West Virginia Division of Culture and History. 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 as to 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 that our audit provides a reasonable basis for our opinion.

As described in Note A, the financial statement was prepared on the cash and modified cash bases of accounting, which are comprehensive bases of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the appropriations and expenditures and revenues collected and expenses paid of the West Virginia Division of Culture and History for the period ended January 31, 1996 and the years ended June 30, 1995 and June 30, 1994 on the bases of accounting described in Note A.

Our audit was conducted 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 all material respects in relation to the basic financial statement taken as a whole.

Respectfully submitted,



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

September 4, 1996

Auditors: Michael E. Sizemore, CPA, Supervisor
Michael A. House, CPA, Auditor-in-Charge
Timothy C. Butler, CPA
Larry D. Bowman
Jason A. Haught
Melanie L. Lester

**WEST VIRGINIA DIVISION OF CULTURE AND HISTORY
STATEMENT OF APPROPRIATIONS/CASH RECEIPTS,
EXPENDITURES/DISBURSEMENTS AND CHANGES IN FUND BALANCES**

	<u>Period Ended January 31, 1996</u>			
	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Federal Programs</u>	<u>Combined Totals</u>
Appropriations/Cash Receipts:				
Appropriations	\$4,791,061.00	\$ 0.00	\$ 0.00	\$4,791,061.00
Fees and Other Income	0.00	537,918.82	0.00	537,918.82
Transfers from West Virginia Lottery Commission	0.00	244,751.23	0.00	244,751.23
Federal Funds	0.00	0.00	482,194.00	482,194.00
Miscellaneous	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	4,791,061.00	782,670.05	482,194.00	6,055,925.05
Expenditures/Disbursements:				
Personal Services	822,331.84	96,894.26	98,901.16	1,018,127.26
Employee Benefits	224,961.15	14,892.13	36,154.12	276,007.40
Current Expenses	227,363.69	515,104.55	22,160.78	764,629.02
Repairs and Alterations	3,459.77	27,403.36	58.79	30,921.92
Equipment	10,919.34	20,204.58	6,365.55	37,489.47
Grants and Awards	1,565,673.45	63,565.00	332,733.78	1,961,972.23
Miscellaneous	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	<u>2,854,709.24</u>	<u>738,063.88</u>	<u>496,374.18</u>	<u>4,089,147.30</u>
Appropriations/Cash Receipts Over/(Under) Expenditures/ Disbursements	1,936,351.76	44,606.17	(14,180.18)	1,966,777.75
Expirations and Expenditures After June 30	0.00	0.00	0.00	0.00
Beginning Balance	<u>1,341,999.17</u>	<u>314,029.53</u>	<u>88,701.72</u>	<u>1,744,730.42</u>
Ending Balance	<u>\$3,278,350.93</u>	<u>\$358,635.70</u>	<u>\$74,521.54</u>	<u>\$3,711,508.17</u>

**WEST VIRGINIA DIVISION OF CULTURE AND HISTORY
STATEMENT OF APPROPRIATIONS/CASH RECEIPTS
EXPENDITURES/DISBURSEMENTS AND CHANGES IN FUND BALANCES**

	<u>Year Ended June 30, 1995</u>		
	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Federal Programs</u>
Appropriations/Cash Receipts:			
Appropriations	\$5,734,481.00	\$ 0.00	\$ 0.00
Fees and Other Income	0.00	543,322.94	0.00
Transfers from West Virginia			
Lottery Commission	0.00	265,598.98	0.00
Federal Funds	0.00	0.00	957,494.00
Miscellaneous	<u>0.00</u>	<u>9,000.00</u>	<u>0.00</u>
	5,734,481.00	817,921.92	957,494.00
Expenditures/Disbursements:			
Personal Services	1,426,037.77	56,271.76	232,396.03
Employee Benefits	428,424.69	21,902.07	69,002.87
Current Expenses	477,446.88	460,625.16	45,004.97
Repairs and Alterations	338,790.00	29,093.84	267.01
Equipment	42,954.89	38,929.15	7,284.07
Grants and Awards	1,542,282.47	90,000.00	532,592.84
Miscellaneous	<u>0.00</u>	<u>5,000.00</u>	<u>0.00</u>
	<u>4,255,936.70</u>	<u>701,821.98</u>	<u>886,547.79</u>
Appropriations/Cash Receipts Over/(Under) Expenditures/ Disbursements	1,478,544.30	116,099.94	70,946.21
Expirations and Expenditures After June 30	309,750.13	0.00	0.00
Beginning Balance	<u>173,205.00</u>	<u>197,929.59</u>	<u>17,755.51</u>
Ending Balance	<u>\$1,341,999.17</u>	<u>\$314,029.53</u>	<u>\$ 88,701.72</u>

<u>Combined Totals</u>	<u>General Revenue</u>	<u>Year Ended June 30, 1994</u>		<u>Combined Totals</u>
		<u>Special Revenue</u>	<u>Federal Programs</u>	
\$5,734,481.00	\$4,411,653.00	\$ 0.00	\$ 0.00	\$4,411,653.00
543,322.94	0.00	417,694.71	0.00	417,694.71
265,598.98	0.00	15,779.22	0.00	15,779.22
957,494.00	0.00	0.00	1,060,821.00	1,060,821.00
<u>9,000.00</u>	<u>0.00</u>	<u>11,836.59</u>	<u>0.00</u>	<u>11,836.59</u>
7,509,896.92	4,411,653.00	445,310.52	1,060,821.00	5,917,784.52
1,714,705.56	1,394,326.23	41,336.89	207,350.91	1,643,014.03
519,329.63	419,824.11	21,264.05	64,093.60	505,181.76
983,077.01	371,061.39	130,419.73	61,504.47	562,985.59
368,150.85	28,475.33	1,032.02	0.00	29,507.35
89,168.11	34,466.87	17,341.72	9,752.38	61,560.97
2,164,875.31	1,844,203.36	112,460.00	710,270.26	2,666,933.62
<u>5,000.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>5,844,306.47</u>	<u>4,092,357.29</u>	<u>323,854.41</u>	<u>1,052,971.62</u>	<u>5,469,183.32</u>
1,665,590.45	319,295.71	121,456.11	7,849.38	448,601.20
309,750.13	163,001.94	0.00	0.00	163,001.94
<u>388,890.10</u>	<u>16,911.23</u>	<u>76,473.48</u>	<u>9,906.13</u>	<u>103,290.84</u>
<u>\$1,744,730.42</u>	<u>\$ 173,205.00</u>	<u>\$197,929.59</u>	<u>\$ 17,755.51</u>	<u>\$ 388,890.10</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

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 31-day carry-over period is provided at the end of each fiscal 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 31 days after the year end, however, appropriations for buildings or land remain in effect until three years after the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

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

	<u>Expenditures</u>		<u>Expirations</u>	
	<u>Paid After June 30.</u>		<u>July 31, July 31.</u>	
	<u>1995</u>	<u>1994</u>	<u>1995</u>	<u>1994</u>
Personal Services	\$ 10,547.23	\$ 5,952.05	\$ 0.00	\$ 0.00
Annual Increment	23,220.00	486.00	0.00	123.80
Employee Benefits	45,735.41	37,323.04	0.00	0.00
Unclassified	<u>230,211.42</u>	<u>116,503.24</u>	<u>36.17</u>	<u>2,613.81</u>
	<u>\$309,713.96</u>	<u>\$160,264.33</u>	<u>\$36.17</u>	<u>\$2,737.61</u>

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

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employee contributions are 4.5% of their compensation and employees are vested under certain circumstances. The West Virginia Division of Culture and History matches contributions at 9.5% of the compensation on which the employee made contributions. The West Virginia Division of Culture and History pension expenditures were as follows:

	<u>Period Ended</u> <u>Jan. 30, 1996</u>	<u>Year Ended June 30,</u>	
		<u>1995</u>	<u>1994</u>
General Revenue	\$53,951.88	\$136,950.48	\$127,069.29
Special Revenue	3,372.65	5,196.69	3,863.63
Federal Revenue	<u>11,885.07</u>	<u>20,117.38</u>	<u>20,264.38</u>
	<u>\$69,209.60</u>	<u>\$162,264.56</u>	<u>\$151,197.30</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u>	
		<u>1995</u>	<u>1994</u>
<u>Personal Services - Fund 0293-001</u>			
Appropriations	\$1,436,585.00	\$1,436,585.00	\$1,370,605.00
Reappropriations:			
Fiscal Year 1993	<u>0.00</u>	<u>0.00</u>	<u>13,775.57</u>
	1,436,585.00	1,436,585.00	1,384,380.57
Expenditures:			
Personal Services	800,227.84	1,436,585.00	1,379,101.08
Employee Benefits	<u>13,676.47</u>	<u>0.00</u>	<u>5,279.49</u>
	<u>813,904.31</u>	<u>1,436,585.00</u>	<u>1,384,380.57</u>
	622,680.69	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>10,547.23</u>	<u>5,952.05</u>
Balance	<u>\$ 622,680.69</u>	<u>\$ 10,547.23</u>	<u>\$ 5,952.05</u>
<u>Annual Increment - Fund 0293-004</u>			
Appropriations	\$ 24,354.00	\$ 23,220.00	\$ 21,787.00
Expenditures	<u>22,104.00</u>	<u>23,220.00</u>	<u>21,663.20</u>
	2,250.00	0.00	123.80
Transmittals Paid After June 30	<u>0.00</u>	<u>23,220.00</u>	<u>486.00</u>
Balance	<u>\$ 2,250.00</u>	<u>\$ 23,220.00</u>	<u>\$ 609.80</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u> <u>1995</u> <u>1994</u>	
<u>Employee Benefits - Fund 0293-010</u>			
Appropriations	\$ 474,160.00	\$ 474,160.00	\$ 448,732.00
Reappropriations:			
Fiscal Year 1993	<u>0.00</u>	<u>0.00</u>	<u>3,135.66</u>
	474,160.00	474,160.00	451,867.66
Expenditures	<u>211,284.68</u>	<u>474,160.00</u>	<u>451,867.66</u>
	262,875.32	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>45,735.31</u>	<u>37,323.04</u>
Balance	<u>\$ 262,875.32</u>	<u>\$ 45,735.31</u>	<u>\$ 37,323.04</u>

Unclassified - Fund 0293-099

Appropriations	\$1,705,962.00	\$2,302,096.00	\$2,373,529.00
Expenditures:			
Current Expenses	208,213.77	566,890.44	393,373.26
Repairs and Alterations	3,459.77	14,122.59	5,529.00
Equipment	10,919.34	64,875.28	44,871.52
Grants	<u>934,079.15</u>	<u>1,656,171.52</u>	<u>1,927,141.41</u>
	<u>1,156,672.03</u>	<u>2,302,059.83</u>	<u>2,370,915.19</u>
	549,289.97	36.17	2,613.81
Transmittals Paid After June 30	<u>0.00</u>	<u>230,211.42</u>	<u>116,503.24</u>
Balance	<u>\$ 549,289.97</u>	<u>\$ 230,247.59</u>	<u>\$ 119,117.05</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u>	
		<u>1995</u>	<u>1994</u>
<u>Capital Outlay - Fund 0293-511</u>			
Appropriations	\$ 0.00	\$ 0.00	\$ 23,795.00
Expenditures:			
Repairs and Alterations	<u>0.00</u>	<u>0.00</u>	<u>23,795.00</u>
	0.00	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

Capital Outlay - Repairs and Equipment
Fund 0293-589

Appropriations	\$ 0.00	\$ 949,210.00	\$173,205.00
Reappropriations:			
Fiscal Year 1994	173,205.00	173,205.00	0.00
Fiscal Year 1995	<u>619,584.17</u>	<u>0.00</u>	<u>0.00</u>
	792,789.17	1,122,415.00	173,205.00
Expenditures:			
Current Expenses	16,315.92	836.88	0.00
Repairs and Alterations	<u>0.00</u>	<u>328,788.95</u>	<u>0.00</u>
	<u>16,315.92</u>	<u>329,625.83</u>	<u>0.00</u>
	776,473.25	792,789.17	173,205.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$776,473.25</u>	<u>\$ 792,789.17</u>	<u>\$173,205.00</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u> <u>1995</u>	<u>1994</u>
<u>Capitol Tourism Programs -</u>			
<u>Fund 0293-601</u>			
Appropriations	\$ 150,000.00	\$0.00	\$0.00
Expenditures:			
Current Expenses	<u>1,500.00</u>	<u>0.00</u>	<u>0.00</u>
	148,500.00	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 148,500.00</u>	<u>\$0.00</u>	<u>\$0.00</u>
 <u>Grants for Competitive Arts Projects</u>			
<u>Fund 0293-624</u>			
Appropriations	\$1,000,000.00	\$0.00	\$0.00
Expenditures:			
Current Expenses	1,334.00	0.00	0.00
Grants	<u>631,594.30</u>	<u>0.00</u>	<u>0.00</u>
	<u>632,928.30</u>	<u>0.00</u>	<u>0.00</u>
	367,071.70	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 367,071.70</u>	<u>\$0.00</u>	<u>\$0.00</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30.</u>	
		<u>1995</u>	<u>1994</u>
<u>Capital Outlay - Repairs and</u>			
<u>Equipment Surplus - Fund 0293-677</u>			
Appropriations	\$ 0.00	\$549,210.00	\$0.00
Reappropriations:			
Fiscal Year 1995	<u>549,210.00</u>	<u>0.00</u>	<u>0.00</u>
	549,210.00	549,210.00	0.00
Expenditures	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	549,210.00	549,210.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$549,210.00</u>	<u>\$549,210.00</u>	<u>\$0.00</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS

AND CHANGES IN CASH BALANCE

SPECIAL REVENUE

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u> <u>1995</u>	<u>1994</u>
<u>Archives and History - Unclassified</u>			
<u>Fund 3530-640</u>			
Cash Receipts:			
Fees and Other Income	\$537,225.07	\$542,667.19	\$417,694.71
Miscellaneous	<u>0.00</u>	<u>9,000.00</u>	<u>11,836.59</u>
	537,225.07	551,667.19	429,531.30
Disbursements:			
Personal Services	96,894.26	56,271.76	62,600.94
Employee Benefits	14,892.13	21,902.07	0.00
Current Expenses	258,544.82	203,116.69	129,445.73
Repairs and Alterations	27,403.36	29,093.84	1,032.02
Equipment	20,204.58	38,929.15	17,341.72
Grants and Awards	63,565.00	90,000.00	111,500.00
Miscellaneous	<u>0.00</u>	<u>5,000.00</u>	<u>0.00</u>
	<u>481,504.15</u>	<u>444,313.51</u>	<u>321,920.41</u>
Cash Receipts Over Disbursements	55,720.92	107,353.68	107,610.89
Beginning Balance	<u>282,353.56</u>	<u>174,999.88</u>	<u>67,388.89</u>
Ending Balance	<u>\$338,074.48</u>	<u>\$282,353.56</u>	<u>\$174,999.78</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS

AND CHANGES IN CASH BALANCE

SPECIAL REVENUE

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u>	
		<u>1995</u>	<u>1994</u>
<u>Archives and History - Endangered</u>			
<u>Historic Properties - Fund 3531-640</u>			
Cash Receipts:			
Fees and Other Income	\$ 693.75	\$ 655.75	\$ 0.00
Disbursements:			
Current Expenses	0.00	0.00	974.00
Grants and Awards	<u>0.00</u>	<u>0.00</u>	<u>960.00</u>
	<u>0.00</u>	<u>0.00</u>	<u>1,934.00</u>
Cash Receipts Over/(Under)			
Disbursements	693.75	655.75	(1,934.00)
Beginning Balance	<u>7,592.49</u>	<u>6,936.74</u>	<u>8,870.74</u>
Ending Balance	<u>\$ 8,286.24</u>	<u>\$ 7,592.49</u>	<u>\$ 6,936.74</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS

AND CHANGES IN CASH BALANCE

SPECIAL REVENUE

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u>	
		<u>1995</u>	<u>1994</u>
<u>Archives and History -</u>			
<u>Veterans Memorial - Fund 3532-640</u>			
Cash Receipts:			
Transfers from West Virginia Lottery Commission	\$244,751.23	\$265,598.98	\$15,779.22
Disbursements:			
Current Expenses	<u>256,559.73</u>	<u>257,508.47</u>	<u>0.00</u>
	256,559.73	257,508.47	0.00
Cash Receipts (Under)/Over Disbursements	(11,808.50)	8,090.51	15,779.22
Beginning Balance	<u>24,083.48</u>	<u>15,992.97</u>	<u>213.75</u>
Ending Balance	<u>\$ 12,274.98</u>	<u>\$ 24,083.48</u>	<u>\$15,992.97</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

FEDERAL PROGRAMS

	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u> <u>1995</u> <u>1994</u>	
<u>CONSOLIDATED FEDERAL FUNDS -</u>			
<u>ARTS AND HUMANITIES FUND</u>			
<u>Unclassified - Fund 8718-096</u>			
Appropriations	\$2,997,280.00	\$1,091,900.00	\$1,240,503.00
Expenditures:			
Personal Services	98,901.16	232,396.03	207,350.91
Employee Benefits	36,154.12	69,002.87	64,093.60
Current Expenses	22,097.78	45,067.97	61,504.47
Repairs and Alterations	6,146.34	267.01	0.00
Equipment	278.00	7,284.07	9,752.38
Grants and Awards	291,439.25	544,415.84	710,270.26
Refunds To Grantors	<u>29,471.53</u>	<u>0.00</u>	<u>0.00</u>
	<u>484,488.18</u>	<u>898,433.79</u>	<u>1,052,971.62</u>
	2,512,791.82	193,466.21	187,531.38
Transmittals Paid After June 30	<u>0.00</u>	<u>11,886.00</u>	<u>0.00</u>
Balance	<u>\$2,512,791.82</u>	<u>\$ 205,352.21</u>	<u>\$ 187,531.38</u>

WEST VIRGINIA DIVISION OF CULTURE AND HISTORY

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

CASH CONTROL ARTS AND HUMANITIES FUND - FUND 8718

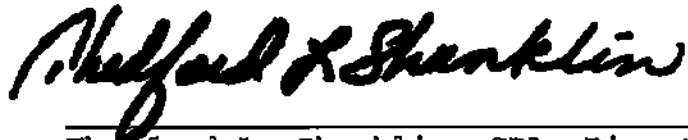
	<u>Period Ended</u> <u>January 31, 1996</u>	<u>Year Ended June 30,</u>	
		<u>1995</u>	<u>1994</u>
Beginning Balance:			
State Treasury	\$ 88,701.72	\$ 17,755.51	\$ 9,906.13
Cash Receipts:			
Federal Funds -	462,851.00	402,396.00	849,988.00
Historic Preservation			
Federal Funds - National			
Endowment for the Arts	<u>19,343.00</u>	<u>555,098.00</u>	<u>210,833.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$570,895.72</u>	<u>\$975,249.51</u>	<u>\$1,070,727.13</u>
Disbursements:			
Personal Services	\$ 98,901.16	\$232,396.03	\$ 207,350.91
Employee Benefits	36,154.12	69,002.87	64,093.60
Current Expenses	22,097.78	45,067.97	61,504.47
Repairs and Alterations	6,146.34	267.01	0.00
Equipment	278.00	7,284.07	9,752.38
Grants and Awards	291,439.25	544,415.84	710,270.26
Refunds to Grantors	<u>29,471.53</u>	<u>0.00</u>	<u>0.00</u>
	484,488.18	898,433.79	1,052,971.62
Add: Transmittals Paid			
July 1-31 Beginning; and			
(Less Transmittals Paid			
July 1-31 Ending:)			
Current Expenses	63.00	0.00	0.00
(Current Expenses)	0.00	(63.00)	0.00
Grants and Awards	11,823.00	0.00	0.00
(Grants and Awards)	0.00	(11,823.00)	0.00
Refunds To Grantors	0.00	0.00	0.00
(Refunds To Grantors)	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
	0.00	(11,886.00)	0.00
	496,374.18	886,547.79	1,052,971.62
Ending Balance:			
State Treasury	<u>74,521.54</u>	<u>88,701.72</u>	<u>17,755.51</u>
TOTAL CASH ACCOUNTED FOR	<u>\$570,895.72</u>	<u>\$975,249.51</u>	<u>\$1,070,727.13</u>

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Theford 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 15th day of December,
1997.



Theford L. Shanklin, CPA, Director
Legislative Post Audit 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 Department of Education and the Arts; West Virginia Division of Culture and History; Attorney General; Governor; and State Auditor.