

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

***WEST VIRGINIA DEPARTMENT OF ADMINISTRATION
FINANCE DIVISION***

FOR THE PERIOD

JULY 1, 1996 - JUNE 30, 2000



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

FINANCE DIVISION

FOR THE PERIOD

JULY 1, 1996 - JUNE 30, 2000

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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CHARLESTON, WEST VIRGINIA 25305-0610

To the Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 5A, Article 2, as amended, we have examined the accounts of the Finance Division of the West Virginia Department of Administration.

Our examination covers the period July 1, 1996 through June 30, 2000. The results of the examination are set forth on the following pages of this report. However, only the financial statements for the years ended June 30, 2000 and June 30, 1999 are included in this report.

Respectfully submitted,


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

TLS/jdb

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

FINANCE DIVISION

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WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

FINANCE DIVISION

EXIT CONFERENCE

We held an exit conference on April 30, 2001 with the Deputy Secretary of the West Virginia Department of Administration and other representatives of the Finance Division of the Department of Administration. All findings and recommendations were reviewed and discussed. The Division's responses are included in bold and italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks section of this report.

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

FINANCE DIVISION

INTRODUCTION

The office of the Secretary of the Department of Administration was created under Chapter 3, Acts of the Legislature, First Extraordinary Session, 1989, as one of seven departments in the Executive Branch of State Government. The Secretary of Administration serves as the Chief Executive Officer of the Department and the Director of the Budget. The Secretary is appointed by the Governor, with the advice and consent of the West Virginia State Senate.

The Department of Administration is responsible for implementing fiscal and administrative policies in the Executive Branch Agencies. The Secretary is to exercise general supervision of, and make rules and regulations for the governing of the Department of Administration. Also, the Secretary is to serve the Governor in the consideration of requests for appropriations and in the preparation of the Executive budget document.

In addition, the Secretary is also responsible for administering the budget, for making a continuous study of State expenditures and eligibility for federal matching dollars, and for making recommendations to the Governor for the more economical use of State funds. Also, the Secretary is to render assistance to spending officers with respect to the fiscal affairs of spending units. The Secretary serves as the Executive Director of the State Building Commission, Chairman of the Council of Finance and Administration, and Administrator of the Records Management and Preservation Advisory Committee.

In addition, the Secretary also serves as a member on the following boards and commission: the Consolidated Public Retirement Board, the Governor's Mansion Advisory Committee, the Regional Jail and Correctional Facility Authority, the Design-Build Board, and the Employee Suggestion Award Board.

The Secretary oversees all divisions within the Department of Administration. The divisions include a Finance Division, Purchasing Division, Insurance and Retirement Division, Information Services and Communication Division, Personnel Division and General Services Division.

Finance Division

The Finance Division, consisting of an Accounting Section, Budget Section, and Financial Accounting and Reporting Section (FARS), is responsible for providing improved financial management of the resources of the State through implementation of improved financial and budgetary accounting information systems, and through the preparation of a Comprehensive Annual Financial Report (CAFR).

The Accounting Section is responsible for providing centralized accounting services for the Department of Administration to ensure compliance with Generally Accepted Accounting Principles (GAAP), along with State and Federal rules and regulations.

The Budget Section is responsible for providing budgetary information and control to all branches of state government in order to assist in making accurate budget decisions and to assure compliance with department and government policies.

The Financial Accounting and Reporting Section (FARS) is responsible for establishing and maintaining the centralized accounting system required in accordance with Generally Accepted Accounting Principles (GAAP).

Purchasing Division

The Purchasing Division, consisting of an Acquisition and Contract Administration Section, an Administrative Services Section, and Operations Section, is responsible for providing purchasing, travel, printing, inventory, and records management services to all State agencies to assure ethical and cost-consciousness, expenditure of public funds, while providing quality, efficient, and effective service.

The Acquisition and Contract Administration Section is responsible for administering the formal competitive bid process for acquisition of all goods and services more than \$10,000.00 for State agencies in an efficient and ethical manner that will reduce cost, maximize competition, and good customer and vendor relations.

The Administrative Services Section is responsible for providing professional services and training to the Purchasing Division staff, agencies, and vendors. In addition, the Administrative Services Section is responsible for administering the Governor's Travel Regulations, the State's Purchasing Card, records management, inventory control, vendor registration and parking problems.

The Operations Section is responsible for providing a central source of printing and paper supplies for all State agencies. As of November 1999, the Operations Section was discontinued, and its responsibilities were transferred to Prison Industries.

Insurance and Retirement Division

The Insurance and Retirement Division, consisting of the Consolidated Public Retirement Board, the Public Employees Insurance Agency (PEIA), and the Board of Risk and Insurance Management is responsible for providing and administering the insurance and retirement of the State.

The Consolidated Public Retirement Board is responsible for effectively and efficiently administering the various State retirement systems for the benefit of members and retirees of the system.

The Public Employees Insurance Agency (PEIA) is responsible for administering health, life, and optional benefit programs to eligible State employees, their dependants, retirees, and others eligible to participate in the plan.

The Board of Risk and Insurance Management is responsible for providing comprehensive risk management programs to qualifying participants assuring customer satisfaction by the ethical and cost-conscious expenditure of public funds.

Information Services and Communications Division

The information Services and Communication Division (IS&C) is responsible for providing technical services and assistance to the various State spending units with respect to developing and improving data processing and telecommunications functions. Also, the division may provide training and direct data processing services to the various State agencies.

Personnel Division

The Personnel Division is responsible for providing personnel management, training, and development for State government agencies and employees in order to create an environment that engenders trust and confidence at all levels and promotes personal and professional growth.

General Services Division

The General Services Division is responsible for providing a positive, safe, secure, and comfortable environment for the visiting public and the State employees at all buildings owned and operated by the State of West Virginia and the State Building Commission.

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

FINANCE DIVISION

ADMINISTRATIVE OFFICERS AND STAFF

AS OF JUNE 30, 2000

Jack Buckalew Secretary of Administration
(5/27/00 - Present)

Joseph F. Markus Secretary of Administration
(7/1/98 - 5/26/00)

Bryan Michaels State Comptroller and Director of Finance Division
(5/17/99 - Present)

Dorothy V. Yeager State Comptroller and Director of Finance Division
(7/1/98 - 5/16/99)

Gay Ellis Director of Accounting Section

Susan Lowe Assistant Director of the Accounting Section

Shawn Carper Leadership Team of FARS

Christine Sforza Leadership Team of FARS

Becky Hayes Leadership Team of FARS

Beverly Morris Leadership Team of FARS
(7/1/98 - 3/12/99)

Roger Smith Director of Budget Section

Cathie Fowlkes Assistant Director of Budget Section

Kaye Park Payroll Supervisor

Debbie Pierson Revenue and Expenditures Supervisor
(10/98 - Present)

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

FINANCE DIVISION

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Lack of Effective System of Internal Controls

1. During the course of our examination, it became apparent to us, based on the observed noncompliance with the West Virginia Code, the Finance Division did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations. We believe an effective system of internal controls would have alerted management to these violations at an earlier date and allowed more timely corrective action.

Auditors' Recommendation

We recommend the Division comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended and establish a system of internal controls.

Agency's Response

No response by the Finance Division. (See pages 13-15.)

**Unauthorized Charges for Services
Performed by the Accounting Section**

2. The cost of the Accounting Section's payroll and fringe benefits was recouped from other State agencies through billings from the Information Services and Communications Division (IS&C) without any authorizing State laws, rules or regulations.

Auditors' Recommendation

We recommend the Division comply with Chapter 5A, Article 2, Section 1 of the West Virginia Code, as amended and Chapter 5A, Article 7, Section 6 of the West Virginia Code, as amended.

Agency's Response

The practice of billing other agencies (both appropriated and non-appropriated) in the Department of Administration for the payroll and fringe benefits of the Accounting Section has been in place since the Accounting Section was formed in 1990. The Department would welcome specific code authority for this activity.

(See pages 15-17.)

Single Audit Contract

3. A payment of \$6,220.00 was charged to the 1998 Single Audit Contract which was not included in the scope of the work.

Auditors' Recommendation

We recommend the Division comply with Section 8.7.1 of the Agency Purchasing Manual.

Agency's Response

We agree the \$6,220.00 payment should not have been charged to the Single Audit Contract. (See pages 17-20.)

**Unauthorized Collection of the
1% PEIA Reserve Fund Transfer**

4. \$12,764.28 was charged to the Department of Health and Human Resources' Federal Maternal and Child Care Fund (8740) for PEIA Reserve Fund assessments which we believe was not correct because the fund is at least partially federally funded.

Auditors' Recommendation

We recommend the Division comply with Chapter 5A, Article 2, Section 14a of the West Virginia Code by excluding federal funds from the 1% PEIA Reserve Fund transfer.

Agency's Response

The Department has consulted with the Department of Health and Human Resources and maintains that the assessment was appropriate.

(See pages 20 and 21.)

Late Payments

5. We noted 18 payments totaling \$30,732.23 due Bell Atlantic and IS&C for telephone services were paid from seven to 126 days late.

Auditors' Recommendation

We recommend the Division comply with Chapter 5A, Article 3, Section 54 of the West Virginia Code and date stamp invoices upon receipt in compliance with the State Auditor's Office Legislative Rules Title 155, Series 1, Section 3.9.

Agency's Response

We will comply with the audit recommendation. (See pages 21 and 22.)

Contract Monitoring

6. The Finance Division did not adequately monitor the terms and provisions of four contracts causing the Division to pay for services which were already paid for under the contract terms.

Auditors' Recommendation

We recommend the Division comply with Chapter 12, Article 3, Section 9 of the West Virginia Code, as amended.

Agency's Response

We will comply with the audit recommendation. (See pages 23-25.)

Lunch Periods Included as Time Worked

7. The Finance Division is allowing some employees to receive a paid lunch period in noncompliance with the Division of Personnel's Fair Labor Standards Act for Public Employees Policy.

Auditors' Recommendation

We recommend the Division comply with the Division of Personnel's Fair Labor Standards Act for Public Employees Policy.

Agency's Response

The Finance Division's long standing practice of consistently allowing employees to receive a paid lunch period may exceed the standards outlined in the Division of Personnel's Fair Labor Standards Act for Public Employees Policy as promulgated last year. We do not believe that the policy prohibits an agency from exceeding the minimum requirements. (See pages 25-27.)

**Noncompliance with Division
of Personnel Donated Leave Policy**

8. The Finance Division is not accounting for employees' leave time donations in accordance with the Division of Personnel's administrative rules governing the Leave Donation Program.

Auditors' Recommendation

We recommend the Division comply with the West Virginia Division of Personnel Administrative Rule 143CSR2, Leave Donation Program Procedures.

Agency's Response

We will comply with the audit recommendation. (See pages 27-29.)

Lack of Supporting Documentation

9. The Finance Division did not maintain adequate supporting documentation regarding employee time sheets, leave request forms, vendor invoices and FIMS payment documents.

Auditors' Recommendation

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 29-31.)

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

FINANCE DIVISION

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the Finance Division of the West Virginia Department of Administration. The audit covered the period July 1, 1996 through June 30, 2000.

GENERAL REVENUE ACCOUNTS

The Finance Division of the West Virginia Department of Administration was appropriated funds for the general operations of the Division in the following accounts during the period of examination.

<u>NUMBER</u>	<u>DESCRIPTION</u>
0203 - 001	Division of Finance Fund - Personal Services
0203 - 004	Division of Finance Fund - Annual Increment
0203 - 010	Division of Finance Fund - Employee Benefits
0203 - 099	Division of Finance Fund - Unclassified
0203 - 125	Division of Finance Fund - GAAP Project

SPECIAL REVENUE ACCOUNTS

The Finance Division of the West Virginia Department of Administration operated the following special revenue accounts during our test period:

<u>NUMBER</u>	<u>DESCRIPTION</u>
2029 - 640	Single Audit Services Fund - Cash Control
2207 - 553	Public Employees Insurance Reserve Fund - Statutory Transfers
2207 - 523	Public Employees Insurance Reserve Fund - Investment Earnings

COMPLIANCE MATTERS

Chapter 5A, Article 2 of the West Virginia Code generally governs the Finance Division of the West Virginia Department of Administration (the Division). 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.

Lack of Effective System of Internal Controls

During the course of our post audit, it became apparent to us, based on the observed noncompliance with the West Virginia Code and other rules and regulations which governed the Division of Finance, the Division did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations.

Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, states in part:

“The head of each agency shall:

. . . (b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, 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. . . .”

This law requires the agency head to have in place an effective system of internal controls in the form of policies and procedures set up to ensure the agency operates in compliance with the laws, rules and regulations which govern it.

During our audit of the Finance Division, we found the following violations of State laws or other rules and regulations:

(1) The cost of the Accounting Section's payroll and fringe benefits was recouped from other State agencies through billings from the Information Services and Communications Division (IS&C) without any authorizing State laws, rules or regulations. (2) A payment of \$6,220.00 was charged to the 1998 Single Audit Contract which was not included in the scope of the work. (3) \$12,764.28 was charged to the Maternal and Child Care Fund (8740) for PEIA Reserve Fund assessments which we believe was not correct because the fund is at least partially federally funded. (4) We noted 18 payments totaling \$30,732.23 due Bell Atlantic and IS&C were paid from seven to 126 days late. (5) We noted the Division did not adequately monitor the terms and provisions of four contracts causing the Division to incur additional expenses. (6) The Finance Division is allowing some employees to receive a paid lunch period in noncompliance with the Division of Personnel's Fair Labor Standards Act for Public Employees Policy. (7) The Finance Division is not accounting for employees' leave time donations in accordance with the Division of Personnel's administrative rules; and, (8) The Finance Division did not maintain adequate supporting documentation regarding employee time sheets, leave request forms, vendor invoices and FIMS payment documents.

We believe, if the Finance Division had an effective system of internal controls in place, management would have been aware of noncompliance with the West Virginia Code at an earlier date and would have been able to take corrective action in a more timely fashion. The following pages of this report contain additional information regarding the specific noncompliance with the West Virginia Code which came to our attention.

We recommend the Division comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended and establish a system of internal controls.

Agency's Response

No Response by the Finance Division.

**Unauthorized Charges for Services
Performed by the Accounting Section**

We are unable to find any State laws, rules or regulations permitting the Accounting Section of the Finance Division to charge State agencies for anything other than services provided related to the Single Audit and services performed by the Financial Accounting and Reporting Section in preparation of the Comprehensive Annual Financial Report (CAFR) for the Single Audit Services Fund (Fund 2029). We also could not find any provisions which would allow the Finance Division to recoup expenses such as: the cost of payroll. The cost of the Accounting Section's payroll and fringe benefits which totaled \$644,360.23 and \$637,032.75 in the fiscal years ended June 30, 2000 and June 30, 1999, respectively, was recouped from other State agencies through Information Services & Communications (IS&C's) billings for services rendered by the Accounting Section employees to those State agencies; however, we believe the Accounting Section employees do not work for IS&C and, therefore, IS&C could not bill for their services.

The Accounting Section provides accounting services for agencies within the Department of Administration (DOA). The services provided include: payroll processing; payment processing and the preparation of reports related to taxes and benefits; maintenance of employee leave and personnel records; and budget and cash analysis for payroll and employee benefit expenditures, as well as, other services. The IS&C provides funding for the Accounting Section employees' salaries and benefits through IS&C Fund 2220. IS&C issues an invoice quarterly to the various agencies within the DOA to recover these payroll costs. The amount of the invoice is

determined by the number of hours of services provided each agency. The number of payroll and direct hours are derived from time records kept by the Accounting Section employees. Time spent on payroll and leave processing is allocated to the agencies by number of payroll checks issued for the last payroll of each quarter.

Chapter 5A, Article 2, Section 1 of the West Virginia Code, as amended, states in part,

“... The accounting section shall have the duties conferred upon it by this article and by the secretary, including, but not limited to, general financial accounting, payroll, accounts payable and accounts receivable for the department of administration. . . .”

Chapter 5A, Article 7, Section 4 of the West Virginia Code, as amended, which deals with the Information Services and Communications Division states in part,

“(a) The division is responsible for providing technical services and assistance to the various state spending units with respect to developing and improving data processing and telecommunications functions. The division may provide training and direct data processing services to the various state agencies . . .

(b) The director is responsible for the development of personnel to carry out the technical work of the division . . .

(c) The director may assess each state spending unit for the cost of any evaluation of the economic justification, system design and suitability of equipment and systems used by the state spending unit or any other technical assistance that is provided or performed by the chief technology officer and the division . . .”

Also, Chapter 5A, Article 7, Section 6 of the West Virginia Code, as amended, states,

“The director shall employ such persons as shall be necessary to carry out the provisions of sections seven, eight, nine and ten [§§ 5A-7-7 to 5A-7-10] of this article.”

The provisions in Sections seven through nine of Chapter 5A, Article 7 relate to the central mailing office and Section 10 of Chapter 5A, Article 7 describes the creation of a special revolving fund and the types of receipts and disbursements which are legally authorized within that fund.

Agency personnel told us the Accounting Section's payroll had been paid from the IS&C fund since 1990. It appears the procedure is in place because IS&C is permitted by the West Virginia Code to charge State agencies for services rendered by them.

We recommend the Division comply with Chapter 5A, Article 2, Section 1 of the West Virginia Code, as amended and Chapter 5A, Article 7, Section 6 of the West Virginia Code, as amended.

Agency's Response

The practice of billing other agencies (both appropriated and non-appropriated) in the Department of Administration for the payroll and fringe benefits of the Accounting Section has been in place since the Accounting Section was formed in 1990. The Department would welcome specific code authority for this activity.

Single Audit Contract

A payment was made to a vendor for services rendered without a valid contract existing. The vendor billed the Finance Division \$6,220.00 for training and implementation of Visual Assurance Software used in conjunction with the State-wide Single Audit in August 1998. On February 25, 1999, the Finance Division charged the payment against the AUDIT98 contract, which was in effect during the period June 11, 1998 - June 10, 1999 at a total contract price of \$670,000.00. Our review indicates this contract did not include a provision for this payment. As a result of charging this payment against the AUDIT98 contract, the last scheduled monthly payment

of \$20,000.00 for Single Audit services could not be made because the payment would have exceeded the total contract price by \$6,220.00.

The Finance Division prepared Change Order #1 in August 1999 to increase the AUDIT98 purchase order total by \$717,500.00, a part of which was \$6,220.00 to cover the cost of training on State-wide Single Audit software, as well as, \$697,500.00 to renew the Single Audit Contract for the period June 11, 1999 - June 10, 2000. According to Finance Division personnel, who we spoke with, the Purchasing Division informed the Finance Division that only \$697,500.00 would be approved for Change Order #1, because the \$6,220.00 increase was a "Type 1" Accounting Adjustment that should be done through the State Auditor's Office.

An employee in the Contract Audit Section of the State Auditor's Office told us "Type 1" Accounting Adjustments are modifications to purchase orders encumbered in WVFIMS (West Virginia Financial Information Management System) that do not require a formal change order approved by the Purchasing Division of the Department of Administration and the Attorney General's Office. Some examples of "Type 1" adjustments are: (1) Changes to WVFIMS financial codes, (2) Increase in the encumbrance amount up to the total Purchase Order amount, (3) Decrease in the encumbrance amount, (4) Change to WVFIMS vendor ID for remittance purposes (FEIN must match original purchase order), and (5) Establishment of official start and end dates for purchase orders with notice to proceed clauses.

Section 8.7.1 of the Agency Purchasing Manual promulgated by the Purchasing Division of the Department of Administration outlines the procedures for Change Orders as follows:

“Changes: Occasionally, it becomes necessary to amend, clarify, change or cancel purchasing documents. Depending upon the type of change required and the original document submitted, the

document used to accomplish the change may vary. The following chart describes all changes and the appropriate document used to accomplish the respective changes:

<u>Original Document</u>	<u>Purpose</u>	<u>Change Document</u>
Purchase Requisition (WV-35)	Change prior to bid opening (Addendum)	WV-35
Purchase Order	All Changes	WV-35
Release/SCO (WV-39)	All Changes	WV-39

Changes to the original purchase order must be sequentially numbered in the appropriate space. . . To effect the change, written concurrence from the vendor is required.

Purchase Requisition, WV-35, marked 'Change Order', is used to change an existing contract's specifications, terms, price, quality, etc. A WVFIMS Agency Purchase Order Coversheet with a generated X-document number may be required. If required, submit the coversheet with the **Purchase Requisition, WV-35**, to the Purchasing Division. In addition, insert the X-Document number one line below the Change Order number on the WV-35."

Based on the explanation provided to us from State Auditor's Office personnel, we believe the \$6,220.00 accounting adjustment does not meet the specifications for a "Type 1" Accounting Change as defined earlier and payment was allowed to be made on the contract without properly being submitted through the Purchasing Division by way of a Change Order, which should have also been approved by the West Virginia Attorney General. As a result, the Finance Division circumvented State purchasing procedures.

We recommend the Division comply with Section 8.7.1 of the Agency Purchasing Manual.

Agency's Response

The Department agrees that the \$6,220 payment should not have been charged to the 1998 Single Audit Contract.

Unauthorized Collection of the
1% PEIA Reserve Fund Transfer

While testing the 1% PEIA Reserve Fund Transfers, we noted the Department of Health and Human Resources' Federal Maternal and Child Care Fund (Fund 8740) was charged and paid the 1% transfer of their annualized expenditures based on filled full-time equivalent (FTE) payroll positions. The total amount of filled FTE position dollars for this fund was \$1,276,428.00, which resulted in a PEIA transfer of \$12,764.28. However, this fund is a federal fund because it receives federal monies; and federal monies should be excluded from the PEIA 1% transfer.

Chapter 5A, Article 2, Section 14a of the West Virginia Code states:

“...(c)Beginning on the thirty-first day of May, two thousand, and annually thereafter, each state agency...shall transfer one percent of its annualized expenditures from state funds, **excluding federal funds** based on filled full time equivalents as determined by the state budget office as of the first day of April for that fiscal year, to the public employees insurance reserve fund...” **(Emphasis Added)**

It appears the amount collected from the Department of Health and Human Resources was, in part, unauthorized because the federal monies included in the Federal Maternal and Child Care Fund should have been exempted from the PEIA Reserve Fund Transfer. According to the Director of the Budget Section of the Finance Division, the fund was incorrectly given a federal number. We believe this fund should have been given a special revenue number because the federal monies included in the fund were not directly received by the Maternal and Child Care Fund but were transferred from other funds, which initially received the federal monies. Although there are

federal monies in the Maternal and Child Care Fund, the Budget Section is not aware of the actual percentages or amounts of federal monies as compared to State monies within the fund. The Budget Section would be aware of the actual federal amounts to be excluded from the transfer only if the Department of Health and Human Resources requested an exemption for the federal monies included in this fund.

We recommend the Division comply with Chapter 5A, Article 2, Sections 14a of the West Virginia Code by excluding federal funds from the 1% PEIA Reserve Fund transfer.

Agency's Response

The Department has consulted with the Department of Health and Human Resources and maintains that the assessment was appropriate.

Late Payments

During our testing of various Finance Division expenses, we noted 18 payments totaling \$30,732.23 to Bell Atlantic and IS&C were not paid in a timely manner. The payments were made between 7 and 126 days late. These late payments are in noncompliance with Chapter 5A, Article 3, Section 54(b)(1) of the West Virginia Code, which states,

“(b)(1)Except as provided in subdivision (2) of this subsection, for purchases of services or commodities made on or after the first day of July, one thousand nine hundred ninety-one, a state check shall be issued in payment thereof within sixty days after a legitimate uncontested invoice is received by the state agency receiving the services or commodities. Any state check issued after such sixty days shall include interest at the current rate, as determined by the state tax commissioner under the provisions of section seventeen-a [§11-10-17a], article 10, chapter eleven of this code, which interest shall be calculated from the sixty-first day after such invoice was received by the state agency until the date on which the state check is mailed to the vendor.”

The Purchasing Assistant responsible for processing Bell Atlantic payments stated, Bell Atlantic is one month behind in sending the phone bills to IS&C, then in turn, IS&C is one to five months behind in sending the bills to the Accounting Section of the Department of Administration. In regard to the IS&C late payment, the Accounting Technician who processed the payment said she was not sure why it took 126 days to pay the invoice. The Finance Division is subject to interest charges for any uncontested invoice not paid within 60 days.

Additionally, we could not determine whether six invoices from Bell Atlantic, AT&T and IS&C totaling \$32,627.76 were paid within 60 days of receipt because the Finance Division does not always date stamp invoices upon receipt. The Assistant Director of the Accounting Section agreed that all invoices are supposed to be date stamped upon receipt, but she could not say why these invoices were not date stamped. The State Auditor's Office Legislative Rules Title 155, Series 1, Section 3.9 states in part:

“... the Auditor shall require that all invoices be date stamped upon receipt by the state agency. . . .”

We recommend the Division comply with Chapter 5A, Article 3, Section 54 of the West Virginia Code and date stamp invoices upon receipt in compliance with the State Auditor's Office Legislative Rules Title 155, Series 1, Section 3.9.

Agency's Response

The Department is developing an accounting system to track telecommunications billings which should mitigate late payments to vendors. The late payment to IS&C was due to cash management considerations.

Contract Monitoring

We noted several instances of the Finance Division's lack of monitoring concerning the terms of four different contracts. The Finance Division paid a vendor for providing pest control services that were to be provided by the lessor as part of the Financial Accounting and Reporting Section's (FARS) building lease agreement. The original lease agreement between the lessor and the Department of Administration was effective June 1, 1995 through May 31, 1998. This contract was amended and renewed twice to cover the period June 1, 1998 - November 30, 2002. The original lease dated January 1, 1995, states in part,

“ . . . (3) The Lessee covenants that the Tenant will pay all cost for utilities necessary for its proper use of the premises herein leased. The Lessor agrees to provide, at no additional cost to the Tenant, janitorial services and pest control services necessary for the Tenant's proper use of premises herein leased...” (Emphasis added)

We spoke with the Director of the Accounting Section and she said they did not know the contract stated the lessor was to provide pest control services. She stated that the FARS building has a problem with paper mites and they have to have pest control services performed monthly. She also stated she believes they have paid for pest control services since the inception of the lease agreement with the Lessor in 1995. During fiscal years 1999 and 2000, the Finance Division paid the exterminating company a total of \$480.00. The Finance Division lost the use of these funds for payments to other vendors.

Next, we noted the Finance Division purchased a cellular phone for the State Comptroller/Director of the Finance Division at a cost of \$104.94 in June 1999. However, after reviewing the Statewide contract (SWCCELTEL), which became effective April 28, 1999, we found the vendor was responsible for providing a cellular phone free of charge. Agency personnel said

this contract was the first State-wide contract for cellular phones and at the time of the purchase, they were not aware of the details of the contract.

Chapter 12, Article 3, Section 9, of the West Virginia Code, as amended, states in part:

“Every board or officer authorized by law to issue requisitions upon the auditor for payment of money out of the state treasury, shall, before any such money is paid out of the state treasury, certify to the auditor that the money for which such requisition is made is needed for present use for the purposes for which it was appropriated . . .”

We believe the Division would be in noncompliance with the provisions of Chapter 12, Article 3, Section 9 of the West Virginia Code, as amended, because the Division was paying for services and products they were already entitled to receive. In effect, paying for the same goods and services more than once. We also noted a temporary employee was not paid the correct hourly rate as stated in the State-wide Contract (TEMPS98L). The Finance Division employed three temporary employees in the position of Typist/Word Processing. According to the State-wide contract (TEMPS98L), the pay rate for these employees was to be \$8.69 per hour, however, one of the three temporary employees was paid only \$8.65 per hour. During the period November 1998 - January 1999, this individual was paid a total of \$2,979.94 when she should have been paid \$2,993.71; resulting in an underpayment of \$13.77. The invoice prepared by United Talent mistakenly states the hourly rate as \$8.65 per hour when the State-wide Contract states the hourly rate as \$8.69 per hour.

The Finance Division also overpaid a vendor \$260.00 in relation to maintenance charges for a RICOH copier. The total due the vendor for the copier maintenance was \$1,170.00 for nine months but, the Finance Division made 11 payments during the contract period totaling

\$1,430.00. The Finance Division overpaid the vendor \$260.00 by making extra payments on a contract for copier maintenance. A Purchasing Assistant responsible for processing the payments stated she agreed this was an overpayment to the vendor and they are currently seeking a credit for the overpayment.

We recommend the Division comply with Chapter 12, Article 3, Section 9 of the West Virginia Code, as amended.

Agency's Response

The newly appointed Deputy Director of the Finance Division has been tasked with updating and expanding the Finance Division's written procedures. The Division's procurement procedures will be included in that activity.

Lunch Periods Included as Time Worked

We noted lunch periods are included as time worked when calculating total hours worked by employees each work week, which is in noncompliance of the West Virginia Division of Personnel's Fair Labor Standards Act for Public Employees Policy. During the period July 1, 1998 - June 30, 2000, eight Finance Division employees received a total of \$10,200.25 in overtime compensation. We tested all of these overtime payments and found \$1,633.98 of the \$10,200.25 were payments to employees as a result of the spending unit paying a time and one-half rate for hours worked between a regular workweek of 37.5 hours (excluding lunch periods) and 40 hours of actual work or "gap time".

The Finance Division pays employees for working an eight hour work day; this includes a one-half hour paid lunch period. According to the West Virginia Division of Personnel's Fair Labor Standards Act for Public Employees Policy, Part III, C6a,

“6. Meal Periods:

a. Bona fide meal periods are not work time as long as:

1. The employee is completely relieved from duty (uninterrupted). The employee is not relieved if he or she is required to perform any duties, active or inactive (subject to interruption);
2. The period is long enough to allow the employee to use it for eating a meal. Thirty minutes is long enough to qualify as a bona fide meal period; and
3. The period occurs at a scheduled hour or within a specified period at a time of day suitable for a normal meal period.”

The Policy also notes employees who voluntarily remain at their desk and eat lunch are “working”. However, all Finance Division employees are compensated for a one hour lunch period no matter if they leave the office or remain at their desks for lunch.

The West Virginia Division of Personnel’s Fair Labor Standards Act for Public Employees Policy states in part II, B and D,

“...B. Non-Exempt Employees: Those employees whose work is regulated by the Fair Labor Standards Act minimum wage, overtime, and record keeping provisions. These employees are entitled to overtime compensation for all hours worked in excess of 40 in a workweek.

The FLSA requires employers to pay nonexempt employees a rate at least equal to the federal minimum wage and an overtime rate of one-and-one-half times the employees’ regular rates for time worked in excess of 40 hours in a workweek....

D. Gap Time: The difference between the work hours, which are less than 40 hours, that an employee normally works and the 40-hour point beyond which the FLSA requires overtime to be paid. For example, if an employee’s normal workweek is 35, 37 ½, or 38 hours, the “gap time”, would be those hours between 35, 37 ½ or 38 hours, respectively, and 40 hours.”

The Payroll Supervisor stated she was not aware of the West Virginia Division of Personnel's Fair Labor Standards Act for Public Employees Policy. She also stated employees are not required to remain on the premises at lunch time, but when they voluntarily eat lunch at their desk they are expected to answer the phone or assist a person who comes to their office during that time when they do remain in the office for lunch. We believe this practice by the Finance Division is in noncompliance with the Division of Personnel's Fair Labor Standards Act for Public Employees Policy.

We recommend the Division comply with the Division of Personnel's Fair Labor Standards Act for Public Employees Policy.

Agency's Response

The Finance Division's long standing practice of consistently allowing employees to receive a paid lunch period may exceed the standards outlined in the Division of Personnel's Fair Labor Standards Act for Public Employees Policy as promulgated last year. We do not believe that the policy prohibits an agency from exceeding the minimum requirements.

Noncompliance with Division of Personnel Donated Leave Policy

The Finance Division is not complying with the Division of Personnel Administrative Rule 143CSR2, Leave Donation Program. An Accounting Section employee exhausted her sick and annual leave on September 2, 1999 after using her remaining annual leave balance of .35 hours. She utilized annual leave donations to remain on the payroll during the month of September 1999 and returned to work on October 1, 1999. Annual leave donations totaled \$2,833.71 and she used a total of \$1,286.89. On the pay periods ending September 15 and 30, 1999, she received adjusted gross pay totaling \$478.39 and \$757.76, respectively. However, we calculated her adjusted gross

pay should have been \$451.79 and \$722.79, respectively, during the aforementioned pay periods. The difference of \$61.38 is due to the fact that the Finance Division did not apply the deduction for retirement when calculating her adjusted gross pay. The West Virginia Division of Personnel Administrative Rule 143CSR2, Leave Donation Program Procedures, states in part,

“Procedure 6. Paying recipients of donated leave.

Once you have received approved leave donations for an eligible recipient employee, you should:

- > calculate the recipient employee’s adjusted gross pay for a regular payperiod (i.e. one-half a month) by subtracting the employee’s usual State retirement deduction from his or her usual gross pay for a regular payperiod (excluding overtime).
- > if there are donations at least equal to the recipient employee’s adjusted gross pay for a half-month (or portion of a half-month if the employee’s eligibility begins or ends prior to the end of a payperiod), take the mandated deductions [except State retirement] and any other deductions authorized by the employee from the adjusted gross and process as payroll. The recipient employee’s take home pay should be the same (or within pennies of the same) as his or her take home pay (excluding overtime) if he or she were at work or on paid leave....”

The Payroll Supervisor stated she was not aware that retirement was not being deducted from an employee’s gross pay when they were on donated leave status. She also stated they would comply with the Division of Personnel Policy in the future. In addition, the Accounting Section employee responsible for calculating the donated leave recipient’s pay stated she was not aware of the Donated Leave Program Procedures and did not know that the retirement deduction was considered in the calculation.

Also, the West Virginia Division of Personnel Administrative Rule 143CSR2, Leave Donation Program Procedures, states in part,

“Section 5. Method of Donations and Use of Donated Leave.

. . . c. The appointing authority shall deduct the total donation from the annual leave balance of the donor upon receipt of the donation form specified by the Director of Personnel. . . .”

We noted the Finance Division was not deducting annual leave donations from the donor’s annual leave balance when they received the “Application to Donate Annual Leave”. During the pay period the donor’s annual leave donation was used, the Leave Coordinator would go into the leave system and deduct the hours donated. By not deducting annual leave donations on the date applications are received, the possibility exists for both the donor and the recipient to use the hours intended for donation. The Accounting Section Director stated that they ceased this practice after it was brought to their attention by us and are currently deducting leave donations from the donor’s annual leave balance on the date the applications are received.

We recommend the Division comply with the West Virginia Division of Personnel Administrative Rule 143CSR2, Leave Donation Program Procedures.

Agency’s Response

The Newly appointed Deputy Director of the Finance Division has been tasked with updating and expanding the Finance Division’s written procedures. The Department’s donated leave process will be included in that activity.

Lack of Supporting Documentation

We noted several instances where the Finance Division was unable to provide us with adequate supporting documentation regarding the financial activities of the Division as follows:

1. We noted five instances where three Budget Section employees did not have time sheets to support paid overtime totaling \$1,675.47. We were unable verify the cumulative total of \$1,675.47 paid to these three employees was correct because no time sheets were available.

During our procedural interview regarding sick and annual leave, the Assistant Director of Budget Planning informed us that time sheets for the period preceding July 1, 1999, had been discarded.

2. During our testing of sick and annual leave accruals and balances, we were unable to test the accuracy of the Finance Division employees' sick and annual leave balances because leave request forms are discarded after one year. Spending unit personnel stated leave slips are discarded after one year due to the volume of leave slips generated by the Department of Administration's lack of storage space.
3. During our substantive testing of Finance Division Expenses, agency personnel were unable to locate FIMS cover sheets and supporting documentation for two Bell Atlantic payments totaling \$5,396.35. The Revenue and Expenditures Supervisor stated the documents were pulled for the Secretary's Office audit and they could not locate them now.
4. During our testing of rental and maintenance expenses, we were unable to review three FIMS documents totaling \$1,381.00 in payments to two vendors and the supporting documentation because spending unit personnel was unable to locate them.
5. We were unable to review one FIMS document and the supporting documentation because spending unit personnel was unable to locate it. This transaction was payment to a temporary services employee for the week ending March 13, 1999 and totaled \$312.84.
6. Four of the 26 FIMS documents we reviewed for payment of temporary services employees' wages did not have a time sheet attached; these documents totaled \$815.45. Therefore, we were unable to determine if the temporary services employees were paid the proper amount for the time worked.

We believe these instances where documentation was not available from the Finance Division would be in noncompliance with 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 containing adequate and proper documentation of the organization, functions, policies, 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. . . .”

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

Agency's Response

The Accounting Section has modified its document storage and retrieval system as a result of the items noted by Post-Audit. In addition, the Finance Division is exploring the cost-effectiveness of an imaging system.

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 Finance Division of the West Virginia Department of Administration for the years ended June 30, 2000 and June 30, 1999. The financial statement is the responsibility of the management of the Finance Division of the West Virginia Department of Administration. 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 from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 Finance Division of the West Virginia Department of Administration for the years ended June 30, 2000 and June 30, 1999 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 the 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.

Respectively submitted,


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

January 18, 2001

Auditors: Michael E. Sizemore, CPA, Supervisor
Stanley D. Lynch, CPA, Senior Auditor
Rhonda L. Combs, Senior Auditor
Melanie L. Nuckols, CPA
Noah E. Cochran, CPA
Thomas F. Ward, CPA
Amanda L. Poff
Charles B. Thompson
Erin S. Roark

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION - DIVISION OF FINANCE
STATEMENT OF APPROPRIATIONS/CASH RECEIPTS, EXPENDITURES/
DISBURSEMENTS AND CHANGES IN FUND BALANCES

	<u>Year Ended June 30, 2000</u>		
	<u>General</u> <u>Revenue</u>	<u>Special</u> <u>Revenue</u>	<u>Total</u>
Appropriations/Cash Receipts:			
Appropriations - Net of Transfers	\$2,561,887.00	\$ 0.00	\$ 2,561,887.00
Single Audit Services	0.00	862,157.14	862,157.14
Transfer from Tobacco Settlement Fund	0.00	5,000,000.00	5,000,000.00
Agency PEIA Transfers made in accordance with WV Code 5A-2-14a	0.00	4,733,407.82	4,733,407.82
Interest	<u>0.00</u>	<u>135,193.20</u>	<u>135,193.20</u>
	2,561,887.00	10,730,758.16	13,292,645.16
Expenditures/Disbursements:			
Personal Services	845,237.82	43,944.96	0.00
Annual Increment	12,390.00	0.00	12,390.00
Employee Benefits	227,478.77	12,531.86	240,010.63
Current Expenses	795,413.00	757,843.31	1,553,256.31
Repairs and Alterations	2,462.87	0.00	2,462.87
Equipment	<u>51,081.98</u>	<u>0.00</u>	<u>51,081.98</u>
	<u>1,934,064.44</u>	<u>814,320.13</u>	<u>1,859,201.79</u>
Appropriations/Cash Receipts Over/(Under) Expenditure/Disbursements	627,822.56	9,916,438.03	10,544,260.59
Expirations and Expenditures after June 30	(257,896.99)	0.00	(257,896.99)
Beginning Balance	901,833.97	613,828.95	1,515,662.92
Transfers to Public Employees' Insurance Reserve Fund 2207	<u>(11,108.00)</u>	<u>11,108.00</u>	<u>0.00</u>
Ending Balance	<u>\$1,260,651.54</u>	<u>\$10,541,374.98</u>	<u>\$11,802,026.52</u>

See Notes to Financial Statement

Year Ended June 30, 1999

<u>General Revenue</u>	<u>Special Revenue</u>	<u>Total</u>
\$2,545,749.00	\$ 0.00	\$2,545,749.00
0.00	807,147.00	807,147.00
0.00	0.00	0.00
0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>2,545,749.00</u>	<u>807,147.00</u>	<u>3,352,896.00</u>
724,086.07	72,115.30	796,201.37
11,540.00	0.00	11,540.00
198,548.28	19,343.27	217,891.55
1,282,789.65	733,625.16	2,016,414.81
9,291.04	0.00	9,291.04
<u>115,939.83</u>	<u>0.00</u>	<u>115,939.83</u>
<u>2,342,194.87</u>	<u>825,083.73</u>	<u>3,167,278.60</u>
203,554.13	(17,936.73)	185,617.40
(86,828.06)	0.00	(86,828.06)
785,107.90	631,765.68	1,416,873.58
0.00	0.00	0.00
<u>\$ 901,833.97</u>	<u>\$613,828.95</u>	<u>\$1,515,662.92</u>

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

FINANCE DIVISION

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 for the payment of obligations incurred in that year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriation were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 31 days after the fiscal year-end; however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenue and 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,</u>	<u>July 31,</u>
	<u>2000</u>	<u>1999</u>	<u>2000</u>	<u>1999</u>
Personal Services	\$ 0.00	\$ 0.00	\$ 0.53	\$ 50.02
Employee Benefits	1,050.66	1,292.58	948.68	1,204.74
Unclassified	181,176.12	84,280.72	0.00	0.00
GAAP Project	<u>0.00</u>	<u>0.00</u>	<u>74,721.00</u>	<u>0.00</u>
	<u>\$182,226.78</u>	<u>\$85,573.30</u>	<u>\$75,670.21</u>	<u>\$1,254.76</u>

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

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4.5% of their annual compensation and employees have vested rights under certain circumstances. The Department of Administration's Finance Division matches contributions at 9.5% of the compensation on which the employees made contributions. The Finance Division's pension expenditures were as follows:

	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
General Revenue	\$81,339.44	\$69,661.24
Special Revenue	<u>4,201.94</u>	<u>6,760.12</u>
	<u>\$85,541.38</u>	<u>\$76,421.36</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION - DIVISION OF FINANCE

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

<u>Division of Finance Fund</u> <u>Personal Services - Fund 0203 - 001</u>	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Appropriations	\$495,801.00	\$ 524,650.00
Transfer to the Office of the Secretary's Fund 0186-096	\$0.00	(\$40,000.00)
Transfer to the Division of Finance Fund 0203-099	0.00	(25,000.00)
Transfer to the Division of Finance Fund 0203-099	0.00	(13,000.00)
Transfer to the Division of Finance Fund 0203-099	<u>(29,307.00)</u>	<u>0.00</u>
	466,494.00	446,650.00
Expenditures:		
Personal Services	460,975.47	446,599.98
Fund Transfer to Public Employees' Insurance		
Reserve Fund 2207	<u>5,518.00</u>	<u>0.00</u>
	<u>466,493.47</u>	<u>446,599.98</u>
	<u>0.53</u>	<u>50.02</u>
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.53</u>	<u>\$ 50.02</u>

<u>Division of Finance Fund</u> <u>Annual Increment - Fund 0203-004</u>		
Appropriations	\$11,090.00	\$11,090.00
Expenditures	<u>11,090.00</u>	<u>11,090.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION - DIVISION OF FINANCE

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

<u>Division of Finance Fund</u> <u>Employee Benefits - Fund 0203-010</u>	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Appropriations	\$151,766.00	\$153,362.00
Transfer to the Division of Finance Fund 0203-099	0.00	(32,600.00)
Transfer from the Education & State Employees Grievance Board Fund 0220-010	5,000.00	0.00
Transfer to the Division of Finance Fund 0203-099	(31,442.00)	0.00
Transfer from the Division of Finance Fund 0203-099	<u>1,999.00</u>	<u>0.00</u>
	\$127,323.00	\$120,762.00
Expenditures	<u>126,374.32</u>	<u>119,557.26</u>
	948.68	1,204.74
Transmittals Paid After June 30	<u>1,050.66</u>	<u>1,292.58</u>
Balance	<u>\$ 1,999.34</u>	<u>\$ 2,497.32</u>

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION - DIVISION OF FINANCE

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

<u>Division of Finance Fund</u>	<u>Year Ended June 30,</u>	
<u>Unclassified - Fund 0203-099</u>	<u>2000</u>	<u>1999</u>
Appropriations	\$556,863.00	\$549,175.00
Transfer from the Division of Finance Fund 0203-001	0.00	25,000.00
Transfer from the Division of General Services Fund 0230 -001	0.00	70,000.00
Transfer from the Division of General Services Fund 0230-010	0.00	13,664.00
Transfer from the Division of Finance Fund 0203-001	0.00	13,000.00
Transfer from the Division of Finance Fund 0203-010	0.00	32,600.00
Transfer from the Education & State Employees Grievance Board Fund 0220-001	47,517.00	0.00
Transfer from the Ethics Commission Fund 0220-001	18,686.00	0.00
Transfer from the Division of Finance Fund 0203-001	29,307.00	0.00
Transfer from the Division of Finance Fund 0203-010	31,442.00	0.00
Transfer to the Division of Finance Fund 0203-010	<u>(1,999.00)</u>	<u>0.00</u>
	<u>681,816.00</u>	<u>703,439.00</u>
Expenditures:		
Current Expenses	631,724.26	599,080.83
Repairs and Alterations	4,003.56	13,020.73
Equipment	<u>46,088.18</u>	<u>91,337.44</u>
	<u>681,816.00</u>	<u>703,439.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>181,176.12</u>	<u>84,280.72</u>
Balance	<u>\$181,176.12</u>	<u>\$ 84,280.72</u>

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION - DIVISION OF FINANCE

STATEMENT OF APPROPRIATIONS AND EXPENDITURES

GENERAL REVENUE

<u>Division of Finance Fund</u> <u>GAAP Project - Fund 0203-125</u>	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Appropriations	\$1,275,164.00	\$1,263,808.00
Reappropriations:		
Fiscal Year 1998	0.00	785,107.90
Fiscal Year 1999	<u>901,833.97</u>	<u>0.00</u>
	2,176,997.97	2,048,915.90
Expenditures:		
Personal Services	384,262.35	277,486.09
Annual Increment	1,300.00	450.00
Employee Benefits	102,155.11	80,283.60
Current Expenses	348,152.07	762,752.56
Equipment	165.90	26,109.68
Fund Transfer to Public Employees' Insurance Reserve Fund 2207	<u>5,590.00</u>	<u>0.00</u>
	<u>841,625.43</u>	<u>1,147,081.93</u>
	<u>1,335,372.54</u>	<u>901,833.97</u>
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$1,335,372.54</u>	<u>\$ 901,833.97</u>

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION - DIVISION OF FINANCE

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS

AND CHANGES IN CASH BALANCE

SPECIAL REVENUE

<u>Single Audit Fund - 2029-099/640</u>	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Cash Receipts:		
Single Audit Services	\$862,157.14	\$807,147.00
Disbursements:		
Personal Services	43,944.96	72,115.30
Employee Benefits	12,531.86	19,343.27
Current Expenses	<u>757,843.31</u>	<u>733,625.16</u>
	<u>814,320.13</u>	<u>825,083.73</u>
Cash Receipts Over/(Under) Disbursements	47,837.01	(17,936.73)
Beginning Balance	<u>613,828.95</u>	<u>631,765.68</u>
Ending Balance	<u>\$661,665.96</u>	<u>\$613,828.95</u>

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION - DIVISION OF FINANCE

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS

AND CHANGES IN FUND BALANCE

SPECIAL REVENUE

<u>Public Employee Reserve Fund</u> <u>Cash Control - Fund 2207</u>	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Cash Receipts:		
Transfer from Tobacco Settlement Fund	\$5,000,000.00	\$0.00
Agency PEIA Transfers made in accordance with WV Code 5A-2-14a	4,744,515.82	0.00
Interest	<u>135,193.20</u>	<u>0.00</u>
	9,879,709.02	0.00
 Disbursements	 <u>0.00</u>	 <u>0.00</u>
 Cash Receipts Over Disbursements	 9,879,709.02	 0.00
 Beginning Balance	 <u>0.00</u>	 <u>0.00</u>
 Ending Balance	 <u>\$9,879,709.02</u>	 <u>\$0.00</u>

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION - DIVISION OF FINANCE

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS

AND CHANGES IN CASH BALANCE

SPECIAL REVENUE

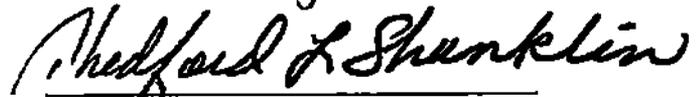
<u>Investments - Account (160000000-04)</u>	<u>Year Ended June 30,</u>	
	<u>2000</u>	<u>1999</u>
Receipts:		
Transfer from Tobacco Settlement Fund	\$5,000,000.00	\$0.00
Agency PEIA Transfers made in accordance with WV Code 5A-2-14a	4,744,515.82	0.00
Interest	<u>135,193.20</u>	<u>0.00</u>
	9,879,709.02	0.00
Disbursements	<u>0.00</u>	<u>0.00</u>
Cash Receipts Over Disbursements	9,879,709.02	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$9,879,709.02</u>	<u>\$0.00</u>

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of the Legislative Post Audit Division, do hereby certify that the report 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 6th day of May 2001.



Thedford 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 Finance Division of the West Virginia Department of Administration; Governor; Attorney General; and, State Auditor.