

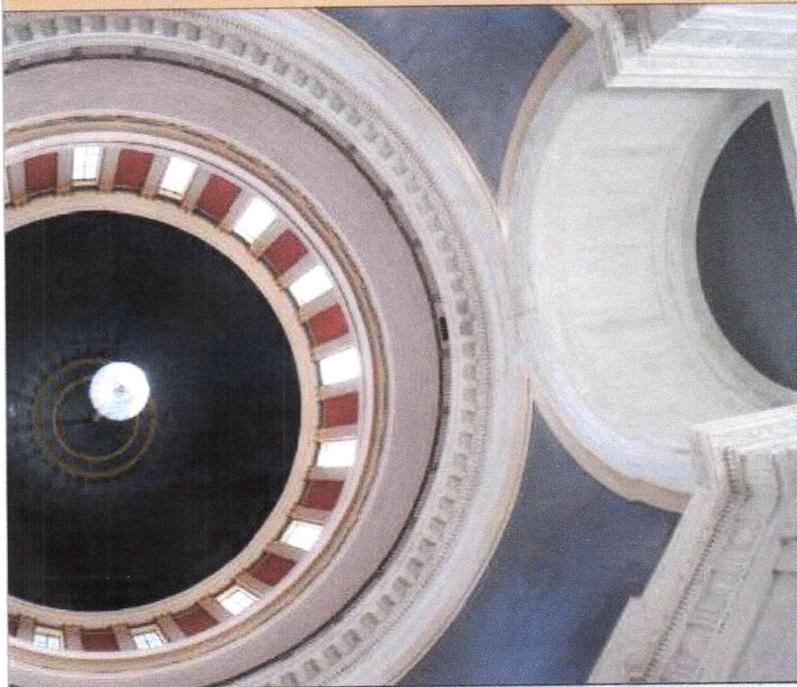
# LEGISLATIVE POST AUDIT REPORT

Potomac State College of West Virginia University

For the Period July 1, 2010 - June 30, 2011

## AUDIT SUMMARY

- Lack of Internal Control Over Equipment Inventory
- Non-compliance with Payment Card Industry Data Security Standards
- Unauthorized Imprest Funds



WEST VIRGINIA LEGISLATIVE AUDITOR  
POST AUDIT DIVISION



Aaron Allred - *Legislative Auditor*  
Stacy Sneed, CPA - *Director*

Room 329 W, Building 1  
1900 Kanawha Boulevard East  
Charleston, West Virginia 25305  
phone: (304) 347 - 4880

# LEGISLATIVE POST AUDITS SUBCOMMITTEE

---

## Senate

President Jeff Kessler, Chairman  
Roman Prezioso  
Mike Hall

## House

Speaker Richard Thompson, Chairman  
Harry Keith White  
Tim Armstead

### WEST VIRGINIA LEGISLATIVE AUDITOR LEGISLATIVE POST AUDIT DIVISION

**Aaron Allred**  
Legislative Auditor

**Stacy L. Sneed, CPA, CICA**  
Director

**William Spencer III, CPA**  
Audit Manager

**Elmo H. Phillips**  
Auditor-in-Charge

**Elizabeth J. Tolley, Auditor II**  
**S. Derek Adkins, Auditor I**  
**Cy A. Wilson, Auditor I**  
Staff Auditors

Legislative Post Audit Division  
Building 1, Room W-329  
1900 Kanawha Blvd., East  
Charleston, WV 25305-0610  
(304) 347-4880

Post audit reports are available on-line at  
[www.legis.state.wv.us/Joint/postaudit/reports.cfm](http://www.legis.state.wv.us/Joint/postaudit/reports.cfm).

For more information about the Legislative Post Audit Division, please visit our website at  
[www.legis.state.wv.us/Joint/postaudit/postaudit.cfm](http://www.legis.state.wv.us/Joint/postaudit/postaudit.cfm).

**WEST VIRGINIA LEGISLATURE**  
***Joint Committee on Government and Finance***

Stacy L. Sneed, CPA, CICA, Director  
Legislative Post Audit Division  
Building 1, Room W- 329  
1900 Kanawha Blvd. East  
Charleston, WV 25305-0610



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

The Joint Committee on Government and Finance:

In compliance with the provisions of the W. Va. Code, §4-2, as amended, and at the behest of the Legislative Auditor, we have conducted an audit of Potomac State College of West Virginia University (PSCWVU) for the period of July 1, 2010 through June 30, 2011.

We have conducted our audit in accordance with Generally Accepted Government Auditing Standards (July 2007 Revision). Our audit disclosed certain findings, which are detailed in this report. Findings which were deemed inconsequential to the financial operations of the agency were discussed with management. PSCWVU management responded to the audit findings; we have included the responses in Appendix A.

Respectfully submitted,

A handwritten signature in blue ink that reads "Stacy L. Sneed".

Stacy L. Sneed, CPA, CICA, Director  
Legislative Post Audit Division

SLS/jda

**POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY**  
**JULY 1, 2010 – JUNE 30, 2011**

---

**TABLE OF CONTENTS**

---

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
<b>INTRODUCTION .....</b>	<b>9</b>
POST AUDIT AUTHORITY .....	9
BACKGROUND .....	9
<b>SPENDING UNIT CONTACTS .....</b>	<b>10</b>
<b>AUDIT SCOPE .....</b>	<b>11</b>
<b>OBJECTIVES AND METHODOLOGIES.....</b>	<b>11</b>
<b>CONCLUSIONS .....</b>	<b>13</b>
<b>EXIT CONFERENCE.....</b>	<b>14</b>
<b>FUND LISTING .....</b>	<b>15</b>
<b>FINDINGS AND RECOMMENDATIONS .....</b>	<b>17</b>
<b>INFORMATIONAL FINDINGS .....</b>	<b>17</b>
Finding 1 PSCWVU Financial Data Not Independently Reported to WVFIMS .....	17
<b>REVENUE FINDINGS.....</b>	<b>19</b>
Finding 2 Noncompliance with Payment Card Industry Data Security Standards .....	19
Finding 3 Lack of Supporting Documentation.....	21
Finding 4 Unauthorized Signature on Revenue Contract.....	24
Finding 5 Object Code Misclassification of Revenues.....	25
Finding 6 Cash Receipts Not Deposited Timely.....	27
<b>REVENUE INTERNAL CONTROL FINDINGS.....</b>	<b>29</b>
Finding 7 Unauthorized Imprest Funds.....	29
Finding 8 Lack of Controls over Cash Receipts.....	31
<b>EXPENDITURE FINDINGS .....</b>	<b>33</b>
Finding 9 Noncompliance with Payroll Procedures .....	33
Finding 10 Object Code Misclassification of Expenditures .....	35
<b>EXPENDITURE INTERNAL CONTROL FINDINGS.....</b>	<b>37</b>
Finding 11 Lack of Internal Controls over Travel Expenditures .....	37
<b>OTHER SIGNIFICANT INTERNAL CONTROL FINDINGS.....</b>	<b>39</b>
Finding 12 Lack of Internal Controls over Equipment Inventory .....	39
Finding 13 Lack of Internal Controls over Campus Police Evidence Locker .....	44
<b>STATUS OF PREVIOUS AUDIT FINDINGS.....</b>	<b>47</b>
Unresolved Previous Audit Findings.....	48
Finding 14 Adequate Control over Cash Receipts .....	48
Finding 15 Adequate Control over Equipment.....	48
Finding 16 Monies Not Deposited Timely .....	48

Resolved Previous Audit Findings .....	49
Finding 17 Segregation of Duties over Payroll.....	49
Finding 18 Adequate Control over Long Distance Telephone Calls.....	49
Finding 19 Written Procedures over Cash Handling.....	49
Finding 20 Only One Person is Trained to Perform the Functions of the Cashier.....	49
Finding 21 Written Accounting Procedures.....	49
<b>APPENDIX A – SPENDING UNIT’S RESPONSE.....</b>	<b>50</b>
<b>CERTIFICATE OF DIRECTOR, LEGISLATIVE POST AUDIT DIVISION .....</b>	<b>65</b>

POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY  
JULY 1, 2010 – JUNE 30, 2011

---

---

EXECUTIVE SUMMARY

---

---

**INFORMATIONAL FINDINGS**

**Finding 1**

**PSCWVU Financial Data Not Independently Reported to WVFIMS**

PSCWVU financial information is not independently reported to the West Virginia Financial Information System (WVFIMS), the State's centralized accounting system. PSCWVU financial information is combined with information from WVU's main campus, as well as WVU's other regional campuses.

**Auditor's Recommendation**

We recommend PSCWVU and WVU work with the WV Office of Technology and develop methods for reporting financial data to WVFIMS for PSCWVU and other WVU regional campuses separately from WVU's main campus. We recommend each regional campus be provided a sub-organization number or an organization number separate from WVU. Furthermore, we recommend financial data be reported to WVFIMS for each regional campus, including PSCWVU, to facilitate the government auditing function.

**Spending Unit's Response**

See Appendix A

**REVENUE FINDINGS**

**Finding 2**

**Noncompliance with Payment Card Industry Data Security Standards**

PSCWVU did not properly secure credit card data for 246 credit card transactions totaling \$101,299. PSCWVU maintained documentation revealing all twelve credit card digits, the three digit security code, and expiration date.

**Auditor's Recommendation**

We recommend PSCWVU comply with Payment Card Industry Data Security Standard 3.2.2, Payment Card Industry Data Security Standard 3.3, and WVU Funds Handling Guideline Section 4.2 and properly store cardholder information. We recommend PSCWVU not maintain full credit card numbers with the three digit security code and expiration date.

**Spending Unit's Response**

See Appendix A

**Finding 3**

**Lack of Supporting Documentation**

We noted a lack of supporting documentation for the following transactions:

- ▲ 1,028 parking decal charges totaling \$39,794
- ▲ Nine Athletic Department cash receipts totaling \$10,198
- ▲ Three Community Education Fees totaling \$195
- ▲ 11 parking fines totaling \$110
- ▲ Two Bookstore refunds totaling \$53

**Auditor's Recommendation**

We recommend PSCWVU comply with West Virginia Code §5A-8-9 by creating, implementing, and communicating to all departments an agency-wide record retention policy. We recommend PSCWVU management periodically verify the record retention policy is followed. Furthermore, we recommend PSCWVU comply with WV Code §18B-4-6(e) and WVU Police Department Policy Manual, Policy 131-IV-K-3 by maintaining citations for the proper amount of time.

**Spending Unit's Response**

See Appendix A

**Finding 4**

**Unauthorized Signature on Revenue Contract**

PSCWVU executed a contract with On Campus Marketing, LLC generating revenues of \$8,528 over the life of the contract in which personnel not possessing signature authority endorsed the contract.

**Auditor's Recommendation**

We recommend PSCWVU comply with WVU's Procurement Rules Section 6.1.1 and ensure contracts are signed by personnel with authorized signature authority. Moreover, we recommend PSCWVU submit a new agreement to WVU Procurement and Contracts and have the Chief Procurement Officer review the agreement, and if found beneficial, sign the agreement.

**Spending Unit's Response**

See Appendix A

**Finding 5**

**Object Code Misclassification of Revenues**

We noted the following instances of object code misclassifications of revenues:

- ▲ 1,028 Parking Decal Fees totaling \$39,794 classified under object code 696 – Miscellaneous instead of object code 646 – Parking Fees

- ▲ 842 Parking Fines totaling \$7,570 classified under object code 696 – Miscellaneous instead of object code 657 – Parking Fines
- ▲ One Hospitality transaction totaling \$1,307 classified under object code 860 – Farm Sales instead of object code 696 – Miscellaneous

**Auditor's Recommendation**

We recommend PSCWVU comply with State Expenditure Schedule Instructions and properly classify revenues. We further recommend a periodic review be conducted to ensure the data codes utilized to record transactions are properly correlated to the correct object codes.

**Spending Unit's Response**

See Appendix A

**Finding 6**

**Cash Receipts Not Deposited Timely**

We noted the following instances in which deposits were not made within 24 hours of receipt:

- ▲ Dining Services – 78 deposits totaling \$101,323. There was an average of five business days between deposits with a range of two to 16 business days.
- ▲ Farm – 20 deposits totaling \$32,141. There was an average of eight business days between deposits with a range of two to 22 business days.
- ▲ Conference and Events – 10 deposits totaling \$10,180. There was an average of 11 business days between deposits with a range of two to 40 business days.
- ▲ Enrollment Services – Eight deposits totaling \$81. There was an average of 10 business days between deposits with a range of four to 21 business days.
- ▲ Mary F. Shipper Library – Four deposits totaling \$11. There was an average of 21 business days between deposits with a range of 19 to 23 business days.

**Auditor's Recommendation**

We recommend PSCWVU comply with WV Code §12-2-2 and WVU Funds Handling Guidelines Section 4.1 by depositing cash receipts within 24 hours.

**Spending Unit's Response**

See Appendix A

## **REVENUE INTERNAL CONTROL FINDINGS**

### **Finding 7**

#### **Unauthorized Imprest Funds**

- ▲ Mary F. Shipper Library
- ▲ Enrollment Services
- ▲ Greenhouse (Personal Funds)

PSCWVU operated imprest funds at the Library, Enrollment Services, and Greenhouse which were not approved by the WV State Treasurer's Office (STO). The Greenhouse imprest fund consisted of Greenhouse personnel's personal funds utilized to create change for sales transactions.

#### **Auditor's Recommendation**

We recommend PSCWVU submit formal requests to the STO for imprest funds to be operated at the Library, Enrollment Services, and Greenhouse. Additionally, we recommend Greenhouse personnel cease utilizing personal funds to make change for sales.

#### **Spending Unit's Response**

See Appendix A

### **Finding 8**

#### **Lack of Internal Controls over Cash Receipts**

While performing various audit procedures at PSCWVU, we noted the following lack of internal controls over cash receipts:

- ▲ Utilization of Receipt Books
- ▲ Segregation of Duties
- ▲ Utilization of Mail Logs

#### **Auditor's Recommendation**

We recommend PSCWVU comply with WV Code §18B-5-9, §12-2-2, and WVU's University Funds Handling Guidelines, Section 4.1 by issuing receipts for all transactions, utilizing at least two-ply receipts and maintain a receipt book, maintain a mail log of all mail received, and cease allowing the Cashier to open mail.

#### **Spending Unit's Response**

See Appendix A

## **EXPENDITURE FINDINGS**

### **Finding 9 Noncompliance with Payroll Procedures**

PSCWVU Athletic Department personnel paid student athletes out of a personal checking account for assisting with PSCWVU athletic camps.

#### **Auditor's Recommendation**

We recommend PSCWVU comply with WVU Board of Governors Policy 16: "Use of Institutional Facilities" Section 4.1(b) and Section 4.1(e) by having the PSCWVU Business Office handle all revenues and expenditures and compensate personnel through regular State payroll or utilize a Standard 48 or 48-A Service Agreement.

#### **Spending Unit's Response**

See Appendix A

### **Finding 10 Object Code Misclassification of Expenditures**

We noted the following instances of object code misclassifications of expenditures:

- ▲ 15 student activity transactions totaling \$17,760 were classified under 025 – Contractual and Professional instead of 059 – Student Activities
- ▲ 12 months of Automated Teller Machine (ATM) fees and bank imposed cash advance fees totaling \$380 were classified under 026 – Travel Expenses instead of 089 – Bank Costs.

#### **Auditor's Recommendation**

We recommend PSCWVU comply with the West Virginia Expenditure Schedule Instructions for Fiscal Year 2011 and properly report cash advance fees and ATM fees as bank costs, as well as classify student activity expenditures properly. We recommend PSCWVU utilize the WV State Budget Office's Expenditure Schedule Instructions when determining the proper object code.

#### **Spending Unit's Response**

See Appendix A

## **EXPENDITURE INTERNAL CONTROL FINDINGS**

### **Finding 11 Lack of Internal Controls over Travel Expenditures**

We noted the following instances where internal controls over travel expenditures were not followed:

- ⤴ Seven instances in the amount of \$1,880 in which "Travel Authorization Forms" were not maintained and could not be provided upon request.
- ⤴ Two instances in the amount of \$838 in which the "Travel Settlement Form" was not submitted timely.
- ⤴ Three instances totaling \$305 in which "Travel Authorization Forms" were signed and dated after the dates of travel.
- ⤴ One instance in the amount of \$262 in which the "Travel Authorization Form" was not signed and dated by the employee's supervisor.

**Auditor's Recommendation**

We recommend PSCWVU comply with Legislative Rule Title 133 Series 29 Section 4.1.1 and WVU Board of Governors Policy 4 Section 4.1.1 and ensure all employee travel is approved by the Chief Business Officer or designee(s) before travel commences and that PSCWVU comply with the WVU Institutional Travel Guide Section 4.1.3 and submit "Travel Reimbursement Forms" within 60 days of the last day of travel. If an employee is to travel on a recurring basis over many months, we recommend "Travel Reimbursement Form" be submitted at least monthly.

**Spending Unit's Response**

See Appendix A

**OTHER SIGNIFICANT INTERNAL CONTROL FINDINGS**

**Finding 12                      Lack of Internal Controls over Equipment Inventory**

We noted the following instances of lack of internal controls over equipment:

- ⤴ 21 equipment assets with a historical cost of \$264,770 did not have an inventory tag attached to the asset.
- ⤴ Seven equipment assets with a historical cost of \$87,301 did not have an inventory tag or serial number attached to the asset.
- ⤴ One equipment asset with a historical cost of \$21,599 had an inventory tag number which did not agree to the tag number listed on the fixed asset listing.
- ⤴ One equipment asset with a historical cost of \$15,000 was no longer in PSCWVU possession. The asset was transferred to WVU; however, no transfer documents were completed.
- ⤴ Farm equipment was maintained in unlocked areas with operational keys remaining in the equipment. The Upper Farm at PSCWVU did not have a locking gate. Equipment was not stored in a locked facility and the auditors observed operational keys in the equipment while no PSCWVU personnel were present.
- ⤴ One equipment asset with a historical cost of \$21,596 was not listed on the PSCWVU inventory.

- ▲ Four firearms with a historical cost of \$1,319 were not listed on the PSCWVU inventory.
- ▲ Two vehicles transferred from WVU were not listed on the PSCWVU inventory.

The assets listed above are described in terms of historical cost. Many of the assets listed have been partially or fully depreciated. We have not included the net book value of the assets, which would be lower than the historical cost. Additionally, we have not included the current replacement cost of the assets, which would be greater than the historical cost.

#### **Auditor's Recommendation**

We recommend PSCWVU comply with WV Code §18B-5-9, WVU Property Management Guide, and HEPC Purchasing Procedures Manual Section 9.3.3.

We recommend PSCWVU develop written policies requiring inventory tags be placed on each asset and provide procedures for replacing detached, lost, or inaccurate tags. We recommend PSCWVU monitor asset tags which are prone to detach and ensure that in the event an inventory tag becomes detached, a new tag is promptly assigned. Furthermore, we recommend PSCWVU exercise reasonable security measures to prevent the theft and misuse of farm equipment. Reasonable security measures include but not limited to: constructing or obtaining a locking gate for the PSCWVU Upper Farm, ensuring operational keys are not left in unattended equipment, and maintaining operational keys in a secure area.

Additionally, we recommend PSCWVU properly transfer assets between departments or complete off-campus utilization forms if the asset is to be returned. We recommend the fixed asset inventory listing be updated upon the submission of any transfer or off-campus utilization documentation.

Finally, we recommend the Higher Education Policy Commission (HEPC) and PSCWVU incorporate the WV Department of Administrations firearms policy into the HEPC and PSCWVU inventory policies and require firearms to be listed on the fixed asset inventory system.

#### **Spending Unit's Response**

See Appendix A

### **Finding 13**

#### **Lack of Internal Controls over Campus Police Evidence Locker**

We noted the following instances of lack of internal controls:

- ▲ 12 bags of evidence were not disposed of within six months of case resolution.
- ▲ One bag of evidence in the evidence locker was not listed on the evidence inventory.

- ▲ Proper documentation for removing evidence from the evidence locker for educational purposes was not completed.

**Auditor's Recommendation**

We recommend the PSCWVU Campus Police Department work with the Mineral County Prosecutor's Office and develop procedures for communication of the status of cases. Additionally, we recommend PSCWVU Campus Police update the case files upon communication with the Prosecutor's Office and properly dispose of evidence when communication of case resolution is obtained.

We recommend PSCWVU Campus Police maintain an accurate inventory of all evidence maintained in the evidence lockers. To ensure all evidence maintained is listed on the inventory, periodic inspections of inventory lockers are recommended. We recommend inspections be performed at least quarterly.

We recommend PSCWVU maintain an inventory of all items of evidence and properly document the removal and further use of evidence by the department.

**Spending Unit's Response**

See Appendix A

**STATUS OF PREVIOUS AUDIT FINDINGS**

**Unresolved Findings**

- Finding 14                    Adequate Control over Cash Receipts**
- Finding 15                    Adequate Control over Equipment**
- Finding 16                    Monies Not Deposited Timely**

**Resolved Findings**

- Finding 17                    Segregation of Duties over Payroll**
- Finding 18                    Adequate Control over Long Distance Telephone Calls**
- Finding 19                    Written Procedures over Cash Handling**
- Finding 20                    Only One Person is Trained to Perform the Functions of the Cashier**
- Finding 21                    Written Accounting Procedures**

**POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY**  
**JULY 1, 2010 – JUNE 30, 2011**

---

---

**INTRODUCTION**

---

---

**POST AUDIT AUTHORITY**

This audit was conducted pursuant to Chapter 4, Article 2, as amended, of the West Virginia Code, which requires the Legislative Auditor to “make post audits of the revenues and funds of the spending units of the state government, at least once every two years, if practicable, to report any misapplication of state funds or erroneous, extravagant or unlawful expenditures by any spending unit, to ascertain facts and to make recommendations to the Legislature concerning post audit findings, the revenues and expenditures of the State and of the organization and functions of the State and its spending units.”

**BACKGROUND<sup>1</sup>**

Potomac State College was created in 1901 as "Keyser Preparatory Branch of the West Virginia University" by an act of the legislature at the urging of Mineral County Delegate Francis M. Reynolds, who was concerned about the quality of secondary education in the area. The bill provided an appropriation of \$20,000 for buildings and empowered the governor to appoint a Board of Regents to govern the school.

Colonel Thomas B. Davis, a local businessman, donated more than 16 acres of land as a site for the new school. That location, formerly Fort Fuller, was a critical fortress in maintaining open roads leading to the South Branch and Shenandoah Valleys and in retaining Union control of the B&O Railroad during the Civil War; the railroad was a major supply route for the Union Army. Two notable figures each served as commander of Fort Fuller, also called Fort Kelly; Major Lew Wallace, who later wrote *Ben Hur*, and Major Benjamin Harrison, future President of the United States. The land on which the school is built came to be known as Fort Hill.

When it opened its doors for classes in October 1902 as West Virginia Preparatory School, the institution consisted of a multi-purpose administration building fronted by a four-sided clock tower. The building housed offices, classrooms, the library, and gymnasium. Lloyd F. Friend was appointed principal and teacher and was joined by four other teachers.

Potomac State continues today as a fully integrated division of West Virginia University enacted under a higher education reform measure, House Bill 2224, passed by the 2003 state legislative session. The integration became official on July 1, 2005.

Potomac State College, as a division of West Virginia University, provides a high quality, comprehensive education for our students in a friendly, culturally diverse environment conducive to learning.

---

<sup>1</sup> Background information obtained from the PSCWVU Website (<http://potomacstatecollege.edu>)

POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY  
JULY 1, 2010 – JUNE 30, 2011

---

---

SPENDING UNIT CONTACTS  
FOR EXAMINATION COVERING PERIOD OF JULY 1, 2010 THROUGH JUNE 30, 2011

---

---

**Potomac State of West Virginia University**

Dr. Kerry Odell..... Campus Provost (2004 – June 30, 2012)  
Dr. Leonard Colelli ..... Campus Provost (July 1, 2012 – Present)  
Harlan N. Shreve ..... Chief Business Officer  
Mary Becker ..... Budget Analyst - Senior

**West Virginia University**

Dan Durbin.....Senior Associate Vice President of Finance  
C. Shannon Craig.....Senior Management Auditor  
Lisa Lively.....Director of Financial Services  
David Kosslow.....Director of Planning & Treasury  
Brenda Mowen.....Director of Payment Services  
Cindy Marn.....Associate Director of Payment Services  
Toni Christian.....Director of Human Resources  
Linda Strawser.....Director of Payroll & Tax Services

**POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY**  
**JULY 1, 2010 – JUNE 30, 2011**

---

---

**AUDIT SCOPE**

---

---

We have audited Potomac State College of West Virginia University (PSCWVU) funds for the period July 1, 2010 through June 30, 2011. Our audit scope included an audit of the revenues and expenditures of PSCWVU for compliance with applicable WV Code, Federal regulations, State rules, Higher Education Policy Commission Policies and Procedures, and internal PSCWVU and West Virginia University (WVU) policies for fiscal year 2011. In addition, we assessed the effectiveness of internal controls we deemed significant within the context of the audit objectives.

---

---

**OBJECTIVES AND METHODOLOGIES**

---

---

The objectives of the post audit were to audit the revenues and expenditures of PSCWVU during fiscal year 2011 in order to provide reasonable assurance transactions were conducted in accordance with: applicable WV Code; Federal regulations; State rules; Higher Education Policy Commission Policies and Procedures; and internal PSCWVU and WVU policies for fiscal year 2011. We were to report any misapplication of state funds or erroneous, extravagant, or unlawful expenditures, ascertain facts, and make recommendations to the Legislature regarding post audit findings. Furthermore, we were to determine whether revenues and expenditures were related to PSCWVU programs, were reasonable, and were properly recorded in the accounting system. Additionally, we were to assess the effectiveness of internal controls we deemed significant within the context of the audit objectives and report any significant deficiencies.

We conducted this post audit, a performance audit, in accordance with standards applicable to performance audits contained in Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. A post audit includes examining, on a test basis, evidence about PSCWVU's compliance with those requirements referred to above and performing such other procedures as we considered necessary. Our audit does not provide a legal determination of PSCWVU's compliance with laws and regulations.

In accordance with WV Code §4-2, the Post Audit Division is required to conduct post audits of the revenues and expenditures of the spending units of the state government. The Post Audit Division is organized under the Legislative Branch of the State and our audits are reported to the Legislative Post Audits Subcommittee. Therefore, the Division has historically been organizationally independent when audits are performed on an agency, board, or program of the Executive Branch of the State.

Legislative Post Audits, as granted the authority under WV Code §4-2, as amended, performed a post audit of PSCWVU at the request of the West Virginia Legislative Auditor. The auditors identified the potential users of the PSCWVU post audit report as: the Legislative Post Audits Subcommittee; WV Legislature; WVU Board of Governors; PSCWVU and WVU management; Higher Education Policy Commission; and other PSCWVU stakeholders such as faculty, staff, students, and community members.

The users of the audit report may utilize the findings, informational items, and recommendations made to assist in determining future appropriations, the effectiveness of management, the adequacy of current legislation, and the potential need for new legislation, policies, and/or procedures.

Throughout the planning and execution of the audit, the audit team communicated with PSCWVU and WVU management. Management was updated monthly and occasionally weekly through email, phone conversations, and informal meetings with audit team members. PSCWVU and WVU management were immediately notified if significant findings were encountered.

In planning the audit, we assessed the audit risk and significance of the following areas:

- ▲ Nature and profile of PSCWVU and the legal and regulatory requirements applicable to the agency.
- ▲ Internal control environment of PSCWVU.
- ▲ The information systems controls of PSCWVU and WVU.
- ▲ Contract provisions and grant agreements.
- ▲ Previous audits of PSCWVU by Legislative Post Audits and corrective actions taken by the agency
- ▲ Potential for fraud and/or abuse

To gain an understanding of the nature and profile of PSCWVU, the audit team studied the following applicable rules and regulations:

- ▲ WV Code §18-B
- ▲ WV Code of State Rules Title 133
- ▲ WV Treasury Regulation Sub-chapter C
- ▲ Internal Revenue Code 3401
- ▲ Higher Education Policy Commission Policies and Procedures
- ▲ WV State Treasurer's Office Cash Receipts Handbook
- ▲ WV Budget Office 2010 Expenditure Schedule Instructions
- ▲ Internal policies and procedures of PSCWVU and WVU

The audit team reviewed the budget, studied financial trends, and held meetings with PSCWVU and WVU management. PSCWVU and WVU's websites were examined, organizational charts were obtained, newspaper articles accumulated, and other relevant documentation reviewed to assist in gaining an understanding of the nature and profile of PSCWVU.

The audit team gained a comprehensive understanding of the organizational structure, internal control environment and systems significant within the context of the audit objectives, and information systems controls through conducting interviews and observations of relevant PSCWVU and WVU personnel and control procedures. Moreover, a data reliability assessment was performed on the Mountaineer Administrative Processes (MAP) accounting system WVU employs to assure the data was reliable. The audit team analyzed the contract and grant agreements of PSCWVU to assess the significance and risk factors of each. Furthermore, previous audits conducted by Legislative Post Audit were examined and corrective actions investigated to identify potential ongoing risk areas. Subsequent to the aforementioned actions, the auditors utilized the knowledge gained to identify areas of potential fraud and abuse.

While gaining an understanding of the nature and profile of PSCWVU, the audit team identified potential sources of physical, documentary, and testimonial evidence. Physical evidence was obtained through the auditors' direct inspection and observation of PSCWVU and WVU personnel and campuses. Documentary evidence such as letters, contracts, accounting records, invoices, spreadsheets, database extracts, and electronically stored information was procured directly by the auditors or by requesting information from PSCWVU and WVU personnel and relevant vendors. Testimonial evidence was gathered through inquiries, interviews, and questionnaires of pertinent PSCWVU and WVU personnel.

PSCWVU, as a part of WVU, was subjected to an annual audit by independent auditors during fiscal year 2011. Additionally, PSCWVU was subject to the internal audit department of WVU. We determined the audit work of the independent auditors and the internal audit department of WVU would not be utilized in our post audit of PSCWVU. Additionally, we determined the use of specialists was not necessary. We concluded the work of the independent auditors, the work of WVU internal auditors, and the expertise of specialists was not relevant to the audit objectives. However, Legislative Post Audit conducted an audit of West Virginia University Institute of Technology (WVUIT), another branch of WVU. Audit work performed by the WVUIT post audit team was utilized and maintained in the PSCWVU audit files.

Audit procedures involved various tests as well as the evaluation of the effectiveness of internal control processes deemed significant within the context of the audit objectives. Sample populations utilized for testing were selected through statistical software such as RAT-STATS, sample by replacement, and auditor judgment.

PSCWVU's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved. Because of inherent limitations in internal control, errors or fraud may nevertheless have occurred and not been detected. Additionally, projections of any evaluation of internal control to future periods are subject to the risk conditions may change or compliance with policies and procedures may deteriorate.

We have not disclosed any identifying information concerning agency employees or students in an effort to protect the privacy and interests of all parties. Lack of disclosure of this information is not significant to the understanding of this report and should have no impact on the usefulness of the information provided. All pertinent information to the report has been disclosed.

This communication is intended solely for the information and use of the Post Audits Subcommittee, the members of the WV Legislature, the WVU Board of Governors, WVU management, and management of PSCWVU. However, once presented to the Post Audits Subcommittee, this report is a matter of public record and its distribution is not limited. Our reports are designed to assist the Post Audits Subcommittee in exercising its legislative oversight function and to provide constructive recommendations for improving State operations.

---

## CONCLUSIONS

---

We have concluded the control environment at PSCWVU could be significantly improved. We found a lack of controls in the areas of cash receipts, imprest funds, travel expenditures, equipment inventory, and the Campus Police evidence locker. We determined the internal control deficiencies stem from a general lack of oversight from PSCWVU management.

In addition, we found noncompliance in the areas of credit card information security, contract authorization, payroll procedures, maintaining documentation, cash deposits, and classifications of revenues and expenditures. We noted three audit findings from our previous post audit of PSCWVU, which concluded in 1987, in which corrective actions had not been implemented or were not functioning properly.

Our report contains the findings of our post audit and auditor's recommendations for corrective actions. We strongly recommend PSCWVU work closely with WVU management and WVU Internal Audit to strengthen the control environment at PSCWVU and take proper corrective actions to the findings of this report.

---

---

### EXIT CONFERENCE

---

---

We discussed this audit report with the management of PSCWVU and representatives from the WV Higher Education Policy Commission on April 15, 2013. All of the post audit findings and recommendations were reviewed and discussed. Any items deemed inconsequential were included in a memorandum supplied to PSCWVU management. PSCWVU management's responses have been included at the end of the report in Appendix A.

POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY  
JULY 1, 2010 – JUNE 30, 2011

---

---

FUND LISTING

---

---

We have completed a post audit of PSCWVU. The examination covers the period of July 1, 2010 through June 30, 2011.

**GENERAL REVENUE ACCOUNTS**

PSCWVU maintained the following account:

<b>Fund Number</b>	<b>Fund Name</b>
0344.....	General Administrative Appropriations

**SPECIAL REVENUE ACCOUNTS**

PSCWVU maintained the following special revenue accounts. These accounts represent funds from specific activities as required by law or administrative regulations. These funds were deposited with the State Treasurer in the following special revenue accounts:

<b>Fund Number</b>	<b>Fund Name</b>
4170.....	Payroll Clearing Fund
4187.....	Tuition & Required E & G Fees Fund
4188.....	Auxiliary & Auxiliary Capital Fees Fund
4189.....	Education & General Capital Fees Fund
4195.....	Gifts, Grants & Donations Fund (Non-Federal)
4196.....	Special Institutional Capital Fee Fund

**Payroll Clearing Fund**

This fund is used to distribute payroll allocations.

**Tuition & Required E & G Fees Fund**

This fund comprises other collections, fees, licenses and investment earnings to fund all tuition & required education & general fees.

**Auxiliary & Auxiliary Capital Fees Fund**

This fund comprises other collections, fees, licenses, and investment earnings to fund all auxiliary and auxiliary capital fees.

**Education & General Capital Fees Fund**

This fund comprises other collections, fees, licenses, and investment earnings to fund all required and general capital fees.

**Gifts, Grants & Donations (Non-Federal) Fund**

This fund comprises other collections, fees, licenses, and investment earnings to fund state, local & private grants, gifts and contracts.

**Special Institutional Capital Fee Fund**

This fund comprises tuition, fees and investment income for repayment of WVU issued revenue bond.

POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY  
JULY 1, 2010 – JUNE 30, 2011

---

---

FINDINGS AND RECOMMENDATIONS

---

---

**INFORMATIONAL FINDINGS**

**Finding 1 PSCWVU Financial Data Not Independently Reported to WVFIMS**

Condition: PSCWVU financial information is not independently reported to the West Virginia Financial Information System (WVFIMS), the State's centralized accounting system. PSCWVU transactions totaling approximately \$25 million are combined with information from WVU's main campus, as well as WVU's other regional campuses. PSCWVU's financial information cannot be efficiently segregated in WVFIMS for auditing purposes. Therefore, to complete the audit, financial data from WVU's Mountaineer Administrative Processes (MAP) system was utilized.

Auditing procedures were required to be performed on MAP inputs and outputs to determine the reliability of data. We were unable to reconcile MAP to WVFIMS by line item; however, we were able to reconcile MAP to the WV State Auditor's Office Account Status Report. We concluded that reconciliation to line item reports could be accomplished, but not efficiently. Therefore, we did not complete the reconciliation. Ultimately, after months of procedures, it was concluded the data from MAP was reliable and could be utilized for auditing purposes.

Additionally, WVU financial personnel were requested to segregate PSCWVU data from the aggregated data in MAP for the audit. This segregation could not be efficiently accomplished as well and caused delays in providing requested documentation to the auditors.

Criteria: The WV Office of Technology website states in part:

"WVFIMS is the State's centralized accounting system... Information is captured by the system by direct entry by agency personnel, interfacing of accounting information from some agencies..."

WV Code §5A-8-2 states in part:

"The Legislature declares that programs for the efficient and economical management of the state and local records will promote economy and efficiency in the day-to-day record-keeping activities of state and local government and will facilitate and expedite government operations..."

Cause: PSCWVU and WVU personnel stated that in 2005, when PSCWVU became a fully integrated component of WVU, the decision was made by WVU to incorporate

PSCWVU financial data into WVU's Main Campus. WVU developed the MAP system to meet the financial reporting needs of the institution of which WVFIMS cannot provide.

**Effect:**

An inefficient audit process resulted from PSCWVU financial data not being independently reported in WVFIMS. WVU Financial personnel spent numerous hours segregating PSCWVU data for the Legislative Post Audits. In many instances, PSCWVU financial data could not be segregated from WVU financial data on the transactional level, causing numerous hours to be spent by the auditors to verify transactional compliance. Moreover, financial data for PSCWVU and WVU could not be easily reconciled to State information, causing excessive time being spent in determining the reliability of the financial data.

**Recommendation:**

We recommend PSCWVU and WVU work with the WV Office of Technology in developing the new Enterprise Resource Planning System, WV Oasis, to report financial data for PSCWVU and other WVU regional campuses separately from WVU's main campus. We recommend each regional campus be provided a sub-organization number or an organization number separate from WVU. Furthermore, we recommend financial data be reported to WV Oasis for each regional campus, including PSCWVU, to facilitate the government auditing function.

**Spending Unit's  
Response and  
Corrective Action  
Plan:**

See Appendix A

## **REVENUE FINDINGS**

### **Finding 2 Noncompliance with Payment Card Industry Data Security Standards**

**Condition:** There were 17,995 cash receipt transactions totaling \$12,940,624 for fiscal year 2011. We selected a sample of 349 (2%) transactions totaling \$5,636,097 (44%) for testing. We noted 246 transactions totaling \$101,129 which were not in compliance with Payment Card Industry Data Security Standards.

Persons utilizing credit cards with the PSCWVU cashier are required to complete a credit card authorization form. To complete the form, the entire credit card number, three digit security code, and expiration date were written on the form. Of the 349 transactions tested, 33 transactions totaling \$40,374 were required to complete credit card authorization forms. PSCWVU maintained the unaltered credit card authorization forms. The entire card number, security code, and expiration date remained fully visible. We conducted a review of the entire population of cash receipts and noted an additional 213 credit card transactions totaling \$60,755 in which credit card information was improperly secured.

**Criteria:** Payment Card Industry Data Security Standard 3.2.2 states:

“Do not store the card verification code or value (three-digit or four-digit number printed on the front or back of a payment card) used to verify card-not-present transactions.”

Payment Card Industry Data Security Standard 3.3 states:

“Mask PAN (Primary Account Number) when displayed (the first six and last four digits are the maximum number of digits to be displayed).”

WVU Funds Handling Guidelines, Section 4.2 states in part:

“All departments must maintain compliance with the Payment Card Industry Data security Standard (PCI DSS).”

**Cause:** PSCWVU personnel informed us security codes were no longer maintained beginning during fiscal year 2012. It was believed the area in which the cardholder information was stored was secure and therefore not necessary to mask the credit card information further. PSCWVU personnel explained the cashier will begin to mask the credit card numbers in the future.

**Effect:** Not properly securing credit card data could result in the theft of individuals' information. Furthermore, valuable resources may be spent to resolve disputes and litigation arising from the theft of information.

**Recommendation:** We recommend PSCWVU comply with Payment Card Industry Data Security Standard 3.2.2, Payment Card Industry Data Security Standard 3.3, and WVU Funds Handling Guideline Section 4.2. We recommend PSCWVU not maintain full credit card numbers with the three digit security code and expiration date.

**Spending Unit's  
Response and  
Corrective Action  
Plan:** See Appendix A

**Finding 3**

**Lack of Supporting Documentation**

**Condition:**

There were 2,402 individuals assessed tuition and fee charges during fiscal year 2011. We selected a sample of 44 individuals and tested all fees charged to the individual.

Of the 44 individuals selected for our sample, nine (20%) were assessed fees for parking decals. We noted all nine (100%) did not have supporting documentation. We requested a report of all parking decal fees assessed during fiscal year 2011. We inquired of PSCWVU if supporting documentation was available for any of the parking decal fees assessed and were informed there was no support. There were a total of 1,028 parking decal transactions totaling \$39,794 in which no supporting documentation could be provided.

Three individuals out of the 44 (7%) selected for our sample were assessed a Community Education Fee for a total of \$195 in which no supporting documentation was available to substantiate the charge. The Community Education Fee is a fee charged to area citizens interested in taking special interest courses.

Two individuals out of the 44 (5%) selected for our sample received refunds from purchases at the PSCWVU Bookstore. No supporting documentation for two refunds totaling \$53 could be provided.

There were 842 parking fine charges posted to Banner during fiscal year 2011 for a total dollar amount of \$7,390. We selected a sample of 43 (5%) parking fine charges totaling \$430 (6%) for testing. There were 11 instances out of 43 (26%) totaling \$110 in which no supporting documentation could be provided to substantiate the charges.

There were 29 athletic department cash receipts totaling \$20,613 during fiscal year 2011. We selected a sample nine (31%) transactions totaling \$10,198 (50%) for testing. There were nine instances out of nine (100%) in which supporting documentation could not be provided to substantiate the transactions.

**Criteria:**

West Virginia Code §5A-8-9 states in part:

“The head of each agency shall...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.”

WV Code §18B-4-6(e) states:

“Each designated official of a state institution presiding over a case under this section shall keep a record of every citation which alleges a violation of the provisions, or the rules promulgated in accordance with this section, and shall keep a

record of every official action in reference to the citation including, but not limited to, a record of every plea of no contest, conviction or acquittal, of the offense charged, and the amount of the fine or civil penalty resulting from each citation.”

West Virginia University (WVU) Police Department Policy Manual, Policy 131-IV-K-3 states:

“Citations (Traffic and non-Traffic)  
Retain 3 years if not part of Criminal History Case File.”

Cause:

The interim PSCWVU Campus Police Chief explained records of parking violations and permits were maintained until the end of the year then discarded under the direction of the previous Campus Police Chief. It was further explained Campus Police will begin maintaining records for the required time period.

Enrollment Service personnel explained documentation regarding the community education fee is maintained in students’ files and could not explain why this documentation was absent from these files.

The manager of the WVU bookstore explained documentation of cash refunds from bookstore purchases during the Fall 2010 semester was destroyed.

PSCWVU Campus Police personnel explained that citations were previously monitored and maintained by personnel no longer employed with PSCWVU. It was also acknowledged by Campus Police that controls over the citations were inadequate and steps are being implemented to increase the controls and ensure citations are properly monitored and maintained.

The PSCWVU athletic director stated the athletic department did not make copies of checks that were turned into the Business Office prior to June 2012. When money was deposited from the athletic department, a receipt from the cashier was maintained for athletic department records. PSCWVU athletic department personnel further stated records for each individual athletic camp are discarded upon completion of the camp.

Effect:

Not maintaining documentation supporting all charges to students’ accounts could lead to inaccuracies in the amounts charged to students. Furthermore, a lack of documentation could cause the school to not receive the full amount of revenues due the school. Due to the lack of record retention, disputes could arise causing the school a loss of revenue or unnecessary expense of resources to settle the disputes. Holds or other penalties could erroneously be placed on students’ accounts causing students to suffer wrongful consequences. Reconciliations could not be performed due to the lack of support, possibly leading to departments and/or the agency not receiving funds or resources rightfully due the respective departments. Finally, lack of documentation over cash receipts heightens the risk of misappropriation of funds.

Recommendation: We recommend PSCWVU comply with West Virginia Code §5A-8-9 and create, implement, and communicate to all departments an agency-wide record retention policy. We recommend PSCWVU management periodically verify the record retention policy is followed. Furthermore, we recommend PSCWVU comply with WV Code §18B-4-6(e) and WVU Police Department Policy Manual, Policy 131-IV-K-3 and maintain citations for the proper amount of time.

Spending Unit's  
Response and  
Corrective Action  
Plan:

See Appendix A

**Finding 4**                      **Unauthorized Signature on Revenue Contract**

**Condition:**                      While conducting a procedural interview with PSCWVU Residence Education personnel, we became aware of an unauthorized signature on a PSCWVU contract. The contract was a revenue contract with On Campus Marketing, LLC. PSCWVU received revenues totaling \$8,528 over the life of the contract. Additionally, upon further investigation of the State Auditor’s Office E-Vendor Website, the auditors discovered that On Campus Marketing, LLC was not a registered vendor.

**Criteria:**                        WVU’s Procurement Rules Section 6.1.1 states:

“Contracts entered into pursuant to West Virginia Code §18B-5-4 through §18B-5-7 shall be signed in the name of the institution by the institution's Chief Procurement Officer or by another person in the employ of the institution who is lawfully authorized to sign contracts and has signature authority for the institution.”

**Cause:**                         The Chief Business Officer at PSCWVU stated it is not customary for an employee without signature authority to enter into contract/agreement on behalf of the school. This was an isolated event which will not be repeated. The Chief Business Officer further explained the employee who signed the contract believed they had authority to sign.

**Effect:**                         Pursuant to Legislative Rule Title 133 Series 30 “Purchasing” §15.1, any person who authorizes or approves a contract in violation of WV Code, State Rules, or any policy and procedure adopted by the Governing Board shall be personally liable for the cost of such purchase or contract. Due to this Legislative Rule, PSCWVU personnel may be held personally liable for any costs of failure to perform or any other lawsuit arising with the vendor. Additionally, the WVU Procurement and Contracts Department may have negotiated more favorable terms from On Campus Marketing, LLC, or bid out the agreement to receive competitive bids. Furthermore, due to the contract being in violation of WV Code, the agreement could be considered null and void, as well as, the vendor being barred from entering into contracts with any agency of the State for a period of one year.

**Recommendation:**        We recommend PSCWVU comply with WVU’s Procurement Rules Section 6.1.1 and ensure contracts are signed by personnel with signature authority. Moreover, we recommend PSCWVU submit a new agreement to WVU Procurement and Contracts and have the Chief Procurement Officer review the agreement, and if found beneficial, sign the agreement.

**Spending Unit’s  
Response and  
Corrective Action  
Plan:**                              See Appendix A

**Finding 5**                      **Object Code Misclassification of Revenues**

**Condition:**                      There were 17,995 cash receipt transactions totaling \$12,940,624 for fiscal year 2011. We selected a sample of 349 (2%) transactions totaling \$5,636,097 (44%) for testing.

Out of the 349 transactions selected for testing, two (1%) transactions totaling \$20 were cash receipts for parking fines. Both of the transactions were classified under object code 696 – Miscellaneous Revenue. Upon review of all parking fine and parking decal revenues, it was determined all PSCWVU transactions involving parking fines and parking decals, totaling \$47,364, were classified under object code 696 – Miscellaneous Revenues. There were 1,028 parking decal fees totaling \$39,794 which should have been classified under object code 646 – Parking Fees and 842 transactions involving parking fines totaling \$7,570 which should have been classified under object code 657 – Parking Fines.

We performed a reconciliation of all farm receipts to the accounting records. While conducting the reconciliation of farm receipts, we noted \$1,307 in Hospitality (Miscellaneous) revenues (Object Code 696) posted to MAP on 10/4/10 which were misclassified and posted to the accounting system as Farm Sales (Object Code 860).

**Criteria:**                      State of West Virginia Expenditure Schedule Instructions for fiscal year 2011 states:

“696 – Other Collections, Fees, Licenses, and Income: Miscellaneous collections, fees, licenses, and income.”

“646 – Parking Fees: Fees for parking.”

“657 – Parking Fines: Revenues generated from parking fines.”

“860 – Farm Sales: Used to record all farm revenues including dairy sales, produce sales, livestock sales, greenhouse sales, etc.”

**Cause:**                      PSCWVU personnel stated when recording a transaction in MAP, personnel enter the AR Detail Code to classify transactions. The AR Detail Code is directly correlated to a specific line item which is correlated to a specific object code. The correlations between AR Detail Codes, line items, and object codes are created and implemented by WVU personnel. The specific issue regarding misclassification of parking fines and fees was noted by PSCWVU personnel in 2011, and the issue was corrected in 2012.

Additionally, PSCWVU personnel stated the \$1,307 was inadvertently classified under object code 860 – Farm Sales and should have been classified under object code 696 – Other Collections, Fees, Licenses, and Income

**Effect:** Improper object code classification causes inaccurate financial information to be reported to the State. The misclassification of decal fees caused Parking Fees (646) to be understated and Miscellaneous (696) to be overstated by \$39,764. The misclassification of fines caused Parking Fines (657) to be understated and Miscellaneous (696) to be overstated by \$7,750. Finally, the misclassification of hospitality revenues caused Miscellaneous (696) to be understated and Farm Revenues (860) to be overstated by \$1,307.

**Recommendation:** We recommend PSCWVU and WVU comply with State Expenditure Schedule Instructions and properly classify revenues. We further recommend a periodic review be conducted to ensure the data codes utilized to record transactions are properly correlated to the correct object codes.

**Spending Unit's  
Response and  
Corrective Action  
Plan:** See Appendix A



earned on the monies. In addition, revenues may be posted to the incorrect period for which they were received.

**Recommendation:** We recommend PSCWVU comply with WV Code §12-2-2 and WVU Funds Handling Guidelines Section 4.1 and deposit cash receipts within 24 hours.

**Spending Unit's  
Response and  
Corrective Action  
Plan:** See Appendix A

## **REVENUE INTERNAL CONTROL FINDINGS**

### **Finding 7                      Unauthorized Imprest Funds**

Condition:                      While conducting preliminary planning and review procedures, we noted PSCWVU was operating three unauthorized imprest funds at the Mary F. Shipper Library, Enrollment Services, and the Greenhouse. The imprest funds were not authorized or registered with the WV State Treasurer's Office.

The fund balances for the funds were:

- ▲ Library – Approximately \$90
- ▲ Enrollment Services – Approximately \$100
- ▲ Greenhouse – Approximately \$20

The funds utilized for the imprest funds at the Library and Enrollment Services were State funds. The Greenhouse fund was utilizing the Greenhouse Manager's personal funds to make change for sales. Additionally, we noted the imprest funds at the Library and Enrollment Services were not properly safeguarded. The Library imprest fund was maintained in a wooden lock box attached to the wall in the library office. The Treasurer's Office Cash Receipts Handbook requires cash be protected in a fireproof cash drawer or safe. The Enrollment Services imprest fund was maintained in a locking cabinet. However, the cabinet was not always closed or locked. Keys to the cabinet were stored in an unlocked drawer below the locking cabinet.

Criteria:                      Section 4.1 of WVU's Funds Handling Guidelines states in part:

“...All change (imprest) funds established by departments to provide change for cash drawers must be approved by the State Treasurer's Office through Revenue Services. Petty cash funds are prohibited...”

Legislative Rule Title 112, State Treasurer's Office, Series 3, Section 3.1 states:

“Any state agency requiring the establishment of an imprest fund shall make application to the Treasurer on the forms prescribed by him or her. The forms should indicate the name, purpose, desired balance of the imprest fund, physical location, and the person responsible for the imprest fund as well as the agency name. Upon being satisfied that the application is complete and the need for the imprest fund is valid, the Treasurer shall notify the agency of the approval for establishment of the imprest fund. The Treasurer shall also notify the State Auditor and Legislative Auditor by sending them copies of a quarterly listing of all funds approved.”

Section 2 of the Cash Receipts Handbook for West Virginia Spending Units states in part:

“Once Cash is received, it must be protected immediately by storing in a locked fireproof Cash drawer, safe, or other secure place until the Cash is deposited...”

**Cause:** PSCWVU personnel stated the unauthorized imprest funds at the Library and Enrollment Services were put into operation before any current staff member began employment with PSCWVU. Therefore, no staff member was aware of compliance issues. Greenhouse personnel stated they were unaware of the requirement to utilize an authorized imprest fund.

PSCWVU personnel further explained the issue of safeguarding receipts at Enrollment Services had been mentioned in the past but it was not deemed to be pertinent at the time. PSCWVU personnel stated it was believed funds were properly safeguarded at the Library.

**Effect:** An unauthorized imprest fund lacks controls to ensure the proper safeguarding of assets. As a result, it is difficult to determine if the fund balance is properly maintained and reconciled. Furthermore, there are limited controls to prevent or detect the misuse or theft of funds. Moreover, the lack of proper safeguards in accessing the funds increases the risk for theft.

**Recommendation:** We recommend PSCWVU submit formal requests to the WV State Treasurer’s Office for imprest funds to be operated at the Library, Enrollment Services, and Greenhouse. Additionally, we recommend Greenhouse personnel cease utilizing personal funds to make change for sales. Finally, we recommend the Library and Enrollment Services properly safeguard funds by maintaining funds in a secure, locked location.

**Spending Unit’s  
Response and  
Corrective Action  
Plan:**

See Appendix A

**Finding 8                      Lack of Controls over Cash Receipts**

Condition:                      While performing various audit procedures at PSCWVU, we noted the following lack of internal controls over cash receipts:

    ^ Utilization of Receipt Books

        Receipts were not generated for \$2,530 in sales transactions taking place at PSCWVU Farm. If a sale occurred, the Farm Manager supplied the customer with the goods and accepted the cash or check. The Farm Manager then deposited the cash or check with the cashier as soon as possible. No receipt was provided to the customer, no cash receipt log was utilized, and no cash box or cash register was utilized.

        Receipts were not generated for cash received at Enrollment Services for transcript requests. Enrollment Services utilized the transcript request form as a receipt. No cash receipt log was utilized.

    ^ Segregation of Duties

        The Cashier's Office maintained a separate mailbox in which payments were received. The cashier opened the mail and recorded payments to the coinciding account(s).

    ^ Utilization of Mail Logs

        The Cashier's Office did not maintain a mail log of cash receipts. Farm revenues generated from the sale of livestock were mailed directly to the Campus Provost; however, no mail log was maintained of when revenues were received.

Criteria:                      WV Code §18B-5-9 states in part:

        "...The governing boards shall ensure the fiscal integrity of their operations using best business and management practices... The practices include at least the following... Operating without material weakness in internal controls as defined by GAAP, GAGAS..."

        WV Code §12-2-2 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 moneys received for deposit** in the State Treasury... [Emphasis Added]

WVU's University Funds Handling Guidelines, Section 4.1 states in part:

"...All customers must receive a receipt for funds transactions, such as a validated copy of document, cash register receipt, or copy of pre-numbered receipt from cash receipt book..."

WVU's University Funds Handling Guidelines, Section 4.1 states in part:

"...Mail containing checks should be opened by someone who does not participate in any other aspect of the funds receipts process. A mail log should be maintained that lists the date of the receipt, name, amount of the check, etc..."

**Cause:** PSCWVU personnel stated that due to the infrequency of sales occurring at the farm, the need to generate or maintain receipts, utilize a cash register, or utilize an imprest fund or cash box was not deemed necessary

PSCWVU personnel explained the issue of documenting cash receipts had been mentioned in the past but it was not deemed to be pertinent at the time.

PSCWVU personnel stated the agency has never been requested to utilize a mail log and were unaware of any requirements to utilize a mail log.

**Effect:** The PSCWVU Farm generated substantial revenues for the agency; however, due to no receipts being generated for sales occurring at the Farm, the auditors cannot determine if all revenues received through farm sales have been deposited intact and in a timely fashion. Additionally, it is difficult to trace the amount and timing of cash receipts occurring at Enrollment Services without a receipt book. The lack of receipts increases the risk of misappropriation of funds.

Mail should be opened by someone other than the Cashier. Allowing the Cashier to open mail that contains payments increases the risk of misappropriation of funds.

Mail logs enable determination of the timing and amount of cash receipts received through the mail. Without the logs, the auditors cannot verify the exact time and amount of cash receipts received through the mail. Additionally, the risk of misappropriation of funds is heightened when mail logs are not utilized.

**Recommendation:** We recommend PSCWVU comply with WV Code §18B-5-9, §12-2-2, and WVU's University Funds Handling Guidelines, Section 4.1 by issuing receipts for all transactions, utilizing at least two-ply receipts and maintain a receipt book, maintain a mail log of all mail received, and cease allowing the Cashier to open mail.

Spending Unit's  
Response and  
Corrective Action  
Plan:

See Appendix A

## EXPENDITURE FINDINGS

### **Finding 9**

#### **Noncompliance with Payroll Procedures**

**Condition:**

While conducting audit procedures on the PSCWVU Athletic Department, we became aware of Athletic Department personnel compensating student athletes from a personal checking account for assistance in hosting athletic camps on campus. We requested and obtained three personal checks in the total amount of \$480 which were provided to student athletes as compensation for assistance with the athletic camps.

**Criteria:**

WVU's Board of Governors Policy 16: "Use of Institutional Facilities" Section 4.1(b) states in part:

"All revenues and expenditures shall be handled by the business office of the institution or the business office of the campus unit involved..."

WVU's Board of Governors Policy 16: "Use of Institutional Facilities" Section 4.1(e) states:

"All personnel receiving compensation for involvement in the programs must be paid on a regular state payroll or a standard 48 or 48-A service agreement, as prescribed by the original contract agreement."

**Cause:**

PSCWVU Athletic Department personnel stated student athletes were compensated for involvement in baseball camps through checks written out of an Athletic Department employee's personal checking account. The employee was not aware of any policy or regulation which prohibited the action.

**Effect:**

Noncompliance with WVU Board of Governors Policy 16: "Use of Institutional Facilities" increases the risk of fraud and abuse of funds collected for athletic camps. Compensation earned by student athletes was not subject to Federal income tax, Social Security tax, Medicare tax, State income tax, and any local taxes due to no IRS Form W-9 or Form 1099 requirements by Potomac State College of WVU (PSCWVU) for student athletes involved with athletic camps. Additionally, compensation provided by a PSCWVU employee from personal funds may be construed as improper benefits by the National Junior College Athletic Association.

**Recommendation:**

We recommend PSCWVU comply with WVU Board of Governors Policy 16: "Use of Institutional Facilities" Section 4.1(b) and Section 4.1(e) by having the PSCWVU Business Office handle all revenues and expenditures and compensate personnel through regular State payroll or utilize a Standard 48 or 48-A Service Agreement.

Spending Unit's  
Response and  
Corrective Action  
Plan:

See Appendix A

**Finding 10**

**Object Code Misclassification of Expenditures**

**Condition:**

There were 66 cash advance transactions totaling \$75,250 posted to MAP during fiscal year 2011. We selected a sample of 38 (58%) transactions totaling \$66,195 (88%). While performing test procedures, we noted four instances in which Automated Teller Machine (ATM) fees and bank imposed cash advance fees were classified as travel expenses (026). Upon review of the entire population of cash advance transactions, we noted all ATM fees and bank imposed fees were classified as travel expenses. PSCWVU was assessed \$380 in ATM fees and cash advance fees during fiscal year 2011, which should have been classified bank costs (089).

There were 151 contractual and professional (025) transactions totaling \$194,021 during fiscal year 2011. We selected a sample of 64 (42%) transactions totaling \$167,236 (86%). While performing test procedures we noted five instances totaling \$12,100 in which student activities (059) transactions were classified as contractual and professional (025) transactions. We reviewed the entire population of contractual and professional transactions and noted an additional 10 instances totaling \$5,660 in which student activities (059) transactions were classified as contractual and professional (025) transactions. Altogether, there were 15 transactions totaling \$17,760 which were misclassified as contractual and professional (025) transactions.

**Criteria:**

State of West Virginia Expenditure Schedule Instructions for Fiscal Year 2011 states in part:

“026 - Travel: Payments for authorized in-state and out-of-state travel expenses in accordance with the State Travel Regulations as issued by the Travel Management Office, Division of Purchasing, Department of Administration and other approved travel plans. This object code is applicable to state employees, board members, commission members, consultants, contractors, and students, patients, and inmates of state schools, hospitals and institutions. Includes athletic travel, team and associated individual travel, and passports.”

“089 - Bank Costs: For bank service charges, including credit card processing fees, fees and handling fees.”

“025 – Contractual and Professional: Services performed by individuals or firms considered to be professional or semiprofessional in nature. A written agreement (WV-48 or equivalent) is required...”

“059 – Student Activities: Expenses relating to activities for students, including expenses for student group meetings.”

**Cause:**

PSCWVU personnel stated WVU informed PSCWVU that all charges to the United Bankcard utilized for cash advances should be charged to object code 26 – Travel. Additionally, PSCWVU personnel stated that due to the nature of the

transactions and the requirements the vendor complete a contractual agreement and agree to WVU's Terms and Conditions, the transactions were assigned to object code 025.

**Effect:** PSCWVU has misclassified bank costs as travel expenses. This error will cause travel expenses to be inaccurately reported to the State and could lead to funds being unnecessarily budgeted to athletic travel in the future. Furthermore, PSCWVU collects student fees which must be expended for student activities. In cases in which student activity expenditures are misclassified as contractual and professional expenditures, it becomes difficult to determine if student activity fees are properly expended for the benefit of student activities.

**Recommendation:** We recommend PSCWVU comply with the West Virginia Expenditure Schedule Instructions for Fiscal Year 2011 and properly report cash advance fees and ATM fees as bank costs. Moreover, we recommend PSCWVU carefully examine the specific purpose for expenditures and determine the most appropriate object code classification. These particular expenditures were for the purpose of student activities and should have been classified as object code 059. The requirement the vendor complete a contract does not automatically cause the transaction to be classified under object code 025. We recommend PSCWVU utilize the WV State Budget Office's Expenditure Schedule Instructions when determining the proper object code.

**Spending Unit's  
Response and  
Corrective Action  
Plan:**

See Appendix A

## **EXPENDITURE INTERNAL CONTROL FINDINGS**

### **Finding 11                      Lack of Internal Controls over Travel Expenditures**

Condition:                      There were 201 travel transactions posted to MAP totaling \$34,354. Of those 201 transactions, 171 were travel reimbursements totaling \$49,764 and 30 adjustments totaling \$15,410. We tested 55 out of the 171 (32%) of the travel reimbursement transactions totaling \$12,087 (24%). While performing test procedures, we noted the following:

- ^ There were seven instances out of 55 (13%) in the amount of \$1,880 in which "Travel Authorization Forms" were not maintained and could not be provided upon request.
- ^ There were three instances out of 55 (6%) in the amount of \$305 in which "Travel Authorization Forms" were signed and dated after the dates of travel.
- ^ There was one instance out of 55 (2%) in the amount of \$262 in which the "Travel Authorization Form" was not signed and dated by the employee's supervisor.
- ^ There were two instances out of 55 (4%) in the amount of \$838 in which the "Travel Settlement Form" was not submitted timely. "Travel Settlement Forms" must be submitted within 60 days of the last day of travel. Each instance involved one or two days of travel per week over several months. We believe a "Travel Settlement Form" should be submitted each week or month.

Criteria:                      Legislative Rule Title 133 Series 29 Section 4.1.1 states:

"Approval to travel shall be secured in advance by the employee in accordance with this rule and the policies and procedures of the institution."

WVU Board of Governors Policy 4 Section 4.1.1 states:

"Approval to travel shall be secured in advance by the employee in accordance with this rule and, if applicable, the administrative policies and procedures of the institution. Under no circumstances should an employee travel without proper approval of the Chief Executive Officer or designee(s)."

WVU Institutional Travel Guide Section 4.1.3 states in part:

"...employees are responsible for submitting an original, signed travel settlement form, with all required backup documentation/receipts, to their business office within 60 days after the last day of approved travel..."

**Cause:** PSCWVU personnel stated the "Travel Authorization Forms" for the some transactions could not be located. For the instance of "Travel Settlement Forms" being submitted timely, PSCWVU was utilizing the last date on the "Travel Settlement Form" as the date to begin the 60 day threshold.

**Effect:** Approval of employee travel is a critical control to ensure the travel is warranted and will be for the benefit of PSCWVU. The lack of travel approval and/or lack of documentation of travel approval prevent PSCWVU from ensuring the travel is warranted and is for the benefit of PSCWVU. Additionally, prior approval of travel assists PSCWVU in deterring and detecting employee reimbursement of fraudulent, extravagant, or excessive travel expenses.

"Travel Settlement Forms" are required to be submitted timely to ensure expenses paid are accounted for in the proper period. Additionally, for PSCWVU's travel reimbursement plan to qualify for an IRS "Accountable Plan" in which employee travel advances and/or reimbursement is not included in taxable wages, settlement must be made in a reasonable period of time. IRS "Safe Harbour" guidelines suggest 60 days as a reasonable period of time. Settlements made after the 60 day period are subject to federal withholding for income tax, social security, and Medicare. If PSCWVU does not properly withhold the taxes, PSCWVU and the respective employee may be subject to penalties.

**Recommendation:** We recommend PSCWVU comply with Legislative Rule Title 133 Series 29 Section 4.1.1 and WVU Board of Governors Policy 4 Section 4.1.1 and ensure all employee travel is approved by the Chief Business Officer or designee(s) before travel commences and PSCWVU comply with the WVU Institutional Travel Guide Section 4.1.3 and submit "Travel Reimbursement Forms" within 60 days of the last day of travel. If an employee is to travel on a recurring basis over many months, we recommend "Travel Reimbursement Form" be submitted at least monthly.

**Spending Unit's  
Response and  
Corrective Action  
Plan:**

See Appendix A

## **OTHER SIGNIFICANT INTERNAL CONTROL FINDINGS**

### **Finding 12                      Lack of Internal Controls over Equipment Inventory**

**Condition:**                      There were 83 equipment assets in the fixed asset inventory listing procured from MAP for PSCWVU. While inquiring of PSCWVU regarding inventory procedures, the auditors became aware of the fact an annual physical inventory is not conducted. PSCWVU performs an inventory audit every two years on a sample of inventory selected by WVU Inventory Management. The inventory audit was conducted by a PSCWVU employee who is also listed as the custodial contact for the equipment; therefore the employee should not be considered an independent source. We further became aware that in certain instances, the PSCWVU employee in possession of an equipment asset is simply asked if the asset is still in their possession and no verification of possession is performed.

We performed a physical inventory of all 83 (100%) equipment assets and noted the following:

- ▲ Twenty-one of 83 (25%) equipment assets with a historical cost of \$264,770 did not have an inventory tag attached to the asset. The assets without tags consisted of farm equipment, vehicles, Dining Services equipment, and other miscellaneous assets.
- ▲ Seven of 83 (8%) equipment assets with a historical cost of \$87,301 did not have an inventory tag or serial number attached to the asset. Assets without tags or serial numbers included an ATV, aluminum bleachers, HVAC Heat Pumps, and a movie screen.
- ▲ One of 83 (1%) equipment assets with a historical cost of \$21,599 had an inventory tag number which did not agree to the tag number listed on the fixed asset listing. The asset was a horse trailer.
- ▲ One of 83 (1%) equipment assets with a historical cost of \$15,000 was no longer in PSCWVU possession. The asset, a forage harvester, was transferred to WVU; however, no transfer documents were completed. We located the asset at WVU Davis Farm, which is operated by WVU Main Campus and not PSCWVU.
- ▲ Farm equipment was maintained in unlocked areas with operational keys remaining in the equipment. The Upper Farm at PSCWVU did not have a locking gate. Equipment was not stored in a locked facility and the auditors observed operational keys in the equipment while no PSCWVU personnel were present.

We performed a “reverse trace” on 10 equipment items the auditors selected from various locations on PSCWVU campus. While performing our “reverse trace”, we noted the following:

- ▲ One of 10 (10%) of items tested with a historical cost of \$21,596 was not listed on the PSCWVU inventory. We determined the asset was listed on the WVU inventory; however, no transfer documents were completed.
- ▲ Four of 10 (40%) items tested with a historical cost of \$1,319 were not listed on the PSCWVU inventory. The items were Campus Police firearms.
- ▲ One of 10 (10%) items tested was a vehicle transferred from WVU Campus Police Department to the PSCWVU Campus Police Department; however, the vehicle was not placed on PSCWVU's fixed asset inventory listing. A WVU asset acquisition form was completed by PSCWVU and an asset tag was affixed to the asset.
- ▲ One of 10 (10%) items tested was a vehicle transferred from WVU Dining Services to PSCWVU Dining Services; however, the vehicle was not placed on PSCWVU's fixed asset inventory listing. A WVU asset acquisition form was not completed for the asset and a PSCWVU asset tag number was not affixed to the asset.

The assets listed above are described in terms of historical cost. Many of the assets listed have been partially or fully depreciated. We have not included the net book value of the assets, which would be lower than the historical cost. Additionally, we have not included the current replacement cost of the assets, which would be greater than the historical cost.

Criteria:

WV Code §18B-5-9 states in part:

“...The governing boards shall ensure the fiscal integrity of their operations using best business and management practices... The practices include at least the following... Operating without material weakness in internal controls as defined by GAAP, GAGAS...”

WV Higher Education Policy Commission (HEPC) Purchasing Procedures Manual Section 9.3.3 states in part:

“The Chief Procurement Officer shall perform or provide for an institution-wide audit and inventory of the institution's assets on a schedule consistent with generally accepted accounting standards and as prescribed by law or regulation, when applicable...”

WVU Property Management Guide states in part:

“...A designated department *contact* must physically locate each asset on this inventory and mark its status on the inventory. (The inventory contact must be someone other than those

maintaining records or who have equipment in their own custody.)...”

“...West Virginia University departments must: Affix an official West Virginia University bar code tag to property upon receipt or fabrication and report the tag number to the Property Management Office via the Asset Acquisition Form...”

“...Upon receipt of new equipment, departments must... Tag the property with the proper West Virginia University inventory tag and document the following information on-line... Serial Number...”

“...University departments moving government property from one location to another on campus or to another location must... Transfer the asset record on line in MAP Fixed Asset module... Must get authorization for the move from appropriate departmental officials, including directors, deans and chairs...”

“...Property is accountable to designated departments, each of which is responsible for the day-to-day management, use, care, record-keeping and disposal of assets... **Each employee of West Virginia University has a general obligation to safeguard and make appropriate use of property owned by or accountable to the University.** This includes property either assigned for individual use, or as part of a common area. This obligation includes but is not limited to... **...Notifying/updating Property Management of the acquisition, movement, or disposal of property...Exercising reasonable care in use to prevent damage and maintain good condition... Exercising reasonable security measures to prevent theft or misuse...** [Emphasis Added]

WV Department of Administration Inventory Management Manual Section 3.6.1 states in part:

“...It is mandatory the following commodities are entered in WVFIMS Fixed Asset system... Firearms regardless of the cost...”

Cause:

PSCWVU personnel stated the procedures currently in place do not mandate independent personnel perform the physical inventory audit. When WVU requests an inventory from PSCWVU, the custodial contact of PSCWVU either inspects the item personally or contacts the personnel in custody of the asset and requests information regarding the whereabouts and condition of the asset in question. Additionally, PSCWVU personnel stated inventory tags occasionally detach while the asset is in utilization. There are currently no procedures in place to replace a detached asset tag. WVU does not request information regarding the asset tags during the bi-annual inventory audit. For assets in which no asset tag or serial number is affixed to the asset, the inventory manager relies on the personnel in custody of the asset to verify the asset is in PSCWVU possession.

PSCWVU personnel stated the asset, which the asset tag did not agree with the inventory listing, is an asset assigned to the PSCWVU riding arena. The PSCWVU inventory manager was unaware the asset tag did not agree with the inventory listing. In addition, PSCWVU personnel stated a piece of farm equipment was transferred to a WVU farm several years ago; however, WVU did not request PSCWVU complete a transfer form or an off-campus utilization form. Therefore, the asset remained on PSCWVU's inventory. Additionally, PSCWVU stated an asset belonging to WVU was put in service at PSCWVU's campus by WVU Dining Services. WVU did not transfer the asset to PSCWVU.

PSCWVU personnel stated they were unaware of any regulations requiring firearms to be listed in the fixed asset inventory. PSCWVU has not listed firearms on the inventory listing in the past.

PSCWVU personnel stated the vehicles in possession by PSCWVU Police and Dining Services were transferred to PSCWVU when PSCWVU fully merged with WVU. No transfer forms were completed; however, the vehicles are registered to PSCWVU. The inventory manager believes the assets remain on WVU's fixed asset listing.

Effect:

The lack of segregation of duties in this instance is a significant deficiency in internal control that exposes PSCWVU to higher risks of fraud, misuse, and/or abuse of assets. Additionally, when a physical inventory is not performed on an annual basis, or sampling is utilized for the physical inventory, the agency is exposed to a greater risk of loss of assets through misplacement or theft.

PSCWVU is exposed to a higher risk of theft, misuse, and/or abuse of assets by not properly affixing inventory tags to assets. Furthermore, when serial numbers are not physically on the asset, not easily visible, or have been removed, it is imperative an agency inventory tag be utilized to reduce the risk of theft, misuse, and/or abuse and to specifically identify an item.

The PSCWVU Farm is in possession of a substantial amount of fixed assets. Although a large percentage of the assets are maintained at the Lower Farm, a more secure location, the assets maintained at the Upper Farm are exposed to a high risk of theft and/or abuse.

Assets that are no longer of significant use to a department may be transferred to a department where the asset can be utilized. However, the fixed asset inventory must be updated to reflect the current status of the asset(s). When the fixed asset inventory listing is not updated, management may not be aware of the current location and security of an asset which exposes the agency to a higher risk of theft, misuse, and/or abuse of assets.

The possession of firearms by PSCWVU exposes the college to substantial risk. Therefore, proper monitoring of firearms is a preventive control to mitigate the risk of theft and/or misuse.

**Recommendation:** We recommend PSCWVU comply with WV Code §18B-5-9, WVU Property Management Guide, and HEPC Purchasing Procedures Manual Section 9.3.3.

We recommend PSCWVU develop written policies that require inventory tags be placed on each asset and provide procedures for replacing detached, lost, or inaccurate tags. We recommend PSCWVU monitor asset tags which are prone to detach and ensure that in the event an inventory tag becomes detached, a new tag is promptly assigned. Furthermore, we recommend PSCWVU exercise reasonable security measures to prevent the theft and misuse of farm equipment. Reasonable security measures include but not limited to: constructing or obtaining a locking gate for the PSCWVU Upper Farm, ensuring operational keys are not left in unattended equipment, and maintaining operational keys in a secure area.

Additionally, we recommend PSCWVU properly transfer assets between departments or complete off-campus utilization forms if the asset is to be returned. We recommend the fixed asset inventory listing be updated upon the submission of any transfer or off-campus utilization documentation.

Finally, we recommend the Higher Education Policy Commission (HEPC) and PSCWVU incorporate the WV Department of Administrations firearms policy into the HEPC and PSCWVU inventory policies and require firearms to be listed on the fixed asset inventory system.

**Spending Unit's  
Response and  
Corrective Action  
Plan:**

See Appendix A

### **Finding 13**

### **Lack of Internal Controls over Campus Police Evidence Locker**

**Condition:**

PSCWVU Campus Police maintained an evidence locker to secure and store evidence involved in incidents that occurred on PSCWVU campus. We performed auditing procedures to ensure controls over evidence were adequate. According to Campus Police evidence inventory records; there were 57 bags of evidence in the evidence locker on the date of our test. We selected 33 out of the 57 (58%) for testing. Additionally, we selected 10 evidence bags out of the evidence locker which were not included in our original sample and traced the evidence to the inventory listing.

While performing our test procedures, we noted the following:

- ▲ There were 12 evidence bags out of the 33 (36%) selected for testing in which final disposition of found, recovered and evidentiary property was not accomplished within six months of legal requirements being satisfied. Due to the fact the PSCWVU Campus Police Department had no procedures to communicate with the Mineral County Prosecutor's Office regarding the resolution of cases, the auditors had difficulty determining the date in which all legal requirements were satisfied. Therefore, the auditors utilized 18 months from the date of impoundment as the date at which legal requirements were satisfied. The 18 month time period was chosen due to the fact each case must be tried within one year of the violation date and PSCWVU Campus Police has six months from that date to dispose of the evidence.
- ▲ We noted one instance of 10 items tested in the reverse trace, 10%, in which the evidence selected for testing was not on the evidence inventory listing.

While inquiring of Campus Police personnel, we noted found, recovered, or evidentiary items in the form of drug paraphernalia were displayed in a glass case in the Campus Police office. Department personnel explained the items were displayed for training and educational purposes. After further review, no documentation was maintained accounting for the removal, disposition, or designation for training purposes of evidence. The items were not labeled in any fashion documenting the items as evidence. Additionally, no inventory of the items was maintained documenting the item description and any other identifier tracing the item to a specific case.

**Criteria:**

The Commission on Accreditation for Law Enforcement Agencies (CALEA) standard 84.1.7 as part of University Police Department General Order 11-0018 states:

"Final disposition of found, recovered, and evidentiary property is accomplished within six months after legal requirements have been satisfied."

West Virginia University Police Department Policy Manual, Policy 18-IV-G-4-4 states:

**“All found, recovered and evidentiary property shall by disposed of within six months of the satisfaction of legal requirements, with the exception of weapons, drugs and explosives declared suitable for departmental training by the Assistant Director for Administration.” [Emphasis Added]**

University Police Department General Order 11-0018, Section IV – B – 3 states:

**“The evidence custodian shall be responsible for developing and maintaining a master file of all evidence invoices and evidence tags completed. This file may be either manual or automated, and shall be cross-indexed with the chain-of-evidence custody file.”**

West Virginia University Police Department Policy Manual, Policy 18-IV-H-1 states:

**“Officers obtaining weapons, drugs or explosives for departmental training purposes will complete WVU PD Form #59.” [Emphasis Added]**

Cause:

PSCWVU Campus Police personnel stated there are currently no procedures in place to communicate with the Mineral County Prosecutor’s Office regarding resolution of a case. Therefore, evidence may not be removed until the evidence locker’s become full. At that time, PSCWVU Campus Police will contact the appropriate personnel to determine if evidence can be removed from the evidence locker. Then the evidence is destroyed according to policy.

PSCWVU Campus Police personnel stated the evidence that was not listed on the evidence inventory listing was a clerical error and the department was in possession of all other supporting documentation regarding the case. PSCWVU Campus Police provided the auditors with the supporting documentation.

The former Chief of Police at PSCWVU explained the department was unaware of the need of documentation for the removal, disposition, or designation for training purposes of evidence and for the necessity to complete established forms. The display of drug paraphernalia was considered by Campus Police as a method and item used for training.

Effect:

The risk of theft, misuse, or misappropriation of evidence is increased when evidence that is no longer necessary for legal proceedings is maintained. Furthermore, if the evidence locker inventory is not accurately maintained, risk is heightened more.

The improper use and lack of documentation of evidence limits the ability to trace and account for specific items of evidence. Suspicions of theft and misappropriations could arise as a result. The display of items of evidence heightens the possibility of theft.

**Recommendation:**

We recommend the PSCWVU Campus Police Department work with the Mineral County Prosecutor's Office and develop procedures for communication of the status of cases. The communication should include any relevant court dates and final resolution of cases. Additionally, we recommend PSCWVU Campus Police update the case files upon communication with the Prosecutor's Office and properly dispose of evidence when communication of case resolution is obtained. The procedures should require documentation of all communications with the Prosecutor's Office including the date and time of communication, the parties involved in the communication, and the information communicated.

We recommend the PSCWVU Campus Police maintain an accurate inventory of all evidence maintained in the evidence lockers. To ensure all evidence maintained is listed on the inventory, periodic inspections of the inventory lockers are recommended. We recommend the inspections be performed at least quarterly.

We recommend PSCWVU maintain an inventory of all items of evidence and properly document the removal and further use of evidence by the department.

**Spending Unit's  
Response and  
Corrective Action  
Plan:**

See Appendix A

## **STATUS OF PREVIOUS AUDIT FINDINGS**

- Scope:** Our previous post audit report of PSCWVU covered the period of July 1, 1981 to June 20, 1987. Due to 23 years passing between post audit reports, certain previous audit findings have become irrelevant due to changes in laws and regulations, changes and improvements in technology, or the discontinuance of activities. We determined audit findings fitting in those categories were not significant to our audit objectives. Therefore, we performed no audit procedures to determine the status of those findings. We did perform audit procedures on previous audit findings we determined significant within the context of our audit objectives.
- Methodology:** To determine the status of previous audit findings, we conducted interviews with key personnel, observations of personnel and processes, reviewed records, tested internal controls, and performed substantive procedures.

## **Unresolved Previous Audit Findings**

### **Finding 14 Adequate Control over Cash Receipts**

We have concluded the internal controls over cash receipts are inadequate. PSCWVU does not follow the university wide written cash procedures. Receipts are not provided for cash receipts occurring at the PSCWVU Farm or for Athletic Department Camps. Additionally, PSCWVU does not utilize mail logs for cash receipts by any PSCWVU department, including the Cashier. Refer to Finding 8.

### **Finding 15 Adequate Control over Equipment**

We have concluded internal controls over PSCWVU equipment are inadequate. PSCWVU does not conduct an annual inventory of all equipment, inventory tags are not maintained on equipment, equipment transferred to PSCWVU is not added to inventory, and equipment transferred by PSCWVU is not removed from inventory. Refer to Finding 12.

### **Finding 16 Monies Not Deposited Timely**

We have concluded PSCWVU does not properly deposit monies received within 24 hours of receipt. During our audit period, monies collected by Dining Services, Enrollment Services, Athletic Department, Conference and Events, Farm, and Library were not deposited with the PCSWVU Cashier on a daily basis. Refer to Finding 6.

## **Resolved Previous Audit Findings**

**Finding 17                    Segregation of Duties over Payroll**

The payroll function is no longer a responsibility of any PSCWVU personnel. The function is performed by WVU personnel. It was determined proper segregation of duties is present at WVU.

**Finding 18                    Adequate Control over Long Distance Telephone Calls**

Each employee is assigned a Telephone Identification Number (TID). To make a long distance phone call, the employee must enter a TID.

**Finding 19                    Written Procedures over Cash Handling**

PSCWVU now utilizes WVU's Cash Handling Guidelines.

**Finding 20                    Only One Person is Trained to Perform the Functions of the Cashier**

Several Business Office personnel are cross trained to handle multiple Business Office functions, including those of the Cashier.

**Finding 21                    Written Accounting Procedures**

PSCWVU now utilizes WVU's written accounting procedures, which are extensive.

POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY  
JULY 1, 2010 – JUNE 30, 2011

---

---

APPENDIX A

---

---

**Finding 1**

**PSCWVU Financial Data Not Independently Reported to WVFIMS**

Spending Unit's  
Response and  
Corrective Action  
Plan:

Although WVU/WVUPSC recognizes that specific account design is not statute driven, WVU/WVUPSC will consider the auditor's recommendation and proceed in a manner that allows for the greatest overall operational efficiency and reporting accuracy.

**Finding 2**

**Noncompliance with Payment Card Industry Data Security Standards**

Spending Unit's  
Response and  
Corrective Action  
Plan:

PSCWVU stopped collecting and using the credit card CVV number in December 2011.

Currently, when it is necessary to collect credit card numbers on supporting documents, the first 12 digits are redacted. Ongoing efforts to destroy all historically collected credit card numbers will continue and will be completed by September 1, 2013. Meanwhile, those documents that contain full credit card information are secured in a locked room.

We verified that all credit card machines being used do not print full 16-digit credit card numbers.

These actions have resulted in PSCWVU complying with security standards and WVU Cash Handling procedures. PSCWVU has complied with recommendations made by legislative auditors.

**Finding 3**

**Lack of Supporting Documentation**

Spending Unit's  
Response and  
Corrective Action  
Plan:

Parking decals – PSCWVU Campus Police are now maintaining records to meet auditors' expectations. The prior police chief destroyed the records at the end of the year. The current police chief is complying with WV Code 18B-4-6e and WVU Police code 131-IV-K-3 by keeping parking citations three years.

We have made a determination that parking applications, which provide authorization to assess a parking fee, should be kept a minimum of five years.

Community Education Fee – PSCWVU will comply.

Athletics -- Appropriate records are now kept at PSCWVU Athletics including rosters, registration forms, check logs, and receipts.

Record Retention -- PSCWVU will comply through coordination with the WVU main campus record retention activities. Furthermore, WVU/WVUPSC will work with their contracted bookstore provider, (B&N), to develop an institutionally compliant document retention plan.

**Finding 4**

**Unauthorized Signature on Revenue Contract**

Spending Unit's  
Response and  
Corrective Action  
Plan:

The contract with On Campus Marketing, LLC was a continuing contract. The employee believed she had authorization to continue an existing contract. Consequently, this is an aberration. The PSCWVU Business Office has requested a new agreement from OCM for submission to WVU Procurement to obtain proper authorization.

PSCWVU campus personnel have been informed that they do not have signature authority to enter into agreements. Please see the following pages.

PSCWVU is in compliance with the recommendations.

**Bernie Capaldi - Fwd: Re: Signature Authority**

*Finding # 4*

---

**From:** Harlan Shreve  
**To:** *Redacted*  
**Date:** 5/30/2012 4:18 PM  
**Subject:** Fwd: Re: Signature Authority

---

Supervisors:

Please be aware that any agreements having terms and conditions must be reviewed by WVU legal. Do not sign such agreements - no one on the PSC campus has such authority.

Please read the email exchange below for more information. If you have questions, please contact me.

Thanks  
Harlan

>>> Mark Stewart 5/29/2012 10:28 AM >>>  
Harlan

Any Agreements which have Terms and Conditions attached must be reviewed by the legal staff for acceptance. Normal expense which are authorized to be paid with a PCard can be paid with the PCard, i.e. essential services.

Mark

Mark W. Stewart  
Associate Director for Procurement  
West Virginia University  
One Waterfront Place  
P.O. Box 6024  
Morgantown, WV 26506-6024  
Office 304-293-8475  
Cell 304-290-1227  
Fax 304-293-8152

>>> Harlan Shreve 5/29/2012 10:08 AM >>>  
Mark,

We have potential agreements that do not require a PO. How should we proceed with the approval process for these items, such as having our telephone service provider install a direct line or a 3-month advertising agreement that can be paid by PCard?

Who can sign?

Thanks,

file://C:\Users\bacapaldi\AppData\Local\Temp\XPgrpwise\515C5B8B\WVUDOM3WVUP... 4/3/2013

Finding #4 cont'd

Harlan Shreve  
Senior Business Planning Officer  
Potomac State College of WVU  
304.788.6922>>> Brenda Mowen 5/22/2012 1:16 PM >>>

If the staff member has not been specifically delegated agent authority (signature card on file w/Jeannie), I don't believe they are authorized to execute agreements regardless of the cash flow (whether revenue is coming in or payments going out).

>>> Jeannie Phillips 5/22/2012 10:18 AM >>>  
Harlan,

I am responding to the signature authority on the State level and let you know that the new campus provost will not need State signature authority.

However, after a conversation with Cindy Marr, she suggested I forward this to Mark Stewart and Brenda Mowen to clarify the signing of the agreement with a company.

We want to ensure we have the information you need for the Legislature Auditors.

So Mark and Brenda will address that part.

Thanks so much,  
Jeannie

>>> Harlan Shreve 5/21/2012 1:30 PM >>>  
Jeannie,

Can you help with the following questions or point me in the right direction?

We will be getting a new campus provost at Potomac State this upcoming July 1. Do we need to do anything from a signature authority perspective?

We currently have legislative auditors on campus. A staff member had signed an agreement. The auditors are asking about that staff member's authority to do so. The agreement does not obligate the College financially....the College actually gets a percentage of proceeds.

Thanks for any input or direction you may provide.

Harlan

**Finding 5**

**Object Code Misclassification of Revenues**

Spending Unit's  
Response and  
Corrective Action  
Plan:

The misclassifications of the object codes for parking fines and parking fees were corrected in September 2012.

The misclassification of revenue into Farm was a clerical error. The Business Office has implemented a reconciliation process. PSCWVU will regularly verify and reconcile entries that were made into the MAP accounting system to ensure that revenues are properly classified.

PSCWVU has complied with the recommendations in Finding 5.

**Finding 6**

**Cash Receipts Not Deposited Timely**

Spending Unit's  
Response and  
Corrective Action  
Plan:

Cash handling training was provided by the WVU Office of Finance in December 2011. All departments are aware of expectations.

PSCWVU is now in compliance.

**Finding 7**

**Unauthorized Imprest Funds**

Spending Unit's  
Response and  
Corrective Action  
Plan:

The Library imprest fund was established in February 2012. The Enrollment Services imprest fund was established in June 2012. Both imprest funds are maintained in fire proof locking cabinets.

PSCWVU has changed the process for selling Greenhouse plants. The Greenhouse attendant will provide the customer an invoice showing the amount due with applicable tax. The customer will make payment to the Cashier's Office. The Cashier will provide a receipt. The customer will give the receipt to the Greenhouse attendant to receive their plants. With the new procedure there will be no need for an imprest fund for the Greenhouse.

Copies of Imprest Fund Establishment Forms immediately follow this page.

PSCWVU is now in compliance and has met recommendations.

Finding # 7

John D. Perdue  
WV State Treasurer



Accounting Division  
1 Player's Club Drive  
Lobby Room  
Charleston, WV 25311  
Phone (304) 558-3339  
(800) 243-9610  
Fax (304) 340-1511

**Imprest Fund Establishment/Change Form**

1. Please designate the type of request:

- Establish a New Imprest Fund       Change the Individual Responsible or the Supervisor
- Change the Address or Location       Increase or Decrease the Amount of the Imprest Fund
- Close an Imprest Fund

2. \*Enter the imprest fund number: 20584      \*If this is a request for a new fund, the number will be assigned when it is approved by the STO.

3. Enter the name of the imprest fund: Potomac State College Mary F. Shipper Library

4. Enter the purpose of the imprest fund: To make change for purchases of photocopies and library fines.

5. Enter the location of the imprest fund: Mary F. Shipper Library

6. Enter the address where correspondence should be sent on the imprest fund:

Address 1: 101 Fort Avenue

Address 2: \_\_\_\_\_

City: Keyser      County: Mineral      State: WV      Zip Code: 26726

7. Enter the following information for the individual responsible for this imprest fund:

Name: Jill Gardner

Title: Director, Mary F. Shipper Library

Phone Number: (304) 788-8902

Supervisor: Dr. Kerry Odell, Campus Provost

8. If this is a change in individual responsible for the imprest fund, please provide the following information:

Was the imprest fund audited before the new individual assumed responsibility? \_\_\_\_\_

Date the audit was completed: \_\_\_\_\_      Amount verified: \$ \_\_\_\_\_

9. Enter the authorized amount (Before Request): \$ 0.00      (After Request): \$ 50.00

10. If this is a request for a change in the authorized amount, please provide an explanation for the change.

11. FIMS Funding Information: Fund: 4187      Org: 0463      Act: 999      Source/Object: 161      Grant: \_\_\_\_\_      Project: \_\_\_\_\_

12. Please affix signature to the appropriate section:

Requesting Agency

Central Office of the Agency

Office of the State Treasurer

Signature: Kerry Odell

Jessica Boyle  
102/14/12

Date: 2/1/2012

David A. Hoshaw  
Hoyer

Finding #7

Accounting Division  
1 Payroll Cash Items  
Check the Cash Item  
Number in the  
Transmittal Report  
Form (Form 1042-SS)  
New York State

John D. Porteus  
WV State Treasurer



**Imprest Fund Establishment/Change Form**

1. Please designate the type of request:

Establish a New Imprest Fund       Change the Individual Responsible or the Supervisor

Change the Address or Location       Increase or Decrease the Amount of the Imprest Fund

Close an Imprest Fund       Case an Imprest Fund

2. Enter the Imprest fund number: 20585      If new request, this will be assigned when approved by the Treasurer's Office.

3. Enter the name of the Imprest fund: RSC Enrollment Services

4. Enter the purpose of the Imprest fund: To make charge for students purchasing transcripts

5. Enter the location of the Imprest fund: RSC Enrollment Services, 75 Arnold Street, Weppert, WV.

6. Enter the address where correspondence should be sent on the Imprest fund:

Address 1: WVU Treasury Operations  
 Address 2: PO Box 6209  
 City: Morgantown      County: Monongalia      State: WV      Zip Code: 26506-6209

7. Enter the following information for the individual responsible for this Imprest fund:

Name: Beth Little      Signature: Beth Little      Date: 5/23/12

Title: Director of Enrollment Services

Phone Number: 304.788.9516

Supervisor: Dr. Kerry Coal      Signature: Kerry Coal      Date: 5-22-12

8. If there is a change in individual responsible for the Imprest fund, please provide the following information:

Was the Imprest fund sufficient before the new individual assumed responsibility?   

Was the audit completed?         Amount verified: \$ 50.00

9. Enter the authorized amount (before Request): \$ 0      (After Request): \$ 50.00

Finding #7

10. If this is a request for a change in the authorized amount, please provide an explanation for the change.

11. FMS Funding Information Fund: 4187 Comp/2nd/999 Source/Objct/161  Grants  Project

12. Please affix signature to the appropriate section

Signature: [Signature] Office of the State Treasurer

Date: 5/28/12 Office of the Agency

[Signature] 06/08/12

[Signature] 6/4/12

**Finding 8****Lack of Controls over Cash Receipts****Spending Unit's  
Response and  
Corrective Action  
Plan:**

Miscellaneous farm sales, (firewood, manure), have been discontinued. The proceeds from sale of livestock through auction will be mailed to Bernadette Capaldi in the Business Office. Checks will be logged and deposited to the Cashier.

Mailed payments are currently being opened and logged by personnel other than the Cashier.

Walk-in customers who pay by cash, check, or credit card are given a receipt from pre-numbered receipt books. Those making payments online or over the phone are not provided a receipt unless requested. Anyone requesting a receipt will be provided one by mail or email.

PSCWVU is currently in compliance with recommendations.

**Finding 9****Noncompliance with Payroll Procedures****Spending Unit's  
Response and  
Corrective Action  
Plan:**

We pay personnel for their services to manage athletic camps through the normal payroll process. In this situation, we were unaware that one of our personnel was paying student assistants through a personal account. When we became aware we notified that employee that this was inappropriate and in violation of BOG policy 16. To the best of PSCWVU's knowledge, this was an isolated incident. See email immediately following this page.

We are in compliance with the recommendation.

Finding 9

**Harlan Shreve - Legislative Post Audit**

---

**From:** Harlan Shreve  
**To:** Name Redacted  
**Date:** 5/18/2012 3:51 PM  
**Subject:** Legislative Post Audit  
**CC:** Redacted; elmo.phillips@wvlegislature.gov

---

I must bring to your attention a note received in my monthly progress report from Mr. Elmo Phillips, Auditor-in-Charge, WV Legislative Post Audit Division.

The note states "Expenditures for salaries paid to three student athletes assisting in baseball camps in the amount of \$480.00 were paid directly by the Head Baseball Coach".

Compensating as stated in the above sentence is in violation of West Virginia Board of Governors Policy 16. Section 4.1(e) of that policy prescribes the correct method(s) of compensation for personnel involved in the these type of programs. BOG Policy 16 can be found at <http://bog.wvu.edu/r/download/4220>.

Any plans for future camps must take into consideration this policy. Please work with Ms. Bernadette Capaldi to compensate these individuals in a fashion that is consistent with policy.

Thanks for your cooperation.

Harlan

Harlan Shreve  
Senior Business Planning Officer  
Potomac State College of WVU  
304.788.6922

**Finding 10**

**Object Code Misclassification of Expenditures**

Spending Unit's  
Response and  
Corrective Action  
Plan:

PSCWVU will comply and continue to make every effort to properly code expenditures based on the WV State's recommended expenditure definitions.

**Finding 11**

**Lack of Internal Controls over Travel Expenditures**

Spending Unit's  
Response and  
Corrective Action  
Plan:

The PSCWVU Business Office is not currently approving any travel settlement forms submitted 60 days after travel has ended. Emails have been sent to faculty and staff regarding the timeliness of travel requests and submission of travel reimbursements for recurring travel by faculty.

PSCWVU has informed supervisors who are responsible for approving travel that a travel authorization form must be completed and approved prior to travel. PCard holders have been notified that the PCard Manual and Travel Guide have been updated, effective December 1, 2012 to incorporate University best practices and address assorted audit findings.

PSCWVU is in compliance with the auditors' recommendations.

**Finding 12**

**Lack of Internal Controls over Equipment Inventory**

Spending Unit's  
Response and  
Corrective Action  
Plan:

PSCWVU will reconcile the inventory list with physical fixed assets and replace any non-existent or damaged inventory tags that may have been lost during use of that asset.

In cases where equipment is exchanged between WVU and PSCWVU campuses, the inventory record will be appropriately modified.

Once compliance and accurate records are established, an annual physical inventory will be performed by an employee who does not have access to the inventory records nor the ability to change fixed asset records. Through the inventory process, PSCWVU will make sure that tags are properly affixed to all assets by December 31, 2013.

Regarding the farm equipment, PSCWVU will further investigate issues and in consideration of recommendations made, take the best corrective action to secure inventory.

Adoption by HEPC of the WV Department of Administration Inventory Management Manual is beyond the scope of the authority of this institution.

PSCWVU will work with the WVU University Police Department to establish an inventory system for Firearms.

See next page to view email sent to employees responsible for vehicles with key ignitions.

**Bernie Capaldi - Keys and Security of Motorized Equipment**

*Finding # 10*

---

**From:** Harlan Shreve  
**To:** *Employee Names Redacted*  
**Date:** 4/2/2013 2:43 PM  
**Subject:** Keys and Security of Motorized Equipment  
**CC:** *Redacted*

---

All,

You or an employee under your supervision may have need to use motorized equipment such as tractors and other equipment requiring keys to operate that equipment.

Auditors from the WV Legislative Post Audit Division have reported their concerns as a result of their observations during their recent audit, primarily unattended vehicles with keys remaining in the ignition.

To address these concerns, keys must not be left in unattended equipment. Keys must be stored in secure locations.

Thank you for your cooperation.

Harlan

**Finding 13**

**Lack of Internal Controls over Campus Police Evidence Locker**

Spending Unit's  
Response and  
Corrective Action  
Plan:

PSCWVU feels it is now in compliance with the auditors' recommendations.

Finding 13



University Police Department  
PSC-WVU  
101 Fort Ave., Keyser, WV 26726  
304-788-6931

West Virginia Audit Response:

It has been brought to my attention that there are a few items that are in need of clarification.

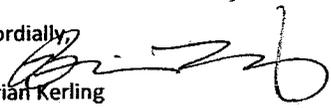
On the issue of evidence disposal, we have brought our evidence handling process in line with the current evidence procedures implemented by WVU. Generally, evidence is logged in and documented. Evidence remains in custody until the case is closed and the evidence is either returned, destroyed, or used for training per policy. When evidence is destroyed, two officers are present and the items destroyed are burned. All evidence dispositions are logged into an evidence inventory sheet. All evidence is audited semi-annually and evidence that can be purged from inventory is processed out according to policy in a timely manner.

Firearms taken into custody are either returned, destroyed or transferred to the police department for use or training purposes per policy. At PSC any firearms that cannot be used for department purposes or returned will be transferred to the evidence division of WVU, Morgantown. All evidence transfers will be documented and logged.

All parking citations not identified as students or staff will be forwarded to the Mineral County Magistrate Court for processing after the 10 day response period and a 30 day period that the ticket is held before transferring the ticket to magistrate court.

Included with this letter is a copy of department evidence policy, WV state code on parking ticket process, and a copy of the current parking ticket issued at Potomac State College.

Cordially,

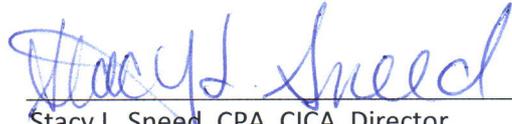
  
Brian Kerling  
Chief of Police, Potomac State College of WVU

**STATE OF WEST VIRGINIA**

**OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:**

I, Stacy L. Sneed, CPA, CICA, Director of the Legislative Post Audits 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 13<sup>th</sup> day of May 2013.

  
\_\_\_\_\_  
Stacy L. Sneed, CPA, CICA, Director  
Legislative Post Audits Division

Notification of when the report was released and the location of the report on our website were sent to the Secretary of the Department of Administration to be filed as a public record. Report release notifications were also sent to the West Virginia Higher Education Policy Commission; Potomac State College of West Virginia University; Governor; Attorney General; WVU Governing Board; and State Auditor.