

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

Denny Rhodes, Acting Director  
Legislative Post Audit Division  
Building 1, Room W-329  
1900 Kanawha Blvd., E.  
Charleston, West Virginia 25305-0610



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

April 21, 2014

The Honorable Jeffrey V. Kessler, President  
West Virginia State Senate  
Post Audits Sub-Committee, Co-Chair  
Room 227 M, Building 1  
State Capitol Complex  
Charleston WV 25306

The Honorable Timothy R. Miley, Speaker  
West Virginia House of Delegates  
Post Audits Sub-Committee, Co-Chair  
Room 228 M, Building 1  
State Capitol Complex  
Charleston, West Virginia

Dear Co-Chairs:

We have completed a post audit of the West Virginia State Police (WVSP) Academy Post Exchange (PX) at the request of the Legislative Auditor. We conducted this audit, which is a performance audit, in accordance with the standards applicable to performance audits contained in *Generally Accepted Government Auditing Standards (GAGAS)*. Our audit scope included a review of applicable internal control and compliance with the W.Va. Code, Purchasing Division's Procedure Handbook, State Auditor's Office P-card Policy, Expenditure Schedule Instructions, Legislative Rules, WV State Treasurer's Office Cash Receipt Handbook, best business practices, and WVSP internal policies and procedures applicable for the period of July 1, 2011 through June 30, 2013 necessary to answer the audit objectives. The scope over internal controls involved only assessing those controls that were significant to the objectives listed in this letter. To conclude on the adequacy of internal controls regarding WVSP as a whole was not a specific objective of this audit; and thus was not undertaken.

Our objectives and conclusions are stated below:

**Objective 1: Ascertain whether the Superintendent of the WVSP operates the PX in accordance to and in compliance with W.Va. Code §15-2E.**

*Conclusion:* Based upon our audit and review of the WVSP PX physical location, personnel, sample inventory count, cash count, procedures, observations and interviews we conclude that the WVSP Superintendent operates the PX in accordance to and in compliance with the W.Va. Code §15-2E, with one noted exception. The Superintendent did not submit an annual report for Fiscal years 12 and 13 by the beginning of the Legislative session as required by W.Va. Code §15-2E-6. As a result, of this audit, we later received a copy of the proposed report and the agency has put in place procedures to correct the oversight.

**Objective 2: Ascertain whether all moneys collected from operation of the post exchange and any moneys collected from vending machine sales are deposited in a special account in the state treasury to be known as the “state police academy post exchange.”**

*Conclusion:* Based on the results of our work in performing this post audit and after careful review and analysis, we conclude the WVSP PX is depositing all moneys collected into the special account known as the “state police academy post exchange” fund as dictated by W.Va. Code §15-2E-4.

**Objective 3: Ascertain whether WV Consumer Sales tax collected and deposited with the WV Tax Department on all sales is in compliance with the WV Consumer Sales Tax Rate Chart.**

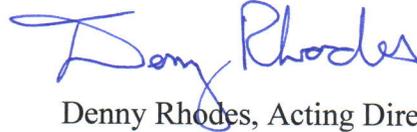
*Conclusion:* Based upon our audit results, we determined the WVSP PX is collecting and depositing, with the WV Tax Department, the correct amount of sales tax and is in compliance with the WV Consumer Sales Tax Rate Chart.

**Objective 4: Ascertain whether all proceeds derived from the operation of the PX and any money derived from the operation of vending machines, after the payment of operating expenses, is used exclusively for the publication of the cadet class yearbook and for repair and alteration of the state police academy as stated in WV Code §15-2E-5.**

*Conclusion:* We conclude the PX is in compliance with this code section since no cadet yearbook was published and no repairs or alterations to the state police academy post exchange have taken place using these funds. There are no vending machines in operation by the PX. Only operating expenses, such as the replenishment of PX inventory and the payment of sales taxes, have been expended from the account.

In summary, based upon our work and review of WVSP PX operations, with the one noted exception above, (submission of an annual report to the Governor and the Legislature by the opening of the Legislative Session), we conclude the WVSP PX is operating in compliance with the WV Code and Legislative intent.

Respectively submitted by,



Denny Rhodes, Acting Director  
Legislative Auditor's Office  
Post Audit Division

Cc: Aaron Allred, Legislative Auditor  
Colonel C.R. "Jay" Smithers, WVSP Superintendent

DR/dkl

Enclosure

Performance Review  
West Virginia State Police Academy Post Exchange

**METHODOLOGY**

To achieve our objectives, we reviewed applicable W.Va. Code sections, applicable rules and regulations, and policies of the WVSP. All provisions considered significant were documented and compliance with those requirements verified by interview, observations of WVSP's operations, and through inspections of documents and records. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives. Additionally, we reviewed the budget, and interviewed WVSP personnel to obtain an understanding of the programs and the internal controls respective to the scope of our audit. In planning and conducting our audit, we focused on the financial-related areas of PX operations based on assessments of significance and risk.

To select transactions for testing, a variation of non-statistical and statistical sampling was used. Our samples were designed to provide conclusions about the validity of transactions, as well as internal control and compliance attributes. Some transactions for testing were selected randomly; other transactions were selected for testing using professional judgment.

Testimonial evidence obtained by the audit team was evaluated for objectivity, credibility, and reliability and was obtained under conditions in which the employee was able to speak freely without intimidation. Each employee had direct knowledge of their working area and there was no evidence that the employees were biased. Additionally, we assessed the sufficiency and appropriateness of computer-processed information regardless of whether the information was provided to us or was independently extracted by using an Internal Control Questionnaire, assessing the reliability and integrity of data, performing analytical reconciliations, and testing documentation provided to the supporting documentation.

The audit presents sufficient, appropriate evidence to support the findings and conclusions in relation to the audit objectives based on the use of professional judgment, documenting procedures, reviewing copies of source documents, evaluation of internal controls, evaluation of risks, evaluation of data reliability and integrity, and the fact that all transactions tested were reviewed by the Auditor in Charge and Audit Manager.

Audit Managers:      Melissa Bishop, CPA  
                                 William Spencer, CPA  
Staff Auditors:      Deanna Lyons, Auditor III  
                                 Lisa Cicconi, CPA, Auditor II  
                                 Tara Lane, Auditor II  
                                 Dustin Hall, Auditor I  
                                 Michael Lindsco, Auditor I