



*West  
Virginia*

*Single  
Audit*

*For the Year Ended  
June 30, 2010*

# ***STATE OF WEST VIRGINIA***

## ***SINGLE AUDIT***

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***AUDITORS'***  
***REPORTS***

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**Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance With *Government Auditing Standards***

The Honorable Earl Ray Tomblin,  
Governor of the State of West Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of West Virginia as of and for the year ended June 30, 2010, and have issued our report thereon dated February 28, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of certain entities within the governmental activities, the business-type activities, the aggregate discretely presented component units, the major funds and the aggregate remaining fund information, which represent 61% of total assets, 75% of net assets and 15% of total revenues for the governmental activities; 84% of total assets, 87% of net assets and 79% of total revenues for the business-type activities; 100% of total assets, 100% net assets and 100% of revenues for the aggregate discretely presented component units; 100% of total assets, 100% net assets and 100% of revenues of the following major funds—Transportation, Tobacco Settlement Finance Authority, West Virginia Lottery, Water Pollution Control, Workers' Compensation, Unemployment Compensation and West Virginia Infrastructure and Jobs Development Council; and 87% of total assets, 89% of net assets/fund balance and 67% of the total revenues/additions for the aggregate remaining fund information, respectively, as described in our report on the State of West Virginia's basic financial statements. The financial statements of the West Virginia Investment Management Board were audited by other auditors in accordance with auditing standards generally accepted in the United States, but were not audited in accordance with *Government Auditing Standards*. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the State of West Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of West Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of West Virginia's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying

schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2010-1 to 2010-2, 2010-4 and 2010-43 to be material weaknesses.

A significant deficiency, is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2010-3 to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State of West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of West Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of West Virginia's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management of the State of West Virginia, the State's cognizant agency, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

February 28, 2011

**Report on Compliance With Requirements That Could  
Have a Direct and Material Effect on Each Major  
Program and on Internal Control Over Compliance  
in Accordance With OMB Circular A-133**

The Honorable Earl Ray Tomblin,  
Governor of the State of West Virginia

**Compliance**

We have audited the State of West Virginia's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of West Virginia's major federal programs for the year ended June 30, 2010. The State of West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. We did not audit the State of West Virginia's compliance with the compliance requirements referred to above that are applicable to the Highway Planning and Construction Cluster, the Capitalization Grant for Clean Water State Revolving Fund, \$15.4 million in expenditures of the Capitalization Grants for Drinking Water State Revolving Fund, \$2.4 million in expenditures of the State Fiscal Stabilization Fund Cluster and \$9.8 million in expenditures of the Disaster Grants-Public Assistance (Presidentially Declared Disasters) major programs. These compliance requirements were audited by other auditors whose reports thereon have been furnished to us. Our opinion on compliance, insofar as it relates to compliance referred to above that are applicable to the aforementioned major federal programs, is based solely upon the reports of other auditors. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of West Virginia's management. Our responsibility is to express an opinion on the State of West Virginia's compliance based on our audit and the reports of other auditors.

The State of West Virginia's basic financial statements include the operations of the Housing Development Fund, the West Virginia University Research Corporation, Marshall University Research Corporation, Shepherd University Research Corporation and West Virginia State Research Corporation, which are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2010. Our audit, described below, did not include the operations of these discretely presented component units, because these entities engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of

compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of West Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the State of West Virginia's compliance with those requirements.

As described in items 2010-11, 2010-12, 2010-15, 2010-17, 2010-20, 2010-34, 2010-36, 2010-42, 2010-48, 2010-49, 2010-51, 2010-54 and 2010-55 in the accompanying schedule of findings and questioned costs, the State of West Virginia did not comply with requirements regarding allowable costs/cost principles applicable to the Foster Care—Title IV-E program; cash management applicable to the Title I, Part A Cluster, Special Education Cluster (IDEA), Improving Teacher Quality State Grants and Disaster Grants – Public Assistance (Presidentially Declared Disasters) programs; eligibility applicable to the Foster Care—Title IV-E and Adoption Assistance programs; equipment and real property management applicable to the Vocational Rehabilitation Cluster program; reporting applicable to the Weatherization Assistance for Low-Income Persons program; subrecipient monitoring applicable to the CDBG – State Administered Small Cities Program Cluster, Abandoned Mine Land Reclamation (AMLR) Program, WIA Cluster, Weatherization Assistance for Low-Income Persons, Low-Income Home Energy Assistance and Disaster Grants – Public Assistance (Presidentially Declared Disasters) programs and special tests and provisions applicable to the TANF Cluster. Compliance with such requirements is necessary, in our opinion, for the State of West Virginia to comply with requirements applicable to these programs.

In our opinion, based on our audit and the reports of other auditors, except for the noncompliance described in the preceding paragraph, the State of West Virginia complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-7 to 2010-10, 2010-13, 2010-18, 2010-19, 2010-21 to 2010-33, 2010-35, 2010-37 to 2010-40, 2010-45, 2010-46, 2010-50, 2010-52, and 2010-53.

### **Internal Control Over Compliance**

The management of the State of West Virginia is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we and other auditors considered the State of West Virginia's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of West Virginia's internal control over compliance. Our consideration of internal control did not include the aforementioned major federal programs, which were audited by other auditors, whose reports have been provided to us. Our report on internal control over compliance, insofar as it relates to the aforementioned major federal programs, is based solely on the reports of the other auditors.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2010-7, 2010-11 to 2010-15, 2010-17, 2010-19, 2010-20, 2010-34 to 2010-37, 2010-40, 2010-42, 2010-43, 2010-47 to 2010-49, 2010-51, 2010-54 and 2010-55 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs, as items 2010-5, 2010-6, 2010-8 to 2010-10, 2010-16, 2010-18, 2010-21 to 2010-33, 2010-38, 2010-39, 2010-41, 2010-44 to 2010-46, 2010-50, 2010-52 and 2010-53 to be significant deficiencies.

The State of West Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of West Virginia's responses and, accordingly, we express no opinion on the responses.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of West Virginia, as of and for the year ended June 30, 2010, and have issued our report thereon dated February 28, 2011, which expressed reliance on other auditors. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. This schedule is the responsibility of the management of the State of West Virginia. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management of the State of West Virginia, the State's cognizant agency, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst + Young LLP*

March 31, 2011, except for the paragraph on the  
Schedule of Expenditures of Federal Awards,  
as to which the date is February 28, 2011

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***SCHEDULE OF  
EXPENDITURES  
OF FEDERAL  
AWARDS***

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**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2010**

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
<b><u>OFFICE OF DRUG CONTROL POLICY</u></b>				
G10AP0001A	APPALACHIAN HIDTA (NOTE 3)	\$96,452	\$0	\$96,452
I9PAPP501	APPALACHIAN HIDTA (NOTE 3)	\$334,596	\$0	\$334,596
<b><u>TOTAL OFFICE OF DRUG CONTROL POLICY</u></b>		<b><u>\$431,048</u></b>	<b><u>\$0</u></b>	<b><u>\$431,048</u></b>
<b><u>DEPARTMENT OF AGRICULTURE</u></b>				
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	\$798,902	\$0	\$798,902
10.028	WILDLIFE SERVICES	(\$85)	\$0	(\$85)
10.163	MARKET PROTECTION AND PROMOTION	(\$5,458)	\$0	(\$5,458)
10.169	SPECIALTY CROP BLOCK GRANT PROGRAM	\$102,568	\$0	\$102,568
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	\$26,427	\$0	\$26,427
10.207	ANIMAL HEALTH AND DISEASE RESEARCH	\$5,104	\$0	\$5,104
10.225	COMMUNITY FOOD PROJECTS	\$21,474	\$0	\$21,474
10.458	CROP INSURANCE EDUCATION IN TARGETED STATES	\$190,877	\$0	\$190,877
10.475	COOPERATIVE AGREEMENTS WITH STATES FOR INTRASTATE MEAT AND POULTRY INSPECTION	\$576,933	\$0	\$576,933
10.500	COOPERATIVE EXTENSION SERVICE	\$5,441,556	\$65,730	\$5,507,286
10.557	SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	\$29,644,652	\$8,547,262	\$38,191,914
10.558	CHILD AND ADULT CARE FOOD PROGRAM	\$222,705	\$14,450,862	\$14,673,567
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	\$8,908,242	\$0	\$8,908,242
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	\$69,989	\$0	\$69,989
10.574	TEAM NUTRITION GRANTS	\$79,797	\$0	\$79,797
10.576	SENIOR FARMERS MARKET NUTRITION PROGRAM	\$428,986	\$0	\$428,986
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	\$48,148	\$784,499	\$832,647
10.664	COOPERATIVE FORESTRY ASSISTANCE	\$711,663	\$24,069	\$735,732
10.676	FOREST LEGACY PROGRAM	\$2,435,657	\$0	\$2,435,657
10.678	FOREST STEWARDSHIP PROGRAM	\$74,486	\$0	\$74,486
10.680	FOREST HEALTH PROTECTION	\$347,305	\$0	\$347,305
10.902	SOIL AND WATER CONSERVATION	\$345,929	\$0	\$345,929
10.903	SOIL SURVEY	\$21,246	\$0	\$21,246
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	\$54,397	\$0	\$54,397
10.914	WILDLIFE HABITAT INCENTIVE PROGRAM	\$167,744	\$0	\$167,744
10.917	AGRICULTURAL MANAGEMENT ASSISTANCE	\$35,742	\$0	\$35,742
NOTE 5A	SNAP CLUSTER	\$494,429,655	\$2,080,880	\$496,510,535
NOTE 5B	CHILD NUTRITION CLUSTER	\$885,342	\$72,580,233	\$73,465,575
NOTE 5C	EMERGENCY FOOD ASSISTANCE CLUSTER	\$5,484,533	\$0	\$5,484,533
NOTE 5D	SCHOOLS AND ROADS CLUSTER	\$2,494,426	\$29,775	\$2,524,201
07-JV-11242300-099 UNDER 02	SOIL CARBON MODELING	\$12,098	\$0	\$12,098
07-JV-11242300-160	A SYMPOSIUM TO SYNTHESIZE INFORMATION FROM EXPERIMENTAL FORESTS AND RANGES (CESU)	(\$1,023)	\$0	(\$1,023)
68-3A75-2-89 MOD 19	PROJECT SUPPORT PROPOSAL FOR PROVIDING DATA AND DATA DELIVERY PROTOCOLS TO THE RISK MANAGEMENT AGENCY(CESU)	\$55,000	\$0	\$55,000
AGR # 68-3A75-2-89 MOD 7	SOIL CATENA WATER DYNAMICS	(\$3,940)	\$0	(\$3,940)
AGR # 68-7482-8-387	SOIL SURVEY SCANNING	\$8,792	\$0	\$8,792
AGR # 68-7482-8-388	NGDC CO-DIRECTOR	\$39,017	\$0	\$39,017
AGR # 68-7482-8-389	NGDC NETWORK ADMINISTRATOR	\$1,917	\$0	\$1,917
AGR # 68-7482-8-405	NRAC334 NRCS SOIL SURVEY VALUE	\$10,743	\$0	\$10,743
AGR # 68-7482-8-406	NRAC344-NRCS-SAGEGROUSE	\$22,360	\$0	\$22,360
AGR # 68-7482-8-407	SCALING SOIL QUALITY	\$7,863	\$0	\$7,863
AGR # 68-7482-8-408	NRAC354 NRCS SCALE DEPENDENCY	\$9,411	\$0	\$9,411
AGR # 68-7482-8-425Y	NRAC371 CESU REMOTE SENSING	\$27,814	\$0	\$27,814
AGR # 68-7482-8-436Y	FRAGIPAN INFLUENCE IN WV	\$29,462	\$0	\$29,462
AGR# 68-7482-9-506 CA#683A7586	NRAC 385 VALUE OF ECONOMIC BENEFITS OF THE NATIONA	\$31,222	\$0	\$31,222

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2010**

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
ARRA 10.579	ARRA - CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	\$0	\$588,714	\$588,714
COOP AGR#43-3AEK-5-80071	GRAIN CONSUMING AMINAL UNIT INDEX MODIFICATIONS	\$227	\$0	\$227
NSF 06-CR-10062759-439	RECREATION USE MONITORING	\$495,473	\$93,014	\$588,487
<b><u>TOTAL DEPARTMENT OF AGRICULTURE</u></b>		<b><u>\$554,795,378</u></b>	<b><u>\$99,245,038</u></b>	<b><u>\$654,040,416</u></b>
<b><u>DEPARTMENT OF COMMERCE</u></b>				
11.463	HABITAT CONSERVATION	\$142,083	\$0	\$142,083
11.555	PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS GRANT PROGRAM	\$0	\$2,445,864	\$2,445,864
11.557	ARRA - BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)	\$4,640	\$0	\$4,640
11.558	ARRA - STATE BROADBAND DATA AND DEVELOPMENT GRANT PROGRAM	\$187,125	\$0	\$187,125
11.609	MEASUREMENT AND ENGINEERING RESEARCH AND STANDARDS	\$4,500	\$0	\$4,500
11.802	MINORITY BUSINESS RESOURCE DEVELOPMENT	\$249,056	\$0	\$249,056
NOTE 5E	PUBLIC WORKS AND ECONOMIC DEVELOPMENT CLUSTER	\$163,652	\$0	\$163,652
<b><u>TOTAL DEPARTMENT OF COMMERCE</u></b>		<b><u>\$751,056</u></b>	<b><u>\$2,445,864</u></b>	<b><u>\$3,196,920</u></b>
<b><u>DEPARTMENT OF DEFENSE</u></b>				
12.113	STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE REIMBURSEMENT OF TECHNICAL SERVICES	\$55,001	\$0	\$55,001
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH	\$33,470	\$0	\$33,470
12.400	MILITARY CONSTRUCTION, NATIONAL GUARD	\$15,586,901	\$0	\$15,586,901
12.400	ARRA - MILITARY CONSTRUCTION, NATIONAL GUARD	\$1,654,727	\$0	\$1,654,727
	TOTAL FOR MILITARY CONSTRUCTION, NATIONAL GUARD	<u>\$17,241,628</u>	<u>\$0</u>	<u>\$17,241,628</u>
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS	\$20,316,361	\$0	\$20,316,361
12.401	ARRA - NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS	\$1,079,572	\$0	\$1,079,572
	TOTAL FOR NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS	<u>\$21,395,933</u>	<u>\$0</u>	<u>\$21,395,933</u>
12.404	NATIONAL GUARD CIVILIAN YOUTH OPPORTUNITIES	\$3,029,681	\$0	\$3,029,681
12.901	MATHEMATICAL SCIENCES GRANTS PROGRAM	\$1,556	\$0	\$1,556
12.402	NATIONAL GUARD SPECIAL MILITARY OPERATIONS & PROJECTS	\$589,274	\$0	\$589,274
84.815	TROOPS TO TEACHERS	\$110,997	\$0	\$110,997
DABT 60-96-C-0014	ROTC	\$5,500	\$0	\$5,500
<b><u>TOTAL DEPARTMENT OF DEFENSE</u></b>		<b><u>\$42,463,040</u></b>	<b><u>\$0</u></b>	<b><u>\$42,463,040</u></b>
<b><u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>				
14.110	MANUFACTURED HOME LOAN INSURANCE-FINANCING PURCHASE OF MANUFACTURED HOMES AS PRINCIPAL RESIDENCES OF BORROWERS	\$63,791	\$0	\$63,791
14.231	EMERGENCY SHELTER GRANTS PROGRAM	\$28,112	\$872,596	\$900,708
14.235	SUPPORTIVE HOUSING PROGRAM	\$9,514	\$81,475	\$90,989
14.241	HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	\$8,998	\$798,475	\$807,473
14.246	COMMUNITY DEVELOPMENT BLOCK GRANTS/BROWNSFIELDS ECONOMIC DEVELOPMENT INITIATIVE	\$32,385	\$0	\$32,385
14.251	ECONOMIC DEVELOPMENT INITIATIVE-SPECIAL PROJECT, NEIGHBORHOOD INITIATIVE AND MISCELLANEOUS GRANTS	\$318,899	\$0	\$318,899
14.256	NEIGHBORHOOD STABILIZATION PROGRAM (RECOVERY ACT FUNDED)	\$23,685	\$0	\$23,685
14.257	ARRA - HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM (RECOVERY ACT FUNDED)	\$80,601	\$1,291,934	\$1,372,535
14.400	EQUAL OPPORTUNITY IN HOUSING	\$27,468	\$0	\$27,468
NOTE 5F	CDBG - STATE-ADMINISTERED SMALL CITIES PROGRAM CLUSTER	\$3,477,770	\$28,188,321	\$31,666,091
B-03-SP-WV-0880	RENOVATION OF LIBRARY AT POTOMAC STATE COLLEGE OF WEST VIRGINIA UNIVERSITY	\$58,727	\$0	\$58,727
<b><u>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>		<b><u>\$4,129,950</u></b>	<b><u>\$31,232,801</u></b>	<b><u>\$35,362,751</u></b>

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2010**

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
<b><u>DEPARTMENT OF THE INTERIOR</u></b>				
15.250	REGULATION OF SURFACE COAL MINING AND SURFACE EFFECTS OF UNDERGROUND COAL MINING	\$11,707,221	\$0	\$11,707,221
15.252	ABANDONED MINE LAND RECLAMATION (AMLR) PROGRAM	\$33,279,764	\$17,942,754	\$51,222,518
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	\$71,420	\$0	\$71,420
15.633	LANDOWNER INCENTIVE PROGRAM	\$31,807	\$0	\$31,807
15.634	STATE WILDLIFE GRANTS	\$452,516	\$0	\$452,516
15.808	U.S. GEOLOGICAL SURVEY-RESEARCH AND DATA COLLECTION	\$29,128	\$0	\$29,128
15.810	NATIONAL COOPERATIVE GEOLOGIC MAPPING PROGRAM	\$48,710	\$0	\$48,710
15.904	HISTORIC PRESERVATION FUND GRANTS-IN-AID	\$534,930	\$185,692	\$720,622
15.916	OUTDOOR RECREATION-ACQUISITION, DEVELOPMENT AND PLANNING	\$1,208	\$297,387	\$298,595
15.929	SAVE AMERICA'S TREASURES	\$295,233	\$0	\$295,233
NOTE 5G	FISH AND WILDLIFE CLUSTER	\$5,620,908	\$0	\$5,620,908
210-710	USFWS CANAAN VALLEY REFUGE SURVEY	\$6,400	\$0	\$6,400
50181-5-J034	CERULEAN WARBLER FOREST MANAGEMENT PROJECT	\$35,427	\$0	\$35,427
H4560-05-01	NATIONAL PARK SERVICE GAULEY CONTRACT	\$100,000	\$0	\$100,000
J2270080024/H6000082 000	MAPPING SUPPORT FOR NPS	\$30,906	\$0	\$30,906
J4160070401/H6000C02 000	CONTROL AND EVALUATION OF MORROW'S HONEYSUCKLE TO PROMOTE WOODCOCK AND OTHER WILDLIFE ON THE FORT NECESSITY NATIONAL BATTLEFIELD (CESU)	\$14,869	\$0	\$14,869
<b><u>TOTAL DEPARTMENT OF THE INTERIOR</u></b>		<b><u>\$52,260,447</u></b>	<b><u>\$18,425,833</u></b>	<b><u>\$70,686,280</u></b>
<b><u>DEPARTMENT OF JUSTICE</u></b>				
16.017	SEXUAL ASSAULT SERVICES FORMULA PROGRAM	\$0	\$47,295	\$47,295
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	\$24,066	\$363,726	\$387,792
16.529	EDUCATION, TRAINING, AND ENHANCED SERVICES TO END VIOLENCE AGAINST AND ABUSE OF WOMEN WITH DISABILITIES	\$3,102	\$0	\$3,102
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION-ALLOCATION TO STATES	\$80,492	\$381,682	\$462,174
16.543	MISSING CHILDREN'S ASSISTANCE	\$115,635	\$0	\$115,635
16.548	TITLE V-DELINQUENCY PREVENTION PROGRAM	\$4,124	\$47,465	\$51,589
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS CENTERS	\$33,150	\$0	\$33,150
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	\$294,289	\$4,789	\$299,078
16.560	NATIONAL INSTITUTE OF JUSTICE RESEARCH, EVALUATION, AND DEVELOPMENT PROJECT GRANTS	\$6,099	\$11,751	\$17,850
16.564	CRIME LABORATORY IMPROVEMENT_COMBINED OFFENDER DNA INDEX SYSTEM BACKLOG REDUCTION	\$65,405	\$0	\$65,405
16.575	CRIME VICTIM ASSISTANCE	\$99,979	\$2,186,465	\$2,286,444
16.576	CRIME VICTIM COMPENSATION	\$2,156,300	\$0	\$2,156,300
16.579	EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	\$7,017	\$369,090	\$376,107
16.580	EDWARD BYRNE MEMORIAL STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE DISCRETIONARY GRANTS PROGRAM	\$497,469	\$0	\$497,469
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	\$73,607	\$1,010,787	\$1,084,394
16.588	ARRA - RECOVERY ACT-VIOLENCE AGAINST WOMEN FORMULA GRANTS	\$56,902	\$337,942	\$394,844
	TOTAL FOR VIOLENCE AGAINST WOMEN FORMULA GRANTS	<u>\$130,509</u>	<u>\$1,348,729</u>	<u>\$1,479,238</u>
16.589	RURAL DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ASSISTANCE PROGRAM	\$2,066	\$60,455	\$62,521
16.590	GRANTS TO ENCOURAGE ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS	\$376,465	\$814,777	\$1,191,242
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	\$2,026	\$51,142	\$53,168
16.609	COMMUNITY PROSECUTION AND PROJECT SAFE NEIGHBORHOODS	\$6,889	\$121,830	\$128,719
16.727	ENFORCING UNDERAGE DRINKING LAWS PROGRAM	\$20,790	\$361,035	\$381,825
16.734	SPECIAL DATA COLLECTIONS AND STATISTICAL STUDIES	\$2,616	\$0	\$2,616
16.741	FORENSIC DNA BACKLOG REDUCTION PROGRAM	\$36,931	\$0	\$36,931

**STATE OF WEST VIRGINIA  
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FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM	\$60,810	\$0	\$60,810
16.744	ANTI-GANG INITIATIVE	\$0	\$704	\$704
16.800	ARRA - RECOVERY ACT - INTERNET CRIMES AGAINST CHILDREN TASK FORCE PROGRAM (ICAC)	\$47,992	\$0	\$47,992
16.801	ARRA - RECOVERY ACT - STATE VICTIM ASSISTANCE FORMULA GRANT PROGRAM	\$10,393	\$168,679	\$179,072
16.803	ARRA - RECOVERY ACT - EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT (JAG) PROGRAM / GRANTS TO STATES AND TERRITORIES	\$1,350,942	\$2,976,847	\$4,327,789
16.810	RECOVERY ACT – ASSISTANCE TO RURAL LAW ENFORCEMENT TO COMBAT CRIME AND DRUGS COMPETITIVE GRANT PROGRAM	\$16,584	\$0	\$16,584
2001100	MISCELLANEOUS JUSTICE PROGRAMS	\$229,972	\$0	\$229,972
2001HSWXK035	REGIONAL COMMUNITY POLICING INSTITUTE	\$87,902	\$0	\$87,902
2007-WA-AX-0001	UNIVERSITY COORDINATED COMMUNITY COUNCIL ON DOMESTIC VIOLENCE AT WV SU	\$75,907	\$0	\$75,907
PL-106-170	SOCIAL SECURITY INMATE INCENTIVE	\$4,277	\$0	\$4,277
WV-1	PURDUE PHARMA SETTLEMENT	\$4,546,236	\$4,187,886	\$8,734,122
WV-2	EQUITABLE SHARING PROGRAM-JUSTICE	\$3,730,142	\$0	\$3,730,142
<b>TOTAL DEPARTMENT OF JUSTICE</b>		<b>\$14,126,576</b>	<b>\$13,504,347</b>	<b>\$27,630,923</b>
<b><u>DEPARTMENT OF LABOR</u></b>				
17.002	LABOR FORCE STATISTICS	\$869,714	\$0	\$869,714
17.005	COMPENSATION AND WORKING CONDITIONS	\$49,390	\$0	\$49,390
17.203	LABOR CERTIFICATION FOR ALIEN WORKERS	\$1,680	\$0	\$1,680
17.225	UNEMPLOYMENT INSURANCE - NOTE 4	\$789,369,542	\$0	\$789,369,542
17.225	ARRA - UNEMPLOYMENT INSURANCE - NOTE 4	\$958,744	\$0	\$958,744
	TOTAL FOR UNEMPLOYMENT INSURANCE - NOTE 4	<u>\$790,328,286</u>	<u>\$0</u>	<u>\$790,328,286</u>
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	\$74,717	\$1,300,758	\$1,375,475
17.235	ARRA - SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	\$6,683	\$179,151	\$185,834
	TOTAL FOR SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	<u>\$81,400</u>	<u>\$1,479,909</u>	<u>\$1,561,309</u>
17.245	TRADE ADJUSTMENT ASSISTANCE	\$6,331,496	\$100,000	\$6,431,496
17.246	EMPLOYMENT AND TRAINING ASSISTANCE-DISLOCATED WORKERS	\$16,334	\$0	\$16,334
17.266	WORK INCENTIVES GRANT	\$15,292	\$303,915	\$319,207
17.267	INCENTIVE GRANTS - WIA SECTION 503	\$33,300	\$0	\$33,300
17.269	COMMUNITY BASED JOB TRAINING GRANTS	\$86,781	\$0	\$86,781
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	\$81,676	\$0	\$81,676
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	\$55,702	\$0	\$55,702
17.275	PROGRAM OF COMPETITIVE GRANTS FOR WORKER TRAINING AND PLACEMENT IN HIGH GROWTH AND EMERGING INDUSTRY SECTORS	\$190	\$0	\$190
17.504	CONSULTATION AGREEMENTS	\$406,237	\$0	\$406,237
17.600	MINE HEALTH AND SAFETY GRANTS	\$554,548	\$0	\$554,548
17.999	MISCELLANEOUS LABOR PROGRAMS	\$75,536	\$0	\$75,536
NOTE 5H	EMPLOYMENT SERVICE CLUSTER	\$8,348,512	\$0	\$8,348,512
NOTE 5I	WIA CLUSTER	\$1,638,085	\$18,512,275	\$20,150,360
<b>TOTAL DEPARTMENT OF LABOR</b>		<b>\$808,974,159</b>	<b>\$20,396,099</b>	<b>\$829,370,258</b>
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>				
20.218	NATIONAL MOTOR CARRIER SAFETY	\$1,507,416	\$0	\$1,507,416
20.505	FEDERAL TRANSIT METROPOLITAN PLANNING GRANTS	\$11,880	\$0	\$11,880
20.509	FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	\$1,749,068	\$3,284,797	\$5,033,865
20.509	ARRA - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	\$3,847,513	\$1,494,598	\$5,342,111
	TOTAL FOR FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	<u>\$5,596,581</u>	<u>\$4,779,395</u>	<u>\$10,375,976</u>

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20.607	ALCOHOL OPEN CONTAINER REQUIREMENTS	\$332,024	\$450,481	\$782,505
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS FOR DRIVING WHILE INTOXICATED	\$2,700,365	\$0	\$2,700,365
20.614	NATIONAL HIGHWAY TRANSPORTATION SAFETY ADMINISTRATION DISCRETIONARY SAFETY GRANTS	\$48,787	\$0	\$48,787
20.700	PIPELINE SAFETY PROGRAM BASE GRANTS	\$345,690	\$0	\$345,690
NOTE 5K	FEDERAL TRANSIT CLUSTER	\$4,723,895	\$8,409,601	\$13,133,496
NOTE 5L	TRANSIT SERVICES PROGRAMS CLUSTER	\$978,253	\$432,000	\$1,410,253
NOTE 5M	HIGHWAY SAFETY CLUSTER	\$1,089,829	\$2,037,783	\$3,127,612
F08-HS-10-DOT	MAY 2008 CLICK IT OR TICKET BLITZ	\$40,016	\$0	\$40,016
WV-26-7009-00	ENERGY RELEASE RATE CALCULATIONS FOR LAMODEL	\$26,096	\$0	\$26,096
<b><u>TOTAL DEPARTMENT OF TRANSPORTATION</u></b>		<b><u>\$17,400,832</u></b>	<b><u>\$16,109,260</u></b>	<b><u>\$33,510,092</u></b>
<b><u>DEPARTMENT OF THE TREASURY</u></b>				
21.999	JOBS AND GROWTH TAX RELIEF RECONCILIATION ACT OF 2003	\$0	\$9,615	\$9,615
WV-3	EQUITABLE SHARING PROGRAM-TREASURY	\$646	\$0	\$646
<b><u>TOTAL DEPARTMENT OF THE TREASURY</u></b>		<b><u>\$646</u></b>	<b><u>\$9,615</u></b>	<b><u>\$10,261</u></b>
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>				
23.001	APPALACHIAN REGIONAL DEVELOPMENT (SEE INDIVIDUAL APPALACHIAN PROGRAMS)	\$72,884	\$0	\$72,884
23.002	APPALACHIAN AREA DEVELOPMENT	\$0	\$3,057,348	\$3,057,348
23.011	APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND DEMONSTRATION PROJECTS	\$179,204	\$299,832	\$479,036
<b><u>TOTAL APPALACHIAN REGIONAL COMMISSION</u></b>		<b><u>\$252,088</u></b>	<b><u>\$3,357,180</u></b>	<b><u>\$3,609,268</u></b>
<b><u>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u></b>				
30.001	EMPLOYMENT DISCRIMINATION-TITLE VII OF THE CIVIL RIGHTS ACT OF 1964	\$214,924	\$0	\$214,924
<b><u>TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u></b>		<b><u>\$214,924</u></b>	<b><u>\$0</u></b>	<b><u>\$214,924</u></b>
<b><u>GENERAL SERVICES ADMINISTRATION</u></b>				
39.003	DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY	\$150,165	\$0	\$150,165
39.011	ELECTION REFORM PAYMENTS	\$332,632	\$0	\$332,632
<b><u>TOTAL GENERAL SERVICES ADMINISTRATION</u></b>		<b><u>\$482,797</u></b>	<b><u>\$0</u></b>	<b><u>\$482,797</u></b>
<b><u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u></b>				
43.001	SCIENCE (NOTE 3)	\$1,494,460	\$0	\$1,494,460
43.002	AERONAUTICS	\$24,778	\$0	\$24,778
<b><u>TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u></b>		<b><u>\$1,519,238</u></b>	<b><u>\$0</u></b>	<b><u>\$1,519,238</u></b>
<b><u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u></b>				
45.024	PROMOTION OF THE ARTS-GRANTS TO ORGANIZATIONS AND INDIVIDUALS	\$10,150	\$0	\$10,150
45.025	PROMOTION OF THE ARTS-PARTNERSHIP AGREEMENTS	\$16,150	\$641,342	\$657,492
45.025	ARRA - PROMOTION OF THE ARTS-PARTNERSHIP AGREEMENTS	\$296,000	\$0	\$296,000
	TOTAL FOR PROMOTION OF THE ARTS-PARTNERSHIP AGREEMENTS	\$312,150	\$641,342	\$953,492
45.310	GRANTS TO STATES	\$1,157,265	\$239,595	\$1,396,860
<b><u>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</u></b>		<b><u>\$1,479,565</u></b>	<b><u>\$880,937</u></b>	<b><u>\$2,360,502</u></b>
<b><u>NATIONAL SCIENCE FOUNDATION</u></b>				
47.070	COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	\$67,033	\$0	\$67,033
47.075	SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	\$22,335	\$0	\$22,335
47.076	EDUCATION AND HUMAN RESOURCES	\$373,169	\$2,876,381	\$3,249,550

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47.077	ACADEMIC RESEARCH INFRASTRUCTURE	\$13,375	\$0	\$13,375
47.082	TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	\$18,409	\$125,869	\$144,278
<b><u>TOTAL NATIONAL SCIENCE FOUNDATION</u></b>		<b><u>\$494,321</u></b>	<b><u>\$3,002,250</u></b>	<b><u>\$3,496,571</u></b>
<b><u>SMALL BUSINESS ADMINISTRATION</u></b>				
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	\$592,613	\$0	\$592,613
<b><u>TOTAL SMALL BUSINESS ADMINISTRATION</u></b>		<b><u>\$592,613</u></b>	<b><u>\$0</u></b>	<b><u>\$592,613</u></b>
<b><u>DEPARTMENT OF VETERANS AFFAIRS</u></b>				
64.015	VETERANS STATE NURSING HOME CARE	\$2,248,922	\$0	\$2,248,922
64.124	ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE	\$207,038	\$0	\$207,038
<b><u>TOTAL DEPARTMENT OF VETERANS AFFAIRS</u></b>		<b><u>\$2,455,960</u></b>	<b><u>\$0</u></b>	<b><u>\$2,455,960</u></b>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>				
66.001	AIR POLLUTION CONTROL PROGRAM SUPPORT	\$1,508,049	\$0	\$1,508,049
66.032	STATE INDOOR RADON GRANTS	\$27,785	\$25,034	\$52,819
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT	\$14,899	\$0	\$14,899
66.040	STATE CLEAN DIESEL GRANT PROGRAM	\$0	\$393,760	\$393,760
66.040	ARRA - STATE CLEAN DIESEL GRANT PROGRAM	\$528,723	\$1,201,277	\$1,730,000
	TOTAL FOR STATE CLEAN DIESEL GRANT PROGRAM	<u>\$528,723</u>	<u>\$1,595,037</u>	<u>\$2,123,760</u>
66.202	CONGRESSIONALLY MANDATED PROJECTS	\$47,067	\$0	\$47,067
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL PROGRAM SUPPORT	\$1,910,948	\$0	\$1,910,948
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	\$663,833	\$0	\$663,833
66.433	STATE UNDERGROUND WATER SOURCE PROTECTION	\$191,581	\$0	\$191,581
66.438	CONSTRUCTION MANAGEMENT ASSISTANCE	\$28,826	\$0	\$28,826
66.454	WATER QUALITY MANAGEMENT PLANNING	\$201,466	\$0	\$201,466
66.454	ARRA - WATER QUALITY MANAGEMENT PLANNING	\$153,135	\$0	\$153,135
	TOTAL FOR WATER QUALITY MANAGEMENT PLANNING	<u>\$354,601</u>	<u>\$0</u>	<u>\$354,601</u>
66.458	CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	\$0	\$1,193,495	\$1,193,495
66.458	ARRA - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	\$0	\$32,959,331	\$32,959,331
	TOTAL FOR CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	<u>\$0</u>	<u>\$34,152,826</u>	<u>\$34,152,826</u>
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	\$1,950,813	\$0	\$1,950,813
66.461	REGIONAL WETLAND PROGRAM DEVELOPMENT GRANTS	\$180,024	\$0	\$180,024
66.466	CHESAPEAKE BAY PROGRAM	\$360,085	\$0	\$360,085
66.467	WASTEWATER OPERATOR TRAINING GRANT PROGRAM (TECHNICAL ASSISTANCE)	\$1,890	\$0	\$1,890
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUND	\$2,241,383	\$9,410,808	\$11,652,191
66.468	ARRA - CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUND	\$0	\$7,361,264	\$7,361,264
	TOTAL FOR CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUND	<u>\$2,241,383</u>	<u>\$16,772,072</u>	<u>\$19,013,455</u>
66.471	STATE GRANTS TO REIMBURSE OPERATORS OF SMALL WATER SYSTEMS FOR TRAINING AND CERTIFICATION COSTS	\$131,020	\$0	\$131,020
66.474	WATER PROTECTION GRANTS TO THE STATES	\$45,528	\$422	\$45,950
66.605	PERFORMANCE PARTNERSHIP GRANTS	\$321,347	\$0	\$321,347

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66.606	SURVEYS, STUDIES, INVESTIGATIONS AND SPECIAL PURPOSE GRANTS	\$359,366	\$0	\$359,366
66.608	ENVIRONMENTAL INFORMATION EXCHANGE NETWORK GRANT PROGRAM AND RELATED ASSISTANCE	\$28,538	\$0	\$28,538
66.701	TOXIC SUBSTANCES COMPLIANCE MONITORING COOPERATIVE AGREEMENTS	\$131,747	\$0	\$131,747
66.707	TSCA TITLE IV STATE LEAD GRANTS-CERTIFICATION OF LEAD-BASED PAINT PROFESSIONALS	\$168,715	\$0	\$168,715
66.708	POLLUTION PREVENTION GRANTS PROGRAM	\$30,000	\$0	\$30,000
66.801	HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT	\$2,660,650	\$0	\$2,660,650
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE SITE- SPECIFIC COOPERATIVE AGREEMENTS	\$350,388	\$0	\$350,388
66.804	STATE AND TRIBAL UNDERGROUND STORAGE TANKS PROGRAM	\$525,588	\$0	\$525,588
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION PROGRAM	\$766,398	\$0	\$766,398
66.805	ARRA - LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION PROGRAM	<u>\$626,034</u>	<u>\$0</u>	<u>\$626,034</u>
	TOTAL FOR LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION PROGRAM	<u>\$1,392,432</u>	<u>\$0</u>	<u>\$1,392,432</u>
66.809	SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM COOPERATIVE AGREEMENTS	\$354,479	\$0	\$354,479
66.814	BROWNFIELDS TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE GRANTS AND COOPERATIVE AGREEMENTS	\$100,508	\$0	\$100,508
66.950	ENVIRONMENTAL EDUCATION AND TRAINING PROGRAM	\$24,000	\$0	\$24,000
CB-97327301-0	WRI-71-PERFORMANCE EVALUATION OF ADVANCED ONSITE WASTEWATER TREATMENT OPTIONS	\$54,760	\$0	\$54,760
WV-4	MISC. FEDERAL AWARD PROGRAMS	<u>\$2,044,919</u>	<u>\$0</u>	<u>\$2,044,919</u>
<b><u>TOTAL ENVIRONMENTAL PROTECTION AGENCY</u></b>		<b><u>\$18,734,492</u></b>	<b><u>\$52,545,391</u></b>	<b><u>\$71,279,883</u></b>
<b><u>DEPARTMENT OF ENERGY</u></b>				
81.041	STATE ENERGY PROGRAM	\$303,786	\$56,679	\$360,465
81.041	ARRA - STATE ENERGY PROGRAM	<u>\$1,965,773</u>	<u>\$606,404</u>	<u>\$2,572,177</u>
	TOTAL FOR STATE ENERGY PROGRAM	<u>\$2,269,559</u>	<u>\$663,083</u>	<u>\$2,932,642</u>
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	\$271,766	\$1,233,117	\$1,504,883
81.042	ARRA - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	<u>\$923,201</u>	<u>\$11,720,257</u>	<u>\$12,643,458</u>
	TOTAL FOR WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	<u>\$1,194,967</u>	<u>\$12,953,374</u>	<u>\$14,148,341</u>
81.117	ENERGY EFFICIENCY AND RENEWABLE ENERGY INFORMATION DISSEMINATION, OUTREACH, TRAINING AND TECHNICAL ANALYSIS/ASSISTANCE	\$0	\$18,489	\$18,489
81.119	STATE ENERGY PROGRAM SPECIAL PROJECTS	\$0	\$52,532	\$52,532
81.119	ARRA - STATE ENERGY PROGRAM SPECIAL PROJECTS	<u>\$0</u>	<u>\$40,482</u>	<u>\$40,482</u>
	TOTAL FOR STATE ENERGY PROGRAM SPECIAL PROJECTS	<u>\$0</u>	<u>\$93,014</u>	<u>\$93,014</u>
81.122	ARRA - ELECTRICITY DELIVERY AND ENERGY RELIABILITY, RESEARCH, DEVELOPMENT AND ANALYSIS	\$52,845	\$0	\$52,845
81.127	ENERGY EFFICIENT APPLIANCE REBATE PROGRAM (EEARP)	\$45,604	\$0	\$45,604
81.128	ARRA - ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM (EECBG)	\$27,610	\$1,302	\$28,912
DE-EE0001066	RECOVERY ACT: GEOTHERMAL TECHNOLOGIES PROGRAM DE-F	\$14,461	\$0	\$14,461
DOE-IPA	DOE - INTERGOVERNMENTAL PERSONNEL ACT	\$121,330	\$0	\$121,330
WV-5	PETROLEUM VIOLATION ESCROW FUNDS	<u>\$280,788</u>	<u>\$112,886</u>	<u>\$393,674</u>
<b><u>TOTAL DEPARTMENT OF ENERGY</u></b>		<b><u>\$4,007,164</u></b>	<b><u>\$13,842,148</u></b>	<b><u>\$17,849,312</u></b>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>				
83.516	DISASTER ASSISTANCE	\$62,460	\$0	\$62,460
83.535	MITIGATION ASSISTANCE	<u>\$84,078</u>	<u>\$0</u>	<u>\$84,078</u>
<b><u>TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>		<b><u>\$146,538</u></b>	<b><u>\$0</u></b>	<b><u>\$146,538</u></b>

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2010**

FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
<b>DEPARTMENT OF EDUCATION</b>				
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	\$447,181	\$3,283,622	\$3,730,803
84.011	MIGRANT EDUCATION-STATE GRANT PROGRAM	\$0	\$61,815	\$61,815
84.013	TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	\$784,262	\$0	\$784,262
84.031	HIGHER EDUCATION-INSTITUTIONAL AID	\$2,942,091	\$0	\$2,942,091
84.048	CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	\$3,210,789	\$4,853,800	\$8,064,589
84.069	LEVERAGING EDUCATIONAL ASSISTANCE PARTNERSHIP	\$226,900	\$291,900	\$518,800
84.116	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	\$109,828	\$0	\$109,828
84.128	REHABILITATION SERVICES-SERVICE PROJECTS	\$0	\$102,460	\$102,460
84.144	MIGRANT EDUCATION-COORDINATION PROGRAM	\$16,147	\$0	\$16,147
84.176	DOUGLAS TEACHER SCHOLARSHIPS	(\$2,100)	\$0	(\$2,100)
84.185	BYRD HONORS SCHOLARSHIPS	\$12,750	\$213,750	\$226,500
84.186	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-STATE GRANTS	\$127,450	\$2,096,013	\$2,223,463
84.187	SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH SIGNIFICANT DISABILITIES	\$452,469	\$0	\$452,469
84.203	STAR SCHOOLS	(\$228)	\$0	(\$228)
84.213	EVEN START-STATE EDUCATIONAL AGENCIES	\$19,420	\$435,370	\$454,790
84.215	FUND FOR THE IMPROVEMENT OF EDUCATION	\$88,098	\$24,339	\$112,437
84.224	ASSISTIVE TECHNOLOGY	\$0	\$200,208	\$200,208
84.243	TECH-PREP EDUCATION	\$62,533	\$823,554	\$886,087
84.265	REHABILITATION TRAINING-STATE VOCATIONAL REHABILITATION UNIT IN- SERVICE TRAINING	\$120,945	\$0	\$120,945
84.286	READY TO TEACH	\$261,387	\$0	\$261,387
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	\$343,346	\$6,448,987	\$6,792,333
84.293	FOREIGN LANGUAGE ASSISTANCE	\$81,245	\$3,210	\$84,455
84.298	STATE GRANTS FOR INNOVATIVE PROGRAMS	\$0	\$278,642	\$278,642
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	\$474,284	\$228,879	\$703,163
84.325	SPECIAL EDUCATION - PERSONNEL DEVELOPMENT TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	\$19,744	\$0	\$19,744
84.326	SPECIAL EDUCATION-TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	\$102,511	\$17,751	\$120,262
84.330	ADVANCED PLACEMENT PROGRAM	\$48,048	\$49,000	\$97,048
84.331	GRANTS TO STATES FOR INCARCERATED YOUTH OFFENDERS	\$70,392	\$0	\$70,392
84.334	GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	\$6,495,440	\$1,873,025	\$8,368,465
84.350	TRANSITION TO TEACHING	\$529,280	\$9,294	\$538,574
84.357	READING FIRST STATE GRANTS	\$639,830	\$2,848,415	\$3,488,245
84.358	RURAL EDUCATION	\$75,271	\$3,801,284	\$3,876,555
84.365	ENGLISH LANGUAGE ACQUISITION GRANTS	\$186,881	\$435,661	\$622,542
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	\$121,335	\$981,597	\$1,102,932
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	\$690,830	\$21,881,562	\$22,572,392
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	\$4,400,411	\$1,890	\$4,402,301
84.373	SPECIAL EDUCATION_TECHNICAL ASSISTANCE ON STATE DATA COLLECTION	\$387,288	\$78,354	\$465,642
84.378	COLLEGE ACCESS CHALLENGE GRANT PROGRAM	\$484,688	\$0	\$484,688
84.928	NATIONAL WRITING PROJECT	\$1	\$0	\$1
NOTE 5N	TITLE I, PART A CLUSTER	\$1,167,491	\$118,661,062	\$119,828,553
NOTE 5O	SPECIAL EDUCATION CLUSTER (IDEA)	\$5,617,361	\$104,033,401	\$109,650,762
NOTE 5P	TRIO CLUSTER	\$4,821,945	\$0	\$4,821,945
NOTE 5Q	VOCATIONAL REHABILITATION CLUSTER	\$31,637,575	\$146,250	\$31,783,825
NOTE 5R	INDEPENDENT LIVING STATE GRANTS CLUSTER	\$216,249	\$263,478	\$479,727
NOTE 5S	INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND CLUSTER	\$466,430	\$0	\$466,430
NOTE 5T	EARLY INTERVENTION SERVICES (IDEA) CLUSTER	\$1,858,823	\$1,575,020	\$3,433,843
NOTE 5U	EDUCATION OF HOMELESS CHILDREN AND YOUTH CLUSTER	\$111,646	\$367,193	\$478,839
NOTE 5V	EDUCATIONAL TECHNOLOGY STATE GRANTS CLUSTER	\$201,456	\$2,255,833	\$2,457,289

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
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FEDERAL CFDA GRANT/CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
NOTE 5W	SCHOOL IMPROVEMENT GRANTS CLUSTER	\$63,427	\$1,713,544	\$1,776,971
NOTE 5X	STATE FISCAL STABILIZATION FUND CLUSTER	\$21,949,237	\$82,102,221	\$104,051,458
84.116P	ERMA BYRD SCHOLARSHIP PROGRAM	\$10,000	\$0	\$10,000
CO-13764E	APPALACHIAN HIGHER EDUCATION NETWORK	\$29,120	\$0	\$29,120
ED-03-CO-0058	PERFORMANCE BASED DATA MANAGEMENT INITIATIVE	\$159,075	\$0	\$159,075
VA06	VETERAN'S CERTIFICATION	\$2,200	\$0	\$2,200
<b><u>TOTAL DEPARTMENT OF EDUCATION</u></b>		<b><u>\$92,342,782</u></b>	<b><u>\$362,442,384</u></b>	<b><u>\$454,785,166</u></b>
<b><u>ELECTION ASSISTANCE COMMISSION</u></b>				
90.401	HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	\$216,219	\$0	\$216,219
<b><u>TOTAL ELECTION ASSISTANCE COMMISSION</u></b>		<b><u>\$216,219</u></b>	<b><u>\$0</u></b>	<b><u>\$216,219</u></b>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
93.041	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 3-PROGRAMS FOR PREVENTION OF ELDER ABUSE, NEGLECT, AND EXPLOITATION	\$946	\$48,508	\$49,454
93.042	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 2-LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS	\$104,460	\$13,044	\$117,504
93.043	SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART D-DISEASE PREVENTION AND HEALTH PROMOTION SERVICES	\$0	\$155,998	\$155,998
93.048	SPECIAL PROGRAMS FOR THE AGING-TITLE IV AND TITLE II - DISCRETIONARY PROJECTS	\$2,900	\$58,104	\$61,004
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	\$15,002	\$1,011,257	\$1,026,259
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	\$2,146,738	\$8,432,365	\$10,579,103
93.103	FOOD AND DRUG ADMINISTRATION-RESEARCH	\$5,703	\$0	\$5,703
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	\$190,077	\$0	\$190,077
93.116	PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	\$342,600	\$5,000	\$347,600
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	\$70,217	\$0	\$70,217
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES	\$140,874	\$120,000	\$260,874
93.136	INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	\$34,733	\$293,648	\$328,381
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	\$0	\$289,819	\$289,819
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	\$0	\$29,391	\$29,391
93.197	CHILDHOOD LEAD POISONING PREVENTION PROJECTS-STATE AND LOCAL CHILDHOOD LEAD POISONING PREVENTION AND SURVEILLANCE OF BLOOD LEAD LEVELS IN CHILDREN	\$57,919	\$0	\$57,919
93.217	FAMILY PLANNING-SERVICES	\$2,193,779	\$0	\$2,193,779
93.234	TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM	\$101,354	\$0	\$101,354
93.235	ABSTINENCE EDUCATION PROGRAM	\$6,360	\$76,082	\$82,442
93.240	STATE CAPACITY BUILDING	\$92,342	\$0	\$92,342
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	\$203,058	\$215,125	\$418,183
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	\$394,408	\$3,921,921	\$4,316,329
93.251	UNIVERSAL NEWBORN HEARING SCREENING	\$93,820	\$25,000	\$118,820
93.264	NURSE FACULTY LOAN PROGRAM (NFLP)	\$60,000	\$0	\$60,000
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION-INVESTIGATIONS AND TECHNICAL ASSISTANCE	\$7,316,938	\$2,290,950	\$9,607,888
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	\$4,517	\$109,211	\$113,728
93.389	NATIONAL CENTER FOR RESEARCH RESOURCES (NOTE 3)	\$5,109	\$0	\$5,109
93.407	ARRA - SCHOLARSHIPS FOR DISADVANTAGED STUDENTS	\$162,561	\$0	\$162,561
93.414	ARRA - STATE PRIMARY CARE OFFICES	\$664	\$0	\$664
93.556	PROMOTING SAFE AND STABLE FAMILIES	\$2,096,622	\$457,124	\$2,553,746
93.560	FAMILY SUPPORT PAYMENTS TO STATES-ASSISTANCE PAYMENTS	(\$27,058)	\$0	(\$27,058)
93.563	CHILD SUPPORT ENFORCEMENT	\$20,339,283	\$0	\$20,339,283
93.563	ARRA - CHILD SUPPORT ENFORCEMENT	\$16,204,865	\$0	\$16,204,865
	<b>TOTAL FOR CHILD SUPPORT ENFORCEMENT</b>	<b><u>\$36,544,148</u></b>	<b><u>\$0</u></b>	<b><u>\$36,544,148</u></b>

**STATE OF WEST VIRGINIA  
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93.566	REFUGEE AND ENTRANT ASSISTANCE-STATE ADMINISTERED PROGRAMS	\$30,477	\$74,044	\$104,521
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	\$43,856,045	\$4,306,191	\$48,162,236
93.586	STATE COURT IMPROVEMENT PROGRAM	\$415,889	\$0	\$415,889
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	\$5,429	\$225,117	\$230,546
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	\$100,180	\$0	\$100,180
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS PROGRAM (ETV)	\$375,688	(\$21,528)	\$354,160
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS	\$240,471	\$650,864	\$891,335
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	\$77,931	\$0	\$77,931
93.645	CHILD WELFARE SERVICES-STATE GRANTS	\$1,754,409	\$0	\$1,754,409
93.658	FOSTER CARE-TITLE IV-E	\$31,708,391	\$597,693	\$32,306,084
93.658	ARRA - FOSTER CARE-TITLE IV-E	<u>\$2,102,682</u>	<u>\$0</u>	<u>\$2,102,682</u>
	TOTAL FOR FOSTER CARE-TITLE IV-E	<u>\$33,811,073</u>	<u>\$597,693</u>	<u>\$34,408,766</u>
93.659	ADOPTION ASSISTANCE	\$16,430,943	\$0	\$16,430,943
93.659	ARRA - ADOPTION ASSISTANCE	<u>\$1,301,627</u>	<u>\$0</u>	<u>\$1,301,627</u>
	TOTAL FOR ADOPTION ASSISTANCE	<u>\$17,732,570</u>	<u>\$0</u>	<u>\$17,732,570</u>
93.667	SOCIAL SERVICES BLOCK GRANT	\$11,234,902	\$0	\$11,234,902
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	\$194,352	\$69,970	\$264,322
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES/GRANTS FOR BATTERED WOMEN'S SHELTERS-GRANTS TO STATES AND INDIAN TRIBES	\$0	\$909,399	\$909,399
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	\$298,449	\$543,809	\$842,258
93.719	ARRA - STATE GRANTS TO PROMOTE HEALTH INFORMATION TECHNOLOGY	\$2,558	\$0	\$2,558
93.723	ARRA - PREVENTION AND WELLNESS-STATE, TERRITORIES AND PACIFIC ISLANDS	\$26,481	\$0	\$26,481
93.767	STATE CHILDREN'S INSURANCE PROGRAM	\$37,619,643	\$0	\$37,619,643
93.768	MEDICAID INFRASTRUCTURE GRANTS TO SUPPORT THE COMPETITIVE EMPLOYMENT OF PEOPLE WITH DISABILITIES	\$68,100	\$708,032	\$776,132
93.779	CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) RESEARCH, DEMONSTRATIONS AND EVALUATIONS	\$123,455	\$746,537	\$869,992
93.793	MEDICAID TRANSFORMATION GRANTS	\$2,322,607	\$2,059,512	\$4,382,119
93.824	AREA HEALTH EDUCATION CENTERS INFRASTRUCTURE DEVELOPMENT AWARDS (NOTE 3)	\$35,807	\$0	\$35,807
93.887	HEALTH CARE AND OTHER FACILITIES	\$88,157	\$0	\$88,157
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	\$637,821	\$2,593,608	\$3,231,429
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES OF RURAL HEALTH	\$89,210	\$76,100	\$165,310
93.917	HIV CARE FORMULA GRANTS	\$3,332,756	\$337,411	\$3,670,167
93.926	HEALTHY START INITIATIVE (NOTE 3)	\$226,768	\$0	\$226,768
93.938	COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	\$2,000	\$0	\$2,000
93.940	HIV PREVENTION ACTIVITIES-HEALTH DEPARTMENT BASED	\$1,032,875	\$513,228	\$1,546,103
93.944	HUMAN IMMUNODEFICIENCY VIRUS (HIV)/ACQUIRED IMMUNODEFICIENCY VIRUS SYNDROME (AIDS) SURVEILLANCE	\$123,793	\$0	\$123,793
93.946	COOPERATIVE AGREEMENTS TO SUPPORT STATE-BASED SAFE MOTHERHOOD AND INFANT HEALTH INITIATIVE PROGRAMS	\$140,696	\$0	\$140,696
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	\$428,791	\$1,911,431	\$2,340,222
93.959	BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	\$452,125	\$6,881,036	\$7,333,161
93.965	COAL MINERS RESPIRATORY IMPAIRMENT TREATMENT CLINICS AND SERVICES	\$122,092	\$1,194,768	\$1,316,860
93.969	GERIATRIC EDUCATION CENTERS (NOTE 3)	\$13,553	\$0	\$13,553
93.977	PREVENTIVE HEALTH SERVICES-SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	\$604,548	\$0	\$604,548
93.982	MENTAL HEALTH DISASTER ASSISTANCE AND EMERGENCY MENTAL HEALTH	\$8,934	\$305,771	\$314,705
93.988	COOPERATIVE AGREEMENTS FOR STATE-BASED DIABETES CONTROL PROGRAMS AND EVALUATION OF SURVEILLANCE SYSTEMS	\$414,485	\$504,531	\$919,016
93.991	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	\$491,122	\$688,470	\$1,179,592

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93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	\$4,027,145	\$1,571,663	\$5,598,808
NOTE 5Y	AGING CLUSTER	\$285,029	\$8,967,247	\$9,252,276
NOTE 5Z	IMMUNIZATION CLUSTER	\$681,985	\$469,433	\$1,151,418
NOTE 5AA	TANF CLUSTER	\$104,705,261	\$10,107,974	\$114,813,235
NOTE 5AB	CSBG CLUSTER	\$405,595	\$14,621,771	\$15,027,366
NOTE 5AC	CCDF CLUSTER	\$30,033,812	\$9,826,756	\$39,860,568
NOTE 5AD	HEAD START CLUSTER	\$1,212	\$137,233	\$138,445
NOTE 5AE	MEDICAID CLUSTER	\$2,165,109,902	\$3,683,696	\$2,168,793,598
050805WV5002	WAIVED LABS	\$3,582	\$0	\$3,582
0805WV5002	CLINICAL LABORATORY IMPROVEMENT AMENDMENTS	\$137,884	\$0	\$137,884
20020507251	VITAL STATISTICS COOP PROGRAM	\$128,582	\$0	\$128,582
200540049P	FOOD INSPECTIONS	\$39,352	\$0	\$39,352
214-2008-M-24891	ENERGY RELEASE RATE	\$1,059	\$0	\$1,059
223024448	MAMMOGRAPHY QUALITY ACT	\$55,305	\$0	\$55,305
280-06-1600	OLMSTEAD COMMUNITY INTEGR	\$0	\$44,084	\$44,084
93.293	NATIONAL CENTER FOR CHRONIC DISEASE PREV AND HEALTH PROMO- IMPROVING HEALTH AND EDUCATIONAL OUTCOMES OF YOUNG PEOPLE	\$628,544	\$57,809	\$686,353
93070	ADDRESSING ASTHMA	\$172,575	\$62,568	\$235,143
AGR # 05IPA06901	LI INTERGOVERNMENTAL PERSONNEL ACT	\$2,970	\$0	\$2,970
AGR # 08IPA06928	IPA DESTA	\$8,505	\$0	\$8,505
HHSF223200640090P/0 01	FEDERAL FOOD, DRUG AND COSMETIC ACT	\$2,037	\$0	\$2,037
HHS-N-285-2005- 23641C	CHRONIC MIGRAINE TREATMENT TRIAL (CMTT) STUDY	\$252	\$0	\$252
HHSP23320074107EC	NATIONAL HEALTH INFORMATION NETWORK II (NHIN2)	\$41,258	\$0	\$41,258
<b><u>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>		<b><u>\$2,517,368,879</u></b>	<b><u>\$92,978,775</u></b>	<b><u>\$2,610,347,654</u></b>
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>				
94.003	STATE COMMISSIONS	\$193,944	\$7,000	\$200,944
94.004	LEARN AND SERVE AMERICA-SCHOOL AND COMMUNITY BASED PROGRAMS	\$290,204	\$246,186	\$536,390
94.006	AMERICORPS	\$35,306	\$2,358,462	\$2,393,768
94.006	ARRA - AMERICORP	\$0	\$277,981	\$277,981
	TOTAL FOR AMERICORPS	<u>\$35,306</u>	<u>\$2,636,443</u>	<u>\$2,671,749</u>
94.007	PLANNING AND PROGRAM DEVELOPMENT GRANTS	\$36,504	\$19,900	\$56,404
94.009	TRAINING AND TECHNICAL ASSISTANCE	\$104,703	\$1,280	\$105,983
94.013	VOLUNTEERS IN SERVICE TO AMERICA	\$36,697	\$0	\$36,697
<b><u>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>		<b><u>\$697,358</u></b>	<b><u>\$2,910,809</u></b>	<b><u>\$3,608,167</u></b>
<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>				
96.008	SOCIAL SECURITY: WORK INCENTIVES PLANNING AND ASSISTANCE PROGRAM	\$0	\$252,014	\$252,014
NOTE 5AF	DISABILITY INSURANCE/SSI CLUSTER	\$20,901,636	\$0	\$20,901,636
55000660056	DEATH RECORDS	\$3,966	\$0	\$3,966
SS000860067	ENUMERATION AT BIRTH	\$45,833	\$0	\$45,833
<b><u>TOTAL SOCIAL SECURITY ADMINISTRATION</u></b>		<b><u>\$20,951,435</u></b>	<b><u>\$252,014</u></b>	<b><u>\$21,203,449</u></b>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>				
97.001	PILOT DEMONSTRATION OR EARMARKED PROJECTS	\$0	\$65,380	\$65,380
97.007	HOMELAND SECURITY PREPAREDNESS TECHNICAL ASSISTANCE PROGRAM	\$119,091	\$0	\$119,091
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	\$412,653	\$0	\$412,653
97.017	PRE-DISASTER MITIGATION (PDM) COMPETITIVE GRANTS	\$30,166	\$0	\$30,166
97.023	COMMUNITY ASSISTANCE PROGRAM-STATE SUPPORT SERVICES ELEMENT (CAP-SSSE)	\$24,609	\$0	\$24,609

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97.029	FLOOD MITIGATION ASSISTANCE	\$223,483	\$165,069	\$388,552
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	\$11,912,326	\$7,736,396	\$19,648,722
97.041	NATIONAL DAM SAFETY PROGRAM	\$51,641	\$0	\$51,641
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	\$438,120	\$2,051,015	\$2,489,135
97.050	PRESIDENTIAL DECLARED DISASTER ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS_ OTHER NEEDS	\$487,260	\$0	\$487,260
97.070	MAP MODERNIZATION MANAGEMENT SUPPORT	\$29,975	\$0	\$29,975
97.078	BUFFER ZONE PROTECTION PROGRAM (BZPP)	\$288,351	\$256,157	\$544,508
97.111	REGIONAL CASTASTROPHIC PREPAREDNESS GRANT PROGRAM	\$0	\$133,441	\$133,441
NOTE 5AG	HOMELAND SECURITY CLUSTER	\$870,145	\$6,567,429	\$7,437,574
<b><u>TOTAL DEPARTMENT OF HOMELAND SECURITY</u></b>		<b><u>\$14,887,820</u></b>	<b><u>\$16,974,887</u></b>	<b><u>\$31,862,707</u></b>
<b><u>U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT</u></b>				
AEG-A-00-05-00007-00	DEVELOPMENT OF A PBL-BASED ANATOMY CURRICULUM AT THE CATHOLIC UNIVERSITY OF MOZAMBIQUE	\$32,792	\$0	\$32,792
<b><u>TOTAL U. S. AGENCY FOR INTERNATIONAL DEVELOPMENT</u></b>		<b><u>\$32,792</u></b>	<b><u>\$0</u></b>	<b><u>\$32,792</u></b>
<b><u>MULTIPLE FEDERAL AGENCY CLUSTER</u></b>				
NOTE 5J	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$513,146,041	\$8,512,699	\$521,658,740
NOTE 5AH	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$596,835,661	\$0	\$596,835,661
NOTE 5AI	RESEARCH AND DEVELOPMENT CLUSTER	\$3,544,881	\$0	\$3,544,881
<b><u>TOTAL MULTIPLE FEDERAL AGENCY CLUSTER</u></b>		<b><u>\$1,113,526,583</u></b>	<b><u>\$8,512,699</u></b>	<b><u>\$1,122,039,282</u></b>
<b><u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u></b>		<b><u>\$5,285,736,700</u></b>	<b><u>\$759,068,331</u></b>	<b><u>\$6,044,805,031</u></b>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards (the Schedule) has been prepared on the cash basis of accounting except for the federal awards expended from the U.S. Department of Transportation, which are presented on the accrual basis. The federal awards are listed in the schedule under the federal agency supplying the award. The individual Catalog of Federal Domestic Assistance (CFDA) numbers are listed first, then clusters, then federal contract numbers, and then state assigned numbers. Federal contract numbers are used if the CFDA number is not available. Numbers were assigned to awards that had no identifying numbers as listed in Note 7.

The Schedule includes noncash items such as Food Stamps (CFDA number 10.551), State Administrative Expense for Child Nutrition (CFDA number 10.560), and Donation of Federal Surplus Personal Property (CFDA number 39.003). All items are valued based on amounts as established by the federal grantor agency. The Schedule also includes Federal Family Education Loans (CFDA number 84.032) and Federal Direct Student Loans (Direct Loan) (CFDA number 84.268) that are made directly to individual students.

**NOTE 2. REPORTING ENTITY**

The Schedule includes various departments, agencies, boards and commissions governed by the legislature, judiciary and/or constitutional officers of the State of West Virginia (the State). The reporting entity also includes the State's institutions of public higher education. Certain institutions of higher education within the State maintain separate research corporations. These corporations receive various federal awards for research and development and other programs. Each of the research corporations has a

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 2. REPORTING ENTITY (Continued)**

separate audit performed in accordance with OMB Circular A-133, and accordingly, a separate A-133 submission has been made (see Note 6).

The Schedule does not include federal funds received and expended by independent authorities and other organizations included in the reporting entity under the criteria of the Governmental Accounting Standards Board, as described in Note 1 to the State's basic financial statements published in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2010. The West Virginia Housing Development Fund is a discretely presented component unit which elects to have their own single audit; therefore, their expenditures of federal awards are excluded from the State's schedule of expenditures of federal awards. The component unit is required to submit their own single audit report to the federal audit clearinghouse.

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA number 10.551) are supported by both regularly appropriated funds and incremental funding made available under Section 101 of the American Recovery and Reinvestment Act of 2009. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes.

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 2. REPORTING ENTITY (Continued)**

As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 16.38% of USDA's total expenditures for SNAP benefits in the federal fiscal year ended September 30, 2010.

**NOTE 3. INDIRECT/PASS-THROUGH FEDERAL FUNDS**

The United States Office of Drug Control Policy provides funds to the Laurel County Fiscal Court of London, Kentucky. A portion of these funds are passed through from the Fiscal Court to the State.

The West Virginia Research Corporation passed funds to the West Virginia Department of Health and Human Services for CFDA Number 93.926, and the West Virginia School of Osteopathic Medicine for CFDA Numbers 93.824, and 93.969. Marshall University Research Corporation passed funds to Fairmont State University for CFDA Number 93.389.

**NOTE 4. UNEMPLOYMENT INSURANCE PROGRAM (UI)  
(CFDA NUMBER 17.225)**

The U.S. Department of Labor, in consultation with the Office of Management and Budget officials, has determined that for the purpose of audits and reporting under OMB Circular A-133,

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 4. UNEMPLOYMENT INSURANCE PROGRAM (UI)  
(CFDA NUMBER 17.225) (Continued)**

state UI funds as well as federal funds should be considered federal awards for determining Type A programs. The State receives federal funds for administrative purposes. State unemployment taxes must be deposited to a state account in the Federal Unemployment Trust Fund, used only to pay benefits under the federally approved state law. State UI funds as well as federal funds are included on the Schedule. The following schedule provides a breakdown of the state and federal portions of the total expended under CFDA number 17.225:

	<b>Beginning Balance July 1, 2009, as Restated</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Ending Balance June 30, 2010</b>
State UI Funds	\$ (670,414)	\$494,833,785	\$494,227,070	\$ (63,699)
Federal UI Funds	<u>1,169,594</u>	<u>296,598,024</u>	<u>296,101,216</u>	<u>1,666,402</u>
Total	<u>\$ 499,180</u>	<u>\$791,431,809</u>	<u>\$790,328,286</u>	<u>\$1,602,703</u>

**NOTE 5. PROGRAM CLUSTERS**

The following tables detail program clusters referred to in the Schedule. As noted below, the Highway Planning and Construction, Student Financial Assistance, and Research and Development clusters have CFDA's involving awards from multiple federal agencies. The respective federal agency amount by CFDA for these clusters is disclosed in this note. For presentation purposes in the Schedule, these multiple federal agency clusters are presented at the end of the Schedule.

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(A) SNAP Cluster</b>			
USDA	10.551	Supplemental Nutrition Assistance Program (SNAP)	\$478,621,951
	10.561	State Administrative Matching Grants for Supplemental Nutrition Assistance Program	16,424,733
	10.561	ARRA - State Administrative Matching Grants for Supplemental Nutrition Assistance Program	<u>1,463,851</u>
		Total State Administrative Matching Grants for Supplemental Nutrition Assistance Program	<u>17,888,584</u>
		<b>Total SNAP Cluster</b>	<b><u>\$496,510,535</u></b>
<b>(B) Child Nutrition Cluster</b>			
USDA	10.553	School Breakfast Program (SBP)	\$18,708,550
	10.555	National School Lunch Program (NSLP)	52,923,083
	10.556	Special Milk Program for Children (SMP)	32,639
	10.559	Summer Food Service Program for Children (SFSPC)	<u>1,801,303</u>
		<b>Total Child Nutrition Cluster</b>	<b><u>\$73,465,575</u></b>
<b>(C) Emergency Food Assistance Cluster</b>			
USDA	10.568	Emergency Food Assistance Program (Administrative Costs)	\$ 425,592
		ARRA - Emergency Food Assistance Program (Administrative Costs)	<u>256,596</u>
		Total Emergency Food Assistance Program (Administrative Costs)	682,188

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(C) Emergency Food Assistance Cluster (Continued)</b>			
	10.569	Emergency Food Assistance Program (Food Commodities)	3,946,191
		ARRA - Emergency Food Assistance Program (Food Commodities)	<u>856,154</u>
		Total Emergency Food Assistance Program (Food Commodities)	4,802,345
		<b>Total Emergency Food Assistance Cluster</b>	<u><u>\$5,484,533</u></u>
<b>(D) Schools and Roads Cluster</b>			
USDA	10.665	Schools and Roads - Grants to States	<u>\$2,524,201</u>
		<b>Total Schools and Roads Cluster</b>	<u><u>\$2,524,201</u></u>
<b>(E) Public Works and Economic Development Cluster</b>			
DOC	11.307	Economic Adjustment Assistance	<u>\$163,652</u>
		<b>Total Public Works and Economic Development Cluster</b>	<u><u>\$163,652</u></u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(F) CDBG – State-Administered Small Cities Program Cluster</b>			
HUD	14.228	Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii (State Administered Small Cities Program)	\$29,291,649
	14.255	Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded) (State Administered Small Cities Program)	<u>2,374,442</u>
		<b>Total CDBG – State-Administered Small Cities Program Cluster</b>	<u><u>\$31,666,091</u></u>
<b>(G) Fish and Wildlife Cluster</b>			
DOI	15.605	Sport Fish Restoration Program	\$2,779,606
	15.611	Wildlife Restoration	<u>2,841,302</u>
		<b>Total Fish and Wildlife Cluster</b>	<u><u>\$5,620,908</u></u>
<b>(H) Employment Service Cluster</b>			
DOL	17.207	Employment Service	\$5,042,488
		ARRA - Employment Service	<u>2,370,984</u>
		Total Employment Service Cluster	7,413,472

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(H) Employment Service Cluster (Continued)</b>			
	17.801	Disabled Veterans' Outreach Program (DVOP)	306,536
	17.804	Local Veterans' Employment Representative Program (LVER)	<u>628,504</u>
		<b>Total Employment Services Cluster</b>	<u><u>\$8,348,512</u></u>
<b>(I) WIA Cluster</b>			
DOL	17.258	WIA Adult Program	\$ 4,631,574
	17.258	ARRA - WIA Adult Program	<u>1,820,340</u>
		Total WIA Adult Program	6,451,914
	17.259	WIA Youth Activities	3,986,881
	17.259	ARRA - WIA Youth Activities	<u>3,382,440</u>
		Total WIA Youth Activities	7,369,321
	17.260	WIA Dislocated Workers	4,034,866
	17.260	ARRA - WIA Dislocated Workers	<u>2,294,259</u>
		Total WIA Dislocated Workers	6,329,125
		<b>Total WIA Cluster</b>	<u><u>\$20,150,360</u></u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(J) Highway Planning and Construction Cluster</b>			
DOT	20.205	Highway Planning and Construction	\$339,289,587
	20.205	ARRA - Highway Planning and Construction	<u>105,958,520</u>
		Total Highway Planning and Construction	445,248,107
	20.219	Recreational Trails Program	1,059,725
ARC	23.003	Appalachian Development Highway System	<u>75,350,908</u>
		<b>Total Highway Planning and Construction Cluster</b>	<u>\$521,658,740</u>
<b>(K) Federal Transit Cluster</b>			
DOT	20.500	Federal Transit Capital Investment Grants	\$12,824,157
		ARRA - Federal Transit Capital Investment Grants	<u>309,339</u>
		<b>Total Federal Transit Cluster</b>	<u>\$13,133,496</u>
<b>(L) Transit Services Programs Cluster</b>			
DOT	20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	\$ 888,972
	20.516	Job Access - Reverse Commute Program	382,017
	20.521	New Freedom Program	<u>139,264</u>
		<b>Total Transit Services Program Cluster</b>	<u>\$1,410,253</u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(M) Highway Safety Cluster</b>			
DOT	20.600	State and Community Highway Safety	\$1,503,308
	20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	355,466
	20.609	Safety Belt Performance Grants	733,252
	20.610	State Traffic Safety Information System Improvements Grants	141,152
	20.611	Incentive Grant Program to Prohibit Racial Profiling	68,765
	20.612	Incentive Grant Program to Increase Motorcyclist Safety	177,193
	20.613	Child Safety and Child Booster Seat Incentive Grants	<u>148,476</u>
		<b>Total Highway Safety Cluster</b>	<u><u>\$3,127,612</u></u>
<b>(N) Title 1, Part A Cluster</b>			
ED	84.010	Title 1 Grants to Local Educational Agencies (Title 1, Part A of the ESEA)	\$ 89,210,844
	84.389	ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	<u>30,617,709</u>
		<b>Total Title 1, Part A Cluster</b>	<u><u>\$119,828,553</u></u>
<b>(O) Special Education Cluster (IDEA)</b>			
ED	84.027	Special Education - Grants to States (IDEA, Part B)	\$ 68,085,744
	84.173	Special Education - Preschool Grants (IDEA Preschool)	3,213,621

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(O) Special Education Cluster (IDEA) (Continued)</b>			
	84.391	ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act	36,968,295
	84.392	ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act	<u>1,383,102</u>
		<b>Total Special Education Cluster (IDEA)</b>	<u><u>\$109,650,762</u></u>
<b>(P) TRIO Cluster</b>			
ED	84.042	TRIO - Student Support Services	\$1,930,498
	84.044	TRIO - Talent Search	259,159
	84.047	TRIO - Upward Bound	1,806,228
	84.066	TRIO - Educational Opportunity Centers	343,085
	84.217	TRIO - McNair Post-Baccalaureate Achievement	<u>482,975</u>
		<b>Total TRIO Cluster</b>	<u><u>\$4,821,945</u></u>
<b>(Q) Vocational Rehabilitation Cluster</b>			
ED	84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	\$30,127,895
	84.390	ARRA - Rehabilitation Services - Vocational Rehabilitation Grants to States, Recovery Act	<u>1,655,930</u>
		<b>Total Vocational Rehabilitation Cluster</b>	<u><u>\$31,783,825</u></u>
<b>(R) Independent Living State Grants Cluster</b>			
ED	84.169	Independent Living - State Grants	\$297,542
	84.398	ARRA - Independent Living - State Grants, Recovery Act	<u>182,185</u>
		<b>Total Independent Living State Grants Cluster</b>	<u><u>\$479,727</u></u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(S) Independent Living Services for Older Individuals Who Are Blind Cluster</b>			
ED	84.177	Independent Living Services for Older Individuals Who Are Blind	\$270,628
	84.399	ARRA - Independent Living Services for Older Individuals Who Are Blind, Recovery Act	<u>195,802</u>
		<b>Total Independent Living Services for Older Individuals Who Are Blind Cluster</b>	<u><u>\$466,430</u></u>
<b>(T) Early Intervention Services (IDEA) Cluster</b>			
ED	84.181	Special Education - Grants for Infants and Families	\$2,502,166
	84.393	ARRA - Special Education - Grants for Infants and Families, Recovery Act	<u>931,677</u>
		<b>Total Early Intervention Services (IDEA) Cluster</b>	<u><u>\$3,433,843</u></u>
<b>(U) Education of Homeless Children and Youth Cluster</b>			
ED	84.196	Education for Homeless Children and Youth	\$357,793
	84.387	ARRA - Education for Homeless Children and Youth, Recovery Act	<u>121,046</u>
		<b>Total Education of Homeless Children and Youth Cluster</b>	<u><u>\$478,839</u></u>
<b>(V) Educational Technology State Grants Cluster</b>			
ED	84.318	Education Technology State Grants	\$1,597,895
	84.386	ARRA - Education Technology State Grants, Recovery Act	<u>859,394</u>
		<b>Total Educational Technology State Grants Cluster</b>	<u><u>\$2,457,289</u></u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(W) School Improvement Grants Cluster</b>			
ED	84.377	School Improvement Grants	\$1,776,971
		<b>Total School Improvement Grants Cluster</b>	<u>\$1,776,971</u>
<b>(X) State Fiscal Stabilization Fund Cluster</b>			
ED	84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	\$101,477,629
	84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	<u>2,573,829</u>
		<b>Total State Fiscal Stabilization Fund Cluster</b>	<u>\$104,051,458</u>
<b>(Y) Aging Cluster</b>			
HHS	93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$2,522,008
	93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	4,455,064
	93.053	Nutrition Services Incentive Program	1,935,112
	93.705	ARRA - Aging Home-Delivered Nutrition Services for States	59,747
	93.707	ARRA - Aging Congregate Nutrition Services for States	<u>280,345</u>
		<b>Total Aging Cluster</b>	<u>\$9,252,276</u>
<b>(Z) Immunization Cluster</b>			
HHS	93.268	Immunization	\$1,068,980
	93.712	ARRA - Immunization	<u>82,438</u>
		<b>Total Immunization Cluster</b>	<u>\$1,151,418</u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(AA) TANF Cluster</b>			
HHS	93.558	Temporary Assistance for Needy Families	\$109,217,479
	93.714	ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families	<u>5,595,756</u>
		<b>Total TANF Cluster</b>	<u><u>\$114,813,235</u></u>
<b>(AB) CSBG Cluster</b>			
HHS	93.569	Community Services Block Grants	\$ 7,960,478
	93.710	ARRA - Community Services Block Grants	<u>7,066,888</u>
		<b>Total CSBG Cluster</b>	<u><u>\$15,027,366</u></u>
<b>(AC) CCDF Cluster</b>			
HHS	93.575	Child Care and Development Block Grant	\$15,359,904
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	17,178,083
	93.713	ARRA - Child Care and Development Block Grant	<u>7,322,581</u>
		<b>Total CCDF Cluster</b>	<u><u>\$39,860,568</u></u>
<b>(AD) Head Start Cluster</b>			
HHS	93.600	Head Start	\$138,455
		<b>Total Head Start Cluster</b>	<u><u>\$138,455</u></u>
<b>(AE) Medicaid Cluster</b>			
HHS	93.775	State Medicaid Fraud Control Units	\$ 836,177
	93.777	State Survey and Certification of Health Care Providers and Suppliers	3,069,255

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(AE) Medicaid Cluster (Continued)</b>			
	93.778	Medical Assistance Program (Medicaid)	1,944,179,436
	93.778	ARRA - Medical Assistance Program (Medicaid)	<u>220,708,730</u>
		Total Medical Assistance Program	<u>2,164,888,166</u>
		<b>Total Medicaid Cluster</b>	<b><u>\$2,168,793,598</u></b>
<b>(AF) Disability Insurance/SSI Cluster</b>			
SSA	96.001	Social Security - Disability Insurance	<u>\$20,901,636</u>
		<b>Total Disability Insurance/SSI Cluster</b>	<b><u>\$20,901,636</u></b>
<b>(AG) Homeland Security Cluster</b>			
DHS	97.067	Homeland Security Grant Program	<u>\$7,437,574</u>
		<b>Total Homeland Security Cluster</b>	<b><u>\$7,437,574</u></b>
<b>(AH) Student Financial Assistance Cluster</b>			
ED	84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)	\$ 3,298,759
	84.032	Federal Family Education Loans (FFEL)	67,634,893
	84.033	Federal Work-Study Program (FWS)	4,214,365
	84.038	Federal Perkins Loans (FPL) - Federal Capital Contributions	4,887,468

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(AH) Student Financial Assistance Cluster (Continued)</b>			
	84.063	Federal Pell Grant Program (PELL)	133,311,724
	84.268	Federal Direct Student Loans (Direct Loan)	379,310,607
	84.375	Academic Competitiveness Grants (ACG)	1,807,968
	84.376	National Science and Mathematics Access to Retain Talent Grants (National SMART Grants)	1,322,766
	84.379	Teacher Education Assistance for College and Higher Education Grants (Teach Grants)	<u>199,750</u>
		Subtotal Department of Education	<u>595,988,300</u>
HHS	93.342	Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS)	116,550
	93.364	Nursing Student Loans (NSL)	361,586
	93.925	Scholarships for the Health Professions Students from Disadvantaged Backgrounds - Scholarships for Disadvantaged Students (SDA)	<u>369,225</u>
		Subtotal Department of Health and Human Services	<u>847,361</u>
		<b>Total Student Financial Assistance Cluster (Expenditures Only)</b>	<b><u>596,835,661</u></b>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 5. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(AH) Student Financial Assistance Cluster (Continued)</b>			
Loans outstanding, with continuing compliance requirements, are as follows:			
84.038		Perkins	45,959,248
93.342		HPSL	5,876,234
93.364		NSL	<u>651,960</u>
		Total Loans Outstanding	<u>52,487,442</u>
		<b>Total Student Financial Assistance Cluster</b>	<b><u>\$649,323,103</u></b>

<u>Federal CFDA Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal Expenditures</u>
<b>(AI) Research and Development Cluster</b>		
<b>Department of Agriculture</b>		
10.202	Cooperative Forestry Research	\$ 522,362
10.203	Payments to Agricultural Experiment Station Under the Hatch Act	<u>2,921,192</u>
	<b>Total Department of Agriculture</b>	<b><u>3,443,554</u></b>
<b>Department of Energy</b>		
81.087	Renewable Energy Research and Development	21,693
81.089	Fossil Energy Research and Development	<u>79,634</u>
	<b>Total Department of Energy</b>	<b><u>101,327</u></b>
	<b>Total Research and Development Cluster</b>	<b><u>\$3,544,881</u></b>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 6. COMPONENT UNITS**

The following is a summary of federal awards at the various component units that had separate OMB Circular A-133 audits and submissions. These awards have been excluded from the State's Schedule.

West Virginia University Research Corporation (Issued by Deloitte & Touche LLP dated October 12, 2010)	<u>\$108,764,333</u>
Marshall University Research Corporation (Issued by Deloitte & Touche LLP dated October 14, 2010)	<u>\$ 32,446,102</u>
West Virginia State Research Corporation (Issued by Deloitte & Touche LLP dated December 20, 2010)	<u>\$ 8,356,455</u>
Shepherd University Research Corporation (Issued by Deloitte & Touche LLP dated October 25, 2010)	<u>\$ 1,138,815</u>
West Virginia Housing Development Fund (Issued by Gibbons & Kawash dated August 27, 2010)	<u>\$ 62,832,045</u>

**NOTE 7. MISCELLANEOUS PROGRAMS**

The following numeric references indicate that no CFDA number was available for publication. These expenditure amounts consist of numerous small grants. The individual grant information is not readily available. Therefore, a reference WV plus sequenced numbering is assigned for identification purposes.

<u>Reference Number</u>	<u>Program Name</u>	<u>State Agency</u>	<u>Federal Agency</u>
WV-1	Purdue Pharma Settlement	Division of Criminal Justice and Division of Public Safety	Department of Justice
WV-2	Equitable Sharing Program	Division of Public Safety	Department of Justice
WV-3	Equitable Sharing Program-Treasury	Division of Public Safety	Department of the Treasury
WV-4	Miscellaneous Federal Award Programs	Department of Environmental Protection	Environmental Protection Agency
WV-5	Petroleum Violation Escrow Funds	Department of Energy and Higher Education	Department of Energy

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***FINDINGS,  
QUESTIONED COSTS,  
AND  
MANAGEMENT  
RESPONSES***

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**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**Part I. Summary of Auditor's Results**

**Financial statements section:**

Type of auditors' report issued (unqualified, qualified, adverse or disclaimer):	Unqualified, with reliance on other auditors		
Internal control over financial reporting:			
Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u> No None
Significant deficiency(ies) identified?	<u>  X  </u>	Yes	<u>      </u> Reported
Noncompliance material to financial statements noted?	<u>      </u>	Yes	<u>  X  </u> No

**Federal awards section:**

Internal control over major programs:			
Material weakness(es) identified?	<u>  X  </u>	Yes	<u>      </u> No None
Significant deficiency(ies) identified?	<u>  X  </u>	Yes	<u>      </u> Reported

Type of auditors' report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):	Unqualified for all major programs except for the Foster Care— Title IV–E, Title I, Part A Cluster, Special Education Cluster, (IDEA), Improving Teacher Quality State Grants, \$9.8 million of the Disaster Grants – Public Assistance (Presidentially Declared Disasters), Adoption Assistance, TANF Cluster, Vocational Rehabilitation Cluster, Weatherization Assistance for Low-Income Persons, CDBG – State Administered Small Cities Program Cluster, Abandoned Mine Land Reclamation (AMLR) Program, WIA Cluster and Low-Income Home Energy Assistance programs, which were qualified.		
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Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A–133?	<u>  X  </u>	Yes	<u>      </u> No
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**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**Identification of Major Programs**

**Audited by Ernst & Young:**

<b>CFDA Number(s)</b>	<b>Reportable Findings</b>	<b>Name of Federal Program or Cluster</b>
10.551/10.561*	2010–8, 43	SNAP Cluster
10.557*	2010–9, 10	Special Supplemental Nutrition Program for Women, Infants and Children
12.401*	2010–6	National Guard Military Operations and Maintenance (O&M) Projects
14.228/14.255*	2010–6, 7, 11	CDBG – State Administered Small Cities Program Cluster
15.252	2010–12	Abandoned Mine Land Reclamation (AMLR) Program
17.225*	2010-13, 14	Unemployment Insurance
17.258*/17.259*/ 17.260*	2010–6, 7, 15	WIA Cluster
66.468*, #	None	Capitalization Grants for Drinking Water State Revolving Fund
81.042*	2010–6, 7, 17, 18, 19, 20	Weatherization Assistance for Low-Income Persons
84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925	2010–21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33	Student Financial Assistance Cluster
84.010/84.389*	2010–6, 7, 34	Title I, Part A Cluster
84.027/84.173/ 84.391*/84.392*	2010–6, 7, 34	Special Education Cluster (IDEA)
84.126/84.390*	2010–6, 35, 36	Vocational Rehabilitation Cluster
84.367	2010–34	Improving Teacher Quality State Grants
84.394*/84.397*, ^	2010–6, 7, 37	State Fiscal Stabilization Fund Cluster
93.558/93.714*	2010–38, 39, 40, 41, 42, 43	TANF Cluster
93.563*	2010–44, 45	Child Support Enforcement
93.568	2010–20, 43, 46	Low-Income Home Energy Assistance
93.575/93.596/ 93.713*	2010–6, 7, 43, 47	CCDF Cluster
93.658*	2010–43, 48, 49	Foster Care—Title IV – E
93.659*	2010–43, 50, 51	Adoption Assistance
93.767	2010–43, 52	State Children’s Health Insurance Program
93.775/93.777/ 93.778*	2010–43, 53	Medicaid Cluster
97.036*, ^^	2010–54, 55	Disaster Grants – Public Assistance (Presidentially Declared Disasters)

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**Identification of Major Programs (continued)**

**Audited by other auditors:**

20.205*/20.219/ 23.003	2010–16	Highway Planning and Construction Cluster
66.458*	None	Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and B programs \$ 18,291,877  
 Auditee qualified as low-risk auditee \_\_\_\_\_ Yes \_\_\_\_\_ X \_\_\_\_\_ No

\* CFDA number includes federally identifiable American Recovery and Reinvestment Act Funds.

^ Approximately 2% of the State Fiscal Stabilization Fund Cluster is audited by other auditors. The findings referred to above are a result of our testing and were not from the other auditors.

^^ Approximately 50% of the Disaster Grant – Public Assistance (Presidentially Declared Disasters) program is audited by other auditors. The findings referred to above are a result of our testing and were not from the other auditors.

# Approximately 79% of the Capitalization Grants for Drinking Water State Revolving Fund is audited by other auditors.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**Part II. Financial Statement Findings Section**

<b>Reference Number</b>	<b>Findings</b>	<b>Questioned Costs</b>
2010-1	Tax Revenue IT Controls and Related Receivables	N/A
2010-2	Capital Assets	
2010-3	Accounts Payable Cutoff	N/A
2010-4	Commitments and Contingencies	N/A
2010-43	DHHR Information System and Related Business Process Controls	N/A

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**Part III. Federal Award Findings and Questioned Costs Section**

<b>Reference Number</b>	<b>Findings</b>	<b>Questioned Costs</b>
2010-5	Schedule of Expenditures of Federal Awards	N/A
2010-6	1512 Reporting	N/A
2010-7	Subrecipient Monitoring - American Recovery and Reinvestment Act	N/A
2010-8	Reporting	Unknown
2010-9	FNS Review	Unknown
2010-10	Vendor Investigations	Unknown
2010-11	Subrecipient Monitoring – Audit Reports	Unknown
2010-12	Subrecipient Monitoring – Audit Reports	Unknown
2010-13	Disaster Unemployment Cash Management, Reporting and Period of Availability	\$6,037
2010-14	Internal Controls Over Reporting	N/A
2010-15	Subrecipient Monitoring – Audit Reports	Unknown
2010-16	Information Technology Systems Controls	N/A
2010-17	Schedule of Expenditures of Federal Awards	N/A
2010-18	Indirect Cost Allocation	\$142,184
2010-19	Financial Reporting	N/A
2010-20	Subrecipient Monitoring	Unknown
2010-21	Special Tests and Provisions – Loan Repayments and Student Deferrals	N/A
2010-22	Special Tests and Provisions – Federal Work Study	N/A
2010-23	Special Tests and Provisions – Verification	N/A
2010-24	Earmarking	N/A
2010-25	Special Tests and Provisions – Borrower Data Transmission and Reconciliation	N/A
2010-26	Special Tests and Provisions – Written Arrangements	N/A
2010-27	Primary Care Loans	\$10,601
2010-28	Fiscal Operations Report and Application to Participate	N/A
2010-29	Return of Title IV Funds	N/A
2010-30	Borrower Data Transmission and Reconciliation	N/A
2010-31	Grant Overpayment Reporting to the National Student Loan Data System (NSLDS)	N/A
2010-32	Short Term Programs at Post-Secondary Vocational Institution	N/A
2010-33	Special Tests and Provisions - Verification	N/A
2010-34	Subrecipient Cash Management	Unknown
2010-35	American Recovery and Reinvestment Act Reporting	Unknown
2010-36	Physical Inventory Count	Unknown
2010-37	Cash Management	Unknown
2010-38	Eligibility	Unknown
2010-39	Eligibility and Supporting Documents	\$301
2010-40	Federal Reporting	Unknown
2010-41	Special Tests and Provisions - Sanctions	Unknown
2010-42	Special Tests and Provisions - Emergency Funding	Unknown
2010-43	DHHR Information System and Related Business Process Controls	N/A
2010-44	Time and Attendance Authorization Procedures	Unknown
2010-45	Interstate Case	Unknown
2010-46	Allowability and Eligibility	Unknown
2010-47	Disaster Recovery Plan	N/A

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

<b>Reference Number</b>	<b>Findings</b>	<b>Questioned Costs</b>
2010-48	Eligibility Requirements	\$9,932
2010-49	Allowability and Eligibility	Unknown
2010-50	Payment Documentations	\$200
2010-51	Eligibility Documentation	\$10,068
2010-52	Eligibility	Approximately \$3,002.
2010-53	Quality Control Error Rate	Unknown
2010-54	Subrecipient Monitoring	Unknown
2010-55	Subrecipient Cash Management Monitoring	Unknown

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–1 TAX REVENUE IT CONTROLS AND RELATED RECEIVABLES**  
**(Prior Year Finding 2009–2)**

**State Agency**  
Department of Revenue (Revenue) and Financial  
Accounting and Reporting Section (FARS)

**Criteria:** Revenue and FARS are responsible for establishing and maintaining adequate controls over the recording and collection of tax revenues and related receivables, including its information systems and processes. They are also responsible for the estimation process to estimate tax refunds payable at year-end.

**Condition:** During 2010, Revenue completed the conversion of the remaining tax types to the GenTax system. During our procedures, we noted the following deficiencies:

- During our testing of 2010 revenues including taxes receivable as of June 30, 2010, we noted that Revenue has not established formal policies and procedures to reconcile cash receipts reported in GenTax to the West Virginia Financial Information Management System (WVFIMS).
- To estimate taxes receivable as of June 30, 2010, Revenue provided cash reports generated from GenTax to FARS. During our testing, one data capture error was noted, which resulted in an adjustment to decrease taxes receivable by \$1.1 million.
- During our tax refunds payable testing, we concluded that the estimated liability for corporate income taxes and consumer sales and use taxes was understated. Thus, several adjustments were proposed and overall tax refunds payable were increased by \$17 million at the general fund level.

**Questioned Costs:** N/A

**Context:** The total tax revenue for the year ended June 30, 2010, is approximately \$4.5 billion. Taxes receivable and tax refunds payable approximated \$416.8 million and \$226.5 million, respectively, at June 30, 2010.

**Cause:** Management indicated that the deficiencies noted above are due to the following reasons:

- Due to limited staffing at Revenue and the retirement of key personnel, management was unable to reconcile cash reports provided from GenTax to WVFIMS in a timely manner.
- The tax refund estimate is fairly complex due to the complexity of the State Code related to the various taxes.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010-1 TAX REVENUE IT CONTROLS AND RELATED RECEIVABLES**  
**(Prior Year Finding 2009-2) (continued)**

**State Agency**

Department of Revenue (Revenue) and Financial  
Accounting and Reporting Section (FARS)

**Effect:** The conditions outlined above could cause tax revenue and the related receivables and refunds payable to not be properly recorded in the financial statements and provide the opportunity for errors and irregularities.

**Recommendation:** We recommend that FARS and Revenue collaborate and finalize the tax receivable and refund reporting and estimation process. While developing historical trends, FARS and Revenue should consider the State Code and the implications on the refund estimation process. This will enable management to better estimate taxes receivable, the allowance for uncollectible taxes receivable and tax refunds as of the fiscal year-end so that the information for the financial statements can be provided to the FARS in a timely manner.

We also recommend a comprehensive review of the overall process for assessing, tracking, recording and collecting taxes throughout the various taxpayer phases. Such a comprehensive review should include items such as:

- A formal process should be developed for recording the receivables, estimating the related allowance for uncollectible accounts and writing off bad debts. In developing the methodology, consideration should be given to compiling reliable historical collection information to utilize in establishing appropriate reserve percentages by aging category and tax type.
- Management should enhance its preventive controls over the data capture process to significantly reduce the data input error rate.
- Management should establish formal policies and procedures to perform the reconciliation between GenTax and WVFIMS at least monthly in order to resolve unreconciled differences in a timely manner. When developing the reconciliation process, Revenue should consider segregation of duties, review and approval policies and procedures.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-1 TAX REVENUE IT CONTROLS AND RELATED RECEIVABLES  
(Prior Year Finding 2009-2) (continued)**

**State Agency**  
Department of Revenue (Revenue) and Financial  
Accounting and Reporting Section (FARS)

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

The State Tax Department has worked continuously over the last four years to implement a new integrated tax system, called GenTax, and establish procedures that will allow the Tax Department to support the data needs of the Financial Accounting and Reporting Section. The Tax Department has conducted a review of all outstanding tax liabilities to ensure their accuracy. In addition, the Tax Department will continue to work with FARS to establish improved methodologies, formal policies and procedures for estimating uncollectible receivables, an allowance for doubtful accounts and the reporting process for tax receivables and refunds.

Following system conversion, the Tax Department can now generate historical trend data. In order to rely on this historical trend data, however, the Tax Department will need three years or more of historical data on which to rely. For taxes that were converted in 2007, we are essentially able to rely on the historical data for those tax types, including sales and use tax and withholding tax. It will require more time to develop this historical data for other tax types, including business franchise tax, corporate net income tax and personal income tax which became fully integrated in 2008. As this historical data becomes more complete, the Tax Department's ability to forecast and estimate receivables, allowances for uncollectible accounts, and bad debt write offs will increasingly improve.

Policies and procedures to reconcile cash receipts recorded in GenTax to the West Virginia Financial Information System (WFIMS) will be established so that a GenTax to WVFIMS reconciliation can be performed on a monthly basis.

The data capture error that was noted in the finding was corrected by the vendor programmer on April 12, 2010.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–2 CAPITAL ASSETS**  
**(Prior Year Finding 2009–3)**

**State Agency**  
Various

**Criteria:** As stated in the Capital Asset Policies Manual, “Agencies are required to complete an annual Inventory Certification Cover Sheet and submit to the Purchasing Division by July 15 of every year.” This control procedure is designed to ensure the existence of assets purchased and the accuracy of the State’s capital assets that are reported in the Comprehensive Annual Financial Report (CAFR).

Also, the West Virginia Purchasing Division guidelines state, in part:

- “... any item which has an original acquisition cost of \$1,000 or more and useful life of one year or more is required to be entered into the West Virginia Financial Information Management System (WVFIMS) Fixed Asset System.
- All equipment over \$1,000 will have a numbered equipment identification tag ... tags are to be placed on all items of property/equipment in such a manner that it can easily be seen and read.
- All fields are required in WVFIMS as it applies to the equipment ... tag number, item description, serial number ...”Agencies are responsible for maintaining equipment from date of purchase to date of retirement, such as keeping equipment secure, entering assets into WVFIMS, conducting physical inventories, submitting annual certification, retiring assets properly, etc., all in accordance with policies and procedures.

**Condition:** Based on our procedures, we noted the following instances of noncompliance with State equipment policies and procedures:

- In our sample test of 25, 10 capital asset certification letters were not received in a timely manner and 2 certification letters were not received as of our testing date.
- During our testing, we identified several construction-in-progress items that were completed and in use in current year, but were not reclassified to depreciable capital assets.
- In our capital asset addition testing, we noted several significant capital asset additions recorded in 2010 that were prior year additions should have been recorded in 2009..

**Context:** Capital assets recorded in governmental activities of the primary government were \$8.6 billion at June 30, 2010.

**Cause:** Management indicated that capital asset guideline noncompliance was due to staffing limitations and lack of training and knowledge related to compliance requirements. Because of decentralization of the capital asset management process, any addition or deletion might not be reported in WVFIMS Fixed Asset System and ultimately not reported in CAFR timely.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–2 CAPITAL ASSETS**  
**(Prior Year Finding 2009–3) (continued)**

**State Agency**  
Various

**Effect:** The deficiencies noted in the controls over capital assets could result in capital assets not being completely recorded and correctly reported in the financial statements consistent with management’s assertions. Additionally, deficient controls could result in increased risk of theft, especially for portable electronic items (i.e., computers, cameras).

**Recommendation:** In order to safeguard assets from unauthorized use or disposition and enhance the reliability of the capital asset amounts reflected in the financial statements, we recommend that procedures be implemented to ensure that the capital assets policies and guidelines are adhered to by state agencies. Periodic training covering general procedures as well as focused training in deficient areas should be considered to enhance compliance. Further, consideration should be given to adding more controls to maintain accountability for items more susceptible to theft, like computer equipment.

**Views of Responsible Officials and Planned Corrective Actions:** Capital asset policies and procedures are included in GAAP training every spring. The Purchasing Division conducts two training seminars at the Purchasing Conference each year. An additional class has also been added to the agenda for the State Auditor’s Office annual training. The Purchasing Division requires computers with an original cost of \$500 or more and all firearms, regardless of cost, be added to the fixed asset system, since these types of assets are more susceptible to theft. The Purchasing Division has implemented additional procedures to ensure that agencies are complying with asset certification regulations.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010-3 ACCOUNTS PAYABLE CUTOFF**  
**(Prior Year Finding 2009-8)**

**State Agency**  
Various

- Criteria:** In accordance with accounting principles generally accepted in the United States of America, accounts payable reported in the financial statements should include all expenditures incurred and unpaid by the government as of the balance sheet date.
- Condition:** During our testing of cash disbursements subsequent to June 30, 2010, we noted items that were incurred, but not paid as of June 30, 2010, were not included in the accounts payable balances at year-end. In total, accounts payable was understated by \$6 million.
- Questioned Costs:** N/A
- Context:** The total amount of accounts payable balances for the governmental activities of the primary government was \$228.1 million at June 30, 2010.
- Cause:** When the invoices were paid, individual agencies did not report the proper goods/service received date in the West Virginia Financial Information Management System (WVFIMS). When the Financial Accounting and Reporting Section (FARS) extracted accounts payable data from WVFIMS based on the goods/service received date, a significant amount of accounts payable was not included in FARS' data.
- Effect:** Several audit adjustments had to be made to include additional significant expenditures and associated liabilities incurred by the State as of June 30, 2010.
- Recommendation:** Proper training should be provided to all agencies to emphasize the importance of the accuracy of information being entered in WVFIMS. In addition, management should establish proper procedures to ensure all significant expenditures that have been incurred but not paid as of the balance sheet date are recorded as a liability in accordance with accounting principles generally accepted in the United States.
- Views of Responsible Officials and Planned Corrective Actions:** WVFIMS Administrative Policy Statement number 36 covers receipt of goods and other invoice detail required in WVFIMS. This policy and the related issues will again be specifically covered in the FARS year end training with agency personnel. A notice will continue to be added to the WVFIMS morning message board, periodically and especially at year end, reminding all users to adhere to Policy Statement 36. A new class is being conducted by FARS at the Auditor's Office training seminar, which will include this topic and its importance.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010-4 COMMITMENTS AND CONTINGENCIES**

**State Agency**  
Various

**Criteria:** The Department of Administration, including the Financial Accounting and Reporting Section (FARS), is responsible for the preparation of the State's Comprehensive Annual Financial Report (CAFR) including reporting commitments and contingencies (both gains and losses) from the information provided by both audited and unaudited agencies. Process and control over the information gathering process should be suitably designed and effectively implemented to ensure all significant commitments and contingencies, including gains and losses, are completely captured and reasonably estimated.

**Condition:** During our review of commitments and contingencies, we noted that all State agencies had not provided FARS timely, updated information so that FARS could identify, analyze, and record all commitments and contingencies, including gains and losses in the CAFR. Ultimately one significant contingent liability was not estimated and an audit adjustment to increase commitment and contingent liabilities by \$53.5 million was recorded. We also identified the settlement of a gain contingency that was recorded in the incorrect period.

**Questioned Costs:** N/A

**Context:** The total amount of commitment and contingent liabilities for the governmental activities of the primary government was \$366.9 million at June 30, 2010.

**Cause:** Policies and procedures are not being followed by all State agencies so that FARS can identify, analyze, and record all commitments and contingencies, including gains and losses in the CAFR.

**Effect:** Several audit adjustments had to be made to include additional significant expenditures and associated liabilities incurred by the State as of June 30, 2010.

**Recommendation:** Proper training should be provided to all State agencies to emphasize the importance of providing timely, updated information related to commitments and contingencies. FARS should continue to address the importance of properly completing the closing book forms and should also require agencies to timely inform FARS when any new updates or information becomes available. These communications should include both potential gain and loss contingencies.

**Views of Responsible Officials and Planned Corrective Actions:** FARS will continue to emphasize at closing process training the importance of reporting timely and accurate information related to commitments and contingencies, including gains and losses. FARS will also emphasize that as more current information becomes available to agencies that this information must be shared with FARS as soon as it becomes available. Additionally, to address gains FARS will run reports from WVFIMS for all unaudited agencies and review cash receipts received after year end. FARS will record receipts that are determined to be earned prior to June 30.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Prior Year Finding 2009–11)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	Various	Various
<b>Criteria:</b>	OMB Circular A–133 Section 300a states, “The auditee shall prepare appropriate financial statements including the Schedule of Expenditures of Federal Awards (SEFA).”	
<b>Condition:</b>	<p>The Department of Administration Financial Accounting and Reporting Section (FARS) is responsible for preparing the Schedule of Expenditures of Federal Awards (SEFA) for the State using information submitted by State agencies receiving federal monies during the year. The respective State agencies do not always report information and related revisions to the FARS Single Audit coordinator in a timely manner. Late revisions to the SEFA could result in a program going above the Type A program threshold without being identified in a timely manner to allow completion of the necessary audit procedures by the required OMB Circular A–133 deadline. Late revisions to the SEFA could also result in a program that was initially audited as a Type A high risk and major program going below the Type A program threshold and becoming a Type B program. When the auditor, has already audited Type B high risk programs equal to the number of Type A low risk programs and a Type A program preliminarily audited as a major program becomes a Type B program in such a fashion, this results in a situation where the auditor incurred time and effort preliminarily auditing a program as major that they were not required to and ultimately should not audit under OMB Circular A–133.</p> <p>In addition, the State agencies are required to have internal controls in place surrounding the completion of their SEFAs which are submitted to FARS. During our testing of the individual major programs it was determined that the individual agencies did not have a formalized internal control process, such as a formalized review and approval control, surrounding the preparation of their SEFA’s which were submitted to FARS.</p>	
<b>Questioned Costs:</b>	N/A	
<b>Context:</b>	Total federal expenditures for the State included on the SEFA were approximately \$6.0 billion for the fiscal year ended June 30, 2010.	
<b>Cause:</b>	<p>Policies and procedures related to timeliness are not being followed by all State agencies. FARS lacks the enforcement and oversight ability to enforce the established deadlines to ensure timeliness.</p> <p>Formalized internal control processes are not established around the preparation and review of the SEFAs at the individual agencies.</p>	
<b>Effect:</b>	Incorrect SEFAs may be submitted to FARS which could result in inaccurate reporting. Last-minute revisions are made to the SEFA that could result in a major program not being identified in a timely manner or cause effort to be expended auditing a program which does not have to and should not be audited as a major program.	
<b>Recommendation:</b>	We recommend that FARS continue to work with the Governor’s Office to seek assistance in having the State agencies prioritize completion of accurate and complete SEFA information in a timely manner.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Prior Year Findings 2009-11) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	Various	Various
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	FARS continues to work with the Governor's office to instill the urgency for timeliness and completeness of the SEFA information that is submitted to FARS. Internal control procedures will be discussed with agencies at training to ensure review and approval of SEFA information prior to submission to FARS.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-6 1512 REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Defense ARRA-National Guard Military Operations and Maintenance (O&M) Projects	12.401
	U.S. Department of Housing and Urban Development CDBG - State-Administered Small Cities Program Cluster	14.228/14.255
	U.S. Department of Labor WIA Cluster	17.258/17.259/ 17.260
	U.S. Department of Health and Human Services CCDF Cluster	93.575/93.596/ 93.713
	U.S. Department Education Title I, Part A Cluster Special Education Cluster (IDEA)	84.010/84.389 84.027/84.173/ 84.391/84.392
	Vocational Rehabilitation Cluster	84.126/84.390
	State Fiscal Stabilization Fund Cluster	84.394/84.397
	U.S. Department of Energy ARRA-Weatherization Assistance for Low Income Persons	81.042

**Criteria:** In accordance with OMB Circular A-133 Subpart C §\_300(b) the auditee shall: Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

**Condition:** State Agencies that receive and spend ARRA funds are required to complete a Section 1512 report on a quarterly basis. There are certain programs that are exempt from this requirement as noted within the applicable guidance. During our testing of the March 31, 2010 Section 1512 reports for the major programs which were required to file a Section 1512 report, it was determined that the required information was completed and sent to the Governor’s Office for batch submission. However, during our review of the Section 1512 reports for the respective major programs it was determined that there were not adequate internal controls in place at all agencies surrounding the preparation and review of the Section 1512 report for accuracy and completeness prior to submission to the Governor’s Office. In addition, the Governor’s Office has a reporting process in place which includes a listing of key dates as part of the submission process and the reviews that are completed as part of the process. While the process which is completed is documented, evidence for each of the levels of review is not maintained.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-6 1512 REPORTING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Defense ARRA-National Guard Military Operations and Maintenance (O&M) Projects	12.401
	U.S. Department of Housing and Urban Development CDBG - State-Administered Small Cities Program Cluster	14.228/14.255
	U.S. Department of Labor WIA Cluster	17.258/17.259/ 17.260
	U.S. Department of Health and Human Services CCDF Cluster	93.575/93.596/ 93.713
	U.S. Department Education Title I, Part A Cluster Special Education Cluster (IDEA)	84.010/84.389 84.027/84.173/ 84.391/84.392
	Vocational Rehabilitation Cluster	84.126/84.390
	State Fiscal Stabilization Fund Cluster	84.394/84.397
	U.S. Department of Energy ARRA-Weatherization Assistance for Low Income Persons	81.042

CFDA#	Program
12.401	ARRA-National Guard Military Operations and Maintenance (O&M) Projects
14.228/14.255	CDBG - State-Administered Small Cities Program Cluster
17.258/17.259/17.260	WIA Cluster
93.575/93.596/93.713	CCDF Cluster
84.010/84.389	Title I, Part A Cluster
84.027/84.173/84.391/ 84.392	Special Education Cluster (IDEA)
84.126/84.390	Vocational Rehabilitation Cluster
84.394/84.397	State Fiscal Stabilization Fund Cluster
81.042	ARRA-Weatherization Assistance for Low Income Persons

**Questioned Costs:** N/A

**Context:** Total federal expenditures for the above major programs were \$205,593,568 for the fiscal year ended June 30, 2010. Total federal expenditures for the State of WV for fiscal year ended June 30, 2010, were \$6.0 billion.

**Cause:** Policies and procedures related to the process surrounding the preparation and review of the 1512 reports are documented, however, the review procedures do not appear to be occurring at the respective agency level nor is documentation to support the level of review maintained.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-6 1512 REPORTING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Defense ARRA-National Guard Military Operations and Maintenance (O&M) Projects	12.401
	U.S. Department of Housing and Urban Development CDBG - State-Administered Small Cities Program Cluster	14.228/14.255
	U.S. Department of Labor WIA Cluster	17.258/17.259/ 17.260
	U.S. Department of Health and Human Services CCDF Cluster	93.575/93.596/ 93.713
	U.S. Department Education Title I, Part A Cluster Special Education Cluster (IDEA)	84.010/84.389 84.027/84.173/ 84.391/84.392
	Vocational Rehabilitation Cluster	84.126/84.390
	State Fiscal Stabilization Fund Cluster	84.394/84.397
	U.S. Department of Energy ARRA-Weatherization Assistance for Low Income Persons	81.042

**Effect:** Section 1512 reports may be inaccurate when submitted to the Governor's Office to be submitted through the Recovery.gov submission process.

**Recommendation:** We recommend that the individual agencies that are required to prepare and submit Section 1512 reports establish a review process over their respective 1512 reports and maintain documentation to evidence the control process. We also recommend that the Governor's Office maintain documentation to support the levels of review which have occurred per the documented internal control processes.

**Views of Responsible Officials and Planned Corrective Actions:** The Governor's Office will require agencies to submit their signed approval documentation at the end of the quarter in addition to the other two months they already submit. The documentation will be retained for auditor review.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND REINVESTMENT ACT**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Housing and Urban Development CDBG – State Administered Small Cities Program Cluster Grant Award B-09-DY-54-0001	14.228/14.255
	U.S. Department of Labor WIA Cluster  Grant Award AA-17156-08-55-A-54	17.258/17.259/ 17.260
	U.S. Department of Education Title I, Part A Cluster Grant Award S389A090048A	84.010/84.389
	Special Education Cluster (IDEA)  Grant Award H173A090071 Grant Award H391A090075A Grant Award H392A090071A	84.027/84.173/ 84.391/84.392
	State Fiscal Stabilization Fund Cluster Grant Award 2009 Education S394A090049 Grant Award 2009 Government Services S397A090049	84.394/84.397
	U.S. Department of Health and Human Services CCDF Cluster  Grant Award 17930 Grant Award 17931 Grant Award 17932	93.575/93.596/ 93.713
	U.S. Department of Energy Weatherization Assistance for Low-Income Persons	81.042

**Criteria:** Per 2 CFR Section 176.210(c), “recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.”

**Condition:** Based on our procedures, we noted that Recovery Act subrecipients were not notified by the awarding program of the above requirement at the time of each disbursement of ARRA funds.

**Questioned Cost:** N/A

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND REINVESTMENT ACT  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Housing and Urban Development CDBG – State Administered Small Cities Program Cluster Grant Award B-09-DY-54-0001	14.228/14.255
	U.S. Department of Labor WIA Cluster  Grant Award AA-17156-08-55-A-54	17.258/17.259/ 17.260
	U.S. Department of Education Title I, Part A Cluster Grant Award S389A090048A Special Education Cluster (IDEA)	84.010/84.389  84.027/84.173/ 84.391/84.392
	Grant Award H173A090071 Grant Award H391A090075A Grant Award H392A090071A State Fiscal Stabilization Fund Cluster Grant Award 2009 Education S394A090049 Grant Award 2009 Government Services S397A090049	84.394/84.397
	U.S. Department of Health and Human Services CCDF Cluster  Grant Award 17930 Grant Award 17931 Grant Award 17932	93.575/93.596/ 93.713
	U.S. Department of Energy Weatherization Assistance for Low-Income Persons	81.042

**Context:** The total amount of ARRA funded subawards made by the Programs the year ended June 30, 2010, was \$215,622,562.

<b>CFDA#</b>	<b>Program</b>	<b>ARRA Subrecipient Expenditures</b>
14.228/14.255	CDBG - State-Administered Small Cities Program Cluster	\$ 1,475,659
17.258/17.259/ 17.260	WIA Cluster	8,738,179
81.042	ARRA-Weatherization Assistance for Low Income Persons	16,160,552
84.010/84.389	Title I, Part A Cluster	30,712,065
84.027/84.173/ 84.391/84.392	Special Education Cluster (IDEA)	38,304,455
84.394/84.397	State Fiscal Stabilization Fund Cluster	119,532,785
93.575/93.596/ 93.713	CCDF Cluster	698,867
		\$ 215,622,562

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND REINVESTMENT ACT  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Housing and Urban Development CDBG – State Administered Small Cities Program Cluster Grant Award B-09-DY-54-0001	14.228/14.255
	U.S. Department of Labor WIA Cluster  Grant Award AA-17156-08-55-A-54	17.258/17.259/ 17.260
	U.S. Department of Education Title I, Part A Cluster Grant Award S389A090048A Special Education Cluster (IDEA)	84.010/84.389  84.027/84.173/ 84.391/84.392
	Grant Award H173A090071 Grant Award H391A090075A Grant Award H392A090071A State Fiscal Stabilization Fund Cluster Grant Award 2009 Education S394A090049 Grant Award 2009 Government Services S397A090049	84.394/84.397
	U.S. Department of Health and Human Services CCDF Cluster  Grant Award 17930 Grant Award 17931 Grant Award 17932	93.575/93.596/ 93.713
	U.S. Department of Energy Weatherization Assistance for Low-Income Persons	81.042

**Cause:** The programs properly identified the CFDA number, and amount of Recovery Act funds to each subrecipient at the time of the award. However, the programs were not aware of the requirement to notify subrecipients of the same information at each disbursement of Recovery Act Funds.

**Effect:** Management is not able to determine, in a timely manner, the existence of material noncompliance on behalf of subrecipients.

**Recommendation:** We recommend that management implement a process to notify all Recovery Act subrecipients of the CFDA number and amount of Recovery Act funds at the time of each disbursement.

**Views of Responsible Officials and Planned Corrective Actions:** When agencies award federal funds to a subrecipient organization, a grant agreement is used as the official document/instrument for negotiating the terms and conditions assigned to the grant award and related program. The grant agreement serves as the most important tool for monitoring subrecipient activities because it provides an overall basis and comprehensive framework for administrating the subaward and it documents the flow-through of information and responsibilities for Federal funds.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND REINVESTMENT ACT  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Housing and Urban Development CDBG – State Administered Small Cities Program Cluster Grant Award B-09-DY-54-0001	14.228/14.255
	U.S. Department of Labor WIA Cluster  Grant Award AA-17156-08-55-A-54	17.258/17.259/ 17.260
	U.S. Department of Education Title I, Part A Cluster Grant Award S389A090048A Special Education Cluster (IDEA)	84.010/84.389  84.027/84.173/ 84.391/84.392
	Grant Award H173A090071 Grant Award H391A090075A Grant Award H392A090071A State Fiscal Stabilization Fund Cluster Grant Award 2009 Education S394A090049 Grant Award 2009 Government Services S397A090049	84.394/84.397
	U.S. Department of Health and Human Services CCDF Cluster  Grant Award 17930 Grant Award 17931 Grant Award 17932	93.575/93.596/ 93.713
	U.S. Department of Energy Weatherization Assistance for Low-Income Persons	81.042

Due to the federal requirement to track and account for ARRA funds separately, the DHHR (for example) chose to obligate incremental ARRA funds to subrecipients separately from regular (non-ARRA) funds, and to utilize separate grant agreements for incremental ARRA awards versus regular (non-ARRA) awards. When awarding ARRA funds to a subrecipient, the DHHR utilizes an Addendum (formally titled *Addendum – Federal Funding Accountability and Transparency Act / American Recovery and Reinvestment Act*) within the grant agreement for identifying information and distinguishing the additional terms and conditions applicable to ARRA. Also within the subrecipient grant agreement for ARRA is a “Source of Funds Schedule” that identifies to each subrecipient, the Federal award number, CFDA number and amount of ARRA funds. When the subrecipient draws funding against a specific ARRA grant, the subrecipient is required to submit a signed invoice to the DHHR programmatic bureau as part of the request for funds. In addition to other identifying information on the invoice, the subrecipient inserts a control number that the DHHR previously assigned to the grant and related grant agreement (e.g. Gxxxxxx). The DHHR programmatic bureau reviews and submits the invoice with supporting documentation to the DHHR Division of Accounts Payable for further processing. The Division of Accounts Payable submits the invoice and supporting documentation (including the grant agreement for first payment) to the West Virginia State Auditor’s Office for final processing and payment to the subrecipient in question.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND REINVESTMENT ACT  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Housing and Urban Development CDBG – State Administered Small Cities Program Cluster Grant Award B-09-DY-54-0001	14.228/14.255
	U.S. Department of Labor WIA Cluster  Grant Award AA-17156-08-55-A-54	17.258/17.259/ 17.260
	U.S. Department of Education Title I, Part A Cluster Grant Award S389A090048A Special Education Cluster (IDEA)	84.010/84.389  84.027/84.173/ 84.391/84.392
	Grant Award H173A090071 Grant Award H391A090075A Grant Award H392A090071A State Fiscal Stabilization Fund Cluster Grant Award 2009 Education S394A090049 Grant Award 2009 Government Services S397A090049	84.394/84.397
	U.S. Department of Health and Human Services CCDF Cluster  Grant Award 17930 Grant Award 17931 Grant Award 17932	93.575/93.596/ 93.713
	U.S. Department of Energy Weatherization Assistance for Low-Income Persons	81.042

Similar procedures are used at other agencies distributing ARRA funds.

The grant agreements and the invoices submitted by subrecipients are legally binding documents that are on file, not only at the subrecipient organization, but also at the State agency and the West Virginia State Auditor's Office.

The State will try to determine how to, if possible, include/identify the Federal award number, CFDA number, and amount of ARRA funds with each individual disbursement (bank check or electronic transfer) of funds.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-8 REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> U.S. Department of Agriculture SNAP Cluster Grant Award 2010 – 1WV400401 Grant Award 2010 – 1WV700701	<b>CFDA#</b>  10.551/10.561
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**Criteria:** According to 7 CFR Section 277.11(c)(4) “Quarterly SF 269 reports shall be due April 30 (for the period January through March), July 30 (April through June), October 30 (July through September), January 30 (October through December). Final reports are due December 30 for all completed Federal fiscal years (October 1 through September 30) or 90 days after termination of Federal financial support. Requests from State agencies for extension of reporting due dates may be approved, if necessary.”

**Condition:** The SF 269 report for the quarter ending December 31, 2009 was submitted on February 5, 2010, and certified on February 16, 2010. It was not submitted within the required timeframe in accordance with Federal reporting requirements of January 30, 2010.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the SNAP program for the fiscal year ended June 30, 2010, were \$496,510,535.

**Cause:** The DHHR has procedures in place to ensure that financial reports are submitted on or before the required due dates. However, there was not a person available at the time to certify the report.

**Effect:** The SNAP program is not in compliance with the Federal requirements regarding timely submission of financial reports.

**Recommendation:** We recommend that management take greater steps to ensure that financial reports are submitted to the Federal government within the required timeframes in accordance with Federal reporting requirements.

**Views of Responsible Officials and Planned Corrective Actions:** The condition occurred due to the certifier of the report being unavailable; due to staff turnover, a backup was not in place. The DHHR has already implemented corrective action. Effective May 2010, the DHHR named a person to serve as the backup certifier. Furthermore, while the reporting system in question does not email verifications of receipt of certified reports like other federal reporting systems, DHHR management will ensure the accountant in charge accesses and prints the FPRS certification 269 report, which bears the confirmed date stamp of the individual certifying the report.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-9 FNS REVIEW**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women Infants and Children Grant Award WV700701	10.557

**Criteria:** Federal Regulation 246.12(j)(4)(i) states that “a compliance investigation of a high risk vendor may be considered complete when the State agency determines that a sufficient number of compliance buys have been conducted to provide evidence of program noncompliance, when two compliance buys have been conducted in which no program violations are found, or when an inventory audit has been completed.”

Federal Regulation 246.12(h)(3)(wviii) states that “in addition to claims collection, the vendor may be sanctioned for vendor violations in accordance with the State agency’s sanction schedule.”

Federal Regulation 246.12(1)(3) states that “the State agency must notify a vendor in writing when an investigation reveals an initial incidence of a violation for which a pattern of incidences must be established in order to impose a sanction, before another such incidence is documented, unless the State agency determines, in its discretion, on a case-by-case basis, that notifying the vendor would compromise an investigation.”

Federal Regulation 246.12(g)(4)(ii)(B) states that a State agency’s methodology for establishing a vendor peer group system must include “routine collection and monitoring of vendor shelf prices at least every six months following authorization.”

Federal Regulation 246.12(i)(1) states that a State agency “must provide training annually to at least one representative of each vendor.”

**Condition:** During fiscal year 2010, the U.S. Department of Agriculture completed a West Virginia fiscal year 2009 State Technical Assistance Review (STAR) review of the WIC program for the functional area of Vendor Management. This review resulted in five findings:

- Compliance buys were not complete as a sufficient number of buys were not conducted in which no program violations were found in order to close the investigation.
- Sanctions for noted violations were not imposed in accordance with the State agency’s sanction schedule.
- A notification letter was not sent to vendors for each compliance buy violation that occurred.
- The State agency collects shelf price information from vendors two times in a two year period.
- Depending on the local agency and county, vendors for the State agency receive training approximately every two years.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-9 FNS REVIEW  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women Infants and Children Grant Award WV700701	10.557
<b>Questioned Cost:</b>	Unknown	
<b>Context:</b>	Total federal expenditures for the Special Supplemental Nutrition Program for Women Infants and Children (WIC) program were \$38,191,914 for the year ended June 30, 2010. Total food expenditures for the Special Supplemental Nutrition Program for Women Infants and Children program were \$26,502,658 for the year ended June 30, 2010.	
<b>Cause:</b>	The WIC program has not established proper policies and procedures to manage vendor compliance.	
<b>Effect:</b>	The WIC program is not in compliance with compliance requirements related to vendor management.	
<b>Recommendation:</b>	The WIC program should implement the recommended corrective action indicated in the review by the U.S. Department of Agriculture.	
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	The WIC program provided a response and related corrective action plan to the United States Department of Agriculture (USDA) for the findings noted on the 2009 STAR review and the USDA determined via a letter dated October 13, 2010, that the STAR in the area of Vendor Management can now be considered closed.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–10 VENDOR INVESTIGATIONS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Agriculture Special Supplemental Nutrition Program for Women, Infants and Children Grant Award WV700701	10.557

**Criteria:** Federal Regulation 246.2 states that “a State agency operating a retail food delivery system must conduct compliance investigations, which consist of inventory audits and/or compliance buys, on a minimum of 5 percent of the vendors authorized as of October 1 of each year.”

**Condition:** There were 365 authorized vendors for the WIC program as of October 1, 2009. The five percent minimum would require 18 vendors to receive compliance investigations; however only 17 vendor investigations were performed during the period of October 1, 2009 through September 30, 2010.

**Questioned Cost:** Unknown

**Context:** Total federal expenditures for the Special Supplemental Nutrition Program for Women Infants and Children program were \$38,191,914 for the year ended June 30, 2010. Total food expenditures for the Special Supplemental Nutrition Program for Women Infants and Children program were \$26,502,658 for the year ended June 30, 2010.

**Cause:** The WIC program has established proper policies and procedures to ensure that the correct amount of vendor compliance investigations are performed during the year, however it appears that these procedures have not been consistently followed.

**Effect:** The WIC program is not in compliance with federal requirements regarding vendor compliance investigations.

**Recommendation:** Management of the WIC program should review current policies and procedures surrounding vendor compliance investigations and take steps to ensure that they are consistently followed.

**Views of Responsible Officials and Planned Corrective Actions:** The WIC Program has solicited bids for an outside contractor to conduct future compliance investigations and related compliance buys, which will help ensure that WV WIC exceeds the required minimum percentage of investigations and thus comply with applicable Federal regulations. The hiring of an outside contractor will also provide the WIC Program with an opportunity to visit vendors with questionable practices more frequently, thus providing a greater ability to either close investigations or develop stronger cases for the delivery of sanction assessments, terminations, etc. The opening date for bids was March 1, 2011.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–11 SUBRECIPIENT MONITORING – AUDIT REPORTS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Housing and Urban Development Community Development Block Grant Cluster (CDBG) Grant Award B-09-DY-54-0001	14.228/14.255

**Criteria:** Each State department and agency that receives and disburses federal awards is required by OMB Circular A–133 Sec .300(b) to “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

All subrecipients subject to Office of Management and Budget (OMB) Circular A–133 spending more than \$500,000 in federal awards must have required audits completed in accordance with OMB Circular A–133 and provide copies of their audit reports to the primary recipient. The required audits must be completed within nine months of the end of the subrecipient’s audit period and a management decision on audit findings must be issued within six months after receipt of the subrecipient’s audit report. Furthermore, pass-through entities are required to determine if the audit report is on file with the Federal Clearinghouse prior to granting eligibility for the current year.

**Condition:** We reviewed the subrecipient monitoring of audit reports for CDBG and noted the following issue:

- One of the subrecipient’s audit report has not been received by the Clearinghouse and the audit is currently still in progress, which is after the required date of submission.

**Questioned Cost:** Unknown

**Context:** Total disbursements to this subrecipient was \$200,000 for the year ended June 30, 2010. Total federal expenditures to subrecipients for CDBG were \$28,188,321 for the year ended June 30, 2010.

**Cause:** The West Virginia State Auditor’s Office carries out the audit which is currently in progress. The audit is late due to the backlog at the State Auditor’s Office. An extension was filed by the subrecipient but denied by the State Auditor’s Office.

**Effect:** CDBG is unable to determine, in a timely manner, the existence of material noncompliance or internal control issues with subrecipients that may be identified through the monitoring process.

**Recommendation:** CDBG currently has procedures in place to monitor and track subrecipient audit reports. Management should continue to implement and enhance these procedures and follow up with subrecipients subject to OMB Circular A–133 requirements to ensure that the required audits are completed and that all identified audit findings are resolved in a timely manner. Management should also ensure that subrecipients are sanctioned for noncompliance.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–11 SUBRECIPIENT MONITORING – AUDIT REPORTS  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Housing and Urban Development	
	Community Development Block Grant Cluster (CDBG)	14.228/14.255
	Grant Award B-09-DY-54-0001	

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

Over the past two years the West Virginia Development Office has implemented various procedures to ensure that grantees/subrecipients subject to OMB Circular A-133 requirements are in compliance. Staff follow-up to verify that single audits are completed and that all identified audit findings are resolved in a timely manner. We tightened up the verbiage in the contract between this office and our grantees/subrecipients, to specifically address their responsibility of providing a final copy of their single audit to the Federal Clearinghouse and to this office. We have also implemented a database to assist in tracking the status of the audits for the grantees/subrecipients that have been identified by the State Auditor - Chief Inspector Division as requiring a Single Audit. As a result of the FY 2010 audit, it has been brought to our attention that if the State Auditor's Office does not approve a request from the grantee/subrecipient for an extension to the nine month deadline to complete their single audit, it is our responsibility to enforce sanctions for noncompliance. From this day forward, we will ensure that grantees/subrecipients are sanctioned for noncompliance due to a late audit report. The system in place will enable us to determine in a timely manner, the existence of material noncompliance or internal control issues that may be identified in relation to the federal award. We will continue to work with the State Auditor's Office to expedite the receipt of completed audit reports.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–12 SUBRECIPIENT MONITORING – AUDIT REPORTS**  
**(Prior Year Finding 2009–19)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Interior Abandoned Mine Land Reclamation (AMLR) Grant Award S08AP12551	15.252

**Criteria:** Each State department and agency that receives and disburses federal awards is required by OMB Circular A–133 Sec .300(b) to “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

All subrecipients subject to OMB Circular A–133 spending more than \$500,000 in federal awards must have required audits completed in accordance with OMB Circular A–133 and provide copies of their audit reports to the primary recipient. The required audits must be completed within nine months of the end of the subrecipient’s audit period and a management decision on audit findings must be issued within six months after receipt of the subrecipient’s audit report. Furthermore, pass-through entities are required to determine if the audit report is on file with the Federal Clearinghouse prior to granting eligibility for the current year.

**Condition:** We tested AMLR subrecipient monitoring for two of sixteen subrecipients and noted the following issues:

- One of four subrecipient audit reports was received by the Clearinghouse after the required date of submission.
- Furthermore, Management did not issue a decision on audit findings within six months after the receipt of one of the four subrecipients audit reports.

**Questioned Costs:** Unknown

**Context:** Total disbursements to these subrecipients were \$5,752,995 for the year ended June 30, 2010. Total federal expenditures to subrecipients for AMLR were \$17,942,754 for the year ended June 30, 2010. Total federal expenditures for AMLR were \$51,222,518 for the year ended June 30, 2010.

**Cause:** Management indicated that the subgrant unit of AMLR has had continual contact with subrecipients in efforts to receive the audit report by the required deadline. Management indicated that there were delays in the timing of the audit for various reasons which caused the audit to not be submitted in a timely manner. Management also indicated that there were delays in completion of the second desk review of one subrecipient’s audit report which caused the late submission of management’s decision on audit findings.

**Effect:** AMLR is unable to determine, in a timely manner, the existence of material noncompliance or internal control issues with subrecipients that may be identified through the monitoring process.

**Recommendation:** AMLR currently has procedures in place to monitor and track subrecipient audit reports. Management should continue to implement and enhance these procedures and follow up with subrecipients subject to OMB Circular A–133 requirements to ensure that the required audits are completed and that all identified audit findings are resolved in a timely manner.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–12 SUBRECIPIENT MONITORING – AUDIT REPORTS  
(Prior Year Finding 2009–19) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Interior Abandoned Mine Land Reclamation (AMLR) Grant Award S08AP12551	15.252

**Views of Responsible Officials and Planned Corrective Actions:** The department has continual contact with subrecipients in an effort to receive audit reports by the required deadline. The department is in the process of formalizing standard operating procedures specifying the timing and frequency of correspondence to subrecipients subject to OMB Circular A–133 requirements to ensure that the required audits are completed and that all identified audit findings are resolved in a timely manner.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–13 DISASTER UNEMPLOYMENT CASH MANAGEMENT, REPORTING AND PERIOD OF AVAILABILITY**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Labor Unemployment Insurance (UI) Grant Award UI-18055-09-55-A-54	17.225

**Criteria:** “A State must not draw down funds from its account in the Unemployment Trust Fund (UTF) or from a Federal account in the UTF in advance of actual immediate cash needs for any purpose including maintaining a compensating balance (31 CFR 205.11(c)).”

The management of WorkForce West Virginia (WWV) is responsible for establishing and maintaining controls over the processing of draw downs to minimize the time elapsing between the transfer of funds from the United States Treasury and the State’s payout of funds for federal assistance program purposes.

“In addition to such other reports as may be required by the Secretary, within 60 days after all payments of Disaster Unemployment Assistance as the result of a major disaster in the State have been made, the State agency shall submit a final report to the Secretary (20 CFR 625.19(b)).”

**Condition:** During August 2009, WorkForce West Virginia drew down an advance of \$19,814 for Disaster Unemployment Assistance (DUA) funds in anticipation of increased benefit claims for that month. A portion of the draw down, \$6,037, remained unspent by the State until the funds were returned to the United States Treasury during August 2010.

Also, it was determined that the final DUA report was not submitted within the 60 day timeframe as required by the Federal Code of Regulations. The final payment for the DUA in question was made October 31, 2009, while the final report was not submitted to the United States Department of Labor until February 2, 2010.

**Questioned Costs:** \$6,037

**Context:** Total federal receipts for the Unemployment Insurance program (UI) were \$801,855,568 for the year ended June 30, 2010. Total federal receipts for Disaster Unemployment Assistance benefits were \$33,254 for the year ended June 30, 2010.

**Cause:** Workforce West Virginia has not properly implemented controls over drawdowns of federal funds. Proper review of account balances and projected immediate cash needs by WorkForce West Virginia officials would prevent the untimely drawdown of federal funds. Also, WorkForce West Virginia has not properly implemented controls over the federal grant reporting process. Proper review by WorkForce West Virginia officials of relevant grant reporting requirements would prevent the untimely filing of federal grant reports.

**Effect:** Workforce West Virginia is unable to determine, in a timely manner, the existence of material noncompliance or internal control issues at the program level that may be identified through the application of effective controls and monitoring of those controls.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010-13 DISASTER UNEMPLOYMENT CASH MANAGEMENT, REPORTING AND PERIOD OF AVAILABILITY**

(continued)

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Labor	
	Unemployment Insurance (UI)	17.225
	Grant Award UI-18055-09-55-A-54	

**Recommendation:** In order to reduce the possibility and frequency of noncompliance with Federal regulations, we recommend that Workforce West Virginia properly implement controls over the drawdown of federal funds.

**Views of Responsible Officials and Planned Corrective Actions:** On August 17, 2009, WorkForce West Virginia drew down funds in the amount of \$19,814 through the Payment Management System (PMS). The funds were drawn down to cover current expenditures and in anticipation of an immediate need for additional funds to pay claims for the existing claimants as well as the announcement that there was an addition of four counties to this DUA (FEMA 1838). However, the funds were not fully expended and were not returned timely. WorkForce West Virginia returned the unexpended balance of \$6,037.00 on August 9, 2010, through PMS.

Fiscal and Administrative Management (FAM) has modified procedures to monitor cash on hand to assure timely draw downs and timely return of unexpended funds if needed.

The report was submitted prior to the due date, but the individual submitting the report forgot to mark it as final. The report was revised on February 2, 2010, to mark it as final. WorkForce West Virginia and USDOL have since resolved this issue.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–14 INTERNAL CONTROLS OVER REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Labor Unemployment Insurance (UI) Grant Award UI-18055-09-55-A-54	17.225
<b>Criteria:</b>	The management of WorkForce West Virginia (WWV) is responsible for establishing and maintaining effective internal controls over compliance. Additionally, a fundamental concept of internal control is adequate segregation of incompatible duties, the premise being that responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different employees.	
<b>Condition:</b>	WorkForce West Virginia does not currently have a documented review and approval process for the data entry of the “Statement of Expenditures and Adjustments of Federal Funds for Unemployment Compensation for Federal Employees and Ex-service Members” report (ETA-191) and approval by someone independent of the data entry.	
<b>Questioned Costs:</b>	N/A	
<b>Context:</b>	Total federal disbursements for the Unemployment Insurance program (UI) were \$790,328,286 for the year ended June 30, 2010. Total federal disbursements of Unemployment Compensation for former federal employees (UCFE) and for ex-service members (UCX) were \$861,503.	
<b>Cause:</b>	WorkForce West Virginia has not established effective internal controls over the data entry and submission of the ETA-191 report. Proper supervisory review and approval of all reports prior to submission is vital to preventing and detecting potential errors. Also, management indicated that the federal online system for data entry does not permit separate passwords for a person independent of the data entry to review and approve prior to submission.	
<b>Effect:</b>	WorkForce West Virginia is unable to determine, in a timely manner, the existence of material noncompliance at the program level that may be identified through the application of effective controls and monitoring of those controls.	
<b>Recommendation:</b>	We recommend that WorkForce West Virginia implement mitigating controls over the data entry and submission of the ETA-191 quarterly reports. At a minimum, such controls should include a documented review and approval process. In addition, Workforce West Virginia should work with the USDOL to develop separate passwords for data entry and approval of the report prior to submission.	
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	WorkForce West Virginia prepared the ETA-191 Report solely for the U.S. Department of Labor (USDOL) and it is not distributed internally. The expenditures for UCX and UCFE are entered into the USDOL Sun System quarterly from an INFOPAC report generated by WorkForce West Virginia’s MIS Department, report ESK256DP1. A Financial Reporting Specialist keys the expenditures directly from the computer generated report and compares the total expenditures for the quarter (from a different source) and compare the data to the INFOPAC report ESK256DP1. If the Financial Reporting Specialist finds any discrepancies, the MIS Department would be contacted immediately to investigate and the FAM Assistant Director would be notified.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–14 INTERNAL CONTROLS OVER REPORTING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Labor Unemployment Insurance (UI) Grant Award UI-18055-09-55-A-54	17.225

The Fiscal and Administrative Management (FAM) Section has implemented an additional step in the review and approval process. The Assistant Director of FAM reviews the computer report ESK256DP1 and the ETA-191 Report to verify the expenditures are entered correctly, then signs the hard copy of the ETA-191 Report to be kept on file. However, the USDOL SUN System does not provide a certification process. The numbers are keyed and submitted without the option of another individual certifying that the numbers are correct. In addition, there are no controls built into the system to prevent the numbers from being changed. However, WorkForce West Virginia's position is that there is a low risk for fraudulent activity since no funds are being transferred or any personal advantage for changing the submitted numbers. With the additional step of the Assistant Director's review and signature, and the low risk involved, we feel the internal controls are sufficient for the ETA-191 Report.

In addition, WorkForce West Virginia is contacting the USDOL to request a separate certification within the Sun System so that one employee can enter the data and a supervisor can certify the reports.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–15 SUBRECIPIENT MONITORING – AUDIT REPORTS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Labor WIA Cluster	17.258/17.259/ 17.260
	Grant Award AA-17156-08-55-A-54	

**Criteria:** All subrecipients subject to OMB Circular A–133 spending more than \$500,000 in federal awards must have required audits completed in accordance with OMB Circular A–133 and provide copies of their audit reports to the primary recipient. The required audits must be completed within nine months of the end of the subrecipient’s audit period and a management decision on audit findings must be issued within six months after receipt of the subrecipient’s audit report. Furthermore, pass-through entities are required to determine if the audit report is on file with the Federal Clearinghouse prior to granting eligibility for the current year.

**Condition:** We reviewed the subrecipient monitoring of audit reports for WIA and noted the following issues:

- Final management decisions were not issued on findings within the required six month time frame on four of eight subrecipients reviewed.
- Management does not document their review of Central Contractor Registration when ensuring that subrecipients are registered.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures to subrecipients for the WIA Cluster were \$18,512,275 for the year ended June 30, 2010. Total federal expenditures for the WIA Cluster were \$20,150,360 for the year ended June 30, 2010.

**Cause:** WorkForce West Virginia currently has a process of reviewing a subrecipient A–133 audit log to ensure that the required subrecipient A–133 audits are received and reviewed in a timely fashion. However, due to employee turnover, the log was not reviewed on a monthly basis as designed.

**Effect:** WorkForce West Virginia is unable to determine, in a timely manner, the existence of material noncompliance or internal control issues with subrecipients that may be identified through the monitoring process.

**Recommendation:** WorkForce West Virginia currently has procedures in place to monitor and track subrecipient audit reports. Management should continue to implement and enhance these procedures and follow up with subrecipients subject to OMB Circular A–133 requirements to ensure that the required audits are completed and that all identified audit findings are resolved in a timely manner.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–15 SUBRECIPIENT MONITORING – AUDIT REPORTS  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Labor WIA Cluster	17.258/17.259/ 17.260
	Grant Award AA-17156-08-55-A-54	

<b>Views of Responsible Officials and Planned Corrective Actions:</b>	WorkForce West Virginia has assigned staff members to complete reviews within the proper 6 month time frame and is monitoring this closely through supervisory staff. WorkForce West Virginia is also providing training to FAM employees on this topic in March 2011.
	Workforce West Virginia now requires proof of the bidder's Central Contractor Registration to be included in any bid proposal submission.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–16 INFORMATION TECHNOLOGY SYSTEMS CONTROLS  
(Prior Year Finding 2009–21)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Transportation, U.S. Appalachian Regional Commission	
	Highway Planning and Construction Cluster	
	Highway Planning and Construction	20.205
	Recreational Trails Program	20.219
	Appalachian Development Highway System	23.003

**Criteria:** The management of the Department is responsible for establishing and maintaining effective internal controls over financial reporting. Additionally, a fundamental concept of internal control is adequate segregation of incompatible duties, the premise being that responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets are assigned to different employees.

**Condition:** The Department operates several information technology systems that affect the information that is reported in the Department’s financial statements. During our review of the information technology systems, we noted:

- The process for system change management for the contract management system (PRS) is informal, and the key authorizations (initial system change request, testing of the change, and migration to production) are not documented.
- The process for system change management in the Department’s primary accounting system (REMIS) lacks adequate segregation of duties. Specifically, two Information Services Managers have the ability to make changes in the development environment and migrate those changes to the production environment. Additionally, we noted that an independent review of the system change reports is not performed to determine if any unauthorized changes have occurred.
- The process to grant, modify, or revoke rights within PRS is not formally documented and reviewed.

**Questioned Costs:** N/A

**Context:** All financial transactions of the Department are processed through these information technology systems.

**Cause:** The Department has not established or monitored the existing information technology systems policies and procedures over change management and certain system access controls.

**Effect:** Changes to the information technology systems programming can be placed in production without appropriate supervisory review and approval. Additionally, unauthorized access to these information technology systems may occur and go undetected.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–16 INFORMATION TECHNOLOGY SYSTEMS CONTROLS  
(Prior Year Finding 2009–21) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Transportation, U.S. Appalachian Regional Commission	
	Highway Planning and Construction Cluster	
	Highway Planning and Construction	20.205
	Recreational Trails Program	20.219
	Appalachian Development Highway System	23.003

**Recommendation:** The Department should implement procedures to:

- Document the change management process for PRS. This documentation should include the change requested, individual making the request, and appropriate supervisory review and approval, which must occur prior to the changes being migrated to production.
- Segregate the incompatible duties over change management to REMIS and implement a process for independent review of system change reports for unauthorized changes.
- Document the process for changing existing user rights within PRS. This documentation should include the change requested, individual making the request, and appropriate supervisory review and approval of the change.

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

Information Services has developed a program to document and track all changes made to PRS and all other programs which may be applicable. The Information Services Division agrees that management should be periodically reviewing the changes. However, with the limited programming staff available, there is not sufficient time for other experienced programmers to review the changes in a comprehensive detailed manner; however, should the additional programmers be employed, more compliance with this finding would be expected. The process to add or delete a user to the SQL tables has been made the same as the rules for adding and deleting to the PRS domain user group. Once the server is replaced, it will reside with the Office of Technology in one of their server rooms, and by policy it will have secure backups taken periodically.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–17 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**(Prior Year Finding 2009–23)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

**Criteria:** OMB Circular A–133 Section 300a states, “The auditee shall prepare appropriate financial statements including the schedule of expenditures of Federal awards.”

**Condition:** During our testing of the schedule of expenditures of Federal awards (SEFA) for the Weatherization program, we noted that the GOEO reported current year expenditures to subrecipients did not agree to the cash ledgers maintained for the Weatherization program as of June 30, 2010.

**Questioned Costs:** N/A

**Context:** GOEO reported Non-ARRA Weatherization awards to subrecipients on the SEFA of \$1,233,117 for the year ended June 30, 2010, whereas the supporting cash ledgers provided for testing purposes indicated Non-ARRA Weatherization drawdown expenditures to subrecipients were \$1,247,262 resulting in an understatement of \$14,145. Total reported federal expenditures to subrecipients for both Non-ARRA and ARRA Weatherization funds were \$12,953,374.

**Cause:** Policies and procedures related to preparation and review of the SEFA are not being followed, therefore allowing for errors which are not being detected. FIMS Fund/CFDA expenditures should agree with the respective agency’s financial information; Additionally, each agency receives a monthly report from the State Auditor’s Office (SAR) that details the receipts and expenditures during the period, and this report should also agree to FIMS fund activity and separately-maintained financial information. The GOEO maintains cash ledgers for the Weatherization Program within an Excel spreadsheet by program year. With the inception of ARRA funds, they have added a separate spreadsheet to track ARRA expenditures.

**Effect:** Improper reporting on the GOEO’s SEFA results in inaccurate reporting in the State of West Virginia’s SEFA.

**Recommendation:** We recommend that the GOEO implement a monthly reconciliation process, utilizing both the monthly State Auditor Reports (SARs) and an exported monthly Crystal Report for Fund 8797 CFDA# 81.042 to ensure that the GOEO Weatherization Cash Ledgers, which are the basis for the SEFA, are accurate and in agreement with amounts actually being input into the State’s FIMS system. This will allow for proper reporting of federal awards and expenditures.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–17 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Prior Year Finding 2009–23) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

Prior to July 1, 2010, GOEO relied on hand prepared grant spreadsheets for grant tracking. The only exceptions were for the ARRA funds received by the state. Since July 1, 2010, all funding received by GOEO is tracked using the Grants module in WVFIMS. Any corrections are now only reflected in agency records when the corrections are made in WVFIMS. This provides a clearer accounting trail and accurate monthly review and balancing.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–18 INDIRECT COST ALLOCATION**  
**(Prior Year Finding 2009–24)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2009 Regular DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

**Criteria:** Each state department and agency that receives and disburses federal awards is required by OMB Circular A–133 Sec .300(b) to “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Per OMB Circular A-87 Attachment E Section A(3), “indirect costs are normally charged to Federal awards by the use of an indirect cost rate. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards.” Section C(1)(c) states “specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in subsections 2, 3 and 4.”

**Condition:** The GOEO does not have a formal indirect cost rate proposal (ICRP) for the Weatherization program. They do allocate indirect costs, however the method of allocation is not based on methodology allowed by OMB Circular A-87. Allocation percentages are based on the amount of administration funds available for the current calendar quarter in proportion to the total administration funds and those amounts are updated every three months as new grants are awarded.

**Questioned Costs:** \$142,184

**Context:** Total federal administrative expenditures for the Weatherization program for the year ended June 30, 2010, were \$142,183.68, of which \$37,744 were for non-ARRA expenditures while \$104,440 were for ARRA expenditures. Total federal expenditures for the Weatherization program for the fiscal year ended June 30, 2010, were \$14,148,341, of which \$1,504,883 were for non-ARRA expenditures while \$12,643,458 were for ARRA expenditures.

**Cause:** The GOEO has not created a formal indirect cost rate proposal to allocate indirect costs of the Weatherization program.

**Effect:** The Weatherization program is not in compliance with OMB Circular A-87 cost principles related to indirect costs.

**Recommendation:** The GOEO should ensure that the Weatherization program creates and adheres to a formal ICRP to allocate indirect costs on a consistent basis in accordance with OMB Circular A-87.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-18 INDIRECT COST ALLOCATION  
(Prior Year Finding 2009-24) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2009 Regular DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

GOEO has not traditionally distinguished between direct costs that must be paid from the allowable administrative portion of a grant and the indirect costs that must be paid from the same source. This has required some staff training on the difference between direct and indirect costs. GOEO is in the process of implementing a comprehensive cost allocation plan. The position of chief financial officer for the agency has been approved by the Governor's Office, and GOEO hopes to fill the position soon. Once FY 2011 accounts are closed, GOEO anticipates submitting an indirect cost rate proposal to the cost allocation division of the U.S. Department of Health and Human Services.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–19 FINANCIAL REPORTING**  
**(Prior Year Finding 2009–27)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

**Criteria:** The Weatherization program is required to file the *Federal Financial Report (SF-425)*. Recipients use the FFR as a standardized format to report the financial status of their Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10c).

**Condition:** We tested a sample of two out of a population of four reports for SF-425 reports as part of our major program audit procedures. As such, we noted that one of the SF-425 reports was not submitted by the required due date. Additionally, we noted that for both of the SF-425 reports there was no indication of review and approval noted on the reports prior to submission.

**Questioned Costs:** N/A

**Context:** The SF-425 report for the period from October 1 to December 31, 2009, was not submitted until July 27, 2010, thus not within the thirty days after reporting period end date. Also, for both the SF-425 report for the period from October 1 to December 31, 2009, as well as for the SF-425 report for the period from April 1 to June 30, 2010, there was no indication of review and approval documented prior to submission of these reports.

**Cause:** The Department of Energy grant period for the Weatherization grant(s) ran from April 1 through March 31. However, the GOEO obtained approval to extend the grant period to include up through June 30 in order to align the federal grant award with the State of West Virginia's fiscal year. Additionally, an approved carryover amount from the previous years' grant increased the current year grant. As a result of the various grant changes, the DOE online reporting system developed a condition that, based upon grant information within the system, would reject any report which did not meet the criteria and thus prevented the GOEO from submitting the quarterly report in a timely manner. The GOEO was diligent in their communication with the DOE in order to resolve the issue such that future quarterly reports could be submitted as well. Absence of review and approval noted on the reports was mainly due to executive turnover during the fiscal year.

**Effect:** The quarterly report containing financial status information relating to the federal award was not submitted in a timely manner. Additionally, inaccurate data could be reported on the federal reports filed with the grantor agency.

**Recommendation:** The GOEO should implement review procedures to ensure that federal reports are appropriately reviewed and approved prior to timely submission.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–19 FINANCIAL REPORTING  
(Prior Year Finding 2009–27) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2008 DE-FG26-04R340653	
	Grant Award 2009 DE-EE0000085	
	Grant Award 2009 ARRA DE-EE0000101	

**Views of Responsible Officials and Planned Corrective Actions:** Conditions remain in PAGE, the DOE reporting system, that do not always allow GOEO to submit reports without the assistance of the contracted DOE technical group. We now know to notify DOE quickly when we cannot submit a report. Use of additional coding in FIMS will also facilitate accurate financial data to be input timely into PAGE.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–20 SUBRECIPIENT MONITORING  
(Prior Year Findings 2009–28 and 2009–49)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2009 Regular DE-EE0000085	
	Grant Award 2009 ARRA DE-EE00001013	
	U.S. Department of Health and Human Services	
	Low-Income Home Energy Assistance	93.568
	Grant Award G-07B1WVLIEA	

**Criteria:** Each state department and agency that receives and disburses federal awards is required by OMB Circular A–133 Sec .300(b) to “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

OMB Circular No. A–133, Subpart D §400 requires a pass-through entity to “monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.” Pass-through entities are required to develop monitoring procedures including programmatic and financial monitoring to ensure subrecipients have used federal funds for authorized purposes.

OMB Circular A–133 Subpart D §400 requires that a pass-through entity “ensure that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.” Subrecipients must have required audits completed within nine months of their fiscal year end, and must provide copies of their audit reports to the primary recipient. Subpart D §400 also requires that a pass-through entity “issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.”

**Condition:** Although the GOEO has developed monitoring procedures for Weatherization subrecipients, we noted the following:

- Per review of the financial monitoring log, there was one (1) subrecipient who did not submit their A–133 Audit within the nine-month timeframe without obtaining an approved extension;
- We noted one subrecipient within the financial monitoring log testing where the documentation reviewed by Program personnel was not completed in a timely manner.
- We noted one subrecipient within the financial monitoring log testing where a management letter was mentioned in Report on Compliance and IC over Financial Reporting, however, the letter was not provided for review.
- We noted one subrecipient within the financial monitoring log testing where no checklist for financial review was provided, however we reviewed notes made by GOEO personnel on the face of the financial statements.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–20 SUBRECIPIENT MONITORING  
(Prior Year Findings 2009–28 and 2009–49) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2009 Regular DE-EE0000085	
	Grant Award 2009 ARRA DE-EE00001013	
	U.S. Department of Health and Human Services	
	Low-Income Home Energy Assistance	93.568
	Grant Award G-07B1WVLIEA	

- GOEO personnel could not provide support (letter sent to management presenting the findings, letter containing responses the findings, documentation containing corrective actions and documentations stating if the findings were resolved) to document completion of financial review for all three of the four subrecipients selected for programmatic monitoring testing purposes.
- GOEO personnel could not provide support (letter sent to management presenting the findings, letter containing responses the findings, documentation containing corrective actions and documentations stating if the findings were resolved) to document completion of financial review for all five of the seven subrecipients selected for field monitoring testing purposes.
- We noted that one of the three subrecipients selected for field monitoring testing purposes, GOEO personnel could not provide support for testing purposes.

**Questioned Costs:** Unknown

**Context:** Total awards to the twelve (12) subrecipients for the Weatherization program for fiscal year ended June 30, 2010, were \$12,953,374, whereas the total awards to the same respective twelve (12) subrecipients for the LIHEAP program for fiscal year ended June 30, 2010, were \$4,306,191. Total Weatherization awards to the two (2) subrecipients with instances of noncompliance with respect to financial monitoring were \$6,253,105, whereas the total LIHEAP awards to the same respective two (2) subrecipients were \$2,019,000. Total Weatherization awards to the three (3) subrecipients with instances of noncompliance with respect to programmatic monitoring were \$7,772,904, whereas the total LIHEAP awards to the same respective three (3) subrecipients were \$2,019,000. Total Weatherization awards to the five (5) subrecipients with instances of noncompliance with respect to field monitoring were \$6,259,160, whereas the total LIHEAP awards to the same respective five (5) subrecipients were \$2,059,916.

**Cause:** The GOEO does have formalized procedures in place for the monitoring of subrecipients. However, due to GOEO personnel turnover during the fiscal year, these procedures were not always able to be followed by GOEO personnel.

Communication between the subrecipient agency and the GOEO regarding approval of an extended due date for submission of the agency's audited financial statements was documented, however, the audit report(s) were not submitted by the extended due date.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–20 SUBRECIPIENT MONITORING  
(Prior Year Findings 2009–28 and 2009–49) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Energy	
	Weatherization Assistance for Low-Income Persons	81.042
	Grant Award 2009 Regular DE-EE0000085	
	Grant Award 2009 ARRA DE-EE00001013	
	U.S. Department of Health and Human Services	
	Low-Income Home Energy Assistance	93.568
	Grant Award G-07B1WVLIEA	

**Effect:** The inability of the GOEO to obtain the required audit(s) from the subrecipient agencies could result in the GOEO being unable to determine, in a timely manner, the existence of material noncompliance or control deficiencies with subrecipients that may be identified through the monitoring process. Also, the inability of the GOEO to maintain the review documentation related to audit finding(s) and subsequent followup with subrecipients results in noncompliance with applicable requirements.

**Recommendation:** The GOEO should take the necessary steps to obtain the required audits. The GOEO should continue to follow up with subrecipients subject to OMB Circular A–133 requirements to ensure that required audits are completed in a timely manner, submitted to the Federal Clearinghouse, and that all identified audit findings are resolved in a timely manner.

**Views of Responsible Officials and Planned Corrective Actions:** GOEO is in the process of reviewing and, as necessary, reworking subgrantee monitoring policies and procedures to create a comprehensive and integrated monitoring plan that can be adjusted to the federal requirements of all GOEO funded programs. Documentation of processes has improved in FY 2011, but continued staff turnover in FY 2010 and 2011 has slowed GOEO efforts to fully implement plans.

GOEO has formed several work groups consisting of Program and Financial personnel to develop and streamline processes.

GOEO is implementing new processes to insure that all documents related to subgrantees are maintained in one place and are tracked and logged. A uniform, central filing system for all grants will be implemented next month when the office moves. That system will then be mirrored on the agency’s shared drive on the server.

New monitoring policies and procedures are being implemented for tracking all areas of monitoring. The policy addresses each monitoring step in detail and explains the monitoring reports as well as the tools utilized during a monitoring.

A new process for A-133 Audit review will include training both program and financial staff on all aspects of subrecipient A 133 Single Audits, and development of GOEO-related responsibilities, protocols and procedures. This effort has produced a GOEO monitoring tool for A–133 Audit Review, and an expanded tracking tool, Annual Audits Chart PY 20XX due in 20XX, including Summary Schedule of Annual Audits due to GOEO each year and GOEO Notification and Management Decision.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–21 SPECIAL TESTS AND PROVISIONS – LOAN REPAYMENTS AND STUDENT DEFERMENTS  
(Prior Year Finding 2009–35)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR 674.42 (b)(1), “The institution must conduct exit counseling with borrowers either in person, by audiovisual presentation, or by interactive electronic means. The institution must ensure that exit counseling is conducted shortly before the borrower ceases at least half-time study at the institution. If a borrower withdraws from the institution without the institution’s prior knowledge or fails to complete an exit counseling session as required, the institution must ensure that exit counseling is provided through either interactive electronic means or by mailing counseling materials to the borrower at the borrower’s last known address within 30 days after learning that the borrower has withdrawn from the institution or failed to complete exit counseling as required.”

**Condition:** During our testing of student loan files for Bluefield State College, we noted the following:

- For one student tested, out of a sample of three, who entered into repayment and left prior to an exit interview being conducted, there was no evidence that management had prepared and mailed the interview package to the student.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for Bluefield State College were \$13,984,075 for the year ended June 30, 2010.

**Cause:** Management failed to prepare and mail the exit interview package within the required time frame to demonstrate compliance with the federal regulations.

**Effect:** The lack of timely mailing for the student’s exit interview is a noncompliance issue with 34 CFR Section 674.42.

**Recommendation:** The institution should implement policies and procedures to ensure that exit interview packages are mailed to all students that leave prior to an exit interview being conducted within the required 30-day time frame.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–21 SPECIAL TESTS AND PROVISIONS – LOAN REPAYMENTS AND STUDENT DEFERMENTS  
(Prior Year Finding 2009–35) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Views of Responsible Officials and Planned Corrective Actions:** Effective October 1, 2009, Bluefield State College has changed its procedures to identify students needing exit interview based on the reports to the National Student Loan Clearinghouse. The new procedure will include an entry on the “RUAMAIL” screen in Banner which will indicate when the exit interview was processed. In 2008–2009 award year, the Financial Aid Office changed the exit interview form to include the date mailed for subsequent students.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–22 SPECIAL TESTS AND PROVISIONS – FEDERAL WORK STUDY**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR Section 675.20, “If an institution wishes to have its students employed under this part by a Federal, State or local public agency, or a private nonprofit or for-profit organization, it shall enter into a written agreement with that agency or organization. The agreement must set forth the FWS work conditions. The agreement must indicate whether the institution or the agency or organization shall pay the students employed, except that the agreement between an institution and a for-profit organization must require the employer to pay the non-Federal share of the student earnings.”

**Condition:** For 2 of the 4 students selected for testing which had off campus federal workstudy arrangement during the 2009–2010 school year, there was no current agreement maintained between Marshall University and the off campus employer.

**Questioned Costs:** N/A

**Context:** We tested a total of 4 students out of 32 total students who had off campus federal work study arrangements as of June 30, 2010.

**Cause:** Management failed to obtain an agreement with the federal work study program.

**Effect:** Not maintaining a written agreement with the off campus employer is a noncompliance issue with 34 CFR Section 675.20.

**Recommendation:** The institution should implement policies and procedures to ensure that the institution maintains current executed agreements with its federal work study programs.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–22 SPECIAL TESTS AND PROVISIONS – FEDERAL WORK STUDY  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

The University had on file an agreement between Marshall University and the off-campus organization; however, the agreement had expired. This error was corrected by executing an agreement after the fact.

To prevent this from occurring again, University procedures have been changed. Previously, the Offices of Career Services and the College of Education had responsibility to execute written agreements with off-campus organizations that employed Federal Work-study students in community service positions. The responsibility has now shifted to the Office of Student Financial Assistance. And, in addition, procedures have been strengthened so that the processing of community service work-study will include a step in which there is a check-off box for Community Service, which will ensure a review of the agreement on file before approving the student to work.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–23 SPECIAL TESTS AND PROVISIONS – VERIFICATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR Section 668.57, acceptable documentation for verification is stated as “An institution shall require an applicant selected for verification to verify AGI and U.S. income tax paid by submitting to it, if relevant - (i) A copy of the income tax return of the applicant, his or her spouse, and his or her parents. The copy of the return must be signed by the filer of the return or by one of the filers of a joint return; (ii) For a dependent student, a copy of each Internal Revenue Service (IRS) Form W–2 received by the parent whose income is being taken into account if - (A) The parents filed a joint return; and (B) The parents are divorced or separated or one of the parents has died; and (iii) For an independent student, a copy of each IRS Form W–2 he or she received if the independent student - (A) Filed a joint return; and (B) Is a widow or widower, or is divorced or separated. (2) If an individual who filed a U.S. tax return and who is required by paragraph (a)(1) of this section to provide a copy of his or her tax return does not have a copy of that return, the institution may require that individual to submit, in lieu of a copy of the tax return, a copy of an IRS form which lists tax account information.”

**Condition:** For 1 of the 25 students selected for verification during the 2009–2010 school year, the documentation that was obtained from the student and reviewed for verification included tax returns that were not properly signed or did not indicate that they had been submitted electronically.

**Questioned Costs:** N/A

**Context:** We tested a total of 25 students out of 3,311 total students who had been selected for verification by the Marshall University during the year ended June 30, 2010.

**Cause:** Management indicated that the Financial Aid Office verifies the tax return is supplied by the student but sometimes fails to verify that the tax return has been signed by the student and/or parent.

**Effect:** The lack of acceptable documentation for student verification is a noncompliance issue with 34 CFR Section 668.57.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–23 SPECIAL TESTS AND PROVISIONS – VERIFICATION  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Recommendation:** The institution should implement policies and procedures to ensure that the acceptable documentation is obtained from students during the verification process.

**Views of Responsible Officials and Planned Corrective Actions:** The Marshall University Office of Student Financial Assistance (SFA) routinely checks that any required signatures, such as signatures on verification worksheets or on copies of tax returns are collected at the time of verification. However, in the instance cited above, the Office of SFA failed to notice that the signature on the parent’s federal income tax return was not that of the preparer, but rather the student’s. This was an isolated case in which the Office of SFA overlooked the fact that the signature wasn’t that of the preparers (although the last name was the same).

When this oversight was brought to the attention of SFA, the Office of SFA resolved the issue immediately by collecting a “properly” signed federal income tax return. There was no change to the previously verified data elements of the student’s processed FAFSA; thus, there was not a change in the student’s eligibility for financial aid.

To avoid this verification error in the future, the Office of SFA strengthened its verification procedures by adding two additional steps on the Office Verification Form. The steps require a review and check off box, ensuring that the student and parents’ tax returns and other verification have required signatures and that they are valid.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–24 EARMARKING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR 675.18, “(1) For the 2000–2001 award year and subsequent award years, an institution must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one—(i) Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or (ii) Family literacy project that employs one or more FWS students in family literacy activities. (2) The Secretary may waive the requirements in paragraph (g)(1) of this section if the Secretary determines that an institution has demonstrated that enforcing the requirements in paragraph (g)(1) of this section would cause a hardship for students at the institution. (3) To the extent practicable, in providing reading tutors for children under paragraph (g)(1)(i), an institution must— (i) Give priority to the employment of students to tutor in reading in schools that are participating in a reading reform project that— (A) Is designed to train teachers how to teach reading on the basis of scientifically-based research on reading; and (B) Is funded under the Elementary and Secondary Education Act of 1965; and (ii) Ensure that any student who is employed in a school participating in a reading reform project described in paragraph (g)(3)(i) of this section receives training from the employing school in the instructional practices used by the school. (4)(i) In meeting the seven percent community service expenditure requirement in paragraph (g)(1) of this section, students may be employed to perform civic education and participation activities in projects that— (A) Teach civics in schools; (B) Raise awareness of government functions or resources; or (C) Increase civic participation. (ii) To the extent practicable, in providing civic education and participation activities under paragraph (g)(4)(i) of this section, an institution must— (A) Give priority to the employment of students in projects that educate or train the public about evacuation, emergency response, and injury prevention strategies relating to natural disasters, acts of terrorism, and other emergency situations; and (B) Ensure that the students receive appropriate training to carry out the educational services required.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–24 EARMARKING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Condition:** During our testing of Earmarking for Mountwest Community and Technical College, we noted the following:

- The institution only earmarked \$786 to compensate students employed in a community service activity instead of the required 7% of FWS allocations or \$7,223.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for Mountwest Community and Technical College were \$13,238,647 for the year ended June 30, 2010. Total federal expenditures for Federal Work Study program were \$29,312 for the year ended June 30, 2010.

**Cause:** Management failed to keep track of the status of the Federal Work Study earmarking requirement.

**Effect:** Management has failed to remain in compliance with the Code of Federal Regulations for the Federal Work Study program.

**Recommendation:** The institution should implement policies and procedures to ensure that Earmarking requirements are being met throughout the year.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–24 EARMARKING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Views of Responsible Officials and Planned Corrective Actions:** Mountwest Community and Technical College did not receive full control of the shared database from Marshall University until July 2009. Previously Marshall University administered all Title IV aid programs at Mountwest Community and Technical College, including the Federal Work Study program. As such, the Federal Work Study Program was not fully implemented until November 2009. Due to the late start with the database set up, Mountwest Community and Technical College was unable to fully expend the Federal Capital Contribution for the Work Study program nor were we able to expend the required 7% of the Federal Capital Contribution in community service positions in 2009–2010.

The Federal Work Study Program for 2010-2011 at Mountwest Community and Technical college is being monitored on a bi-monthly basis for total expenditures and the earmark for the 7% community service is being monitored as well. As of December 30, 2010, we have expended \$46,995.26 in both federal and institutional share. The FCC expended through December 30, 2010, is 35,246.25. The amount of the federal share expended as community service is \$3,655.50 well above the required 7%.

**Conclusion:** Management noted in their planned corrective actions that the Federal Work Study Program for 2010–2011 is being monitored on a bi-monthly basis. This time period is outside of audit period and therefore we have not audited this bi-monthly process.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–25 SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement (OMB No. 1845-0021). Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution’s financial records. Since up to three Direct Loan program years may be open at any given time, schools may receive three SAS data files each month (34 CFR Sections 685.102(b), 685.301, and 303).

**Condition:** During our testing of Direct Loan School Account Statement (DLSAS) reconciliations for Mountwest Community and Technical College, we noted the following:

- No reconciliations were performed monthly during FY 2010.

**Questioned Costs:** N/A

**Context:** Total Direct Loan expenditures were \$8,147,271 for the year ended June 30, 2010.

**Cause:** Written procedures detailing the process to reconcile loans from COD to BANNER exist, as provided in narrative form during the audit. However, these procedures were not followed.

**Effect:** As a result of the aforementioned issues noted with the Borrower Data Transmission and Reconciliation procedure, we could not determine if all of the monthly required reconciliations necessary for proper loan disbursement reporting were completed. The absence of the reconciliations could result in the institutions’ financial records for Direct Loan expenditures to be improperly stated.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–25 SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION**

(continued)

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Recommendation:** Mountwest Community and Technical College should ensure that monthly reconciliations are performed and saved in electronic format, including documentation of supervisor review and approval, to a location on the server and labeled with the respective month’s information for subsequent retrieval upon request. Proper records maintenance is necessary to adhere to program compliance requirements relative to Student Financial Assistance.

**Views of Responsible Officials and Planned Corrective Actions:** Mountwest Community and Technical College assumed control of a shared database in July 2009 from Marshall University. The Title IV aid programs had previously been administered by Marshall University. Due to some staff changes in the Financial Aid Office at Mountwest Community and Technical College during the 2009–2010 aid year, the DLSAS reports, which would include supervisor review and approval, were not stored in an accessible location to all relevant staff.

Mountwest Community and Technical College is performing monthly reconciliations for Direct Loans disbursed in 2010–2011 using the DLSAS reports provided by the U.S. Department of Education. The reports are also being saved in electronic format, including documentation of supervisor review and approval, to a secure server which is accessible both locally and remotely and labeled with the respective month’s information for subsequent retrieval upon request.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–26 SPECIAL TESTS AND PROVISIONS – WRITTEN ARRANGEMENTS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR Section 668.5(a), a written arrangement is needed to satisfy the Department of Education requirements, “Written arrangements between eligible institutions. If an eligible institution enters into a written arrangement with another eligible institution, or with a consortium of eligible institutions, under which the other eligible institution or consortium provides all or part of the educational program of students enrolled in the former institution, the Secretary considers that educational program to be an eligible program if it otherwise satisfies the requirements of 668.8”.

**Condition:** For one of the five students tested to determine if the West Virginia State University has entered into an agreement for its students to complete part of their educational program at another institution, consortium, or organization. During the 2009–2010 school year the section of the consortium that was to be completed by the host school was not completed or signed.

**Questioned Costs:** N/A

**Context:** We tested a total of 5 students out of 43 total students who were taking classes at other institutions as transient students during the year ended June 30, 2010.

**Cause:** Management indicated that the Financial Aid Office may not always complete the required paper work if they have dealt with that institution in the past in order to expedite the process.

**Effect:** The lack of acceptable documentation for maintaining written arrangements with another institution, consortium, or organization is a noncompliance issue with 34 CFR Section 668.5(a).

**Recommendation:** The institution should implement policies and procedures to ensure that the acceptable documentation is obtained from the host institution.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–26 SPECIAL TESTS AND PROVISIONS – WRITTEN ARRANGEMENTS  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Views of Responsible Officials and Planned Corrective Actions:** We have implemented an additional requirement field in the Banner System module's Requirement Screen. With this addition, (Consort F, Consort S) we will have an electronic means to track students with consortium agreements in our database, in addition to fulfilling written arrangements.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–27 PRIMARY CARE LOANS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with Section 723(b) of the Public Health Service Act, schools of medicine and osteopathic medicine participating in the Primary Care Loan program are required to meet annually at least one of the following conditions with respect to graduates of the school whose date of graduation from the school occurred approximately four years before the end of the one-year period:

- Not less than 50 percent of the school’s designated graduates meet the criterion of either being in a primary health care residency training program, or being engaged in the practice of primary health care;
- Not less than 25 percent of the school’s designated graduates meet the above criterion, and this percentage is not less than 5 percentage points above the percentage of such graduates meeting such criterion for the preceding one-year period;
- The school is in the top 25th percentile of participating HPSL schools relative to the proportion of designated graduates who meet the above criterion.

**Condition:** Based on data submitted on the June 30, 2009 Annual Operating Report, WVSOM Primary Care program has not met any of the above criteria and must return 30 percent of the income received for the period ending June 30, 2009.

**Questioned Costs:** \$10,601

**Context:** Total Primary Care Loan income for West Virginia School of Osteopathic Medicine was \$35,338 for the year ended June 30, 2009.

**Cause:** Policies and procedures related to the administration of Primary Care Loans were not in place.

**Effect:** West Virginia School of Osteopathic Medicine has failed to maintain compliance with the Primary Care Loan program requirements, which resulted in the refund of 30 percent of the income received from the program for the period ending June 30, 2009.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–27 PRIMARY CARE LOANS  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Recommendation:** The institution should implement policies and procedures to ensure that compliance with the Primary Care Loan program in maintained.

**Views of Responsible Officials and Planned Corrective Actions:** WVSOM will review, update and strengthen its existing procedures for awarding the Primary Care Loan. During the Primary Care Loan counseling sessions with student borrowers, the compliance requirements for the program will be emphasized to the students.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–28 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** ED Form 646-1, *Fiscal Operations Report and Application to Participate* (FISAP) (OMB No. 1845-0030) – This electronic report is submitted annually to receive funds for the campus-based programs. The College uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2010, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2010, and the *Application to Participate* for the 2011–2012 award year (FPL, FWS, FSEOG 34 CFR Section 673.3; *Instruction Booklet for Fiscal Operations Report and Application to Participate*).

As noted on page V of the instructions for the Fiscal Operations Report for 2009–2010 and the Application to Participate for 2011-2012, all corrections to FISAP data and correction of edit errors must be submitted to the U.S. Department of Education (the Department) by December 15, 2010. If there is a need to make a correction after December 15, 2010, the College must access the eCB website and make the necessary correction. This data will be saved in a Working Copy of the FISAP. The College then must justify the need to make the correction on the Additional Information page in the system. However the College will not be able to submit the correction at this stage in the process. The request must be reviewed by the Department, and the College will be notified if the correction is allowed.

**Condition:** The following amounts reported on the June 30, 2010 FISAP for Concord University required revision and did not reconcile to supporting documentation:

- Total number of students, 2009-2010 under Part II, Section D, *Information on Enrollment*
- The number of applicants within various taxable and untaxed income categories reported under Part II, Section F, *Information on Eligible Aid Applicants Enrolled in Your School for Award Year 2009-2010*

**Questioned Costs:** N/A

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–28 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Context:** The Concord University FISAP required a revision to several amounts reported under Part II, Section D and Section F.

**Cause:** The revisions to amounts reported under Part II, Section D and Section F were the result of management completing the FWS section of the FISAP last. At the time, the Director of Financial Aid did not realize that when the FWS section was updated that it would change the numbers on Part II Section D and Section F.

**Effect:** The U.S. Department of Education uses the information in the Application to Participate and in the Fiscal Operations Report to determine the amount of funds the College will receive for each campus-based program. The College must submit accurate data. If not, the College might not receive all the funds to which the College is entitled or the College might be required to return funds that the College was not entitled to receive. The College must retain accurate and verifiable records for program review and audit purposes.

**Recommendation:** We recommend that the College implement policies and procedures to ensure that the proper documentation is maintained for the Fiscal Operations Report and Application to Participate and that accurate information is submitted to the U.S. Department of Education. We further recommend that management resubmit a revised FISAP by the required deadline.

**Views of Responsible Officials and Planned Corrective Actions:** In the future, FISAP reports will be generated from Banner one final time after all processes have been run. The numbers on the reports will be compared to the FISAP data entry for accuracy. A revised FISAP was submitted on November 18, 2010.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–29 RETURN OF TITLE IV FUNDS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** 34 CFR §668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student’s withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs.

**Condition:** Of the three students selected for our sample:

- One student was included on the R2T4 report from the federal website which lists students receiving financial aid and students withdrawing from the institution during the refund period; however, the College has no records of the student applying, being accepted, attending class or paying any fees.
- One student was included on the R2T4 report from the federal website which lists students receiving financial aid and students withdrawing from the institution during the refund period; however, no documentation was maintained regarding the withdrawal and no calculation was performed. The withdrawal was not reported to the Federal Government and no funds were returned.

One student was included on the R2T4 report from the federal website which lists students receiving financial aid and students withdrawing from the institution during the refund period and a refund for the student was entered into the Banner accounting system; however, the calculation was not maintained and the withdrawal was not reported to the federal government. Nor does it appear that the funds were returned.

**Questioned Costs:** N/A

**Context:** Total Federal expenditures for New River Community and Technical College were \$17,469,899 for the year ended June 30, 2010.

**Cause:** Policies and procedures related to the return of Title IV funds are not in place.

**Effect:** The institution is not making returns of Title IV funds in the proper amount and in a timely manner and is not consistently applying the return of Title IV funds to Federal programs as required. The institution is not computing the amounts to be returned or retaining documentation on the withdrawal. Adequate records are not being kept.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–29 RETURN OF TITLE IV FUNDS  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Recommendation:** The institution should implement policies and procedures to ensure that refunds are correctly calculated, proper documentation is maintained and refunds are returned to the federal government in accordance with federal guidelines.

**Views of Responsible Officials and Planned Corrective Actions:** Policies and Procedures are being implemented. Due to the completion of hiring all staff in the Finance department NRCTC will be able to implement these policies and procedures including proper documentation, the calculation of refunds, and the returning of funds according to Federal guidelines.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–30 BORROWER DATA TRANSMISSION AND RECONCILIATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR §685.102(b), “Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement. Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution’s financial records.”

**Condition:** NRCTC was unable to provide Student Account Statements from COD. Per the Director of Financial Aid, NRCTC has not received any Student Account Statements from COD and therefore has not been performing the monthly required reconciliations. Since there were no Student Account Statements from COD, we were unable to select a sample of students to verify that disbursement dates and amounts in the DLSS are supported by the institution’s records.

**Questioned Costs:** N/A

**Context:** Total Direct Loan expenditures and Federal expenditures for New River Community and Technical College were \$9,635,312 and \$17,469,899, respectively, for the year ended June 30, 2010.

**Cause:** Policies and procedures related to the receipt and reconciliation of School Account Statements (SAS) to the institution’s financial records are not in place.

**Effect:** NRCTC was not in compliance with the requirements related to the Borrower Data Transmission and Reconciliation process.

**Recommendation:** The institution should implement policies and procedures to ensure that the School Account Statement (SAS) data file is being reconciled to the institution’s financial records and those borrowers which are included in the DLSS are supported by the institution's records.

**Views of Responsible Officials and Planned Corrective Actions:** The Finance Department, including Student Accounts, is working with Financial Aid to implement policies and procedures to ensure that the COD data files are reconciled to the institution’s financial records.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–31 GRANT OVERPAYMENT REPORTING TO THE NATIONAL STUDENT LOAN DATA  
SYSTEM (NSLDS)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR §668.22, “An institution must refer an overpayment of Title IV grant funds owed by a student as a result of the student’s withdrawal from the institution if the student does not repay the overpayment in full to the institution, or enter a repayment agreement with the institution within the earlier of 45 days from the date the institution sends a notification to the student of the overpayment, or 45 days from the date the institution was required to notify the student of the overpayment.”

**Condition:** The College was unable to provide a population of Title IV overpayments for compliance testing.

**Questioned Costs:** N/A

**Context:** Total Pell expenditures and Federal expenditures for New River Community and Technical College were \$7,764,889 and \$17,469,899, respectively, for the year ended June 30, 2010.

**Cause:** The College is not tracking Title IV overpayments or maintaining appropriate supporting documentation for overpayments in accordance with Federal compliance requirements.

**Effect:** Title IV overpayments are not being calculated, documented and reported to NSLDS in accordance with Federal compliance requirements.

**Recommendation:** We recommend that policies and procedures be implemented to ensure the accurate calculation of overpayments, that proper documentation be maintained and that the overpayments are properly reported to NSLDS in a timely manner.

**Views of Responsible Officials and Planned Corrective Actions:** Policies and Procedures are being implemented and NRCTC’s goal is to meet the guidelines.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–32 SHORT TERM PROGRAMS AT POST-SECONDARY VOCATIONAL INSTITUTION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR 668.8, “For FFEL and Direct Loan Programs, short-term eligible programs at a postsecondary vocational institution (as defined at 34 CFR Section 600.6(a)) must be between 300 - 599 clock hours. They must have been provided for at least one year and must have a substantiated completion and placement rate of at least 70 percent for the most recently completed award year (34 CFR Sections 668.8(d)(2)(ii), 668.8(d)(3)(ii), and 668.8(e)). Completion and placement rates must be calculated in accordance with 34 CFR Sections 668.8(f) and (g). An institution must have documentation supporting its placement rates for each student showing that the student obtained gainful employment in the recognized occupation for which he or she was trained or in a related comparable recognized occupation. Examples of satisfactory documentation of a student’s gainful employment include, but are not limited to: (1) a written statement from the student’s employer; (2) signed copies of State or Federal income tax forms; or (3) written evidence of payments of Social Security taxes (34 CFR Section 668.8(g)(2)).

**Condition:** During our testing of Short Term Programs at PSVI for Pierpont Community and Technical College, we noted the following:

- The institution did not provide the completion and placement rate calculations
- The institution did not provide documentation of placement for the sample of 3 students selected for testing purposes out of a total population of 48 students who received Direct Loans while completing a short-term eligible program

**Questioned Costs:** N/A

**Context:** Total Student Financial Assistance federal expenditures for Pierpont Community and Technical College were \$16,670,032 for the year ended June 30, 2010. Total Direct Loan expenditures were \$10,495,257 for the year ended June 30, 2010. Total federal expenditures of Direct Loans for students enrolled in short-term programs were \$163,820 for the year ended June 30, 2010.

**Cause:** Management was under the impression that the only CFR which needed to be followed relating to the Short Term Programs at PSVI was 34 CFR Part 600 Gainful Employment which had an effective date of July 1, 2011. Therefore, institution personnel did not retain information to substantiate completion and placement rates, nor did they retain documentation supporting the placement of students in an occupation for which they were trained during the award year.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–32 SHORT TERM PROGRAMS AT POST-SECONDARY VOCATIONAL INSTITUTION  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Effect:** Management has failed to be in compliance with the Code of Federal Regulations for the requirements relating to Short Term Programs at PSVI during the year ended June 30, 2010.

**Recommendation:** The institution should implement policies and procedures to ensure that completion and placement rate calculations are completed and that documentation supporting placement of students in the recognized occupation for which he or she was trained or in a related comparable recognized occupation are being met throughout the year.

**Views of Responsible Officials and Planned Corrective Actions:** It is not clear whether the current management personnel in Pierpont Community & Technical College were aware of placement and completion ratios for their short term programs and where this information was kept. Both the President and the Vice President of Academic Affairs started after the 2009-2010 aid year ended. The former Vice President presided over the short term programs. The current Vice President did provide the completion and placement information which could be gathered for the FY10 audit and is still following up on collecting information from the completers.

The Financial Aid Director will meet in the future with Pierpont’s President, Vice President of Academic Affairs, Senior Vice President of Enrollment Management, and Vice President of Finance to clarify regulations and to begin developing policies and procedures in order to substantiate the short term programs and meet federal compliance regulations for Gainful Employment. All parties will be provided with information on current regulations as well as the upcoming changes for July 1, 2011. Positions of responsibility will be identified and documentation will be maintained.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–33 SPECIAL TESTS AND PROVISIONS - VERIFICATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Criteria:** In accordance with 34 CFR Section 668.57, acceptable documentation for verification is stated as “An institution shall require an applicant selected for verification to verify AGI and U.S. income tax paid by submitting to it, if relevant - (i) A copy of the income tax return of the applicant, his or her spouse, and his or her parents. The copy of the return must be signed by the filer of the return or by one of the filers of a joint return; (ii) For a dependent student, a copy of each Internal Revenue Service (IRS) Form W-2 received by the parent whose income is being taken into account if - (A) The parents filed a joint return; and (B) The parents are divorced or separated or one of the parents has died; and (iii) For an independent student, a copy of each IRS Form W-2 he or she received if the independent student - (A) Filed a joint return; and (B) Is a widow or widower, or is divorced or separated. (2) If an individual who filed a U.S. tax return and who is required by paragraph (a)(1) of this section to provide a copy of his or her tax return does not have a copy of that return, the institution may require that individual to submit, in lieu of a copy of the tax return, a copy of an IRS form which lists tax account information.”

**Condition:** For 1 of the 25 students selected for verification during the 2009-2010 school year, the documentation that was obtained from the student and reviewed for verification included tax returns of the student and parent that did not contain signatures.

**Questioned Costs:** N/A

**Context:** We tested a total of 25 students out of 3,072 total students who had been selected for verification by the Fairmont State University during the year ended June 30, 2010.

**Cause:** Management indicated that the Financial Aid Office verifies the tax return is supplied by the student, but sometimes fails to verify that the tax return has been signed by the student and/or parent.

**Effect:** The lack of acceptable documentation for student verification is a noncompliance issue with 34 CFR Section 668.57.

**Recommendation:** The institution should implement policies and procedures to ensure that the acceptable documentation is obtained from students during the verification process.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–33 SPECIAL TESTS AND PROVISIONS - VERIFICATION  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.038/ 84.063/84.268/ 84.375/84.376/ 84.379/93.342/ 93.364/93.925

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

Verifications are performed by processors in the Enrollment Services area and by Financial Aid Counselors. The Financial Aid counselor who performed the verification is no longer here. However, all processors, supervisors and financial aid counselors are now provided training prior to processing any verifications for each new aid year. This training is taken directly from training provided from the Department of Education and our National Financial Aid Association and is very thorough and covers the signature requirement.

Training on verification will take place again this month for the 2011-2012 aid year prior to verification processing. Staff will be reminded of the requirement as well as all regulations related to verification. The processing area supervisor will be asked to review verifications and initial on a regular basis to ensure regulations are met. Verifications completed by Financial Aid Counselors will also be reviewed on a regular basis to insure compliance.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–34 SUBRECIPIENT CASH MANAGEMENT  
(Prior Year Finding 2009–39)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Title I, Part A Cluster	84.010/84.389
	Grant Award S389A090048A	
	Improving Teacher Quality State Grants	84.367
	Grant Award S367A090046A	
	Special Education Cluster (IDEA)	84.027/84.173/ 84.391/84.392
	Grant Award H173A090071	
	Grant Award H391A090075A	
	Grant Award H392A090071A	

**Criteria:** OMB Circular A–102, Section 2(a) requires grantor agencies to establish “methods and procedures for transferring funds to minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient’s need for the funds”. Furthermore, interest earned by subrecipients on federal cash draws are to be remitted to the appropriate agency in a timely manner.

**Condition:** To monitor subrecipient cash management, the West Virginia Department of Education (WVDOE) implemented procedures in April 2008 to require management to maintain documentation supporting the review and approval of subrecipient cash needs. During our test of subrecipient cash management, we noted that for 29 of 40 transactions reviewed, management did not properly maintain the documentation supporting management review of cash needs at the subrecipient level. Seventeen of the thirty and three of the ten tested for the Special Education Cluster and Title I, respectively, were not appropriately supported. Furthermore, interest earned was not tracked and remitted to the appropriate federal program.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the subrecipients of the Title I, Part A Cluster (CFDA# 84.010/84.389) were \$118,661,062 for the year ended June 30, 2010. Total federal expenditures for the subrecipients of the Improving Teacher Quality State Grants (CFDA# 84.367) program were \$21,881,562 for the year ended June 30, 2010. Total federal expenditures for the subrecipients of the Special Education Cluster (IDEA) (CFDA# 84.173, 84.391, 84.027, and 84.392) were \$104,033,401 for the year ended June 30, 2010.

**Cause:** Management did not implement policies and procedures to ensure documentation was maintained to document proper subrecipient cash management.

**Effect:** Subrecipients may have excess federal cash on hand and are not remitting interest earned on the excess federal cash to the WVDOE; therefore, the WVDOE is in noncompliance with the federal rules and regulations regarding cash management.

**Recommendation:** WVDOE should continue to review the policies and procedures to ensure that adequate procedures are in place to monitor federal cash on hand with subrecipients and ensure that interest earned on excess federal cash on hand by subrecipients is remitted back to the WVDOE in a timely manner. Furthermore, management should ensure that interest earned is appropriately calculated and remitted to the federal grant program.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–34 SUBRECIPIENT CASH MANAGEMENT  
(Prior Year Finding 2009–39) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Title I, Part A Cluster	84.010/84.389
	Grant Award S389A090048A	
	Improving Teacher Quality State Grants	84.367
	Grant Award S367A090046A	
	Special Education Cluster (IDEA)	84.027/84.173/ 84.391/84.392
	Grant Award H173A090071	
	Grant Award H391A090075A	
	Grant Award H392A090071A	

**Views of Responsible Officials and Planned Corrective Actions:** Draws and related disbursements are performed exclusively on a reimbursement basis in order to preclude interest accruals. During mid-fiscal year 2010, the West Virginia Department of Education strengthened procedures by including screen shots of the online WVEIS module system that was implemented in April 2008 to include supporting documentation of sub-recipient cash needs. After all documents are printed for each request, an accountant in the Office of Internal Operations enters the request amounts into the WVFIMS system for payment. Then a second accountant in the Office of Internal Operations scans the document into the system for file storage. The documents are then transferred to the Auditor’s Office for payment.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–35 AMERICAN RECOVERY AND REINVESTMENT ACT REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education Vocational Rehabilitation Cluster Grant Award H390A090073A	84.126/84.390

**Criteria:** Section 1512 of the Recovery Act requires reporting on the use of Recovery Act funding by recipients no later than the 10th day after the end of each calendar quarter (beginning the quarter ending September 30, 2009). Aimed at providing transparency into the use of these funds, the recipient reports are required to include the following detailed information:

- Total amount of funds received; and of that the amount spent on projects and activities;
- A list of those projects and activities funded by name to include:
  - Description
  - Completion status
  - Estimates on jobs created or retained; and
- Details on sub-awards and other payments

**Condition:** The amount reported on the quarter ended March 31, 2010 ARRA 1512 report as invoiced/received of \$590,874 did not agree to the amount maintained in the entity accounting information system (FIMS) which was \$886,789.

**Questioned Costs:** Unknown

**Context:** Total ARRA funds invoiced/received for the period ended March 31, 2010 per the 1512 report were \$590,874. ARRA funds invoiced/received through March 31, 2010, per the client’s supporting documentation was \$886,789. Total ARRA federal expenditures for the Vocational Rehabilitation Cluster for the year ended June 30, 2010 was \$1,655,930.

**Cause:** The ARRA 1512 report was not properly reviewed for accuracy and completeness prior to submission to [federalreporting.gov](http://federalreporting.gov).

**Effect:** Amounts reported are incorrect, thus Rehabilitation Services is not in compliance with ARRA 1512 transparency reporting requirements.

**Recommendation:** We recommend that the West Virginia Division of Rehabilitation Services implement procedures to ensure that the ARRA 1512 data elements reported agree to the information maintained in the accounting information system (FIMS).

**Views of Responsible Officials and Planned Corrective Actions:** The Division concurs with the above finding and has put procedures in place to assure the information reported to the Governor’s Office for filing the ARRA 1512 will match the process followed by the Governor’s Office for compiling data elements.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–36 PHYSICAL INVENTORY COUNT**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education Vocational Rehabilitation Cluster Grant Award H126A100073C Grant Award H390A090073A	84.126/84.390

**Criteria:** Title 34 CFR 80.32 d(2), *Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments*, states that a physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.

**Condition:** Management has not taken a physical inventory of equipment in the past two years.

**Questioned Costs:** Unknown

**Context:** Total equipment purchased with Vocational Rehabilitation Cluster Funds for the year ended June 30, 2010 was approximately \$2.2 million. Total federal expenditures for the Vocational Rehabilitation Grants to States for the year ended June 30, 2010 was \$31,783,825.

**Cause:** The procurement manager observed the State policies and procedures which requires physical counts of equipment inventory to be taken once every three years and failed to follow Federal guidelines which requires inventory counts once every two years. The procurement manager was not aware of the Federal inventory count requirement.

**Effect:** Amounts reported as fixed assets may not be correct and the West Virginia Division of Rehabilitation Services is not in compliance with OMB Circular A-102.

**Recommendation:** We recommend that the West Virginia Division of Rehabilitation Services ensure that a physical inventory is performed in accordance with the applicable Federal guidelines.

**Views of Responsible Officials and Planned Corrective Actions:** The Division concurs with the above finding and will begin performing physical counts of equipment inventory bi-annually beginning in the spring of 2011.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–37 CASH MANAGEMENT**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> U.S. Department of Education State Fiscal Stabilization Fund Cluster Grant Award 2009 Education S394A090049 Grant Award 2009 Government Services S397A090049	<b>CFDA#</b>  84.394/84.397
<b>Criteria:</b>	Per 31 CFR Section 205.12(b)(5), entities are required to maintain supporting documentation showing that the costs for which reimbursement was requested were paid prior to the date of the reimbursement request. OMB Circular A–102, Section 2(a) requires grantor agency to “establish methods and procedures for transferring funds to minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient’s need for the funds.”	
<b>Condition:</b>	During our testing of three Cash Management drawdowns requested by the GOEO from the Dept. of ED, we noted that for one (1) of the three (3) drawdowns requested by the GOEO, the GOEO had requested reimbursement for 20 out of 55 Local Educational Authority’s(LEA) ARRA Draw #1 prior to receiving the reimbursement requests from the respective LEA’s.	
<b>Questioned Costs:</b>	Unknown	
<b>Context:</b>	GOEO reported Stabilization awards to subrecipients of \$101,477,629 for the Education CFDA# 84.394 for the year ended June 30, 2010. The one (1) ARRA drawdown requested by the GOEO on June 8, 2010 for the fifty-five (55) LEA’s totaled \$80,588,344. For thirty-five (35) of the LEA’s, the GOEO had received their ARRA drawdown requests prior to requesting the federal funds. However, for twenty (20) LEA’s totaling \$21,992,603, the GOEO had requested the ARRA drawdowns prior to receiving the respective LEA reimbursement request forms.	
<b>Cause:</b>	Management did not implement policies and procedures to ensure documentation was received to prove subrecipient cash need prior to requested funds from the US Dept of ED.	
<b>Effect:</b>	The GOEO had drawn down federal funds and held them from June 8, 2010 up through July 21, 2010 until the remainder of the LEA’s had been reimbursed. This timeframe is in violation of the compliance requirement that the grantor agency is required to minimize the time elapsing between the transfer to recipients and the recipient’s need for the federal funds.	
<b>Recommendation:</b>	We recommend that the GOEO implement procedures whereby they do not request federal funds prior to the reimbursement request received from the subrecipient agency.	
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	Policies and procedures are in place to request funds appropriately. In this instance someone unfamiliar with the process was in charge of the initial drawdown from USDE. The person was then familiarized with the process and no further issues have arisen.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–38 ELIGIBILITY  
(Prior Year Finding 2009–40)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster Grant Award 75-9-1552 Grant Award 75-0-1552	93.558/93.714

**Criteria:** Any family that includes an adult or minor child head of household or a spouse of the head of household who has received assistance under any State program funded by federal Temporary Assistance for Needy Families (TANF) funds for 60 months (whether or not consecutive) is ineligible for additional federally funded TANF assistance. However, the State may extend assistance to a family on the basis of hardship, as defined by the State, or if a family member has been battered or subjected to extreme cruelty. In determining the number of months for which the head of household or the spouse of the head of household has received assistance, the State must not count any month during which the adult received the assistance while living in Indian country or in an Alaskan Native Village and the most reliable data available with respect to that month (or a period including that month) indicate at least 50% of the adults living in Indian country or in the village were not employed (42 USC 608(a)(7); 45 CFR Sections 264.1(a), (b), and (c)). Further, the average monthly number of families that include an adult or minor child head of household, or the spouse of the head of household, who has received assistance under any State program funded by Federal TANF funds for more than 60 countable months (whether or not consecutive) may not exceed 20 percent of the average monthly number of all families to which the State provided assistance during the fiscal year or the immediately preceding fiscal year (but not both), as the State may elect. (42 USC 608(a)(7)(C)(ii); 45 CFR Sections 264.1(c) and (e)).

**Condition:** Due to the lack of a nationwide database, the West Virginia Department of Health and Human Resources (DHHR) does not have the ability to fully comply with the TANF federal 60-month eligibility limitation requirement.

**Questioned Costs:** Unknown

**Context:** The fiscal year ended June 30, 2002, was the first year in which the federal 60-month requirement became effective. Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2010, were \$114,813,235.

**Cause:** The U.S. Department of Health and Human Services (USDHHS) have not developed a method for tracking claimants who may have received benefits from multiple states.

**Effect:** Ineligible or potentially ineligible claims may have been reimbursed using federal funds.

**Recommendation:** DHHR has developed policies and procedures in accordance with USDHHS guidance regarding surrounding states; however, procedures to ensure claimants are not from other States cannot be developed without a centralized database and the assistance of the USDHHS. On January 15, 2010, the USDHHS Administration for Children and Families (ACF) issued a response letter regarding a prior year finding and recommendation #306908100 for this same issue. The letter stated in part “No further action is required with respect to this recommendation.” However, we recommend that DHHR continue to work with USDHHS to resolve the internal control weakness.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-38 ELIGIBILITY**

(Prior Year Finding 2009-40) (continued)

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster Grant Award 75-9-1552 Grant Award 75-0-1552	93.558/93.714

<b>Views of Responsible Officials and Planned Corrective Actions:</b>	The DHHR concurs with the finding and recommendation, and we will continue to communicate with USDHHS and take measures to ensure the policies and controls in place are being utilized. Until such time as USDHHS develops a nationwide data base, the DHHR will not be able to fully comply with the TANF federal 60-month eligibility limitation requirement.
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**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–39 ELIGIBILITY AND SUPPORTING DOCUMENTS  
(Prior Year Finding 2009–41)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster Grant Award 75-9-1552 Grant Award 75-0-1552	<b>CFDA#</b>      93.558/93.714
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**Criteria:** “A state shall require that, as a condition of providing assistance, a member of the family assign to the state the rights the family member may have for support from any other person. This assignment does not exceed the amount of assistance provided (42 USC 608(a)(3)).”

**Condition:** Of the twenty-five TANF recipients tested, one exception was noted within one case:

- One of the twenty-five cases had conflicting information between RAPIDS and the case file regarding the assignment of rights form ES AP-1.

**Questioned Costs:** \$301

**Context:** This one case represents \$301 out of a total \$7,346 in total payments tested for eligibility. Total federal expenditures for the TANF Cluster were \$114,813,235 for the fiscal year ended June 30, 2010.

**Cause:** Management indicated that conflicting data and lack of approval was due to caseworker oversight.

**Effect:** Ineligible or potentially ineligible claims may have been reimbursed using federal funds.

**Recommendation:** The Department of Health and Human Resources (DHHR) should ensure to the extent practicable that caseworkers understand the importance of inputting information into RAPIDS that is accurate. The caseworkers should also be made aware of the financial and programmatic impact of entering invalid information, which could result in possible disallowances or reduction in the levels of funding.

**Views of Responsible Officials and Planned Corrective Actions:** Procedures for all programs have been developed, implemented and monitored to ensure that policy and practice are followed to maintain accurate client records. In new worker training, the ESAP-1 (or DFA-AP-1) form is discussed in the Basic Eligibility, Basic Medicaid and Case Maintenance courses. We also have policies in place concerning the form and/or retention of client case files in the DHHR Bureau for Children and Families (BCF) Income Maintenance Policy and the RAPIDS Desk Guide. BCF Policy and BCF Training staff are continually evaluating new and tenured worker training to provide additional and enhanced training for all federal programs including TANF.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–40 FEDERAL REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster Grant Award 75-9-1552 Grant Award 75-0-1552	<b>CFDA#</b>      93.558/93.714
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**Criteria:** According to 45 CFR Section 265.3(b)(4)(c) “each State must file quarterly expenditure data on the State’s use of Federal TANF funds, State TANF expenditures, and State expenditures of MOE funds in separate State programs on the ACF-196, TANF Financial Report (or Territorial Financial Report).” According to 45 CFR Section 265.4(a) “each state must file the TANF Data Report and the TANF Financial Report (or, as applicable, the Territorial Financial Report) within 45 days following the end of the quarter or be subject to penalty.”

**Condition:** In the ACF 196 reports originally submitted to the federal government for the quarter ending September 30, 2009, the column for “State MOE Expenditures in TANF” did not report any monetary figures. However, per review of the supporting documentation there were indeed monetary figures that should have been reported in that column. The reports were submitted to the federal government with these monetary figures omitted. The reports were later corrected by management and re-submitted to the federal government. One of the four ACF 196 reports submitted to the federal government for the quarter ending December 31, 2009, was not certified by an authorized DHHR official at the time of submission. Although all four reports covering expenditures made from 2010, 2009, 2008, and 2007 grant awards for the quarter ending December 31, 2009, were submitted within the 45 day requirement the report that was reflective of expenditures made from the FY 2008 grant award was not certified.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2010, were \$114,813,235. The total amount of State MOE for the federal fiscal year ended September 30, 2009, was \$34,446,446.

**Cause:** Management indicated that the exclusion of MOE expenditures in the initial submission was due to an oversight on the person who originally prepared the report. Internal procedures within the DHHR were not followed to ensure that the financial report for the quarter ending December 31, 2009, was certified on or before the scheduled due date.

**Effect:** There is potential for the TANF program to receive penalties for not certifying reports in a timely manner.

**Recommendation:** Management should take steps to ensure that reports submitted to the federal government are accurate and appropriately supported by documentation.

**Views of Responsible Officials and Planned Corrective Actions:** The offices that prepare and ensure timely submission of the reports were made aware of these referenced oversights. Furthermore, the DHHR implemented a multiple level review process in April 2010 with respect to completion and accuracy of the data included in ACF-196.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–41 SPECIAL TESTS AND PROVISIONS - SANCTIONS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF Cluster) Grant Award 75-9-1552 Grant Award 75-0-1552	93.558/93.714

**Criteria:** The following applies to sanctions imposed on recipients of TANF benefits for failure to comply with child support enforcement requirements, refusal to engage in required work activities and refusal to engage in required work if the individual is a single adult custodial parent caring for a child less than six years of age.

“If the child support enforcement agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver, then the child support enforcement agency must notify the TANF agency promptly and the TANF agency must take appropriate action by 1) deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or 2) denying the family any assistance under the program” (45 FR Section 264.30(2)(b) and (c)).

“If an individual refuses to engage in work required under section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish. The State must, at a minimum, reduce the amount of assistance otherwise payable to the family pro rata with respect to any period during the month in which the individual refuses to work. The State may impose a greater reduction, including terminating assistance” (45 CFR Section 261.14(a)(b) and (c)).

“The State may not reduce or terminate assistance based on an individual’s refusal to engage in required work if the individual is a single adult custodial parent caring for a child under six who has a demonstrated inability to obtain needed child care, as specified at Sec 261.56” (45 CFR Section 261.15(a)).

**Condition:** The West Virginia Department of Health and Human Resources (DHHR) does not have a formal procedure in place or adequate controls for supervisor approval prior to the issuance or removal of sanctions against TANF recipients within the RAPIDS system.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2010, were \$114,813,235.

**Cause:** DHHR policies and procedures do not require a supervisor approval in RAPIDS prior to the issuance or removal of sanctions against TANF recipients.

**Effect:** Recipient benefits may potentially be reduced or increased without appropriate cause.

**Recommendation:** We recommend that DHHR management implement policies and procedures that would require supervisor approval prior to the issuance or removal of sanctions. The supervisor approval should be clearly documented, whether in RAPIDS or by other means.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-41 SPECIAL TESTS AND PROVISIONS - SANCTIONS  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF Cluster) Grant Award 75-9-1552 Grant Award 75-0-1552	93.558/93.714

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

The DHHR Bureau for Children and Families concurs, in part, that no written policy exists for supervisors to review worker applied sanctions. However, many of these cases are reviewed with the supervisor prior to sanctioning, especially in cases in which there are circumstances that a sanction decision is not easily rendered.

Furthermore, we have a Performance Assessment Review process, which could result in revisions to process and procedures.

Policy does, however, require workers to allow the client to present good cause before any sanction is actually effective. In effect, clients who disagree with a sanction being placed on their case have the ability to present reasons that a sanction should not be levied.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–42 SPECIAL TESTS AND PROVISIONS - EMERGENCY FUNDING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF Cluster) Grant Award 75-9-1552 Grant Award 75-0-1552	93.558/93.714

**Criteria:** Jurisdictions (States, Territories or Tribes) may apply for and receive funds on a quarterly basis under any or all of the following:

- *Increased Expenditures for Increased Caseloads 45 CFR 260.31(a)(1)-(2)* The jurisdiction's average monthly assistance caseload in a quarter is higher than its average monthly assistance caseload for the corresponding quarter in the TANF Emergency Fund base year, and its expenditures for *basic assistance* in a quarter are higher than its expenditures for such assistance in the corresponding quarter of the TANF Emergency Fund base year.
- *Increased Expenditures for Non-Recurrent Short-Term Benefits 45 CFR 260.31(b)(1)* The jurisdiction's expenditures for *non-recurrent short-term benefits* in a quarter are higher than its expenditures for such benefits in the corresponding quarter of the TANF Emergency Fund base year.
- *Increased Expenditures for Subsidized Employment 45 CFR 260.31(b)(2)* The jurisdiction's expenditures for *subsidized employment* in a quarter are higher than such expenditures in the corresponding quarter of the TANF Emergency Fund base year, if the jurisdiction meets the conditions of the grant category.

**Condition:** The West Virginia Department of Health and Human Resources (DHHR) provided documentation to support the funds that were applied for on a quarterly basis, however the support did not reconcile to the report.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2010, were \$114,813,235.

**Cause:** DHHR policies and procedures do not require summaries to tie supporting documentation funding requests.

**Effect:** The agency may receive benefits it is not eligible to receive, or may not receive benefits it is eligible to receive.

**Recommendation:** We recommend that DHHR management implement policies and procedures to ensure that the jurisdiction is qualified to receive funding that is applied for and that all requests are adequately supported.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010-42 SPECIAL TESTS AND PROVISIONS - EMERGENCY FUNDING**  
(continued)

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF Cluster) Grant Award 75-9-1552 Grant Award 75-0-1552	93.558/93.714

**Views of  
Responsible  
Officials and  
Planned Corrective  
Actions:**

The OFA-100 was a new report associated with the TANF Emergency Contingency Fund, the main purpose of which was to request a certain level of funding based on estimated numbers. The federal agency approved a level of funding and the DHHR was then responsible for reporting actual expenditures on the ACF-196 report, as with other TANF expenditures. Therefore, the OFA-100 is subsequently reconciled based on actual expenditures of the program; the report in question included the original estimates and the actual numbers were subsequently accounted for and reconciled as required. The one report in question was one of the first filed for OFA-100 and it did not go through the appropriate and established approval process within the DHHR. However, it is important to note that the OFA-100 was a new form and the DHHR worked very closely and had numerous discussions with the federal agency throughout the process to ensure it was following the process correctly.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2009–43)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/93.714
	Grant Award 75-9-1552 Grant Award 75-0-1552	
	Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	
	Low-Income Home Energy Assistance (LIHEAP)	93.568
	Grant Award G-07B1WVLIEA	
	CCDF Cluster	93.596/93.575/ 93.713
	Grant Award 17930 Grant Award 17931 Grant Award 17932	
	State Children’s Health Insurance Program	93.767
	Grant Award 7590515/7500515	
	Foster Care—Title IV–E	93.658
	Grant Award 75-0-1545 Grant Award 75-0-1546	
	Adoption Assistance	93.659
	Grant Award 75-9-1546/75-9-1545 Grant Award 75-0-1546/75-0-1545	
	U.S. Department of Agriculture SNAP Cluster	10.551/10.561
	Grant Award 1WV400401 Grant Award 1WV700701	

**Criteria:** Each State department and agency that receives and disburses federal awards is required by OMB Circular A–102 to have a “grantee financial management system which shall provide accurate, current, and complete disclosure of the financial results of each grant program.”

Management of the West Virginia Department of Health and Human Resources (DHHR) is responsible for establishing and maintaining adequate controls over its information systems and the related processes. An integral part of an entity’s accounting function is the establishment of internal control, including assigning the responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets to different individuals, thus reducing the risk of irregularities or defalcations occurring and not being detected. Furthermore, management of the DHHR is responsible for establishing and maintaining adequate information system internal controls for the determination of eligibility and the processing of allowable payments.

**Condition:** DHHR operates a wide variety of computer applications, many of which affect federal and State programs’ data. Our review of the information system controls noted that adequate segregation of duties does not exist for the Family and Children Tracking System (FACTS) information systems. Specifically, users (primarily supervisors) with security level 15 access within the application have the ability to create and approve cases.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2009–43) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/93.714
	Grant Award 75-9-1552	
	Grant Award 75-0-1552	
	Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	
	Low-Income Home Energy Assistance (LIHEAP)	93.568
	Grant Award G-07B1WVLIEA	
	CCDF Cluster	93.596/93.575/ 93.713
	Grant Award 17930	
	Grant Award 17931	
	Grant Award 17932	
	State Children’s Health Insurance Program	93.767
	Grant Award 7590515/7500515	
	Foster Care—Title IV–E	93.658
	Grant Award 75-0-1545	
	Grant Award 75-0-1546	
	Adoption Assistance	93.659
	Grant Award 75-9-1546/75-9-1545	
	Grant Award 75-0-1546/75-0-1545	
	U.S. Department of Agriculture	
	SNAP Cluster	10.551/10.561
	Grant Award 1WV400401	
	Grant Award 1WV700701	

The password settings configured for the Oracle database, specifically the ‘P\_VERIFY\_ONLY’ password profile, that supports the FACTS application are not configured to 1) force password expirations after a set number of days and 2) prevent users from reusing their previously used passwords.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for these programs can be located in the Schedule of Expenditures of Federal Awards. The RAPIDS computer system is utilized to process federal awards for the Medicaid Cluster, Temporary Assistance for Needy Families (TANF) State programs, LIHEAP, State Children’s Health Insurance Program (SCHIP), and the Food Stamps Cluster. The FACTS computer system is utilized to process federal awards for the CCDF Cluster, Foster Care—Title IV–E, and the Adoption Assistance programs. The table below identifies the program and OMB Circular A–133 compliance requirement impacted.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2009–43) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/93.714
	Grant Award 75-9-1552	
	Grant Award 75-0-1552	
	Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	
	Low-Income Home Energy Assistance (LIHEAP)	93.568
	Grant Award G-07B1WVLIEA	
	CCDF Cluster	93.596/93.575/ 93.713
	Grant Award 17930	
	Grant Award 17931	
	Grant Award 17932	
	State Children’s Health Insurance Program	93.767
	Grant Award 7590515/7500515	
	Foster Care—Title IV–E	93.658
	Grant Award 75-0-1545	
	Grant Award 75-0-1546	
	Adoption Assistance	93.659
	Grant Award 75-9-1546/75-9-1545	
	Grant Award 75-0-1546/75-0-1545	
	U.S. Department of Agriculture SNAP Cluster	10.551/10.561
	Grant Award 1WV400401	
	Grant Award 1WV700701	

	<u>System</u>	<u>Compliance Requirements Impacted</u>
State Children’s Health Insurance Program (SCHIP)	RAPIDS	Eligibility
SNAP Cluster	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability of Federal Funds, Special Tests and Provisions – ADP System for Food Stamps
Temporary Assistance for Needy Families (TANF) Cluster	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Low-Income Home Energy Assistance (LIHEAP)	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds
Medicaid Cluster	RAPIDS	Eligibility
Adoption Assistance	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
CCDF Cluster	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds
Foster Care—Title IV–E	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2009–43) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/93.714
	Grant Award 75-9-1552	
	Grant Award 75-0-1552	
	Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	
	Low-Income Home Energy Assistance (LIHEAP)	93.568
	Grant Award G-07B1WVLIEA	
	CCDF Cluster	93.596/93.575/ 93.713
	Grant Award 17930	
	Grant Award 17931	
	Grant Award 17932	
	State Children’s Health Insurance Program	93.767
	Grant Award 7590515/7500515	
	Foster Care—Title IV–E	93.658
	Grant Award 75-0-1545	
	Grant Award 75-0-1546	
	Adoption Assistance	93.659
	Grant Award 75-9-1546/75-9-1545	
	Grant Award 75-0-1546/75-0-1545	
	U.S. Department of Agriculture	
	SNAP Cluster	10.551/10.561
	Grant Award 1WV400401	
	Grant Award 1WV700701	

**Cause:** Policies and procedures have not been adequately updated for changes in processing of eligibility and allowable costs have not been rechallengeed for adequacy in a timely manner. Furthermore, management indicated a lack of personnel resources contributes to the proper segregation of duties issue and failure to complete all the required compliance supplement security review procedures.

Unit Supervisors can override the controls imbedded in the FACTS system in order to continue benefits for recipient.

**Effect:** Without proper segregation of duties and absent adequate detect controls, the ability exists for supervisors with the appropriate level of access to create and approve cases within the FACTS application.

Deficient password settings at the database layer could lead to unauthorized access and manipulation of sensitive and/or confidential production data.

**Recommendation:** DHHR should restrict users (supervisor personnel) within the application to segregate the abilities of creating and approving cases within the application. If restricting access is not possible, a detective control should be implemented to review and ensure cases created and approved were appropriate.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2009–43) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/93.714
	Grant Award 75-9-1552	
	Grant Award 75-0-1552	
	Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	
	Low-Income Home Energy Assistance (LIHEAP)	93.568
	Grant Award G-07B1WVLIEA	
	CCDF Cluster	93.596/93.575/ 93.713
	Grant Award 17930	
	Grant Award 17931	
	Grant Award 17932	
	State Children’s Health Insurance Program	93.767
	Grant Award 7590515/7500515	
	Foster Care—Title IV–E	93.658
	Grant Award 75-0-1545	
	Grant Award 75-0-1546	
	Adoption Assistance	93.659
	Grant Award 75-9-1546/75-9-1545	
	Grant Award 75-0-1546/75-0-1545	
	U.S. Department of Agriculture	
	SNAP Cluster	10.551/10.561
	Grant Award 1WV400401	
	Grant Award 1WV700701	

Management should enhance database level security by configuring the following password policy changes, which are considered leading industry practice:

- User passwords should expire every 60 to 90 days
- Users should be restricted from reusing their three to five previously used passwords

**Views of Responsible Officials and Planned Corrective Actions:**

Regarding the database password profile, we have modified that profile in these parameters:

PASSWORD\_LIFE\_TIME 40  
PASSWORD\_REUSE\_TIME 1  
PASSWORD\_REUSE\_MAX 10

Regarding the ability to create and approve cases, an open case in the FACTS application does not automatically generate services, foster care placements, adoption subsidies or payment of any kind. No disbursement occurs solely because of an open case. Field supervisors need to have the ability to create and carry caseloads, as a normal part of business operations, and it would create an extreme hardship on them if the system no longer supported this normal business function. The system does not require supervisory approval to open most cases, but it does require supervisory approval to create service authorizations, foster care placements, medical card eligibilities and payment approvals.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2009–43) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558/93.714
	Cluster	
	Grant Award 75-9-1552	
	Grant Award 75-0-1552	
	Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	
	Low-Income Home Energy Assistance (LIHEAP)	93.568
	Grant Award G-07B1WVLIEA	
	CCDF Cluster	93.596/93.575/ 93.713
	Grant Award 17930	
	Grant Award 17931	
	Grant Award 17932	
	State Children’s Health Insurance Program	93.767
	Grant Award 7590515/7500515	
	Foster Care—Title IV–E	93.658
	Grant Award 75-0-1545	
	Grant Award 75-0-1546	
	Adoption Assistance	93.659
	Grant Award 75-9-1546/75-9-1545	
	Grant Award 75-0-1546/75-0-1545	
	U.S. Department of Agriculture	
	SNAP Cluster	10.551/10.561
	Grant Award 1WV400401	
	Grant Award 1WV700701	

An individual holding security level 15 alone will not permit the approval of payments. Only the designated unit supervisor is given access to the pending payment approvals and the presence of security level 15 enables the approval functionality. A unit supervisor belonging to their own unit has the capability of entering and approving their own payments but FACTS has a long-standing management reporting control that identifies (Report ID SSA-4990) any payment that was entered and approved by the same person. The report is generated after every two weeks and distributed to the Deputy Commissioner of Field Operations and the Deputy Commissioner of Operations. The system supports a personnel configuration that would allow the supervisor’s payments to be directed to/ and approved only by their managers, the district Community Service Managers (CSMs) but this option has not been utilized by the Bureau for Children and Families (BCF). The system is in the process of modernizing to a browser-based application and we will be modifying the supervisory security to delink case approvals from payment approvals so that the assignment of level 15 does not grant the ability to approve payments.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–43 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2009–43) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF) Cluster	93.558/93.714
	Grant Award 75-9-1552	
	Grant Award 75-0-1552	
	Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	
	Low-Income Home Energy Assistance (LIHEAP)	93.568
	Grant Award G-07B1WVLIEA	
	CCDF Cluster	93.596/93.575/ 93.713
	Grant Award 17930	
	Grant Award 17931	
	Grant Award 17932	
	State Children’s Health Insurance Program	93.767
	Grant Award 7590515/7500515	
	Foster Care—Title IV–E	93.658
	Grant Award 75-0-1545	
	Grant Award 75-0-1546	
	Adoption Assistance	93.659
	Grant Award 75-9-1546/75-9-1545	
	Grant Award 75-0-1546/75-0-1545	
	U.S. Department of Agriculture	
	SNAP Cluster	10.551/10.561
	Grant Award 1WV400401	
	Grant Award 1WV700701	

A special circumstance exists within the central office financial staff. They have special securities and advanced access to allow them to set rates, manage providers, make and approve payments. They are monitored through the same reporting mechanism mentioned in the previous paragraph. The system securities that have been assigned to these staff have been at the direction of BCF management and are necessary to achieve the business needs of their current process. The process they utilize could be altered to segregate duties across different personnel but that is not possible given the current staffing levels within the BCF’s Office of Finance and Administration.

Nearly all of the payments being processed through BCF/ OFA are in response to either a court order or invoicing. With respect to the invoicing, most of them are the results of services coming through our Administrative Service Organization (ASO). The ASO process requires a caseworker to request the service by linking the service request to a client and electronically sending the request to the ASO, who then authorizes a service provider, the duration of service, the timeframe for completion and the number of service units that can be billed. When the provider invoices the service, OFA staff members check the invoice against the authorization and payment history data making sure that the invoiced services and units are within authorization parameters. The system will not permit more units to be paid than are authorized and a running total of encumbered and expended units are kept by the system within the payment history, which cannot be overridden.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–44 TIME AND ATTENDANCE AUTHORIZATION PROCEDURES  
(Prior Year Finding 2009–44)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Child Support Enforcement	93.563
	Grant Award 75-X-1501	

**Criteria:** OMB Circular A–133 section 300 states that the Department of Health and Human Resources is responsible for maintaining internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Management of the West Virginia Department of Health and Human Resources (DHHR) is responsible for establishing and maintaining adequate controls related to the approval of payroll for employees of the DHHR.

**Condition:** We reviewed individual employee payroll cash disbursements during the fiscal year ended June 30, 2010, and noted the following:

- There were 5 instances out of 14 in which the annual leave form was not signed by a supervisor prior to leave date.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the Child Support Enforcement program were \$36,544,148 for the year ended June 30, 2010. Total payroll expenditures for the Child Support Enforcement program were \$20,935,995 for the year ended June 30, 2010.

**Cause:** DHHR appears to have policies and procedures in place for the approval of individual employee pay but has failed to actively enforce the procedures.

**Effect:** DHHR has not consistently followed internal control policies and procedures.

**Recommendation:** We recommend that the DHHR enforce and monitor existing time and attendance authorization procedures.

**Views of Responsible Officials and Planned Corrective Actions:** The DHHR utilizes an “Application for Leave with Pay” form for documenting the number of “Hours Annual” and the “Period of Leave” taken by employees. The DHHR Bureau for Child Support Enforcement reviewed the five instances referenced within the “Condition” statement above and noted that while the application forms were not signed by the supervisor prior to the periods of annual leave noted on the forms, all of the annual leave in question was indeed approved by the supervisors prior to the periods of leave. The reasons vary as to why the signature date on an application form is sometimes subsequent to the period of leave, but it is usually the result of unexpected circumstances resulting in the supervisor providing verbal approval to the employee in advance of the leave, yet simply not signing the form until after the period of leave. Other factors for the differing dates include travel time and the varying locations of certain employees and their supervisors relative to the period of leave.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-44 TIME AND ATTENDANCE AUTHORIZATION PROCEDURES  
(Prior Year Finding 2009-44) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Child Support Enforcement	93.563
	Grant Award 75-X-1501	

The signature dates on the form are secondary to the foremost control objective within the DHHR, which is to ensure that supervisors do not approve annual leave for employees that do not maintain a sufficient balance of leave. The supervisor must ensure that the employee has an adequate balance of leave prior to the "Period of Leave" as marked on the "Application for Leave with Pay" form and compliance with this objective is documented via the supervisor marking the "Approved" box on that form. If the employee requesting leave did not have an adequate balance of leave prior to the period of leave, the supervisor would mark the "Disapproved" box on the application form and would proceed with compensatory restitution from the employee as related to total hours worked. Please note that all of the employees within the perspective of this finding did in fact have a sufficient balance of annual leave prior to the period of leave in question and those employees were not in danger of using leave that they had not already earned. The Bureau for Child Support Enforcement has very specific procedures for time, attendance and the use of annual leave, and supervisors will *continue* to enforce and monitor those procedures in an effort to ensure overall compliance with the control objectives established within the DHHR.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2010**

**2010–45 INTERSTATE CASE**  
**(Prior Year Finding 2009–46)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Child Support Enforcement Grant Award 75-X-1501	93.563

**Criteria:** Per 45 CFR Section 303.7 (a) (4), the Responding State IV-D agency is required to:

- Respond to inquiries from other states within five working days of receipt of the request for a case status review.

**Condition:** We reviewed eligible child support cases during the fiscal year ended June 30, 2010, and noted the following:

- There was 1 instance out of 25 in which there was no evidence of a response to a request made by the initiating state.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the Child Support Enforcement program were \$36,544,148 for the fiscal year ended June 30, 2010.

**Cause:** The West Virginia Department of Health and Human Resources (DHHR) appears to have policies and procedures in place for interstate cases but has failed to actively enforce the procedures.

**Effect:** The DHHR is not in compliance with Federal regulations.

**Recommendation:** We recommend that the DHHR enforce and monitor existing interstate case procedures.

**Views of Responsible Officials and Planned Corrective Actions:** The DHHR Bureau for Child Support Enforcement has already implemented the proposed recommendation for corrective action and we will continue to enforce and monitor existing interstate case procedures. It is important to note that the one reported instance of noncompliance with the timeframe standard did not affect the collection and disbursement of support, nor did it subject the DHHR to Federal sanction, as our level of compliance still exceeds the level required by the HHS Office of Child Support Enforcement and as provided in 45 CFR 303.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–46 ALLOWABILITY AND ELIGIBILITY  
(Prior Year Finding 2009–48)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Low-Income Home Energy Assistance (LIHEAP)	93.568
	Grant Award G–07B1WVLIEA	

**Criteria:** The eligibility compliance requirements of the Low-Income Home Energy Assistance Program (LIHEAP) require the West Virginia Department of Health and Human Resources (DHHR) to determine whether federal monies are spent in accordance with the eligibility guidelines promulgated by 42 USC 8624(b)(2).

**Condition:** EY noted the following during a review of 60 benefit payments for eligibility and allowability:

- For one (1) of the sixty (60) benefit payments, the payment allotted for the client was above the threshold permitted per the LIHEAP payment chart.

**Questioned Costs:** Unknown

**Context:** For the one case where the amount allotted for the client was above the threshold permitted per the LIHEAP payment chart, the total benefit payment was \$463. The total of all benefit payments tested was \$26,399. Total payments for assistance benefits for the LIHEAP program for the fiscal year ended June 30, 2010, were \$39,837,983.

**Cause:** Management indicated that the errors were due to caseworker oversight.

**Effect:** A payment may have been made for ineligible recipients and some payments were not properly approved and/or supported with appropriate documentation.

**Recommendation:** DHHR should review the current training programs for the LIHEAP program to ensure adequate technical training is provided. Furthermore, DHHR should establish policies and procedures to ensure that necessary approvals are obtained and the necessary documentation is maintained in the recipient case files.

**Views of Responsible Officials and Planned Corrective Actions:** The DHHR Bureau for Children and Families will address any training and/or procedures necessary to reduce errors. The corrective action plan will be developed, implemented and monitored under the auspice of the Office of the Deputy Commissioner of Field Operations within the BCF to ensure that policy and practice are followed with respect to the maintenance of accurate records of application and supporting documentation as justification for the expenditure of LIHEAP funds. Policy and Training staff within the DHHR BCF are continually evaluating new and tenured worker training to provide additional and enhanced training for all federal programs, including LIHEAP. The DHHR will continue its efforts to locate the missing documentation.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-47 DISASTER RECOVERY PLAN  
(Prior Year Finding 2009-50)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services CCDF Cluster	93.596/93.575/ 93.713
	Grant Award 17930	
	Grant Award 17931	
	Grant Award 17932	
<b>Criteria:</b>	Management of the West Virginia Department of Health and Human Resources (DHHR) is responsible for establishing and maintaining adequate controls and disaster recovery procedures to safeguard supporting documentation from loss.	
<b>Condition:</b>	DHHR utilizes various service providers for performing certain routine and critical data gathering necessary for the operation of its Federal and State programs; however, DHHR has not fully developed policies and procedures to ensure that these service providers have adequate disaster recovery procedures in place.	
<b>Questioned Costs:</b>	N/A	
<b>Context:</b>	Total disbursements for the CCDF Cluster for fiscal year ended June 30, 2010, were \$39,860,568.	
<b>Cause:</b>	Service providers who maintain certain critical records for the processing of allowability and eligibility of Child Care payments may not have adequate disaster recovery plans in place.	
<b>Effect:</b>	Critical data supporting allowability and eligibility may not be adequately safeguarded from loss which could result in disallowed costs.	
<b>Recommendation:</b>	The DHHR should continue its current efforts to ensure that all regional child care agencies have sufficient disaster recovery and backup procedures in place to safeguard the eligibility and allowability documentation supporting transactions. Furthermore, DHHR should ensure that the procedures are periodically updated and tested for effectiveness and completeness.	
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	The DHHR is providing additional funding to the Resource and Referral agencies to purchase the necessary equipment and software for implementation of the document imaging and offsite storage system. The DHHR is currently working with Northwood Health Systems for document management and we plan to meet soon with all agencies involved to work on a proposal.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–48 ELIGIBILITY REQUIREMENTS  
(Prior Year Finding 2009–52)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Foster Care—Title IV–E	93.658
	Grant Award 75–0–1545	
	Grant Award 75–0–1546	

**Criteria:** The eligibility compliance requirements of the Foster Care—Title IV–E program require the West Virginia Department of Health and Human Resources (DHHR) to determine whether federal monies are spent in accordance with the eligibility guidelines promulgated by the Adoption Assistance and Child Welfare Act of 1980.

**Condition:** We reviewed 60 cases for allowability and eligibility and noted the following:

- Four cases did not have documentation supporting a timely redetermination.
- One case where the child was not removed from the home within 60 days of the court order.
- One case did not have eligibility established in “FACTS”.

**Questioned Costs:** \$9,932

**Context:** The three different exceptions (6 of 60 cases) represent \$9,932 out of a total of \$90,735 in total payments tested for eligibility. Total payments for benefits for the Foster Care program were \$26,231,006 for the year ended June 30, 2010.

**Cause:** Due to staff limitations and the number of eligibility requirements, management indicated that they have been unable to stay current with the Foster Care—Title IV–E case files.

**Effect:** Ineligible and potentially ineligible claims could be reimbursed using federal funds.

**Recommendation:** DHHR should review the current staffing and training programs of the Foster Care—Title IV–E Office to ensure sufficient staff levels are maintained and adequate technical training is provided. In addition, DHHR should continue to review its policies and procedures for eligibility redeterminations to ensure that a thorough, consistent, and efficient eligibility redetermination process is followed. Such policies and procedures should include appropriate follow-up on all findings found during the review process. Further, the policies and procedures should include the utilization of all redetermination features in the Family and Children Tracking System (FACTS), such as verifying that information entered into the FACTS system is accurate.

**Views of Responsible Officials and Planned Corrective Actions:** The formal review process for performing redeterminations, with adequate checklists, has been in place for many years. Whenever the review is performed beyond the 12-month cycle, the entire period since the previous initial or redetermination is examined for inappropriate IV-E claims. If any claims are found to be in error due to some change in the state of documentation, adjustments are made to rectify the error; therefore, it is almost impossible for federal funding claimed inappropriately to remain claimed.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-48 ELIGIBILITY REQUIREMENTS  
(Prior Year Finding 2009-52) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Foster Care—Title IV-E	93.658
	Grant Award 75-0-1545	
	Grant Award 75-0-1546	

The fully automated IV-E determination and redetermination process has been in effect in the FACTS system since 2005. This automated process will render an initial determination and perform a continuous redetermination of the foster care case based upon information entered into the system by the field/Title IV-E staff. Statewide training is provided to all field staff to ensure adequate knowledge to enable them to enter the requisite information, and Title IV-E specialists review all documentation to ensure that the initial determination is accurate.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–49 ALLOWABILITY AND ELIGIBILITY  
(Prior Year Finding 2009–53)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Foster Care—Title IV–E	93.658
	Grant Award 75-0-1545	
	Grant Award 75-0-1546	

**Criteria:** Title 42, Chapter 7, Subchapter IV, Part E section 675 states, “(B) the status of each child is reviewed periodically but no less frequently than once every six months by either a court or by administrative review (as defined in paragraph (6)) in order to determine the safety of the child, the continuing necessity for and appropriateness of the placement, the extent of compliance with the case plan, and the extent of progress which has been made toward alleviating or mitigating the causes necessitating placement in foster care, and to project a likely date by which the child may be returned to and safely maintained in the home or placed for adoption or legal guardianship”.

**Condition:** Changes in the status of Foster Care clients are not always updated in the Family and Children Tracking System (FACTS) computer system prior to the automatic processing of foster care payments. Furthermore, changes in the status of foster care clients are not always updated and reviewed for appropriateness in the FACTS computer system prior to the automatic processing of foster care payments.

**Questioned Costs:** Unknown

**Context:** Retroactive claims adjustments during the fiscal year ended June 30, 2010, amounted to increased claims of approximately \$6,694,064 for children found to be eligible and decreased claims of approximately \$2,611,733 for overpayments to children found to be ineligible. Total expenditures for benefit payments for the Foster Care program were \$26,231,006 for the year ended June 30, 2010.

**Cause:** Payments are established in the FACTS computer system to automatically process when foster care payments are processed; however, the West Virginia Department of Health and Human Resources (DHHR) has been unable to ensure that all checks processed by the FACTS computer system are approved by a field staff worker prior to issuance of the check.

**Effect:** Foster families could be overpaid or underpaid with federal monies for foster care services provided and such overpayments or underpayments may not be retroactively corrected in a timely manner.

**Recommendation:** DHHR should review the current staffing and training programs of the Foster Care—Title IV–E Office to ensure sufficient staff levels are maintained and adequate technical training is provided. DHHR should establish policies and procedures to ensure that changes in the status of foster care clients are updated in a timely manner and checks to foster care families in the FACTS computer system are approved prior to issuance.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–49 ALLOWABILITY AND ELIGIBILITY  
(Prior Year Finding 2009–53) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Foster Care—Title IV–E	93.658
	Grant Award 75-9-1545	
	Grant Award 75-9-1546	

**Views of Responsible Officials and Planned Corrective Actions:** Management within the DHHR Bureau for Children and Families instituted a review process whereby a report is generated in FACTS on the first of every month. This report shows all the automatic payments that will be made on the fifth working day of the month that have not been reviewed and/or approved. The workers whose responsibility it is to review and/or approve the automatic payments have access to this report. They have until the fourth working day of the month to make any updates and/or changes to the placements before the automatic payment is made. After the automatic payment is made, the report is run again and sent to the Regional Directors (RD) for review. The RDs use this report to determine the workers who are not reviewing/approving the automatic payments. These workers are then reminded of policies and procedures. Since inception of this report, the size of the report has decreased greatly.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–50 PAYMENT DOCUMENTATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Adoption Assistance	93.659
	Grant Award 75-9-1545	
	Grant Award 75-0-1545	
	Grant Award 75-9-1546	
	Grant Award 75-0-1546	

**Criteria:** Section 473 of the Social Security Act states that the Adoption Assistance Agreement must be in effect prior to the adoptive parents' receipt of the Adoption Subsidy. Also, 45 CFR 1356.40, states the Adoption Assistance Agreement must specify the nature and amount of any payment, services and assistance to be provided under the agreement.

**Condition:** One of the 60 cases reviewed for allowable costs did not include supporting documentation for the additional amount of the assistance payment made. The monthly payment amount on the Adoption Assistance Agreement did not agree to the amount paid per FACTS. In the case file, an Adoption Assistance Agreement, signed by the adoptive parents and the caseworker, showed a monthly assistance payment of \$400. However, the actual amount paid was \$600.

**Questioned Costs:** \$200

**Context:** The case represents \$200 out of a total of \$33,856 in total payments tested for eligibility. Total payments for individual payments (this is a subset of the program expenditures) for the Adoption Assistance program were \$16,394,652 for the year ended June 30, 2010.

**Cause:** Management indicated that lack of inclusion of the letter documenting an increased assistance payment was an oversight by the caseworker.

**Effect:** Documentation supporting the actual payment amount could not be located. Ineligible or potentially ineligible claims may have been reimbursed using federal funds.

**Recommendation:** The DHHR should establish policies and procedures and review them with Adoption caseworkers to ensure that the FACTS payment information is accurate and that all documentation for assistance payments is maintained.

**Views of Responsible Officials and Planned Corrective Actions:** The payment amount is the correct amount. However, we concur with the cause of the finding and will take the necessary action to reinforce to staff the importance of having all supporting documentation for an adoption in the case record. We use a check off list to ensure that all necessary forms, documents and signatures have been obtained. When adoption records are forwarded to the State office, the file is reviewed to ensure all information is included.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–51 ELIGIBILITY DOCUMENTATION  
(Prior Year Finding 2009–55)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Adoption Assistance	93.659
	Grant Award 75-9-1545	
	Grant Award 75-0-1545	
	Grant Award 75-9-1546	
	Grant Award 75-0-1546	

**Criteria:** Section 473 of the Social Security Act states that the Adoption Assistance Agreement must be in effect prior to the adoptive parents' receipt of the Adoption Subsidy. Also, 45 CFR 1356.40, states the Adoption Assistance Agreement must be signed and in effect at the time of or prior to the final decree of adoption and a copy of the signed agreement must be given to each party. Further, the eligibility compliance requirements of the Adoption Assistance program require the West Virginia Department of Health and Human Resources (DHHR) to determine whether federal monies are spent in accordance with the eligibility guidelines promulgated by the Adoption Assistance and Child Welfare Act of 1980. West Virginia State Code §49-3-1 states that consent by an agency or department to adopt a child must be given and a statement of relinquishment and termination of parental rights must be obtained from the birth parents. The Adoption Assistance Policy Manual states that an Adoption Placement Agreement (SSADP48) must be completed and signatures obtained as part of the preliminary adoption procedures after the parental rights have been terminated if the child is not registered on the Adoption Resource Network (ARN). A Child Summary or Title IV Eligibility form must be completed as part of the preliminary adoption process as well.

**Condition:** One of the 60 cases files reviewed could not be located for testing. Seven of the 60 cases reviewed for eligibility did not have a Final Adoption Decree. Eight of the 60 cases reviewed for eligibility did not have a signed Adoption Placement Agreement available in the case file. Two of the 60 also did not have the Adoption Assistance Agreement. Four of the 60 cases reviewed did not have a Consent Form. Four of the 60 reviewed cases did not have a child summary or Title IV–E eligibility form. For two of the 60 cases reviewed, the order terminating parental rights could not be found. In two of the 60 cases reviewed, the Adoption Assistance Agreement was not signed by the adoptive parents or the Adoption Assistance Program's Regional Director.

**Questioned Costs:** \$10,068

**Context:** The 8 instances (21 of 60 case files) represent \$10,068 out of a total of \$33,856 in total payments tested for eligibility. Total payments for individual payments (this is a subset of the program expenditures) for the Adoption Assistance program were \$16,394,652 for the year ended June 30, 2010.

**Cause:** Management indicated that the lack of inclusion of the proper forms in the case files was an oversight by the caseworker.

**Effect:** Documentation supporting the original eligibility claim could not be located. Ineligible or potentially ineligible claims may have been reimbursed using federal funds.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–51 ELIGIBILITY DOCUMENTATION  
(Prior Year Finding 2009–55) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Adoption Assistance	93.659
	Grant Award 75-9-1545	
	Grant Award 75-0-1545	
	Grant Award 75-9-1546	
	Grant Award 75-0-1546	

**Recommendation:** The DHHR should review the current staffing and training programs of the Adoption Assistance Office to ensure sufficient staff levels are maintained and adequate technical training is provided. Furthermore, the DHHR should establish policies and procedures to ensure that necessary documentation is filed in the adoption case files.

**Views of Responsible Officials and Planned Corrective Actions:** The DHHR Bureau for Children and Families (BCF) implemented a check-off list for staff to use to ensure that all necessary forms and signatures have been obtained. When Adoption records are forwarded to the state office, the file is reviewed to ensure all information is included. The BCF also stressed to staff the importance of ensuring that all documents are included in the case file, with correct signatures and dates as applicable. NOTE: The cases in this finding were cases from before the BCF implemented these enhanced procedures and the BCF is unable to correct deficiencies in case files that were completed before implementation of the new procedures.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–52 ELIGIBILITY  
(Prior Year Finding 2009–56)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services State Children’s Health Insurance Program (SCHIP) Grant Award 75-0-0515 Grant Award 75-9-0515	93.767
<b>Criteria:</b>	The West Virginia CHIP Summary Plan Description states that “medical claims must be filed within six months of the date of service” in order to be eligible for payment.	
<b>Condition:</b>	We reviewed disbursements during FY 2010 and noted the following: <ul style="list-style-type: none"> <li>• 1 payment out of 60 was made on behalf of a child whose claim was filed outside of the six month time frame for submission of claims.</li> </ul>	
<b>Questioned Costs:</b>	Total expenditures for child made on claims filed outside the six month time frame during FY 2010 were approximately \$3,002.	
<b>Context:</b>	Total federal expenditures for the SCHIP program were \$37,619,643 for the year ended June 30, 2010.	
<b>Cause:</b>	SCHIP appears to have policies and procedures in place to address eligibility; however, SCHIP has failed to actively enforce the procedures.	
<b>Effect:</b>	Federal expenditures were spent on medical claims that have been deemed ineligible.	
<b>Recommendation:</b>	We recommend that SCHIP enforce and monitor existing policies and procedures surrounding eligibility of claims.	
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	This claim was manually processed and reviewed by one of TPA’s claim examiners. This claim was paid due to human error. Since processing of this claim, TPA has expanded its batch claims adjudication process to include more claims. The batch adjudication process has edits in place to identify claims that were filed outside the six-month timely filing limit and deny payment.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–53 QUALITY CONTROL ERROR RATE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	

**Criteria:** 45 CFR 74.62 outlines the U.S. Department of Health and Human Services' (USDHHS) right to impose sanctions against a state for failure to meet quality standards. "If a recipient materially fails to comply with the terms and conditions of an award, whether stated in a Federal statute or regulation, an assurance, an application, or a notice of award, the USDHHS awarding agency may, in addition to imposing any of the special conditions outlined in §74.14, take one or more of the following actions, as appropriate in the circumstances:

1. Temporarily withhold cash payments pending correction of the deficiency by the recipient or more severe enforcement action by the USDHHS awarding agency.
2. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
3. Wholly or partly suspend or terminate the current award.
4. Withhold further awards for the project or program.
5. Take any other remedies that may be legally available."

Furthermore, management is responsible for maintaining adequate internal controls over disbursements to ensure that expenditures are made in accordance with the required guidelines.

The management of the West Virginia Department of Health and Human Resource (WVDHHR) is responsible for establishing and maintaining controls over the processing of payments and eligibility to minimize the risk of errors occurring and not being detected.

**Condition:** The State of West Virginia Quality Assurance Annual Report dated August 25, 2010, reported that the State's 12 month sanction error rate for the West Virginia Department of Health and Human Resources' (DHHR) Medicaid Program (for regular Medicaid cases not the pilot program) increased to 5.83% for fiscal year 2009. The fiscal year 2009 error rate is above the federal tolerance level of 3.00%. Agency errors accounted for 56% of the dollar loss and client errors accounted for 44% of the dollar loss.

For this report period, as well as the reporting periods to fiscal year 1995, the State has participated in a special Quality Assurance pilot project. Centers for Medicare and Medicaid Services (CMS) approved a number of states to participate in alternative Quality Control systems. The purpose of the pilot program was to expand normal quality control functions into areas that had not been explored previously. In addition to enabling states the flexibility to direct their quality assurance efforts on issues of special interest to the state, another incentive for participating in a Medicaid pilot program was that all sanction liabilities would be waived for the pilot status period of time.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-53 QUALITY CONTROL ERROR RATE  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Medicaid Cluster	93.775/93.777/ 93.778
	Grant Award 75-X-0512	
<b>Questioned Costs:</b>	Unknown	
<b>Context:</b>	West Virginia's Medicaid sanction error rate for FFY 2009 was 5.83% as compared to the tolerable error level of 3.00%. The liability established was \$-0- due to the State's participation in the Medicaid pilot program. Participation in this program allows the substitution of the State's lower limit error rate of .622% in calculation of the liability. Total federal expenditures for Medicaid for the fiscal year ended June 30, 2010, were \$2,168,793,598.	
<b>Cause:</b>	Supervisory review procedures are not adequate to detect errors and maintain payment error rates within a tolerable level.	
<b>Effect:</b>	Ineligible or potentially ineligible claims may have been reimbursed using federal funds. Furthermore, the Medicaid program could potentially be exposed to an error rate liability imposed by the U.S. Department Health and Human Services.	
<b>Recommendation:</b>	DHHR should increase staff training and strengthen procedures over supervisory review to reduce errors.	
<b>Views of Responsible Officials and Planned Corrective Actions:</b>	The DHHR Bureau for Children and Families concurs with the finding and will address any training and/or procedures necessary to reduce errors. The corrective action plan will be developed, implemented and monitored under the auspice of the Office of the Deputy Commissioner of Field Operations within the BCF to ensure that policy and practice are followed.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–54 SUBRECIPIENT MONITORING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA–0–1455–WV	
	Grant Award FEMA–0–1474–WV	
	Grant Award FEMA–0–1496–WV	
	Grant Award FEMA–0–1500–WV	
	Grant Award FEMA–0–1522–WV	
	Grant Award FEMA–0–1558–WV	
	Grant Award FEMA–0–1574–WV	
	Grant Award FEMA–0–3221–WV	
	Grant Award FEMA–0–1696–WV	
	Grant Award FEMA–0–1769–WV	
	Grant Award FEMA–0–1838–WV	
	Grant Award FEMA–0–1881–WV	
	Grant Award FEMA–0–1893–WV	
	Grant Award FEMA–0–1903–WV	

**Criteria:** All subrecipients subject to OMB Circular A–133 with fiscal years ending after 2005 and spending more than \$500,000 in federal awards must have required audits completed in accordance with OMB Circular A–133 and provide copies of their audit reports to the primary recipient. Also, pass-through entities are required to develop monitoring procedures including programmatic and financial monitoring to ensure subrecipients have used federal funds for authorized purposes. Furthermore, pass-through entities are required to determine if the audit report is on file with the Federal Clearinghouse prior to granting eligibility for the current year.

**Condition:** We noted the following issues related to subrecipient monitoring for The West Virginia Division of Homeland Security and Emergency Management (DHSEM):

- DHSEM was unable to provide documentation of which subrecipients had audits completed and filed with DHSEM. Further, management indicated that they review completed auditor reports posted to the State Auditor’s website; however, there is no evidence of this review or documentation regarding resolution of any issues identified.
- DHSEM had not documented any determination if the required audit reports were appropriately filed with the Federal Clearinghouse prior to granting eligibility for the current year.
- DHSEM is not documenting physical programmatic on-site monitoring.
- DHSEM is not making subrecipients aware of the CFDA# at the time of an award.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for subrecipients and total federal expenditures for the Disaster Grants – Public Assistance Presidentially Declared Disasters program were 7,736,396 and 19,648,722 respectively, for the year ended June 30, 2010.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-54 SUBRECIPIENT MONITORING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA-0-1455-WV	
	Grant Award FEMA-0-1474-WV	
	Grant Award FEMA-0-1496-WV	
	Grant Award FEMA-0-1500-WV	
	Grant Award FEMA-0-1522-WV	
	Grant Award FEMA-0-1558-WV	
	Grant Award FEMA-0-1574-WV	
	Grant Award FEMA-0-3221-WV	
	Grant Award FEMA-0-1696-WV	
	Grant Award FEMA-0-1769-WV	
	Grant Award FEMA-0-1838-WV	
	Grant Award FEMA-0-1881-WV	
	Grant Award FEMA-0-1893-WV	
	Grant Award FEMA-0-1903-WV	

**Cause:** Management indicated that due lack of sufficient personnel and time constraints, a monitoring plan related to audit reports and on-site monitoring has not been developed and audit reports have not been tracked.

**Effect:** DHSEM does not have effective policies and procedures and evidential matter to support the subrecipient monitoring; therefore, management may not be able to identify issues in a timely manner.

**Recommendation:** DHSEM should develop formalized policies for receiving and tracking subrecipient audit reports. Additionally, procedures should be established to evaluate and follow-up on any instances of subrecipient compliance or internal control findings to ensure they are resolved in a timely manner and ensure that the report is on file with the Federal Clearinghouse. The procedures adopted should include a requirement to maintain the evidential matter to support the subrecipient monitoring performed.

**Views of Responsible Officials and Planned Corrective Actions:** DHSEM hired a Director of Administration in October 2008. Since then, WV has experienced five federally declared disasters and one state declared disaster as well as the Upper Big Branch mining incident. Site visits were begun to address this finding but ultimately were suspended due to responding to the disasters. Work has been done on researching and developing a monitoring plan by the Administrative Director and site visits are again being scheduled. Sub-recipient monitoring is now being documented by the public assistance staff. Steps have been taken to provide this documentation on the current forms used for the public assistance program.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-55 SUBRECIPIENT CASH MANAGEMENT MONITORING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA-0-1455-WV	
	Grant Award FEMA-0-1474-WV	
	Grant Award FEMA-0-1496-WV	
	Grant Award FEMA-0-1500-WV	
	Grant Award FEMA-0-1522-WV	
	Grant Award FEMA-0-1558-WV	
	Grant Award FEMA-0-1574-WV	
	Grant Award FEMA-0-3221-WV	
	Grant Award FEMA-0-1696-WV	
	Grant Award FEMA-0-1769-WV	
	Grant Award FEMA-0-1838-WV	
	Grant Award FEMA-0-1881-WV	
	Grant Award FEMA-0-1893-WV	
	Grant Award FEMA-0-1903-WV	

**Criteria:** OMB Circular A-102, Section 2(a) requires grantor agency to “establish methods and procedures for transferring funds to minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient’s need for the funds.” Furthermore, OMB Circular A-133 requires interest earned by subrecipients on federal cash draws to be remitted to the appropriate agency in a timely manner.

Further, according to the Public Assistance Policy Digest, FEMA 321, dated January 2008, FEMA is responsible for determining eligibility, conducting environmental / historic preservation reviews, approving projects, and making the Federal share of the approved amount available to the State through a process known as obligation. Funds that FEMA has obligated are available to the State via electronic transfer, but reside in Federal account until the State is ready to award grants to the appropriate applicants. The State may not request funds more than three business days before the day it disburses them.

The state is responsible for providing the State share of eligible costs and for notifying the applicant that funds are available. The method of payment to the applicant is dependent on whether the project is small or large.

Small projects: payment is made on the basis of an estimate prepared at the time of project approval. The State makes payment of the Federal share to the applicant as soon as practicable after FEMA has obligated the Federal Share.

Large projects: the State makes payments to the applicant on the basis of actual incurred cost as the project proceeds. Once the project is completed, FEMA may adjust the amount initially obligated for the project depending on the accounting of final eligible costs submitted by the State to FEMA.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010-55 SUBRECIPIENT CASH MANAGEMENT MONITORING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA-0-1455-WV	
	Grant Award FEMA-0-1474-WV	
	Grant Award FEMA-0-1496-WV	
	Grant Award FEMA-0-1500-WV	
	Grant Award FEMA-0-1522-WV	
	Grant Award FEMA-0-1558-WV	
	Grant Award FEMA-0-1574-WV	
	Grant Award FEMA-0-3221-WV	
	Grant Award FEMA-0-1696-WV	
	Grant Award FEMA-0-1769-WV	
	Grant Award FEMA-0-1838-WV	
	Grant Award FEMA-0-1881-WV	
	Grant Award FEMA-0-1893-WV	
	Grant Award FEMA-0-1903-WV	

**Condition:** The West Virginia Division of Homeland Security and Emergency Management Services (WVDHS) does not have policies and procedures in place to minimize the amount of federal cash on hand at the subrecipients. Specifically, WVDHS will disburse the entire Federal portion of grant funds for large projects without supporting documentation of whether the subrecipient has expended the funds prior to disbursement.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the subrecipients were \$7,736,396 for the year ended June 30, 2010. Total federal expenditures for the program were \$19,648,722 for the year ended June 30, 2010.

**Cause:** Management did not implement policies and procedures to ensure that subrecipients are on the reimbursement basis or are minimizing the amount of federal cash on hand.

**Effect:** Subrecipients may have excess federal cash on hand and are not remitting interest earned on the excess federal cash to the WVDHS; therefore, the WVDHS is in noncompliance with the federal rules and regulations regarding cash management.

**Recommendation:** We recommend that the WVDHS implement policies and procedures to monitor the federal cash on hand with subrecipients and ensure that interest earned on excess federal cash on hand is remitted to the federal grant program.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–55 SUBRECIPIENT CASH MANAGEMENT MONITORING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA–0–1455–WV	
	Grant Award FEMA–0–1474–WV	
	Grant Award FEMA–0–1496–WV	
	Grant Award FEMA–0–1500–WV	
	Grant Award FEMA–0–1522–WV	
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	Grant Award FEMA–0–1696–WV	
	Grant Award FEMA–0–1769–WV	
	Grant Award FEMA–0–1838–WV	
	Grant Award FEMA–0–1881–WV	
	Grant Award FEMA–0–1893–WV	
	Grant Award FEMA–0–1903–WV	

**Views of Responsible Officials and Planned Corrective Actions:**

The practice of advancing funds to the subrecipient is under the direction of FEMA and the public assistance program. The funds are disbursed within the three day time frame to the sub-recipients by DHSEM. It is under the sub-recipient that the three day ‘rule’ is challenged by this audit. This finding has been reported to FEMA with the request for guidance regarding this matter as FEMA is the federal agency approving the expenses as allowable and requesting the advance of funds to the sub-recipient. The practice of advancing funds is based on the recipients inability to fund the costs up front. The amount advanced is determined upon contracts that are in place as well as cost estimates to complete the work. The projects receive a final inspection and any cost differences are settled upon the final inspection. Research was done and this practice has been in place since 1985 and possibly earlier.

Per CFR 44, 13.21 (e) Working Capital Advances, provision is made to advance working capital to sub-recipients where ‘reimbursement is not feasible because the grantee lacks sufficient capital’. Under this guideline, we will provide a portion to the recipient based upon estimated costs. Upon final inspection and closeout of the project, all funding is accounted for and settled.

**Conclusion:**

Management of the WVDHS believes that the Disaster Grants – Public Assistance grant is not required to follow certain aspects of the cash management rules. The project end reconciliations of payments along with final inspections are being conducted; however, policies and procedures for the minimization of federal cash on hand are not in place. As such, the auditors are not aware of any exemptions that WVDHS would have in regards to following the cash management rules. The CFR sections specifically state that the subgrantees provide and maintain the willingness and ability to maintain procedures to minimize the time lapse between the transfer of funds and the disbursements (44CFR, Section 13.21(c)); and if the Federal agency has determined that reimbursement is not feasible because the grantee lacks sufficient working capital, the awarding agency may provide cash or a working capital advance basis. Under this procedure the awarding agency shall advance cash to the grantee to cover its estimated disbursement needs for an initial period generally geared to the grantee's disbursing cycle (44CFR, Section 13.21(e)).

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**2010–55 SUBRECIPIENT CASH MANAGEMENT MONITORING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	97.036
	Grant Award FEMA–0–1455–WV	
	Grant Award FEMA–0–1474–WV	
	Grant Award FEMA–0–1496–WV	
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	Grant Award FEMA–0–1838–WV	
	Grant Award FEMA–0–1881–WV	
	Grant Award FEMA–0–1893–WV	
	Grant Award FEMA–0–1903–WV	

We believe that WVDHS is required to develop policies and procedures to ensure that subrecipients are minimizing the amount of federal cash on hand. Furthermore, management should also ensure documentation exists for the determination of working capital advances to subrecipients.

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***SUMMARY  
SCHEDULE OF  
PRIOR AUDIT  
FINDINGS***

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**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

<b>2009-10</b>	<b>UNCASHED STALE-DATED OUTSIDE BANK</b>
<b>2008-30</b>	<b>ACCOUNT CHECKS</b>
<b>2007-31</b>	<b>State Treasurer Office</b>
<b>2006-8</b>	<b>Resolved</b>
<b>2005-13</b>	
<b>2004-23</b>	
<b>2003-22</b>	
<b>2002-14</b>	
<b>2001-9</b>	
	Corrective action taken in FY 2010.
<b>2009-11</b>	<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>
<b>2008-31</b>	<b>Department of Administration</b>
<b>2007-32</b>	<b>Partially Resolved</b>
<b>2006-9</b>	
<b>2005-14</b>	
<b>2004-72</b>	
<b>2003-71</b>	
	Financial Accounting Reporting Section (FARS) continues to work with the Governor's Office to instill the urgency of timeliness and completeness with the agencies who submit the SEFA information. See current year finding 2010-5.
<b>2009-12</b>	<b>REPORTING - SEGREGATION OF ARRA FUNDS</b>
	<b>Department of Administration</b>
	<b>Resolved</b>
	Corrective action taken in FY 2010.
<b>2009-13</b>	<b>ALLOWABLE COSTS</b>
	<b>Department of Administration</b>
	<b>Partially Resolved</b>
	The Department of Administration (DOA) has changed the fleet billings so that agencies are not subsidizing the Aviation Division

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**2009-13      ALLOWABLE COSTS (Continued)**

with federal funds. DOA has submitted the unallowable costs paperwork to the Federal Government with a request for approval of the amount due. DOA is prepared to make the payment as soon as a bill is received from the U.S. Department of Health and Human Services, Division of Cost Allocation.

**2009-14      POTENTIAL MISAPPROPRIATION OF FEDERAL FUNDS  
Governor's Office of Economic Opportunity  
Resolved**

Corrective action taken in FY 2010.

**2009-15      PAYROLL CERTIFICATIONS  
Secretary of State's Office  
Resolved**

Corrective action taken in FY 2010.

**2009-16      QUALITY CONTROL ERROR RATE  
Department of Health and Human Resources  
Resolved**

Corrective action taken in FY 2010.

**2009-17      FEDERAL REPORTING  
Department of Health and Human Resources  
Resolved**

Corrective action taken in FY 2010.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**2009-18      FOOD INSTRUMENTS  
Department of Health and Human Resources  
Resolved**

Corrective action taken in FY 2010.

**2009-19      SUBRECIPIENT MONITORING – AUDIT REPORTS  
Department of Environmental Protection  
Partially Resolved**

The department has continual contact with subrecipients in an effort to receive audit reports by the required deadline. The department is in the process of formalizing standard operating procedures specifying the timing and frequency of correspondence to subrecipients subject to OMB Circular A-133 requirements to ensure that the required audits are completed and that all identified audit findings are resolved in a timely manner. See current year finding 2010-12.

**2009-20      ACTIVITIES ALLOWED OR UNALLOWED  
Department of Commerce  
Resolved**

Corrective action taken in FY 2010.

**2009-21      INFORMATION SYSTEMS CONTROLS  
2008-38      Department of Transportation  
2007-39      Partially Resolved  
2006-22  
2005-32  
2004-16  
2003-16  
2002-7  
2001-6**

DOT Information Services has developed a program to document and track all changes made to the contract management system

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**2009-21      INFORMATION SYSTEMS CONTROLS (Continued)**

(PRS) and all other programs which may be applicable. With limited programming staff there are currently insufficient resources available for experienced programmers to review the changes in a comprehensive detailed manner. Should additional programmers be employed, more compliance with this finding will be implemented. WVOT will review and update standard password complexity requirements to ensure consistency between standard/policies and implementation of the lockout duration. WVOT will take the movement of the password for the noted RACF command under advisement. The process to add or delete a user to the SQL tables has been formally documented. The server was replaced and it resides in one of the server rooms controlled by the Office of Technology where more secure backups are done. See current year finding 2010-16.

**2009-22      PAYROLL AUTHORIZATION PROCEDURES**  
**2008-39      Department of Transportation**  
**2007-42      Resolved**

Corrective action taken in FY 2010.

**2009-23      SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Governor's Office of Economic Opportunity**  
**Partially Resolved**

GOEO began FY 2011 with a WVFIMS coding system that tracks all grant expenditures from the time that payment is initiated in WVFIMS. This will permit GOEO to rely on WVFIMS directly, by using Crystal Reports, to develop all financial reports. This reliance will substantially reduce the need for additional in-house ledgers. Monthly reconciliation will be simplified and any errors should be easier to identify and correct. See current year finding 2010-17.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**2009-24      INDIRECT COST ALLOCATION  
Governor's Office of Economic Opportunity  
Partially Resolved**

GOEO is in the process of finalizing for state FY 2011 a consistent approach for identifying and assigning all direct costs to the appropriate cost center and fairly allocating indirect costs to all federal sources. After consultation with the Cost Allocation Office of the Department of Health and Human Services (DHHS), which is the designated cognizant agency, a determination will be made whether to submit an indirect cost rate proposal (ICRP) based on that system, or wait until it can be submitted with full documentation from FY 2011. See current year finding 2010-18.

**2009-25      INVENTORY PROCESS AND PROCEDURES  
Governor's Office of Economic Opportunity  
Resolved**

Corrective action taken in FY 2010.

**2009-26      EARMARKING REQUIREMENTS  
Governor's Office of Economic Opportunity  
Resolved**

Corrective action taken in FY 2010.

**2009-27      FINANCIAL REPORTING  
Governor's Office of Economic Opportunity  
Partially Resolved**

GOEO has established an agency-wide calendar for submission of reports, both financial and programmatic, to assist in the timely submission of reports. The DOE now requires SF-425, which combines the reporting previously covered by SF-269 and SF-272, and reports must be submitted online through PAGE,

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**2009-27 FINANCIAL REPORTING (Continued)**

the DOE reporting system. That change temporarily slowed the submission of reports. The staff was not originally trained on the system. Reports prepared and input into the system were not consistently completed which included electronic submission to DOE. Those late reports further complicated the process since the next report could not be approved on PAGE until the previous report had been reviewed and approved at the federal level. Reports for the regular DOE grants are up-to-date through the period ending June 30, 2010. DOE ARRA reports will be up-to-date in August. Now that GOEO staff have been trained on the new system, consistent monthly reconciliation of financial records will improve timely submission of accurate financial reports. See current year finding 2010-19.

**2009-28 SUBRECIPIENT MONITORING  
Governor's Office of Economic Opportunity  
Partially Resolved**

GOEO has developed new tools to track the monitoring of subgrantees, targeted feedback to subgrantees on compliance issues, and the status of corrective action. Once a subgrantee's audit is reviewed, a letter sent to the agency is now filed with any plans for corrective action. Some subgrantee issues cannot be resolved immediately. GOEO is exploring appropriate sanctions available to be used when subgrantees fail to respond to or meet compliance target dates. See current year finding 2010-20.

**2009-29 MONITORING OF SUSPENDED SUBRECIPIENT  
Governor's Office of Economic Opportunity  
Resolved**

Corrective action taken in FY 2010.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
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**2009-30 UNALLOWABLE CONSULTANT COSTS  
Governor's Office of Economic Opportunity  
Partially Resolved**

GOEO is in the process of developing internal policies and procedures, accompanied by training for all staff, to ensure that costs incurred are allowable and allocable to the grant to which they are charged, and to reinforce the view that this is the responsibility of every state employee involved at any level in the procurement process. Knowledge of and rigorous adherence to the state's procurement policies is an excellent first step. In addition, staff training will provide a focus on determining if each expenditure is reasonable, necessary, allowable and allocable to the grant being charged.

GOEO will institute an internal purchase order process for expenditures not anticipated in the budget.

**2009-31 PELL REPORTING  
Concord University  
Resolved**

Corrective action taken in FY 2010.

**2009-32 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
West Virginia State University  
Resolved**

Corrective action taken in FY 2010.

**2009-33 STUDENT STATUS CHANGES  
2008-44 Bluefield State College  
Resolved**

Corrective action taken in FY 2010.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
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**2009-34**      **FISCAL OPERATIONS REPORT AND**  
**2008-46**      **APPLICATION TO PARTICIPATE**  
Bluefield State College  
**Resolved**

Corrective action taken in FY 2010.

**2009-35**      **SPECIAL TEST AND PROVISIONS – LOAN**  
**2008-45**      **REPAYMENTS AND STUDENT DEFERMENTS**  
**2007-45**      Bluefield State College  
**Partially Resolved**

Effective October 1, 2009, Bluefield State College has changed its procedures to identify students needing an exit interview based on the reports to the National Student Loan Clearinghouse. The new procedure will include an entry on the "RUAMAIL" screen in Banner which will indicate when the exit interview was processed. In 2008-2009 award year, the Financial Aid Office changed the exit interview form to include the date mailed for subsequent students. See current year finding 2010-21.

**2009-36**      **SPECIAL TESTS AND PROVISIONS – VERIFICATION**  
School of Osteopathic Medicine  
**Resolved**

Corrective action taken in FY 2010.

**2009-37**      **STUDENT STATUS CHANGES**  
**2008-44**      New River Community and Technical College  
**Resolved**

Corrective action taken in FY 2010.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
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**2009-38**      **FISCAL OPERATIONS REPORT AND APPLICATION**  
**2008-46**      **TO PARTICIPATE**  
**New River Community and Technical College**  
**Resolved**

Corrective action taken in FY 2010.

**2009-39**      **SUBRECIPIENT CASH MANAGEMENT**  
**2008-49**      **Department of Education**  
**2007-48**      **Partially Resolved**  
**2006-33**  
**2005-37**  
**2004-41**  
**2003-46**  
**2002-50**

Draws and related disbursements are performed exclusively on a reimbursement basis in order to preclude interest accruals. During mid-fiscal year 2010, the West Virginia Department of Education strengthened procedures by including screen shots of the online WVEIS module system that was implemented in April 2008 to include supporting documentation of subrecipient cash needs. After all documents are printed for each request, an accountant in the Office of Internal Operations enters the request amounts into the WVFIMS system for payment. Then a second accountant in the Office of Internal Operations scans the document into the system for file storage. The documents are then transferred to the Auditor's Office for payment. See current year finding 2010-34.

**STATE OF WEST VIRGINIA  
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**2009-40**      **ELIGIBILITY**  
**2008-54**      **Department of Health and Human Resources**  
**2007-55**      **Partially Resolved**  
**2006-38**  
**2005-45**  
**2004-52**  
**2003-55**  
**2002-56**

DHHR will continue to communicate with USDHHS and take measures to ensure the policies and controls in place are being utilized. Until such time as USDHHS develops a nationwide data base, DHHR will not be able to fully comply with the TANF federal 60-month eligibility limitation requirement. See current year finding 2010-38.

**2009-41**      **ELIGIBILITY AND SUPPORTING DOCUMENTS**  
**Department of Health and Human Resources**  
**Partially Resolved**

Procedures for all programs have been developed, implemented and monitored to ensure that policy and practice are followed to maintain accurate client records. In new worker training, the ESAP-1 (or DFA-AP-1) form is discussed in the Basic Eligibility, Basic Medicaid and Case Maintenance courses. We also have policies in place concerning the form and/or retention of client case files in the DHHR Bureau for Children and Families (BCF) Income Maintenance Policy and the RAPIDS Desk Guide. BCF Policy and BCF Training staff are continually evaluating new and tenured worker training to provide additional and enhanced training for all federal programs including TANF. See current year finding 2010-39.

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**2009-42      FEDERAL REPORTING  
Department of Health and Human Resources  
Resolved**

Corrective action taken in FY 2010.

**2009-43      DHHR INFORMATION SYSTEMS AND RELATED  
2008-55      BUSINESS PROCESS CONTROLS  
2007-54      Department of Health and Human Resources  
2006-37      Partially Resolved  
2005-44  
2005-60  
2004-50  
2003-63  
2002-61**

The FACTS Application's security framework is structured to support and administer segregation of duties. However, some security assignments are made due to a business need and the DHHR is reviewing alternative solutions in an effort to reduce the level of concern with respect to segregation of duties.

DHHR IT has modified the database password profile to be configured to force passwords to expire every 40 days and require a password history of 10.

DHHR is performing periodic risk assessments on the systems and is performing risk assessments whenever significant changes to the systems occur. On a biennial basis, management is reviewing the security of the system to include, at a minimum, an evaluation of physical and data security operating procedures and personnel practices. Management is also maintaining reports on the results of the biennial reviews.

An open case in the FACTS application does not automatically generate services, foster care placements, adoption subsidies or payment of any kind. No disbursement occurs solely because a

**STATE OF WEST VIRGINIA  
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**2009-43      DHHR INFORMATION SYSTEMS AND RELATED  
BUSINESS PROCESS CONTROLS (Continued)**

case is opened. Field supervisors need to have the ability to create and carry caseloads as a normal part of business operations. The system does require supervisory approval to create service authorizations, foster care placements, medical card eligibilities and payment approvals.

Only the designated unit supervisor is given access to the pending payment approvals. A unit supervisor belonging to their own unit has the capability of entering and approving their own payments but FACTS has a long-standing management reporting control that identifies (Report ID SSA-4990) any payment that was entered and approved by the same person. The system supports a personnel configuration that would allow the supervisor's payments to be directed to/and approved only by their managers, the district Community Service Managers (CSMs) but this option has not been utilized by BCF. The system is in the process of modernizing to a browser-based application and we will be modifying the supervisory security to delink case approvals from payment approvals.

A special circumstance exists within the central office financial staff. They have special securities and advanced access to allow them to set rates, manage providers, make and approve payments. They are also monitored through the ID SSA-4990 reporting mechanism.

Nearly all of the payments being processed through BCF/OFA are in response to either a court order or invoicing. In respect to the invoicing most of them are as a result of services coming through our Administrative Service Organization. The ASO process, requires a caseworker to request the service by linking the service request to a client and electronically sending the request to the ASO, who then authorizes the a service provider,

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**2009-43      DHHR INFORMATION SYSTEMS AND RELATED  
BUSINESS PROCESS CONTROLS (Continued)**

duration of service, timeframe for completion and the number of service units that can be billed. When the provider invoices the service OFA staff check the invoice against the authorization and payment history data making sure that the invoiced services and units are within authorization parameters. The system will not permit more units to be paid than are authorized and a running total of encumbered and expended units are kept by the system within the payment history and cannot be overridden. See current year finding 2010-43.

**2009-44      PAYROLL AUTHORIZATION PROCEDURES  
Department of Health and Human Resources  
Partially Resolved**

The DHHR utilizes an "Application for Leave with Pay" form for documenting the number of "Hours Annual" and the "Period of Leave" taken by employees. While the application forms were not signed by the supervisor prior to the periods of annual leave noted on the forms, all of the annual leave was indeed approved by the supervisors prior to the periods of leave. The reasons vary as to why the signature date on an application form is sometimes subsequent to the period of leave, but it is usually the result of unexpected circumstances resulting in the supervisor providing verbal approval to the employee in advance of the leave, yet simply not signing the form until after the period of leave. Other factors for the differing dates include travel time and the varying locations of certain employees and their supervisors relative to the period of leave.

The signature dates on the form are secondary to the foremost control objective within the DHHR, which is to ensure that supervisors do not approve annual leave for employees that do

**STATE OF WEST VIRGINIA  
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**2009-44 PAYROLL AUTHORIZATION PROCEDURES (Continued)**

not maintain a sufficient balance of leave. The supervisor must ensure that the employee has an adequate balance of leave prior to the "Period of Leave" as marked on the "Application for Leave with Pay" form and compliance with this objective is documented via the supervisor marking the "Approved" box on that form. If the employee requesting leave did not have an adequate balance of leave prior to the period of leave, the supervisor would mark the "Disapproved" box on the application form and would proceed with compensatory restitution from the employee as related to total hours worked. The BCSE has very specific procedures for time, attendance, and the use of annual leave, and supervisors will *continue* to enforce and monitor those procedures in an effort to ensure overall compliance with the control objectives established within the DHHR. See current year finding 2010-44.

**2009-45 DATA RELIABILITY REPORT**  
**2008-58 Department of Health and Human Resources**  
**2007-58 Resolved**

Corrective action taken in FY 2010.

**2009-46 INTERSTATE CASE**  
**Department of Health and Human Resources**  
**Partially Resolved**

The DHHR BCSE will continue to enforce and monitor existing interstate case procedures. It is important to note that the one reported instance of noncompliance with the timeframe standard did not affect the collection and disbursement of support, nor did it subject the DHHR to Federal sanction, as our level of compliance still exceeds the level required by the Office of Child Support Enforcement and as provided in 45CFR303. See current year finding-2010-45.

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**2009-47      MEDICAL SUPPORT ENFORCEMENT  
Department of Health and Human Resources  
Resolved**

Corrective action taken in FY 2010.

**2009-48      ALLOWABILITY AND ELIGIBILITY  
2008-59      Department of Health and Human Resources  
2007-59      Partially Resolved  
2006-43  
2005-50**

The Fuel Supplier Agreement (DFA LIEAP-9) is no longer required and is now obsolete. This became effective October 1, 2009, and this change in policy has been updated in the Income Maintenance Policy Manual. The questioned costs referenced within this finding were returned to the United States Department of Health and Human Services, Office of Community Services on November 16, 2010. The Common Identification Number that was referenced was A-03-10-13625. See current year finding 2010-46.

**2009-49      SUBRECIPIENT MONITORING  
2008-60      Governor's Office of Economic Opportunity  
2007-61      Not Resolved**

A new process for A-133 Audit review will include training both program and financial staff on all aspects of subrecipient A-133 Single Audits, and development of GOEO-related responsibilities, protocols and procedures. This effort has produced a GOEO monitoring tool for A-133 Audit Review, and an expanded tracking tool, Annual Audits Chart PY 20XX due in 20XX, including Summary Schedule of Annual Audits due to GOEO each year and GOEO Notification and Management Decision. See current year finding 2010-20.

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**2009-50      DISASTER RECOVERY PLAN**  
**2008-61      Department of Health and Human Resources**  
**2007-62      Partially Resolved**  
**2006-45**

The DHHR is providing additional funding to the Resource and Referral agencies to purchase the necessary equipment and software for implementation of the document imaging and offsite storage system. The DHHR is currently working with Northwoods Health Systems for document management and we plan to meet with all agencies involved to work on a proposal. See current year finding 2010-47.

**2009-51      SUBRECIPIENT CASH MANAGEMENT**  
**2008-62      Department of Health and Human Resources**  
**2007-63      Resolved**

Corrective action taken in FY 2010.

**2009-52      ELIGIBILITY REQUIREMENTS**  
**2008-63      Department of Health and Human Resources**  
**2007-64      Partially Resolved**  
**2006-47**  
**2005-53**  
**2004-61**

While not a requirement for compliance with the DHHR's subrecipient monitoring policy, the maintenance of monitoring logs is an available option and one that the BPH has chosen to utilize internally for tracking and documenting its monitoring efforts. While the monitoring log questioned within this finding may not have been 100% complete or otherwise consistently utilized, the Bureau for Public Health (BPH) does in fact have effective procedures in place to ensure that subrecipients have used federal funds for authorized purposes. Staff turnover in the monitoring area during FY 2009 caused delays in the

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**2009-52      ELIGIBILITY REQUIREMENTS (Continued)**

implementation of some discretionary monitoring procedures previously developed within the BPH. Therefore, during FY 2009 the BPH combined the subrecipient grant and monitoring processes together to further enhance our abilities to monitor. BPH is also currently developing a plan to add an accountant/auditor to primarily monitor and offer technical assistance to local county health departments. See current year finding 2010-48.

**2009-53      ALLOWABILITY AND ELIGIBILITY  
Department of Health and Human Resources  
Not Resolved**

Management within the DHHR Bureau for Children and Families instituted a review process whereby a report is generated in FACTS on the first of every month. This report shows all the automatic payments that will be made on the fifth working day of the month that have not been reviewed and/or approved. The workers whose responsibility it is to review and/or approve the automatic payments have access to this report. They have until the fourth working day of the month to make any updates and/or changes to the placements before the automatic payment is made. After the automatic payment is made, the report is run again and sent to the Regional Directors (RD) for review. The RDs use this report to determine the workers who are not reviewing/approving the automatic payments. These workers are then reminded of policies and procedures. Since inception of this report, the size of the report has decreased greatly. See current year finding 2010-49.

**2009-54      ELIGIBILITY DOCUMENTATION  
Department of Health and Human Resources  
Resolved**

Corrective action taken in FY 2010.

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**2009-55**      **ELIGIBILITY DOCUMENTATION**  
**2008-64**      **Department of Health and Human Resources**  
**2007-66**      **Partially Resolved**  
**2006-49**  
**2005-55**

The DHHR Bureau for Children and Families (BCF) implemented a check-off list for staff to use to ensure that all necessary forms and signatures have been obtained. When Adoption records are forwarded to the state office, the file is reviewed to ensure all information is included. The BCF also stressed to staff the importance of ensuring that all documents are included in the case file, with correct signatures and dates as applicable. The cases in the 2010 finding were cases from before the BCF implemented these enhanced procedures and the BCF is unable to correct deficiencies in case files that were completed before implementation of the new procedures. See current year finding 2010-51.

**2009-56**      **ELIGIBILITY**  
**Department of Health and Human Resources**  
**Partially Resolved**

This claim was manually processed and reviewed by one of TPA's claim examiners. This claim was paid due to human error. Since processing of this claim, TPA has expanded its batch claims adjudication process to include more claims. The batch adjudication process has edits in place to identify claims that were filed outside the six-month timely filing limit and deny payment. See current year finding 2010-52.

**2009-57**      **ALLOWABLE COSTS**  
**2008-67**      **Department of Health and Human Resources**  
**2007-69**      **Partially Resolved**  
**2006-52**  
**2005-57**

Corrective action taken in FY 2010.

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**2009-58 PROVIDER ELIGIBILITY DOCUMENTATION  
Department of Health and Human Resources  
Partially Resolved**

A comprehensive re-enrollment of all providers was undertaken to resolve this finding, however the passage of Healthcare Reform legislation included requirements that impact enrollment processes. To avoid performing a re-enrollment during SFY 2010 and 2011 and having to subsequently subject providers to another re-enrollment immediately thereafter, the re-enrollment has been temporarily suspended pending identification of all such requirements. During the remainder of SFY 2011 the Bureau for Medical Services will be working to identify the changes to the enrollment process necessary to comply with the requirements of the Healthcare Reform legislation. The Bureau will then work with the third-party fiscal agent to coordinate and complete the provider re-enrollment process (anticipated to take 8 to 12 months to complete full enrollment). Any discrepancies or issues will be resolved with individual providers as needed through the re-enrollment process.

**2009-59 ALLOWABILITY AND ELIGIBILITY  
Department of Health and Human Resources  
Resolved**

Corrective action taken in FY 2010.

**2008-34 PROGRAM INCOME INTERNAL CONTROLS  
Department of Natural Resources  
Resolved**

Corrective action taken in FY 2010.

**STATE OF WEST VIRGINIA  
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**2008-42**      **SUBRECIPIENT MONITORING – POLICES AND**  
**2007-44**      **PROCEDURES**  
**2006-23**      **Department of Transportation**  
**2005-33**      **Resolved**

Corrective action taken in FY 2010.

**2008-51**      **MATCHING REQUIREMENTS**  
**2007-51**      **Department of Health and Human Resources**  
**Resolved**

Corrective action taken in FY 2010.

**2008-52**      **SUBRECIPIENT MONITORING**  
**2007-52**      **Department of Health and Human Resources**  
**2006-35**      **Resolved**  
**2005-42**  
**2004-48**  
**2003-51**

Corrective action taken in FY 2010.

**2008-70**      **OBLIGATING FUNDS**  
**2007-82**      **Division of Homeland Security**  
**2006-59**      **Partially Resolved**

United States Federal Emergency Management Agency (FEMA) officials are aware of extenuating circumstances that have contributed to the grant funds not being obligated in a timely manner, including the State's regionalization concept and need to overcome initial resistance to this concept; delaying the budget submission and review process. In addition, the State Administrative Agency (SAA) ensures that the required 80 percent of funding is obligated to locals per the guidelines and that projects are implemented effectively and efficiently. While the SAA is very cognizant of the 60-day requirement, the SAA operates in a mode that the primary concern is not obligating

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**2008-70 OBLIGATING FUNDS (Continued)**

funding quickly, but obligating funding as effectively and efficiently as possible for allowable costs with detailed budgets which ensure the State is as safe as possible. The SAA involves local jurisdictions in the development of the detailed budgets which takes time in the organization and implementation and in addition there are local customary procedures that counties must follow in order to officially apply for and accept subgrant funding. Again, the SAA is very cognizant of this situation and will continue to work with FEMA and strive to obligate funding as quickly as possible without jeopardizing public safety as well as the meet the obligation timeframe.

**2007-67 ELIGIBILITY DOCUMENTATION  
2006-50 Children's Health Insurance Program  
Resolved**

Corrective action taken in FY 2010.

**2007-70 PRESCRIPTION DRUG OVERPAYMENT DISALLOWANCE  
Department of Health and Human Resources  
Resolved**

Corrective action taken in FY 2010.

**2006-46 ALLOWABILITY AND ELIGIBILITY  
2005-52 Department of Health and Human Resources  
2004-60 Resolved  
2003-65  
2002-67**

Corrective action taken in FY 2010.

