

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA STATE POLICE

TRAFFIC RECORDS SECTION

FOR THE PERIOD

JULY 1, 2004 - JUNE 30, 2006



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0610

WEST VIRGINIA STATE POLICE
TRAFFIC RECORDS SECTION
FOR THE PERIOD
JULY 1, 2004 - JUNE 30, 2006

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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To the Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the Motor Vehicle Inspection Fund, the Drunk Driving Commission - Grants Fund and the Drunk Driving Prevention Fund of the West Virginia State Police.

Our examination covers the period July 1, 2004 - June 30, 2006. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Stacy L. Sneed".

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

SLS/cds

WEST VIRGINIA STATE POLICE

TRAFFIC RECORDS SECTION

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WEST VIRGINIA STATE POLICE

TRAFFIC RECORDS SECTION

EXIT CONFERENCE

We held an exit conference on January 3, 2008 with the Superintendent, the Deputy Superintendent, Controller for the West Virginia State Police. All findings and recommendations were reviewed and discussed. The above officials' responses are included in bold and italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks section of this report.

WEST VIRGINIA STATE POLICE

TRAFFIC RECORDS SECTION

INTRODUCTION

The West Virginia State Police [State Police] was created in 1919 by Chapter 15, Article 2 of the West Virginia Code, as amended, and continues to operate in accordance with the following mission statement:

“It is the mission of the West Virginia State Police to provide direct and indirect law enforcement services, in a proficient and courteous manner, to the citizens of the state and to other law enforcement entities to ensure the continued security of persons, residential, governmental and business properties, and the safety of motorists operating on the state’s streets and highways.”

As West Virginia’s statewide law enforcement agency, the State Police is charged with the responsibility of general and special law enforcement criminal investigation services with concentration in rural, unincorporated areas of the state. Troopers conduct highway patrol and traffic enforcement for both unincorporated areas and highways, and provide security and police services throughout the state for many athletic events, fairs, and festivals.

The State Police also provides the following services to law enforcement agencies and governmental entities within the state: central criminal record historical repository; central law enforcement reporting data clearinghouse; forensic laboratory services; law enforcement training, certification, and annual in-service; West Virginia motor vehicle inspection program; legislative security; executive protection service; natural disaster or emergency assistance to other public agencies; and criminal investigation assistance to other law enforcement agencies.

To accomplish the mission and perform the duties and responsibilities required, the State Police is comprised of three divisions: Executive Services, Staff Services, and Field

Operations. Personnel within the Staff Services and Executive Services perform the administrative, accounting, and executive services necessary to operate the State Police. Existing organizationally within the Executive Services is Planning & Research and the Media & Legal Section. Staff Services is comprised of Accounting, Communications, Criminal Records, Forensic Laboratories, Personnel, Procurement, Traffic Records, and Uniform Crime Reporting. The Traffic Records Section administers four State Police programs: Motor Vehicle Inspections, Motor Vehicle Crash Reports, the Fatal Analysis Reporting System and the Commission on Drunk Driving Prevention (CDDP). Professional Standards is a separate unit of State Police Headquarters. During Fiscal Year 2006, 84 uniformed members were assigned within Staff Services and Executive Services.

The Field Operations Division is the operational arm of the State Police and is the largest division within the department. Field Operations is responsible for providing necessary police functions to all citizens of this state. These functions are provided on a daily basis by seven uniformed Field Troops, which are divided into 20 Districts consisting of 65 Detachments. In addition, Troop Eight, Bureau of Criminal Investigations, provides personnel statewide for undercover and criminal investigations. Special Operations, Executive Protection and the Training Academy are organizationally within Field Operations.

As of June 30, 2006, there were 595 uniformed members assigned to the Field Operations Division. The State Police employed 343 civilian personnel throughout the State during Fiscal Year 2006.*

**Information obtained from the West Virginia State Police 2006 Annual Report.*

WEST VIRGINIA STATE POLICE

TRAFFIC RECORDS SECTION

ADMINISTRATIVE OFFICERS AND STAFF

AS OF JUNE 30, 2006

Colonel D. L. LemmonSuperintendent
(January 17, 2005–Present)

Colonel H. E. Hill, Jr.Superintendent
(July 1, 2003–January 16, 2005)

Lieutenant Colonel S. C. Tucker.Deputy Superintendent
(January 17, 2005–Present)

Lieutenant Colonel D. G. Williams.Deputy Superintendent
(July 1, 2003–January 16, 2005)

Vacant.Chief of Staff Services
(January 17, 2005–Present)

Lieutenant Colonel S. C. Tucker. Chief of Staff Services
(July 1, 2003–January 16, 2005)

Lieutenant Colonel B. A. Sloan.....Chief of Field Operations
(January 17, 2005–Present)

Major K. S. Stickler. Chief of Field Operations
(July 1, 2003–January 16, 2005)

Major D. G. Williams. Chief of Executive Services
(January 17, 2005–Present)

Major G. L. McGraw. Chief of Executive Services
(July 1, 2003–January 16, 2005)

Captain M. G. DeBord.Deputy Chief of Staff
(January 17, 2005–Present)

Vacant. Deputy Chief of Staff
(July 1, 2003–January 16, 2005)

Captain D. W. Skeen. Director of Planning and Research

Captain J. A. Parsons. Director of Professional Standards
Captain J. W. Gundy. Director of Training
(November 1, 2004–Present)
Captain J. A. Ferda. Director of Training
(July 1, 2003–October 14, 2004)

TRAFFIC RECORDS SECTION

First Lieutenant C. N. Zerkle, Jr. Director
First Lieutenant K. J. Foreman. Operations Officer

WEST VIRGINIA STATE POLICE

TRAFFIC RECORDS SECTION

EXECUTIVE SUMMARY

Unauthorized Paid Days Off Work

1. The WVSP awards a day of paid leave at the beginning of each calendar year to each

Trooper who either has not had a vehicle accident or is deemed “non-chargeable” for a vehicle accident in a WVSP-issued vehicle during the previous calendar year. An estimated 1,220 of these “safe driving compensatory days off duty” were awarded during the two-year period of January 1, 2005 through December 31, 2006. At a minimum, we calculated these days to have a value of \$180,000.00 in wages and related employee benefits. Awarding Troopers paid time off through safe driving CDOs results in the Troopers receiving an unauthorized and unique employee benefit unavailable to other State employees.

Auditor's Recommendation

We recommend the WVSP comply with Chapter 15, Article 2, Section 25 and Chapter 15, Article 2, Section 5, Subsection (d) of the West Virginia Code, as amended, and discontinue the practice of awarding safe driving CDOs. We also recommend the WVSP obtain written approval of the Governor or his designee for rules and regulations implemented by the WVSP.

Spending Unit's Response

We will comply with the recommendation. (See pages 12-15)

Gasoline Credit Cards

2. During our audit, we became aware the receipts obtained by Troopers at the point-of-purchase for fuel purchases were not reconciled to vendor invoices. The WVSP paid a total of \$4,027,121.00 for fuel during our audit period of July 1, 2004 through June 30, 2006.

Auditor's Recommendation

We recommend the WVSP comply with Chapter 5A, Article 8 Section 9 of the West Virginia Code and implement a procedure where point-of-purchase receipts are reconciled to vendor invoices for gasoline credit card purchases.

Spending Unit's Response

We will comply with the recommendation. (See pages 15-17)

Crash Reports

3. During our audit of the WVSP, we noted a lack of segregation of duties concerning the collection of Crash Report fees. Furthermore, the WVSP has no alternative management review procedure for crash reports in place that would be an acceptable alternative to the lack of segregated duties. As a result, we believe there is a significant risk that an indeterminable amount of crash report receipts may not have been properly deposited during our audit period. Crash Report fees deposited totaled \$220,425.00 and

\$219,216.00, for fiscal years 2006 and 2005, respectively.

Auditor's Recommendation

We recommend the WVSP comply with Chapter 15, Article 2, Section 26 of the West Virginia State Code, as amended, and Chapter 5A, Article 8, Section 9 of the West Virginia Code and implement controls to better ensure all Crash Report fees collected are deposited into the Death, Disability and Retirement Fund.

Spending Unit's Response

We will comply with the recommendation. (See pages 18 & 19)

Commission of Drunk Driving Prevention Grants

4. After reviewing the WVSP Traffic Records Section's grant awarding process, we identified significant deficiencies in the WVSP's internal controls over the Commission on Drunk Driving grants awarded to State and local law-enforcement agencies for their Driving Under the Influence (DUI) enforcement programs. For five grants awarded to local law enforcement agencies, we attempted to reconcile DUI overtime costs paid by grant recipients as documented on CDDP/Highway Safety Enforcement Activity Reports submitted throughout the grant period by each grant recipient to the amount of reimbursement requested by and paid to the grant recipient. We noted for two of the grants, the amount reimbursed exceeded the amount of overtime paid as documented on activity forms by \$182.52.

Auditor's Recommendation

We recommend the Traffic Records Section of the WVSP comply with Chapter 15, Article 2, Section 41 of the West Virginia Code, as amended, and implement procedures to properly administer and monitor the expenditure of CDDP funds. We further recommend the WVSP reconcile the CDDP/Highway Safety Enforcement Activity Reports submitted throughout the grant period with the Expenditure Report and Reimbursement Request submitted by the law enforcement agency at the conclusion of the grant period and resolve all discrepancies *prior* to paying the grant.

Spending Unit's Response

We will comply with the recommendation. (See pages 20-25)

Equipment Inventory

5. During our test of expenditures relating to fixed assets, we were unable to trace seventeen items, totaling \$100,616.45, to the WVFIMS Fixed Asset System. These items were a 2007 Chevrolet Impala, with an acquisition cost of \$18,919.45, a Sharp Digital Copier, with an acquisition cost of \$4,462.00 and fifteen Intoximeters received on June 24, 2004, with a per-unit acquisition cost of \$5,149.00.

Auditor's Recommendation

We recommend the WVSP comply with the WV Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines and properly record all fixed asset items in the WVFIMS Fixed Asset system and account for these items as required.

Spending Unit's Response

We will comply with the recommendation. (See pages 25-27)

One-Trip Permit Sales

6. Though individually numbered, one-trip permits shipped to Detachments are not reconciled by WVSP Headquarters to those permits reported as sold or voided by the Detachments. During our audit period of July 1, 2004 through June 30, 2006, cash deposited into local bank accounts for the sale of one trip permits totaled \$25,372.

Auditor's Recommendation

We recommend the Traffic Records Section of the West Virginia State Police comply with Chapter 17A, Article 7, Section 2 of the West Virginia State Code and implement a reconciliation procedure to better ensure all fees collected on the sale of one-trip permits are deposited as required.

Spending Unit's Response

We will comply with the recommendation. (See pages 28 & 29)

One Trip Permit Receipts

7. We determined Troop 4 (South Charleston Troop) deposited \$10,220.00 in one trip receipts during the period of July 1, 2003 through June 30 2006. Our calculations showed one trip permit receipts were held by Troop 4 anywhere from a minimum of six to a maximum of 50 business days before they were deposited. On average, Troop 4 held receipts 16 business days until they were deposited. When monies are not deposited timely, there is a greater risk that they may be misplaced or stolen.

Auditor's Recommendation

We recommend the WVSP comply with Chapter 12, Article 2, Section 2 of the West Virginia Code and establish a procedure whereas one trip permit receipts are deposited in the local bank accounts in a more timely manner.

Spending Unit's Response

We will comply with the recommendation. (See pages 29-32)

Credit Of Unearned Annual and Sick Leave

8. The monthly addition of leave accruals for WVSP employees is an automated process programmed into the WVSP computerized leave system. For continuing employees that either worked and/or were on paid leave for the entire month, the system credits the entire monthly leave accruals on the 15th day of the month. This results in the employees accruing one-half month of leave prior to the leave being earned. However, we saw no evidence of employees using either annual or sick leave before the leave was due to be earned. In addition, the WVSP does not prorate leave for any employee who is not on the payroll as of the 15th of any given month, even though the employee may have worked a portion of the month. Conversely, an employee who works on the 15th day of the month accrues an entire month of leave even if the employee was not on the payroll either before or after the 15th of the month.

Auditor's Recommendation

We recommend the WVSP comply with their WVSP Handbook as they relate to annual and sick leave and accrue leave at the end of each pay period or on the last workday for separating employees. We also recommend the WVSP prorate leave accruals in direct proportion with the fraction of the pay period an employee worked or was on paid leave.

Spending Unit's Response

We will comply with the recommendation. (See pages 32 & 33)

Sick and Annual Leave Records

9. As part of our test of employee annual and sick leave balances, we requested the WVSP provide us with employee leave request forms for our sample of six employees (out of 40 Traffic Records employees) for the period of July 1, 2003 through June 30, 2006. During our test period, these employees used 2,631 hours of leave; however, the WVSP was unable to provide us with leave requests supporting 648 hours or approximately 25% of the leave deducted from the WVSP leave system.

Auditor's Recommendation

We recommend the WVSP comply with Chapter 5A, Article 8, Section 17 and Chapter 4, Article 2, Section 5 of the West Virginia Code and maintain adequate records on file for inspection by the Legislative Auditor and to hold these records until authorization to destroy such records has been obtained.

Spending Unit's Response

We will comply with the recommendation. (See pages 34 & 35)

Maintenance Contract Bids

10. During our test of disbursements, we were unable to obtain verbal quote documentation or sole source justification for quarterly payments totaling \$2,200.00 and \$3,820.00 made to two separate vendors, respectively, for the maintenance of WVSP equipment.

Auditor's Recommendation

We recommend the WVSP comply with the policies and procedures of the Department of Administration's Purchasing Division and either obtain verbal and written bids or provide sole source documentation for purchases that meet the minimum bid requirements.

Spending Unit's Response

We will comply with the recommendation. (See pages 35 & 36)

WEST VIRGINIA STATE POLICE

TRAFFIC RECORDS SECTION

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the West Virginia State Police (WVSP) Traffic Records Section. The Section operates three State funds as follows: (1) The Motor Vehicle Inspection Fund Unclassified Account (6501-099), (2) The Drunk Driving Commission - Grant Fund Unclassified Account (6505-099) and (3) The Drunk Driving Prevention Fund (6513-099). However, some of the issues covered in the report relate to the agency in its entirety since either the effects on the Traffic Records Section could not be easily segregated from the agency as a whole, or reporting only the effects on the Traffic Section would minimize the overall finding's effect on the agency. Therefore, for some findings reported, the conditions and effects include other WVSP accounts in addition to those of the Traffic Section. For such instances, the narrative of the report clearly indicates those accounts affected. The audit covers the period July 1, 2004 through June 30, 2006.

SPECIAL REVENUE ACCOUNTS

During our audit period, the WVSP Traffic Records Section operated three special revenue accounts:

<u>Account Number</u>	Description
6501-999	Motor Vehicle Inspection Fund
6505-999	Drunk Driving Commission - Grants Fund
6513-999	Drunk Driving Prevention Fund

Motor Vehicle Inspection (MVI) Fund (6501): The MVI Fund account is used for the administration and enforcement of vehicle inspections. Revenues are derived from the sale of vehicle inspection stickers to approved West Virginia inspection stations.

Drunk Driving Commission - Grants (CDDP) Fund (6505): The Drunk Driving Commission - Grants Fund account is used by WVSP to deposit and expend grant monies awarded the WVSP for qualifying expenses relating to the purchase of equipment or hiring of additional personnel for WVSP's Driving Under the Influence (DUI) Prevention Program. Revenues are derived from grants awarded from the Drunk Driving Prevention Fund by the Commission on Drunk Driving Prevention.

Drunk Driving Prevention Fund (6513): The Drunk Driving Prevention Fund account is used by the Commission on Drunk Driving Prevention (CDDP) to grant funding to the WVSP and local law-enforcement agencies for purchasing of equipment and hiring of additional personnel for their DUI Prevention Programs, as well as other expenditures the CDDP may define by Legislative rule to be reasonable and necessary. The day-to-day administration of this account is charged to the WVSP Traffic Records Section at the behest of the CDDP. Revenues are derived from sales tax collected on alcoholic beverages by the West Virginia State Tax Commissioner.

COMPLIANCE MATTERS

Chapter 15, Article 2 of the West Virginia Code generally governs the WVSP. We tested applicable sections of the above, and general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are discussed below.

Unauthorized Paid Days Off Work

Chapter 15, Article 2, Section 25 of the West Virginia Code, as amended, states in part:

“...Subject to the written approval of the governor...the superintendent may make and promulgate proper rules and regulations for the government, discipline and control of the division of public safety...” (Emphasis Added)

Chapter 15, Article 2, Section 5, Subsection (d) of the West Virginia Code, as amended, states in part:

“Each member of the West Virginia State Police whose salary is *fixed and specified in this annual salary schedule* is entitled to the length of service increases set forth in subsection (e) of this section and supplemental pay as provided in subsection (g) of this section. (Emphasis Added)

The WVSP awards a day of paid leave at the beginning of each calendar year to each Trooper who either has not had a vehicle accident or is deemed “non-chargeable” for a vehicle accident in a WVSP-issued vehicle during the previous calendar year. These “safe driving compensatory days off duty” (safe driving CDOs) are available to every Trooper regardless of whether or not the Trooper was assigned a vehicle during the year. Safe driving CDOs are earned in addition to annual leave, sick leave, holidays or any compensatory days granted for time worked in excess of a normal work week.

The WVSP Director of Planning and Research told us approximately 1,220 safe driving CDOs were awarded to Troopers during the two-year period of January 1, 2005 through December 31, 2006. We used the entry level salary of a WVSP Trooper to place a monetary value on these safe driving CDOs awarded for this period and estimated, at a minimum, these days are worth approximately \$180,000.00 in wages and related employee benefits. However, due to WVSP's method of accounting for safe driving CDOs, there was no practical method of

determining how many of the days awarded during this period were in fact used by Troopers as paid days off work.

Awarding Troopers paid time off through safe driving CDOs results in the Troopers receiving an unauthorized and unique employee benefit unavailable to other State employees. Further, the awarding of safe driving CDOs is equivalent to providing Troopers with additional compensation not authorized by Statute. We requested the West Virginia Legislative Legal Division (Legal Division) render an opinion on whether or not the WVSP has the authority to grant Troopers extra paid time off work through the safe driving CDO program. The Legal Division responded with a memorandum dated September 28, 2007, which states in part:

“...There is no statutory authority for granting members of the State Police compensatory days off for having no chargeable traffic accident or vehicle damage during a period of one year...” (Emphasis Added)

The WVSP's Director of Planning and Research told us to his knowledge neither the safe driving CDO policy, nor any of the policies adopted by the WVSP and set-forth in the WVSP Operational Policy and Procedure Manual, received written approval by the Governor of West Virginia as required. The WVSP was unable to provide us with documentation indicating when the policy of awarding safe driving CDOs was implemented; however, the WVSP Superintendent stated the policy has been in effect for at least 30 years and possibly longer.

Also, while researching the West Virginia Code and the WVSP's Legislative Rules and Regulations, we became aware there is no provision made for WVSP's "classified-exempt" employees, who are statutorily exempted from the Division of Personnel's Legislative Rule, to receive annual and sick leave benefits. We do not, however, believe it is the Legislature's intent

to preclude WVSP Troopers from receiving annual and sick leave in the same manner as DOP “classified” employees.

We recommend the WVSP comply with Chapter 15, Article 2, Section 25 and Chapter 15, Article 2, Section 5, Subsection (d) of the West Virginia Code, as amended, and discontinue the practice of awarding safe driving CDOs. We also recommend the WVSP obtain written approval of the Governor or his designee for rules and regulations implemented by the WVSP. Further, we recommend the Legislature consider drafting legislation that authorizes State employees that are exempt from the DOP's Legislative Rules to receive annual and sick leave in the same manner as those employees who are non-exempt.

Spending Unit's Response

We accept your finding that the practice of awarding Safe Driving Compensatory Days Off is not authorized by statute, although the practice has been in place within our agency for more than thirty years. I will take steps immediately to suspend the awarding of these compensatory days off duty and pursue enabling legislation through the legislative process.

Gasoline Credit Cards

Chapter 5A, Article 8, Section 9, of the West Virginia Code states in part:

“The head of each agency shall:...

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities....”

WVSP Troopers, and on occasion civilian employees, maintain with them up to four gasoline credit cards assigned by the WVSP to purchase fuel for cruisers and other State

vehicles. Of these four cards, one is used to purchase fuel from retail establishments, another is used to purchase fuel from the Division of Highways (DOH), a third is used to purchase fuel from WVSP fuel pumps located at South Charleston, Institute and Martinsburg and the fourth is used to purchase fuel from Kanawha Regional Transit (KRT) facilities. The following schedule shows the amounts expended by WVSP for fuel purchases from the various sources described:

<u>Fiscal Year</u>	<u>DOH</u>	<u>AVI/PHH Retail</u>	<u>All Other Sources*</u>	<u>Totals</u>
2005	\$1,134,425.44	\$218,547.20	\$292,733.21	\$1,647,710.85
2006	<u>\$1,832,150.95</u>	<u>\$169,269.94</u>	<u>\$375,983.36</u>	<u>\$2,379,410.25</u>
Totals	<u>\$2,966,576.39</u>	<u>\$387,817.14</u>	<u>\$668,716.57</u>	<u>\$4,027,121.10</u>

* Includes purchases for WVSP Fuel Tanks and KRT Facilities

Unlike the State Purchasing Card, we became aware the WVSP does not have a procedure for reconciling, either in totality or on a limited basis, point-of-purchase receipts to vendor invoices for fuel credit card purchases. Furthermore, there are no state-wide rules or procedures requiring agencies to establish internal controls over gasoline purchase cards. A reconciliation would provide additional assurance that charges included on vendor invoices were for legitimate WVSP fuel purchases as well as dissuade employees from failing to remit point-of-purchase receipts in an attempt to conceal gasoline purchases made for personal vehicles. In addition, if particular attention is paid to the time the fill-up occurred, per the point-of-purchase receipt, and the time frame in which the related Trooper was on-the-clock that day, further assurances as to the validity of the purchase may be reached. Considering the significance of WVSP gasoline purchases and the substantial increases in fuel costs during and subsequent to our audit period, we believe such a reconciliation would be in the best interest of the State and the WVSP.

The WVSP employees use point-of-purchases receipts to prepare a Monthly Transportation Report form, which summarizes cost, gallons of each purchase and vehicle mileage for the month. After the conclusion of each month, the report form and the corresponding receipts are forwarded to the employee's logistics officer located at the employee's Troop headquarters. Only one of the eight WVSP Troops has a procedure where receipts are reconciled to the monthly report.

The Monthly Transportation Reports are forwarded by the Troops to the WVSP Headquarters Procurement Section. The Procurement Section enters vehicle mileage on the forms into a database, which is used to schedule routine vehicle maintenance. Point-of-purchase receipts are retained by WVSP Troops. The Troops have various time frames for keeping the receipts before discarding them, which range from a minimum of six months to a maximum of five years.

We recommend the WVSP comply with Chapter 5A, Article 8 Section 9 of the West Virginia Code and implement a procedure where point-of-purchase receipts are reconciled to vendor invoices for gasoline credit card purchases. In order to decrease the cost and time of instituting the procedure, the WVSP could develop a procedure whereas random samples of assigned vehicles are tested each test period.

Spending Unit's Response

We accept your finding that adequate reconciliations are not being made between point of sale purchase receipts and monthly invoices from fuel providers. We will investigate some alternative for making the suggested reconciliations although a complete reconciliation between every receipt, every month does not seem practical, considering the volume of purchases, the Prompt Payment Act and other limiting factors. An agreeable

solution may be a monthly audit of some random sample of the purchases made. If this is an acceptable resolution to the matter please provide some input regarding the acceptable number of audits for each month.

Crash Reports

West Virginia Code Chapter 15, Article 2, Section 26, as amended, states in part:

“...(a) There shall be continued the death, disability and retirement fund heretofore created for the benefit of members of the division of public safety...(b)...**There shall also be paid into the fund...fees for traffic accident reports and photographs...**” (Emphasis Added)

When a WVSP Trooper investigates a traffic accident, he or she prepares a “Crash Report,” which provides information on the individual(s) involved, a description on the circumstances of the accident and, if applicable, who was determined to be at fault. Crash Reports are forwarded by regional Troops/Detachments to the WVSP Headquarters.

Individuals or entities requesting a copy of a Crash Report from WVSP Headquarters must submit a request form along with a non-refundable fee of \$20.00. Additionally, a set of twelve pictures and a video/audio tape may be requested, when available, for \$25.00 and \$50.00, respectively. Also, a \$25.00 fee is added to all Crash Report requests when the report must be faxed to the requestor. In accordance with the West Virginia Code, Crash Report fees are deposited into the Death, Disability and Retirement Fund (2161). Crash Report fees deposited totaled \$220,425.00 and \$219,216.00 for fiscal years 2006 and 2005, respectively.

While documenting the procedures over revenues for WVSP's Traffic Records Section, we became aware the receipt of the Crash Report fees, the processing of the documents requested and the recording of payments in a daily receipt log are performed by the same WVSP

employee. Also, this same employee is responsible for performing the daily reconciliation of payments to the daily receipt log.

One of the most fundamental elements of good internal controls is proper segregation of key accounting functions, such as: (1) receiving payments, (2) processing/filling orders, (3) recording payments in the accounting records, and (4) reconciling accounting records to deposits. Failure to segregate these duties among various personnel increases the risk that management may not become aware of lost or stolen receipts. These risks are compounded when cash is involved which, in addition to checks and money orders, WVSP accepts as payment. Lastly, the WVSP has no alternative management review procedure over the receipt and deposit of Crash Report payments that would be an acceptable alternative for the lack of segregated duties. As a result, we believe there is a significant risk that an indeterminable amount of Crash Report receipts may not have been properly deposited during our audit period.

Chapter 5A, Article 8, Section 9, of the West Virginia Code states in part:

“The head of each agency shall:...

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities....”

We recommend the West Virginia State Police comply with Chapter 15, Article 2, Section 26 of the West Virginia Code, as amended, and Chapter 5A, Article 8, Section 9 of the West Virginia Code and implement internal controls to better ensure that Crash Report fees collected are deposited into the Death, Disability and Retirement Fund.

Spending Unit's Response

We accept your finding that the duties related to the receipt and deposit of proceeds from the sale of traffic crash reports should include stricter internal controls and we will reallocate staff in order to ensure that the duties are properly segregated.

Commission on Drunk Driving Prevention Grants

Chapter 15, Article 2, Sections 40 and 41 of the West Virginia Code, as amended, created the Commission on Drunk Driving Prevention (CDDP) with the purpose of developing and maintaining "... a comprehensive program to prevent drunk driving...." In accordance with Section 40, the WVSP Superintendent functions as the Chairman of the CDDP and, as such, has appointed the Director of the WVSP Traffic Records Section as the CDDP Executive Director. The CDDP Executive Director is responsible for overseeing the day-to-day activities of the CDDP.

A primary function of the CDDP is to administer the Drunk Driving Prevention Fund (6513), which is used by the CDDP to provide grants to the WVSP and to local law-enforcement agencies for overtime costs associated with their respective Driving Under the Influence (DUI) enforcement programs. After reviewing the Traffic Records Section's grant awarding process, we identified significant deficiencies in the WVSP's internal controls over grant funds awarded to these agencies.

Chapter 15, Article 2, Section 41 of the West Virginia Code states in part:

"The Commission shall have the following powers and duties:

...(c) Subject to appropriations of the Legislature administer the drunk driving prevention fund...by providing grants to state and local law-enforcement agencies...(e) **Monitor, review and evaluate the expenditure, use and effectiveness of the fund...** (Emphasis Added).

Revenues for the Drunk Driving Prevention Fund are provided from sales taxes collected from private liquor clubs and other businesses that purchase wine and liquor from West Virginia vendors. The vendors remit these tax collections to the West Virginia State Tax Department and the Tax Department, in turn, deposits the collections in the Drunk Driving Prevention Fund. Deposits totaled approximately \$1.0 Million for Fiscal Year 2006 and \$1.1 Million for Fiscal Year 2005.

Approximately one-half of the CDDP funds are granted by the Commission to the WVSP for operating costs related to the CDDP program. The remaining CDDP funds deposited into the Drunk Driving Prevention Fund are granted to the WVSP, local West Virginia city police agencies and the county sheriff departments for overtime costs associated with the operations of their DUI prevention programs.

There are three 90-day program grant periods each fiscal year. Grant funds are not disbursed to agencies in advance of sanctioned grant activities; rather, grant recipients must first expend the funds to cover the cost of DUI activities and then apply for reimbursement after the conclusion of each grant period. The WVSP has received \$210,000.00 in program grants each fiscal year (\$70,000.00 each grant period) during our audit period. Local law enforcement agencies received a combined total of \$383,553.93 and \$287,557.65, respectively, in CDDP grants for Fiscal Years 2006 and 2005.

As stated earlier, we noted several internal control weaknesses over the management of the CDDP grants program. These internal control deficiencies, as well as a lack of supporting documents submitted to the WVSP as evidence of agency DUI program costs,

prevented us from verifying the accuracy of funds granted to local law enforcement agencies for Fiscal Years 2006 and 2005.

The Legislative Post Audit Division issued a memorandum to the Post Audit Subcommittee dated March 14, 2007, with the subject line *“REVIEW OF INTERNAL CONTROLS FOR COMMISSION ON DRUNK DRIVING GRANTS FOR THE PERIOD 07/01/2003 - 12/31/2006.”* Our findings and recommendations from this memorandum are summarized as follows [**RECOMMENDATIONS BOLDED**]:

- “... 1. After the conclusion of each DUI prevention activity, the local law enforcement agency is required to submit a CDDP/Highway Safety Enforcement Activity Report to the Commission. These report forms provide details on the CDDP activity conducted and the hours worked....**The Commission should consider requiring grant recipients to include supervisory approval signatures on CDDP/Highway Safety Enforcement Activity Reports. This would provide additional assurance that hours of work reported for CDDP activities were reviewed and approved by the grant recipient’s management.**
2. At the end of the 90-day grant period, each local law enforcement agency must submit an Expenditure Report and Reimbursement Request to receive reimbursement for CDDP overtime costs incurred...**The Commission should consider implementing a procedure that requires a reconciliation of the CDDP/Highway Safety Enforcement Activity Reports submitted throughout the grant period with the Expenditure Report and Reimbursement Request submitted by the law enforcement agency at the conclusion of the grant period. Such a procedure would provide evidence that reimbursement requests were for legitimate CDDP activities.**
3. According to the Commission’s Executive Director, the Commission has never performed on-site audits of grantee records nor has it ever requested the grantee provide the Commission additional documentation (e.g., time sheets) other than those items described above...**The Commission should consider implementing a procedure under which a random sample of grant recipients would be audited after the conclusion of each grant period. The audit should include steps to recalculate CDDP amounts due**

based on the Commission's examination of a grant recipient's time sheets, leave or attendance records and documented employee hourly rates..."

As a result of our recommendations in this memorandum, the WVSP informed us they had implemented a procedure to reconcile Activity Report Forms submitted throughout the grant period by each grant recipient to the recipient's Expenditure Report and Reimbursement Request submitted after the conclusion of the grant period (Recommendation No. 2 above). The WVSP also chose to retroactively reconcile the grant period immediately prior to the implementation of this new procedure – grant period October 27, 2006 through January 27, 2007.

After learning this information, we selected for testing all the grants awarded and paid to a sample of four grant recipients out of 31 total local law enforcement agencies that received grants during our audit period of July 1, 2003 through June 30, 2006, as well as the subsequent six month period of July 1, 2006 through December 31, 2006. We included the additional six months so as to include the WVSP's newly instituted reconciliation procedure in our test period. The four grant recipients in our sample received a total of 25 grants during our test period; however, we were unable to test 20 of these 25 grants due to insufficient documentation substantiating CDDP expenditures. Specifically, the hourly rates of pay for grant recipient employees were not required on CDDP activity reports prior to June 6, 2006, which are necessary components of performing a reconciliation. A total of \$128,374.38 was awarded to law enforcement agencies for these 20 grants.

On June 6, 2006, the WVSP Traffic Records Section amended the activity forms by requiring the recipient to document the hourly rates of employees that participated in CDDP grant activities. With this additional information, it became possible to reconcile grantee activity

reports to the reimbursement requests made after the conclusion of the grant period. However, the WVSP still did not perform such a reconciliation prior to awarding the grants. We performed a reconciliation on the remaining five grants in our sample awarded after the activity report forms were amended. We noted the following differences in the overtime reimbursement amounts requested and the amount of overtime worked as documented on activity forms for two grants awarded and paid as shown on the following schedule:

<u>Grant Recipient</u>	<u>Grant Number</u>	<u>Amount Reimbursed</u>	<u>Amount of Expenditures per Activity Reports</u>	<u>Difference Over/(Under)</u>
McDowell County Commission	7-15	\$7,968.86	\$ 7,816.44	\$152.42
Upshur County Commission	7-28	<u>\$8,836.81</u>	<u>\$ 8,806.71</u>	<u>\$ 30.10</u>
TOTALS		<u>\$16,805.67</u>	<u>\$16,623.15</u>	<u>\$182.52</u>

When informed of the discrepancies, the WVSP contacted the McDowell County Sheriff's Department and determined the \$152.42 difference was partly due to the Sheriff's Department failing to submit a CDDP activity report supporting \$107.46 in wages paid for CDDP activities. Additionally, several payroll errors were made by the Sheriff's Department that netted to a \$45.60 overpayment in CDDP wages paid by the Department. The \$45.60 net wage overpayment was subsequently included in the County's reimbursement request. The remaining 64 cents was due to rounding and is immaterial. We were told by the CDDP Director that the missing activity report was submitted and the \$45.60 overpayment would be recovered.

According to the CDDP Director, after contacting the Upshur County Sheriff's Department it was determined the difference paid to Upshur County was the result of a \$29.91 "typo" made on the reimbursement request by the County. The remaining 19 cent difference was

due to rounding and is immaterial. We were told that the \$29.91 overpayment would be recovered.

We recommend the Traffic Records Section of the WVSP comply with Chapter 15, Article 2, Section 41 of the West Virginia Code, as amended, and implement procedures to properly administer and monitor the expenditure of CDDP funds. We further recommend the WVSP reconcile the CDDP/Highway Safety Enforcement Activity Reports submitted throughout the grant period with the Expenditure Report and Reimbursement Request submitted by the law enforcement agency at the conclusion of the grant period and resolve all discrepancies *prior* to paying the grant.

Spending Unit's Response

We accepted these findings some months ago and we have instituted procedures to correct the deficiencies identified.

Equipment Inventory

The WV Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines state, in part:

“...any item which has an original acquisition cost of \$1,000 or more and useful life of one (1) year or more is **required to be entered into the 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 the WVFIMS Fixed Asset System] as it applies to the equipment...**tag number, item description, serial number...** (Emphasis Added)

During our audit of WVSP equipment and fixed assets, we encountered a few areas of concern regarding equipment inventory management within the WVSP. As part of our test, we attempted to trace fixed assets purchased during our audit period to their physical location and then to their inclusion in the WVFIMS Fixed Asset System (Fixed Asset System). We selected 42 reportable fixed assets from 19 randomly selected purchases made during our audit period. Of those items, we noted one intoximeter was not recorded in the Fixed Asset System. While attempting to trace this intoximeter to the Fixed Asset System, we noted an additional 14 intoximeters that were not included in the system. The total cost of these 15 intoximeters was \$77,235.00. We were informed by a WVSP Procurement Section employee the intoximeters had been unintentionally omitted from the Fixed Asset System. These intoximeters, however, were included in the WVSP Traffic Records Section stand alone inventory system. The Traffic Records Section was the section that initiated the purchase and where the intoximeters were assigned after they were received.

Also, as part of our test, we selected 25 reportable equipment items present over the various WVSP locations and, by using the equipment's Fixed Asset System tag numbers and/or serial number, we attempted to trace these items to their inclusion in the Fixed Asset System. Of the 25 items selected, we noted a 2007 Chevrolet Impala, with an acquisition cost of \$18,919.45, and a Sharp Digital Copier, with an acquisition cost of \$4,462.00 had not been recorded in the Fixed Asset System. The Impala was, however, found in the WVSP "Team Up" System, which is an internal inventory management system used for some equipment items.

Also, the recorded locations in the Fixed Asset System for five equipment items, totaling \$11,948.95, did not contain the necessary information to determine where the items were located. These items are listed in the following schedule:

<u>Tag Number</u>	<u>Item Description</u>	<u>Acquisition Cost</u>	<u>WVFIMS Location</u>	<u>Actual Location</u>
65052	Video System, Vehicle	\$3,845.00	Communications	Elkins
63357	Radio Mobile Prog, UHF	\$2,941.00	Communications	Shinnston
48129	Vehicle Repeater	\$2,071.00	Troop 6 Communications	Parkersburg
48456	Mobile Radio Prog, High	\$1,015.00	Troop 3 Communications	Charles Town
58761	Computer Equip CPU	\$2,076.95	BCI (Institute)	So. Charleston

We were told by the WVSP Director of Communications that the specific location of items issued to the Communications Section are not tracked through the Fixed Asset System. Rather, the Communications Section maintains their own “Team Up” inventory system which is independent of the general “Team Up” system used by the Procurement Section. When communications equipment is moved, the Communication’s “Team Up” system is updated; however, this information is not transmitted back to the Procurement Section and the Fixed Asset System is not updated to reflect the new locations of the items.

Next, we found WVSP Inventory Tags were not present on a video projector and two Sharp Copiers with original purchase prices totaling \$13,424.00. Lastly, we noted several instances where information in the WVFIMS Fixed Asset System did not match the information physically present on the item, such as:

- WVFIMS listed an item as “MOBILE RADIO PROGRAMMABLE, LOW” when the actual description is “MDX HIGH BAND RADIO.”

- WVFIMS listed another item as “COMPUTER EQUIPMENT LAPTOP” when the actual piece of equipment was an “HP LASERJET PRINTER.”
- The WVSP tag number listed in the WVFIMS Fixed Asset System for an Optiplex CPU was “58761.” The actual CPU had a WVSP tag on it with the number “58766.”
- The WVSP tag number listed in the WVFIMS Fixed Asset System for an Optiplex CPU was “58770.” The actual CPU had a WVSP tag on it with the number “58759.”
- The serial number for a Dell Laptop Computer was listed in WVFIMS as “LXJT751” when the actual serial number on the CPU is “CXJT751.”
- The serial number for a Dell Computer CPU was listed in WVFIMS as “3580721” when the actual serial number on the CPU is “358D721.”

We recommend the WVSP comply with the WV Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines and properly record all fixed asset items in the WVFIMS Fixed Asset system and account for these items as required.

Spending Unit’s Response

We accept your recommendation that we strengthen our internal controls related to fixed asset inventory and we will take steps to eliminate errors and erroneous information in the FIMS database.

One Trip Permits Sales

The public may purchase “one trip permits” from local WVSP Detachments to temporarily license an otherwise unlicensed vehicle so the vehicle may be driven from one location to another. One trip permits are sold for \$1.00 each and expire 48 hours after their sale. The permit forms are ordered by the Detachments from the WVSP Headquarters in packs of 50. Although, the permits are individually numbered, one-trip permits shipped to Detachments are not reconciled by WVSP Headquarters to those permits reported as on-hand, sold or voided by the

Detachments. Without such a reconciliation, we are unable to assure ourselves that all monies due the State for the sale of one trip permits are both collected and deposited as required by State Code.

The monies received from the sale of these permits are turned in to each Detachment's governing Troop at the conclusion of each month. The Troops, in turn, deposit these monies into local bank accounts. Then they forward a copy of the bank validated deposit ticket and corresponding summary sheet listing the purchasers of the permits to the WVSP Headquarters in South Charleston. While Headquarters does reconcile the amount recorded as deposited on the bank validated deposit tickets to the total reported as sold on the corresponding summary sheets, they do not account for permit forms by using the permit form control numbers. Therefore, Headquarters would be unaware if an employee sold a one trip permit and kept the money if the sale was omitted from the summary sheet. The WVSP Headquarter's Accounting Section deposits these monies, as required by the West Virginia Code, from the local accounts into the Highways Tax Fund (9017) administered by the Division of Highways. For the period of July 1, 2004, through June 30, 2006, cash deposited into local bank accounts for the sale of one trip permits totaled \$25,372.

Chapter 17A, Article 7, Section 2 of the West Virginia State Code, as amended, states in part:

"A member of the department of public safety may at any Detachment office, upon application therefor on a form prescribed by the commissioner, issue to a licensed dealer or any other person other than those specified in section one of this article, a paper sticker or decal to be affixed to the left side of the rear window of a motor vehicle or to the left rear of a vehicle which is not self-propelled...**A fee of one dollar per sticker shall be charged and shall be deposited in the state road fund.** Such sticker or decal shall be valid for forty-eight hours after its issuance for the operation of a vehicle..." **(Emphasis Added)**

We recommend the Traffic Records Section of the WVSP comply with Chapter 17A, Article 7, Section 2 of the West Virginia Code and implement a reconciliation procedure to better ensure all fees collected for the sale of one trip permits are deposited as required. Such a reconciliation procedure should account for all control numbers on one trip permit forms and require Detachments to sell forms in numerical sequence. Also, Headquarters should require that voided one trip permits be returned to Headquarters with summary sheets and deposit tickets.

Spending Unit's Response

We accept your recommendation and we will be instituting procedures to ensure that a reconciliation is made between one-trip permits issued to each Troop and the deposits or other documentation supporting the non-issuance of permits.

One Trip Permit Receipts

Chapter 12, Article 2, Section 2 of the West Virginia Code states in part:

“... All officials and employees of the state authorized by statute to accept moneys due the state of West Virginia...**shall deposit within twenty-four hours with the state treasurer all moneys received or collected** by them for or on behalf of the state for any purpose whatsoever.” (Emphasis Added)

One trip permits are sold throughout the State by the 62 State Police Detachments. Sales are recorded by Detachment employees on a “Report of Issuance” log sheet. Receipts are collected and maintained at the Detachment until the conclusion of each month; then, the receipts, log sheets, voided permits, and carbon copies of permits sold are forwarded to the Detachment’s Troop Headquarters. Excluding Criminal Investigations and Parkways, which do not handle one trip permits, there are six regional Troop Headquarters.

Each Troop Headquarters is responsible for depositing monies collected from their Detachments in a local bank sweep account. Currently, the WVSP maintains six local bank

sweep accounts – one for each of the six Troops. After the monies are deposited, each Headquarters Troop Clerk will forward the bank validated deposit slip, voided one trip permits, carbon copies of issued permits, log sheets, and the Troop Summary Report to State Police Headquarters in South Charleston. On or before the tenth of each month, an Accounting Technician prepares a WVFIMS cover sheet and performs an electronic funds transfer of the previous month's one trip permit monies from the local bank accounts into the Highway Tax Fund (9017) administered by the Division of Highways.

We performed tests on one trip permit receipts to determine if monies were deposited in a timely manner. For our test, we calculated the number of business days after receipts should have been forwarded by the Detachments to their respective Troop Headquarters (the first business day of each month) until those receipts were deposited into the local bank account. Therefore, the time periods during which the monthly receipts were collected by the Detachments until they were due to be forwarded to their Troop Headquarters were not considered in our calculations. We choose not to include these days because, in our judgement, it would be impractical for Detachments to forward one trip receipts to their respective Troop Headquarters more frequently.

We randomly selected two Troops (4 & 6) out of the six regional Troops for our test. We determined Troop 4 (South Charleston) deposited \$10,220.00 in one trip receipts during the period of July 1, 2003 through June 30 2006. Our calculations showed one trip permit receipts were held by Troop 4 anywhere from a minimum of six to a maximum of 50 business days before they were deposited. On average, Troop 4 held receipts 16 business days until they were deposited.

On the other hand, Troop 6 (Beckley) was much more expedient in depositing one trip permit receipts. The troop deposited \$7,138.00 during the period of July 1, 2003 through June 30, 2006. These receipts were held anywhere from a minimum of two to a maximum of six business days before they were deposited. The average time held before deposit for these receipts was four business days.

According to the WVSP Headquarters Accounting Technician responsible for transferring one trip permit deposits into the Highway Tax Fund, Troop 4 is consistently behind the other Troops in depositing one trip permit receipts. She added that she requests all Troops submit their paperwork by the 10th of each month; however, it is often necessary for her to contact Troop 4 and remind them to deposit the monies and forward her the validated deposited ticket.

Good accounting practice dictates that receipts be deposited as soon as practical. The longer monies are held before deposit the greater the risk they may be lost or stolen. The risk is compounded when receipts are in the form of cash, as is the case with one trip permit receipts.

We recommend the WVSP comply with Chapter 12, Article 2, Section 2 of the West Virginia Code and establish a procedure whereas one trip permit receipts are deposited in the local bank accounts in a more timely manner.

Spending Unit's Response

We accept your recommendation and will abide by our accounting procedure 3.3 regarding the deposit of One-Trip Permit receipts within twenty-four hours of their receipt at the Troop Headquarters level.

Credit Of Unearned Annual and Sick Leave

The accrual rates of annual and sick leave for full and part-time WVSP employees are the same as the West Virginia Division of Personnel's Legislative Rule. All full-time

employees accrue sick leave at 12 hours per calendar month of service based on an eight hour workday. According to WVSP Operational Policy and Procedures Manual 2.03 (A-D), accrual rates for annual leave are based on an employee's tenure with the State of West Virginia as follows:

- “... Less than 5 Years of Service. 10.00 hours*
 - 5 - 10 Years of Service. 12.00 hours*
 - 10 - 15 Years of Service. 14.00 hours*
 - Over 15 Years of Service. 16.00 hours*...”
- * - Earned for each completed calendar month of service or major portion thereof.

The monthly addition of leave accruals is an automated process programmed into the WVSP computerized leave system. For continuing employees, the system credits employees for an entire month of leave accruals on the 15th day of that month. This results in the employees accruing one-half of a month of leave in the system prior to the leave being earned. However, we saw no evidence of employees using either annual or sick leave before the leave was due to be earned. In fact, the WVSP Personnel Director told us there are procedures in place which prevent employees with low leave balances from using leave before they have enough service credit to earn the leave. She added that crediting a full month's leave in the computer leave system on the 15th day of each month has been the WVSP procedure for several years; even though the WVSP Employee Handbook states that leave will be accrued on a semi-monthly basis after each pay period.

Page 34 of the WVSP Employee Handbook states in part:

“...Earned annual leave is credited to employees at the end of each pay period and may be used after it is credited...” (Emphasis Added)

In addition, the WVSP does not prorate leave for any employee who is not on the payroll as of the 15th of any given month, even though the employee may have worked a portion of the month. Conversely, an employee who works on the 15th day of the month accrues an entire month of leave even if the employee was not on the payroll for the entire month. The determining factor is whether or not an employee was on the payroll on the 15th of the month. For example, if an employee is hired on or before the 15th day of any month he or she will accrue a full months leave; if an employee is hired after the 15th he or she will accrue no leave for the month.

We recommend the WVSP comply with their Employee Handbook, and accrue annual and sick leave at the end of each pay period or on the last workday for separating employees. We also recommend the WVSP prorate leave accruals in direct proportion with the fraction of the pay period an employee worked or was on paid leave.

Spending Unit's Response

We accept the portion of your recommendation regarding the accrual of leave and we will change our practice to comply with the applicable provisions of our employee handbook. Your second recommendation regarding prorating leave accrual in direct proportion to the fraction of the pay period the employee worked or was on leave seems problematic and very difficult to accurately track. We have discussed this recommendation with auditing staff and although we have not yet identified a solution which is acceptable and cost effective to implement, we will continue to investigate the matter and we will attempt to identify an agreeable solution.

Sick And Annual Leave Records

As part of our test of employee annual and sick leave balances, we requested the WVSP provide us with employee leave request forms for six employees in our sample (out of 40

Traffic Records employees) for the period of July 1, 2003 through June 30, 2006. During our test period, these employees used 2,631 hours of leave; however, the WVSP was unable to provide us with leave requests supporting 648 hours or approximately 25% of the leave deducted from the WVSP leave system.

Chapter 5A, Article 8, Section 17 of the West Virginia Code, states in part:

“Except as provided in section seven-a, article one, chapter fifty-seven of this code, **no record shall be destroyed or otherwise disposed of by any agency of the state**, unless it is determined by the administrator and the director of the section of archives and history of the division of culture and history that the record has no further administrative, legal, fiscal, research or historical value....”
(Emphasis Added)

According to the Director of the WVSP Personnel Section, “Request for Leave Forms” are discarded after approximately two years. Although some Sections/Detachments keep copies of their Request for Leave Forms for longer periods, the WVSP was unable to provide many of the forms we requested. Due to the absence of employee Request for Leave Forms during our audit period, we were unable to verify leave balances or determine if sick and annual leave was requested and used in accordance with the WVSP Employee Handbook. Furthermore, because of the absence of employee Request for Leave Forms, we could not determine whether WVSP employee leave requests were properly approved by a supervisory official.

We recommend the WVSP comply with Chapter 5A, Article 8, Section 17 of the West Virginia Code and maintain adequate records on file for inspection by the Legislative Auditor and to hold these records until authorization to destroy such records has been obtained.

Spending Unit's Response

We accept your recommendation and we will comply with the applicable regulations regarding records retention.

Maintenance Contract Bids

We tested nine of the 75 disbursements covering maintenance contract related expenses. During this test, we were unable to obtain verbal quote documentation or sole source justification for payments made to two vendors for maintenance of WVSP equipment: (1) Quarterly payments totaling \$2,200.00 were made to Access Systems by the WVSP between January 1, 2004 and December 31, 2004 for the maintenance of four printers; and (2) Quarterly payments totaling \$3,820.00 were made to Varian Analytical Instruments between April 7, 2004 and April 6, 2005 for the maintenance of a Gas Chromatograph and an Autosampler located in the Forensics Lab at the WVSP.

Purchasing Division's "Policies and Procedures Handbook", Section 6.1.2 states in part,

"6.1.2 Purchases \$1,000.01 to \$5,000: A minimum of three (3) **verbal** bids are required *when possible*.

Bids shall be documented and recorded for public record. (See Appendix B for **Verbal Bid Quotation Summary** form, **WV-49**). An **Agency Purchase Order, WV-88** or **Team-Generated Purchase Order** is required for purchases exceeding \$1,000..." **(Emphasis Added)**

Purchasing Division's "Policies and Procedures Handbook", Section 9.0 states in part,

"9.0 SOLE SOURCE ACQUISITIONS:
"...if the commodity or service is available from only one known source, that purchase is considered *sole source*. All source purchases over \$10,000 must be submitted to the Purchasing Division for approval unless exempted..."

We noted the Accounting Section coded WVFIMS cover sheets for both Varian Analytical Instruments and Access Systems with a "type four" special authorization code;

therefore, verbal bids were not obtained for either maintenance agreement. According to the WVSP business office personnel, it was decided that a contract was not needed because WVSP assumed maintenance agreements were exempted by Section 9 of the West Virginia Purchasing Division's Policies and Procedures Handbook.

We recommend the WVSP comply with the policies and procedures of the Department of Administration's Purchasing Division and either obtain verbal and written bids or provide sole source documentation for purchases that meet the minimum bid requirements.

Spending Unit's Response

We accept your recommendation and we will comply with the applicable purchasing regulations regarding the procurement of maintenance contracts through bids or the appropriate sole source justification.

INDEPENDENT AUDITORS' OPINION

The Joint Committee On Government and Finance:

We have audited the statement of cash receipts, disbursements and changes in cash balances of the West Virginia State Police (WVSP) Traffic Records Section for the years ended June 30, 2006 and June 30, 2005. The financial statement is the responsibility of the management of the WVSP. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note C, Traffic Records Section is responsible for the deposit Crash Report fees in the Death, Disability and Retirement Fund (2161). This fund is under the administration of the Consolidated Public Retirement Board (CPRB) and, as such, is not included in the WVSP Traffic Section's financial statement. Crash Report fees deposited totaled \$220,425.00 and \$219,216.00, for fiscal years 2006 and 2005, respectively. During our audit, we noted weakness in the system of internal controls over the collection and deposit of Crash Report fees; specifically, the processing of the documents requested by persons or entities and the recording of payments received from these persons or entities are performed by the same WVSP employee. Failure to segregate these duties among various personnel increases the risks that management may not become aware of lost or stolen receipts. These risks are compounded when cash is involved which, in addition to checks and money orders, WVSP accepts as payment. Further, the WVSP has no alternative management review procedure over the receipt and deposit of crash report payments that would be an acceptable alternative for the lack of segregated duties. As a result, we believe there is a significant risk that an indeterminable amount of crash report receipts may not have been properly deposited during our audit period.

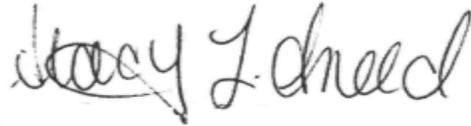
As described in Note A, the financial statement was prepared on the cash basis of accounting, which is comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the appropriations and expenditures and revenues collected and expenses paid by the WVSP - Traffic Records Section for the years ended June 30, 2005 and June 30, 2006 on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement

taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectively submitted,

A handwritten signature in black ink that reads "Stacy L. Sneed". The signature is written in a cursive style with a large initial 'S'.

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

January 3, 2008

Auditors: Stanley D. Lynch, CPA, Manager
Derek A. O'Neal, Auditor II
Brandy L. McNabb, Auditor II
Lori B. Elliott, Auditor II
Londa M. Sabatino, Auditor II

WEST VIRGINIA STATE POLICE
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
TRAFFIC RECORDS SECTION
SPECIAL REVENUE

	Year Ended June 30,	
	<u>2006</u>	<u>2005</u>
Cash Receipts:		
Other Collections, Fees, Licenses, and Income	\$2,628,926.84	\$2,738,673.52
Disbursements:		
Personal Services	1,031,507.31	1,201,454.02
Employee Benefits	317,349.77	345,415.31
Current Expenses	810,639.81	884,475.90
Repairs and Alterations	8,484.95	15,266.06
Assets (Equipment)	(56,090.92)	197,342.40
Transfers To PEIA Reserve Fund	7,473.00	8,746.00
Other Disbursements	<u>65.99</u>	<u>395.93</u>
	<u>2,119,429.91</u>	<u>2,653,095.62</u>
 Cash Receipts Over/(Under) Disbursements	 509,496.93	 85,577.90
 Expirations and Expenditures After June 30	 0.00	 0.00
 Transfers In/(Out)	 0.00	 0.00
 Beginning Balance	 <u>1,900,016.62</u>	 <u>1,814,438.72</u>
 Ending Balance	 <u><u>\$2,409,513.55</u></u>	 <u><u>\$1,900,016.62</u></u>

See Notes to Financial Statement

WEST VIRGINIA STATE POLICE

TRAFFIC RECORDS SECTION

NOTES TO THE FINANCIAL STATEMENTS

Note A - Accounting Policies

Accounting Method: The cash basis of accounting is followed for the Special Revenue Accounts described in this report. Therefore, revenues and the related assets are recognized when received rather than when earned and expenses are recognized when paid rather than when obligations are incurred. Accordingly, the financial statements are not intended to present the financial position and results of operations in conformity with generally accepted accounting principles.

Note B - Pension Plans

Eligible West Virginia State Police (WVSP) employees belong to one of three State pension plans as follows:

- State Police Death, Disability, and Retirement System (Plan A)
- West Virginia State Police Retirement System (Plan B)
- Public Employees Retirement System (PERS)

Uniformed members hired prior to March 12, 1994 are enrolled in Plan A. Plan A members are required to remit 9% of their salary and overtime to the plan while the WVSP contributes 15% of employee earnings to the plan. Uniformed members hired on or after March 12, 1994 are enrolled in Plan B. Under Plan B, members are required to remit 12% of their salary and the WVSP contributes an addition 12% of employee salaries into the plan. All eligible civilian employees of the WVSP are enrolled in PERS. These employees are required to remit 4.5% of their regular salary and overtime earnings into the retirement plan while the employer contributes 10.5% of employee earnings.

WVSP contributions made to all pension plans were as follows:

<u>Traffic Records</u>	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
Special Revenue	\$116,492.65	\$136,807.07

Note C - Intra-Account Transfers

The following intra-account transactions have been eliminated:

<u>Traffic Records</u>	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2007</u>
Special Revenue	\$375,468.77	\$723,375.90

Note D - Crash Report Fees

The Traffic Records Section is responsible for the deposit Crash Report fees in the Death, Disability and Retirement Fund (2161). This fund is under the administration of the Consolidated Public Retirement Board (CPRB) and, as such, is not included in the WVSP Traffic Section's financial statement. Crash Report fees deposited totaled \$220,425.00 and \$219,216.00, for fiscal years 2006 and 2005, respectively.

Note E - One Trip Permits

The Traffic Records Section is responsible for the deposit of One Trip Permit fees into the Highway Tax Fund (9017). This fund is under the administration of the Division of Highways and, as such, is not included in the WVSP Traffic Section's financial statement. One Trip Permit fees deposited totaled \$11,961 and \$13,411 for fiscal years 2006 and 2005, respectively.

WEST VIRGINIA STATE POLICE

SUPPLEMENTAL INFORMATION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Motor Vehicle Inspection Fund-Account Number 6501</u>		
Beginning Balance:		
State Treasury	\$ 418,477.46	\$ 557,047.29
Cash Receipts:		
Other Collections, Fees, Licenses, & Income	<u>1,630,162.00</u>	<u>1,622,052.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$2,048,639.46</u>	<u>\$2,179,099.29</u>
Disbursements:		
Personal Services	\$ 762,388.99	\$ 843,113.74
Employee Benefits	267,469.44	296,439.20
Current Expenses	407,712.32	414,883.83
Repairs & Alterations	1,220.68	3,819.57
Assets	37,086.48	0.00
Other Disbursements	0.00	371.20
PEIA Fund Transfer	<u>6,642.00</u>	<u>8,746.00</u>
	1,482,519.91	1,567,373.54
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:		
Personal Services	(25,646.65)	10,971.98
(Personal Services)	(15,398.65)	25,646.65
Employee Benefits	(1,033.11)	(14,428.20)
(Employee Benefits)	(4,176.09)	1,033.11
Current Expenses	(44,321.98)	32,599.14
(Current Expenses)	43,065.17	44,321.98
Repairs and Alterations	73.76	0.00
(Repairs and Alterations)	0.00	(73.76)
Assets	(93,177.40)	0.00
(Assets)	0.00	93,177.40
Other Disbursements	61.87	61.86
(Other Disbursements)	0.00	(61.87)
	<u>(140,553.08)</u>	<u>193,248.29</u>
Ending Balance:		
State Treasury	<u>706,672.63</u>	<u>418,477.46</u>
TOTAL CASH ACCOUNTED FOR	<u>\$2,048,639.46</u>	<u>\$2,179,099.29</u>

WEST VIRGINIA STATE POLICE
STATEMENT OF CASH RECEIPTS & DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Drunk Driving Commission-Grant Fund</u>		
<u>Account Number 6505</u>		
Cash Receipts:		
NonFederal Grants	\$375,468.77	\$723,375.90
Disbursements:		
Personal Services	310,163.62	321,721.65
Employee Benefits	55,089.53	62,371.20
Current Expenses	96,760.30	103,623.11
Repairs & Alterations	7,190.51	11,520.25
Assets	0.00	104,165.00
PEIA Fund Transfer	831.00	0.00
Other Disbursements	4.12	24.74
	<u>470,039.08</u>	<u>603,425.95</u>
Cash Receipts (Under)/Over Disbursements	(94,570.31)	119,949.95
Beginning Balance	<u>199,546.29</u>	<u>79,596.34</u>
Ending Balance	<u>\$104,975.98</u>	<u>\$199,546.29</u>

WEST VIRGINIA STATE POLICE
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Drunk Driving Prevention Fund</u>		
<u>Account Number 6513</u>		
Beginning Balance:		
State Treasury	\$1,281,992.87	\$1,177,795.09
Cash Receipts:		
Other Collections, Fees, Licenses, & Income	<u>998,764.84</u>	<u>1,116,621.52</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$2,280,757.71</u>	<u>\$2,294,416.61</u>
Disbursements:		
Current Expenses	\$ 733,724.54	\$ 993,827.20
Add Disbursements Paid July 1-31 Beginning and (Less) Disbursements Paid July 1-31 Ending:		
Current Expenses	3.46	18,600.00
(Current Expenses)	<u>(50,835.23)</u>	<u>(3.46)</u>
	(50,831.77)	18,596.54
Ending Balance:		
State Treasury	<u>1,597,864.94</u>	<u>1,281,992.87</u>
TOTAL CASH ACCOUNTED FOR	<u>\$2,280,757.71</u>	<u>\$2,294,416.61</u>

WEST VIRGINIA STATE POLICE

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Year Ended</u>	
	<u>2006</u>	<u>2005</u>
<u>Motor Vehicle Inspection Fund - Personal Services</u>		
<u>Account 6501 - 001</u>		
Appropriations--Beginning of Year	\$1,091,240.00	\$1,112,117.00
Appropriations--H.B. 414	<u>36,000.00</u>	<u>0.00</u>
	1,127,240.00	1,112,117.00
Expenditures:		
Personal Services	743,488.99	830,463.74
Public Employees' Insurance Reserve Transfer	<u>6,642.00</u>	<u>8,746.00</u>
	750,130.99	839,209.74
	377,109.01	272,907.26
Transmittals Paid After June 30	<u>15,398.65</u>	<u>(25,646.65)</u>
Balance	<u>\$ 392,507.66</u>	<u>\$ 247,260.61</u>
<u>Motor Vehicle Inspection Fund – Annual</u>		
<u>Increment - Account 6501-004</u>		
Appropriations	\$ 18,900.00	\$ 12,650.00
Expenditures:		
Annual Increment	<u>18,900.00</u>	<u>12,650.00</u>
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA STATE POLICE

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Motor Vehicle Inspection Fund - Employee Benefits</u>		
<u>Account 6501 - 010</u>		
Appropriations (Current Year)	\$380,812.00	\$380,623.00
Appropriations--H.B. 414	6,534.00	-
	387,346.00	380,623.00
Expenditures:		
Employee Benefits	267,469.44	296,439.20
	119,876.56	84,183.80
Transmittals Paid After June 30	<u>4,176.09</u>	<u>(1,033.11)</u>
Balance	<u>\$124,052.65</u>	<u>\$ 83,150.69</u>
 <u>Motor Vehicle Inspection Fund - Unclassified</u>		
<u>Account 6501 - 099</u>		
Appropriations	\$345,573.00	\$491,797.00
Expenditures:		
Current Expenses	257,101.60	166,995.83
Repairs and Alterations	1,220.68	3,819.57
Assets	37,086.48	-
Other Disbursements	-	371.2
	295,408.76	171,186.60
Subtotal	50,164.24	320,610.40
Transmittals Paid After June 30	<u>13,598.74</u>	<u>(137,363.75)</u>
Balance	<u>\$ 63,762.98</u>	<u>\$ 183,246.65</u>

WEST VIRGINIA STATE POLICE
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Motor Vehicle Inspection Fund - BRIM Premium</u>		
<u>Account 6501 - 913</u>		
Appropriations	\$285,071.00	\$247,888.00
Expenditures:		
Current Expenses	150,610.72	247,888.00
	134,460.28	0.00
Transmittals Paid After June 30	<u>(56,663.91)</u>	<u>-----</u>
Balance	<u>\$ 77,796.37</u>	<u>\$ 0.00</u>

WEST VIRGINIA STATE POLICE

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

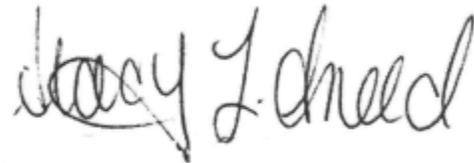
	<u>Year Ended June 30,</u>	
	<u>2006</u>	<u>2005</u>
<u>Drunk Driving Prevention Fund - Unclassified</u>		
<u>Account 6513 - 099</u>		
Appropriations	\$885,531.00	\$1,156,317.00
Expenditures:		
Current Expenses	656,201.53	867,232.20
	229,329.47	289,084.80
Transmittals Paid After June 30	<u>79,167.18</u>	<u>3.46</u>
Balance	<u>\$308,496.65</u>	<u>\$ 289,088.26</u>
 <u>Drunk Driving Prevention Fund - BRIM Premium</u>		
<u>Account 6513 - 913</u>		
Appropriations	\$145,585.00	\$ 126,595.00
Expenditures:		
Current Expenses	77,523.01	126,595.00
	68,061.99	0.00
Transmittals Paid After June 30	<u>(28,331.95)</u>	<u>-----</u>
Balance	<u>\$ 96,393.94</u>	<u>\$ 0.00</u>

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Stacy L. Sneed, CPA, Acting Director of the Legislative Post Audit Division, do hereby certify that the report appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 7th day of January, 2008.

A handwritten signature in black ink that reads "Stacy L. Sneed". The signature is written in a cursive style with a large, stylized 'S' at the beginning.

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

Copy forwarded to the Secretary of the Department of Administration to be filed as a public record. Copies forwarded to the West Virginia State Police - Traffic Records Section; Governor; Attorney General; State Auditor; and, Director of Finance Division, Department of Administration.