

STATE OF WEST VIRGINIA

AUDIT REPORT

OF

WEST VIRGINIA BOARD OF
EMBALMERS AND FUNERAL DIRECTORS
FOR THE PERIOD
JANUARY 1, 1978 - JUNE 30, 1981



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

AUDIT REPORT
OF
WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS
FOR THE PERIOD
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LEGISLATIVE AUDITOR

CHARLESTON

The Honorable Encil Bailey
Legislative Auditor
State Capitol - Main Unit
Charleston, West Virginia

Sir:

In compliance with your instructions and the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of the West Virginia Board of Embalmers and Funeral Directors.

Our examination covers the period January 1, 1978 through June 30, 1981. The results of our examination are set forth on the following pages of this report. However, only the financial statements for the years ended June 30, 1981 and June 30, 1980 are included in this report. The financial statements covering the period January 1, 1978 through June 30, 1979 are included in our audit workpapers.

Respectfully submitted,

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/cmh

WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS

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WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS

ACKNOWLEDGMENT

We extend our thanks and express our appreciation to the Executive Secretary-Treasurer and his staff for their wholehearted cooperation in supplying information and answering the many questions necessary in preparing this report.

WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS

INTRODUCTION

The West Virginia Board of Embalmers and Funeral Directors was established on August 16, 1933 by an act of the West Virginia Legislature. The Board consists of seven members who are appointed for a term of four years by the Governor with the advice and consent of the Senate. The Board shall select a president, a secretary, and a treasurer from its own members.

The West Virginia Board of Embalmers and Funeral Directors shall have the powers and privileges to regulate the business or profession of embalming and the business or profession of funeral directing in the State of West Virginia.

Chapter 30, Article 6 of the West Virginia Code, as amended, does not require a fixed location for the Board office. The records for the period January 1, 1978 through June 30, 1981 were maintained by Vincent F. Mancinelli, Secretary-Treasurer, 108 Holland Avenue (W0), Morgantown, West Virginia. Robert V. Allen of Bridgeport was the previous secretary and his records were transferred from Bridgeport to Morgantown.

The present members of the Board and the expiration date of their terms are as follows:

- Joseph P. Christian, President
Jefferson County, June 30, 1984 Charles Town
- Joseph M. Stacy
Harrison County, June 30, 1982 Clarksburg
- Charles T. Hoke
Taylor County, June 30, 1984 Grafton
- John W. Chapman
Putnam County, June 30, 1981 Winfield
- Okey McCraw, Jr.
Greenbrier County, June 30, 1981 Lewisburg
- Vincent F. Mancinelli, Executive Secretary-Treasurer
Monongalia County, June 30, 1981 Morgantown
- Mary Bess Mitchell, Lay Member
Greenbrier County, June 30, 1982 Renick

WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS

SUMMARY OF FINDINGS AND RECOMMENDATIONS

APPROPRIATED FUNDS

1. Funds for use of the Board have been lost for the period under audit because excess of receipts over disbursements have been deposited to the State's General Fund.

We recommend the Board request the Department of Finance and Administration assign them a number for a Special Revenue account and all receipts in the Local Bank Account be deposited to and all expenditures be paid from this account. At the end of the fiscal year any balance in excess of \$10,000.00 be deposited in the State's General Fund and any balance of \$10,000.00 or less be carried forward to the next fiscal year.

TELEPHONE

2. We noted the telephone system used by the Board did not maintain a record of the persons making calls and the reason for the calls. However, after the audit period we did observe that a detailed record of all calls was now being maintained.

We recommend the above practice where a detailed record is kept of all persons making calls and the reason for the calls fully explained be continued.

CONTRACTUAL AND PROFESSIONAL SERVICES

3. Services rendered by the Inspector are charged to this line item. A review of these services revealed there were no inspections of funeral homes during the 1981 fiscal year due to the Board's failure to hire an inspector.

We recommend the Board perform annual inspections of the premises in which the business or profession of funeral directing and/or embalming is conducted or practiced.

EQUIPMENT

4. We noted equipment items were not properly tagged with State tag numbers and no equipment inventory records existed. However, after the audit period an inventory listing of all equipment was made.

We recommend:

1. All equipment be properly tagged with an identifying State tag number.
2. Added Property Forms, W.V. 62, be prepared for all equipment showing all necessary information; such as, description of the equipment item, location, cost (if known), date purchased, and State tag number and forwarded to Department of Finance and Administration for posting to the State inventory control.

LOCAL ACCOUNT

5. Our examination revealed the Board issued 32 Funeral Director and Embalmer licenses during the 1980 and 1981 fiscal years without collecting the fees resulting in a loss of revenue of approximately \$320.00.

We recommend the Board not issue any individual a license of any type without first receiving the proper fee.

WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS

GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of the West Virginia Board of Embalmers and Funeral Directors. The audit covered the period January 1, 1978 through June 30, 1981.

In the prior audit period the Board's internal control system was found to be inadequate, the accounting system did not show a cash balance and encumbered balance, funds were not accounted for in accordance with State policy, and minutes of Board meetings were not complete.

We noted the Secretary of the Board has now established an adequate internal control system, an accounting system showing a cash balance and encumbered balance, a system of accounting for funds in accordance with State policy, and minutes of Board meetings were detailed. Our examination revealed the Board has complied with prior audit recommendations and transactions were properly documented.

APPROPRIATED FUNDS

All expenditures required for the general operation of the West Virginia Board of Embalmers and Funeral Directors are made from the appropriated Unclassified Account 5930-06.

The Board is appropriated money each year for expenditures incurred in its operations. They limited all expenditures to the amount of receipts and deposited any excess of receipts over expenditures to the State's General Fund as follows:

<u>Year</u>	<u>Amount</u>
1977-1978	\$ 262.45
1978-1979	\$2,069.23
1979-1980	\$4,329.54
1980-1981	\$4,599.99

Chapter 30, Article 6, Section 3 of the West Virginia Code, as amended, states "...All such expenses, per diem and compensation shall be paid out of the receipts of the board, but such allowances shall at no time exceed the receipts of the board." Chapter 30, Article 6, Section 6 of the West Virginia Code, as amended, states: "...All fees and other moneys received by the board pursuant to the provisions of this article shall be kept in a separate fund and expended solely for the purposes of this article. After expenditures for the fiscal year, of the remaining moneys, all sums in excess of ten thousand dollars in the separate fund shall revert to the general fund of the State. The compensation provided by this article and all expenses incurred the payment of which is authorized under this article shall be paid from this separate fund. No compensation or expense incurred under this article shall be a charge against the general funds of the State."

Funds for use of the Board have been lost for the period under audit because excess of receipts over disbursements have been deposited to the State's General Fund.

We recommend the Board request the Department of Finance and Administration assign them a number for a Special Revenue account and all receipts in the Local Bank Account be deposited to and all expenditures be paid from this account. At the end of the fiscal year any balance in excess of \$10,000.00 be deposited in the State's General Fund and any balance of \$10,000.00 or less be carried forward to the next fiscal year.

TELEPHONE

We noted the telephone system used by the Board did not maintain a record of the persons making calls and the reason for the calls. However, after the audit period we did observe that a detailed record of all calls was now being maintained.

We recommend the above practice where a detailed record is kept of all persons making calls and the reason for the calls fully explained be continued.

CONTRACTUAL AND PROFESSIONAL SERVICES

Services rendered by the Inspector are charged to this line item. A review of these services showed the Board failed to

hire an Inspector for the 1981 fiscal year. There were no inspections of funeral homes for the 1980-81 fiscal year.

We recommend the Board perform annual inspections of the premises in which the business or profession of funeral directing and/or embalming is conducted or practiced.

EQUIPMENT

We noted equipment items were not properly tagged with State tag numbers and no inventory records existed. However, after the

audit period an inventory listing of all equipment was made.

We recommend:

1. All equipment be properly tagged with an identifying State tag number.
2. Added Property Forms, W.V. 62, be prepared for all equipment showing all necessary information; such as, description of the item, location, cost (if known), date purchased, and State tag number and forwarded to Department of Finance and Administration for posting to the State inventory control.

LOCAL ACCOUNT

During the audit period the West Virginia Board of Embalmers and Funeral Directors maintained one local account as follows:

<u>Description</u>	<u>Purpose</u>
Collection Account	Temporary depository for collections from examinations, license fees, and other incidental fees. Collections are transferred to State General Revenue.

An examination of the Board's records indicates they issued 32 Funeral rector and Embalmer licenses without collecting fees for the 1980 and 1981 fiscal ars. Approximately \$320.00 in revenue was lost because the fees were not col- cted for the licenses issued.

We discussed this matter with the Executive Secretary-Treasurer and were ld that the Board had orally instructed him not to collect for these licenses.

We recommend the Board not issue an individual license of any type with- t receiving the proper fee.

IT CONFERENCE

We held an exit conference on August 31, 1981 with the Executive Secre- ry-Treasurer and the Office Secretary and all findings and recommendations were viewed and discussed. The above officials concurred with our findings and rec- mendations.

AUDITORS' OPINION

The Honorable Encil Bailey
Legislative Auditor
State Capitol - Main Unit
Charleston, West Virginia

Sir:

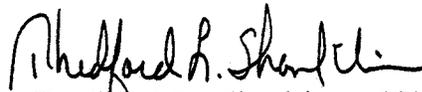
We have examined the financial statement of the West Virginia Board of Embalmers and Funeral Directors for the years ended June 30, 1981 and June 30, 1980, as listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully described in Note A, the Board's policy is to prepare its financial statements on the modified cash and cash basis. Accordingly, the accompanying financial statement is not intended to present financial position and results of operation in conformity with generally accepted accounting principles

In our opinion, the financial statement of the West Virginia Board of Embalmers and Funeral Directors as listed in the aforementioned table of contents present fairly the appropriations, expenditures and cash transactions for the years ended June 30, 1981 and June 30, 1980 on a basis consistent with the preceding year.

Our examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Respectfully submitted,



Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

July 1, 1981

Auditors: Delbert Pullen, Jr., Supervisor-in-Charge
Darrel Riegel, Auditor-in-Charge

WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS
 STATEMENT OF APPROPRIATIONS, EXPENDITURES, CASH RECEIPTS
 AND DISBURSEMENTS

	Year Ended June 30, 1981		
	General Revenue	Collection Account	Combined Total
Appropriations/Cash Receipts:			
Appropriations	\$41,272.00	\$ -0-	\$41,272.00
License Fees	-0-	32,512.00	32,512.00
	<u>41,272.00</u>	<u>32,512.00</u>	<u>73,784.00</u>
Expenditures/Disbursements:			
Personal Services	11,709.96	-0-	11,709.96
Current Expenses	12,861.16	-0-	12,861.16
Repairs and Alterations	128.07	-0-	128.07
Refunds	31.00	-0-	31.00
Social Security Matching Fund	748.26	-0-	748.26
General Fund	-0-	22,792.00	22,792.00
	<u>25,478.45</u>	<u>22,792.00</u>	<u>48,270.45</u>
Appropriations/Cash Receipts Over Expenditures/Disbursements	15,793.55	9,720.00	25,513.55
Thirty-day Expenditures and Expirations	(15,793.55)	-0-	(15,793.55)
	<u>-0-</u>	<u>9,720.00</u>	<u>9,720.00</u>
Beginning Balance	-0-	-0-	-0-
Ending Balance	<u>\$ -0-</u>	<u>\$ 9,720.00</u>	<u>\$ 9,720.00</u>

See Notes to Financial Statements

Year Ended June 30, 1980

<u>General Revenue</u>	<u>Collection Account</u>	<u>Combined Total</u>
36,710.00	\$ -0-	\$36,710.00
-0-	40,405.00	40,405.00
<u>36,710.00</u>	<u>40,405.00</u>	<u>77,115.00</u>
11,709.96	-0-	11,709.96
13,910.77	-0-	13,910.77
-0-	-0-	-0-
1,790.00	-0-	1,790.00
717.84	-0-	717.84
-0-	40,405.00	40,405.00
<u>28,128.57</u>	<u>40,405.00</u>	<u>68,533.57</u>
8,581.43	-0-	8,581.43
(8,581.43)	-0-	(8,581.43)
-0-	-0-	-0-
-0-	-0-	-0-
<u>-0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS

NOTES TO FINANCIAL STATEMENT

Note - Accounting Policies

Accounting Method: The modified cash basis of accounting is followed for the General Revenue Fund. The major modification from the cash basis is that a 30-day carry-over period is provided at the end of each fiscal year for the payment of obligations incurred in that year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 30 days after the fiscal year-end; however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenue and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Expenditures during the 30-day carry-over period and expirations are as follows:

	<u>Expenditures</u>		<u>Expirations</u>	
	<u>July 1-30</u>		<u>July 31</u>	
	<u>1981</u>	<u>1980</u>	<u>1981</u>	<u>1980</u>
Inclassified	<u>\$603.56</u>	<u>\$156.89</u>	<u>\$15,189.99</u>	<u>\$8,424.54</u>

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

Note B - Pension Plan

The employees are not members of the West Virginia Public Employees' Retirement System.

SUPPLEMENTAL INFORMATION

WEST VIRGINIA BOARD OF EMBALMERS AND FUNERAL DIRECTORS

COLLECTION ACCOUNT - LOCAL

BANK RECONCILIATION

JUNE 30, 1981

The Westover Bank:

Balance Per Bank and Book

\$9,720.00

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encil Bailey, Legislative Auditor, do hereby certify that the report of audit 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 October

1981.

Encil Bailey

Encil Bailey, Legislative Auditor

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to the West Virginia Board of Embalmers and Funeral Directors; Attorney General; Governor; and, State Auditor.