

GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

CHILDREN'S FUND

FOR THE PERIOD

JULY 1, 1996 - JUNE 30, 1997

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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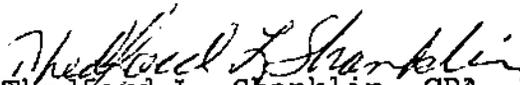
CHARLESTON, WEST VIRGINIA 25305-0844

The Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 5, Article 26, Section 6, as amended, we have examined the accounts of the Governor's Cabinet on Children and Families, Children's Fund.

Our examination covers the period July 1, 1996 through June 30, 1997. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,


Theodore L. Shanklin, CPA, Director
Legislative Post Audit Division

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GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

CHILDREN'S FUND

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GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

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EXIT CONFERENCE

We held an exit conference on February 19, 1998 with the Director and other representatives of the Governor's Cabinet on Children and Families and the contents of the audit report were reviewed and discussed. The above officials' responses are included in italics in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks sections of this report.

GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

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INTRODUCTION

The Children's Fund was created by the West Virginia Legislature under Senate Bill No. 1 during the Third Extraordinary Session of the 1990 West Virginia Legislature. The Legislature finds that the early years of life are a critical developmental and educational stage in the total life cycle and declares that parents are the children's first teachers and have the primary responsibility for meeting the needs and addressing the development of their children. However, families can experience severe crisis which result in life-threatening situations to children or other family members or can have long-term negative impact on the child.

The Children's Fund shall consist of any moneys deposited in the Children's Trust Fund created pursuant to Chapter 49, Article 6C, Section 1 of the West Virginia Code, which was repealed by Senate Bill No. 1 and any interest accruing to such fund. Also, the Children's Fund shall consist of Federal funds and grants, gifts, bequests or donations, any appropriated funds and voluntary contributions of a portion of refunds due taxpayers. The Children's Fund is to be used by the Governor's Cabinet on Children and Families for any purpose required or authorized by the Cabinet.

In addition to such other administrative heads of government as the Governor may appoint to the Cabinet, the Cabinet shall include the Secretary of Health and Human Resources; the

Secretary of Commerce, Labor and Environmental Resources or a designee; the Secretary of Administration or a designee; the State Superintendent of Schools; the Attorney General; and one member of the State Senate and one member of the House of Delegates, both to be appointed by the Governor, both to serve in an advisory capacity only. The Cabinet shall be chaired by the Governor and shall convene monthly during the first year and thereafter shall meet at least quarterly.

GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

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CABINET MEMBERS

JUNE 30, 1997

The Honorable Cecil Underwood, Chair
Governor Charleston

Hovah Underwood, Honorary Chair Charleston

The Honorable Darrell V. McGraw, Jr.
Attorney General Charleston

David R. Ice
Acting Secretary, Department of Education and the Arts Charleston

Joan E. Ohl
Secretary, Department of Health and Human Resources . Charleston

James W. Teets
Secretary, Department of Administration Huntington

William F. Vieweg
Commissioner, Bureau of Employment Programs Charleston

Dr. Donald Weston, Vice Chancellor for Health Sciences
University System of West Virginia Charleston

Dr. Henry Marockie
Superintendent, State Department of Education Charleston

Otis Cox, Secretary
Department of Military Affairs and Public Safety . . Charleston

Essa Howard
Office of Economic Opportunity Charleston

Citizen Representatives
Gail Foley Greenwood
Francie Roberts-Buchanan Huntington
Lyle Sattes Charleston
Teri Toothman Wheeling

ADVISORY

The Honorable Martha Walker
West Virginia State Senate Charleston

The Honorable Charles Trump, IV
West Virginia House of Delegates Oceana

GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

CHILDREN'S FUND

ADMINISTRATIVE OFFICERS AND STAFF

JUNE 30, 1997

Dr. Dallas Bailey Director
Barbara Merrill Deputy Director
Nancy Malecek Fiscal Officer
Steve Heasley Funding and Program Specialist
Debbie Waller Executive Secretary

GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

CHILDREN'S FUND

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Grant Payments Being Paid After End of Contract

1. We noted payment of four 1996 Grant Agreement invoices submitted later than 30 days, after the end of the contract period for final payments, were without the written waivers.

We recommend the Governor's Cabinet on Children and Families comply with the Grant Agreement Contract established between them and the grantees. We also recommend the Cabinet put in writing any alteration, variation, modification, amendment, or waiver of any provision of the contract, duly executed by both parties and attach them to the contract.

Agency's Response

We will comply with your recommendation; we will attach a written amendment, signed by both parties, to any contract for which we agree to extend the due date of the final financial report.

GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

CHILDREN'S FUND

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the Governor's Cabinet on Children and Families, Children's Fund as required by Chapter 5, Article 26, Section 6 of the West Virginia Code, as amended. The audit covered the period July 1, 1996 through June 30, 1997.

SPECIAL REVENUE ACCOUNT

All expenditures for the programmatic operations of the Governor's Cabinet on Children and Families, Children's Fund are made from the Special Revenue Operating Fund Number 1011.

FEDERAL PROGRAMS ACCOUNT

All expenditures relating to the Federal program revenues received by the Governor's Cabinet on Children and Families, Children's Fund are made from the Federal Grants and Contracts Fund Number 8792.

COMPLIANCE MATTERS

Chapter 5, Article 26 of the West Virginia Code generally governs the Governor's Cabinet on Children and Families, Children's Fund. We tested applicable sections of the above plus general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are listed below.

Grant Payments Being Paid After End of Contract Period

As noted in the prior audit, the Grant Agreement used by the Cabinet relating to 1996 grants from the Children's Fund states in part,

". . .A final settlement will occur with the submission of the second invoice. This invoice must be submitted no later than 30 days after the end of the agreement period. The second invoice must be accompanied by a detailed financial report which shows cumulative expenses and receipts associated with this agreement . . .

H. Renegotiation or Modification

Any alteration, variation, modification, amendment, or waiver of any provision of this agreement shall be valid only if in writing, duly executed by both parties hereto, and attached to this contract."

The Governor's Cabinet on Children and Families was not always in compliance with these requirements because the Cabinet allowed the second payment of some grants when the grantee submitted their invoices more than 30 days after the contract period ended. We noted payments of four 1996 Grant Agreement invoices submitted later than 30 days, after the end of the contract period for final payments, which had no written waivers.

The end of the contract period for these particular grant agreements was June 30, 1996. Information concerning these payments was as follows:

<u>FIMS Number</u>	<u>Vendor Name</u>	<u>Date Invoice Was Submitted</u>	<u>Date Financial Report Was Submitted</u>	<u>Amount of Payment</u>
I2271673	Community Resources Inc.	7/22/96	9/18/96	\$868.53
I2284768	YWCA Resolve Family Abuse Program	8/16/96	8/29/96	\$2,000.00
I2293066	Childrens' Home Society of WV	7/3/96	9/26/96	\$1,000.00
I2335607	Family Refuge Center Inc.	7/19/96	10/23/96	\$2,000.00

Our discussions with Cabinet personnel indicates these invoices were paid because some of the grantees were unable to produce the required financial report by July 31, 1996.

We recommend the Governor's Cabinet on Children and Families comply with the provisions of the grant agreement established between them and the grantees. We also recommend the Cabinet put in writing any alteration, variation, modification, amendment, or waiver of any provision of the contract, duly executed by both parties and attach them to the contract as called for in the grant agreement.

Agency's Response

We will comply with your recommendation; we will attach a written amendment, signed by both parties, to any contract for which we agree to extend the due date of the final financial report.

INDEPENDENT AUDITORS' OPINION

The Joint Committee on Government and Finance:

We have audited the statement of cash receipts, disbursements and changes in fund balance of the Governor's Cabinet on Children and Families, Children's Fund for the year ended June 30, 1997. The financial statement is the responsibility of the management of the Governor's Cabinet on Children and Families, Children's Fund. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 A, the financial statement was prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue collected and expenses paid by the Governor's Cabinet on Children and Families, Children's Fund for the year ended June 30, 1997 on the basis of accounting described in Note A.

Our audit was made 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.

Respectfully submitted,


Theodford L. Shanklin, CPA, Director
Legislative Post Audit Division

December 22, 1997

Auditors: Michael E. Sizemore, CPA, Supervisor
Rhonda L. Combs

**GOVERNOR'S CABINET ON CHILDREN AND FAMILIES
CHILDREN'S FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE**

	<u>Year Ended</u> <u>June 30, 1997</u>
Cash Receipts:	
Private Gifts and Other Donations	\$ 72,940.24
Federal Funds - U.S. Department of Health and Human Services	29,246.51
Interest	30,731.65
Other Transfers and Deposits	<u>48.00</u>
	132,966.40
Disbursements:	
Current Expenses	7,499.51
Grant Awards	<u>50,868.53</u>
	<u>58,368.04</u>
Cash Receipts Over Disbursements	74,598.36
Beginning Balance	<u>577,116.18</u>
Ending Balance	<u>\$651,714.54</u>

See Notes to Financial Statement

GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

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NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The cash basis of accounting is followed. Therefore, certain revenues 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.

Note B - Fund Balance

The components of the fund balance were as follows:

	<u>June 30, 1997</u>
Cash	\$ 66,357.17
Investments	<u>585,357.37</u>
	<u>\$651,714.54</u>

SUPPLEMENTAL INFORMATION

**GOVERNOR'S CABINET ON CHILDREN AND FAMILIES
CHILDREN'S FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCE
SPECIAL REVENUE**

	<u>Year Ended June 30, 1997</u>
<u>Children's Fund - Fund 1011</u>	
Cash Receipts:	
Private Gifts and Other Donations	\$ 72,612.24
Transfer from Investment Account	23,000.00
Transfer from Federal Grant Fund 8792	29,246.51
Other Transfers and Deposits	<u>48.00</u>
	<u>124,906.75</u>
 Disbursements:	
Current Expenses	7,499.51
Grant Awards	50,868.53
Transfers to Investment Account (NO11-01)	<u>71,769.64</u>
	<u>130,137.68</u>
Cash Receipts Under Disbursements	(5,230.93)
Beginning Balance	<u>71,588.10</u>
Ending Balance	<u>\$ 66,357.17</u>

**GOVERNOR'S CABINET ON CHILDREN AND FAMILIES
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STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
FEDERAL PROGRAMS**

	<u>Year Ended</u> <u>June 30, 1997</u>
<u>Federal Grants and Contracts - Fund No. 8792-999</u>	
Cash Receipts:	
Federal Funds - U. S. Department of Health and Human Services	\$29,246.51
Disbursements:	
Transfers to Children's Fund - Fund 1011	<u>29,246.51</u>
Cash Receipts Over Disbursements	- 0 -
Beginning Balance	<u>- 0 -</u>
Ending Balance	<u><u>\$ - 0 -</u></u>

**GOVERNOR'S CABINET ON CHILDREN AND FAMILIES
CHILDREN'S FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE
SPECIAL REVENUE**

	<u>Year Ended</u> <u>June 30, 1997</u>
<u>Investments - Account (NO11-01)</u>	
Receipts:	
Transfers from Childrens Fund - Fund 1011	\$ 71,769.64
Direct Contributions	328.00
Interest	<u>30,731.65</u>
	102,829.29
Disbursements:	
Transfer to Children's Fund - Fund No. 1011	23,000.00
Miscellaneous	<u>0.00</u>
	<u>23,000.00</u>
Cash Receipts Over Disbursements	79,829.29
Beginning Balance	<u>505,528.08</u>
Ending Balance	<u>\$585,357.37</u>

GOVERNOR'S CABINET ON CHILDREN AND FAMILIES

CHILDREN'S FUND

RECONCILIATIONS

JUNE 30, 1997

Children's Fund - Fund 1011

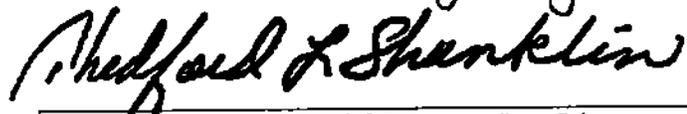
Balance per Agency	\$66,357.17
Add: Fund Balance of Other Programs	
Early Childhood	0.00
Family Matters	0.00
Paternity/Day Care	6,291.41
Parents as Teachers	<u>0.00</u>
Balance per State Treasury	<u>\$72,648.58</u>

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of the Legislative Post Audit Division, 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 5, Article 26, Section 6, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 12th day of July 1998.



Thedford L. Shanklin, CPA, 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 each member of the Governor's Cabinet on Children and Families; Director of the Governor's Cabinet on Children and Families; and, State Auditor.