

**STATE OF WEST VIRGINIA**  
**AUDIT REPORT**  
**OF**  
**WEST VIRGINIA PAROLE BOARD**

**FOR THE PERIOD**

**JULY 1, 1997 - JUNE 30, 1999**



**OFFICE OF THE LEGISLATIVE AUDITOR**  
**CAPITOL BUILDING**  
**CHARLESTON, WEST VIRGINIA 25305-0610**

WEST VIRGINIA PAROLE BOARD

FOR THE PERIOD

JULY 1, 1997 - JUNE 30, 1999

**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 accounts of the West Virginia Parole Board.

Our examination covers the period July 1, 1997 through June 30, 1999. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Theford L. Shanklin".

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

TLS/ela

**WEST VIRGINIA PAROLE BOARD**

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**WEST VIRGINIA PAROLE BOARD**

**EXIT CONFERENCE**

We held an exit conference on July 5, 2000 with the Chairperson and other representatives of the West Virginia Parole Board and all findings and recommendations were reviewed and discussed. The Board's responses are included in bold and italics in the Summary of Findings, Recommendations and Responses and after our findings in the General Remarks sections of this report.

## **WEST VIRGINIA PAROLE BOARD**

### **INTRODUCTION**

The West Virginia Board of Probation and Parole was created by an Act of the Legislature, Regular Session, 1994, and renamed the West Virginia Parole Board. The Board holds hearings and considers cases of eligible prison inmates annually. It has the sole authority to release inmates on parole. The Board also holds hearings and considers parole violation charges and has the authority to revoke or to continue parole. The Board adopts rules and regulations, with the approval of the Governor, governing procedure for granting parole. Rules and regulations of the Board are filed with the Secretary of State. The Board has five members, one of which is the Governor designated Chairman. The Board members are appointed by the Governor with the advice of the Senate for six year, overlapping, terms.

**WEST VIRGINIA PAROLE BOARD**

**ADMINISTRATIVE OFFICERS, MEMBERS, AND STAFF**

During the period covered by the audit, the Board was under the following commissioners:

Bruce Carter..... April 20, 1992 - April 2, 1998

Sandra Ilderton..... April 3, 1998 - Present

Members and Staff as of June 30, 1999 were as follows:

Deborah M. Huck..... Member/Secretary

John K. Rapp..... Member

George Sidiropolis..... Member

Quewanncoii C. Stephens..... Member

Benita Murphy..... Executive Secretary

**WEST VIRGINIA PAROLE BOARD**

**SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES**

**Lack of Effective System of Internal Controls**

1. During the course of our examination, it became apparent to us, based on observed noncompliance with the West Virginia Code and other applicable rules and regulations, the Parole Board did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations.

**Auditor's Recommendation**

We recommend the agency comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, and establish a system of internal controls.

**Agency's Response**

*We are hiring a new employee whose duties will include the implementation of general office procedures to ensure compliance with applicable State laws, rules, regulations, policies and procedures. (See pages 11-13)*

**Travel Expenditures**

2. The Parole Board paid its members \$3,870.89 in travel reimbursements when the purpose of the travel could not be substantiated by comparing travel dates to the Board's

recorded parole and revocation hearing dates. Two Board members were also paid \$419.42 in lodging expenses that were not substantiated by receipts. In addition, the Parole Board inappropriately reimbursed five of its members a total of \$354.00 for meals in conjunction with single day travel.

**Auditor's Recommendation**

We recommend the Parole Board comply with the Governor's Travel Regulations and Chapter 11, Article 21, Sections 12 and 72 of the West Virginia Code.

**Agency's Response**

***We will comply. (See pages 14-18)***

**Salary Paid To Employee After Effective Resignation Date**

3. The Parole Board paid an employee \$669.55 for work performed for the Division of Corrections after resignation from the Parole Board on August 20, 1997.

**Auditor's Recommendation**

We recommend the Parole Board comply with Chapter 12, Article 3, Section 9 of the West Virginia Code.

**Agency's Response**

***Through our oversight, we failed to reimburse the Parole Board for the days paid in that particular pay period***

*that the employee was working for Corrections. (See pages 18 and 19)*

**Overtime Payments Due Employee**

4. During our examination, we noted two Parole Board employees were underpaid by a total of \$150.82 for overtime hours worked.

**Auditor's Recommendations**

We recommend the Parole Board comply with Section 3.43 of the Division of Personnel's Administrative Rule.

**Agency's Response**

*Due to oversight by the payroll office, some employees who were on split accounts were underpaid. (See pages 19 - 21)*

**No Equipment Inventory Maintained**

5. Controls over equipment items in the possession of the Parole Board are not adequate. We saw no evidence the Board had submitted, at any time during our audit period, an annual inventory to the Department of Administration's Purchasing Division as required by law. We also noted some equipment purchased during the audit period was not properly tagged.

**Auditor's Recommendation**

We recommend the Parole Board comply with Chapter 5a, Article 3, Section 35 of the West Virginia Code and Section 3.11 of the Department of Administration Purchasing Division's "Inventory Management and Surplus Property Disposition Guidelines".

**Agency's Response**

***We will comply. (See pages 21-23)***

**Documents Processed Without Authorizing Signatures**

6. Our review of Parole Board records revealed employee monthly time sheets, I-9 "employment eligibility verification" forms, "travel expense account settlement" forms, and annual leave request applications had been processed without an authorizing signature affixed.

**Auditor's Recommendation**

We recommend that the Parole Board comply with Chapter 12, Article 3, Section 9 of the West Virginia Code and the Governor's Travel Regulations.

**Agency's Response**

***We will comply. (See pages 23-26)***

**Late Payments**

7. We noted the Parole Board did not pay nine uncontested invoices totaling \$3,446.29 within 60 days in accordance

with the West Virginia Code. The invoices were paid 84 to 293 days from the invoice date.

**Auditor's Recommendation**

We recommend the Parole Board comply with Chapter 5A, Article 3, Section 54 of the West Virginia Code by promptly paying all invoices and by indicating the date received on the invoice.

**Agency's Response**

*There were instances that payments were held due to insufficient quarterly funds available. It should be noted the invoices that were held were primarily from the Attorney General's Office. (See pages 26 and 27)*

**Purchasing Procedures**

8. Our examination of equipment purchases revealed a \$1,168.00 furniture purchase was not supported by a written purchase order.

**Auditor's Recommendation**

We recommend the Parole Board comply with the Division of Purchasing's "Agency Purchasing Procedures Manual".

**Agency's Response**

*We will comply. (See page 28)*

**Missing Documentation**

9. The Parole Board was unable to provide us with three WV-11's, two insurance authorization forms, and a WVIT-104 State Withholding form to document pay rates and payroll deductions. The WV-11's relate to "across the board" salary adjustments.

**Auditor's Recommendation**

We recommend the Parole Board comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code.

**Agency's Response**

***We will comply. (See pages 28 and 29)***

**WEST VIRGINIA PAROLE BOARD**

**GENERAL REMARKS**

**INTRODUCTION**

We have completed a post audit of the West Virginia Board of Parole. The audit covered the period of July 1, 1997 through June 30, 1999.

**GENERAL REVENUE ACCOUNTS**

Expenditures required for the general operations of the West Virginia Parole Board were made from the following appropriated accounts:

<b><u>FUND NUMBER</u></b>	<b><u>DESCRIPTION</u></b>
0440-001.....	Personal Services
0440-004.....	Annual Increment
0440-010.....	Employee Benefits
0440-097.....	Unclassified Surplus
0440-099.....	Unclassified

**SPECIAL REVENUE ACCOUNTS**

During the audit period, the West Virginia Parole Board maintained one special revenue account. This account represents funds to account for the proceeds of specific activities as required by law or administrative regulations. These funds were deposited with the State Treasurer in the following special revenue account:

**FUND**  
**NUMBER**

**DESCRIPTION**

6200-640.....Statutory Transfer  
From the Governor's  
Contingency Fund

**COMPLIANCE MATTERS**

Chapter 62, Article 12 of the West Virginia Code and Legislative Rule Title 92, Series 1 generally governs the West Virginia Parole Board. We tested applicable sections of the above plus general State regulations and other applicable sections of the West Virginia Code as they pertain to financial matters. Our findings are discussed below:

**Lack of Effective System of Internal Controls**

During the course of our examination, it became apparent to us, based on observed noncompliance with the West Virginia Code and other applicable rules and regulations, the West Virginia Parole Board did not have an effective system of internal control in place to ensure compliance with applicable State laws, rules and regulations.

Chapter 5a, Article 8, Section 9(b) of the West Virginia Code, as amended, 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...."

This law requires the head of each agency to have in place an effective system of internal controls in the form of policies and procedures to ensure the agency is in compliance with the laws, rules and regulations which govern it.

During our post audit of the Parole Board, we found the following noncompliance with State laws and other rules and regulations:

**1)** The Parole Board expended \$3,870.89 for travel, but the Board was unable to substantiate the purpose of the travel. We also noted that the Board paid members \$419.42 in lodging and \$354.00 in meal reimbursements that were noncompliant with the Governor's Travel Regulations.

**2)** During our examination of personal services, we found that the Board had paid an employee \$669.55 that should have been paid by the Division of Corrections.

**3)** The Parole Board underpaid two secretaries \$150.82 in overtime.

**4)** The Parole Board did not submit an annual inventory during any portion of the audit period to the Purchasing

Division of the Department of Administration. We also observed that reportable equipment items were not tagged.

5) Our examination of current expenses revealed \$6,004.54 in travel expenditures were processed without a proper authorizing signature. We also noted several payroll and leave reports and authorization forms did not have an authorizing signature affixed before being processed.

6) Uncontested invoices totaling \$3,986.29 were not paid within 60 days of receipt in accordance with Chapter 5A, Article 3, Section 54 of the West Virginia Code.

7) The Board did not follow the Purchasing Division's procedures regarding a \$1,168.00 furniture purchase.

8) Documentation supporting an equipment purchase and personal services payments was missing and not available for review.

**Agency's Response**

*Due to reorganization, we are hiring a new employee. Duties will include fiscal and budgetary management, purchasing, accounts payable, payroll, personnel and the implementation of general office procedures to ensure compliance with applicable State laws, rules, regulations, policies and procedures.*

## **Travel Expenditures**

During our test of travel, we noted the Parole Board paid its members \$3,870.89 in travel reimbursements when the purpose for the travel could not be substantiated. In each case, the purpose of travel recorded on the "travel expense account settlement" form indicated the Board member was attending a parole or revocation hearing. Section 2.3 of the Governor's Travel Regulations states:

"Travel may be authorized only for official business and only if the spending unit has the financial resources to reimburse the traveler for travel expenses."

The Board maintains two journals to document the judgments rendered in these hearings, the "voting log" and the "revocation log". Nothing in either the "voting log" or the "revocation log" indicated there was a parole or revocation hearing corresponding with the travel dates recorded on the "travel expense account settlement". The "voting log" is a computer generated register that lists the Board member, their decision, the institution at which the parole hearing took place, the date of the hearing and the inmate's name. The "revocation log" is a handwritten register that is used to track the same information regarding revocation hearings. We compared the travel dates recorded on the "travel expense account settlement" forms to the

hearing dates recorded in the Board's journals. We noted 31 instances where Board member travel dates and destinations recorded on the respective travel expense forms did not agree with the Board's parole hearing and revocation records. The Parole Board Chairperson stated that all hearing dates are to be recorded in either the parole hearing or revocation logs and these records were the only supporting documents that could be used to substantiate the travel dates and destinations in question. Based on Parole Board records, the purpose of travel in relation to \$3,870.89 in expense reimbursements could not be verified.

Our test of travel also revealed three instances in which two Board members were paid \$419.42 for lodging expenses that were not substantiated by receipts as required by travel regulations. Section 5.2.1 of the Governor's Travel Regulations states:

"Receipts are required for lodging reimbursement. The hotel/motel invoice or folio shall be the official document utilized for reimbursement to the traveler."

After conversations with Agency personnel we were unable to determine the cause of this omission.

The Parole Board inappropriately reimbursed five of its members a total of \$354.00 for meals in conjunction with single day travel when travel did not begin two hours before or end two hours after the member's normal workday. Guidelines for these meal reimbursements are set forth in the Governor's Travel Regulations. Section 6.4 of the regulations effective July 1, 1996, states in part,

"Meal expense reimbursement for single day travel (when there is not an overnight stay) is allowed when travel time begins and/or extends more than two (2) hours beyond the traveler's normal work day.... Any employee who qualifies for either breakfast or dinner may also qualify for lunch...."

All of the meal reimbursements took place before July 1, 1998, the date the Governor revised the travel regulations disallowing single day meal reimbursements. In addition, we believe these members were paid for expenses which should have resulted in additional reportable taxable income under State law. The following list illustrates the reimbursement by individual:

<b>Board Ineligible</b>	
<u>Member No.</u>	<u>Amount</u>
1	\$ 96.00
2	102.00
3	42.00
4	54.00
5	<u>60.00</u>
Total	<u>\$354.00</u>

Chapter 11, Article 21, Section 12 of the West Virginia Code states in part,

"(a) General. - The West Virginia adjusted gross income of a resident individual means his federal adjusted gross income as defined in the laws of the United States for the taxable year..."

Furthermore, Section 72 of this same Article 21 states,

"Every employer required to deduct and withhold tax under this article from the wages of an employee, or who would have been required so to deduct and withhold tax if the employee had claimed no more than on withholding exemption, shall furnish to each such employee in respect of the wages paid by such employer to such employee during the calendar year on or before the fifteenth day of the succeeding year, on the date on which the last payment of wages is made, a written statement as prescribed by the tax commissioner showing the amount of wages paid by the employer to the employee, the amount deducted and withheld as tax, and such other information as the tax commissioner shall prescribe."

We recommend the Parole Board comply with the Governor's Travel Regulations and Chapter 11, Article 21, Sections 12 and 72 of the West Virginia Code.

**Agency's Response**

***Board members were using travel settlement forms that had pre-printed Purpose-of-Travel for parole or revocation hearings. In some cases, the travel was business related but not to attend parole or revocation hearings. In other cases,***

*the revocation logs did not reflect rescheduling of hearings which occasionally does occur.*

*Board members have been advised that pre-printed travel settlement forms will no longer be authorized and an accurate parole/revocation log will be maintained and amended as necessary so as to provide reference for actual travel.*

*Lodging receipts must accompany all travel settlements for the Auditor's Office to approve. We failed to maintain a copy in the Central Office file on those specific settlements.*

**Salary Paid To Employee After Effective Resignation Date**

The Parole Board paid an employee \$669.55 after her date of resignation. The employee transferred to the Division of Corrections August 21, 1997 after resignation from the Parole Board but was paid for the remainder of August by the Parole Board instead of the Division of Corrections. The payment to the employee for work performed after August 20, does not comply with Chapter 12, Article 3, Section 13 of the West Virginia Code which states:

"No money shall be drawn from the treasury to pay the salary of any officer or employee before his services have been rendered."

According to the employee's "terminating" WV-11, her last working day for the Parole Board was August 20, 1997 and her final payment should have been \$179.55 for the three days

worked during the pay period ending August 31, 1997. She transferred to the Division of Corrections on August 21, 1997. Her WV-11 indicated that she was to be paid \$669.55 (based on her new salary) by the Division for the seven work days remaining in the pay period. Parole Board payroll registers indicated the employee was paid a total of \$849.10 from the Board's account. The \$669.55 overpayment by the Board was never reimbursed by the Division of Corrections.

The Division of Corrections' payroll clerk prepares payrolls for both the Division and the Parole Board. The clerk stated the payment was made from the wrong account in error. The effect of the Parole Board paying the wages for a Division of Corrections' employee results in the subsidizing of the Division's budget.

We recommend the Parole Board comply with Chapter 12, Article 3, Section 13 of the West Virginia Code.

**Agency's Response**

***Through our oversight, we failed to reimburse the Parole Board for the days paid in that particular pay period that the employee was working for Corrections.***

**Overtime Payments Due Employees**

During our test of personal services, we noted that two Parole Board employees were underpaid a total of \$150.82 for

overtime hours worked. During the 1999 fiscal year, Parole Board employees were paid from two accounts. The first account was funded from a general revenue appropriation and the second account was funded by a special revenue transfer from the Governor's Contingency Fund. The payment of the employees' salaries was split between the two funds. We discovered only the appropriated general revenue portion of the employees' salaries was utilized in the overtime hourly rate calculation. In other words, 80% of the employees' salaries was paid from fund A and 20% of the employees' salaries was paid from fund B, but only the portion of the employees' salaries from fund A was used to calculate the employees' overtime rates. The portion of the employees salaries paid from fund B was never taken into consideration.

Chapter 21, Article 5C, Section 3(a) of the West Virginia Code which states,

"On and after the first day of July, one thousand nine hundred eighty, no employer shall employ any of his employees for a workweek longer than forty hours, unless such employee receives compensation for his employment in excess of the hours above specified at a rate of not less than one and one-half times the regular rate at which he is employed."

Division of Corrections' personnel provide payroll services to the Parole Board and we were unable to determine the cause of the miscalculation.

We recommend the Parole Board comply with Section 3.43 of the Division of Personnel's Administrative Rule. We further recommend the Parole Board notify the affected employees of their right to request payment from the Court of Claims.

**Agency's Response**

***Due to oversight by the payroll office, some employees were on split accounts and employees were underpaid.***

**No Equipment Inventory Maintained**

Controls over equipment items in the possession of the Parole Board are not adequate. We saw no evidence the Board had submitted, at any time during our audit period, an annual inventory to the Department of Administration's Purchasing Division as required by law. Chapter 5A, Article 3, Section 35 of the West Virginia Code states:

"The head of every spending unit of state government shall, on or before the fifteenth day of July of each year, file with the director an inventory of all real and personal property, and of all equipment, supplies and commodities in its possession as of the close of the last fiscal year, as directed by the director".

Effective safeguards over equipment help ensure assets are used only to conduct authorized State business. Since the Board was unable to provide us with an inventory list, we traced reportable equipment items purchased during the audit period to their physical location by using equipment descriptions and serial numbers obtained from vendor invoices. We were able to locate all of this equipment; however, one of the five Gateway Solo 9100 SE laptop computer "work stations" purchased by the Parole Board on May 18, 1999, was not properly tagged. Each work station costing \$4,589.00 included a laptop, a docking station and a monitor.

Inventory tagging requirements are set forth in the Purchasing Division of the Department of Administration's "Inventory Management and Surplus Property Disposition Guidelines". Section 3.11 of the guidelines states:

"Identification Tags: All equipment over \$1,000 will have a numbered tag and that equipment will be placed into the agency's inventory system. Agencies will be responsible for obtaining and placing the proper tags on all equipment under their jurisdiction. Tags are to be placed on all items of property/ equipment in such a manner that it may be easily seen and read".

The Division of Corrections provides accounting, payroll and administrative services to the Parole Board. According to the Division of Corrections' Accountant II in

charge of inventory, a complete inventory list was not prepared until August 6, 1999. The accountant stated that he ran out of identification tags while tagging equipment.

We recommend the Parole Board comply with Chapter 5a, Article 3, Section 35 of the West Virginia Code and Section 3.11 of the Department of Administration Purchasing Division's "Inventory Management and Surplus Property Disposition Guidelines".

**Agency's Response**

***The Parole Board has tagged all equipment and has an adequate inventory listing at this time. Said inventory listing will be filed with the Department of Administration on or before July 15, 2000 as required by law.***

**Documents Processed Without Authorizing Signatures**

Our review of Parole Board records revealed that personal services, travel and annual leave had been paid without an authorizing signature affixed. We noted nine instances of documentation supporting payroll disbursements and one instance of an employee's leave request application not bearing the signature of an authorized individual. Five monthly time sheets were not signed by the employee's supervisor approving the hours worked and four I-9 "employment eligibility verification" forms were not signed by an Agency representative indicating the

prospective employee's identification had been reviewed and appeared to support that the individual was eligible to work in the United States. The leave request application was not signed by the employee's supervisor. In addition, we found 13 "travel expense account settlement" forms totaling \$6,004.54 were not signed by the Parole Board Chairperson or the Division of Corrections' Director of Administration certifying that the travel expense account settlement was personally examined by the Chairperson or Director, that the expenses were reasonable and correspond to the assigned duties of the traveler, and the expenses met all State travel regulations and were within the budget of the Board. The Division of Corrections' Director of Administration approves transactions in the Chairperson's absence.

Chapter 12, Article 3, Section 9 of the West Virginia Code states:

"Every board of officer authorized by law to issue requisitions upon the auditor for payment of money out of the state treasury, shall, before any such money is paid out of the state treasury, certify to the auditor that the money for which such requisition is made is needed for present use for the purposes for which it was appropriated; and the auditor shall not issue his warrant to pay any money out of the state treasury unless he is satisfied that the same is needed for present use for such purposes".

In relation to travel expenditures, Section 2.5 of the Governor's Travel Regulations states:

"The responsibility to audit a traveler's expense account settlement lies with the state agency. Approval of a traveler's expense account settlement by the state agency means that the expense account settlement meets all criteria established by this rule for reimbursement. The state agency shall audit and submit an accurate expense account settlement for reimbursement to the State Auditor's Office within 15 days after completion of travel."

According to the Division's payroll clerk, the absence of an authorizing signature on the payroll documents was an oversight. We were unable to determine why the "travel expense account settlement" forms and the annual leave applications were not properly signed. This could indicate that the appropriate level of management did not receive or approve the requests. In addition, expenses could have been reimbursed that were not incurred and annual leave could have been taken that was not earned.

We recommend the Parole Board comply with Chapter 12, Article 3, Section 9 of the West Virginia Code and the Governor's Travel Regulations.

**Agency's Response**

***Actual payroll transmittals were all submitted to the Auditor's Office with an original signature, however, due to the***

*old five-part paper transmittals, the signature did not always go through to the copy maintained in our files.*

*The "travel expense account settlement forms" processed to the Auditor's Office did have an original approval signature. We failed to keep a copy of same in our files; however, it is our normal procedure to keep a copy of the original signed documents on all settlements.*

*Parole Board employees have been notified that approved annual leave must occur prior to commencement of leave.*

#### Late Payments

We noted the Parole Board did not pay nine uncontested invoices totaling \$3,446.29 within 60 days as required by the West Virginia Code.

Chapter 5A, Article 3, Section 54 of the West Virginia Code states in part,

"(a) Any properly registered and qualified vendor who supplies services or commodities to any state agency shall be entitled to prompt payment upon presentation to that agency of a legitimate uncontested invoice....a state check shall be issued in payment thereof within sixty days after a legitimate uncontested invoice is received by the state agency receiving the services or commodities. Any state check issued after such sixty days shall include interest at the current rate....which interest shall be calculated from the sixty-first day after such invoice was received by the state agency until the date on which the state check is mailed to the vendor...."

The invoices were paid 84 to 293 days from the invoice date. One invoice was approved for payment on October 10, 1997, the invoice date, but was not paid until July 30, 1998, 293 days later. Since the date received was not indicated, the actual invoice dates were used in calculating the number of days past due. According to the Division of Corrections', Director of Administration, some of the invoices were held because of the uncertainty that adequate funds were available for payment. The Director was unable to substantiate the number of invoices that were actually held. As a result of not paying these invoices in a timely manner, the agency could have been required to pay \$126.23 to vendors in interest penalties for those invoices that were not paid in a timely manner.

We recommend the Parole Board comply with Chapter 5A, Article 3, Section 54 of the West Virginia Code by promptly paying all invoices and by indicating the date received on the invoice.

**Agency's Response**

***There were instances that payments were held due to insufficient quarterly funds available. It should be noted the invoices that were held were primarily from the Attorney General's Office.***

## **Purchasing Procedures**

During our examination of equipment purchases we found that a \$1,168.00 furniture purchase was not supported by a written purchase order. Section 2.1.2 of the Purchasing Division's "Agency Purchasing Procedures Manual" states in part,

"\$501 to \$5,000: ...A written purchase order (WV-88 or TEAM-Generated Purchase Order) is required".

The furniture was purchased from Prison Industries. According to Agency personnel, purchase orders are not prepared for Prison Industries purchases.

We recommend the Parole Board comply with the Division of Purchasing's "Agency Purchasing Procedures Manual".

## **Agency's Response**

***We will comply and issue purchase orders in accordance with Division of Purchasing's Procedures Manual, which will be included in the Parole Board's Operational Policies and Procedures to be developed by the new manager.***

## **Missing Documentation**

In conjunction with our test of personal services, the Parole Board was unable to provide us with three WV-11's representing \$756.00 "across the board" increases, two insurance authorization forms and a WVIT-104 State Withholding form. Since some of the supporting documents were unavailable for review, we were unable to

determine if the proper amount was paid for some payroll disbursements or if some of the deductions were properly authorized.

Chapter 5a, Article 8, Section 9(b) of the West Virginia Code, as amended, 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 Parole Board comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended. We further recommend the Parole Board include this requirement in their administrative Policies.

#### **Agency's Response**

*We have devised an employee "payroll deduction and forms" folder (separate from the employee personnel file) with a specific documentation checklist.*

*We will request copies from PEIA for any missing insurance authorization forms and employees will be requested to complete any other missing forms such as WVIT-104, W-4, etc.*

*In addition, these files will be audited periodically to ensure that they are properly maintained and correspond to payroll deductions if applicable.*

**INDEPENDENT AUDITORS' OPINION**

The Joint Committee on Government and Finance:

We have audited the statement of appropriations/cash receipts, expenditures/disbursements and changes in fund balances of the West Virginia Parole Board for the years ending June 30, 1999 and June 30, 1998. The financial statement is the responsibility of the management of the Parole Board. Our responsibility is to express an opinion on the financial statement based on our audit.

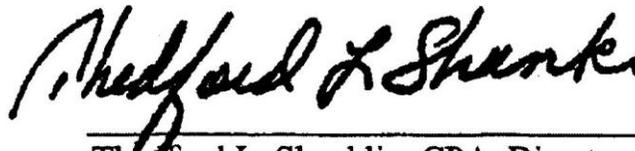
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting 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 A, the financial statement was prepared on the cash and modified cash basis of accounting, which are comprehensive bases of accounting other than generally accepted accounting principles.

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 of the West Virginia Parole Board for the years ended June 30, 1999 and June 30, 1998, on the bases 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 the purpose 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,



**Theford L. Shanklin, CPA, Director  
Legislative Post Audit Division**

March 10, 2000

Auditors: Michael A. House, CPA, Supervisor  
Timothy C. Butler, CPA, Auditor-in-Charge  
Melanie L. Nuckols, CPA  
Thomas F. Ward, CPA

**WEST VIRGINIA PAROLE BOARD  
STATEMENT OF APPROPRIATIONS/CASH  
RECEIPTS, EXPENDITURES/DISBURSEMENTS  
AND CHANGES IN FUND BALANCES**

	<u>Year Ended June 30, 1999</u>		
	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Combined Totals</u>
Appropriations / Cash Receipts:			
Appropriations	\$384,219.00	\$ 0.00	\$384,219.00
Supplemental Appropriation - H.B. 3042	80,000.00	0.00	80,000.00
Statutory Transfers	<u>0.00</u>	<u>10,000.00</u>	<u>10,000.00</u>
	464,219.00	10,000.00	474,219.00
Expenditures / Disbursements:			
Personal Services	233,508.47	7,000.00	240,508.47
Annual Increment	1,100.00	0.00	1,100.00
Employee Benefits	72,309.50	3,000.00	75,309.50
Current Expenses	76,268.82	0.00	76,268.82
Repairs and Alterations	0.00	0.00	0.00
Equipment	<u>32,051.34</u>	<u>0.00</u>	<u>32,051.34</u>
	<u>415,238.13</u>	<u>10,000.00</u>	<u>425,238.13</u>
Appropriations / Cash Receipts Over (Under) Expenditures / Disbursements	48,980.87	0.00	48,980.87
Expirations and Expenditures after June 30	(48,980.87)	0.00	(48,980.87)
Beginning Balance	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>	<u>\$ 0.00</u>

***See Notes to Financial Statement***

**Year Ended June 30, 1998**

<u>General Revenue</u>	<u>Special Revenue</u>	<u>Combined Totals</u>
\$396,245.00	\$0.00	\$396,245.00
0.00	0.00	0.00
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
396,245.00	0.00	396,245.00
233,318.58	0.00	233,318.58
850.00	0.00	850.00
66,538.14	0.00	66,538.14
55,440.00	0.00	55,440.00
0.00	0.00	0.00
<u>1,168.50</u>	<u>0.00</u>	<u>1,168.50</u>
<u>357,315.22</u>	<u>0.00</u>	<u>357,315.22</u>
38,929.78	0.00	38,929.78
(38,929.78)	0.00	(38,929.78)
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>\$ 0.00</u>	<u>\$0.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA PAROLE BOARD

NOTES TO FINANCIAL STATEMENT

**Note A - Accounting Policy**

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 31-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 31 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 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.

Expenditures paid after June 30, in the carry-over period and expirations were as follows:

<u>Expenditures</u>		<u>Expirations</u>	
<u>Paid After June 30,</u>		<u>July 31,</u>	<u>July 31,</u>
<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
<u>\$6,811.97</u>	<u>\$21,826.15</u>	<u>\$42,208.90</u>	<u>\$17,102.93</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 purposes 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**

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4.5% of the annual compensation and employees have vested rights under certain circumstances. The West Virginia Parole Board matches contributions at 9.5% of the compensation on which the employees made contributions.

The Parole Board's pension expenditures were as follows:

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
General Revenue	\$21,971.81	\$22,359.12
Special Revenue	700.00	0.00
	<u>\$22,671.81</u>	<u>\$22,359.12</u>

**SUPPLEMENTAL INFORMATION**

**WEST VIRGINIA PAROLE BOARD  
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES  
GENERAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<b><u>Personal Services - Fund 0440-001</u></b>		
Appropriations	\$35,184.00	\$48,348.00
Expenditures:		
Personal Services	33,509.27	38,470.82
Employee Benefits	<u>721.47</u>	<u>945.97</u>
	<u>34,230.74</u>	<u>39,416.79</u>
	953.26	8,931.21
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 953.26</u>	<u>\$ 8,931.21</u>
<b><u>Annual Increment - Fund 0440-004</u></b>		
Appropriations	\$1,100.00	\$ 1,100.00
Expenditures	<u>1,100.00</u>	<u>850.00</u>
	0.00	250.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$ 250.00</u>

**WEST VIRGINIA PAROLE BOARD  
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES  
GENERAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<b><u>Employee Benefits - Fund 0440-010</u></b>		
Appropriations	\$78,360.00	\$72,122.00
Expenditures	<u>78,360.00</u> 0.00	<u>70,727.41</u> 1,394.59
Transmittals Paid After June 30	<u>6,771.97</u>	<u>5,770.15</u>
Balance	<u>\$ 6,771.97</u>	<u>\$ 7,164.74</u>
<b><u>Unclassified Surplus - Fund 0440-097</u></b>		
Supplemental Appropriation - H.B. 3042	\$80,000.00	\$ 0.00
Expenditures:		
Current Expenses	14,577.78	0.00
Repairs and Alterations	0.00	0.00
Equipment	<u>24,167.38</u>	<u>0.00</u>
	<u>38,745.16</u>	<u>0.00</u>
	41,254.84	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$41,254.84</u>	<u>\$ 0.00</u>

**WEST VIRGINIA PAROLE BOARD  
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES  
GENERAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<b><u>Unclassified - Fund 0440-099</u></b>		
Appropriations	\$ 69,575.00	\$ 74,675.00
Expenditures:		
Current Expenses	61,691.04	71,344.00
Repairs and Alterations	0.00	152.00
Equipment	<u>7,883.96</u>	<u>1,168.50</u>
	<u>69,575.00</u>	<u>72,664.50</u>
	0.00	2,010.50
Transmittals Paid After June 30	<u>0.00</u>	<u>16,056.00</u>
Balance	<u>\$ 0.00</u>	<u>\$ 18,066.50</u>
<b><u>Board Member Salaries - Personal Services - Fund 0440-227</u></b>		
Appropriations	\$200,000.00	\$200,000.00
Expenditures:		
Personal Services	199,999.20	194,847.76
Employee Benefits	<u>0.00</u>	<u>635.61</u>
	<u>199,999.20</u>	<u>195,483.37</u>
	0.80	4,516.63
Transmittals Paid After June 30	<u>40.00</u>	<u>0.00</u>
Balance	<u>\$ 40.80</u>	<u>\$ 4,516.63</u>

**WEST VIRGINIA PAROLE BOARD  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CASH BALANCE  
SPECIAL REVENUE**

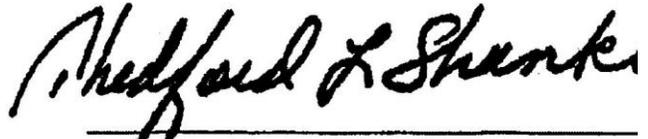
	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<b><u>Governor's Contingency Transfer - Fund 6200-640</u></b>		
Cash Receipts:		
Statutory Transfer	\$10,000.00	\$0.00
Disbursements:		
Personal Services	7,000.00	0.00
Employee Benefits	<u>3,000.00</u>	<u>0.00</u>
	0.00	0.00
Cash Receipts Over Disbursements	0.00	0.00
Beginning Balance	<u>0.00</u>	<u>0.00</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$0.00</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 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 21<sup>st</sup> day of August 2000.

  
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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 the West Virginia Parole Board; Each member of the Board; Governor; Attorney General; and, State Auditor.