

**STATE OF WEST VIRGINIA**

**AUDIT REPORT**

**OF**

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**

**GENERAL SERVICE DIVISION**

**PARKING OPERATION**

**FOR THE PERIOD**

**JULY 1, 2003 – DECEMBER 31, 2006**



**OFFICE OF THE LEGISLATIVE AUDITOR**

**CAPITOL BUILDING**

**CHARLESTON, WEST VIRGINIA 25305-0610**

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**

**GENERAL SERVICE DIVISION**

**PARKING OPERATIONS**

**FOR THE PERIOD**

**JULY 1, 2003 - DECEMBER 31, 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 account of the West Virginia Department of Administration's General Services Division's Parking Operations.

Our examination covers the period July 1, 2003 through December 31, 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, Director  
Legislative Post Audit Division

SLS/gkc

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**GENERAL SERVICES DIVISION - PARKING OPERATION FUNDS**

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**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**GENERAL SERVICES DIVISION - PARKING OPERATIONS**  
**EXIT CONFERENCE**

We held an exit conference on June 17, 2008 with the Secretary of the West Virginia Department of Administration, a representative for the Director of the Finance Division of the Department of Administration, and the Director of the Real Estate Division. All findings and recommendations were reviewed and discussed. The Department of Administration 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 DEPARTMENT OF ADMINISTRATION**  
**GENERAL SERVICES DIVISION - PARKING OPERATIONS**

**INTRODUCTION**

The West Virginia's Department of Administration's General Services Division, according to their mission, is responsible for providing a positive, safe, secure and comfortable environment for the visiting public and the State employees at all buildings owned and operated by the State of West Virginia and the State Building Commission.

One of the functions of General Services' Parking Operations is to operate and maintain parking facilities at the Capitol Complex. Parking areas are designated for both State employees and visitors. Parking meters are generally used for visitor parking spaces while employees pay a monthly fee for assigned parking spaces. Parking guards are employed by the General Services Division to enforce parking regulations and to issue tickets for parking violations within the designated parking areas surrounding the Capitol Complex.

The receipts and disbursements from Parking Operations are deposited and disbursed through the Parking Lots Operating Fund. The receipts consist of parking meter collections, parking fine payments and parking fees collected from employee assigned spaces. Disbursements consist of monies to purchase, operate, maintain or repair the parking facilities.

**History of Parking Operations:**

As of February 2006 the General Services Division Leasing Section has complete responsibility for all the functions for Parking Operations. On July 1, 2007, the General Service Division's Leasing Section became independent from the General Service Division, but

remained a part of the Department of Administration and renamed the Real Estate Division. The changes related to Parking Operations are as follows:

**Meters** - From July 1, 2003 until September 2004, the Purchasing Division was responsible for the parking meters function. During September 2004 the responsibility for the parking meter function was assigned to the Finance Division/Accounting Section. However, the Leasing Section of General Services Division was responsible for the Parking Attendants. During May 2005 total responsibility for the parking meter function was assigned the Leasing Section of General Services Division.

**Tickets** - From July 1, 2003 until September 2004, the Purchasing Division was responsible for the Parking Attendants, however the Finance Division was responsible for the ticket function. During September 2004 the responsibility for the parking attendants was assigned to the Leasing Section of General Services Division. During November 2005 total responsibility for the parking ticket function was turned over to the Leasing Section of General Services Division.

**Assigned Parking** - From July 1, 2003 until February 2006, the Purchasing Division was responsible for the assigned parking function. During February 2006 the responsibility for the assigned parking function was given to the Leasing Section of General Services Division.

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION  
GENERAL SERVICES DIVISION  
ADMINISTRATIVE OFFICERS AND STAFF  
JULY 1, 2003 - DECEMBER 31, 2006**

Robert W. Ferguson, Jr. . . . . Cabinet Secretary  
Department of Administration

Cedric Green . . . . .Executive Assistant  
Department of Administration

David M. Pentz . . . . . Director  
General Services Division (*to Jan 2006*)

David M. Oliverio . . . . . Director  
General Services Division (*from Feb 2006*)

Andrew Fizer. . . . . State Comptroller / Finance Director  
Department of Administration (*to Dec2005*)

Ross Taylor . . . . .State Comptroller / Finance Director  
Department of Administration (*from Jan2006*)

John Smolder . . . . .Director  
Accounting Section, Department of Administration

Tammy King . . . . . Director  
Leasing Section, General Services Division (*to Feb2006*)

Charles Lawrence . . . . . Executive Director  
Real Estate Division (*from Jul2007*)

Carolyn Thomas . . . . .Property Leasing / Visitor Parking Coordinator  
Real Estate Division

Sheila Gray . . . . .Leasing Coordinator  
Real Estate Division

Pam Dukate . . . . .Administrative Service Manager  
General Services Division(*To July 2002*)

Kay Parks . . . . . Accountant / Auditor  
Department of Administration



**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**GENERAL SERVICES DIVISION – PARKING OPERATIONS**  
**SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES**

**Weak Internal Controls Over Parking Meter Collections**

1. We noted deficiencies in the internal control structure while parking was under the Finance/Accounting Division of the Department of Administration and the Leasing/Parking Section of the General Service Division. Parking meter collections totaled \$97,145.88 for fiscal year 2004; \$123,279.33 for fiscal year 2005; \$118,294.76 for fiscal year 2006; and \$65,890.40, for the first half of fiscal year 2007.

**Auditor's Recommendation**

We recommend the Real Estate Division comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code by strengthen internal controls in the areas of Cash Receipts for Parking Meter Collections.

**Finance Division's Response**

*A decision was made that it was not worth the time and effort to continue fighting what we considered to be a “losing battle”, to replace/repair the handheld scanner, since the annual deposits appeared to be consistent year to year. Additionally, we believe counting the coins prior to delivery to the financial institution for deposit would increase the possibility of theft.*

**Real Estate Division's Response**

*Although agency personnel do not agree with all parts of our finding, they are making efforts to correct deficiencies in internal controls. (See pages 15-21.)*

**Lack of Documentation for Assigned Parking Collections**

2. We could not test assigned parking collection due to the agency being unable to produce all the parking allocation reports supporting revenue collected for the assigned parking spaces on the Capitol Complex. We requested parking reports for six various months during the period July 1, 2003 through December 31, 2006 representing \$180,170.50 of the revenue collected related to assigned parking spaces on the Capitol Complex. Agency personnel were unable to provide us with documentation supporting \$91,176.50 of revenues collected for the months selected. When projected to the total assigned parking collections of \$1,466,815.02 for the audit period, we believe there may be \$742,291.66 of the parking reports that can not be made available.

**Auditor's Recommendation**

We recommend the Real Estate Division comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, by maintaining sufficient records supporting the assigned parking collection revenues. Additionally, we recommend the Real Estate Division strengthen internal controls in the areas of Cash Receipts for Assigned Parking Collections through reconciling assigned parking space data with the amount collected for assigned parking each month.

**Finance Division's Response**

*The Finance Division has developed and implemented policies and procedures that allows for the reconciliation of parking spaces to the monthly rental amounts received from agencies and/or employees.*

**Real Estate Division's Response**

*Most spaces are paid by the employee by payroll deduction which is transferred from each agency to the finance division through a intergovernmental transfer, employees paying by check is collected by the parking coordinator then forwarded on to the finance division by the agency, each agency is responsible for collecting for their allocated spaces... (See pages 22 and 23.)*

**Lack of Supporting Time Sheets**

3. Time sheets supporting payroll transactions totaling \$129,910.64 in personal services and \$66,428.12 in employee benefits for the period July 1, 2003 through June 30, 2004 were not made available for our review.

**Auditor's Recommendation**

We recommend the Real Estate Division comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, and the Fair Labor Standard Act.

**Real Estate Division's Response**

*Documentation was not made available by the transferring division. Records (timesheets) have been adequately maintained from the time for transfer on. (See pages 24 and 25.)*

#### **Receiving Reports Not Available**

4. Receiving reports were not consistently retained; therefore, we could not determine whether merchandise was properly received. We noted four instances totaling \$429.53 where receiving reports were not available.

#### **Auditor's Recommendation**

We recommend the Real Estate Division comply with the West Virginia State Auditor's Office, State Purchasing Card Program's Policies and Procedures; Chapter 12, Article 3, Section 10f of the West Virginia Code; and Title 155-1-4, by maintain documents to properly support all disbursements.

#### **Real Estate Division's Response**

*Purchases made on the p-card were not made by the GSD – Leasing Section. Purchases made on p-card by Leasing did not occur until the Real Estate Division was created. (See pages 25-28.)*

#### **Payment for Services Not Rendered**

5. We noted from February 2006 until June 30, 2006 the Department of Administration continued to process three split account employees under Fund 2240, after all parking duties were transferred from the Purchasing Division to the General Service Division– Leasing Section, in the amount of \$21,464.55.

#### **Auditor's Recommendation**

We recommend the Department of Administration process payments for Personal Services and Employee Benefits for Fund 2240 in accordance with Chapter 12, Article 3, Sections 13 and Chapter 12 Article 3, Section 9 of the West Virginia Code and Budget Bill.

**Finance Division's Response**

*Agency personnel have corrected the issues by reimbursing the Parking Fund for all expenses erroneously charged.*

**Real Estate Division's Response**

*Agency personnel agree with this finding and contracted the Division of Finance to rectify the situation. (See pages 28-31.)*

**Clancy Receipt System**

6. We determined the computerized system used to manage the parking tickets could not be relied on for an accurate account of monies received. Additionally, the spending unit personnel do not perform any type of reconciliation between the computerized system and WVFIMS. Parking fine collections totaled \$53,699.25 for fiscal year 2004; \$37,065.21 for fiscal year 2005; \$48,644.53 for fiscal year 2006; and \$13,371.00, for the first half of fiscal year 2007.

**Auditor's Recommendation**

We recommend the Real Estate Division comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, by keeping an accurate account of receipts in their receipt system and performing reconciliations between the parking computer system and WVFIMS.

**Real Estate Division's Response**

*At that time of the audit, Leasing was still learning the system. Since this audit, there have been a few glitches in the system. Agency personnel are working with Clancy to correct problems identified with the system. (See pages 31-33.)*

**Log Sheets Not Signed by the Appropriate Personnel**

7. We noted purchase card log sheets were not consistently signed by either the cardholder or the purchase card log coordinator.

**Auditor's Recommendation**

We recommend the Department of Administration comply with the West Virginia State Auditor's Office, State Purchasing Card Program's Policies and Procedures.

**Real Estate Division's Response**

*GSD needs to comment.*

*Note: Secretary Ferguson informed us that GSD was not able to comment on this finding due to employees, responsible at the time of the audit, are no longer employed at GSD. (See pages 33 and 35.)*

**Collection Efforts for Delinquent Fines**

8. Collection efforts are not made for violators who hold a balance less than \$50.00. We noted collection efforts were not taken on ten delinquent citations totaling \$105.00. Additionally, we noted that collections notices for violators with balances in excess of \$50.00 were not consistently sent out to eight violators who jointly held 276 tickets totaling \$1,671.00. Based on a report dated June 11, 2008 of the top 100 license plates with unpaid fines (ranging from \$70.00 to \$485.00), the State is losing \$13,883.00 in revenue on these violators alone.

**Auditor's Recommendation**

We recommend the Real Estate Division take advantage of Legislative Rule 148, Series 6, Sections 7.2 and 7.3 by taking violators with delinquent accounts to Magistrate Court in effort to make collection. We also suggest the possibility of seeking the assistance of the Attorney General Office in the collection of outstanding fines.

**Real Estate Division's Response**

*It was discussed with DOA Attorney, it would not be cost effective to collect on an offender debt less than \$1000.00. The Leasing Office still worked hard towards collecting the debt. Since the transfer we have went from the top offender owing \$4,000 dollars to now the top offender owes \$485.00.*

(See pages 35-39.)

**Voided/Dismissed Tickets**

9. We noted four tickets were not supported by a signed form of approval.

**Auditor's Recommendation**

We recommended the Real Estate Division comply with the written procedures related to parking operations.

**Real Estate Division's Response**

*Voided ticket information was not transferred with parking, when leasing took over person voiding tickets was DOA only. If a staff member voided a ticket in the system, reason being would be if the parking attendants make a mistake on the ticket. We now have the parking attendants fill out an evaluation form to justify why they need the ticket voided. (See pages 39 and 40.)*

**Incorrect Administration Fee Paid**

10. We noted the Department of Administration underpaid the Division of Personnel \$25.50 for the July 2006 billing for Personnel Fees.

**Auditor's Recommendation**

We recommend the DOA process payments for personnel administrative fees per the guidelines in the Expenditure Schedule Instructions.

**Real Estate Division's Response**

*GSD needs to comment.*

*Note: Secretary Ferguson informed us that GSD was not able to comment on this finding due to employees, responsible at the time of the audit, are no longer employed at GSD. (See pages 40 and 41.)*

**Payments not Processed Timely**

11. Invoices were not consistently processed within ten days of their initial receipt.

**Auditor's Recommendation**

We recommend the DOA comply with Chapter 5A, Article 3, Section 54 of the West Virginia Code and Legislative Rule Title 155, Section 3.9 by processing all invoices within ten days of their initial receipt.

**Real Estate Division's Response**

*GSD needs to comment.*

*Note: Secretary Ferguson informed us that GSD was not able to comment on this finding due to employees, responsible at the time of the audit, are no longer employed at GSD. (See pages 41-45.)*



### **Guard Restitution (Informational)**

12. We reported in our prior audit of Parking Operations for the period of July 1, 1999 through June 30, 2001, the two parking guards who pled guilty to charges of unlawfully appropriating state money (Guard One) and accessory (Guard Two) after the fact to embezzlement and giving false statements. As of June 3, 2008, restitution payments in the amount of \$19,593.43 have been made for Guard One. A balance of \$8,128.45 is still owed. Guard Two has paid his restitution of \$500.00 in full. (See pages 45-47.)

### **Mail Room Theft (Informational)**

13. An Information Systems and Communications Division (IS&C) employee plead guilty to charges of Petit Larceny for removing money (payment for parking tickets) from articles processed through the Central Mailroom. The employee has paid her restitution of \$100.00 in full. (See pages 47 and 49.)

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**GENERAL SERVICES DIVISION - PARKING OPERATIONS**

**GENERAL REMARKS**

**INTRODUCTION**

We have completed a post audit of the West Virginia Department of Administration's General Services Division's Parking Operations. The audit covered the period July 1, 2003 through December 31, 2006.

**SPECIAL REVENUE ACCOUNT**

All expenditures required for the general operation of the Department of Administration's General Services Division's Parking Operations are accounted for through the following special revenue funds:

<b><u>Fund Number</u></b>	<b><u>Description</u></b>
Parking Lots Operating Fund:	
2240 - 099 .....	Unclassified
2240 - 640 .....	Departmental and Miscellaneous Income
2255 - 099 .....	Unclassified
2255 - 553 .....	Statutory Transfers

Chapter 5A, Article 4, Section 5 of the West Virginia Code generally governs the Department of Administration's General Services Division's Parking Operations. We tested the above code section plus other general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to financial matters. Our findings are discussed below.

### **Weak Internal Controls Over Parking Meter Collections**

During our examination of the Parking Operation, we noted deficiencies in the internal control structure. During the time meter collections were handled by the Department of Administration (DOA) Finance Division, the mail runner participated in all parking meter collections, assisted by an assigned employee who was rotated. A monthly schedule of employees to assist with meter collections was prepared by the mail runner and his supervisor. Deficiencies noted throughout the audit period consisted of the following: (1) The persons collecting the money from the parking meters and the ticket lock boxes have physical contact with the money. (2) The same persons who collected the money took the money to the bank for deposit. (3) There is no way to determine how much money should be in the meters. For a period of time while Parking was under the Finance Division there was a handheld scanner which approximated the amount of money that was in the meters. After the machine malfunctioned, the Division determined it would not be cost effective to purchase a new handheld scanner. We were not able to determine the cost of the scanner. (4) The persons collecting the money from the parking meters do not count the money nor do they witness the money being counted at the bank. (5) Agency personnel received a bank receipt for the prior deposit as they deliver the current deposit to the bank. (6) Collector(s) sign blank deposit slips without knowing what is actually being deposited. (7) The collectors did not sign a log or facsimile to verify delivery to the bank. Additionally, we noted the following deficiencies after the General Service Division (GSD) - Leasing Section became responsible for parking operations: (1) Collections begin at same location (on California Avenue). This allows individuals to recognize a routine pattern in collections. (2) The employees performing the meter run do not sign for the State-owned vehicle used to take the money to the bank. (3) The

schedules of employees performing the meter runs were discarded prior to the start of our audit. (4) There is no reconciliation of the money collected and deposits being performed. (5) The bank bag, in which tickets collected from the lock boxes were placed until delivered to accounting, was not properly secured. There was no key for the bank bag. (6) The GSD - Leasing Section was not aware there were any written procedures until the onset of this audit.

Weaknesses in internal control noted in a prior audit, relating to the parking meter collections, are still evident. We reported in our prior audit for the period July 1, 1999 through June 30, 2001, the DOA had not developed adequate procedures for safeguarding revenues collected from parking meters, as recommended in various reports issued by the Legislative Auditor's Office. Parking meter collections per WVFIMS totaled: \$97,145.88 for fiscal year 2004; \$123,279.33 for fiscal year 2005; \$118,294.76 for fiscal year 2006; and \$65,890.40, for the first half of fiscal year 2007. As a result of a lack of internal controls, we were unable to test parking meter collections.

Also, a sign out log for keys to the parking meters and ticket lock boxes were not being maintained as we started our audit of Parking Operations. After our inquiry on its use, the sign out log for these keys was reestablished; however, in the cases observed, the log was signed by only one of the two attendants assigned to meter collection duty on the given date. The two attendants, who make the collections, in most cases, also delivered the collection to the bank. It should be noted since our last audit, all meter collections must be performed by two attendants. It should also be noted we observed these individuals are rotated periodically. We were also informed there have been rare occasions when the locked coin box filled before the attendants collectors finished collecting from all meters, and the coin box had to be taken to the bank before they could finish the collection. If the two attendants finished the collection of the remaining

meters too late in the day and a second delivery to the bank was not possible, the locked coin box was taken to the GSD-Leasing Section and stored in an unlocked room in the back of the office area until the next morning when it could be delivered to the bank. The average deposits made to the bank are approximately \$1,500.00.

In addition, at the end of our prior audit, the DOA arranged to have the parking meter collections monitored by the Capitol's security camera system as an additional safeguard against theft of the collections. From a conversation with the Finance Director, Protective Services was contacted early in our audit period. However, with time, the number of times Protective Services was contacted diminished, until Protective Services was no longer contacted. From our inquiry at the start of our audit, we understood the Leasing Section had discussed having the parking meter collections again monitored with Protective Services. However, on the day we witnessed the collection process, Protective Services told us they had not been notified the parking meter collection was to take place.

The locked coin box is delivered directly to the bank after a collection. The attendants do not witness the bank's count of the money. The DOA relies on the bank to calculate the amount of the deposit. Since the DOA does not count the money before it is deposited, nor witness the depository bank's count of the money, the possibility of errors, mistakes or theft at the bank level cannot be detected.

During our audit it came to our attention that one of the parking attendants was arrested for stealing money out of the parking meters. On October 17, 2007, a parking attendant was arrested during a meter collection for stealing meter monies. The parking meters would either jam or overflow, in either event, the parking attendants must shake the meter shoot to make the money fall out. The money removed from the shoot is placed in a "half cup" to be

inserted into the coin canister. The employee was observed, by video and visual surveillance, removing coins from the half cup and sliding them into his pocket.

At the time of his arrest, the employee had \$466.58 in coins on his person. The employee admitted to taking money from the meters three or four additional times; however, the total amount stolen could not be determined. According to the current Director of the Real Estate Division (formally GSD–Leasing Section), the employee stated he took the money because he had to pay bills.

A Division of Protective Services report dated December 12, 2007 states there was one count of destruction of property with a property damage amount of \$5,000 and one count of petit larceny at the DMV parking lot at the Capitol Complex in relation to money stolen from the parking meters. As of this date the investigation was ongoing.

A Division of Protective Services report dated December 23, 2007 at 11:50 a.m. states there were seven counts of destruction of property and seven counts of petit larceny at the south side Cultural Center parking lot. The officers observed a total of seven parking meters that had been broken into.

Another Protective Services report dated December 23, 2007 at 9:00 p.m. states there were seven counts of destruction of property at the parking garage area building 13 with a property damage amount of \$3,500. The officers reported the mode of operation seemed similar to two previous vandalism cases, one of which the suspect was arrested. The suspect was questioned by a protective services officer and a Charleston police officer and gave a full confession regarding the vandalism that had occurred earlier that day. The suspect was again arrested.

Chapter 5A, Article 8, Section 9 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 Real Estate Division comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code by strengthening internal controls in the areas of Cash Receipts for Parking Meter Collections.

**Finance Division’s Response**

*It wasn’t so much the cost of replacing/repairing the handheld scanner, it was the fact that during the time in which we utilized the scanner, it was either broken or we could not rely on the totals it provided. The machine was returned to the vendor on numerous occasions for repair; however, when returned to the state the same problems occurred. The vendor even provided us with a new scanner but it also malfunctioned. A decision was made it was not worth the time and effort to continue fighting what we considered to be a “losing battle” especially since the annual deposits appeared to be consistent year to year.*

*As for counting the monies prior to delivery to the financial institution for deposit, the only way we believe the state could verify the collection amount prior to deposit would require the state to purchase a coin counter and actually count the coin monies prior to delivery to the bank. We believe this would increase the possibility of theft since the coin would need to be removed from the lockbox in order to count.*

*Also, the State has previously obtained and reviewed the internal control procedures utilized by the financial institution. The controls appeared adequate so no further action was deemed necessary.*

**Real Estate Division's Response**

*Meter collection was performed by the Finance Division*

*1.1 Money in ticket boxes are in sealed envelopes very seldom have hands on money*

*1.2 Money collected from ticket boxes and meter collection are deposited by the same (2) attendants*

*1.3 I was aware Finance had a hand held scanner to scan the meters to determine approximately how much money was in each meter, prior to the transfer of parking the handheld was sent back to Duncan per Finance due to malfunction which was consistent. Have no knowledge of how much the scanner is or was worth*

*1.4 Parking attendants do not count the money after collecting money out of the meters, the box is locked and can only be opened by the bank (there is not enough time in the day nor the man power to count that kind of change, if the state cannot trust a bank then the treasurers office should assume responsibility*

*1.5 Four deposit slips are signed by one of the parking attendants and is presented to the bank when the money is delivered, in receipt the parking attendant receives a deposit slip from the the previous week of deposit*

*1.6 Again there is no way possible the parking attendant nor anyone to know the amount of the money being deposited due to the bank being the only one that has access to the key*

*1.7 The proof of verifying the delivery to the bank is the return receipt from the previous week*

*(1) Have no information collection pattern for Finance, after the transfer to Leasing the Meter collections are rotated between lots and employees*

*(2) Have no information on sign out of state vehicles for Finance, after the transfer to Leasing a state vehicle was signed out from the purchasing division and finance division to make the delivery to the bank*

*(3) Discarded by Finance, after the transfer all schedules are filed*



*(4) Finance logged the tickets at that time, after the transfer to Leasing a electronic ticket system was purchased and all tickets from Finance was converted to the new systems*

*(5) The Ticket bag that collects the tickets out of the ticket box does not lock and still doesn't, Parking needs to order a new bag*

*(6) Finance provided Leasing a copy of the procedures*

*2.1 Weakness in internal control in prior audit relating to parking meters, Parking has developed a safer process for this control and believes to be successful*

*2.2 Sign out sheet for parking meters and ticket boxes were not being maintained at the beginning of the audit, since then a sign out log sheet has been established, only one attendant signs the keys out and that person is responsible, meter collections are always performed by two employees and rotated every week. There has been 2 incidents from my knowledge where a meter run ran late to where the money could not be delivered to the bank, so the money was put in a closet in MB-60 the closet did not lock but the doors to the office was locked at the end of everyday to be delivered to the bank the following day. On several occasions the money box was full before the meter run was finished, so the money was taken to the bank and finished the next day.*

*2.3 During the beginning of the audit it was suggested the meter collection be monitored by Protective Services, which our office coordinated. Several Occasions Protective Services was not notified before the audit, since then Protective Services delivered the money plus the attendants to the bank. As of the end of May parking has a state vehicle which makes the deliveries to the bank. So protective services will still monitor the meter runs but not deliver to the bank*

*2.4 The locked coin box is delivered directly to the bank after the meter collection and AGAIN only verification for the delivery is receiving the previous deposit slip(GETTING IN THE WEEDS)*

*2.5 Parking Attendant was caught by Protective Services. The money was collected from the employee in the amount of 466.58. The employee did state they had stolen on two other occasions.*

*2.6 Gentlemen was finally caught and put in Jail, damages were reported to BRIM and a claim was filed by the parking section, have no information at this time of claim status. Will follow up*

### **Lack of Documentation for Assigned Parking Collections**

We could not test assigned parking collections due to the agency being unable to produce all the parking allocation reports supporting revenue collected for the assigned parking spaces on the Capitol Complex. On September 26, 2007, we requested parking reports for six various months during our audit period representing \$180,170.50 of the revenue collected related to assigned parking spaces on the Capitol Complex. The spending unit personnel were unable to provide us with documentation supporting \$91,176.50 or 51% of revenues collected for the months selected. When projected to the total assigned parking collections of \$1,466,927.02 for the audit period, we believe there may be \$742,348.34 of parking reports that can not be made available. Therefore, we were unable to determine whether the amount collected for assigned parking was correct. The GSD-Leasing Section became responsible for assigned parking operations in February 2006. Prior to February 2006, the Purchasing Division was responsible for this function. Records related to assigned parking were sent from the Purchasing Division on the onset of this change. Previous revenue documentation for the assigned parking operations was archived. The agency obtained this documentation from the archives; however, they were unable to locate any of the parking allocation reports.

We noted the following deficiencies in the internal control structure of the assigned parking collections: **(1)** A detailed record of the parking spaces and those employees occupying the spaces is not maintained for accounting or reconciling purposes. **(2)** The payments received for assigned parking were not compared to the records indicating the agencies and/or employees renting the spaces by an independent employee. **(3)** Records of the receipts were maintained by the cashier function. **(4)** A duplicate deposit slip was not checked nor held by someone other than the employee preparing the deposit.

Chapter 5A, Article 8, Section 9 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 Real Estate Division comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended, by maintaining sufficient records supporting the Assigned Parking Revenues.

**Finance Division’s Response**

*The Finance Division has developed and implemented policies and procedures which allows for the reconciliation of parking spaces to the monthly rental amounts received from agencies and/or employees.*

*In addition, the Finance Division also has begun preparing monthly reports showing the amount of monies received each month from meter collections. The reports are being reviewed for unreasonable fluctuations.*

**Real Estate Division’s Response**

*3.1 Reports requested was transferred to Leasing from Purchasing, when collecting this information for the audit period, all reports was not transferred over from Purchasing*

*3.2 Parking reconciliation was performed by the purchasing division at one point and time, since the transfer there has been no reconciliation on assigned parking collections, the RED/Parking is in the process of working with the Finance Division to begin this process. Most spaces are paid by the employee by payroll deduction which is transferred from each agency to the finance division through a intergovernmental transfer, employees paying by check is collected by the parking coordinator then forwarded on to the finance division by the agency, each agency is responsible for collecting for there allocated spaces.*

### **Lack of Supporting Time Sheets**

Time sheets supporting payroll transactions totaling \$129,910.64 in personal services and \$66,428.12 in employee benefits for the period July 1, 2003 through June 30, 2004 were not made available for our review.

Chapter 5A, Article 8, Section 9 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....”

Additionally, Parking employees are required to maintain time sheets because they are governed (non-exempt) by the overtime provisions of the Federal “Fair Labor Standards Act” and subject to Title 29, Section 516.2 of the Code of Federal Regulations.

“...(a) *Items required.* Every employer shall maintain and preserve payroll or other records containing the following information...Every employer shall maintain and preserve payroll or other records containing the following information...

(7) Hours worked each workday and total hours worked each workweek (for purposes of this section, a “workday” is any fixed period of 24 consecutive hours and a “workweek” is any fixed and regularly recurring period of 7 consecutive workdays)...”

The Fair Labor Standards Act, 29 U.S.C.A. 211 applies. 29 Code of Federal Regulations 516.5 states in part:

“Each employer shall preserve for at least 3 years: (a) Payroll records. From the last date of entry, all payroll or other records containing the employee information and data required under any of the applicable sections of this part,...

The agency personnel explained, prior to August 1, 2004, the parking attendants were under the Purchasing Division. During the transition from the Purchasing Division to the GSD - Leasing Section, the times sheets were misplaced, and neither agency could provide us with copies. As a result of the missing time sheets, we were unable to determine if the employees were paid in accordance with the Laws, Rules and Regulations that govern them. Since August 1, 2004 time sheets have been maintained by GSD.

We recommend the Department of Administration comply with Chapter 5A, Article 8, Section 9 of the West Virginia code, as amended, and the Fair Labor Standards Act.

**Real Estate Division's Response**

***4.1 Documentation not made available by Finance/Purchasing Division***

***4.2 Records are now adequately maintained***

***4.3 Time sheets were not provided during the transfers***

**Receiving Reports Not Available**

We tested 50 purchase card (p-card) transactions for receiving reports. We noted in four instances there were no receiving reports. There were three instances while Parking Operations was under the Purchasing Division, and one instance while Parking Operations was under the Finance Division. The purchases we noted without any form of receiving reports are as follows:

**Purchasing Division:**

<u>Date</u>	<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
06/18/2003	Green Acres Regional Ctr.	\$ 11.18	2 - 5 gallons bottles - Lesage Natural Wells Water
07/26/2004	Green Acres Regional Ctr.	\$ 27.95	5 - 5 gallons bottles - Lesage Natural Wells Water

<u>Date</u>	<u>Vendor</u>	<u>Amount</u>	<u>Description</u>
09/18/2003	Electronic Specialty	\$345.68	Prox Access Card
<b>Finance Division:</b>			
10/20/2004	Green Acres Regional Ctr	\$44.72	8 – 5 Gallon Bottles – Lesage Natural Wells Water

The State Auditor’s Office Purchasing Card *Policies & Procedures* handbook, Section 7.3, states in part:

“...State law requires receiving reports to be filed with the State Auditor’s Office for commodities purchased for the State...”

Chapter 12, Article 3, Section 10f of the West Virginia Code, states in part,

“...A receiving report shall be submitted to the state auditor verifying the receipt of commodities by a state spending unit. The receiving report shall be an internally-generated document, either written or prepared using electronic media that identifies commodities received. Commodities as defined in this section include, but are not limited to, the following: Materials, equipment, supplies, printing and automated data processing hardware and software.

The state officer or employee acting as head of each spending unit is responsible for the completion and timely submission of the receiving reports, which shall be prepared at the original point of receipt of the commodities at the spending unit by employees designated by the head of the spending unit to receive the commodities and prepare the receiving reports. The receiving reports shall include, but not be limited to, the following information: Vendor name, description and quantity of commodities received, date commodities are received, whether commodities are acceptable for payment, and a signed acknowledgment of receipt by the employees receiving the commodities. The receiving reports required by this section shall be prepared within twenty-four hours of the receipt of the commodities.

The head of a spending unit may not issue a requisition on the state auditor in payment of a claim for commodities received by the spending unit unless the receiving report required by this section accompanies the claim for payment. The spending unit is liable for a debt improperly incurred or for a payment improperly made if

the receiving report was not filed with the state auditor as set forth in this section...”

Legislative Rule, Title 155-1-4 defines the criteria for receiving reports. It states:

4.2 Form. A receiving report shall be in a format approved by the Auditor.

4.3 Itemization. All receiving report submitted.

4.3.a. An item description for each type of commodity received along with the quantity of each type received in sufficient detail that is in agreement with the vendor invoice and/or contract; and

4.3.b. The date the commodities were received. The actual date on which the commodities were received by the authorized individual.

4.4. Vendor information. All receiving reports submitted to the Auditor shall have the same vendor name as that contained on the invoice and WVFIMS cover sheet. If the vendor name on the receiving report is not the same, then the receiving report shall indicate that the vendor name on the receiving report is that of a division, branch, subsidiary, or is a doing business as (DBA) name of the vendor name contained on the invoice and cover sheet.

4.5. Signed Acknowledgment. All receiving reports shall contain the original signature of the authorized individual designated to receive commodities and prepare receiving reports. This signature acknowledges both receipt and the fact that the commodities received are acceptable for payment. The Signed Acknowledgment must also include the authorized receiver’s printed name and user id.”

We could not determine whether merchandise was properly received. The P-card Coordinator for the Purchasing Division, did not know why there was no documentation showing the merchandise was received. For two instances (one for Green Acres and one for Electronic Specialty), the purchases occurred prior to her becoming the P-card Coordinator in December 2003. She stated when she became the Coordinator, the records were very disorganized. She believes the missing receiving documentation for the Green Acres (July 2004 transaction) was misplaced.

The P-card Coordinator for the Finance Division, stated he was unsure why the Delivery Tickets were not attached to the documentation for the water purchases. He stated it was possible that the Delivery Tickets could have also been misplaced.

We recommend the Department of Administration comply with the West Virginia State Auditor's Office, State Purchasing Card Program's *Policies and Procedures*; Chapter 12, Article 3, Section 10f of the West Virginia Code; and Title 155-1-4, by maintaining documents to properly support all disbursements.

### **Real Estate Division's Response**

#### ***5.1 Purchases were made by the Purchasing and Finance Division.***

***Purchases that were made after the transfer to Leasing were made by the Finance Division also, Leasing did not have a p-card, documentation collected of the purchase was sent to Finance for reconciliation, it came to our attention later on packing slips/receiving slips needed collected also which was a miscommunication between Finance and Leasing***

#### ***5.2 Purchases made on a p-card by Leasing did not happen until the Real Estate Division was created***

#### ***5.3 Purchases made by Purchasing prior to this audit***

#### ***5.4 Purchases made by Finance prior to this audit***

### **Payment for Services Not Rendered**

We noted from February 2006 until June 30, 2006 the DOA continued to process three split account employees under Fund 2240 after all parking duties were transferred from the Purchasing Division to the GSD - Leasing Section. Split account employees are employees that are paid from more than one account. We reviewed all disbursement transactions related to employee benefits to determine whether the DOA processed payments in accordance with the Employee Benefits Guidelines outlined in the appropriate Expenditure Schedule. We compared



the payroll registers, the PIMS reports and all benefit related documents for the monthly, quarterly and semi-yearly invoices for each payroll cycle.

We noted the continuation of personal services and employee benefits for three DOA employees paid on split account. These employees and salaries are detailed below:

<u>PERIOD</u>	<u>EMPLOYEE NAME</u>	<u>EARNINGS</u>	<u>BENEFITS</u>	<u>TOTAL</u>
2/1/06-6/30/06	Employee 1	\$ 9,483.60	\$2,637.03	\$12,120.63
2/1/06-6/30/06	Employee 2	2,686.00	679.71	3,365.71
1/06-6/30/06	Employee 3	<u>4,287.50</u>	<u>1,690.71</u>	<u>5,978.21</u>
	<b>TOTALS</b>	<b><u>\$16,457.10</u></b>	<b><u>\$5,007.45</u></b>	<b><u>\$21,464.55</u></b>

Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, states in part:

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

We believe this is in noncompliance with Chapter 12, Article 3, Section 9 of the West Virginia Code, which states:

“Every board or 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 the 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.”

We also believe this is in noncompliance with the Budget Bill for FY 2005-2006, which states in part:

“... Sec.3. Classification of appropriations. – An appropriation for: “Personal services” shall mean salaries, wages and other compensation paid to full-time, part-time and temporary

employees of the spending unit but shall not include fees or contractual payments paid to consultants or to independent contractors engaged by the spending unit....

...Employee benefits” shall mean social security matching, workers’ compensation, unemployment compensation, pension and retirement contributions, public employees insurance matching, personnel fees or any other benefit normally paid by the employer as a direct cost of employment....

...Appropriations classified in any of the above categories shall be expended only for the purposes as defined above and only for the spending units herein designated:...”

Purchasing Division employees, paid on the split account received \$21,464.55 in compensation from Fund 2240 - Parking Lot Operating Fund, for a time period which the employees no longer provided a service.

The Comptroller/Finance Director of the DOA, informed us that instead of completing a W-11 on February 6, 2006, when responsibility for the parking operations were transferred from the Purchasing Division to the GSD - Leasing Section, employees were transferred off the budget at the beginning of fiscal year 2007. The director was not aware that employee #2 had remained on the payroll of Fund 2240. He believes this was an oversight and stated this issue would be corrected.

We recommend the Department of Administration process payments for Personal Services and Employee Benefits for Fund 2240 in accordance with Chapter 12, Article 3, Section 13 and Chapter 12, Article 3, Section 9 of the West Virginia Code and the Budget Bill.

**Finance Division’s Response**

***Issues have been corrected. The Parking Fund has been reimbursed for all expenses erroneously charged.***

### **Real Estate Division's Response**

***6.1 Salaries were still being paid out of the parking fund after the transfer of parking to leasing. DOA contacted Finance and made them aware of the situation, at that point Finance agreed with the findings and transferred to the appropriate fund. The fund is now reviewed monthly by RED/Parking Section. Finance did state it was an oversight and stated this issue would be corrected.***

### **Clancy Receipt System**

The Clancy Receipt System is the computerized system that is used to manage the parking tickets. We determined the Clancy receipt system could not be relied on for an accurate account of monies received. Parking fine collections totaled \$53,699.25 for fiscal year 2004; \$37,065.21 for fiscal year 2005; \$48,644.53 for fiscal year 2006; and \$13,371.00 for the first half of fiscal year 2007. It came to our attention that payments for waived late fees and voided tickets are not entered into the Clancy System. If a late fee is waived and the total amount of the ticket was paid (including the late fee), the whole amount is deposited and entered into WVFIMS, but only the amount still showing as outstanding by the Clancy System is entered into the system. If a voided ticket is paid, the total amount is deposited and entered into WVFIMS, but is not entered into the Clancy system. We were unable to determine the amount of the unrecorded payments.

The Leasing/Parking personnel were not familiar with the reports available through the Clancy System. Further, for the reports that are utilized, the personnel were unsure of the time frame the reports cover i.e., as of the report date or as of the ending parameter date for the report. We determined the system gives information which is useful for the current point in time only, and is useful to the agency to keep track of what is paid and what is owed.

However, it does not appear we can use the system to go back to see what the status of the citation was at a particular point in time.

Further, the spending unit personnel does not perform any type of reconciliation between the Clancy receipt system and WVFIMS. In addition, the spending unit personnel does not run an aging schedule or review the status of accounts receivable to determine outstanding balances, they rely on the Clancy System to send letters to violators with balances in excess of \$50.00. We noted that the System does not always create a letter for all outstanding balances in excess of \$50.00.

Chapter 5A, Article 8, Section 9 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....”

The Leasing Coordinator for the Real Estate Division stated the reason for entering only the portion still owed in the system, if a ticket was voided or a late fee waived, and later the violator remits the full payment, was to avoid showing an overage in the system. Additionally, The Leasing Coordinator stated, agency personnel were not familiar with the Clancy System’s available functions and reports due to a lack of time due to other duties. Further, agency personnel informed us they were not aware they should reconcile the Clancy receipt system to the WVFIMS systems. She was unaware that the Clancy System omitted sending letters to all violators who held a balance in excess of \$50.00.

We recommend the Real Estate Division comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code by keeping an accurate account of receipts in their receipt system and performing reconciliations between the Clancy receipt system and WVFIMS.

**Real Estate Division's Response**

*7.1 During the time of the conversion, there was an enormous amount of monies owed from parking tickets, after the conversion to the Clancy System the Leasing Office generated letters from the Clancy System to all the ticket offenders, at that point we got overwhelmed with calls, people stating they paid their tickets, they never got a letter, etc. The leasing office discussed with DOA to help these people which a majority was state employees, we would waive the late fee, and make them pay the ticket amount. Once the late fee was waived and monies came in for the ticket amount plus the late fee, it was discussed with DOA and decided due to the hassle of a refund and the offender owing the late fee before it was waived, not to give a refund, so the Clancy System not showing a credit for the offender the ticket was marked paid and the additional monies for the late fee was not documented.*

*7.2 The Clancy System is for current monies owed, this system cannot run a report on monies owed in previous years or months. At that time of the audit Leasing was still learning the system*

*7.3 Since this audit there has been a few glitches in the system and we came to realize there is a few offenders that have not received letters, we are still experiencing this problem, and has been address with Clancy.*

*7.4 When a ticket was voided or late fee waived and we received payment, the monies was forwarded on to Finance not documented in the Clancy System due to the system showing an overage or credit due back to the offender, at this time the system was still new and the Leasing office worked hard towards collecting the debt owed by these offenders, so monies collected for voided tickets, late fees waived etc., was not sent back to the offender.*

**Log Sheets Not Signed by the Appropriate Personnel**

We tested 50 purchase card transactions and noted that purchase card log sheets were not consistently signed by either the cardholder or by the p-card coordinator. The General Service Division cardholders do not electronically sign their p-card log. We noted nine transactions, consisting of five purchasing card log sheets, where a p-card holder's log was not signed by the cardholder or the coordinator. These transactions are as follows:

<u>Vendor Name</u>	<u>Amount Paid</u>	<u>Description of Transaction</u>
United Talent	\$ 358.40	Temp - Clerk - Week Ending 10/1/05
United Talent	448.00	Temp - Clerk - Week Ending 9/24/05
Murphy Elevator Co	112.00	Repair Elevator Bldg 13
National Waterworks 515	194.96	Adapters To Hook Up Water Hoses In Bldg 13
Murphy Elevator Co	560.00	Elevator Maintenance Bldg 13
United Talent	107.80	Temp - Clerical - Week Ending 8/19/06
United Talent	362.60	Temp - Clerical - week ending 9/23/06
United Talent	313.60	Temp - Clerical - Week Ending 10/14/06
Industrial Supply- Charleston	<u>101.64</u>	Fittings To Hook Up Water Hoses In Bldg 13
<b>Total</b>	<b><u>\$2,559.00</u></b>	

Additionally, we noted one transaction for Green Acres Regional Center for \$11.18 was also not signed by the coordinator nor the cardholder made while Parking Operations was under the Purchasing Division. The State Auditor's Office Purchasing Card *Policies & Procedures* handbook, Section 7.2, states in part:

“...Log sheets may be computerized or manual and must be signed by both the cardholder and the agency coordinator acknowledging that all entries have been reconciled and are legitimate....”

Due to the lack of internal controls, unauthorized purchases could be placed on p-card. The Purchasing Card Coordinator, stated these instances were an oversight on her part.

We recommend the Department of Administration responsible for Parking Operations comply with the West Virginia State Auditor's Office, State Purchasing Card Program's Policies and Procedures.

**Real Estate Division's Response**

**8.1 GSD needs to comment**

*Note: Secretary Ferguson informed us that GSD was not able to comment on this finding due to employees, responsible at the time of the audit, are no longer employed at GSD.*

**Collection Efforts for Delinquent Fines**

Collection efforts are not made for violators who hold a balance less than \$50.00. Additionally, we noted that collection notices are not consistently sent out to violators who hold a balance in excess of \$50.00. We noted collection efforts were not taken on ten delinquent citations totaling \$105.00. Each citation was issued to one license plate holder who held a balance less than \$50.00; thus, no action was made to attempt to collect the fine. However, we observed that four out of the ten delinquent citations did receive a collection notice on March 20, 2006.

<b><u>Citation Number</u></b>	<b><u>Date Issued</u></b>	<b><u>Amount Due</u></b>	<b><u>Last Collection Notice</u></b>
00111742	02/17/2006	\$ 5.00	No collection effort made
00118311	04/28/2006	20.00	No collection effort made
00118753	05/01/2006	10.00	No collection effort made
75225	07/07/2003	10.00	3/20/06
76220	08/11/2003	5.00	No collection effort made
76673	09/09/2003	5.00	No collection effort made
79645	02/09/2004	5.00	3/20/06
86859	12/16/2004	25.00	No collection effort made
87851	01/28/2005	10.00	3/20/06
90055	06/13/2005	<u>10.00</u>	3/20/06
	<b>TOTAL</b>	<b><u>\$105.00</u></b>	

Additionally, from our sample of 21 obtained from the “Top 100 by Amount Owed” report, we noted that collection efforts are no longer being made on eight license plate

holders who have a balance in excess of \$50.00. Using a report of the 100 highest outstanding balances held by violators obtained during procedures, we selected 21 license plates for testing. We requested the history for these license plate holders. From the history we noted eight obligations are no longer receiving collection notices. We obtained an updated report, dated October 10, 2007, to determine whether the violator had settled his/her obligation. The outstanding obligations in which collection efforts are no longer being made are detailed in the following table:

<b><u>License Plate Number</u></b>	<b><u>Amount Due</u></b>	<b><u>Outstanding Tickets</u></b>	<b><u>Amount Due As of 10/10/07</u></b>	<b><u>Outstanding Tickets As of 10/10/07</u></b>	<b><u>Last Collection Notice</u></b>
License 1	\$ 221.00	40	\$ 221.00	40	4/21/06
License 2	159.00	51	159.00	51	4/28/06
License 3	331.00	46	331.00	46	4/21/06
License 4	163.00	30	163.00	30	4/21/06
License 5	180.00	35	180.00	35	4/21/06
License 6	260.00	29	260.00	29	4/17/06
License 7	117.00	40	117.00	40	5/31/06
License 8	<u>240.00</u>	<u>2</u>	<u>240.00</u>	<u>2</u>	No collection effort made
<b>TOTALS</b>	<b><u>\$1,671.00</u></b>	<b><u>273</u></b>	<b><u>\$1,671.00</u></b>	<b><u>276</u></b>	

Legislative Rule, Title 148, Series 6, Article 7.2 states in part:

“...A summons may be issued for tickets not paid within fourteen (14) days....”

Additionally, Legislative Rule, Title 148, Series 6, Article 7.3 states:

“...Magistrates in Kanawha County, West Virginia have jurisdiction of violations and offenses of this rule....”



According to the "Parking Procedures Handbook" of the Revenue Unit of the Department of Administration last updated May 2001, section on Fines:

Item 19 states "...If no payment is made...,the original ... parking tickets are pulled and added to the documentation file. This file is then turned over to the Paralegal or the Department of Administration for filing in Magistrate Court...."

Additionally item 21 states "...Tickets filed in Magistrate Court can be collected at the violation rate plus \$5.00 per ticket along with court cost. If no payment is made at this time, the court has the option of garnishing wages...."

The Real Estate Division Leasing Coordinator stated when ticket collections became the responsibility of the GSD - Leasing Section in 2005, the attorney informed the Division, due to legal fees and court cost, it would not be cost effective to seek judgment in Magistrate Court unless the delinquent fines for one violator was in excess of \$1,000. She informed us to begin the paper work at Magistrate Court costs \$65.00 per violator. Also, seeking judgment in Magistrate Court takes away from the attorney's time to do other work for the Department.

Further, agency personnel could not explain why eight license plate holders with balances in excess of \$50.00 did not receive a collection notice. Money which is due to the Parking Lot Operating Fund is not aggressively pursued. From a sample of 50 we noted 20% of the citations were delinquent tickets and not pursued. Additionally, we noted from the sample of 21 license plate holders totaling \$4,738.50, eight license plate holders totaling \$1,671.00 or 35% were not pursued. If the violator does not periodically receive a reminder of the amount due, the violator may believe there is no longer an obligation.

Based on a report dated June 11, 2008, of the top 100 license plates with unpaid fines (ranging from \$70.00 to \$485.00), the State is losing \$13,833.00 in revenues on these violators alone. We noticed a decline in collections of old tickets (tickets over 10 days) from \$22,644.25 in FY 2004, to \$7,518.00 in FY 2005; to \$ 243.00 in FY 2006; and to \$1,018.00 through December 31, 2006 (FY 2007).

We recommend the Real Estate Division take advantage of Legislative Rule 148, Series 6 Sections 7.2 and 7.3 by taking violators with delinquent accounts to Magistrate Court in efforts to make collection. We also suggest the possibility of seeking the assistance of the Attorney General Office in the collection of outstanding fines.

### **Real Estate Division's Response**

***9.1 After the conversion letters were sent out for offenders who owed one ticket or more, it was decided between Leasing and DOA to continue the letters but make the range from 1 ticket to offenders who owe 50.00 dollars or more, due to being understaffed the letters were not consistent every month.***

***9.2 There are 3 offenders listed in the chart that didn't receive letters, I do believe since these are the new tickets printed from Clancy after the conversion, they were not on the list for \$50.00 dollars or more. As in the other three offenders who did not receive their first letter has not been determined why, which still they owe less than \$50.00 dollars. The three offenders who only received one letter still owe less than \$50.00. The offender who owes in the amount of \$163.00 and only received one letter has not been determined why, which will be addressed with Clancy.***

***9.3 Cannot comment due to no License plate numbers provided***

***9.4 Finance provided this information***

***9.5 It was discussed with DOA Attorney it would not be cost effective to collect on an offender debt less than \$1000.00. Which the Leasing Office still worked hard towards collecting the debt.***

***9.6 When parking was with Finance letters were sent out to ticket offenders one time and one time only, when parking was transferred there was an enormous amount of money owed. Leasing sent letters out to all the offenders, offenders were calling complaining they never received a letter etc, there were several offenders who didn't have a forwarding address. Since the transfer we have went from the top offender owing 4,000 dollars to now the top offender owes \$485.00 which I do believe this offender does not have a forwarding address.***

*9.7 Seeking assistance from the Attorney General was never suggested from the Auditors, a lot of the debt in the Clancy system is from non forwarding address and out of state plates that we cannot collect information on, we also have some tickets with invalid License numbers.*

*9.8 Again we are working with Clancy on offenders not being populated in the monthly reports who owe more than \$50.00 dollars, we also cannot collect on license plates that do not have a forwarding address. Tickets that have been voided in the system that have no documentation for void is an oversight, and possibly due to being understaffed and temp working in the system. The parking now keeps record of who voided the ticket and the evaluation stating why it was voided, unless voided by Ferguson.*

### **Voided/Dismissed Tickets**

For the period July 1, 2002 through December 31, 2006 there were 1,374 tickets voided. During this period 23,233 tickets were issued for a total of \$119,243.14. From this population we selected a sample of 50 tickets. We noted one voided, one upheld ticket and two dismissed tickets were not supported by a signed form of approval. We noted one citation which was voided was not supported by a signed form of approval. Additionally, we noted one citation issued on June 6, 2006 was upheld on June 26, 2006, no further action was taken to collect on the account. Further we noted two citations totaling \$40.00 were dismissed due to no license plate information on January 30, 2006.

According to the written procedures for ticket collections, while parking operations was under the GSD - Leasing Section, provided to us on May 3, 2007:

“...The Secretary of the Department of Administration is the only person that has the authority to void a ticket...”

Agency personnel were unable to provide us documentation for the voided citation due to the citation being voided under the Finance Division. Additionally, agency personnel informed us the upheld and dismissed tickets were done by Clancy. Citations could become inappropriately voided, upheld, and dismissed without a standard approval process.

We recommend the Real Estate Division comply with the GSD - Leasing Section's procedures.

**Real Estate Division's Response**

*Voided ticket information was not transferred with parking, when leasing took over person voiding tickets was DOA only. If a ticket was voided in the sytem by a staff member, reason being would be if the parking attendants make a mistake on the ticket. We now have the parking attendants fill out an evaluation form to justify why they need the ticket voided.*

**Incorrect Administration Fee Paid**

We noted the DOA underpaid the July 2006 billing for Personnel Fees. During our audit of administration fees, we reviewed disbursement transactions for the Division of Personnel Administrative Fees - Object Code 010 to determine whether the DOA processed payments in accordance with the Employee Benefits Guidelines outline in the appropriate Expenditure Schedule. We compared the payroll registers, the PIMS reports and the quarterly billing from the Division of Personnel.

We noted one quarterly invoice amount that did not match the WVFIMS coversheet amount expended for billing period July 2006.

<b><u>FIMS Doc #</u></b>	<b><u>Vendor</u></b>	<b><u>Date Paid</u></b>	<b><u>Amount</u></b>
E0664789	DIVISION OF PERSONNEL	09/15/06	\$ 324.50

The Employee Benefits Guidelines for Object Code 010 - Administrative Fees in the FY 2007 Expenditure Schedule Instruction state in part that Personnel Division fees are to be figured at "...\$50.00 per FTE Position per quarter...".

Due to a clerical error, the WVFIMS payment document amount was processed in the amount of \$324.50, and the invoice attached stated that \$350.00 was due. After we brought

this matter to the DOA's attention, they stated the \$25.50 will be reimbursed to the Division of Personnel for the underpayment. Not processing the invoice for the proper amount has underpaid the Division of Personnel \$25.50 for the July 2006.

We recommend the Department of Administration process payments for personnel administrative fees per the guidelines in the FY 2007 Expenditure Schedule Instructions.

### **Real Estate Division's Response**

#### ***10.1 GSD needs to comment***

***Note: Secretary Ferguson informed us that GSD was not able to comment on this finding due to employees, responsible at the time of the audit, are no longer employed at GSD.***

### **Payments Not Processed Timely**

We noted the GSD/DOA did not always process invoices within ten days of their initial receipt. We tested 50 disbursement transactions to determine whether the GSD processed payments in accordance with the Prompt Pay Act of 1990. We compared the date stamp or the invoice date with the prepared date on the WVFIMS cover sheet. We noted in twenty-five instances for the Parking Lot Operating Fund (Fund 2240), and in two instances for the Parking Garage Fund (Fund 2255), it took the GSD/DOA longer than ten days from the receipt of a legitimate uncontested invoice to process the invoice for payment, as required by the Prompt Pay Act of 1990. However, all payments were paid within 60 days. The received and prepared dates for each invoice are detailed below:

<u>Vendor</u>	<u>Amount</u>	<u>Invoice Date/Date Time Stamp</u>	<u>Date Prepared in WVFIMS</u>	<u>Working Days Before Processing</u>
---------------	---------------	-------------------------------------	--------------------------------	---------------------------------------

**Fund 2240 – Parking Lot Operating Fund**

DUNCAN PARKING TECHNOLOGIES INC	22,361.85	02/17/2004	04/30/2004	54
ELECTRONIC SPECIALTY CO	1,500.00	09/15/2006	12/04/2006	51
ST MORITZ SECURITY SERVICES INC	7,371.44	03/09/2004	05/04/2004	44
CLANCY SYSTEMS INTL INC	1,800.00	02/14/2006	04/13/2006	41
CHAPMAN PRINTING CO INC	2,598.64	02/09/2006	04/05/2006	39
ST MORITZ SECURITY SERVICES INC	6,861.72	03/30/2004	05/04/2004	26
ST MORITZ SECURITY SERVICES INC	8,035.34	03/30/2004	05/04/2004	25
CONTEMPORARY STAFFING SERVICES INC	419.20	05/03/2004	06/03/2004	23
MUNICIPAL SUPPLY SALES CO	11,616.00	02/24/2006	03/24/2004	20
KANAWHA VALLEY REG TRANS AUTHORITY	9,056.25	04/04/2005	04/26/2005	16
CONTEMPORARY STAFFING SERVICES INC	419.20	05/13/2004	06/03/2004	15
ROBERT S KIMBALL ASSOC INC	9,552.40	08/26/2004	09/14/2004	13
CLANCY SYSTEMS INTL INC	1,089.42	05/10/2006	05/26/2006	12
W W GRAINGER INC	280.35	4/29/2004	5/17/2004	12
VERIZON	241.42	n/a	7/8/2003	16
CITY OF CHARLESTON MUNICIPAL FEES	281.00	11/24/2003	12/11/2003	12
VERIZON	83.05	1/20/2004	2/25/2004	25
KANAWHA VALLEY REG TRANS AUTHORITY	4,103.75	2/3/2005	2/28/2005	16
KANAWHA VALLEY REG TRANS AUTHORITY	6,606.25	3/4/2005	3/23/2005	14

<u>Vendor</u>	<u>Amount</u>	<u>Invoice Date/Date Time Stamp</u>	<u>Date Prepared in WVFIMS</u>	<u>Working Days Before Processing</u>
ST MORITZ SECURITY SERVICES INC	1,269.47	5/3/2005	6/9/2005	27
ST MORITZ SECURITY SERVICES INC	1,108.64	6/21/2005	7/22/2005	23
ST MORITZ SECURITY SERVICES INC	832.49	2/17/06	36/2006	11
ST MORITZ SECURITY SERVICES INC	412.13	5/10/2006	5/25/2006	12
ST MORITZ SECURITY SERVICES INC	571.48	6/2/2006	6/28/2006	18

**Fund 2255 – Parking Garage Fund**

<u>Vendor</u>	<u>Amount</u>	<u>Invoice Date/Date Time Stamp</u>	<u>Date Prepared in WVFIMS</u>	<u>Working Days Before Processing</u>
MURPHY ELEVATOR CO INC	500.00	07/01/2004	09/14/2004	52
MURPHY ELEVATOR CO INC	719.50	08/12/2003	10/09/2003	43

We also noted two invoices for the Parking Garage Fund which did not have a legible date stamp and we could not determine the date from the invoice. Therefore, we could not determine if the cash disbursement payment was in accordance with the Prompt Pay Act of 1990.

<u>FIMS Doc #</u>	<u>Vendor</u>	<u>Date Paid</u>	<u>Amount</u>
I006211689	VERIZON	01/23/2004	\$ 26.86
I007517051	WV AM WATER	08/23/2006	\$ 300.00

Additionally, we noted one invoice which was paid in a timely fashion which did not have a legible date stamp.

<u>FIMS Doc #</u>	<u>Vendor</u>	<u>Date Paid</u>	<u>Amount</u>
I006255609	VERIZON	02/1/2004	\$ 19.59

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

54. Payment of legitimate uncontested invoices; interest on late payments.

...(b) (1) Except as provided in subdivision (s) of this subsection, for purchases of services or commodities made on or after the first day of July, one thousand nine hundred ninety-one, 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, as determined by the state tax commissioner under the provisions of section seventeen-a, article ten, chapter eleven of this code, 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.

...(d) The state agency initially receiving a legitimate uncontested invoice shall process such invoice for payment within ten days from its receipt:..."

...(3) ...an invoice shall be deemed to be received by a state agency on the date on which the invoice is marked as received by the agency, or three days after the date of the postmark made by the United States postal service as evidenced on the envelope in which the invoice is mailed, whichever is earlier: *Provided*, That in the event an invoice is received by a state agency prior to the date on which the commodities or services covered by the invoice are delivered and accepted or fully performed and accepted, the invoice shall be deemed to be received on the date on which the commodities or services covered by the invoice were actually delivered and accepted or fully performed and accepted...."

Additionally Title 155. Section 3.9, states in part,

"155.3.9 Invoice date stamp requirement. – In order to comply with W. Va. Code §5A-3-54, the Prompt Pay Act of 1990, the Auditor shall require that all invoices be date stamped, either manually or electronically, upon receipt by the state agency...."



Not processing an invoice in a timely manner may cause the State Auditor's Office to not have sufficient time to pay the invoice within 60 days of its initial receipt, resulting in the GSD/DOA being required to pay interest, penalties, and late fees to vendors.

The GSD Administrative Services Manager, stated payment for 98% of the invoices for GSD may have been delayed due to a lack of funds during our audit period. However, she stated the processing procedures may also prevent the invoice from being paid timely. She explained the invoice is sent to the Finance Division to prepare it for payment. The Finance Division will then submit it to her for her signature (approval). If she is unsure of what the invoice is for (the purpose of the expenditure), she will not approve it for payment until she is assured it is a legitimate purchase. If the invoice is related to a work order, she will send it to the contractor or division manager to approve. The contractor/manager will then return it to the GSD Administrative Services Manager, for her approval before it is submitted to the Finance Division for payment. Additionally, we can not determine why the two invoices were not date stamped.

We recommend the General Service Division and the Department of Administration comply with Chapter 5A, Article 3, and Section 54 of the West Virginia Code and Legislative Rule Title 155, Section 3.9.

### **Real Estate Division's Response**

#### ***11.1 GSD needs to comment***

***Note: Secretary Ferguson informed us that GSD was not able to comment on this finding due to employees, responsible at the time of the audit, are no longer employed at GSD.***

### **Guard Restitution (Informational)**

We reported in our prior audit of Parking Operations for the period of July 1, 1999 through June 30, 2001, the two parking guards who pled guilty to charges of unlawfully appropriating state money (Guard One) and accessory (Guard Two) after the fact to embezzlement and giving false statements, were not making restitution to the DOA as ordered by the Circuit Court of Kanawha County.

Guard One was placed on three years probation, and ordered to make restitution in the amount of \$27,721.88. We reported on January 31, 2002, he had only repaid \$885.00 of that amount. Guard Two was placed on one year probation, and ordered to make restitution in the amount of \$500.00 in monthly intervals of \$41.66 per month. We reported as of January 31, 2002, he had only repaid a total of \$40.00 of this amount.

In the agency's response to this finding, the DOA stated a garnishment was filed with Circuit Court the week of March 4, 2002 to attach the wages of Guard One. As a part of our current audit, we followed up on this finding to determine the progress of the DOA in collecting the restitution balance, of these two guards. As of June 3, 2008, restitution payments in the amount of \$19,593.43 have been made for Guard One. A balance of \$8,128.45 is still owed. Guard Two has paid his restitution of \$500.00 in full.

The Court Order for Guard One states in part:

“...It is further considered by the Court that the defendant be placed on probation to be supervised by the Adult Probation Department of this Court for a period of three (3) years effective March 5, 1999, upon the following terms and conditions, viz:

...The Court finds that the total loss to the Department of Administration, State of West Virginia, the victim, is \$55,423.24, and hereby fixes judgment in favor of the Department in the

amount. Probationer shall forfeit and discharge to the Department any claim he may have as concerns funds in the West Virginia Public Employees Retirement Fund as well as his accrued annual leave account which total amount if \$13,975.43, towards satisfaction of the restitution herein Ordered. Probationer shall also forfeit a red Chevy S-10 pickup truck (VIN#1GCCT14R9H2134041) to the Department for disposition, the proceeds of which shall be attributed to the satisfaction of restitution, as herein Ordered. Probationer shall make regular monthly payments through the Office of the Circuit Clerk toward the remaining balance payable to the Department as Ordered and Directed by the supervising Probation Officer....”

The Court Order for Guard Two states in part:

“...It is further considered by the Court that the defendant be placed on probation to be supervised by the Adult Probation Department of this Court for a period of one (1) year effective December 10, 1998, upon the following terms and conditions, viz:

Probationer shall make restitution in the total amount of \$500.00 to the West Virginia Department of Finance and Administration payable in regular installments of \$41.66 per month for the loss or damages caused by the crime(s);...”

### **Real Estate Division's Response**

***12.1 This happened prior to parking being transferred to leasing, the only information leasing has collected from this incident, and the defendant is making restitution to Protective Services Division.***

### **Mail Room Theft - (Informational)**

An Information Systems and Communications Division (IS&C) employee was placed under arrest and investigation was conducted due to the possibility of money (payment for parking tickets) being removed from articles processed through the Central Mailroom.

During an interview with State Comptroller/Department of Administration Finance Director on parking meter collections and parking ticket procedures, we learned, on September 23, 2003, the mail runner in the IS&C Division of the Department of Administration (DOA) was

placed under arrest by an officer of the Division of Protective Services and charged with petit larceny. The employee's arrest resulted from an investigation into the possibility of money (payment for parking tickets) being removed from article processed through the Central Mailroom. Shortly thereafter the employee was arraigned on the misdemeanor charge of petit larceny in Kanawha County Magistrate Court, and transported to South Central Regional Jail. Bond was set at \$250.00 and was paid on September 24, 2003. On September 24, 2003, the employee was verbally informed of her immediate suspension of duty without pay from her position as mail runner. On October 1, 2003, the Director of IS&C, by letter confirmed that suspension imposed in accordance with Section 12.3 of the Administrative Rule of the Division of Personnel. As provided in Section 12.3, the suspension remained in effect until final disposition of the criminal charges. In that letter the employee was also made aware of her appeal rights granted under WV Code 29-6A-1, et. seq. - Grievance Procedure for State Employees.

On December 19, 2003, the employee entered a guilty plea to the charge of Petit Larceny in Kanawha County Magistrate Court and was ordered to pay restitution in the amount of \$100.00 to the Department of Administration. On December 31, 2003, the employee was informed by letter from the Acting Secretary of the DOA, she was dismissed from her position effective January 15, 2004, because of the aforementioned criminal conviction related to theft of government property during her employment. She was also informed she would remain on suspension without pay from December 19, 2003 until January 14, 2004 for the criminal act. Again she was advised of her appeal rights under WV Code 29-6A. Finally, she was advised she would be paid all annual leave accrued and unused as of her last working day.

In a memorandum, dated April 30, 2007, it was stated during October 2003, the Secretary of Administration's Senior Management requested a review of the GSD parking ticket revenue from the period of October 2002 to October 2003. The Secretary's Office was concerned that an Administration employee was removing cash from parking ticket payments. It also stated a billing for all unpaid parking tickets was mailed during the month. The billing and further analysis noted a total of \$542 in cash payments for parking tickets that could not be located.

**Real Estate Division's Response**

***13.1 Happened prior to parking being transferred to Leasing, cannot comment***

## INDEPENDENT AUDITOR'S OPINION

The Joint Committee on Government and Finance:

We have audited the statement of cash receipts, disbursements and changes in cash balances of the General Services Division's Parking Operations of the West Virginia Department of Administration for the years ended June 30, 2004, June 30, 2005, June 30, 2006 and the half year ended December 31, 2006. The financial statement is the responsibility of the management of the General Services Division's Parking Operations of the West Virginia Department of Administration. Our responsibility is to express an opinion on the financial statement based on our audit.

Except as discussed in the following paragraph, 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 from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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.

We were unable to obtain sufficient competent evidential matter to determine whether recorded parking meter revenues of \$97,145.88 for fiscal year 2004; \$123,279.33 for fiscal year 2005; \$118,294.76 for fiscal year 2006; and \$65,890.40, for the first half of fiscal year 2007, respectively, represent the amounts actually collected because of the Department of Administration's weak internal controls over the collection of such revenues. The Department of Administration delivers parking meter collections to a depository bank and places complete reliance on the depository bank to determine the amount of the collected parking meter revenues. Also, the Department of Administration's internal control structure over parking meter revenues periodically allowed only one individual to collect revenues from the parking meters with subsequent delivery of such revenues to the depository bank without the amount of collected parking meter revenue being witnessed or independently verified by another employee. We were unable to apply alternative procedures to satisfy ourselves as to the fairness of the amounts.

Additionally, we were unable to obtain sufficient competent evidential matter to determine whether recorded assigned parking revenues of \$396,526.10 for fiscal year 2004; \$419,955.96 for fiscal year 2005; \$425,166.26 for fiscal year 2006; and \$225,278.7 for the first half of fiscal year 2007, respectively, represent the amounts collected were what was actually owed because of the GSD - Leasing Section did not maintain record supporting the collection of the revenue.

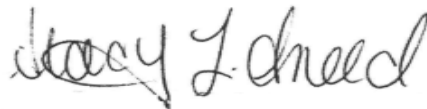
Timesheets supporting payroll transactions for \$129,910.64 in personal services and \$66,428.12 in employee benefits for the period July 1, 2003 thru June 30, 2004 were not available for our

review. Therefore we were unable to determine if the employees were paid in accordance with the Laws, Rules and Regulations that govern them.

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

In our opinion, except for our inability to determine the actual amounts of collected parking meter revenue, the assigned parking revenues, and to determine if the employees were paid in accordance with the laws and rules and regulations that govern them as set forth in the preceding paragraphs, the financial statement referred to above presents fairly, in all material respects, the revenues collected and expenses paid from the General Services Division's Parking Operations of the West Virginia Department of Administration for the years ended June 30, 2004, June 3, 2005, June 30, 2006 and the half year ended December 31, 2006 on the basis of accounting described in Note A.

Respectfully submitted,

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, Director  
Legislative Post Audit Division

June 12, 2008

Auditors: Ethelbert Scott, CPA, Manager  
Peter Maurish, CPA, Auditor-in-Charge  
Jamie L. Gilbert, Auditor III  
Alla Long, Auditor II  
Patricia J. Randolph, Auditor I

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**

**GENERAL SERVICES DIVISION**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENT AND**

**CHANGES IN CASH BALANCES**

**SPECIAL REVENUE**

	<u>Period Ended</u> <u>31-Dec-06</u>	<u>Year Ended June 30,</u> <u>2006</u> <u>2005</u>	
Cash Receipts:			
Assigned Spaces Rental Income	\$ 225,278.70	\$ 425,166.26	\$ 419,955.96
Parking Meter Revenues	65,890.40	118,294.76	123,279.33
Parking Fines	13,371.00	48,644.53	36,953.21
Other Collections, Fees, Licenses and Income	658.00	1,450.00	3,621.33
Statutory Transfers	<u>499,999.98</u>	<u>500,000.00</u>	<u>500,000.00</u>
	805,198.08	1,093,555.55	1,083,809.83
Disbursements:			
Personal Services	49,996.67	104,513.18	115,793.12
Employee Benefits	20,315.06	48,820.73	51,228.44
Current Expenses	145,702.53	345,098.38	368,115.32
Repairs and Alterations	8,908.59	26,870.35	34,323.17
Assets	0.00	7,831.00	10,334.26
Other Disbursements	15.10	3,337.85	3,359.02
Debt Service (Bonded - Principal)	87,499.98	166,666.64	160,833.34
Debt Service (Bonded - Interest)	142,671.87	291,875.04	299,447.92
PEIA Reserve Transfer	<u>0.00</u>	<u>1,147.67</u>	<u>1,327.00</u>
	<u>455,109.80</u>	<u>996,160.84</u>	<u>1,044,761.59</u>
Cash Receipts Over Disbursements	350,088.28	97,394.71	39,048.24
Beginning Balance:	<u>675,833.96</u>	<u>578,439.25</u>	<u>539,391.01</u>
Ending Balance:	<u>\$1,025,922.24</u>	<u>\$ 675,833.96</u>	<u>\$ 578,439.25</u>



**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**

**GENERAL SERVICES DIVISION - PARKING OPERATIONS**

**NOTES TO FINANCIAL STATEMENTS**

**Note A - Accounting Policies**

Accounting Method: The cash basis of accounting is followed, therefore certain revenues and 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 – Pension Plan**

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4.5% of their annual compensation and employees have vested rights under certain circumstances. Currently the Parking Operations matches contributions at 10.5% of the compensation on which the employees make contributions. The Parking Operations pension expenditures were as follows:

	<u>December 31, 2006</u>	<u>Year Ended June 30,</u>	
		<u>2006</u>	<u>2005</u>
Parking Lot Operating Fund	<u>\$5,186.84</u>	<u>\$10,886.52</u>	<u>\$11,681.75</u>

**SUPPLEMENTAL INFORMATION**

STATE OF WEST VIRGINIA  
DEPARTMENT OF ADMINISTRATION  
REAL ESTATE DIVISION  
Parking Section  
State Capitol  
Charleston, West Virginia 25305

Joe Manchin III  
Governor

Robert W. Ferguson, Jr.  
Cabinet Secretary

Charles D. Lawrence Jr.  
Executive Director

June 18, 2008

TO: Ethelbert Scott, Jr., CPA  
Legislative Auditor's Office

FR: Charles D. Lawrence, Jr., Executive Director  
Real Estate Division

RE: Response to Audit – Parking – Capitol Complex (July 1, 2003 – December 31, 2006)

In preparation for our meeting with the Legislative Auditor's Office, five documents were prepared which were designed to clarify our responses. These documents were:

- 2001 Parking Procedure Handbook, Revenue Unit, Department of Administration
- Document showing historical responsibilities for the 3 phases of parking
- Written response to each point of the audit report
- Written response to the financial questions from the Director of Finance & Accounting
- 2008 Handbook, Real Estate Division, Department of Administration

Having reviewed the audit report in detail, it became apparent that much of the focus was in the area of controls, especially as it relates to the handling of cash. Many of these concerns might be most effectively addressed by establishing a banking relationship with the West Virginia Credit Union. This organization is located immediately adjacent to the Capitol Complex and would eliminate the need to transport coin to a downtown Bank. The Credit Union would be responsible for receiving coin, counting and depositing money into our account using long-established dual controls required by the financial institution's examiners/auditors.

In the event this is not an option, we would continue our relationship Branch Banking and Trust (BB&T) and review our procedures in light of the audit's findings making sure that there are adequate controls in place. Regardless of the avenue taken, we will meet with the legislative auditor's office and secure their agreement with our procedures.

The Director of Finance and Accounting was unable to attend our meeting, however he provided a written document which appeared to adequately address many of the historical financial concerns called out in the audit report.

Telephone: (304) 558-3062

E.E.O./AFFIRMATIVE ACTION EMPLOYER

Fax: (304) 558-8082

Regarding tickets issued and the timely collection of monies during the time period of the audit, accounts receivable balances have been worked aggressively and there are no longer balances outstanding of any significant amount for any one person. Rather, \$485 is the highest balance currently owed by any one person. Regarding other accounts with high balances, it is oftentimes the case that the violator cannot be located due to out of state license plates or no forwarding address given. For some who have high balances, payment plan arrangements have been made for those who simply cannot pay in one lump sum.

Regarding the Clancy ticket system and its ability to electronically generate collection letters to all people who have received tickets, the system has recently been tested, and it appears that on rare occasion letters are not generated. We have called the vendor to address this issue and will continue to monitor the situation until we are satisfied that the problem has been resolved.

Regarding the newly revised 2008 Capitol Complex Parking Handbook, an action item taken from our meeting was to map our Handbook to this particular audit report and verify that our procedures respond to the concerns expressed in this audit report. Once this effort is complete a meeting with the Audit Department will be scheduled to make sure the Real Estate Division and the Legislative Audit Department are in agreement.

Telephone: (304) 558-3062

E.E.O./AFFIRMATIVE ACTION EMPLOYER

Fax: (304) 558-8082

**GENERAL SERVICES DIVISION**

**STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND**

**CHANGES IN CASH BALANCE**

**SPECIAL REVENUE**

	<u>Period Ended</u> <u>31-Dec-06</u>	<u>Year Ended June 30,</u> <u>2006</u>	<u>2005</u>
<b><u>Parking Lots Operating Fund –</u></b>			
<b><u>Fund 2240-099</u></b>			
Cash Receipts:			
Assigned Spaces Rental Income	\$225,278.70	\$425,166.26	\$419,955.96
Parking Meter Revenues	65,890.40	118,294.76	123,279.33
Parking Fines	13,371.00	48,644.53	36,953.21
Other Collections, Fees, Licenses and Income	<u>658.00</u>	<u>1,450.00</u>	<u>3,621.33</u>
	305,198.10	593,555.55	583,809.83
Disbursements:			
Personal Services	49,996.67	104,513.18	115,793.12
Employee Benefits	20,315.06	48,820.73	51,228.44
Current Expenses	126,248.13	312,657.07	336,599.62
Repairs and Alterations	7,882.23	26,870.35	31,642.57
Assets	0.00	7,831.00	10,334.26
Other Disbursements	15.10	3,337.85	3,359.02
PEIA Reserve Transfer	<u>0.00</u>	<u>1,147.67</u>	<u>1,327.00</u>
	<u>204,457.19</u>	<u>505,177.85</u>	<u>550,284.03</u>
Cash Receipts Over Disbursements	100,740.91	88,377.70	33,525.80
Beginning Balance:	<u>344,705.48</u>	<u>256,327.78</u>	<u>222,801.98</u>
Ending Balance:	<u>\$445,446.39</u>	<u>\$344,705.48</u>	<u>\$256,327.78</u>

WEST VIRGINIA DEPARTMENT OF ADMINISTRATION

GENERAL SERVICES DIVISION

STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS AND

CHANGES IN CASH BALANCE

SPECIAL REVENUE

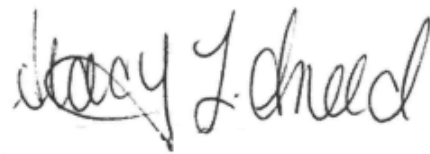
	<u>Period Ended</u> <u>31-Dec-06</u>	<u>Year Ended June 30,</u>	
		<u>2006</u>	<u>2005</u>
<b><u>Parking Garage Fund - Fund 2255-099</u></b>			
Cash Receipts:			
Statutory Transfers	\$499,999.98	\$500,000.00	\$500,000.00
Disbursements:			
Current Expenses	19,454.40	32,441.31	31,515.70
Repairs and Alterations	1,026.36	0.00	2,680.60
Debt Service (Bonded - Principal)	87,499.98	166,666.64	160,833.34
Debt Service (Bonded - Interest)	<u>142,671.87</u>	<u>291,875.04</u>	<u>299,447.92</u>
	<u>250,652.61</u>	<u>490,982.99</u>	<u>494,477.56</u>
Cash Receipts Over Disbursements	249,347.37	9,017.01	5,522.44
Beginning Balance:	<u>331,128.48</u>	<u>322,111.47</u>	<u>316,589.03</u>
Ending Balance:	<u>\$580,475.85</u>	<u>\$331,128.48</u>	<u>\$322,111.47</u>

**STATE OF WEST VIRGINIA**

**OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:**

I, Stacy L. Sneed, 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 23<sup>rd</sup> day June, 2008.

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, 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 Department of Administration- General Services Division's Parking Operations; Governor; Attorney General; State Auditor; and, Director of Finance, Department of Administration.