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**Review of Financial Transactions,
Employee Timekeeping & Leave and Asset Security
for
The West Virginia House of Delegates**

Fiscal Years 2013 & 2014

LEGISLATIVE POST AUDIT DIVISION

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HOUSE OF DELEGATES
JULY 1, 2012 – JUNE 30, 2014

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House of Delegates

For the Period: July 1, 2012 – June 30, 2013

12/17/2014

HOUSE OF DELEGATES
JULY 1, 2012 – JUNE 30, 2013

SCOPE

In June 2013, Honorable Speaker Timothy Miley requested the Legislative Auditor conduct a review of the House of Delegates (HOD) for the period of July 1, 2012 through June 30, 2013. The scope included a review of applicable internal control policies and procedures, examination of prior findings and recommendations, and compliance with WV Code, House Rules, Legislative Rules, best business practices, and internal policies and procedures.

HOD's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

The scope over internal controls involved only assessing those controls that were significant to the objectives listed in the appendix. To conclude on the adequacy of internal controls regarding HOD as a whole was not a specific objective. Any internal control weaknesses discovered have been reported in findings if they were deemed significant to our objectives.

FINDINGS AND RECOMMENDATIONS

Finding 1: **Inadequate Asset Inventory Records**

Condition: The House of Delegates (HOD) uses the Purchasing and Inventory Control System (PICS) to record and track purchases of assets and supplies. This includes office supplies, furniture, equipment, computers, printers, and other various items purchased by the HOD for use in their day-to-day operations. We requested the PICS inventory listing to trace items of inventory to its physical location in order to confirm the existence of the items. It was also our intention to use professional judgment to select equipment items located throughout the offices of the HOD and confirm the items were included in the PICS inventory list in order to test the completeness of the listing.

Upon initial review of the agency provided PICS inventory list, we noted many of the items on the list did not include several identifying pieces of information that would make the performance of this inventory test possible. These missing pieces of identifying information included State ID tag numbers¹, model numbers, serial numbers, user numbers, and room numbers or other location descriptions.

We were told computer equipment inventory is managed outside of the PICS system by an employee of the HOD. However, there were several computers listed in the PICS inventory list. The employee responsible for managing the computer equipment inventory said he was currently working on compiling an inventory list for the computers, printers, and other computer equipment. When this list was provided to us we noticed several discrepancies. Several of the computers and iPads were listed as having the same serial number, some items were listed as having the same state ID tag numbers and several of the computers that were listed in the PICS list were not included on this newly provided computer inventory listing.

After inquiring about these issues noted with the new computer inventory records, we were told errors were made and we should not rely on this listing. In regards to the computers listed in the PICS inventory that were not included on this new list, including the Delegate laptops that are kept in the House Chamber, we were told several of the computers were retired and sent to be recycled. However, the employee was unable to provide a list of which computers were retired. As a result, we were unable to identify those computers listed in the PICS inventory list should have been removed.

¹ Assets costing in excess of a specified amount should be affixed with a State asset identification tag. Each tag should have a unique identifying number which, in turn, should be recorded on an agency's asset inventory lists in order to assist the agency in tracking and protecting its asset investments.

Finally, it came to our attention that an outside CPA firm, Suttle & Stalnaker PLLC, had been assigned to audit the IT inventory of the entire legislature during the same time we were conducting our review. We contacted the auditor-in-charge and were supplied with a copy of the communication between Suttle & Stalnaker and the HOD. According to this documentation, when Suttle & Stalnaker contacted the House Clerk to obtain an inventory listing in order to perform their procedures they were told the HOD could not supply an inventory list as it was unavailable. This communication occurred on March 13, 2014. We made our initial request for an inventory listing on April 29, 2014.

- Criteria:** **Best Practices:** It is in the best interest of the HOD to ensure the proper recording and tracking of all items of inventory in order to reduce the risk of fraud related to the misappropriation of assets and to properly document that items purchased using state funds are in fact in the possession of the agency. Also, any items retired should be properly removed from inventory and documentation of the disposal of the assets should be available in order to identify the items no longer under the control or possession of the HOD.
- Cause:** The HOD has no formal written policies or procedures for inventory management and is exempt from WV Purchasing Division Rules.
- Effect:** HOD inventory records are not properly maintained and there is no inventory list which accurately reflects the assets currently in use by the HOD. The lack of such a record creates a potential for fraud in the form of misappropriation of assets. Further, the lack of a properly maintained asset inventory record made it impracticable for us to test HOD's asset inventory.
- Recommendation:** We recommend the HOD adopt policies and procedures similar to the West Virginia Purchasing Division's Inventory Management and Surplus Property Disposition Policies and Guidelines. We further recommend the HOD do a physical inventory evaluation and update their PICS inventory system to reflect all items currently in use. All asset items should be affixed with State ID tags, when applicable. Items that cannot be located that are listed in the current PICS inventory listing should be documented and this list of missing items should be given to the head of the agency for further investigation. After the PICS inventory list is updated, the list should be maintained perpetually to reflect additions or deletions of items. All items in the PICS inventory list should also contain descriptions required by the PICS system, including serial numbers, model numbers, state ID tag numbers, purchase dates, original costs, physical locations and user or custodian names.

Finding 2: Items Not Recorded in Inventory

Condition: We noted seven purchases of assets² totaling \$17,917.84 where the items purchased were not properly recorded into the Purchasing Inventory Control System (PICS). These items included computers that costs over \$500 each and miscellaneous equipment, furniture and legal books that cost over \$1,000 each.

Criteria: The HOD stated that all computers, equipment, furniture, and other items purchased by the HOD were recorded and tracked in their PICS inventory.

Cause: There are no rules dictating which items should be included in inventory because the HOD is exempt from the WV Surplus Property Operations Manual. In addition, the HOD does not have any formal written policies or procedures for asset management. When items are recorded in PICS, pertinent information such as the tag number, serial number, and corresponding FIMS payment ID are not recorded.

Effect: The risk of assets being lost or stolen is increased when assets purchased are not affixed with asset inventory ID tags and the ID tag numbers and other purchase and asset location information are not recorded in an asset inventory record.

Recommendation: We recommend the HOD assure all assets purchased at a price equaling or exceeding a pre-determined asset inventory threshold be entered into the PICS system and assigned a state ID tag. While the agency is exempt from the WV Surplus Property Operations Manual, we recommend the agency use the manual as a guide for determining which assets should be entered and monitored through PICS.

² Population of 106 transactions totaling \$209,407.05. We tested 34 transactions totaling \$154,994.99 (74%).

Finding 3: Post Office Box Addresses Listed on Expense Vouchers

Condition: The current procedure for Delegate Travel Expense Vouchers involves filling out the voucher for the Delegate based on information submitted on a mileage form by each Delegate. This mileage form is completed and submitted by each Delegate once per year. The form includes the Delegate’s mailing address and the mileage from their place of residence to the WV State Capitol in Charleston. The Delegate’s mailing address listed on this form is also used in the Delegate member directory. For 2013, 36 Delegates had a Post Office (P.O.) Box or Route Box listed as their addresses in the Delegate Membership Directory. These addresses do not indicate where the Delegates reside and, as a result, cannot be used to accurately verify the reasonableness of the mileage claimed.

Criteria: **WV Code §4-2A-6, as amended, states in part:**

“(a) Each member of the Legislature is entitled to be reimbursed, upon submission of an expense voucher, for expenses incurred incident to travel in the performance of his or her duties as a member of the Legislature or any committee of the Legislature...travel expenses shall not be paid to any member for more than one round trip to and from the seat of government and to and from his or her place of residence for each week of the session.”

According to the IRS State Legislator Fact Sheet:

“Generally, the taxpayer’s tax home is the principal place of activity for the business. However, Section 162(h) provides a special election for state legislators who attend legislative sessions away from the area of their residence. This election allows a state legislator to designate his or her personal residence as his or her home with respect to the trade or business of being a legislator. This means that when the legislator is at the state capital, he or she will be traveling away from home and incur deductible expenses.

The election is only available to legislators whose place of residence is more than 50 miles from the state capitol.”

Cause: The HOD has no written formal policies and procedures for preparation of expense vouchers. The expense vouchers are completed by the assistant fiscal officer, and the address used to determine mileage is the Delegate’s mailing address. Additionally, there are no specific rules which allow or disallow using P.O. Boxes when calculating mileage.

Effect: P.O. Boxes cannot be used for recalculating mileage as it does not provide an actual physical address. Also, the practice of using P.O. Boxes rather than a physical address allows for the possibility of state funds to be paid for mileage that is not reasonable or allowable. Additionally, taxable income could be

improperly reported if the Delegate's place of residence is within 50 miles of the state capitol.

Recommendation: We recommend the HOD design and implement a procedure that would ensure locations traveled to and from by Delegates be verified for each instance where mileage is claimed. In order to ensure this verification is possible, we recommend the procedure require the recording of a Delegate's residence on the travel vouchers.

Finding 4: Purchasing Card Transactions Were Inappropriately Delegated

Condition: We noted two instances³ totaling \$326.68 where someone other than the p-cardholder signed the point-of-purchase sales receipt. The HOD has only one P-Card. During interviews, HOD staff stated certain individuals were allowed to use the P-Card.

In addition to the two instances above we discovered that one transaction reviewed was not supported by the original sales receipt. The log sheet noted no receipt was provided to the p-cardholder for a transaction at a Wal-Mart store for \$24.68.

Criteria: **West Virginia State Auditor’s Purchasing Card Policies and Procedures Manual, states in part:**

“4.4 P-Card Delegation

P-Card delegation is prohibited. P-Card delegation is the practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction. P-Card delegation increases the risk of fraud and cardholder liability....

With the exception of ghost, fleet, or other card accounts as approved by the State Auditor’s Office P-Card Division, P-Cards are issued in an individual’s name. Only the individual named on the P-Card is authorized to use it...”

Cause: Staff stated that due to obligations to perform various job duties for the HOD, the employee assigned the P-Card was not always available to make many of the small purchases needed by the HOD. Therefore, this employee delegated the P-Card to those staff members he deemed responsible enough to make purchase with the understanding that they must submit a receipt for documentation.

Effect: By allowing various employees to sign another employee’s purchasing card receipts, the opportunity exists for unallowable and/or unapproved purchases to be made without the purchasing cardholder’s knowledge or management’s knowledge. Moreover, some vendor receipts list the full credit card numbers; therefore, compounding the risk of such unauthorized purchases. Also, the cardholder’s signature on receipts/invoices documenting P-Card purchases indicates the cardholder is aware of the purchases and agrees the charges listed are legitimate. When the cardholder fails to sign-off on such receipts/invoices, an important P-Card internal control that can serve to mitigate improper charges is circumvented. While the monetary effect may not be material, the potential for misuse and abuse exists as a result of the delegation of the card.

³ Population of 94 transactions totaling \$13,053.29. We tested 28 transactions totaling \$3,779.63 (29%).

Recommendation: We recommend the HOD comply with the West Virginia State Auditor's Office Purchasing Card Policies and Procedures Manual with particular regard to Section 4.4 and 4.5 by ensuring that only the individual whose name appears on the front of the purchasing card has physical access to the card and that this person make all purchases for that particular card. It is also our recommendation the HOD request to be issued P-Cards for any other staff that may require one in order to avoid violation of Section 4.4 of the State of WV Purchasing Card Policies and Procedures regarding the strict prohibition of card delegation.

Finding 5: Two Delegates Received Duplicate Travel Payments

Condition: We noted two Delegates each received a duplicate payment for travel related expenses resulting in a combined overpayment of \$682.40.

Criteria: **WV Code §4-2A-6, as amended, states in part:**

“(a) Each member of the Legislature is entitled to be reimbursed, upon submission of an expense voucher, for expenses incurred incident to travel in the performance of his or her duties as a member of the Legislature or any committee of the Legislature...travel expenses shall not be paid to any member for more than one round trip to and from the seat of government and to and from his or her place of residence for each week of the session.”

Cause: Most likely attributed to human error.

Effect: Overpayments totaling \$682.40 were made for travel related expenses.

Finding 6: Time-keeping System May Have Inadequate Controls

Condition: The House of Delegates uses a timekeeping system from an outside vendor called ComTech. This system is used to track time worked by employees as well as the accrual and use of sick, annual, and compensatory time. We tested six randomly selected employees' leave records and, in addition, judgmentally selected an additional three employees' leave records with the highest leave balances for testing. Upon testing the leave records of these nine employees, we discovered the following issues:

- **Approximately 45% of sick leave and 25% of annual leave taken in fiscal year 2013 was entered 31 or more days after the leave was taken.** Of the nine employee records tested, six employees had entered sick leave into the system significantly after it was taken. The remaining three employees tested did not take any sick leave for the review period. All of the employees selected for testing, with the exception of one, who was employed for less than a year and did not take annual leave during the review period, entered annual leave in the system significantly after it was taken. The following table shows further details.

Number of Days From Date Leave Taken to Date Entered	Sick Leave Occurrences (Out of 42)	Annual Leave Occurrences (Out of 204)
Prior to Date of Leave Taken	2	17
0-30 Days	21	137
31-60 Days	10	22
61-90 Days	3	10
91-120 Days	2	5
121+ Days	4	13

- **No leave approval.** We noted no approval was shown in the leave system for any sick or annual leave taken. Upon inquiry of the supervisors of the employees selected for testing, many of the supervisors stated they have no access to the leave system in order to verify that leave taken was properly recorded into the system.
- **Leave taken in excess of balance.** We noted one employee took sick leave and annual leave in excess of their respective balances. This was discovered by recalculating employee leave balances on a day-to-day basis so leave balances could be determined at the date leave was taken, rather than the date the leave it was entered in to the system. The leave system did not prevent the employee from entering the leave used due to inadequate leave balances since the employee had accrued a sufficient amount of leave to cover usage in the intervening months from the date the leave was used until it was finally entered into the leave system.

- **Contradictory records documenting leave usage.** Upon receiving documentation from the supervisor of one employee selected for testing, it was discovered the documentation, provided in the form of a calendar, indicated four full days and one partial day (30 hours) where the employee was scheduled for leave; however, the leave was not entered into the leave system.

Cause: The HOD has no formal written policies or procedures concerning employee leave. We were also informed by several supervisors of the employees that they do not have access to the ComTech timekeeping system that would allow them to verify that leave requested and taken by an employee is properly recorded in the system. The supervisors also told us that leave was often authorized by word of mouth and documentation of leave was rarely maintained outside of the ComTech system. Some supervisors said they use calendars noting when leave was requested or taken by an employee but that these calendars are not completely accurate. The ComTech system does not provide sufficient controls to prevent employees from changing or deleting time entered for leave at any time. There is no notification sent to any supervisors and there is no ability for the supervisors to view these changes or deletions in the system. Employees are free to enter their leave at any time, both prior to or after the leave was taken, but are not required to do so in a timely manner.

Effect: Failure of employee to timely enter leave used in the leave system and improper employee deletions of leave used in the leave system will result in overstated employee leave balances. This, in turn, can result in employees receiving paid leave when their leave balances are insufficient to cover the usage. Failure to enter leave timely also could result in separating employees receiving incorrect payouts for annual leave. Inadequate management oversight of employee leave usage and insufficient leave system controls further increases the risk of employees erroneously receiving the benefit of paid annual and sick leave.

Recommendation: We recommend that the HOD design and implement a system that would ensure the proper recording of employee leave on a timely basis in the ComTech timekeeping system. Access to the ComTech employees' leave records should also be made available to the supervisors of the employees' which would allow them to properly verify that leave requested and taken was properly entered into the system on a timely basis. Documentation of all leave taken should be properly maintained by the supervisors and regularly reconciled with the leave system records. Any letters from the Speaker of the House or the Clerk authorizing compensatory time to be added to an employees' annual leave balance should also be properly maintained. We also recommend the HOD formulate a set of formal policies and procedures that would define the process for requesting, documenting, and recording leave into the system and make these policies and procedures available to all staff involved in the process.

Finding 7: Additional Issues with Time-keeping Controls

Condition: The House of Delegates uses a timekeeping system from an outside vendor called ComTech. This system is used to track time worked by employees as well as the accrual and use of sick, annual, and compensatory time. We tested six randomly selected employees' leave records and, in addition, judgmentally selected an additional three employees' leave records with the highest leave balances for testing. Upon testing the leave records of these nine employees we discovered the following issues:

- The HOD operates on a 7 hour work day; however, we noted the sick and annual leave records for four employees consistently showed either 7.5 or 8 hours of leave usage when a full day was used. These entries were not corrected and we were informed by HOD officials that only 7 hours should be used for a full day of leave usage.
- We noted two employees deleted sick leave used that had been previously entered into timekeeping system. We also noted two employee deleted annual leave used that had been previously entered into the system. There was no indication of the reason why the leave was deleted and no approval of this deletion was indicated.

Cause: The HOD has no formal written policies or procedures concerning employee leave. We were also informed by several supervisors of the employees selected for testing that they do not have access to the ComTech timekeeping system that would allow them to verify that leave requested and taken by an employee is properly recorded in the system. The ComTech system does not provide sufficient controls to prevent employees from changing or deleting time entered for leave at any time. There is no notification sent to any supervisors and there is no ability for the supervisors to view these changes or deletions in the system. Employees are free to enter their leave at any time, both prior to or after the leave was taken, but are not required to do so in a timely manner. The system also does not properly prevent more than 7 hours to be taken for one full day of leave.

Effect: Leave was entered at incorrect amounts for a full day of leave used. This results in incorrect leave balances. In the exceptions noted above, the leave balances would be understated.

Recommendation: We recommend the HOD formulate a set of formal policies and procedures defining the process for requesting, documenting, and recording leave into the system. We recommend these policies and procedures be made available to all staff involved in the leave process. Also, we recommend the leave system be configured to allow supervisory access to employee leave records, which would allow supervisors to verify that leave taken is properly entered into the system.

APPENDIX A – METHODOLOGY

OBJECTIVE 1

Did the House comply with the recommendations of the prior internal audit of 2001?

METHODOLOGY:

To achieve our objective we reviewed the prior audit findings and recommendations in order to evaluate the HOD's current practices to determine if corrective action was taken. The prior audit findings coincide with the additional objectives; therefore, any non-compliance with the recommendations made in the prior audit were documented as a current finding and corrective action was recommended.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- Please see remaining objectives

OBJECTIVE 2

Did the House operate and maintain an employee leave system without significant weakness in internal control?

Sub-Objectives

1. Determine if employee leave balances are accurate in reflecting leave accrued and used.
2. Determine if compensatory time is properly supported and recorded on the leave system.
3. Determine if annual leave hours for applicable employees were properly reduced in an effort to comply with Division of Personnel accrual limits.

METHODOLOGY:

To achieve our objective we reviewed applicable WV Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the administration and oversight of the leave system to understand how the system operates. We compiled a list of all employees during our review audit period and used auditor judgment to help determine the sample size. The sample included the three employees with the highest leave balance, and we used a random number generator to select the remaining transactions. As part of our test, we reviewed employee leave records to determine if (1) leave was properly recorded and the leave balances reflect the appropriate amount of leave remaining based on the amount of leave an employee used and accrued during the period (2) leave was properly approved (3) compensatory time added to the annual leave balances was properly approved and accounted for and (4) leave balances were properly reduced in an effort to comply with the Division of Personnel accrual limits.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- Internal Memo from Honorable Speaker Robert Kiss – August 2006
- Legislative Rule §143, Series 1, Section 14
- Internal Employee Interview Procedures documented by audit team
- Best Business Practices

OBJECTIVE 3

Did the House operate and maintain an employee time sheet system without significant weakness in internal control?

METHODOLOGY:

To achieve our objective we reviewed applicable W.Va. Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the administration and oversight of the leave system to understand how the system operates. We compiled a list of all employees during our review period and used auditor judgment to help determine the sample size. The sample included the three employees with the highest leave balance, and we used a random number generator to select the remaining employees. As part of our test, we reviewed employee leave records to determine if the time sheets reflect accurately the time worked by the House employees and that time worked was recorded on a timely basis for the period under review. We also reviewed employee time records for those employees who require supervisor’s approval of time worked to ensure that the time recorded was indeed approved by the appropriate supervisor prior to that time being recorded.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- Internal Memo from Honorable Speaker Robert Kiss – August 2006
- Legislative Rule §143, Series 1, Section 14
- Internal Employee Interview Procedures documented by audit team
- Best Business Practices

OBJECTIVE 4

Did the House operate and maintain a system of inventory management without significant weakness in internal control?

METHODOLOGY:

To achieve our objective we reviewed applicable W.Va. Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the monitoring and tracking of inventory. We requested a list of all inventory items in the possession of the agency; however, the agency was unable to provide an accurate list. Therefore, we were unable to perform a physical inventory on a sample of inventory items.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- WV Purchasing Division Surplus Property Operations Manual
- WV Code §5A-8-9

- House Rule Section 9(1)
 - Internal Employee Interview Procedures documented by audit team
 - Best Business Practices
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OBJECTIVE 5

Did the House operate travel expenditures without significant weakness in internal control?

Sub-Objectives

1. Determine if travel for Delegates was in compliance with WV Code.
2. Determine if employee travel is properly approved and supported.

METHODOLOGY:

To achieve our objective we reviewed applicable W.Va. Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the payment and review of travel expenditures. We used statistical sampling with the population stratified by dollar amount to determine the sample size, and a random number generator to select which transactions to test. Additional transactions were selected based on auditor judgment. We tested the selected sample of travel transactions to determine if they were (1) allowable (2) for official state business (3) approved and (4) properly supported.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- WV Code §4-2A-6
 - WV Code §4-2A-7
 - WV Code §4-2A-10
 - WV Code §5A-8-9
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OBJECTIVE 6

Did the House operate and maintain a purchasing system without significant weakness in internal control?

Sub-Objectives

1. Determine if purchases were properly approved.
2. Determine if payments were properly approved and supported.

METHODOLOGY:

To achieve our objective we reviewed applicable W.Va. Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the preparation and payment of purchases, excluding purchasing card (P-Card) transactions. We performed multiple tests, based on object code, to determine if purchases and subsequent payments to vendors made by the HOD were properly approved, reasonable, and allowable; and that proper supporting documentation was maintained.

- Assets (054, 058, 077): We used statistical sampling with the population stratified by dollar amount to determine the sample size, and a random number generator to select which transactions to test.
- Contractual and Professional (025): We selected all transactions relating to the three vendors with the highest total dollar amount.
- Current Expenses (020, 021, 023, 024, 027, 030, 031, 032, 033, 034, 041, 042, 043, 053, 080 & 110): We used statistical sampling with the population stratified by dollar amount to determine the sample size, and a random number generator to select which transactions to test.
- Miscellaneous Expense (051): We tested all transactions.
- Repairs and Alterations (061, 063, 064, 068): We used statistical sampling to determine the sample size, and a random number generator to select which transactions to test.
- Routine Maintenance Contracts & Warranties (038): We used statistical sampling with the population stratified by dollar amount to determine the sample size, and a random number generator to select which transactions to test.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- Legislative Rule §155-1-3
- Legislative Rule §155-1-5
- WV Code §5A-8-9
- WV Expenditure Schedule Instructions – Fiscal Year 2013
- Internal Procedures documented by audit team

OBJECTIVE 7

Did the House operate its Purchasing Card Program without significant weakness in internal control?

Sub-Objectives

1. *Determine if purchases made with the P-Card are for official state purposes.*
2. *Determine if purchases made with the P-Card are supported by receipts.*
3. *Determine if the P-Card statement was reconciled in a reasonable amount of time.*

METHODOLOGY:

To achieve our objective we reviewed applicable W.Va. Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the preparation and payment of purchases made with the P-Card. We used statistical sampling to determine the sample size, and a random number generator to select which transactions to test. We selected a sample of P-Card transactions to determine if the purchases were approved, allowable, reasonable, and include the required supporting documentation. We also reviewed the statements from CITI Bank to determine if the P-Card was reconciled by the HOD in a reasonable amount of time.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- WV State Auditor's Purchasing Card Policies and Procedures Manual Section 4.4
- WV State Auditor's Purchasing Card Policies and Procedures Manual Section 4.5
- Internal Employee Interview Procedures documented by audit team

APPENDIX B – MANAGEMENT RESPONSE

HOD Responses
to 2012-13 Audit

October 2015 Responses by the House of Delegates to Recommendations in the Audit titled:

House of Delegates
For the Period: July 1, 2012-June 30, 2013
12/17/2014

Response to Finding 1-Inadequate Asset Inventory Records:

The House of Delegates (HOD) has adopted written Inventory Guidelines with thresholds matching those used by the WV Purchasing Division.

A project was undertaken earlier this year to do a complete inventory of HOD computers, iPads, printers, House furniture and other larger assets. Work has been done to help ensure previously purchased items have ID tags and are input into the PICS inventory. In addition, assets above the threshold levels, as well as most large items below those levels, are to now be issued state ID tags when received and entered into the inventory listing in PICS.

The House of Delegates will continue this practice in order to help ensure both new and old assets are accounted for going forward.

Response to Finding 2-Items Not Recorded in Inventory:

It is now the practice of the HOD to enter all purchases, including those below the HOD Inventory Guidelines thresholds, into PICS. Those assets above the threshold levels, as well as most large items below those levels, are to be issued state ID tags when received and entered into the inventory listing in PICS.

Response to Finding 3-Post Office Box Addresses Listed on Expense Vouchers:

The WV HOUSE OF DELEGATES IN-STATE EXPENSE FORM has been revised and now includes sections to obtain a physical address and all other necessary information needed from the Delegate on one page. Use of this new form was implemented for the June 2015 Interim Committee Meetings.

Extensive work has been done by the House of Delegates as well as the Legislative Auditor's Office to verify, and update where necessary, Delegate mileage. In addition, the Director of E-Travel in the State Auditor's Office inquired about using this new form as a model for the rest of

the state to use for the new travel system in those cases where the traveler does not actually complete their own online expense report.

Response to Finding 4-Purchasing Card Transactions Were Improperly Delegated:

Delegating use of the Purchasing Card has been discontinued and a second employee has been approved to use a card if the Purchasing Agent is not available.

Response to Finding 5-Two Delegates Received Duplicate Travel Payments:

A process has been implemented to have a second and third review of travel payment requests before they leave the House Fiscal Office.

Response to Finding 6-Time-Keeping System May Have Inadequate Controls:

In order to help address the issues in this finding, time-keeping procedures will be incorporated into an employee manual which is being developed. The HOD plans to incorporate the following components into the new time-keeping procedures:

Each employee will have an immediate supervisor for the purpose of leave approval. Generally, Committee Staff will report to Chief Counsel for the committee; Minority Staff will report to Minority Counsel; Maintenance Staff will report to the Director of Supplies; and Chief Counsel, Minority Counsel, Director of Supplies and Leadership Staff will report directly to the Chief of Staff. The Fiscal Office Staff will report to the Fiscal Officer; the Clerk's Office Legislative Staff will report to the Assistant Clerk; and the Assistant Clerk and Fiscal Officer will report directly to the Clerk.

Employees will be responsible for requesting and obtaining approval of their annual leave in advance. The employee will also be responsible for correctly recording the leave in the electronic system in a timely manner. All immediate supervisors and the Leave Administrator or Fiscal Officer will be responsible for ensuring that annual leave and sick leave are recorded accurately and timely. The current leave system has already been adjusted to ensure that an employee cannot change the entry of annual leave into the system once approved. Such changes will only be made by the Leave Administrator or Fiscal Officer of the House.

Response to Finding 7-Additional Issues with Time-keeping Controls:

Please see response to Finding 6

House of Delegates

For the Period: July 1, 2013 – June 30, 2014

4/9/2015

HOUSE OF DELEGATES
JULY 1, 2013 – JUNE 30, 2014

SCOPE

The first report on the House of Delegates (HOD) for the period of July 1, 2012 through June 30, 2013 was provided on December 17, 2014. In November 2014, before that report was finalized, Minority Leader Tim Armstead, now serving as the Speaker of the House, requested that the Legislative Auditor conduct an additional review for the period of July 1, 2013 through June 30, 2014. The scope for this report included a review of applicable internal control policies and procedures, and compliance with WV Code, House Rules, best business practices, and House of Delegates' policies and procedures.

The scope did not include a review of the inventory records or leave system/records due to the HOD having an inadequate period of time to resolve the inventory and leave issues noted in the December 17, 2014 report. However, items purchased during the audit period were reviewed to determine if they were properly recorded into the Purchasing Inventory Control System (PICS).

Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness and efficiency of operations including safeguarding of assets, and compliance with applicable laws, rules, and regulations are achieved.

The scope over internal controls involved only assessing those controls that were significant to the objectives listed in the appendix. To conclude on the adequacy of internal controls regarding HOD as a whole was not a specific objective. Any internal control weaknesses discovered have been reported in findings when they were deemed significant to our objectives.

FINDINGS AND RECOMMENDATIONS

Finding 1: Purchased Items Are Not Properly Recorded in PICS

Condition: We noted all purchases, for the transactions reviewed⁴, which included computers that cost over \$500 each and miscellaneous equipment, furniture and legal books that cost over \$1,000 each were not properly recorded into the Purchasing Inventory Control System (PICS). We specifically noted:

1. Three purchases totaling \$39,705 for computers were recorded in PICS but only the purchase date and descriptions were entered. Pertinent information such as the serial number, bar code, and location were not recorded or were recorded incorrectly. We were able to locate the computers on the HOD's Microsoft Excel listing of computers⁵.
2. All books and periodical purchases reviewed totaling \$35,574 were not recorded in PICS. However, a separate listing of the location for WV Code books is maintained in WordPerfect.

Criteria: It is best practices to keep a detailed, composite, up to date listing of inventory items to assure all items purchased are properly protected and maintained. The HOD representatives stated that all computers, equipment, furniture, and other items purchased by the HOD were recorded and tracked in its PICS inventory.

Cause: The HOD does not have any formal written policies or procedures for asset management. Under the previous administration, pertinent information such as the tag number, serial number, and corresponding FIMS payment ID are not recorded in PICS.

Effect: The risk of assets being lost or stolen is increased when assets are not recorded in an inventory system when purchased or when pertinent information such as serial numbers, bar codes, or locations are not recorded.

Recommendation: We recommend the HOD assure all assets purchased are recorded in PICS in accordance with Section 2.3 of the WV Surplus Property Operations Manual. Specifically, items purchased with an acquisition cost of \$1,000 or more, computers with an acquisition cost of \$500 or more, and iPads should be inventoried.

Note: The Legislative Auditor's Office assisted the Legislative IT staff with distributing iPads to delegates at the start of the 2015 Regular Session and noted

⁴ Assets population of 51 transactions totaling \$114,323. We reviewed 17 transactions totaling \$88,907.

⁵ Contains the serial number, bar code, and location.

areas of concern. Current HOD staff was unable to account for all iPads listed in the inventory prepared under the previous administration, and the employee responsible for maintaining the inventory recently separated employment. When iPads were issued, no form was signed by the delegate acknowledging receipt of the iPad and associated responsibilities. Additionally, none of the iPads issued included a charger, causing the HOD to order new chargers. On January 20, 2015, we noted many computer and computer equipment items located in the hallway outside the offices on the east wing second floor that were not monitored or secured. Employees were able to take items as needed without consulting the IT department or any other individual responsible for maintaining inventory. The equipment has since been removed. Additionally, we noted some computer equipment and accessories in a cart outside the House Clerk's Office. These issues point out several weaknesses concerning inventory management of the HOD and we recommend the HOD take into account these circumstances and formulate proper documented procedures for inventory management and securing equipment.

Finding 2: Invoices Not Paid in Timely Manner

Condition: We noted 12 instances, or 6% of the transactions reviewed⁶, totaling \$48,074 where payment was made 30 business days or more after the stated due date on the invoice. In two instances, payment was made more than 6 months late.

#	Amount	Invoice Due Date	Payment Date	Actual Days Past Due
1	\$387	8/27/2013	3/17/2014	202
2	\$4,530	3/15/2013	9/20/2013	189
3	\$542	8/1/2013	12/17/2013	138
4	\$4,611	6/29/2013	9/20/2013	83
5	\$16,776	8/29/2013	11/13/2013	76
6	\$1,450	8/30/2013	11/13/2013	75
7	\$9,320	9/3/2013	11/13/2013	71
8	\$1,208	9/5/2013	11/13/2013	69
9	\$7,736	12/7/2013	1/27/2014	51
10	\$326	7/2/2013	8/21/2013	50
11	\$100	7/2/2013	8/21/2013	50
12	\$1,088	9/25/2013	11/13/2013	49

Criteria: No specific rules address timeliness of paying invoices. However, best business practices recommends payment be made within a reasonable amount of time from date of invoice receipt and the invoice due date.

Cause: It is unknown why the payments were not made in a timely manner. Invoices were not date stamped when received under the previous administration; therefore, we could not determine when the invoice was actually received by the HOD, although we were able to determine invoice due dates.

Effect: While not the circumstance in the instances noted above, the HOD could be responsible for paying late payment fees and/or interest when invoices are not paid within a reasonable length of time as per the invoice terms. Additionally, late payments could discourage a vendor from continued business with the HOD.

Recommendation: We recommend the HOD assure all payments are made in a timely manner. We further recommend the HOD date stamp all invoices when received.

⁶ Population of 989 transactions totaling \$585,070. We reviewed 218 transactions (22%) totaling \$356,318 (61%).

Finding 3:	Purchasing Card Transactions Were Inappropriately Delegated
Condition:	The HOD has only one P-Card. We noted eight instances ⁷ totaling \$1,122 where someone other than the P-cardholder signed the point-of-purchase sales receipt. During interviews, the HOD staff stated certain individuals were authorized to use the P-Card.
Criteria:	<p>West Virginia State Auditor’s Purchasing Card Policies and Procedures Manual, states in part:</p> <p>“4.4 P-Card Delegation</p> <p>P-Card delegation is prohibited. P-Card delegation is the practice of allowing an individual other than the cardholder whose name appears on the front of the P-Card to have access to the P-Card or P-Card number to initiate or complete a transaction. P-Card delegation increases the risk of fraud and cardholder liability....</p> <p>With the exception of ghost, fleet, or other card accounts as approved by the State Auditor’s Office P-Card Division, P-Cards are issued in an individual’s name. Only the individual named on the P-Card is authorized to use it...”</p>
Cause:	Staff stated that due to obligations to perform various job duties for the HOD, the employee assigned the P-Card was not always available to make many of the small purchases needed by the HOD. Therefore, this employee delegated the P-Card to those staff members he deemed responsible enough to make purchases with the understanding that they must submit a receipt for documentation.
Effect:	By allowing various employees to sign another employee’s purchasing card receipts, the opportunity exists for unallowable and/or unapproved purchases to be made without the purchasing cardholder’s knowledge or management’s knowledge. Moreover, some vendor receipts list the full credit card numbers; therefore, compounding the risk of such unauthorized purchases. Also, the cardholder’s signature on receipts/invoices documenting P-Card purchases indicates the cardholder is aware of the purchases and agrees the charges listed are legitimate. When the cardholder fails to sign-off on such receipts/invoices, an important P-Card internal control that can serve to mitigate improper charges is circumvented. While the monetary effect may not be material, the potential for misuse and abuse exists as a result of the delegation of the card.
Recommendation:	We recommend the HOD comply with the West Virginia State Auditor’s Office Purchasing Card Policies and Procedures Manual with particular regard to Section 4.4 and 4.5 by ensuring that only the individual whose name appears on the front of the purchasing card has physical access to the card and that this person make all purchases for that particular card. It is also our recommendation the HOD request to be issued additional P-Card(s) for any staff deemed necessary to avoid

⁷ P-Card population of 103 transactions totaling \$10,244. We reviewed 28 transactions totaling \$2,454.

violation of Section 4.4 of the State of WV Purchasing Card Policies and Procedures.

Finding 4: Purchase Order Approved After Invoice Received

Condition: We noted 23 instances, or 11% of the transactions reviewed⁸, totaling \$23,790 where the purchase order was dated after the invoice. In seven of these transactions, the purchase order had the same date as the receiving report. Purchase orders should be completed and approved prior to the purchase of goods or services, and receiving reports should be completed upon receipt or completion of the goods or services.

Criteria: Best practices would entail the agency reviewing all purchase orders prior to the actual purchase of the goods or services to ensure that there is a defined need for the goods or services being requested and that the purchases are reasonable, allowable, and for official state business.

According to the HOD staff, under the previous administration, purchase orders detail the items or services being requested, the vendor, and their price so it can be reviewed by the Purchasing Agent and approved by the Assistant to the Speaker prior to the actual ordering or purchase of said goods or services.

Cause: The HOD has no written documented procedure for the preparation of purchase orders.

Effect: Goods and services could be purchased prior to the actual approval of the purchase and could result in purchases that are excessive in cost, not for official state business, or not allowable.

Recommendation: We recommend the HOD assure all purchase orders are approved in PICS by the appropriate personnel prior to the purchase of goods or services.

⁸ Population of 989 transactions totaling \$585,070. We reviewed 218 transactions (22%) totaling \$356,318 (61%).

Finding 5: Mileage for Four Delegates May Have Been Incorrect

Condition: We noted four delegates⁹ whose audited mileage was different than mileage paid by ten or more miles one-way. There were multiple routes between Google Maps and MapQuest; however, mileage paid was still ten or more miles different with one exception where one of the three routes (although not the shortest route) listed in MapQuest matched the mileage paid. We reviewed all of their payments for fiscal year 2014 and noted a total overpayment of \$1,059. Further details are listed in the following table.

Route	Mileage Difference Per Trip	# of Trips	Overpay per Route	Total Overpay per Delegate
Delegate A Home/Capitol	14	35	\$230	\$230
Delegate B Home/Capitol [^]	10	35	\$165	\$165
Delegate C Home/Capitol Home/Airport	12 11	82 2	\$462 \$10	\$472
Delegate D Home/Capitol Home/Capitol Home/Wheeling Home/Capitol*	13 43 32 7	12 1 2 21	\$73 \$20 \$30 \$69	\$192

[^]One route listed in MapQuest matched mileage paid.

*Change of address during audit period.

Criteria: WV Code §4-2A-6, as amended, states in part:

“(a) Each member of the Legislature is entitled to be reimbursed, upon submission of an expense voucher, for expenses incurred incident to travel in the performance of his or her duties as a member of the Legislature or any committee of the Legislature...at a rate equal to that paid by the travel management office of the Department of Administration for the most direct usually traveled route, if travel is by private automobile.”

Cause: According to the HOD staff, under the previous administration, the delegate completes a form stating their mileage and it is checked by the HOD staff using Google. The mileage stated by the delegate is used unless it is found to be wrong. We are unclear as to why our audited mileage is different from the mileage paid by the HOD.

Effect: A majority of delegates receive mileage reimbursements multiple times a year for interims and sessions held at the State Capitol. When one-way mileage is initially

⁹ We reviewed at least one payment from each delegate during the audit period and no additional delegates had a mileage difference of 10 or more miles one-way.

calculated incorrectly, it affects all payments made to the delegate resulting in overpayments and/or underpayments.

Recommendation: We recommend the HOD re-evaluate delegate mileage at the beginning of each session and when there is a change of address to assure the correct mileage is being paid. If there are multiple routes from the delegates' residence, we recommend the HOD confirm which route the delegate uses and that it is the most direct usually traveled route as required by WV Code §4-2A-6.

Finding 6: Post Office Box Addresses Listed on Expense Vouchers

Condition: The procedure, under the previous administration, for delegate Travel Expense Vouchers involved payroll staff filling out the voucher for the delegate based on information submitted on a mileage form by each delegate. This mileage form is completed and submitted by each delegate once per year. The form includes the delegate’s mailing address and the mileage from their place of residence to the WV State Capitol in Charleston. The delegate’s mailing address listed on this form is also used in the West Virginia Legislature’s Membership Directory and online. For 2014, 30 delegates provided a Post Office (P.O.) Box or Route Box as their address. These addresses do not pertain to the delegate’s residential address and, as a result, cannot be used to accurately verify the reasonableness of the mileage claimed.

We noted 20 instances¹⁰, or 34% of transactions reviewed, in which a P.O. Box or Route Box was listed on the expense voucher; therefore, we were unable to determine if the proper mileage was paid.

Criteria: **WV Code §4-2A-6, as amended, states in part:**

“(a) Each member of the Legislature is entitled to be reimbursed, upon submission of an expense voucher, for expenses incurred incident to travel in the performance of his or her duties as a member of the Legislature or any committee of the Legislature...travel expenses shall not be paid to any member for more than one round trip to and from the seat of government and to and from his or her place of residence for each week of the session.”

According to the IRS State Legislator Fact Sheet:

“Generally, the taxpayer’s tax home is the principal place of activity for the business. However, Section 162(h) provides a special election for state legislators who attend legislative sessions away from the area of their residence. This election allows a state legislator to designate his or her personal residence as his or her home with respect to the trade or business of being a legislator. This means that when the legislator is at the state capital, he or she will be traveling away from home and incur deductible expenses.

The election is only available to legislators whose place of residence is more than 50 miles from the state capitol.”

Cause: The HOD has no written policies and procedures for preparation of expense vouchers. The expense vouchers are completed by the assistant fiscal officer, and the address used to determine mileage is the delegate’s mailing address.

¹⁰ Travel population of 1,416 transactions totaling \$1,353,272. We reviewed 59 transactions totaling \$66,629.

Additionally, there are no specific rules which allow or disallow using P.O. Boxes when calculating mileage.

Effect: P.O. Boxes cannot be used for calculating mileage as it does not provide an actual physical address. Also, the practice of using P.O. Boxes rather than a physical address allows for the possibility of state funds to be paid for mileage that is not reasonable or allowable or that a delegate would be underpaid. For fiscal year 2014, there were 403 travel payments totaling approximately \$399,000 to delegates with a P.O. Box listed in the directory which have the possibility to have incorrect mileage pay. Additionally, taxable income could be improperly reported if the delegate's place of residence is within 50 miles of the state capitol.

Recommendation: We recommend the HOD discontinue using P.O. Boxes for calculating mileage for travel expense reimbursements, and amend the mileage form by adding a section for the delegate's physical address.

APPENDIX A – METHODOLOGY

OBJECTIVE 1

Did the House comply with the recommendations of the prior internal audit of 2001?

METHODOLOGY:

To achieve our objective we reviewed the prior audit findings and recommendations in order to evaluate the HOD's practices, under the previous administration, to determine if corrective action was taken. The prior audit findings coincide with the additional objectives; therefore, any non-compliance with the recommendations made in the prior audit were documented as a current finding and corrective action was recommended.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- Please see remaining objectives

OBJECTIVE 2

Did the House operate travel expenditures without significant weakness in internal control?

Sub-Objectives

- 1. Determine if travel for Delegates was in compliance with WV Code.*
- 2. Determine if employee travel is properly approved and supported.*

METHODOLOGY:

To achieve our objective we reviewed applicable W.Va. Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the payment and review of travel expenditures. We used statistical sampling with the population stratified by dollar amount to determine the sample size, and a random number generator to select which transactions to review. Additional transactions were selected based on auditor judgment. We reviewed the selected sample of travel transactions to determine if they were (1) allowable (2) for official state business (3) approved and (4) properly supported.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- WV Code §4-2A-6
- WV Code §4-2A-7
- WV Code §4-2A-10
- WV Code §5A-8-9

RELATED FINDINGS:

- Finding 2: Post Office Box Addresses Listed on Expense Vouchers

- Finding 4: Mileage May be Incorrectly Calculated
-

OBJECTIVE 3

Did the House operate and maintain a purchasing system without significant weakness in internal control?

Sub-Objectives

1. Determine if purchases were properly approved.
2. Determine if payments were properly approved and supported.

METHODOLOGY:

To achieve our objective we reviewed applicable W.Va. Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the preparation and payment of purchases, excluding purchasing card (P-Card) transactions. We performed multiple reviews, based on object code, to determine if purchases and subsequent payments to vendors made by the HOD were properly approved, reasonable, and allowable; and that proper supporting documentation was maintained.

- Assets (054, 058, 073, 077): We used statistical sampling with the population stratified by dollar amount to determine the sample size, and a random number generator to select which transactions to review.
- Contractual and Professional (025): We selected all transactions relating to the three vendors with the highest total dollar amount.
- Current Expenses (020, 021, 023, 024, 027, 030, 031, 032, 033, 034, 041, 042, 044, 053, 080 & 110): We used statistical sampling with the population stratified by dollar amount to determine the sample size, and a random number generator to select which transactions to review.
- Miscellaneous Expense (051): We reviewed all transactions.
- Repairs and Alterations (061, 063, 064, 068): We used statistical sampling to determine the sample size, and a random number generator to select which transactions to review.
- Routine Maintenance Contracts & Warranties (038): We used statistical sampling with the population stratified by dollar amount to determine the sample size, and a random number generator to select which transactions to review.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- Legislative Rule §155-1-3
- Legislative Rule §155-1-5
- WV Code §5A-8-9
- WV Expenditure Schedule Instructions – Fiscal Year 2013
- Internal Procedures documented by audit team

RELATED FINDINGS:

- Finding 1: Items Not Properly Recorded in PICS
- Finding 5: Invoices Not Paid in Timely Manner
- Finding 6: Purchase Order Approved After Invoice Received

OBJECTIVE 4

Did the House operate its Purchasing Card Program without significant weakness in internal control?

Sub-Objectives

1. Determine if purchases made with the P-Card are for official state purposes.
2. Determine if purchases made with the P-Card are supported by receipts.
3. Determine if the P-Card statement was reconciled in a reasonable amount of time.

METHODOLOGY:

To achieve our objective we reviewed applicable W.Va. Code, Legislative Rules, state rules, and internal policies. We performed interviews with HOD personnel responsible for the preparation and payment of purchases made with the P-Card. We used statistical sampling to determine the sample size, and a random number generator to select which transactions to review. We selected a sample of P-Card transactions to determine if the purchases were approved, allowable, reasonable, and include the required supporting documentation. We also reviewed the statements from CITI Bank to determine if the P-Card was reconciled by the HOD in a reasonable amount of time.

RELEVANT LAWS, POLICIES, OR AGREEMENTS:

- WV State Auditor's Purchasing Card Policies and Procedures Manual Section 4.4
- WV State Auditor's Purchasing Card Policies and Procedures Manual Section 4.5
- Internal Employee Interview Procedures documented by audit team

RELATED FINDINGS:

- Finding 3: Purchasing Card Transactions Were Inappropriately Delegated

HOUSE OF DELEGATES
JULY 1, 2013 – JUNE 30, 2014

APPENDIX B – MANAGEMENT RESPONSE

HOD Responses
to 2013-14 Audit

***October 2015 Responses by the House of Delegates
to Recommendations in the Audit titled:***

House of Delegates
For the Period: July 1, 2013-June 30, 2014
4/9/2015

Response to Finding 1-Purchased Items are Not Properly Recorded in PICS:

As noted in the response to Finding 1 of the July 1, 2012-June 30, 2013 Audit:
The House of Delegates (HOD) has adopted written Inventory Guidelines with thresholds matching those used by the WV Purchasing Division.

A project was undertaken earlier this year to do a complete inventory of HOD computers, iPads, printers, House furniture and other larger assets. Work has been done to help ensure previously purchased items have ID tags and are input into the PICS inventory. In addition, assets above the threshold levels, as well as most large items below those levels, are to now be issued state ID tags when received and entered into the inventory listing in PICS.

The House of Delegates will continue this practice in order to help ensure both new and old assets are accounted for going forward.

Response to Finding 2-Invoices Not Paid in Timely Manner:

The HOD has now begun to date stamp invoices when they are received and all invoices should be entered into PICS upon receipt. This should help ensure more timely payment of invoices in the future.

Response to Finding 3-Purchasing Card Transactions Were Inappropriately Delegated:

As noted in the response to Finding 4 of the July 1, 2012-June 30, 2013 Audit, delegating use of the Purchasing Card has been discontinued and a second employee has been approved to use a card if the Purchasing Agent is not available.

Response to Finding 4-Purchase Order Approved After Invoice Received:

It is now the practice of the HOD to enter requested items into PICS to generate a Purchase Order prior to an order being placed. Depending upon the amount of the purchase, approval must be given in PICS by the Clerk (\$500 or less), the Chief of Staff (\$500-\$3,000), or the Speaker (Above \$3,000).

Response to Finding 5-Mileage for Four Delegates May Have Been Incorrect:

As noted in the response to Finding 3 of the July 1, 2012-June 30, 2013 Audit, the WV HOUSE OF DELEGATES IN-STATE EXPENSE FORM has been revised and now includes sections to obtain a physical address and all other necessary information needed from the Delegate on one page. Use of this new form was implemented for the June 2015 Interim Committee Meetings.

Extensive work has been done by the House of Delegates as well as the Legislative Auditor's Office to verify, and update where necessary, Delegate mileage. In addition, the Director of E-Travel in the State Auditor's Office inquired about using this new form as a model for the rest of the state to use for the new travel system in those cases where the traveler does not actually complete their own online expense report.

Response to Finding 6-Post Office Box Addresses Listed on Expense Vouchers:

As noted in the previous response to Finding 3 of the July 1, 2012-June 30, 2013 Audit, the WV HOUSE OF DELEGATES IN-STATE EXPENSE FORM has been revised and now includes sections to obtain a physical address and all other necessary information needed from the Delegate on one page. Use of this new form was implemented for the June 2015 Interim Committee Meetings.

Extensive work has been done by the House of Delegates as well as the Legislative Auditor's Office to verify, and update where necessary, Delegate mileage. In addition, the Director of E-Travel in the State Auditor's Office inquired about using this new form as a model for the rest of the state to use for the new travel system in those cases where the traveler does not actually complete their own online expense report.
