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DECEMBER 9, 2018

*LETTER REPORT ON THE
WEST VIRGINIA BOARD OF
REGISTRATION FOR FORESTERS*

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Justin Robinson
Director



December 9, 2018

The Honorable Mitch Carmichael, President
West Virginia State Senate
Post Audits Sub-Committee, Co-Chair
Room 229 M, Building 1
State Capitol Complex
Charleston, WV 25305

The Honorable Roger Hanshaw, Speaker
West Virginia House of Delegates
Post Audits Sub-Committee, Co-Chair
Room 228 M, Building 1
State Capitol Complex
Charleston, WV 25305

Mr. President and Mr. Speaker:

The Legislative Auditor directed the Post Audit Division to perform an audit of the West Virginia Board of Registration for Foresters (the Board) at the request of the newly appointed members of the Board. The Board consists of five members appointed by the Governor, who are licensed professional foresters in West Virginia and have held their license for at least 10 years before appointment. The term of a member is five years and a member may not serve more than two consecutive full terms.

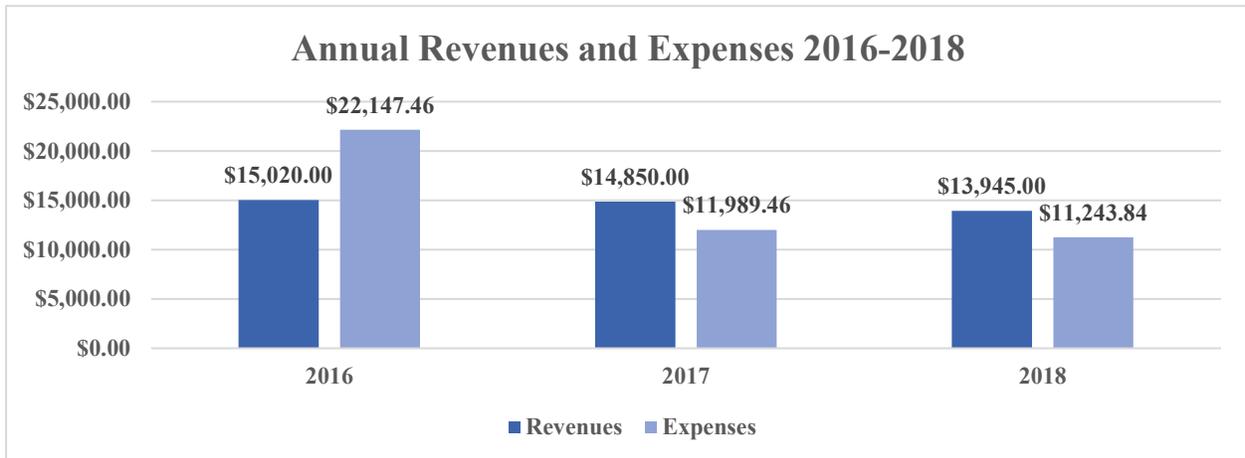
In 1963, the Legislature created the Board of Registration for Foresters and required that no individual could use, advertise, or assume the title of "forester" without first being licensed and registered by the Board. The term "forester" means a person who, by reason of his knowledge acquired by professional forestry education and/or practical experience, is qualified to engage in the practice of professional forestry.

There are currently 275 Registered Foresters and 51 Forestry Technicians licensed by the Board. The Board does not receive any general revenue appropriations and remains operational from fees generated by registration renewals, reciprocity fees, application fees, exam fees, and late fees.

The objective for this audit was to review the revenues and expenditures made by the Board and report any potential fraud, misuse, or abuse of Board resources. Although the audit was requested by the Board, and despite multiple attempts to obtain the necessary information, **the Board did not respond to several requests and correspondences from the Post Audit Division.**

This lack of information prevented the Legislative Auditor from performing a detailed analysis of the revenues as was necessary to fulfill the revenue portion of the audit objective.

While unable to obtain the revenue data necessary for the objective, the Legislative Auditor analyzed the aggregated revenues and expenses to identify trends and anomalies from Fiscal Year 2016 to Fiscal Year 2018. No fluctuations or anomalies were noted in the aggregate trends. Additionally, the Board was able to generate revenue in excess of actual expenses in each of the fiscal years analyzed. In 2016, total expenses exceeded the revenues generated due to a fund transfer of approximately \$9,417. Excluding the transfer, the revenues in 2016 also exceeded the expenses.



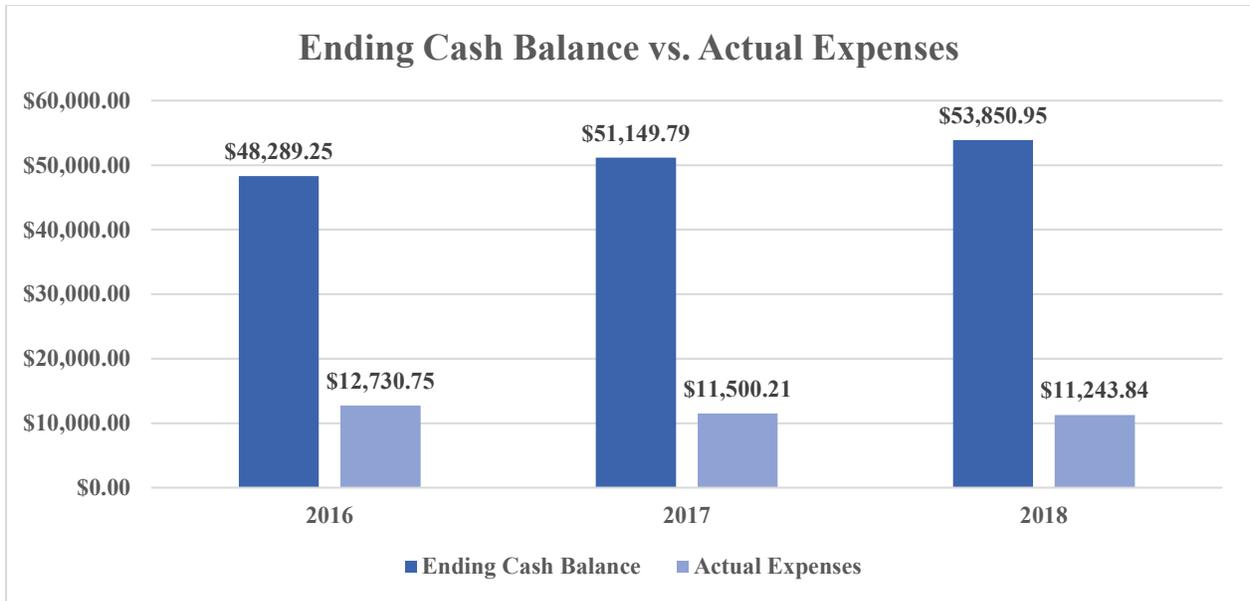
To determine the validity of individual expense transactions, the Legislative Auditor obtained the Account Status Report from the wvOASIS system module and eliminated expenditures for personnel serving permanent positions, personnel serving temporary positions, and Social Security matching. From the 178 remaining transactions, a sample size of 77 transactions were reviewed. From this review, the Legislative Auditor did not identify any transactions that were a potential fraud, misuse, or abuse of Board resources.

The Board Fund Balance Exceeds the Amount Authorized by W.Va. Code.

The Legislative Auditor analyzed the ending cash balance in relation to the expenses of the Board for 2016 through 2018. In each of the fiscal years reviewed the Board had an ending cash balance of between three and almost five times the actual Board expenses. W.Va. Code §30-1-10 states:

*“When the special fund of any board accumulates to an amount which **exceeds twice the annual budget** of the board or \$10,000, whichever is greater, the excess amount shall be transferred by the State Treasurer to the state General Revenue Fund.” (Emphasis added)*

While \$9,416.71 was transferred out of the Board’s account in 2016, this still left the ending cash balance at 3.8 times higher than the actual expenses incurred. In 2017 only \$489.25 was transferred out of the Board’s account as the cash balance grew to 4.4 times the actual expenses. Finally, in 2018 no transfers were made from the Board’s account and the ending cash balance grew to \$53,850.95 or approximately 4.8 times the actual expenses incurred.



Recommendations

1. The Legislative Auditor recommends the State Treasurer transfer the West Virginia Board of Registration for Foresters' excess fund balance to the General Revenue Fund in accordance with W.Va. Code §30-1-10.

Sincerely,

Justin Robinson, Director