

STATE OF WEST VIRGINIA
AUDIT REPORT
OF
WEST VIRGINIA
DIVISION OF CORRECTIONS

FOR THE PERIOD

JULY 1, 1997- JUNE 30, 1999



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

WEST VIRGINIA DIVISION OF CORRECTIONS

FOR THE PERIOD

JULY 1, 1997 - JUNE 30, 1999

WEST VIRGINIA LEGISLATURE

Joint Committee on Government and Finance

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To the Joint Committee on Government and Finance:

In compliance with the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of the West Virginia Division of Corrections.

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

Respectfully submitted,

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

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

TLS/ela

WEST VIRGINIA DIVISION OF CORRECTIONS

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WEST VIRGINIA DIVISION OF CORRECTIONS

EXIT CONFERENCE

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

WEST VIRGINIA DIVISION OF CORRECTIONS

INTRODUCTION

The Division of Corrections was established under Chapter 70, Acts of the Legislature in 1977. Formerly a major division of the Department of Public Institutions, Corrections became a division of the Department of Public Safety (now the Department of Military Affairs and Public Safety) under the executive reorganization of 1989. The Commissioner of the Division of Corrections directs the state's adult correctional system. Oversight of the juvenile correctional institutions was transferred to the newly created Division of Juvenile Services on November 1, 1997.

The Division of Corrections system consists of 11 adult facilities: Mount Olive, Northern Correctional Facility at Moundsville, Ohio County Correctional Facility at Wheeling, St. Mary's Correctional Center St. Mary's, Huttonsville Correctional Center at Huttonsville, Prunytown Correctional Center at Grafton, Denmar Correctional Center at Hillsboro, Beckley Correctional Center and work release centers at Charleston and Huntington. The agency also operates a young adult offender facility, the Anthony Center at Neola.

The Commissioner is also responsible for the supervision of parolees assigned to the division's custody or accepted under the Interstate Compact. The state's correctional system is responsible for approximately 3,300 incarcerated adults, 95 youthful offenders, and approximately 1,320 persons under probation and parole supervision.

DIVISION OF CORRECTIONS
ADMINISTRATIVE OFFICERS AND STAFF

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

Nicholas Hun..... July 1, 1997 - July 31, 1997
William Davis..... August 1, 1997 - March 10, 1999
William Duncil (Acting).....March 11, 1999 - April 3, 1999
Paul Kirby.....April 4, 1999 - Present

The Deputy Commissioner, Directors, Deputy Directors, and staff as of June 30, 1999 were as follows:

James Rubenstein.....Deputy Commissioner
Wyetta Fredericks..... Director of Programs/Treatment
Marcus Harrison..... Director of Parole Services
Karen Shumaker..... Director of Special Services
Nancy L. Swecker..... Director of Administration
Hilda Williams..... Director of Human Resources
Henry Lowery..... Deputy Director - Interstate Compact
Loita Butcher..... Executive Assistant

DIVISION OF CORRECTIONS

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Lack of Effective System of Internal Controls

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

Auditor's Recommendation

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

Agency's Response

We will comply. (See pages 19 - 24)

Over Obligated Appropriation

2. The Division of Corrections incurred obligations in excess of its 1998 and 1999 fiscal year appropriations. According to the Court of Claims' annual reports, claims were paid on behalf of the Division of Corrections in the amounts of \$3,109,015.71 for claims awarded in 1999 and \$5,554,529.38 for claims awarded in 2000. The majority

of the vendor invoices forwarded to the Court of Claims represented either obligations to counties and regional jails for the inmate per diem housing costs or obligations to hospitals and healthcare professionals for catastrophic medical costs.

Auditor's Recommendation

We recommend the Division of Corrections comply with Chapter 12, Article 3, Section 14 of the West Virginia Code.

Agency's Response

We will continue to request additional funding. However, as we have no control over sentencing and healthcare issues, nor the appropriation, we cannot state that over-obligations will cease. (See pages 24-26)

Accounting for Computer Equipment

3. As noted in our prior audit, the Division does not submit an annual equipment inventory to the Department of Administration's Purchasing Division as required by law. Also, during our equipment trace, we were unable to locate various computer hardware purchased between July 1, 1997 and June 30, 1999 at a total cost of \$8,953.00.

Auditor's Recommendation

We recommend the Division of Corrections make a concentrated effort to account for the missing equipment and in the future comply with Section 4.2 of the Purchasing Division's "Inventory Management and Surplus Property Disposition Policies and Guidelines" and Chapter 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Response

Our detailed equipment inventory as required by law has been completed and is ready for submission to the Department of Administration as required by July 15th. Our Internal Auditor/Accountant was assigned this responsibility and will randomly "spot-check" equipment to ensure continued compliance. (See pages 26-29)

Contracts Not Approved By Purchasing Division

4. We found the agency did not comply with the Department of Administration's purchasing regulations and the West Virginia Code which require processing, through the Purchasing Division, commodity and equipment purchases and professional services contracts in excess of \$10,000. In addition, we found nine purchases totaling \$34,052.04 which were not supported by the required purchase orders.

Auditor's Recommendation

We recommend the Division comply with Sections 2.2, 2.3, and 6.1, of the Purchasing Division's "Agency Purchasing Manual" and Chapter 5A, Article 3, Section 10 of the West Virginia Code.

Agency's Response

Several of the contracts in question were authorized under the previous Commissioner. Current executive officials have been notified of proper purchasing procedures and will abide by them. (See pages 29-33)

Unappropriated Expenditures

5. The Davis Center and the Industrial Home for the Youth, were transferred from the Division of Corrections to Juvenile Services on November 1, 1997 (the transfer date). After the transfer date, the Division of Corrections paid \$22,550.00 in vehicle lease payments and \$5,833.04 in household equipment and furnishings on behalf of Juvenile Services.

Auditor's Recommendations

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

Agency's Response

When the Davis Center and Industrial Home for Youth budgets were transferred to the newly created Juvenile Services Division, we retained \$22,500.00 to pay for their vehicles for the remaining of FY98. The amount expended for household equipment and furnishings was to assist in establishing their Central Office. (See pages 33-35)

Parolee Supervision Fee Program

6. During our examination of Parolee Supervision Fee receipts, we documented \$57,905.48 in supervision fees that had been written off during the period July 1, 1997 through June 30, 1999. In addition, we found the Division approved fee waivers to parolees for periods in excess of the four month maximum allowed by legislative rule, resulting in the forfeiture of \$1,780.00 in parolee supervision revenue.

Auditor's Recommendation

We recommend the Division of Corrections comply with Chapter 14, Article 1, Section 18 of the West Virginia Code and with Title 90, Series 2 of its legislatively approved rules.

Agency's Response

There is a discrepancy as the Division's Policy Directive allows waiver requests for up to a six-month period while the legislative rule allows waiver for only a four-month period. Therefore, we will attempt to have the legislative rule changed to allow for a six-month waiver in those cases where it is judged necessary. In the future the Division of Corrections will comply with the statute regarding guidelines for writing off uncollectible debts. (See pages 35-39)

Lease Payments for Vehicles Not In Service

7. The Division of Corrections was billed by the Department of Administration, and subsequently paid lease charges totaling \$1,805.00, for vehicles which were either retired, out of service, or never assigned to the Division.

Auditor's Recommendation

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

Agency's Response

The Department of Administration invoices are carefully scrutinized and although we were told in the past not to

modify invoices, we will modify any invoice that does not agree with our vehicle listing. (See pages 39 and 40)

Duplicate Payments

8. The Division processed eight duplicate payments for goods and services totaling \$759.00 for which the state did not receive any benefit.

Auditor's Recommendation

We recommend the Division comply with Chapter 12, Article 3, Section 9 of the West Virginia Code by processing payments for only those amounts which are actual expenses of the agency.

Agency's Response

Vendors will be notified for requested reimbursement.
(See pages 40-42)

Split Invoices

9. We found two purchases totaling \$2,367.19 were divided into six separate invoices to keep charges within the \$1,000.00 limit specified by the State Purchasing Card Rules and Regulations. The separate invoices in both cases represented purchases made from the same vendor and on the same day.

Auditor's Recommendation

We recommend the Division of Corrections comply with the State Auditor's Purchasing Card Policies and Procedures by limiting purchasing card purchases to single transactions of not more than \$1,000.00.

Agency's Response

Our Internal Auditor was assigned the task of P-card Coordinator and reviews all institutional P-card purchases periodically on a random basis. (See pages 42-44)

Erroneous Calculation of Overtime and Termination Pay

10. The agency's overtime calculations resulted in seven overpayments to four employees totaling \$249.35 and seven underpayments to five employees totaling \$232.48. Also, we noted that a Division employee was overpaid \$65.65 at resignation.

Auditor's Recommendation

We recommend the agency comply with Chapter 12, Article 3, Section 13 and Chapter 21, Article 5c, Section 3 of the West Virginia Code.

Agency's Response

This was an error on our part. We have reassigned a portion of the work load and the Internal Auditor will perform periodic randomly selected employees to "audit" payroll computation. (See pages 44-46)

Payment for Personal Services Not Rendered

11. One Division of Corrections employee was allowed to take sick leave not accrued. When the employee took a medical leave of absence her sick leave balance was negative 11.5 hours resulting in an overpayment of \$84.76.

Auditor's Recommendation

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

Agency's Response

The payroll office was not notified of the employee's negative leave until after the paycheck was issued. (See pages 46 and 47)

Improper Accounting for Annual and Sick Leave

12. We noted errors in employees' sick and annual leave balances resulting in an understated balance for one employee totaling 12 hours and overstated balances for three employees totaling (125) hours. Furthermore, while comparing the "application for leave with pay" forms to

the employees' monthly time sheets, we noted 39 leave applications were not submitted for approval until after the date of leave.

Auditor's Recommendation

We recommend the agency comply with Sections 15.3 and 15.4 of the Division of Personnel's Administrative Rule, Number 129.08, Section V. of the Division's own Policy Directive, and Chapter 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Response

We will comply. (See pages 47-50)

Exceeded Contract Terms

13. Our contract test revealed payments to vendors for professional services exceeded the maximum amount stated in the terms of one (WV-48) agreement by \$2,250.00 and another (WV-48) agreement by \$645.00.

Auditor's Recommendation

We recommend the Division comply with the terms of its contracts.

Agency's Response

We will comply. (See pages 50 and 51)

Goods and Services Provided To Parole Board

14. Between July 1, 1997, and June 30, 1999, the Division of Corrections provided approximately \$37,874.69 in goods and services to the West Virginia Parole Board, a separate State agency. Moreover, the Division erroneously paid \$4,780.81 for a temporary employee's salary and paid a \$230.00 vendor invoice on behalf of the Board.

Auditor's Recommendation

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

Agency's Response

It has been the historical practice that the Division of Corrections provide the office space and administrative functions for the Parole Board. They were charged for reimbursement of administrative support services this FY2000 and have paid as they received additional funding this FY2000. (See pages 51-53)

Lack of Supporting Documentation

15. During our examination, we noted several different instances where the Division had not maintained the documentation relating to payroll, leave, cash disbursements and parolee records necessary to support various calculations and transactions.

Auditor's Recommendation

We recommend the agency comply with Chapter 5A, Article 8, Sections 9(b) and 17 of the West Virginia Code, as well as, Section 6 of the Purchasing Division's "Agency Purchasing Manual" by maintaining proper supporting documentation.

Agency's Response

We will comply. (See pages 53-59)

Documents Processed Without Authorizing Signatures

16. In several instances, documents relating to the payment of vendor invoices, personal services, employment eligibility, salary increases, payroll deductions, travel reimbursements, sick and annual leave charged, and purchases did not have an authorizing signature affixed.

Auditor's Recommendation

We recommend the Division of Corrections comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code. In addition, we recommend the Commissioner, as head of the agency, review the issues noted above and determine the appropriate corrective actions.

Agency's Response

We will comply. (See pages 59 and 60)

Annual Increment

17. The Division overpaid two employees annual increment totaling \$750.00. The agency included in its annual increment calculations, employment that did not qualify as State service.

Auditor's Recommendation

We recommend the Division comply with Chapter 5, Article 5, Section 2 of the West Virginia Code and the Division of Personnel's Annual Increment Policy by not including county service as prior service with the State of West Virginia.

Agency's Response

The employees will be notified and a repayment plan will follow. (See pages 60-62)

WEST VIRGINIA DIVISION OF CORRECTIONS

GENERAL REMARKS

INTRODUCTION

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

GENERAL REVENUE ACCOUNTS

Expenditures required for the general operations of the Division of Corrections were made from the following appropriated accounts:

CENTRAL OFFICE FUND

<u>FUND NUMBER</u>	<u>DESCRIPTION</u>
0446-001.....	Personal Services
0446-004.....	Annual Increment
0446-010.....	Employee Benefit
0446-099.....	Unclassified

CORRECTIONAL UNITS FUNDS

<u>FUND NUMBER</u>	<u>DESCRIPTION</u>
0450-229.....	Payments to Counties and Regional Jails
0450-338.....	Capital Improvements
0450-661.....	Capital Improvements - Surplus
0450-8376.....	Parole Services
0450-8386.....	Special Services
0450-8388.....	Reserve

SPECIAL REVENUE ACCOUNTS

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

<u>FUND NUMBER</u>	<u>DESCRIPTION</u>
6362-640.....	Parolee Supervision Fee Fund- Unclassified-Departmental and Misc.Income

COMPLIANCE MATTERS

Chapter 25, Article 1 of the West Virginia Code and Legislative Rule Title 90, Series One through Six generally governs the West Virginia Division of Corrections (the Division). We tested applicable sections of the above plus general State regulations, and other applicable sections of the West Virginia Code as they pertain to financial matters. Our findings are discussed below:

Lack of Effective System of Internal Controls

During the course of our examination, it became apparent to us, based on observed noncompliance with the West Virginia Code and other rules and regulations which govern the

Division of Corrections, the Division did not have an effective system of internal control in place to ensure compliance with applicable State laws, rules and regulations.

Chapter 5a, Article 8, Section 9(b) of the West Virginia Code, as amended, states in part,

"The head of each agency shall:...

(b) Make and maintain records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency's activities...."

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

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

1) We found the Division of Corrections over obligated its 1998 and 1999 fiscal year appropriations.

2) As noted in our prior audit, the Division does not submit an annual equipment inventory to the Department of Administration's Purchasing Division as required by law. While

conducting our equipment trace, we were unable to locate 11 equipment items with a total value of \$8,953.00.

3) We noted the Division of Corrections did not comply with purchasing regulations and the West Virginia Code by not processing, through the Department of Administration's Purchasing Division, five contracts totaling \$108,704.41 in commodity and equipment purchases and professional services which each exceeded \$10,000.00. Also, the Division purchased \$56,410.76 in networking equipment from Bell Atlantic Network Integration, without the required approval of the Department of Administration's Purchasing Division. The agency also purchased \$34,052.04 in equipment and furnishings that were not supported by the required purchase orders and (WV-39) "blanket release orders".

4) We noted the Division made \$28,383.04 in expenditures on behalf of Juvenile Services.

5) The agency paid \$5,352.00 from its Special Services Account on behalf of correctional institutions that had their own budget and appropriation.

6) The Division wrote off parolee supervision fee balances totaling \$57,905.48 as uncollectible without following the procedures set forth in the West Virginia Code. The agency also forfeited \$1,780.00 in parolee supervision fees by not

following their own legislatively approved rules and regulations regarding fee waivers.

7) The Division paid the Department of Administration \$1,805.00 for vehicle lease charges when the Division did not receive any benefit from the expenditures.

8) Eight private sector vendors were paid for the same goods and services more than once for a total overpayment of \$759.65.

9) We found two purchases totaling \$2,367.19 were divided into six separate invoices so they could be charged on the State purchasing card.

10) The Division improperly calculated employee overtime and resignation pay resulting in errors totaling \$481.83 and \$65.65, respectively.

11) The Division paid an employee \$84.76 for personal services that were not rendered.

12) The Division improperly calculated the annual and sick leave of four employees resulting in 12 understated hours and (125.5) overstated hours of leave. We also noted 39 cases in which annual leave was taken before it was approved.

13) Payments totaling \$8,400.00 were made to a vendor under a contract which was not to exceed \$6,150.00 and payments totaling \$9,045.00 were made to another vendor for professional

services under a contract that was not to exceed \$8,400.00 according to the terms of the agreement.

14) We noted the Division provided approximately \$37,874.69 in goods and services to the West Virginia Parole Board.

15) Our audit revealed 149 payroll and leave documents, 12 purchase orders supporting repairs and alterations disbursements, and four interstate parolee files were missing and unavailable for review.

16) We also noticed several documents relating to the payment of vendor invoices, personal services, employment eligibility, salary increases, payroll deductions, travel reimbursements, sick and annual leave charges and purchases did not have an authorizing signature affixed.

17) We noted the Division did not properly calculate the years of service for two employees resulting in annual increment overpayments of \$50.00 in fiscal year 1998 and \$700.00 in fiscal year 1999.

Agency's Response

With the addition of our Internal Auditor who will be responsible to ensure compliance with the issues discussed in this audit report and the development of all administrative

policies and procedures, we feel confident that our internal control will be a much more effective system.

Over Obligated Appropriation

We found the Division of Corrections had incurred obligations in excess of its 1998 and 1999 fiscal year appropriations. Agency personnel stated vendor invoices for goods and services provided to the Division of Corrections were forwarded to the Court of Claims because the Division was unable to pay the invoices from current appropriations.

According to the Court of Claims' 1999 and 2000 annual reports, the Court submitted, as part of its claims and over expenditures presented to the legislature, a request that payment of vendor invoices be made (as legal and/or moral obligations of the State) on behalf of the Division of Corrections in the amounts of **\$3,109,015.71** for claims awarded in 1999 and **\$5,554,529.38** for claims awarded in 2000. Of the claims awarded in 1999, \$2,348,762.95 related to inmate housing in county and regional jails and \$753,680.56 related to inmate medical costs. Of the claims awarded in 2000, \$4,486,200.63 related to inmate housing in county and regional jails and \$976,911.47 related to inmate medical costs.

The total dollar amount of claims awarded in any given year does not necessarily equal the total dollar amount that an

agency may have exceeded its appropriation in the previous fiscal year. Claims are not considered for payment by the Court until the claimant files for remuneration. Therefore, claims relating to one or more fiscal years may be included in the amount of claims and over expenditures included in the Court's annual report.

We examined the Division of Corrections' 1998, 1999, and 2000 fiscal year Budget Requests and found that based on records provided to us, additional funds were requested to pay for housing state inmates in regional jails and county jails, but those increases were not reflected in the Governor's recommendation to the Legislature. However, in some cases, the Division of Corrections did not request sufficient funds to cover actual obligations to counties and regional jails. The Division underestimated the funding requirements because facility expansion and the opening of new facilities by the Division didn't materialize as soon as expected.

Chapter 12, Article 3, Section 14 of the West Virginia Code states in part:

"It shall be unlawful for the superintendent, manager, any officer, or any person or persons, board or body, acting or assuming to act for and on behalf of any institution, kept or maintained in whole or in part by this State, to expend for any fiscal year any greater sum for the maintenance or on account of such

institution than shall have been appropriated by the legislature..."

As noted above, the majority of the vendor invoices forwarded to the Court of Claims represented either obligations to counties and regional jails for the inmate per diem and housing costs or obligations to hospitals and healthcare professionals for catastrophic medical costs.

We recommend the West Virginia Division of Corrections comply with Chapter 12, Article 3, Section 14 of the West Virginia Code.

Agency's Response

We will continue to request additional funding. However, as we have no control over sentencing and healthcare issues, nor the appropriation, we cannot state that over-obligations will cease.

Accounting for Computer Equipment

As noted in our prior audit, the Division of Corrections does not submit an annual equipment inventory to the Department of Administration's Purchasing Division as required by law. Chapter 5A, Article 3, Section 35 of the West Virginia Code states:

"The head of every spending unit of state government shall, on or before the fifteenth day of July of each year, file with the director an inventory of all real and personal property, and all equipment,

supplies and commodities in its possession as of the close of the last fiscal year, as directed by the director."

Division personnel informed us that a complete equipment inventory was not prepared until August 6, 1999.

Since an equipment inventory was not available, we attempted to trace Central Office equipment items purchased during our audit period to their physical locations using the serial numbers and model information found on the vendor invoices. During our trace, we noted that various computer hardware purchased between July 1, 1997 and June 30, 1999, at a total cost of \$8,953.00, could not be located. The equipment consisted of two Gateway GP6-333 personal computers, three Gateway EV700 monitors, a Viewsonic P655 monitor, a Viewsonic E771 monitor, a Viewsonic G790 monitor, a Hewlett Packard Laserjet 2100 TN printer, a Hewlett Packard Vectra P-200 personal computer, and a CTX 17" monitor.

Since the equipment could not be located, we requested copies of transfer or surplus property forms or other documentation which would explain the equipment's disposition; however, we learned no transfer or surplus property forms were on file. Since the equipment could not be located and transfer and surplus property forms were not available, we were unable to determine whether \$8,953.00 in computer equipment is being

utilized by the Division of Corrections to conduct State business.

Section 4.2 of the Purchasing Division's "Inventory Management and Surplus Property Disposition Policies and Guidelines" states:

"It is important to remember that the Surplus Property Unit must approve all methods of disposition. Property no longer needed in a department is to be reported to the Surplus Property Unit of the Purchasing Division. All agencies no longer needing equipment/property must forward a completed **Surplus Property Disposition Form, WV-103** to the Surplus Property Unit".

We recommend the Division of Corrections make a concentrated effort to account for the missing equipment and in the future comply with Section 4.2 of the Purchasing Division's "Inventory Management and Surplus Property Disposition Policies and Guidelines" and Chapter 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Response

Our detailed equipment inventory as required by law has been completed and ready for submission to the Department of Administration as required by July 15th. Viewsonic G790 Monitor was replaced under warranty with another monitor. Recording of all assets is currently in compliance with the Department of Administration's regulations. Our Internal Auditor Accountant

was assigned this responsibility and will randomly "spot-check" equipment to ensure continued compliance.

Contracts Not Approved By Purchasing Division

In our tests of purchases and contracts, we noted the Division of Corrections did not comply with the Department of Administration's purchasing regulations and the West Virginia Code which require processing, through the Purchasing Division, commodity and equipment purchases and professional services contracts in excess of \$10,000.00. The details are as follows:

<u>Vendor</u>	<u>Fiscal Year</u>	<u>Amount</u>	<u>Amount Authorized</u>	<u>Difference</u>
Cynthia Ballard	1999	\$ 20,000.00	\$10,000.00	\$10,000.00
Drugtest Resources	1998	25,508.25	10,000.00	15,508.25
Drugtest Resources	1999	31,312.78	10,000.00	21,312.78
WV Media Group	1999	19,290.28	10,000.00	9,290.28
Fray G. Queen, Jr.	1999	<u>12,593.10</u>	<u>10,000.00</u>	<u>2,593.10</u>
		<u>\$108,704.41</u>	<u>\$50,000.00</u>	<u>\$58,704.41</u>

In addition, our audit revealed \$56,410.76 in networking equipment was purchased through Bell Atlantic Network Integration, but the expenditure was not approved by the Purchasing Division.

Section 2.2 of the Department of Administration Division of Purchasing's "Agency Purchasing Manual" states in part,

"Purchasing Division: The Purchasing Division of the Department of Administration is the central purchasing agency for commodities and services required by state

agencies. All requests or requisitions for commodities or services expected to exceed \$10,000.00 must be processed through the Purchasing Division...."

Section 2.3 of the "Agency Purchasing Manual" also states in part that:

"...Purchases \$5,001 to \$10,000 require three **written** bids. Agencies may use the **Request for Quotation** (WV-43) to document those vendors solicited and their responses...."

Chapter 5A, Article 3, Section 10 of the West Virginia Code clarifies Purchasing Division bidding requirements and states in part,

"...The director shall solicit sealed bids for the purchase of commodities and printing which is estimated to exceed ten thousand dollars. No spending unit shall issue a series of requisitions which would circumvent this ten thousand maximum...."

The Purchasing Division delegated purchasing authority to state agencies for procurement of commodities estimated to cost \$10,000 or less. All purchases greater than \$10,000 are to be processed through the Purchasing Division.

According to the agency's Director of Administration, the Division had concurrent professional services agreements (WV-48's) for both Cynthia Ballard and the West Virginia Media Group. The agreements for Ms. Ballard ran from August 25, 1998 through June 30, 1999, and from November 9, 1998 through

February 28, 1999. Both of the Media Group's agreements with the Division of Correction's Central Office ran from July 1, 1998 through June 30, 1999. The Director also stated the Division prepared internal bids for the Drugtest Resource purchases, but neither the bidding process nor the bids were in writing. In addition, the billings from Fray G. Queen accidentally exceeded the \$10,000 maximum.

The networking equipment purchased through Bell Atlantic Network Integration was approved by the Governor's Office of Technology. The Technology Office stated that the equipment was provided under an existing contract (SWC-U-96-CICS). We attempted to obtain a copy of the contract, but discovered that the contract was "piggy backed" on a West Virginia Board of Trustees contract that had not been approved by the Purchasing Division.

In addition, during our equipment test, we found nine purchases totaling \$34,052.04 which were not supported by the required purchase orders or (WV-39) "blanket release orders". Section 6.1 of the "Agency Purchasing Manual" states in part,

"...6.1.2 \$1,001 to \$5,000: An Agency Purchase Order, WV-88, or TEAM-Generated Purchase Order is required...."

In the Release Order (WV-39) Instructions for Agencies section of the "Agency Purchasing Manual," the guidelines for "blanket release order" usage states in part,

"The **Form WV-39, Release Order** is to be used by all agencies for all commodities, printing, and services requisitioned against statewide and/or agency term contracts".

We were unable to determine why the Division did not prepare the required purchase orders and (WV-39) "blanket release orders".

We recommend the Division of Corrections comply with Sections 2.2, 2.3, and 6.1, of the Purchasing Division's "Agency Purchasing Manual" and Chapter 5A, Article 3, Section 10 of the West Virginia Code.

Agency's Response

The following contracts we authorized under previous

Commissioner:

*Cynthia Ballard
WV Media Group
Fray Queen, Jr.*

Current executive officials have been notified of proper purchasing procedures and will abide by them.

Drugtest Resources was for field drug testing kits for Parole Services. These test kits are bought quarterly and we did receive verbal bids. However, we currently have bid an

agency statewide open-end contract through the Purchasing Division with a scheduled bid opening date of July 18, 2000.

The networking equipment purchased in the amount of \$56,410.76 was approved by the Governor's office of Technology and ISC with instructions to purchase from the WVU "BANI" contract.

We will comply with purchasing regulations relating to issuance of "blanket release orders." It should be noted that we do log all purchase orders by number, date, amount of order, and vendor.

Unappropriated Expenditures

In addition to its other facilities, the Division of Corrections was previously responsible for administering the Davis Center and the Industrial Home for the Youth. The management of these facilities was transferred to Juvenile Services, a new and separate agency, created by House Bill 2680 effective July 1, 1997. According to the Division's Director of Administration, the financial control and responsibilities for the Davis Center and the Industrial Home for the Youth were not officially transferred to Juvenile Services until November 1, 1997 (the transfer date). The Director stated the Division continued to provide the new agency with accounting and payroll services until the transfer date and all financial obligations

incurred or encumbered by Juvenile Services after November 1, 1997, should have been paid by the new agency.

During the course of our examination, we found the Division of Corrections paid \$22,550.00 for vehicle lease payments and \$5,833.04 for household equipment and furnishings on behalf of Juvenile Services after the transfer date. According to Division of Corrections records, the lease payments were made for various vehicles assigned to Juvenile Services during the period of November 1997 through August 1998. The funds related to furnishings were encumbered during the period November 1997 to January 1998.

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

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

We were unable to determine why the Division of Corrections paid for the lease payments or the furnishings.

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

Agency's Response

When the Davis Center and Industrial Home for Youths budgets were transferred to the newly created Juvenile Services Division, we retained \$22,500.00 to pay for their vehicles for the remaining of FY98. In fact, this amount should have been transferred to Juvenile Services and they would have paid. The net effect is null.

The amount expended for household equipment and furnishing was to assist in establishing their Central Office. This funding should have been transferred to them, however, this occurred in September 1997 prior to the establishment of the Juvenile Services account and corresponding management and administrative activities of the new agency.

Parolee Supervision Fee Program

During our testing of Parolee Supervision Fee receipts, we noted 16 instances totaling \$810.00 where such fees assessed by the Division of Corrections were subsequently written off as uncollectible. Additional work performed by us and substantiated by agency staff revealed an additional \$57,095.48 of parolee supervision fees had been written off during the period July 1, 1997 through June 30, 1999. The

Division recorded the write offs by reducing the individual parolees' outstanding fee balances to zero. The Division adjusted these parolee supervision fee balances without following the procedures set forth in Chapter 14, Article 1 of the West Virginia Code which provides guidelines for the write off of debts due the State.

Chapter 14, Article 1, Section 18 of the West Virginia Code states,

"The commissioner of finance and administration, auditor or other officer or official body having authority to collect the same may, with the advice of attorney general, adjust and settle upon just and equitable principles without regard to strict legal rules any account or claim, in favor of the State, which may at the time have been standing upon the books of his or its office more than five years; and, with the like advice, may dismiss any proceedings instituted by him or it."

After parolees were either discharged from parole, had their parole revoked or had their cases closed, the Division wrote off the outstanding supervision fee balance because they believed the debt was not feasibly collectible.

In addition, we found the Division approved fee waivers to parolees for periods in excess of the maximum allowed by legislative rule. A total of 46 fee waivers were issued to parolees for durations ranging from six to nine months in length

which exceeded the maximum exemption of four months before the requirement to reapply is applicable as set out in the Division's legislatively approved rules. Based on the results of our examination, the Division forfeited \$1,780.00 in parolee supervision revenue as a result of exceeding the four month waiver.

Title 90, Series 2, Section 2 of the Division's Legislative Rule states in part,

" ... 1. A parolee must pay a monthly supervision fee of twenty (\$20.00) dollars per month by certified check or money order no later than the 5th of each month to the Division of Corrections Supervision Fund, Building 4, Room 300, 112 California Avenue, Charleston, WV, 25305, unless he or she has been approved for an exemption or reduction as outlined below:...

...(e) If the request for exemption or reduction is approved, the deciding official will notify the parolee that the exemption or reduction is only valid as long as the circumstances under which it was granted remain the same. The parolee must advise his or her parole officer when these circumstances change, **in any event, the reduction or exemption expires four (4) months after approval and the parolee must reapply** if another exemption or reduction is needed." (Emphasis added)

If the Division believed a parolee was incapable of working or performing community service, the individual was issued a fee waiver; however, we were unable to determine why some waivers

were issued for periods greater than the four months mandated by the Division's legislatively approved rule.

We recommend the Division comply with Chapter 14, Article 1, Section 18 of the West Virginia Code and with Title 90, Series 2, Section 2 of its legislatively approved rules.

Agency's Response

There is a discrepancy as the Division's Policy Directive allows waiver requests for up to a six-month period while the legislative rule allows waiver for only a four-month period. In those cases where a waiver was issued for more than six months, the waiver was approved to cover periods that were missed by parole officers for waiver requests. This happens occasionally through oversight and we will attempt to correct these occurrences. The Division of Corrections will revise the policy directive to agree with the legislative rule.

The Division of Corrections will implement administrative proceedings permitting a "waiver" of fees for parolees in jail pending parole revocation; or those who have absconded; or those who have been discharged from their obligation. We are currently in process of implementing a new automated system, and we will request that the program permit documentation of these administrative "waivers".

The Division of Corrections does agree that waivers for periods in excess of four months did occur, however, the supervision fee clerk has been instructed that fee waivers cannot exceed the allowable time frame and will be reported to the supervisor should she receive any requests.

In the future, the Division of Corrections will comply with statute regarding the guidelines for the write-off of debts due the state for any uncollectible parolees' outstanding fee balances.

Lease Payments for Vehicles Not In Service

The Division was billed by the Department of Administration, and subsequently paid, lease charges totaling \$1,805.00 for vehicles which were retired, out of service, or never assigned to the Division. The Division made lease payments for a Huttonsville Correctional Center vehicle from July 1997 through September 1998 at a rate of \$45.00 per month; however, the vehicle was retired in June 1997. A Chevy pickup assigned to the Charleston Work Release Center was wrecked and taken out of service on July 27, 1998. The Division continued to make lease payments on the vehicle through January 1999 at a rate of \$100.00 per month. Further, the Division made a \$530.00 lease payment in June 1999, even though the Division has no records the vehicle was ever assigned to it.

Chapter 12, Article 3, Section 9 of the West Virginia

Code states that:

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

We were unable to determine why the Division continued to make these lease payments.

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

Agency's Response

The Department of Administration invoices are carefully scrutinized and although we were told in the past not to modify invoices, we will modify any invoice that does not agree with our vehicle listing.

Duplicate Payments

Our test of cash disbursements revealed eight private sector vendors were paid for the same goods and services more than once. The initial payments are shown below and are

followed by what Division of Corrections' personnel confirmed to be a duplicate payment:

<u>FIMS Number</u>	<u>Fund Number</u>	<u>Invoice Number</u>	<u>Amount Paid</u>	<u>Over- payment</u>	<u>Purpose of Expenditure</u>
I 002991712	0450	216488	\$ 29.75		
I 002834789	0450	216488	29.75	\$ 29.75	Office Supplies
I 002949769	0450	154560	200.00		
I 002927828	0450	154560	200.00	200.00	Mileage
I 003082699	0450	not listed	120.00		
I 003084759	0450	not listed	120.00	120.00	Janitorial Work
I 002999602	0450	011546	9.00		Water Cooler
I 002999608	0450	011546	9.00	9.00	rental - 11/97
I 003039960	0450	not listed	248.00		Fair Labor
I002993119	0450	not listed	248.00	248.00	Standards
I 003832343	0450	157455	49.90		Ribbon
I 003835583	0450	157455	49.90	49.90	Cartridge
I 003167766	0450	not listed	30.00		F. Bolyard
I 003313532	0450	not listed	30.00	30.00	Medical care
I 003158721	0450	92661051	73.00		Laboratory
I 003183885	0450	92661051	73.00	<u>73.00</u>	Services
Total				<u>\$759.00</u>	

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

"Every board of officer authorized by law to issue requisitions upon the auditor for payment of money out of the state treasury, shall, before any such money is paid out of the state treasury, certify to the auditor

that the money for which such requisition is made is needed for present use for the purposes for which it was appropriated; and the auditor shall not issue his warrant to pay any money out of the state treasury unless he is satisfied that the same is needed for present use for such purposes".

We were unable to determine why the Division made the aforementioned duplicate payments. The itemization supporting these duplicate payments shows payments were made without any additional benefit being received by the State.

We recommend the West Virginia Division of Corrections comply with Chapter 12, Article 3, Section 9 of the West Virginia Code by processing payments for only those amounts which are actual expenses of the Division.

Agency's Response

Oversight -

Vendors will be notified for requested reimbursement.

Split Invoices

While performing the test of purchasing card expenditures, we found two purchases totaling \$2,367.19 were divided into six separate invoices to keep charges within limits specified by State Purchasing Card Rules and Regulations. According to the purchasing card statement, the multiple transactions for each of these two purchases were for the same vendor on the same day and are detailed as follows:

<u>Vendor</u>	<u>Transaction Date</u>	<u>Amount</u>	<u>Description</u>
Ranger Joe's	12/10/98	\$ 507.86	Honor Guard Equip.
Ranger Joe's	12/10/98	<u>657.54</u>	Honor Guard Equip.
		<u>\$1,165.40</u>	

<u>Vendor</u>	<u>Transaction Date</u>	<u>Amount</u>	<u>Description</u>
WV Uniforms	05/28/99	\$ 291.95	Honor Guard Uniform
WV Uniforms	05/28/99	306.09	Honor Guard Uniform
WV Uniforms	05/28/99	305.95	Honor Guard Uniform
WV Uniforms	05/28/99	<u>297.80</u>	Honor Guard Uniform
		<u>\$1,201.79</u>	

The State Auditor's Purchasing Card Policies and Procedures states in part:

"The cardholder is obligated to follow all rules as stated in the Purchasing Card Policies and Procedures....
Transaction Limit - For the period beginning July 1, 1998, the maximum dollar amount permitted in a single transaction is \$1,000.00...."

A sergeant at the West Virginia Corrections Academy sent a memorandum dated December 7, 1998, to the Director of Training requesting "honor guard equipment". The memorandum outlines the required items, the vendor (Ranger Joe's) from which the items can be ordered, and the \$1,099.26 estimated cost. The equipment was ordered on sequentially numbered purchase orders and both purchase order number 12153 and 12154 were dated December 9,

1998. According to the uniform company's documentation, the phone order for the honor guard uniforms was placed on the same day and shipped on the same day. Division of Corrections' staff was unable to explain why the uniform purchase was split into four separate invoices.

We recommend the Division of Corrections comply with the State Auditor's Purchasing Card Policies and Procedures by limiting purchasing card purchases to single transactions of not more than \$1,000.00.

Agency's Response

Misunderstanding at that time of limit per order and not invoiced, however, our Internal Auditor was also assigned the task of P-card Coordinator and reviews all institutional P-card purchases periodically on a random basis. Invoices are requested on a periodic basis should a question arise to insure compliance with policy.

Erroneous Calculation of Overtime and Termination Pay

The Division's overtime and resignation calculations resulted in seven overpayments to four employees totaling \$249.35 and seven underpayments to five employees totaling \$232.48. In addition, we noted that an agency employee was overpaid by \$65.65 at resignation.

In regard to overpayments, Chapter 12, Article 3, Section 13 of the West Virginia Code states:

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

According to Division personnel, only those hours "actually" worked in the workweek are to be considered in the calculation of overtime.

Chapter 21, Article 5c, Section 3 of the West Virginia Code states in part,

". . .(b) As used in this section the "regular rate" at which an employee is employed shall be deemed to include all remuneration for employment paid to, or on behalf of, the employee, but shall not be deemed to include:. . .(2) Payments made for occasional periods when no work is performed due to vacation, holiday, illness, failure of the employer to provide sufficient work, or other similar cause; reasonable payments for traveling expenses, or other expenses, incurred by an employee in the furtherance of his employer's interests and properly reimbursable by the employer, and other similar payments to an employee which are not made as compensation for his hours of employment;. . ."

Employees were given credit for annual and sick leave as hours worked in the overtime calculation. The underpayments occurred because overtime hours that should have been paid at the overtime rate were paid at the straight rate or were not

paid at all. The overpayment at resignation involves a miscalculation of the employees' ending annual leave balance.

We recommend the Division comply with Chapter 12, Article 3, Section 13 and Chapter 21, Article 5c, Section 3 of the West Virginia Code.

Agency's Response

This was an error on our part. We have reassigned a portion of the workload and the Internal Auditor will perform periodic randomly selected employees to "audit" payroll computation.

Payment for Personal Services Not Rendered

We found one Division of Corrections employee was allowed to take sick leave not accrued. When the employee took a medical leave of absence her sick leave balance was negative 11.5 hours resulting in an overpayment of \$84.76.

Chapter 12, Article 3, Section 13 of the West Virginia Code state:

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

The negative leave balance was due to the Division granting the use of annual and sick leave before it had been accrued.

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

Agency's Response

The payroll office was not notified of the employee's negative leave until after the paycheck was issued.

Improper Accounting for Annual and Sick Leave

We noted errors in the sick and annual leave balances which resulted in an understated balance for one employee totaling 12 hours and overstated balances for three employees totaling (125) hours.

Section 15.3 of the West Virginia Division of Personnel's Administrative Rule amended July 1, 1998, states in part:

"(a)...Annual leave is accrued **at the end of each pay period**...Annual leave cannot be accrued for hours not paid nor for hours worked beyond the normal work week which shall not exceed 40 hours....(c)...Annual leave may not be granted in advance of the employee's accrual of the leave....
(emphasis added)

...The table below lists the rates of accrual according to the employee's length of service category and the number of hours of annual leave that may be carried forward from one calendar year to another....

Length of Service Category	Accrual Rate: Hours: <u>Hours Equal To</u>	Carry-Forward Hours <u>Equal To</u>
Less than 5 years of regular employment	1.25 days/month	30 Days

5 years but less than 10 years of regular employment	1.50 days/month	30 Days
10 years but less than 15 years of regular employment	1.75 days/month	35 Days
15 years or more	2.00 days/month	40 Days

...(b) Service to Qualify - Qualifying service for length of service category is based on State employment or employment in the classified service...."

Section 15.4 of the of the same Rule states in part:

"(a)...Sick leave is accrued **at the end of each pay period** or on the last work day for separating employees....Sick leave cannot be accrued for hours not paid nor for hours worked beyond the normal work week which shall not exceed 40 hours....(f)Granting-Sick leave may not be granted in advance of the employee's accrual of the leave...."
(emphasis added)

The errors noted included mathematical mistakes in accruals, errors in length of service computations, differences in amounts charged on time sheets and "applications for leave with pay".

While comparing the "application for leave with pay" forms to the employees' monthly time sheets, we noted **39** cases where annual leave was not approved until after the leave had been taken. Stated another way, the "application for leave with

pay" forms documenting the leave request, were not submitted for approval until after the date of the leave.

Number 129.08, Section V. of the Division of Corrections' Policy Directive states in part:

"...C. All applications for **annual leave** must be submitted one (1) week in advance to the requesting employee's immediate supervisor...."

Section 15.3 of the Division of Personnel's Administrative Rule states in part:

"...(c)...The employee shall request annual leave in advance of taking leave..."

Chapter 5a, Article 8, Section 9 of the West Virginia Code 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..."

According to the Payroll Supervisor, the employee is responsible for submitting leave applications to their supervisor; however, there have been occasions when the applications for leave were received by the Payroll Supervisor after the time sheets were

received, the payroll was processed, and leave records were updated.

We recommend the Division comply with Sections 15.3 and 15.4 of the Division of Personnel's Administrative Rule, Number 129.08, Section V. of the Division's own Policy Directive, and Chapter 5A, Article 8, Section 9 of the West Virginia Code.

Agency's Response

All annual and sick leave records will be corrected in accordance with audit findings. Employees will be notified by the Commissioner that approved annual leave must occur prior to commencement of leave.

Exceeded Contract Terms

Our test of contracts revealed two cases in which payments to vendors for professional services rendered exceeded the maximum amount stated in the terms of the (WV-48) agreement. We found no additional contracts or purchase orders that authorized the excess payments. (1) Mr. Frank Masters provided drug counseling services to the Division from July 1, 1997 to June 30, 1998. According to the terms of the agreement, Mr. Masters was to be paid a rate of \$30.00 per hour not to exceed \$6,150.00. However, during the 1998 fiscal year, Mr. Masters was paid a total of \$8,400.00 which is \$2,250.00 over the

maximum amount stated in the contract. (2) Ms. Christine Bundrick provided drug counseling services to the Division from July 1, 1998 to June 30, 1999. According to the terms of the agreement, Ms. Bundrick was to be paid a rate of \$30.00 per hour not to exceed \$8,400.00. However, during the 1999 fiscal year, Ms. Bundrick was paid a total of \$9,045.00 which is \$645.00 over the maximum stated in the agreement. We were unable to determine why the Division of Corrections exceeded the maximum payments stated in its professional services agreements.

We recommend that the Division of Corrections comply with the terms of its contracts.

Agency's Response

We failed to internally modify agreement increasing number of hours, however, the hourly rate did not change nor did the total amount exceed \$10,000.00. The grants management unit have been notified that modifications must occur. Due to the increase in inmates, it was necessary for the additional counseling hours.

Goods and Services Provided To Parole Board

Between July 1, 1997, and June 30, 1999, the Division provided approximately \$37,874.69 in goods and services to the Parole Board, a separate State agency. The Division furnished office space to the Board during our audit period at an

approximate cost of \$14,716.00 and supported the Parole Board with administrative, financial and payroll services in the approximate amount of \$18,147.88. Further, we noted the Division erroneously paid \$4,780.81 for the salary of a Parole Board temporary employee and a \$230.00 vendor invoice for a Board member's executive chair. Chapter 12, Article 3, Section 9 of the West Virginia Code states that:

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

According to the Director of Administration, the history of the Division and the Board's relationship has always been that the Division of Corrections would provide administrative, financial, and payroll services. Further, the Director added that the Parole Board is not funded sufficiently to reimburse the costs. The temporary employee's salary and the vendor invoice were paid in error.

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

Agency's Response

It has been the historical practice that the Division of Corrections provide the office space and administrative functions for the Parole Board.

The Parole Board did not have sufficient funding in previous years for any reimbursement. They were charged for reimbursement of administrative support services this FY2000 and have paid as they received additional funding this FY2000.

Lack of Supporting Documentation

1) Payroll and Leave Documentation

During our audit, we noted several different instances where the Division had not maintained documentation relating to the calculation of personal services, annual increment and sick and annual leave. Chapter 5A, Article 8, Section 9(b) of the West Virginia Code 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."

Specifically, the following documents were missing and unavailable for our review: **76** "Application For Leave With Pay" forms, **22** Personnel Action Forms (WV-11) representing a \$756.00 "across the board" increase, **13** monthly time sheets, **12** West Virginia (WVIT-104) Withholding Forms, **eight** Federal (I-9) Employment Eligibility Forms, **five** insurance authorization forms, **four** Federal (W-4) Withholding Forms, **four** Annual/Sick Leave Reports, **two** weekly time sheets, **two** prior service records, and **one** complete personnel file. In addition, while reviewing employee records, we noted leave documented on **13** approved and **one** unapproved "Application For Leave With Pay" forms that was not recorded on the employees' monthly time sheets or deducted from the accumulated leave balance on the Division's "Annual/Sick Leave Reports". The unapproved leave application documented 40 hours of annual leave that was taken over several days. According to Division of Corrections' Payroll Supervisor I, the leave applications are not always available for review because some employees do not always submit them. The monthly time sheets and not the applications for leave are used for the calculating leave balances. The payroll supervisor also stated the additional leave applications that were not recorded on the employees' monthly time sheets could be explained in several ways. If an employee turns in a leave

request, but later decides to work on the day in which leave was requested, the employee is required to submit a "cancelled" leave request form signed by their supervisor. In many cases, the employees do not submit the form required to cancel the original leave. On other occasions, leave applications are received after the leave records have been updated for the month and the leave requests are erroneously not included in the employee's leave balance. The monthly time sheet is used for leave calculations because it represents the entire month and is signed by the employee's supervisor.

2) Cash Disbursements

Our audit also revealed several missing purchase orders and two FIMS cover sheets and the related supported documentation. Purchase orders supporting **12** disbursements for repairs and alterations totaling \$26,269.37, a \$1,125.00 furniture purchase, and a \$1,098.46 purchase of drug testing kits. Section 6 of the Department of Administration Division of Purchasing's "Agency Purchasing Manual" addresses purchase order requirements and states in part,

"Agency Purchasing Procedures: This section applies to purchases made under the agency delegated purchasing procedures for products and services under \$10,000. These purchases are processed by the individual agencies.

...6.1.2 \$1,001 to \$5,000: ...An Agency Purchase Order, WV-88, or TEAM - Generated Purchase Order is required..."

Some of the repairs and alterations expenditures related to expenses paid on behalf of Juvenile Services. When financial control and responsibilities was transferred to Juvenile Services on November 1, 1997, all documentation supporting their financial activity was transferred to the agency. Division of Corrections staff contacted Juvenile Services to request the purchase orders; however, the agency was unable to locate the documentation. In relation to the other repairs alterations disbursements and the furniture purchase, the Division was unable to determine the location of the remaining purchase orders.

Division records reflect that purchase order number PS0217 dated April 6, 1999, was issued to Drugtest Resources Virginia in the amount of \$9,259.77; however, the purchase order could not be located.

3) Parolee records

During our test of cash receipts, four interstate parolee files were unavailable for our review. Division personnel had destroyed the files approximately one year after the parolees' cases were closed. Guidelines for the disposal of

records are provided in Chapter 5A, Article 8, Section 17 of the West Virginia Code which states in part:

“Except as provided in section seven-a [§57-1-7a], article one, chapter fifty-seven of this code, no record shall be destroyed or otherwise disposed of by any agency of the state, unless it is determined by the administrator and the director of the section of archives and history of the division of culture and history that the record has no further administrative, legal, fiscal, research or historical value....”

We were unable to determine if the proper amount of parolee fees were collected for the individuals in question.

According to the provisions of Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, the Commissioner, as head of the agency, would be responsible for ensuring adequate accounting records are maintained relating to the above issues. We believe the Commissioner should review the problem areas noted and ascertain appropriate corrective measures.

We recommend the Division of Corrections comply with Chapter 5A, Article 8, Sections 9(b) and 17 of the West Virginia Code, as well as, Section 6 of the Purchasing Division's "Agency Purchasing Manual" by maintaining proper supporting documentation.

Agency's Response

We have devised an employee deduction/forms folder with specific forms to be maintained separate from an employee's personnel file. For any missing documentation as referenced such as WVIT-104, I-9, insurance forms, etc., the employee will be requested to complete a new form to maintain accurate documentation. In addition, the Internal Auditor will randomly select employees to review the deduction/forms folder to insure compliance.

We will issue memorandum that the procedure to be used for submitting leave slips and monthly time sheets to the payroll office will be as follows:

All pre-approved annual and sick leave slips will be attached to the employee's approved monthly timesheet and submitted within 5 days of the close of the reporting month. It is the employee and employee's supervisor's responsibility to insure the accuracy of the monthly timesheet and accompany leave slips.

The reference to repairs and alterations expenditure relating to expenses paid on behalf of Juvenile Services refers to a Capital Outlay account that was intended primarily for the Industrial Home for Youths. They continued to use the balance after November 1, 1997.

We will comply with the statute regarding disposal of records. We are currently working on a current records retention policy which we will submit to the Department of Administration for approval.

Documents Processed Without Authorizing Signatures

During the course of our work, we found several instances where documentation relating to the payment of vendor invoices, personal services, employment eligibility, salary increases, payroll deductions, travel reimbursements, sick and annual leave charged, and purchases did not have an authorizing signature affixed.

Chapter 5A, Article 8, Section 9 of the West Virginia Code 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."

All agency financial transactions and documents should be authorized and approved by the appropriate level of management. According to the Division's accounting procedures, vendor invoices are "stamped" to indicate that they have been

reviewed and are approved for payment. Documents relating to personal services such time sheets, salary increases, overtime payments, and payroll deductions should be properly approved to ensure that employees are paid the amounts they are authorized to receive. Other documentation such as travel reimbursements, purchase orders and applications for leave with pay should be reviewed before it is approved.

We recommend the Division of Corrections comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code. In addition, we recommend the Commissioner, as head of the agency, review the issues noted above and determine the appropriate corrective actions.

Agency's Response

As recommended, the Commissioner will review the issuance and determine the appropriate policy and procedure to be followed.

Annual Increment

Our examination of annual increment revealed discrepancies in the annual increment payments to employees. We noted two employees whose years of service were not correctly calculated, causing an overpayment of \$50.00 for fiscal year 1998 and overpayments of \$650.00 and \$50.00 for fiscal year 1999.

Chapter 5, Article 5, Section 2 of the West Virginia Code states in part,

"Effective for the fiscal year beginning the first day of July, one thousand nine hundred ninety-six, every **eligible** employee with three or more years of service shall receive an annual salary increase equal to fifty dollars times the employees' years of service, not to exceed twenty years of service...." (**emphasis added**)

In addition, the West Virginia Division of Personnel's Annual Increment Policy dated May 15, 1997 states in part,

"...B. Full Years of Service: Full years of total service **as an employee of the State of West Virginia** (1 year equals 12 months)..."

The Division included in its annual increment calculations, employment that did not qualify as State service. One employee was employed by a county commission between January 1, 1981, and September 9, 1993. The other employee was employed by a county board of education between September 1, 1978 and March 20, 1980. Both the county commission and the board of education are county agencies. Due to incorrect years of service calculations, the Division overpaid two employees \$750.00 in annual increment.

We recommend the Division of Corrections comply with Chapter 5, Article 5, Section 2 of the West Virginia Code and the West Virginia Division of Personnel's Annual Increment

Policy by not including county service as prior service with the State of West Virginia.

Agency's Response

The employees will be notified and a repayment plan will follow. It should be noted that these employees were paid for these "non-State employee" time frames by other State agencies and when they transferred to us, that information followed and we erred by not checking it more thoroughly.

INDEPENDENT AUDITOR'S OPINION

The Joint Committee on Government and Finance:

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

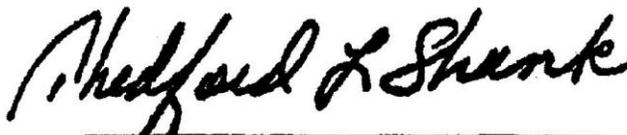
We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the appropriations and expenditures and revenues collected and expenses paid of the West Virginia Division of Corrections for the years ended June 30, 1999 and June 30, 1998, on the bases of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statement. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectfully Submitted,



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

March 10, 2000

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

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

	<u>Year Ended June 30, 1999</u>		
	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Combined Totals</u>
Appropriations/Cash Receipts:			
Appropriations	\$9,204,293.00	\$ 0.00	\$9,204,293.00
Supplemental Appropriation - Senate Bill 520	0.00	0.00	0.00
Reappropriations	46,613.04	0.00	46,613.04
Parole Supervision Fees	0.00	253,008.48	253,008.48
Reimbursements	0.00	0.00	0.00
	<u>9,250,906.04</u>	<u>253,008.48</u>	<u>9,503,914.52</u>
Expenditures/Disbursements:			
Personal Services	2,082,069.34	36,099.00	2,118,168.34
Annual Increment	34,145.00	0.00	34,145.00
Employee Benefits	861,514.63	16,384.00	877,898.63
Current Expenses	5,720,818.06	115,408.00	5,836,226.06
Repairs and Alterations	49,391.58	0.00	49,391.58
Equipment	272,548.35	0.00	272,548.35
Building Renovations	0.00	0.00	0.00
	<u>9,020,486.96</u>	<u>167,891.00</u>	<u>9,188,377.96</u>
Appropriations/Cash Receipts Over Expenditures/Disbursements	230,419.08	85,117.48	315,536.56
Expirations and Expenditures after June 30	(230,419.08)	0.00	(230,419.08)
Beginning Balance	<u>0.00</u>	<u>47,351.79</u>	<u>47,351.79</u>
Ending Balance	<u>\$ 0.00</u>	<u>\$132,469.27</u>	<u>\$ 132,469.27</u>

See Notes to Financial Statement

Year Ended June 30, 1998

<u>General Revenue</u>	<u>Special Revenue</u>	<u>Combined Totals</u>
\$ 7,912,761.00	\$ 0.00	\$ 7,912,761.00
2,500,000.00	0.00	2,500,000.00
396,523.36	0.00	396,523.36
0.00	233,595.94	233,595.94
0.00	0.00	0.00
<u>10,809,284.36</u>	<u>233,595.94</u>	<u>11,042,880.30</u>
8,013,585.83	82,928.00	8,096,513.83
25,450.00	0.00	25,450.00
531,441.78	35,664.00	567,105.78
1,177,634.87	115,408.00	1,293,042.87
230,828.60	0.00	230,828.60
163,276.93	0.00	163,276.93
65,981.00	0.00	65,981.00
<u>10,208,199.01</u>	<u>234,000.00</u>	<u>10,442,199.01</u>
601,085.35	(404.06)	600,681.29
(554,472.31)	0.00	(554,472.31)
<u>0.00</u>	<u>47,755.85</u>	<u>47,755.85</u>
<u>\$ 46,613.04</u>	<u>\$ 47,351.79</u>	<u>\$ 93,964.83</u>

WEST VIRGINIA DIVISION OF CORRECTIONS

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policy

Accounting Method: The modified cash basis of accounting is followed for the General Revenue Fund. The major modification from the cash basis is that a 31-day carry-over period is provided at the end of each fiscal year for the payment of obligations incurred in that year. All balances of the General Revenue Fund appropriations for each fiscal year expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 31 days after the fiscal year-end; however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. The cash basis of accounting is followed by all other funds. Therefore, certain revenues and the related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

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

<u>Expenditures</u>		<u>Expirations</u>	
<u>Paid After June 30,</u>		<u>July 31,</u>	<u>July 31,</u>
<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
<u>\$182,477.20</u>	<u>\$369,856.08</u>	<u>\$47,880.85</u>	<u>\$24,982.68</u>

Combined Totals: The combined totals contain the totals of similar accounts of the various funds. Since the appropriations and cash receipts of certain funds are restricted by various laws, rules and regulations, the totaling of the accounts is for memorandum purposes only and does not indicate that the combined totals are available in any manner other than that provided by such laws, rules and regulations.

Note B - Pension Plan

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

The Division of Corrections' pension expenditures were as follows:

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
General Revenue	\$197,542.01	\$123,571.54
Special Revenue	<u>3,500.00</u>	<u>7,900.00</u>
	<u>\$201,042.01</u>	<u>\$131,471.54</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA DIVISION OF CORRECTIONS
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<u>Central Office Fund - Personal</u>		
<u>Services - Fund 0446-001</u>		
Appropriations	\$345,984.00	\$327,878.00
Expenditures:		
Personal Services	341,416.49	326,677.16
Employee Benefits	0.00	1,200.84
	341,416.49	327,878.00
	4,567.51	0.00
Transmittals Paid After June 30	0.00	308.48
Balance	\$ 4,567.51	\$ 308.48
<u>Central Office Fund - Annual</u>		
<u>Increment Fund 0446-004</u>		
Appropriations	\$ 8,260.00	\$ 8,260.00
Expenditures	8,260.00	7,800.00
	0.00	460.00
Transmittals Paid After June 30	0.00	0.00
Balance	\$ 0.00	\$ 460.00

WEST VIRGINIA DIVISION OF CORRECTIONS
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 GENERAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<u>Central Office Fund - Employee</u>		
<u>Benefits Fund 044-010</u>		
Appropriations	\$115,111.00	\$107,458.00
Expenditures	<u>112,757.80</u>	<u>107,078.84</u>
	2,353.20	379.16
Transmittals Paid After June 30	<u>13,586.84</u>	<u>9,829.56</u>
Balance	<u>\$ 15,940.04</u>	<u>\$ 10,208.72</u>
<u>Central Office Fund - Unclassified</u>		
<u>Fund 0446-099</u>		
Appropriations	\$111,004.00	\$111,004.00
Expenditures:		
Current Expenses	110,611.12	107,396.93
Repairs and Alterations	84.88	1,006.86
Equipment	308.00	2,520.74
	<u>111,004.00</u>	<u>110,924.53</u>
	0.00	79.47
Transmittals Paid After June 30	<u>6,863.44</u>	<u>4,645.68</u>
Balance	<u>\$ 6,863.44</u>	<u>\$ 4,725.15</u>

**WEST VIRGINIA DIVISION OF CORRECTIONS
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE**

	Year Ended June 30,	
	1999	1998
<u>Correctional Units Fund - Payments</u>		
<u>to Counties and Regional Jails</u>		
<u>Fund 0450-229</u>		
Appropriations	\$3,916,250.00	\$3,916,250.00
Supplemental Appropriation -		
S.B. 520	0.00	2,500,000.00
	3,916,250.00	6,416,250.00
Expenditures:		
Current Expenses	3,916,250.00	6,416,250.00
	3,916,250.00	6,416,250.00
	0.00	0.00
Transmittals Paid After June 30	38,005.33	156,298.99
Balance	\$ 38,005.33	\$ 156,298.99
<u>Correctional Units Fund - Capital</u>		
<u>Improvements Funds 0450-338</u>		
Reappropriations	\$ 0.00	\$ 8,382.90
Expenditures		
Current Expenses	0.00	450.00
Repairs and Alterations	0.00	1,432.90
Equipment	0.00	6,500.00
	0.00	8,382.90
	0.00	0.00
Transmittals Paid After June 30	0.00	0.00
Balance	\$ 0.00	\$ 0.00

**WEST VIRGINIA DIVISION OF CORRECTIONS
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<u>Correctional Units Fund - Capital</u>		
<u>Improvements-Surplus-Fund 0450-</u>		
<u>661</u>		
Reappropriations	\$ 46,613.04	\$ 388,140.46
Expenditures		
Repairs and Alterations	43,337.04	225,566.85
Equipment	3,276.00	49,979.57
Building Renovations	0.00	65,981.00
	<u>46,613.04</u>	<u>341,527.42</u>
	0.00	46,613.04
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$ 46,613.04</u>
 <u>Correctional Units Fund - Parole</u>		
<u>Services Fund 0450-8376</u>		
Appropriations	\$1,846,314.00	\$1,374,402.00
Expenditures		
Personal Services	997,651.41	764,009.39
Annual Increment	16,200.00	15,400.00
Employee Benefits	365,749.30	273,776.18
Current Expenses	387,805.17	290,178.13
Repairs and Alterations	2,421.83	1,648.11
Equipment	36,405.09	17,347.02
	<u>1,806,232.80</u>	<u>1,362,358.83</u>
	40,081.20	12,043.17
Transmittals Paid After June 30	<u>70,242.39</u>	<u>45,132.88</u>
Balance	<u>\$ 110,323.59</u>	<u>\$ 57,176.05</u>

**WEST VIRGINIA DIVISION OF CORRECTIONS
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
GENERAL REVENUE**

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<u>Correctional Units Fund - Special</u>		
<u>Services Fund 0450-8386</u>		
Appropriations	\$2,742,308.00	\$1,824,699.00
Expenditures		
Personal Services	737,545.81	558,119.85
Annual Increment	9,685.00	10,050.00
Employee Benefits	456,896.32	303,288.29
Current Expenses	1,298,543.24	851,846.26
Repairs and Alterations	3,577.71	1,125.23
Equipment	235,182.42	94,460.64
	<u>2,741,430.50</u>	<u>1,818,890.27</u>
	877.50	5,808.73
Transmittals Paid After June 30	<u>38,147.06</u>	<u>135,004.69</u>
Balance	<u>\$ 39,024.56</u>	<u>\$ 140,813.42</u>
 <u>Correctional Units Fund - Reserve</u>		
<u>Fund 0450-8388</u>		
Appropriations	\$ 119,062.00	\$ 242,810.00
Expenditures		
Personal Services	0.00	0.00
Annual Increment	0.00	0.00
Employee Benefits	4,574.88	7,789.84
Current Expenses	114,485.68	228,434.36
Repairs and Alterations	0.00	373.65
Equipment	0.00	0.00
	<u>119,060.56</u>	<u>236,597.85</u>
	1.44	6,212.15
Transmittals Paid After June 30	<u>18,241.64</u>	<u>178,269.35</u>
Balance	<u>\$ 18,243.08</u>	<u>\$ 184,481.50</u>

WEST VIRGINIA DIVISION OF CORRECTIONS
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<u>Parolee Supervision Fee Fund - Personal</u>		
<u>Services-Fund 6362-001</u>		
Appropriations	\$85,952.00	\$82,928.00
Expenditures	<u>36,099.00</u>	<u>82,928.00</u>
	49,853.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$49,853.00</u>	<u>\$ 0.00</u>
<u>Parolee Supervision Fee Fund - Employee</u>		
<u>Benefits-Fund 6362-010</u>		
Appropriations	\$38,271.00	\$35,664.00
Expenditures	<u>16,384.00</u>	<u>35,664.00</u>
	21,887.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$21,887.00</u>	<u>\$ 0.00</u>

WEST VIRGINIA DIVISION OF CORRECTIONS
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
<u>Parolee Supervision Fee Fund -</u>		
<u>Current Expenses-Fund 6362-020</u>		
Appropriations	\$ 0.00	\$115,408.00
Expenditures:		
Current Expenses	0.00	115,408.00
	0.00	0.00
Transmittals Paid After June 30	0.00	0.00
Balance	\$ 0.00	\$ 0.00
<u>Parolee Supervision Fee Fund -</u>		
<u>Unclassified-Fund 6362-099</u>		
Appropriations	\$115,408.00	\$ 0.00
Expenditures:		
Current Expenses	115,408.00	0.00
	0.00	0.00
Transmittals Paid After June 30	0.00	0.00
Balance	\$ 0.00	\$ 0.00

**WEST VIRGINIA DIVISION OF CORRECTIONS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
CASH CONTROL - FUND 6362-999**

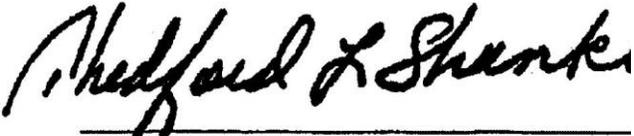
	<u>Year Ended June 30,</u>	
	<u>1999</u>	<u>1998</u>
Beginning Balance:		
State Treasury	\$ 47,351.79	\$ 47,755.85
Cash Receipts:		
Parolee Supervision Fees	253,008.48	233,595.94
TOTAL CASH TO ACCOUNT FOR	\$300,360.27	\$281,351.79
Disbursements:		
Personal Services	\$ 36,099.00	\$ 82,928.00
Annual Increment	0.00	0.00
Employee Benefits	16,384.00	35,664.00
Current Expenses	115,408.00	115,408.00
Repairs and Alterations	0.00	0.00
Equipment	0.00	0.00
	167,891.00	234,000.00
Add Transmittals Paid July 1 - 31		
Beginning and (Less) Transmittals		
Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	0.00	0.00
Employee Benefits	0.00	0.00
(Employee Benefits)	0.00	0.00
Current Expenses	0.00	0.00
(Current Expenses)	0.00	0.00
Repairs and Alterations	0.00	0.00
(Repairs and Alterations)	0.00	0.00
Equipment	0.00	0.00
(Equipment)	0.00	0.00
	167,891.00	234,000.00
Ending Balance:		
State Treasury	132,469.27	47,351.79
TOTAL CASH ACCOUNTED FOR	\$300,360.27	\$281,351.79

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of the Legislative Post Audit Division, do hereby certify that the report appended hereto was made under my direction and supervision, under the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, and that the same is a true and correct copy of said report.

Given under my hand this 10th day of July 2000.



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

Copy forwarded to the Secretary of the Department of Administration to be filed as a public record. Copies forwarded to the West Virginia Division of Corrections; Governor; Attorney General; and, State Auditor.