

JOINT COMMITTEE ON GOVERNMENT AND FINANCE
WEST VIRGINIA OFFICE OF THE LEGISLATIVE AUDITOR

POST AUDIT DIVISION

LEGISLATIVE AUDIT REPORT

James "Tiger" Morton Catastrophic Illness Commission

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GENERALLY ACCEPTED GOVERNMENT
AUDITING STANDARDS STATEMENT

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards (**GAGAS**). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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James "Tiger" Morton Catastrophic Illness Commission

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Report Background: PAGE 1

Issue 1: PAGE 3

After Reviewing Potential Alternative Programs It Was Determined That the James "Tiger" Morton Catastrophic Illness Commission is Needed as There Are No Other Resources Available to Those Who Receive Assistance from the Fund.

Issue 2: PAGE 5

The Efficiency and Effectiveness of the James "Tiger" Morton Catastrophic Illness Commission and the Fund it Administers Has Been Diminished Over Recent Years. Much of the Cause is Due to Issues with Funding, Staffing, and Organizational Management of the Fund Within the DHHR.

Appendix A: PAGE 13

Report Transmittal Letter

Appendix B: PAGE 14

Objective, Scope, & Methodology

Appendix C: PAGE 15

DHHR Response to Audit Report

Background

The James “Tiger” Morton Catastrophic Illness Commission (JTMCI) was created in 1999, as a last resort for providing economic assistance to West Virginia residents facing catastrophic illness who cannot afford treatment and do not qualify for any other financial resources, including Medicaid. The Commission administers a fund referred to as the James "Tiger" Morton Catastrophic Illness Fund where appropriated dollars and other funds are maintained for distribution to program recipients. While the JTMCI has been functioning under DHHR since its inception, it has its own commission consisting of six members appointed by the governor. Assistance provided by the JTMCI includes funding for lifesaving medical treatments and related travel costs. Assistance is capped at \$200,000 for medical services and \$5,000 for transportation costs. Examples of covered expenses include:

- Proven and accepted medical procedures, such as surgery, organ transplants, and chemotherapy;
- Medication that prevents rejection after a transplant and/or recurrence of a life-threatening illness; and
- Gasoline, lodging, airfare, and car rental costs to medical facilities for patients to receive treatment or for related medical appointments.

Notably, client referrals have been made by entities such as medical facilities, social workers, state legislators, the Governor’s Office, Senator Manchin’s office, Senator Capito’s office, as well as DHHR. According to commission members, the JTMCI’s goal is to extend the quality and quantity of the lives of people. The JTMCI has reportedly been able to serve more than 1,650 West Virginians since its inception. Since at least 2015, the six commission members meet quarterly to review applications requesting assistance, review finances, and conduct other business of the commission. The JTMCI also employs one staff person, the Executive Director, who is responsible for the day-to-day operations, from taking in applications to performing accounting and record-keeping functions of the commission. The current Executive Director began working for the JTMCI in 2015 and is employed as a 20-hour per week employee, while also serving as Interim Executive Director with the Women’s Commission within DHHR the other part of her 40-hour week.

The JTMCI maximizes the use of its funds by paying Medicaid rates through the Bureau of Medical Services, which allows it to reportedly pay only 25 cents on the dollar for the medical costs of its clients. It provides financial assistance to people in need by covering their medical costs and costs of travel to and from medical facilities once an applicant/client meets the eligibility requirements and gets approved by the commission members. The JTMCI has also partnered with other programs such as the American Cancer Society, Angel Flight, local hospitals, and cancer assistance programs and provides referrals to these agencies. The JTMCI states that a key objective is to leverage scarce resources for maximum benefit. According to the JTMCI, most of the people applying for assistance require cancer treatment or organ transplant that can cost an average of \$1 million, if not paid at the Medicaid rate.

In October of 2021, the Cabinet Secretary for DHHR requested the Legislative Auditor conduct an audit of the JTMCI citing that, **“There are many more sources of economic assistance available to individuals facing catastrophic illness today than there were in 1999 when the fund was created.”** In subsequent discussion with the Cabinet Secretary, he further

stated a desire to determine whether the program is targeting the right population and if the targeted population is receiving the proper help they need through this program or if there is any need for adjustments to the program, including if the program continues to be needed. The Cabinet Secretary indicated the healthcare industry has gone through major changes, including the implementation of the Affordable Care Act (ACA). DHHR indicated there may be other options available for people who seek assistance from the JTMCI; therefore, the JTMCI may no longer be needed. However, the Cabinet Secretary did note there may be a part of the population that falls through the cracks and provided the Legislative Auditor with information concerning the “benefit cliff effect”. For instance, a single mother earns a \$3,000 raise at her job. However, this puts her at an income level that makes her ineligible for \$6,000 in benefits she currently receives. The result of her earning a \$3,000 wage increase is a net loss of (\$3,000) as the result of the loss of benefits. This is a dilemma many throughout the country and the state face when advancing in careers while also needing additional assistance, and in some cases can cause a chilling effect deterring some from seeking further career advancement to retain the benefits.

Issue 1: After Reviewing Potential Alternative Programs It Was Determined That the JTMCIIC is Needed as There Are No Other Resources Available to Those Who Receive Assistance from the Fund.

The Legislative Auditor attempted to determine if other programs or resources existed at the state or federal level which could serve as a replacement or alternative to those provided by the JTMCIIC. In considering the need for the program, the Legislative Auditor took into account the following information. As part of the “Families First Coronavirus Response Act” that was signed on March 18, 2020, the federal government increased its share of the Medicaid reimbursement rate known as Federal Medical Assistance Percentage (FMAP) by 6.2% and in exchange states agreed to not remove anyone from Medicaid.¹ The act was set to come to an end with the expiration of the Public Health Emergency on July 15, 2022, but currently has been extended by three months.² The end of the Public Health Emergency would mean the states will have to re-evaluate the number of people who are still eligible for Medicaid.³ **According to DHHR, out of the 619,475 enrolled in Medicaid as of April 2022, between 65,063 and 97,176 members are projected to be removed from the Medicaid rolls in West Virginia due to the end of the Public Health Emergency. This would mean the state’s current Medicaid enrollment would drop from 34.54% to anywhere between 29.12% and 30.91%.** The people who fall off of Medicaid could increase the number of people eligible to seek assistance from the JTMCIIC in the future.

Our review did not identify any other existing alternatives to serve those West Virginians who are eligible for the funding through the commission. Additionally, there appears to be a need for the program based on the continued existence of a population that neither qualify for other assistance nor can afford to pay for the care needed for a catastrophic illness. Therefore, if the intent of the Legislature is to continue to operate the JTMCIIC as designed; additional resources, specific priority, and direction within DHHR is necessary to operate this program efficiently and effectively.

Based on input from outside agencies, Commission members, and DHHR, the Legislative Auditor determined there are no viable alternatives to the JTMCIIC.

To determine the need and viability of the JTMCIIC, the audit team interviewed JTMCIIC’s commission members, DHHR staff, and the Executive Director of the Commission; obtained information from DHHR; analyzed information regarding JTMCIIC’s annual expenditures through wvOASIS; conducted a review of the JTMCIIC client files; and interviewed outside stakeholders to get a better understanding of JTMCIIC’s processes and current performance. Auditors reached out to several organizations that work with the JTMCIIC in helping individuals, such as WVU Hospital, Carl Larson Cancer Center, Plateau Medical Group, WV Breast Health Initiative, and Family House Pittsburgh, among others. Some of these organizations refer patients to the JTMCIIC once a patient gets denied Medicaid, while others work with the JTMCIIC to help the patient receive the necessary services. All representatives from these organizations indicated the JTMCIIC is a needed program that is a last resort for many people who have no other resources available to

¹ <https://www.congress.gov/bill/116th-congress/house-bill/6201/text>

² <https://www.phlp.org/en/news/public-health-emergency-extended-again>

³ <https://www.route-fifty.com/health-human-services/2022/03/massive-task-awaiting-state-medicare-agencies/363542/>

them. One representative stated the other alternative to the JTMCIIC for these individuals would be hospice. The consensus among representatives was that there are no alternatives to the JTMCIIC within the state. Several of the representatives suggested increasing funding and staffing would help improve program outreach adding “every program needs sufficient funding to help more people”. There was overall agreement that there is limited program awareness among people and medical providers, and the JTMCIIC’s waiting list negatively impacted the new referrals.

When the commission members were asked if there are other options available to people who seek assistance from the JTMCIIC, they all agreed that there are no other programs like JTMCIIC. The commission members stated the JTMCIIC makes sure that a person has exhausted all other sources of funding before they can receive help from the program. One commission member commented that other than charity care, JTMCIIC is the only available source for assistance. Another commission member stated while there may be other programs like the JTMCIIC in other states, the JTMCIIC is unique in West Virginia. The audit team, through additional research, also could not identify other programs in the state which offer the same services as the JTMCIIC although it identified programs in 12 other states with catastrophic illness programs of some type and another 2 states which are considering legislation. Program payments issued by states in 2020 ranged from \$267,624 in West Virginia to \$19,445,579 in Idaho. While not an exact match, Idaho does closely match the population of West Virginia. The program payments by Idaho of \$19,445,579 served 698 individuals. In comparison, West Virginia spent \$267,624 and served 71 individuals.

DHHR stated in its request for an audit, “*There are many more sources of economic assistance available to individuals facing catastrophic illness today...*” and cited the ACA and Medicaid Expansion as possible alternatives. The DHHR had not conducted any specific studies on potential alternatives nor was it directly aware of any when we inquired but did note the “*demand for and use of this fund has declined.*”

The number of applicants and referrals to the JTMCIIC began to decline after November 2019 when a waitlist was implemented due to low funding. Catastrophic illness, by nature, requires immediate and prompt care and assistance, which is not conducive to a waitlist. Based on information from the JTMCIIC personnel and commission members, the number of applicants has declined over the years due to fewer hospitals and social workers referring patients because patients were not being provided timely assistance and were placed on the waitlist. This waitlist was removed in October 2021 and after the removal the Commission found that some of those on the waitlist had died while awaiting assistance. There is nothing in this report, nor is it implied, this waitlist was a cause for or was in any way associated with their death as these are in many cases individuals suffering catastrophic and sometimes terminal illnesses. This finding by the Commission and our notation of it is just to exemplify the urgency of need for these individuals facing a catastrophic illness.

Issue 2: The Efficiency and Effectiveness of the James Tiger Morton Catastrophic Illness Commission and the Fund it Administers Has Been Diminished Over Recent Years. Much of the Cause is Due to Issues with Funding, Staffing, and Organizational Management of the Fund Within the DHHR.

Issues Concerning Available Funds and Funding Levels

Funding for the program has declined over time. In FY 2016 and 2017 annual appropriations were approximately \$700,000, with a decrease to approximately \$100,000 each subsequent year, with the FY 2022 appropriation being \$18,664. In 2015, to reduce its costs, the JTMCIC started sharing the Executive Director position equally with the Women’s Commission, which lead to the Commission currently having only a half-time employee to perform daily operations. Also, due to a reduction in funding and at the direction of DHHR, the commission introduced a waitlist, lasting from 2019 through 2021, for people in need of assistance. While DHHR noted a demand for and use of this fund has declined, it appears available and appropriated funding has also declined. The table that follows summarizes annual fund appropriations, expenditures, and ending balances from Fiscal Year 2012 to present.

Fund Appropriations & Expenditures FY 2012-2022				
Fiscal Year	Appropriation	Expenditures	Adjustments⁴	End Cash Balance
FY 2011				\$2,346,234
FY 2012	\$698,797	\$632,478		\$2,412,553
FY 2013	\$700,005	\$742,176		\$2,370,382
FY 2014	\$100,327	\$786,453	(\$50,000)	\$1,634,256
FY 2015	\$101,472	\$244,130		\$1,491,598
FY 2016	\$101,144	\$111,066		\$1,481,676
FY 2017	\$101,682	\$92,383	(\$700,000)	\$790,975
FY 2018	\$101,005	\$168,772		\$723,208
FY 2019	\$102,883	\$444,761		\$381,330
FY 2020	\$105,695	\$267,624		\$219,401
FY 2021	\$105,695	\$121,620		\$203,475
FY 2022	\$18,664	**		
**Annual Expenditures for FY 2022 not available yet.				
Source: Obtained from wvOASIS and WV Budget information.				

As the table shows, in FY 2012 the fund had a balance of approximately \$2.3 million. In 2017, \$700,000 was swept from the fund account. In FY 2022, while the appropriation request was \$105,695, the actual appropriation was reduced to \$18,664. While annual expenditures have declined, available funding is not at a level to provide any significant assistance without depleting the fund. As previously cited, funds must be available for commitment for the costs of the treatment prior to the Commission approving the application of a recipient, and with some catastrophic illnesses those costs could easily exceed what is available in the fund. In 2020, JTMCIC made

⁴ The \$50,000 adjustment in FY 2014 was due to a statewide budget reduction. The \$700,000 adjustment in FY 2017 was due to a sweep of the fund to assist in balancing the budget.

program payments totaling \$267,624 for 71 individuals with an average of roughly \$3,500 per recipient out of the \$267,624 in total expenditures. Many of these payments cover travel costs and transportation expenses only. In comparison, Idaho made program payments totaling approximately \$19 million in 2020, with an average per recipient payment of \$27,890. Current available funds, spent exclusively on program payments would provide benefits of \$3,500 for about 58 individuals in West Virginia before being fully depleted.

In an effort to request more funding from the Legislature, several commission members of the JTMCIIC stated, in separate interviews, they had attempted to reach out to state Legislators. However, they indicated DHHR explained to them it was inappropriate for the commission members to contact the Legislators directly and all concerns and requests regarding JTMCIIC need to be channeled from the top of DHHR. The commission members expressed to the auditors that their inability to directly communicate with Legislators about the needs of the program and funding requirements affect the amounts of appropriations the JTMCIIC receives. The inability to contact the Legislature may hinder program awareness of the JTMCIIC in various parts of the state. Our review of W.Va. Code does not indicate that the DHHR has any authority over the Commission members, who are appointed by the Governor and confirmed by the Senate, to direct their actions or prevent them from communicating directly with the Legislature.

Additionally, the commission members have tried raising donations for the commission by attending county commission meetings to request donations, creating a GoFundMe account, posting on Facebook, and attending other fundraising events. However, the commission members have not been successful in raising donations. Because the JTMCIIC is a state-operated agency, fundraising by the Executive Director and/or the commission members can be difficult at times. Individuals and entities have been reluctant to expend financial resources on a public entity when the state is not funding the program either. Several Commission members in separate interviews stated concerns in raising public funds when the funds may be swept by the State, as it was done in 2017 by \$700,000.

While the commission has made efforts to reduce its administrative costs by sharing the work hours and salary of the Executive Director, its only employee, with the Women's Commission, it appears the fund will be completely drained in the coming years if funding issues are not addressed. Most of the clients need cancer treatment or an organ transplant, which can exceed the entire balance of the fund in a single instance. Before committing to providing medical assistance to the clients, the commission must make sure it has enough funding to cover these costs.

The JTMCIIC has one part-time staff member, an Executive Director, who also serves as Executive Director of the Women's Commission.

The JTMCIIC currently has one employee, an Executive Director, who is responsible for all duties related to its operation. The Executive Director is a part-time position. The current Executive Director of the JTMCIIC also has a mutual contract as the part-time Executive Director of the Women's Commission, also under the purview of DHHR. The JTMCIIC, on occasion, has had the services of a part-time employee to help the Executive Director. To facilitate the completion of work, interns and volunteers have been used on occasion and when available. As part of the audit, consideration was given to the responsibilities of the one half-time employee and what the position entails. It was noted that she has been encouraged not to exceed 20 hours per

week, making it difficult to complete tasks necessary for the functioning of the JTMCIIC with the time allotted.

Based upon the audit team's inquiries and observations, the responsibilities and duties of the Executive Director's position that are to be performed in 20 hours per week are as follows:

- Intake all applications via telephone
- Verify applicant information
- Apply for medical claim number for accepted applicant
- Process medical claims and resubmission of claims
- Review, process, and authorize payment of monthly billing to DHHR
- Receive and process nonmedical expenditures for payment
- Setup claimants' files and file all related documents
- Prepare for and conduct quarterly Board Meetings
- Prepare monthly cash account reconciliation on nonmedical bank account
- Attempt to find other sources of funding or fundraising
- Maintain waiting list and perform follow up telephone calls
- Create and maintain spreadsheet for tracking clients for payments
- Make referrals for any applicant who is either ineligible for assistance or for whom the JTMCIIC lacks the necessary funding to provide assistance
- Community awareness functions
- Prepare Annual Report
- Draft policy manual and procedures

As this is a part-time position with a 20-hours per week expectation split between this and the duties of the Women's Commission, the practicality of the Executive Director to complete the above tasks in the allotted time does not appear reasonable. This is evidenced by the Executive Director finding it necessary to work well above the 20-hour minimum in order to achieve all her duties. In order to carry out the functions of the Commission and ensure the maximum benefits of these funds are realized, DHHR should consider employing additional staff so that all of the responsibilities of the JTMCIIC may be carried out efficiently and effectively.

Annual appropriations have not been transferred from the DHHR General Revenue Fund to the Special Revenue Fund as required, making it difficult to determine available funding for program applicants.

As previously highlighted, staffing, and funding provided to the JTMCIIC through the DHHR is not adequate to carry out the functions of the program as originally incepted. In addition, it was noted the DHHR has not been transferring the annual appropriations from its general fund to the JTMCIIC designated special revenue fund as directed by the annual Budget Bill.

Each year the appropriation for the JTMCIIC is made through a DHHR General Revenue Fund account and is required to be transferred into the JTMCIIC Special Revenue Account. The Annual State Budget Bill specifically states the "appropriation for James "Tiger" Morton Catastrophic Illness Fund (fund 0403, appropriation 45500) **shall be** transferred to the James "Tiger" Morton Catastrophic Illness Fund (fund 5454) as provided by Article 5Q, Chapter 16 of the Code."

Beginning in FY 2015, DHHR began paying expenses directly out of DHHR's General Revenue Fund (0403) instead of transferring the appropriation directly to and paying out of JTMCI's Special Revenue Fund (5454), per the annual State Budget. It appears that based on the language of the budget bill stating that those appropriated funds **shall** be transferred to the James "Tiger" Morton Catastrophic Illness Fund (Fund 5454), the DHHR is in non-compliance by failing to transfer these funds to the appropriate account which could impact the JTMCI's ability to determine available funding for eligible recipients.

DHHR no longer sends a financial representative to commission meetings to provide explanations concerning financial information.

During interviews with commission members and noted in email exchanges between DHHR and the JTMCI, it was stated that DHHR has stopped sending a financial representative to the commission meetings. The members expressed concerns that financial information provided by DHHR for meetings may have been, at times, incomplete or inaccurate. If so, these inaccuracies can cause delays in the acceptance of coverage decisions to be made by the JTMCI. Because the JTMCI fund is administered by DHHR, the commission must request the information about the current funding level prior to committing to covering medical costs. However, if the commission does not have accurate financial information regarding the fund balance, this becomes difficult. Also, according to one of the commission members, the commission has difficulty figuring out the balance of the fund, and much of the financial information provided by DHHR, as none of the members have a finance background. DHHR previously sent a finance person to commission meetings to explain the budget; however, that is not the case at present. This further inhibits the decision-making process of the commission.

Operations of the JTMCI lack policies and procedures, contributing to a lack of internal controls.

In addition, much of the operations of the JTMCI lack policies and procedures. As a result, the internal control environment does not establish a system to ensure efficient and effective operations. Without more personnel, many simple checks and balances are forgone regarding secondary reviews and approvals.

An internal control issue was reported by the Legislative Auditor in July 2004 concerning the Legislative Rule providing the Executive Director sole discretion on awards up to \$25,000.

The report stated the following:

Under the commission's legislative rule, the executive director alone can award assistance to anyone receiving no more than \$25,000... The fact that the executive director is in the position to make awards on her own for up to \$25,000, coupled with the fact that she approves all expenditures, presents the possibility that funds could be spent inappropriately.

The Legislative Auditor recommended, "The Department of Health and Human Resources should revise the James "Tiger" Morton Catastrophic Illness Commission's legislative rules to improve internal controls related to expenditures." No action has been taken to address the recommendation, leaving concerns about internal control unaddressed. Because the distribution of up to \$25,000 is in the control of one individual, the possibility exists that fraud, abuse or theft could go unnoticed by the Commission or that money may not be used for the intended purpose as

required by the WV Code and governing policies. It should be noted that the Legislative Auditor did not find any evidence of inappropriate spending by the current Executive Director.

The Executive Director is also responsible for granting travel related expenses up to \$5,000, paid out of a “Special Fund” checking account, with no oversight or approval. **A second signature is required on checks; however, a review showed that these are pre-signed.** Also, per the JTMCIIC *Special Account Policy*, the Commission should maintain a control ledger and subledgers. Neither type of ledger is maintained which inhibits having an updated listing of travel expenditures and reimbursements per client and the ability to reconcile the information. We found no other listing which provided up-to-date information on travel expenditure reimbursements of clients. All bank activity is being recorded in a checkbook which is maintained by the Executive Director. The Executive Director does prepare a monthly bank reconciliation which is being reviewed and signed off on by a commissioner. Per policy, the bank balance must agree with the control ledger balance and the total of the separate subledgers must also balance with the control ledger. However, the related meal and transportation expenses are not reconciled between the control ledger and the subledgers as these ledgers are not prepared.

The Executive Director is responsible for following the procedures set forth in the *Special Account Policy* for recording, reconciling, and reporting of travel expenditures. By not performing the procedures as set forth in policy, it becomes difficult to properly safeguard the assets of the JTMCIIC and protect employees from inappropriate charges of mishandling funds. Additionally, it is not possible to ensure that funds disbursed for the commission are properly accounted for. Due to a failure of not completing the ledgers, the ability to properly track the amounts of monies expended per applicant may be compromised. Lastly, pre-signing checks circumvents the one internal control in place designed to provide oversight of the checking account.

The JTMCIIC is neither keeping proper records of client files nor does it have proper resources to do so.

The audit also identified issues concerning the records maintained by the JTMCIIC, which is also partly caused by a lack of policies and procedures. JTMCIIC’s application process begins when an applicant calls the office and the Executive Director completes the application form, verifies eligibility of an applicant, and contacts the applicant about their eligibility. Each applicant/client has their own file established where all information and documentation related to the client, such as the application form, approval form, travel invoices, medical bills, and payment documents are to be stored. These files are then stored in boxes in alphabetical order. The audit team reviewed all client files of JTMCIIC from 2009 to 2020 and found the following issues:

- There were no logs or mechanism in client folders making it difficult to track the changes made to the case.
- The contents of the files were not in order. There were duplications of documents including duplicate medical bills and travel invoices. Additionally, there were blank documents.
- Not all the files contained signatures by the clients. Some files were missing application forms, case numbers, and/or approval documents.
- The intake form lacked sufficient information regarding an applicant’s eligibility to receive the award, such as financial data.

- In most files, there was no indication of approval of the Commission members for awards over \$25,000, as required by W.Va. Code §72-1-8.4.
- No documentation of ineligibility for Medicaid was placed in the client files.
- Client files were missing information pertinent to payments such as payment dates, invoices, receipts, method of payment, etc.
- There was one instance where the approval date was prior to the application date based on the information listed in the client file.
- Data was maintained in the client files on post it notes.
- There was overall lack of proper organization of documents including organization of documents by the document type, chronological order for different types of documents, and travel documents were maintained separately from the actual case file (held with checking account).

The audit team attempted to trace travel expenses incurred by the client as maintained in the client's medical file, with limited success. Much of the information was stored outside of the medical file, or kept in an aggregate file with all travel, making it impossible to trace. When an entity does not keep proper records, documents may get lost, stolen, or misplaced. **Lack of written policies and procedures regarding the overall record-keeping of an entity leads the staff to use their own judgment for recording these documents.** Verifying information contained in the files becomes more difficult when records are not maintained. **Unfortunately, limited staffing and resources can hinder the process of maintaining proper documentation.**

An excel spreadsheet has been developed by the Executive Director to aid in the tracking and recording of information pertaining to clients and necessary payments made on their behalf. Once the applicant is approved, all medical and non-medical expenditures (meal and transportation costs related to medical care) are entered on the spreadsheet. The medical expenditures are reported from the Medicaid provider reports and the non-medical expenditures through a Special Account Fund. The spreadsheets are not reconciled to any financial information by DHHR or JTMCIIC, such as the original request or approval for funding. Additionally, the JTMCIIC does not maintain subledgers to ensure that expenditures per applicant did not exceed the capped limits (\$200,000 for medical services and \$5,000 for transportation).

The JTMCIIC previously had Microsoft Access as a database. However, in 2020 the state's executive branch started transitioning from using Microsoft products to Google products which meant the commission would no longer be able to use Microsoft Access. The email exchanges between the Executive Director, the DHHR, and the West Virginia Office of Technology (WVOT) from 2020 to 2021 revealed that the Executive Director previously had multiple issues with the Access Database prior to the transition. However, since fall of 2020, the Executive Director has not been able to use the Access database at all, despite multiple requests to DHHR and WVOT to fix these issues. Moreover, the requests from the Executive Director to gain access to the state's new database, for use in tracking client information, were denied. In an email dated October 14, 2021, in response to the Executive Director's request for access to the new database, the Chief Information Officer for DHHR stated, *"To be completely honest ... there is no need for a database for this amount of data. It can be easily filtered and sorted to create reports, pie charts and other data extraction using a spreadsheet..."* As a result, the JTMCIIC has been recording data in an excel spreadsheet and will need to transition to Google Sheets in the near future. Although using

spreadsheets is a viable alternative, it is important that all staff be provided with the training and tools to meet program objectives.

The audit noted instances of payments being made outside of the effective eligibility dates.

During the audit, it was also noted that the JTMCIIC is allowing payments of medical bills incurred outside the effective dates. According to legislative rule, JTMCIIC may not make payments for bills incurred 30 days or more prior to the date of the application. Additionally, most client files contained a letter of approval stating the effective dates of medical and travel coverage for each client. However, a review of client files revealed that there were multiple instances where JTMCIIC made payments for medical services incurred as much as 1,134 days prior to the application date or past the effective date listed on the approval document. Out of 3,647 payments made by the JTMCIIC from 2009 to 2020, a total of 169 payments were made outside of the eligible time period. On average, these payments were made 194 days outside of the effective dates. Out of the \$2,041,206 paid out by the commission from 2009-2020, a total of \$82,464 was outside the effective dates. This could be a result of not having an adequate system in place to maintain client files, which includes the ability to monitor dates and aggregate totals. Additionally, there are no processes in place to prevent this from happening with only one staff which does not allow for effective internal controls.

Conclusion

The review did not identify any alternatives for West Virginians suffering from catastrophic illness to receive funding who do not qualify for Medicaid or other financial relief, and it is believed that this fund remains necessary for the purpose it was established. As the report notes above, the factors that have resulted in the diminished effectiveness of the funds operations, and greatly impacts those individuals the program was intended to benefit, include limited funding and resources, such as staffing, and organizational management issues. Because of diminished funding, a 2-year waitlist, and a lack of program awareness, fewer referrals have been made, meaning less applicants. In order to correct these issues and provide these citizens the much-needed financial benefit when they are dealing with a catastrophic illness, the Legislative Auditor believes the JTMCIIC and the DHHR should work to make improvements to correct the deficiencies cited above. This includes appropriate staffing and funding; and addressing and rectifying numerous operational issues such as providing adequate resources, administrative support, and oversight.

As noted in other states with similar programs, funding levels are critical to operating this program effectively. In 2020, Idaho made over \$19 million in program payments to 698 individuals averaging \$27,859 per recipient compared to West Virginia's payments of \$267,624 to 71 individuals with an average of \$3,500 per recipient. Much of the State's current program payments cover travel costs for recipients and not actual treatment, which does not appear to align with the purpose for the program in serving West Virginians as a last financial resource when facing catastrophic illness. Should the Legislature and the DHHR desire to continue this program to serve these citizens facing catastrophic illness additional funding, staff, and a renewed focus by DHHR is necessary in order to correct the deficiencies noted in this report that have caused the JTMCIIC to become less effective and efficient in carrying out its mission.

As a result of these noted issues, the Legislative Auditor make the following recommendations:

Recommendations

1. If the Legislature and DHHR decide to continue the JTMCIIC, sufficient funding to make this program viable will be necessary; therefore, the Legislative Auditor recommends DHHR develop a funding strategy if the program is to move forward.
2. The Legislative Auditor recommends the JTMCIIC commission members have access to the Legislature, when appropriate, to provide input on the JTMCIIC's appropriation needs, other sources of funding, program awareness, and any other programmatic concerns.
3. The Legislative Auditor recommends DHHR provide necessary administrative resources for the JTMCIIC to function effectively and efficiently, including properly staffing the program, establishing policies and procedures designed for the program, and implementing internal controls as necessary.
4. The Legislative Auditor recommends DHHR and the JTMCIIC establish, document, and distribute policies and procedures to govern the operations of the JTMCIIC and the fund it administers.
5. The Legislative Auditor recommends DHHR and the JTMCIIC establish internal controls and properly follow established DHHR procedures for the JTMCIIC operations, including procedures for the Special Fund checking account.
6. The Legislative Auditor recommends the JTMCIIC maintain adequate and proper documentation regarding all program records and DHHR provide sufficient resources for JTMCIIC to comply with this recommendation.
7. The Legislative Auditor recommends DHHR transfer the JTMCIIC funding from the DHHR General Revenue account to the JTMCIIC Special Revenue account as directed by the Budget, making the information available to the Executive Director.
8. The Legislative Auditor recommends DHHR provide timely, accurate, and understandable information about the JTMCIIC's fund balance for the commission to make decisions regarding the granting of economic assistance.

Appendix A

WEST VIRGINIA LEGISLATIVE AUDITOR'S OFFICE

Post Audit Division

1900 Kanawha Blvd. East, Room W-329
Charleston, WV 25305-0610
(304) 347-4880



Justin Robinson
Director

July 8, 2022

Bill Crouch, Cabinet Secretary
WV Department of Health & Human Resources
One Davis Square, Suite 100, East
Charleston, WV 25301

Cabinet Secretary Crouch:

This is to transmit a draft copy of the Post Audit Division's report on the James Tiger Morton Catastrophic Illness Commission. This report is scheduled to be presented to the Post Audits Subcommittee during the upcoming July interim meetings. A date and time for this meeting has not been set, however the interim meetings are currently scheduled for July 24-26, 2022, and will be held in the Senate Finance Committee Room, Room 451-M. Once a time and date are set, we will contact you and provide that information. We recommend that a representative from DHHR be present at the meeting to respond to the report and answer any questions committee members may have during or after the meeting.

If you wish to have an exit conference to discuss this draft report prior to its release, please contact Judy Strawderman at (304) 347-4880 or at judith.strawderman@wvlegislature.gov to schedule a meeting prior to July 19, 2022. I will be out of town from July 14th through the 25th, however the audit team and Assistant Director will be available to meet in my absence. If it is desired to have me present for this meeting, I am available to meet anytime prior to my departure on July 14th. This exit conference can be done virtually via Teams, and if that is a preference, please let Ms. Strawderman know when scheduling the meeting. In addition, if you wish to provide a written response to be included in the final report, we ask that this be provided to us by Tuesday, July 19, 2022, so that it may be incorporated into the report prior to publication. If you have any questions or concerns, please feel free to contact me. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink that reads "Justin Robinson".

Justin Robinson

C: Julie Palas, Executive Director, JTMCIC
Emily Hopta, Office of the Cabinet Secretary, DHHR

Appendix B

Objective, Scope, and Methodology

The Post Audit Division, within the Office of the Legislative Auditor, conducted this audit of the James “Tiger” Morton Catastrophic Illness Commission pursuant to Chapter 4, Article 2, Section 5 of the *West Virginia Code*, as amended, and at the request of the Cabinet Secretary of the WV Department of Health and Human Services.

Objectives

The objectives of this review were *“To determine if the James “Tiger” Morton Catastrophic Illness Commission is a needed and viable entity”* and *“To determine if there are other alternatives if the Legislature in conjunction with DHHR decides to sunset the James “Tiger” Morton Catastrophic Illness Commission as a state entity.”*

Scope

The scope of this audit included a review of information related to the James “Tiger” Morton Catastrophic Illness Commission from Fiscal Year 2009 through 2021 as it relates to the operation of the program, as well as applicable W.Va. Code and Legislative Rules governing the Commission. Also included was a review of internal controls, policies and procedures, and processes for operating the program and awarding financial assistance. The scope did not include an evaluation of the appropriateness of the award decisions nor an in-depth audit of expenditures and the processing of those expenditures, as this was not part of the audit objective.

Methodology

The Post Audit Division staff gathered and analyzed several sources of information and assessed the sufficiency and appropriateness of the information used as evidence. Audit staff reviewed and analyzed all available intake and referral files from fiscal year 2009 through fiscal year 2021. Documentary evidence included bank statements, Commission meeting minutes, and email correspondence with the Executive Director of JTMCIC, various DHHR staff members, and Commission members. The purpose for testimonial evidence was to gain a better understanding or clarification of certain issues, to confirm the existence or non-existence of a condition, or to understand the respective agency’s position on an issue. Such testimonial evidence was confirmed by either written statements or the receipt of corroborating or physical evidence.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Appendix C



STATE OF WEST VIRGINIA DEPARTMENT OF HEALTH AND HUMAN RESOURCES

Bill J. Crouch
Cabinet Secretary

July 20, 2022

Via E-mail Only

Mr. Justin Robinson
Director, Legislative Post Audit Division
West Virginia Legislative Auditor's Office
1900 Kanawha Boulevard, East, Room W-329
Charleston, West Virginia 25305
Justin.Robinson@WVLegislature.gov

Dear Mr. Robinson:

Thank you for the opportunity to respond to the Legislative Post Audit Division's review of the James "Tiger" Morton Catastrophic Illness Commission (JTMCI). The below responses include responses to report content as well as overall recommendations.

Report Content

Page 6: In an effort to request more funding from the Legislature, several commission members of the JTMCI stated, in separate interviews, they had attempted to reach out to state Legislators. However, they indicated DHHR explained to them it was inappropriate for the commission members to contact the Legislators directly and all concerns and requests regarding JTMCI need to be channeled from the top of DHHR. The commission members expressed to the auditors that their inability to directly communicate with Legislators about the needs of the program and funding requirements may not only affect the amounts of appropriations the JTMCI receives but may hinder program awareness of the JTMCI in various parts of the state. Our review of W.Va. Code does not indicate that the DHHR has any authority over the Commission members, who are appointed by the Governor and confirmed by the Senate, to direct their actions or prevent them from communicating directly with the Legislature.

As JTMCI is under the umbrella of DHHR, the budget for JTMCI is submitted to the Governor and presented to the Legislature by DHHR. This includes submissions of supplemental requests for funding, which DHHR has filed on behalf of the Commission. JTMCI board members are not prevented from advocating for the Commission; however, the Executive Director has been reminded that funding requests are to be presented to the DHHR Cabinet Secretary for consideration in preparation of the annual Department budget. These requests must be evaluated with all other requests made by programs and services provided by DHHR.

Pages 6-7: The current Executive Director of the JTMCIC also has a mutual contract as the part-time Executive Director of the Women's Commission, also under the purview of DHHR. The JTMCIC, on occasion, has had the services of a part-time employee to help the Executive Director. To facilitate the completion of work, interns and volunteers have been used on occasion and when available. As part of the audit, consideration was given to the responsibilities of the one half-time employee and what the position entails. It was noted that she has been encouraged not to exceed 20 hours per week, making it difficult to complete tasks necessary for the functioning of the JTMCIC with the time allotted.

The Executive Director's role has an expectation of 20 hours per week, and has been encouraged repeatedly to limit her work hours to 20 hours per week per Commission. The Executive Director frequently elects to participate in projects and outreach events on evenings and weekends; these activities are not expected nor are they directed by DHHR. DHHR is reviewing options regarding the Executive Director's time and/or resources needed to meet the requirements in the statute.

Pages 7-8: Annual appropriations have not been transferred from the DHHR General Revenue Fund to the Special Revenue Fund as required, making it difficult to determine available funding for program applicants.

As previously highlighted, staffing and funding provided to the JTMCIC through the DHHR is not adequate to carry out the functions of the program as originally incepted. In addition, it was noted the DHHR has not been transferring the annual appropriations from its general fund to the JTMCIC designated special revenue fund.

Each year the appropriation for the JTMCIC is made through a DHHR General Revenue Fund account and is required to be transferred into the JTMCIC Special Revenue Account. The Annual State Budget Bills specifically states the "appropriation for James "Tiger" Morton Catastrophic Illness Fund (fund 0403, appropriation 45500) shall be transferred to the James 7 "Tiger" Morton Catastrophic Illness Fund (fund 5454) as provided by Article 5Q, Chapter 16 of the Code."

Beginning in FY 2015, DHHR began paying expenses directly out of DHHR's General Revenue Fund (0403) instead of transferring the appropriation directly to and paying out of JTMCIC's Special Revenue Fund (5454), per the annual State Budget. It appears that based on the language of the budget bill stating that those appropriated funds shall be transferred to the James Tiger Morton Catastrophic Illness Fund (Fund 5454), the DHHR is in non-compliance by failing to transfer these funds to the appropriate account which could impact the JTMCIC's ability to determine available funding for eligible recipients.

Prior to implementation of wvOASIS, all costs associated with JTMCIC were paid from the special revenue account as is the case with other DHHR spending accounts. With the transition to wvOASIS, it was requested where possible to pay personnel costs from source funding as opposed to spending accounts, which is why this change was made. Therefore, payroll for JTMCIC staff is paid directly from the general revenue source funding (0403-45500) and any amounts in excess of personnel-related costs are transferred to the JTMCIC Fund (Fund 5454). This does not decrease the funding available to JTMCIC; if funds were transferred to Fund 5454, payroll for the same amount would have been paid from Fund 5454. Therefore, there is a zero net funding change. The benefit of budgeting and paying personnel

costs from the source funding makes the information more discernible when across the board salary increases are given so that general revenue increases are funded. If budgeted and funded on the special revenue account, rather than general revenue, any statewide salary increases would not provide for the additional funds to support the raise. DHHR is currently having discussions with the appropriate parties to effectuate moving the payroll back to the Special Revenue Fund in order to comply with the Budget Bill language. This could impact receiving general revenue funding for future salary increases that are given.

Page 8: DHHR no longer sends a financial representative to commission meetings to provide explanations concerning financial information.

During interviews with commission members and noted in email exchanges between DHHR and the JTMCIC, it was stated that DHHR has stopped sending a financial representative to the commission meetings. The members expressed concerns that financial information provided by DHHR for meetings may have been, at times, incomplete or inaccurate. If so, these inaccuracies can cause delays in the acceptance of coverage decisions to be made by the JTMCIC. Because, the JTMCIC fund is administered by DHHR, the commission must request the information about the current funding level prior to committing to covering medical costs. However, if the commission does not receive accurate financial information regarding the fund balance, this becomes difficult. Also, according to one of the commission members, the commission has difficulty figuring out the balance of the fund as none of the members have a finance background. DHHR previously sent a finance person to commission meetings to explain the budget; however, that is not the case at present. This further inhibits the decision-making process of the commission.

Training has been provided to the Executive Director and support staff (when there was support staff) on multiple occasions, along with specific report recommendations and instructions so that the Executive Director and/or support staff could run reports when needed. Additionally, reports are provided on a monthly basis which provide cash balance analysis, as well as revenue and expenditures.

Previously, a representative from DHHR's Central Finance office attended JTMCIC quarterly meetings. This practice was discontinued because there were rarely any financial questions posed during the quarterly meetings. At a point in time, a request was made for a financial representative to resume attending quarterly meetings. Central Finance was experiencing turnover with several key staff so that was not accommodated; however, there was an agreement that financial questions could be sent in writing to Central Finance staff for response. The vacant positions are currently filled and DHHR will make financial expertise available as needed so there is no confusion regarding the reports the Commission is reviewing.

Page 8: Operations of the JTMCIC lack policies and procedures, contributing to a lack of internal controls.

In addition, the operations of the JTMCIC lack policies and procedures. As a result, the internal control environment does not establish a system to ensure efficient and effective operations. Without more personnel, many simple checks and balances are forgone regarding secondary reviews and approvals.

An internal control issue was reported by the Legislative Auditor in July 2004 concerning the Legislative Rule providing the Executive Director sole discretion on awards up to \$25,000.

The report stated the following:

Under the commission's legislative rule, the executive director alone can award assistance to anyone receiving no more than \$25,000... The fact that the executive director is in the position to make awards on her own for up to \$25,000, coupled with the fact that she approves all expenditures, presents the possibility that funds could be spent inappropriately .

The Legislative Auditor recommended, "The Department of Health and Human Resources should revise the James "Tiger" Morton Catastrophic Illness Commission's legislative rules to improve internal controls related to expenditures." No action has been taken to address the recommendation, leaving concerns about internal control unaddressed. Because the distribution of up to \$25,000 is in the control of one individual, the possibility exists that fraud, abuse or theft could go unnoticed by the Commission or that money may not be used for the intended purpose as required by the WV Code and governing policies. It should be noted that the Legislative Auditor did not find any evidence of inappropriate spending by the current Executive Director.

The Executive Director is also responsible for granting travel related expenses up to \$5,000, paid out of a "Special Fund" checking account, with no oversight or approval. A second signature is required on checks; however, a review showed that these are pre-signed. Also, per the JTMCIC Special Account Policy, the Commission should maintain a control ledger and subledgers. Neither type of ledger is maintained which inhibits having an updated listing of travel expenditures and reimbursements per client and the ability to reconcile the information. We found no other listing which provided up-to-date information on travel expenditure reimbursements of clients. All bank activity is being recorded in a checkbook which is maintained by the Executive Director. The Executive Director does prepare a monthly bank reconciliation which is being reviewed and signed off on by a commissioner. Per policy, the bank balance must agree with the control ledger balance and the total of the separate subledgers must also balance with the control ledger. However, the related meal and transportation expenses are not reconciled between the control ledger and the subledgers as these ledgers are not prepared.

The Executive Director is responsible for following the procedures set forth in the Special Account Policy for recording, reconciling, and reporting of travel expenditures. By not performing the procedures as set forth in policy, it becomes difficult to properly safeguard the assets of the JTMCIC and protect employees from inappropriate charges of mishandling funds. Additionally, it is not possible to ensure that funds disbursed for the commission are properly accounted for. Due to a failure of not completing the ledgers, the ability to properly track the amounts of monies expended per applicant may be compromised. Lastly, pre-signing checks circumvents the one internal control in place designed to provide oversight of the checking account.

The Office of Accounting within DHHR Central Finance worked with JTMCIC staff to establish procedures for the Special Account and built in standard internal controls. These controls included, but were not limited to, ensuring that a control ledger is maintained and all funds received and disbursed are accurately recorded and cross referenced to the sub ledgers; that checkbook balances must match the control ledger balance; that more than one person is required to sign the checks; and that all disbursements are to be approved by JTMCIC. DHHR's Office of Accounting also provided recommendations for documentation and procedures verbally on multiple occasions.

DHHR's Office of Accounting will review the current procedures in place and provide an update to the procedures as warranted to tighten current internal controls as well as provide additional controls where necessary based on the findings.

Page 10: The audit team attempted to trace travel expenses incurred by the client as maintained in the client's medical file, with limited success. Much of the information was stored outside of the medical file, or kept in an aggregate file with all travel, making it impossible to trace. When an entity does not keep proper records, documents may get lost, stolen, or misplaced. Lack of written policies and procedures regarding the overall record-keeping of an entity leads the staff to use their own judgment for recording these documents. Verifying information contained in the files becomes more difficult when records are not maintained. Unfortunately, limited staffing and resources can hinder the process of maintaining proper documentation.

DHHR agrees that JTMCIC needs better internal record keeping and organizational systems, and has made recommendations to JTMCIC staff. DHHR will continue to encourage and assist JTMCIC with implementation of modernized records management and organization.

Page 10: The JTMCIC previously had Microsoft Access as a database. However, in 2020 the state's executive branch started transitioning from using Microsoft products to Google products which meant the commission would no longer be able to use Microsoft Access. The email exchanges between the Executive Director, the DHHR, and the West Virginia Office of Technology (WVOT) from 2020 to 2021 revealed that the Executive Director previously had multiple issues with the Access Database prior to the transition. However, since fall of 2020, the Executive Director has not been able to use the Access database at all, despite multiple requests to DHHR and WVOT to fix these issues. Moreover, the requests from the Executive Director to gain access to the state's new database, for use in tracking client information, were denied. In an email dated October 14, 2021, in response to the Executive Director's request for access to the new database, the Chief Information Officer for DHHR stated, "To be completely honest ... there is no need for a database for this amount of data. It can be easily filtered and sorted to create reports, pie charts and other data extraction using a spreadsheet..." As a result, the JTMCIC has been recording data in an excel spreadsheet and will need to transition to Google Sheets in the near future. Although using spreadsheets is a viable alternative, it is important that all staff be provided with training and tools to meet program objectives.

All DHHR offices were given two years' notice that Microsoft Access systems must be converted due to the discontinuation of this product by the State of West Virginia. The Chief Information Officer for DHHR's Office of Management Information Systems reminded the JTMCIC Executive Director of this timeline on numerous occasions and encouraged compliance to shift to a new system that would adequately support the data needs of the Commission in a timely manner. And as the Chief Information

Officer pointed out, there is no need to utilize a database software program, given the amount and nature of the data being maintained. A spreadsheet can easily and accurately track client information and expenditures for the JTMCIC and is much easier to learn and utilize than database software. DHHR has encouraged JTMCIC staff to register for training provided by the State of West Virginia in Excel and the Google Suite to build skills and confidence with these platforms.

Page 11: The audit noted instances of payments being made outside of the effective eligibility dates.

During the audit, it was also noted that the JTMCIC is allowing payments of medical bills incurred outside the effective dates. According to legislative rule, JTMCIC may not make payments for bills incurred 30 days or more prior to the date of the application or bills incurred after the effective date listed in the notice sent to the client's medical or travel service provider. However, a review of client files revealed that there were multiple instances where JTMCIC made payments for medical bills incurred as much as 1,134 days prior to the application date or past the effective date listed on the approval document. Out of 3,647 payments made by the JTMCIC from 2009 to 2020, a total of 169 payments were made outside of the eligible time period. On average, these payments were made 194 days outside of the effective dates. Out of the \$2,041,206 paid out by the commission from 2009-2020, a total of \$82,464 was outside the effective dates. This could be a result of not having an adequate system in place to maintain client files, which includes the ability to monitor dates and aggregate totals. Additionally, there are no processes in place to prevent this from happening with only one staff...

DHHR Central Finance will assist JTMCIC with additional internal controls to assure payments for services are within the effective eligibility period.

Recommendations

1. If the Legislature and DHHR decide to continue the JTMCIC, sufficient funding to make this program viable will be necessary; therefore, the Legislative Auditor recommends DHHR develop a funding strategy if the program is to move forward.

DHHR will work on a funding strategy for the 2023 legislative session.

2. The Legislative Auditor recommends the JTMCIC commission members have access to the Legislature, when appropriate, to provide input on the JTMCIC's appropriation needs, other sources of funding, program awareness, and any other programmatic concerns.

Commission members already have access to the Legislature when necessary. However, as the Commission falls under the purview of the West Virginia Department of Health and Human Resources, funding needs and requests must be submitted to the DHHR Secretary and prioritized as are all other needs and requests within the Department.

3. The Legislative Auditor recommends DHHR provide necessary administrative resources for the JTMCIC to function effectively and efficiently, including properly staffing the program, establishing policies and procedures designed for the program, and implementing internal controls as necessary.

DHHR does provide administrative support and will provide additional assistance to the JTMCIC in establishing additional internal controls and will train JTMCIC staff with regard to those controls. Any additional staffing would need to be included in future funding requests.

4. The Legislative Auditor recommends DHHR and the JTMCIC establish, document, and distribute policies and procedures to govern the operations of the JTMCIC and the fund it administers.

DHHR established and documented some internal controls, policies and procedures for JTMCIC. DHHR will evaluate how those can be strengthened and monitor more closely to ensure compliance by JTMCIC staff.

5. The Legislative Auditor recommends DHHR and the JTMCIC establish internal controls and properly follow established DHHR procedures for the JTMCIC operations, including procedures for the Special Fund checking account.

DHHR established and documented internal controls, policies and procedures surrounding the JTMCIC outside bank account. Those controls were not followed. DHHR will evaluate how these can be strengthened, will re-educate JTMCIC staff and will monitor more closely to ensure they are being followed by JTMCIC staff.

6. The Legislative Auditor recommends the JTMCIC maintain adequate and proper documentation regarding all program records and DHHR provide sufficient resources for JTMCIC to comply with this recommendation.

DHHR will work with JTMCIC to assure proper documentation of all program records and further assure that adequate resources are available to the JTMCIC are available for that purpose.

7. The Legislative Auditor recommends DHHR transfer the JTMCIC funding from the DHHR General Revenue account to the JTMCIC Special Revenue account as directed by the Budget, making the information available to the Executive Director.

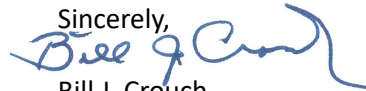
As previously noted, prior to implementation of wvOASIS, all costs associated with JTMCIC were paid from the special revenue account as is the case with other DHHR spending accounts. With the transition to wvOASIS, it was possible to pay personnel costs from source funding as opposed to spending accounts, which is why this change was made. Therefore, payroll for JTMCIC staff is paid directly from the general revenue source funding (0403-45500) and any amounts in excess of personnel-related costs are transferred to the JTMCIC Fund (Fund 5454). This does not decrease the funding available to JTMCIC; if funds were transferred to Fund 5454, payroll for the same amount would have been paid from Fund 5454. Therefore, there is a zero net funding change. The benefit of budgeting and paying personnel costs from the source funding makes the information more discernible when across the board salary increases are given so that general revenue increases are funded. If budgeted and funded on the special revenue account, rather than general revenue, any statewide salary increases would not provide for the additional funds to support the raise.

8. The Legislative Auditor recommends DHHR provide timely, accurate, and understandable information about the JTMCIC's fund balance for the commission to make decisions regarding the granting of economic assistance.

The Executive Director/JTMCIC staff receive monthly reports with cash balance analysis, as well as revenue and expenditures, from DHHR Central Finance. The Executive Director presents these reports to the JTMCIC board at quarterly meetings. DHHR will work with the Executive Director and board to resolve confusion on this point.

Thank you for your thoughtful review and recommendations related to the James "Tiger" Morton Catastrophic Illness Commission. If you need further clarification regarding the Department's responses, please let me know.

Sincerely,

A handwritten signature in blue ink that reads "Bill J. Crouch". The signature is stylized and cursive.

Bill J. Crouch
Cabinet Secretary



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