

# STATE OF WEST VIRGINIA

## AUDIT REPORT

OF

SPENCER HOSPITAL

FOR THE PERIOD

APRIL 13, 1978 - JUNE 30, 1982



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305

SPENCER HOSPITAL

FOR THE PERIOD

APRIL 13, 1978 - JUNE 30, 1982

*West Virginia*



**LEGISLATIVE AUDITOR**

**CHARLESTON**

The Honorable Encil Bailey  
Legislative Auditor  
State Capitol - West Wing  
Charleston, West Virginia

Sir:

In compliance with your instructions and the provisions of the West Virginia Code, Chapter 4, Article 2, as amended, we have examined the accounts of Spencer Hospital.

Our examination covers the period April 13, 1978 through June 30, 1982. The results of this examination are set forth in the following pages of this report. However, only the financial statements for the years ended June 30, 1982 and June 30, 1981 are included in this report.

Respectfully submitted,

*Theodore L. Shanklin*

Theodore L. Shanklin, CPA, Director  
Legislative Postaudit Division

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SPENCER HOSPITAL

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SPENCER HOSPITAL

ACKNOWLEDGMENT

We extend our thanks and appreciation to the Administrator and his staff for their cooperation in supplying information necessary in preparing this report.

SPENCER HOSPITAL

EXIT CONFERENCE

We held an exit conference on June 6, 1983 with the Administrator and the Assistant Administrator for the Hospital and with the Director, Office of Administrative Services and the Assistant Director, Office of Administrative Services for the Department of Health and all findings and recommendations were reviewed and discussed. The Hospital's responses are included in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks.

## SPENCER HOSPITAL

### INTRODUCTION

Located in Spencer, West Virginia, Spencer Hospital has grown from 24 patients in 1893, its first year of operation, to a current average daily population of 295 patients. Originally titled the Second Hospital for the Insane, the name was changed to Spencer State Hospital in 1920 and to Spencer Hospital in 1978. Today the Hospital serves 12 of West Virginia's 55 counties.

Spencer Hospital operates in conjunction with two regional mental health centers to provide coordinated services for all residents needing in-patient psychiatric care in its 12 county service area.

Spencer Hospital is organized into the treatment divisions of Adult Psychiatric, Developmentally Disabled, Geriatric, and Admissions - Short Term Treatment. These specialized treatment divisions provide services for those individuals who are referred by the community mental health programs.

The four treatment divisions are supplemented by behavior modification programs, individual counseling, group and community meetings, chemotherapy and support services. The support services include special education, recreation, vocational rehabilitation, and the local sheltered workshop. There are also shared activities between Hospital and Community Mental Health staffs which assist patients in the transition from the Hospital beds to the community.

SPENCER HOSPITAL

ADMINISTRATIVE OFFICERS AND STAFF

Administrator . . . . . Desmond H. Byrne  
Clinical Director . . . . . Precilla Famularcano, M.D.  
Assistant Administrator . . . . . John Bergman  
Program Director . . . . . Jeannette Bird  
Director of Nursing Services . . . . . Robert E. McGhee, R.N.

SPENCER HOSPITAL

SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

AREAS OF NONCOMPLIANCE

1. Employees often were not familiar with or had not complied with applicable West Virginia Code sections or Department of Health Instructions.

We recommend the Hospital require all employees to comply with applicable West Virginia Code sections and Department of Health Instructions.

*No response.* (See pages 12-13.)

2. The Hospital did not exercise adequate control over cash receipts as required by the West Virginia Code, Chapter 12, Article 2, Section 2, as amended.

We recommend cash receipts for each local account be controlled as required by the West Virginia Code, Chapter 12, Article 2, Section 2, as amended.

*All cash receipts are now being deposited each day and corresponding cash receipts forms are being prepared on that day.* (See pages 13-15.)

3. The Hospital had failed to implement an accounting information and financial management control system as required by Department of Health Instructions #6300 and #6270.

We recommend the Hospital comply with Department of Health Instructions #6300 and #6270.

*Cash receipts and disbursement journals are now being kept on a monthly basis for all accounts.*

*Internal control is addressed under the heading "Lack of Sufficient Internal Controls Over Receipts Into Local Account."*

*Financial statements will be kept once the hospital receives appropriate Department of Health Instructions. (See pages 15-16.)*

4. The Hospital has written off as exonerations under the West Virginia Code, Chapter 27, Article 8, Section 1, patients accounts receivable for maintenance that were difficult to collect or uncollectible as bad debts instead of complying with the provisions of Chapter 14, Articles 1, 18, 19, 24 and 26 as to collection efforts and Chapter 27, Article 8, Section 1, as to right of reimbursement.

We recommend the Hospital comply.

*Exonerations of uncollectible receivable accounts are to be done in accordance with the forthcoming policies from the Director of Health.*

*(See pages 16-17.)*

5. Gross billings charged to patient accounts receivable and related exonerations have not been posted as separate amounts and a monthly report had not been prepared for management showing exonerations for each patient. The Hospital had not reconciled gross patient days individually and in total per the patient census report with charges and exonerations on patient accounts receivable records.

We recommend patient accounts receivable records be controlled as required by Department of Health Instructions #6046 and #3044.

*All accounts receivable are to be posted at the full daily rate (currently \$10.94) and then all exonerations are to be posted leaving a net accounts receivable balance. (See pages 17-18.)*

6. The Employee Welfare Account improperly received funds from the Canteen Account instead of such funds being transferred to the Patient Welfare Account as specified by Department of Health Instructions.

We recommend the Employee Welfare Account be discontinued and the balance transferred to the Patient Welfare Account and the Hospital comply with Department of Health Instruction #6047.

*The Employee Welfare Account was closed during the audit period.*

*(See pages 18-19.)*

7. Unrestricted donations were not deposited in the Patient Welfare Account when received and expenditures were not properly documented as specified by Department of Health Instructions.

We recommend the Hospital comply with Department of Health Instruction #5720.

*All future unrestricted cash donations will be deposited in the Patient Welfare Account or other special account if there are restrictions on fund usage. (See pages 19-20.)*

#### INTERNAL CONTROL AND ACCOUNTING SYSTEM

8. The review of the system of internal control revealed several weaknesses.

We recommend sufficient internal controls be established over cash receipts into local accounts; there be a proper segregation of duties for

the cash receipts, accounts receivable and billing functions; and adequate controls be exercised over cash disbursements from local accounts.

*A cashier is to be appointed to receive, record, and deposit all cash receipts coming into the hospital. This individual will make no cash disbursements.*

*Pre-numbered cash receipts for the Canteen Account and Patient Welfare Account have been ordered and will be put into use, immediately, upon receipts. All cash receipt books are being kept in the accounting function office for periodic review.*

*All cancelled checks are to be delivered to the accounting function.*

*Documentation now accompanies all checks being submitted for signature.*

*(See pages 21-23.)*

9. There was insufficient internal controls over disbursement transmittals from appropriated accounts.

We recommend improved internal control be instituted over disbursement transmittals from appropriated accounts.

*Checks are to be sent out by central office and the transmittals are to be sent to the hospital stamped "PAID". (See page 23.)*

10. There were insufficient records on appropriated accounts prepared on a timely basis by the Department of Health for the Hospital to verify the accuracy of their expenditure listing.

We recommend the Hospital request the Department of Health to prepare a monthly summary for each hospital of appropriations, expenditures and balances as recorded on the State Auditor's run.

No response. (See pages 23-24.)

11. The Hospital had not prepared an equipment inventory record.

We recommend the Hospital prepare and keep current an equipment inventory record.

*Equipment inventory has been completed. (See page 24.)*

12. Three special revenue accounts were inactive during the audit period.

We recommend balances in the State Treasury for inactive special revenue accounts be closed out through appropriate action by the Hospital.

*The inactive special revenue accounts are to be closed and the funds transferred to the General Revenue Fund. (See pages 24-25.)*

13. The Hospital made improper payments from the Patient Welfare, Canteen and Employee Welfare Accounts.

We recommend the Patient Welfare and Canteen Accounts be used only for their specific purposes and the Employee Welfare Account cease making payments.

*Payments from Patient Welfare Account will only be made to authorized recipients. Payments from Canteen Account will only be made to authorized recipients. (See page 25.)*

14. The Hospital had a loss in interest income where excess funds in checking accounts were not invested.

We recommend all excess funds in checking accounts be invested until such funds are needed.

*Cash in local checking accounts in excess of immediate cash flow needs is being invested, with the exception of the Trustee Account where individual patient cash flow requirements dictate maintaining a larger than necessary cash balance. In this case, the amount maintained in the Trustee Account for each individual patient is based on the degree of activity for that patient. Also, an Investment Account has been opened for maintaining excess Canteen funds. (See pages 25-26.)*

SPENCER HOSPITAL

GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of Spencer Hospital. A financial and compliance audit determines whether the financial statements of an audited entity present fairly the financial position and results of financial operations in accordance with generally accepted accounting principles and whether the entity has complied with laws and regulations that may have a material effect upon the financial statements. The audit covered the period April 13, 1978 through June 30, 1982.

APPROPRIATED ACCOUNTS

All expenditures required for the general operation and capital improvements of Spencer Hospital were made from the following accounts:

<u>Account Number</u>	<u>Description</u>
4160-00	Personal Services
4160-01	Current Expenses
4160-02	Repairs and Alterations
4160-03	Equipment
4211-15	Food and Administration Building
4211-16	Water Tank

SPECIAL REVENUE ACCOUNTS

During the audit period, Spencer Hospital maintained the following Special Revenue Accounts. The funds in these accounts are for specific purposes.

<u>Account Number</u>	<u>Description</u>
8523-06	Federal Grant-In-Service Training Federal funds; for on-the-job training.
8523-07	Patient Welfare Fund Federal funds; for household furnishings and vehicles.
8523-09	Care of Welfare Recipients Federal funds; for care of welfare recipients.
8523-10	Insurance Claims Insurance funds; for insurance claims.

## LOCAL ACCOUNTS

During the audit period, Spencer Hospital maintained several local accounts which are described as follows:

<u>Description</u>	<u>Purpose</u>
Custodian Account	Receives funds for patient maintenance and personal care and from interest earned; disbursed for support of patients.
Collection Account	Receives funds for patient maintenance from Trustee Account, from refunds for appropriated accounts and other sources; for transfer to the State Treasury.
Patient Welfare Account	Receives funds from donations for patient benefit, from Canteen Account and from interest earned; disbursed for patient welfare for the benefit of all patients or for indigent patients.
Canteen Account	Receives funds from sales of food and sundries, interest earned and other sources; disbursed for merchandise for resale, payroll, supplies and other operating expenses.
Employee Welfare Account	Receives funds from Canteen Account profits; disbursed for employee functions.

## AREAS OF NONCOMPLIANCE

West Virginia Department of Health Instructions and West Virginia Code, Chapter 27, Articles 1A, 2 and 8 and other articles generally govern Spencer Hospital. We tested applicable sections of the Department of Health Instructions, applicable chapters, articles and sections of the West Virginia Code and other laws, rules and regulations as they pertain to fiscal matters. Our findings are shown below.

### General

Department of Health Instructions and sections of the West Virginia Code have been promulgated on a wide variety of subjects for which the Administrator is responsible for compliance. Financial and related instructions often were not complied with by employees responsible for the work indicated in applicable

instructions or sections. Employees have indicated that copies of such instructions or code sections either had not been received by the Hospital or the employee.

In reviewing for compliance, we believe that Department of Health Instructions were often unclear and needed to be updated. We understand the Department of Health is in the process of bringing Department of Health Instructions up-to-date by revision, cancellation or publishing of new directives.

We recommend employees be given copies of all Department of Health Instructions and West Virginia Code sections which are needed for compliance in their work; and the Hospital and its employees comply with all applicable West Virginia Code sections and Department of Health Instructions.

Cash Receipts Not Deposited Promptly  
or Properly Documented

The West Virginia Code, Chapter 12, Article 2, Section 2, as amended, provides:

"All officials and employees of the state authorized by statute to accept moneys due the state of West Virginia shall keep a daily itemized record of such moneys so received for deposit in the state treasury and shall deposit within twenty-four hours with the state treasurer all moneys received or collected by them for or on behalf of the state for any purpose whatsoever. The treasurer shall promulgate rules and regulations, in accordance with the provision of Chapter 29A, of the West Virginia Code, as amended, governing the procedure for such deposits. When so paid, such moneys shall be credited to the state fund and treated by the auditor and treasurer as part of the general revenue of the state, and shall not be used for any purpose whatsoever unless and until authorized and directed by the legislature, except the following funds:

(a) All moneys received out of appropriations made by the Congress of the United States;

(b) All funds derived from the sale of farm and dairy products from farms operated by any agency of state government other than the farm management commission;

(c) All endowment funds, bequests, donations, executive emergency funds, and death and disability funds;

(d) All fees and funds collected at state educational institutions for student activities;

(e) All funds derived from collections from dormitories, boardinghouses, cafeterias and road camps;

(f) All moneys received from counties by institutions for the deaf and blind on account of clothing for indigent pupils;

(g) All insurance collected on account of losses by fire and refunds;

(h) All funds received from bookstores and sales of blank paper and stationery; and collections by the chief inspector of public office;

(i) All moneys collected and belonging to the capitol building fund, state road fund, state road sinking funds, general school fund, school fund, state fund (moneys belonging to counties, districts and municipalities), state interest and sinking funds, state compensation funds, the fund maintained by the public service commission for the investigation and supervision of applications and licenses..., and all funds and moneys payable to or received by the natural resources commission of West Virginia;

(j) All moneys collected or received under any act of the legislature providing that funds collected or received thereunder shall be used for specific purposes.

All moneys, excepted as aforesaid, shall be paid into the state treasury in the same manner as collections not so excepted and shall be carried in separate accounts to be used and expended only for the purposes for which the same are authorized to be collected by law. The gross amount collected in all cases shall be paid into the state treasury, and commissions, costs and expenses

of collection authorized by general law to be paid out of the gross collection are hereby authorized to be paid out of the moneys collected and paid into the state treasury in the same manner as other payments are made from the state treasury."

The Hospital has not complied with the West Virginia Code as follows: Cash receipts for all local accounts were deposited on Monday, Wednesday and Friday of each week; cash receipts for each day were commingled and deposited on those days rather than receipts for each day being deposited intact; and, cash receipts forms had not been prepared for each cash item received.

We recommend the Hospital comply with the West Virginia Code, Chapter 12, Article 2, Section 2, as amended.

*All cash receipts are now being deposited each day and corresponding cash receipts forms are being prepared on that day.*

Failure to Implement an Accounting Information and Financial Management Control System

The recommendations for an accounting information and financial management control system, as required by Department of Health Financial Management Instructions #6300 and #6270 were not implemented for this audit period for local accounts as follows:

1. Cash receipts and disbursements journals had not been prepared for any local accounts as required by these instructions but were later prepared at our request for this audit period by agency personnel;
2. The Hospital was required to have reliable methods of internal control as indicated in these instructions. There were many deficiencies in internal control and in separation of duties which are indicated elsewhere in these general remarks; and,
3. Financial statements had not been prepared for local accounts at this Hospital to provide financial and management control by the Hospital and the Department of Health.

We recommend the Hospital comply with Department of Health Instructions #6300 and #6270.

*Cash receipts and disbursement journals are now being kept on a monthly basis for all accounts.*

*Internal control is addressed under the heading "Lack of Sufficient Internal Controls Over Receipts Into Local Accounts."*

*Financial statements will be kept once the hospital receives appropriate Department of Health Instructions.*

Write Off of Uncollectible Patient Accounts  
Receivable as Exonerations

Chapter 27, Article 8, Section 1 of the West Virginia Code states, "The cost of the maintenance of patients admitted to the state hospitals shall be paid out of funds appropriated for the department, but the state hospitals, through the director of health, shall have a right of reimbursement, for all or any part of such maintenance from each patient or from the committee or guardian of the estate of the patient, or the estate of the patient if deceased, or if that be insufficient, then from the patient's husband or wife, or if the patient be an unemancipated child, the father and mother, or any of them. If such a relative so liable does not reside in this state and has no estate or debts due him within the state by means of which the liability can be enforced against him, the other relatives shall be liable as provided by this section. In exercising this right of reimbursement, the director of health may, whenever it is deemed just and expedient to do so, exonerate any person chargeable with such maintenance from the payment thereof in whole or in part, if the director finds that such person is unable to pay or that payment would work an undue hardship on him or on those dependent upon him...."

The Hospital is using the above to write off amounts due it for patient maintenance when the responsible party who has the means to pay the maintenance

refuses to pay. We do not believe this is the proper use of the above stated Code section. We believe this section is intended to exonerate those parties who do not have the ability to pay.

We recommend the Hospital use the provisions of Chapter 27, Article 8, Section 1 of the West Virginia Code, as amended, to exonerate those parties who do not have the means to pay for patient maintenance.

*Exonerations of uncollectable receivable accounts are to be done in accordance with the forthcoming policies from the Director of Health.*

#### Legal Basis for Collection for Patient Care

The Hospital has not taken advantage of Chapter 14, Article 1, Section 1 of the West Virginia Code, as amended, which states, "The auditor, commissioner of finance and administration and any other officer or body authorized by law shall cause appropriate proceedings, in the manner provided for in this article, to be instituted and prosecuted to enforce payment of any debt or liability due the state."

We believe the Hospital should consider using the above provisions when the following situations exist:

1. The patient or his responsible payee are able to pay for all or part of his care but refuse to pay; and,
2. The patient or his responsible payee had knowingly or unknowingly withheld information about their ability to pay for patient maintenance at this Hospital. Funds have therefore been withheld from the state for fraudulent reasons or because of lack of knowledge by the patient or his payee.

We recommend the Hospital use the provisions of Chapter 14, Article 1, of the West Virginia Code, as amended, to collect claims due the State.

#### Patient Accounts Receivable Not Sufficiently Controlled

Starting with July 1981, charges to patient accounts receivable for

all patients other than detainees and the related exonerations were not posted separately. This was a violation of Department of Health Financial Management Policy #6046 which states that all patients are to be charged the current per diem rate and such charges and the related exonerations must be shown on the patient accounts receivable ledger. Department of Health Policy #3044 states a monthly listing shall be compiled and individual patient records shall be maintained of partial and full exonerations which have been approved at the Hospital.

The Hospital has not proved monthly that all gross patient days per the patient census report less temporary leave days had produced billable patient days used in calculating gross billings for all patients or in calculating the related exonerations. A summary of temporary leave days had not been regularly computed in the medical records section for purposes of such proof.

We recommend the Hospital comply with Department of Health Instructions #6046 and #3044 that relate to control of patient accounts receivable and exonerations.

*All accounts receivable are to be posted at the full daily rate (currently \$10.94) and then all exonerations are to be posted leaving a net accounts receivable balance.*

Use of Employee Welfare Account for Improper Receipts and Disbursements

Disbursements during this audit were made from a \$3,000.00 donation to the Employee Welfare Account from the Canteen Account in the prior audit. Department of Health Instruction #6047 indicates that profits from the Canteen Account are to be transferred to the Patient Welfare Account. Since receipts in the accounts were from an improper source, all disbursements from this account were considered as improper payments.

The Hospital made improper payments from the Employee Welfare Account during the last two years which were representative of such payment during the entire audit period as follows:

	<u>Year Ended June 30,</u>	
	<u>1982</u>	<u>1981</u>
Employee Recreation and Recognition	\$431.60	\$ 90.34
Replace Employee Glasses, etc.		
Broken by Patient	28.00	176.70
Patient Therapy Expense	17.00	-0-
Post Office Box Rent	-0-	48.00
Expenses to be Notary Public		
for Hospital	-0-	45.97
Books and Subscriptions for Hospital	10.00	25.00
	<u>\$486.60</u>	<u>\$386.01</u>

We recommend the Employee Welfare Account be closed and the balance transferred to the Patient Welfare Account.

*The Employee Welfare Account was closed during the audit period.*

Improper Payments from Patient Welfare Account

The Hospital made improper payments from the Patient Welfare Account during the audit period for notary public fees for employees, gift to a volunteer worker, replacement of property stolen from a patient, money advanced as a fund for emergency bus tickets for patients and cash advances to patients in special circumstances with such advances being reimbursed. Department of Health Instruction #6047 indicates that disbursements from the Patient Welfare Account only be made for the benefit of all patients or for indigent patients.

We recommend the Hospital comply with the Department of Health Instruction #6047 for disbursements from the Patient Welfare Account.

*Payments made from Patient Welfare Account will only be made to authorized recipients.*

Unrestricted Donations to the Hospital

Department of Health Instruction #5720 specifies the treatment required for donations received by the Hospitals. Unrestricted donations, in

some cases, have been received by the Volunteer Services Coordinator and turned over to patient areas for use instead of being deposited into the Patient Welfare Account or other special account and expenditures made from that account. Where donations were not deposited into the Patient Welfare Account when received, supporting documentation for receipts and expenditures was not located.

We recommend the Hospital comply with Department of Health Instruction #5720.

*All future unrestricted cash donations will be deposited in the Patient Welfare Account or other special account if there are restrictions on fund usage.*

#### INTERNAL CONTROL AND ACCOUNTING SYSTEM

As part of our examination we reviewed and tested the system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. Under these standards the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion of the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting controls. In

the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness or other personal factors. Control procedures, where effectiveness depends upon segregation of duties, can be circumvented by collusion. Similarly, control procedures can be circumvented intentionally by management with respect either to the execution and recording of transactions or with respect to the estimates and judgments required in the preparation of financial statements. Further, projection of any evaluation of internal accounting control to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions and that the degree of compliance with the procedures may deteriorate.

Our study and evaluation of the system of internal accounting control from April 13, 1978 to June 30, 1982, which was made for the purpose set forth in the paragraph above, would not necessarily disclose all weaknesses in the system. However, such study and evaluation disclosed conditions as follows that we believe to be material weaknesses.

Lack of Sufficient Internal Controls Over  
Receipts Into Local Accounts

Cash received through the mail was not prelisted by the employee receiving the mail and that record used, independent from the cashier, to verify proper recording of cash receipts and as part of the bank reconciliation.

Prenumbered cash receipt forms were not prepared for the Canteen Account. Cash receipt forms were prepared for the Patient Welfare Account and Employee Welfare Account and were numbered at the time of use. Daily receipts and numerical sequence of receipt forms were not checked independently by an accounting function. Unused cash receipt forms in book form were not properly safeguarded to prevent misuse.

Bank debit advices were delivered directly to the cashier who was responsible for the account and were not sent to an accounting function independent

of the cashier.

We recommend sufficient internal controls be established over cash receipts into local accounts.

*A cashier is to be appointed to receive, record, and deposit all cash receipts coming into the hospital. This individual will make no cash disbursements.*

*Prenumbered cash receipts for the Canteen Account and Patient Welfare Account have been ordered and will be put into use, immediately, upon receipt. All cash receipt books are being kept in the accounting function office for periodic review.*

*All cancelled checks are to be delivered to the accounting function.*

Insufficient Separation of Duties  
for Cash Receipts

The accounts receivable clerk opened the mail containing cash receipts. The deposit was then made in the bank by the cashier.

The cashier function assisted the accounts receivable clerk in the preparation of monthly billing statements for patient accounts but did not post or have any access to accounts receivable records.

The cashiers for the Patient Welfare Account, Canteen Account, and Employee Welfare Account received and recorded cash receipts for those accounts with a different cashier making the bank deposit. The same cashiers made check disbursements from those local accounts.

We recommend there be a proper segregation of duties for the cash receipts, accounts receivable and billing functions.

*A cashier is to be appointed to receive, record, and deposit all cash receipts coming into the hospital. This individual will make no cash disbursements.*

*Prenumbered cash receipts for the Canteen Account and Patient Welfare Account have been ordered and will be put into use, immediately, upon receipt. All cash receipt books are being kept in the accounting function office for periodic review.*

*All cancelled checks are to be delivered to the accounting function.*

Inadequate Internal Control Over Cash Disbursements from Local Accounts

Check signers have not always reviewed supporting documents furnished with the checks submitted for signature. Checks when signed were returned to the cashier who drew the local account checks rather than being returned to and mailed by another person.

We recommend the Hospital exercise adequate control over cash disbursements from local accounts.

*Documentation now accompanies all checks being submitted for signature.*

Insufficient Control Over Disbursement Transmittals

Checks returned with transmittals by the state were returned to and mailed out by the employee who prepared the transmittal rather than by someone independent of the accounts payable function.

Supporting documentation for transmittals was not prevented from further use by stamping "paid" or other cancellation marks on such documents.

We recommend there be sufficient controls established over disbursement transmittals.

*Checks are to be sent out by central office and the transmittals are to be sent to the hospital stamped "PAID".*

Insufficient Records on Appropriated Accounts to Verify Accuracy or Prepare Financial Statements

The Hospital and the Department of Health had not prepared for each mental hospital separate records of appropriations, expenditures and unexpended

balances for the years ending June 30, 1982 and June 30, 1981 in order to verify accuracy of appropriations and expenditures for those years. The auditor's run for such records combined the appropriations, expenditures and balances for each appropriated account into one single record for all four mental hospitals. Detailed analysis of monthly expenditures for each fiscal year were available at the Hospital but were not completely accurate.

Since an analysis of appropriations, expenditures and balances was not prepared on a timely basis by the Department of Health until the audit was nearly concluded, the Hospital was unable to verify in a timely manner the accuracy of their expenditure listing other than by its own reference to those items on the auditor's run applicable to this Hospital.

We recommend the Hospital and the Department of Health prepare sufficient records on appropriated accounts for each hospital to verify complete accuracy on a current basis and to prepare financial statements.

*No response*

Equipment

The Hospital had not prepared an equipment inventory record during the audit but had retained all the records of equipment transactions necessary to post such inventory records.

We recommend the Hospital prepare an inventory control record for each piece of equipment.

*Equipment inventory has been completed.*

Inactive Special Revenue Accounts

These inactive accounts had not been closed during the audit period.

<u>Account Number</u>	<u>Account Description</u>	<u>Balance In State Treasury</u>
8523-06	Federal Grant-In-Service Training	\$1,275.30
8523-07	Special Patients Welfare Fund	3.22
8523-09	Care of Welfare Recipients	41.29

We recommend balances in these accounts in the State Treasury be closed out through appropriate action by the Hospital. We understand that the Hospital has taken this recommended action.

*The inactive special revenue accounts are to be closed and the funds transferred to the General Revenue Fund.*

Improper Payments from the Canteen Account

The Hospital made improper payments from the Canteen Account during the last two fiscal years as follows and made similar payments for such expenses and for registration fees in other years:

	<u>Year Ended June 30,</u> <u>1982</u>	<u>1981</u>
Salary and Travel Expense Advances to Employees that Were Reimbursed by Those Employees	\$ 191.88	\$ 45.00
Postage - Reimbursed	-0-	1,000.00
	<u>\$ 191.88</u>	<u>\$1,045.00</u>

We recommend all improper payments from the Canteen Account be discontinued.

*Payments from Canteen Account will only be made to authorized recipients.*

Excess Cash Not Invested

Excess funds were held in the checking accounts for the Canteen Local Account, Patient Welfare Local Account and the Custodian Local Account that should have been invested to earn interest. Therefore, there was a loss of interest income that should have been realized.

In late 1981, funds were transferred to the Consolidated Investment Fund from the checking account for the Patient Welfare and Custodian Local Accounts. Excess funds are still being retained in the checking account for the Canteen Local Account and are not being invested to earn interest.

We recommend all excess funds in checking accounts be invested in the Consolidated Investment Fund until such funds are needed.

*Cash in local checking accounts in excess of immediate cash flow needs is being invested, with the exception of the Trustee Account where individual patient cash flow requirements dictate maintaining a larger than necessary cash balance. In this case, the amount maintained in the Trustee Account for each individual patient is based on the degree of activity for that patient. Also, an Investment Account has been opened for maintaining excess Canteen funds.*

AUDITORS' OPINION

The Honorable Encil Bailey  
Legislative Auditor  
State Capitol - West Wing  
Charleston, West Virginia

Sir:

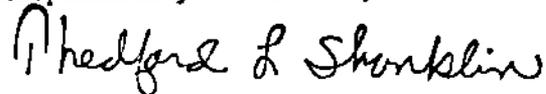
We have examined the financial statements of Spencer Hospital for the years ended June 30, 1982 and June 30, 1981 as listed in the foregoing table of contents. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As more fully described in Note A, the Hospital's policy is to prepare its financial statements on the modified cash and cash basis. Accordingly, the accompanying financial statements are not intended to present financial position and results of operation in conformity with generally accepted accounting principles.

In our opinion, the financial statements of Spencer Hospital as listed in the aforementioned table of contents present fairly appropriations and expenditures, cash, accounts receivable and trustee transactions for the years ended June 30, 1982 and June 30, 1981 on a basis consistent with the preceding year.

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

Respectfully submitted,



Thedford L. Shanklin, CPA, Director  
Legislative Postaudit Division

January 12, 1983

Auditors: George T. Hill, CPA, Auditor-in-Charge  
Larry W. Bell  
Leonard H. Lewis  
David M. Lonchar

SPENCER HOSPITAL

STATEMENT OF APPROPRIATIONS/CASH RECEIPTS, EXPENDITURES/

DISBURSEMENTS AND CHANGES IN FUND BALANCES

	Year Ended June 30, 1982		
	<u>General</u> <u>Revenue</u>	<u>Special</u> <u>Revenue</u>	<u>Trust</u> <u>Fund</u>
<b>Appropriations/Cash Receipts:</b>			
Appropriations	\$5,104,509.00	\$ -0-	\$ -0-
Canteen Sales and Commissions	-0-	28,978.46	-0-
Trust Funds	-0-	-0-	1,406,733.70
Contributions	-0-	-0-	18,005.00
Interest	-0-	-0-	14,370.78
Refunds	-0-	191.96	-0-
Allocation of Fiduciary Receipts to Patients	-0-	-0-	(219,234.16)
	<u>5,104,509.00</u>	<u>29,170.42</u>	<u>1,219,875.32</u>
<b>Intra-Account Transactions</b>	-0-	-0-	(18,000.00)
	<u>5,104,509.00</u>	<u>29,170.42</u>	<u>1,201,875.32</u>
<b>Expenditures/Disbursements:</b>			
Personal Services	3,571,341.93	3,525.76	-0-
Current Expenses	860,135.89	42,790.74	169,382.89
Repairs and Alterations	63,128.46	-0-	-0-
Equipment	51,605.10	547.87	-0-
General Revenue Fund	-0-	-0-	145,693.75
Hospital Services Revenue Fund	-0-	-0-	240,735.42
Refunds	-0-	-0-	13,580.16
Exonerations	-0-	-0-	508,626.16
Accounts Receivable Payments	-0-	-0-	355,995.67
Allocation to Fiduciary Disburse- ments to Patients	-0-	-0-	(210,099.99)
	<u>4,546,211.38</u>	<u>46,864.37</u>	<u>1,223,914.06</u>
<b>Intra-Account Transactions</b>	-0-	-0-	(18,000.00)
	<u>4,546,211.38</u>	<u>46,864.37</u>	<u>1,205,914.06</u>
<b>Appropriations/Cash Receipts Over (Under) Expenditures/Disbursements</b>	558,297.62	(17,693.95)	(4,038.74)
<b>Thirty-Day Expenditures and Expirations</b>	(558,297.62)	-0-	-0-
	<u>-0-</u>	<u>(17,693.95)</u>	<u>(4,038.74)</u>
<b>Beginning Balance</b>	-0-	26,026.22	250,714.77
<b>Ending Balance</b>	<u>\$ -0-</u>	<u>\$ 8,332.27</u>	<u>\$ 246,676.03</u>

See Notes to Financial Statement

<u>Combined Total</u>	<u>Year Ended June 30, 1981</u>			<u>Combined Total</u>
	<u>General Revenue</u>	<u>Special Revenue</u>	<u>Trust Fund</u>	
\$5,104,509.00	\$4,913,578.00	\$ -0-	\$ -0-	\$4,913,518.00
28,978.46	-0-	26,375.63	-0-	26,375.63
1,406,733.70	-0-	-0-	1,673,376.26	1,673,376.26
18,005.00	-0-	-0-	5.25	5.25
14,370.78	-0-	-0-	8,644.36	8,644.36
191.96	-0-	1,045.00	-0-	1,045.00
(219,234.16)	-0-	-0-	(206,136.05)	(206,136.05)
<u>6,353,554.74</u>	<u>4,913,578.00</u>	<u>27,420.63</u>	<u>1,475,889.82</u>	<u>6,416,888.45</u>
(18,000.00)	-0-	-0-	-0-	-0-
<u>6,335,554.74</u>	<u>4,913,578.00</u>	<u>27,420.63</u>	<u>1,475,889.82</u>	<u>6,416,888.45</u>
3,574,867.69	3,193,372.00	1,248.00	-0-	3,194,620.00
1,072,309.52	952,404.05	24,149.40	167,326.76	1,143,880.21
63,128.46	160,735.84	-0-	-0-	160,735.84
52,152.97	45,626.24	1,045.00	-0-	46,671.24
145,693.75	-0-	-0-	326,086.78	326,086.78
240,735.42	-0-	-0-	-0-	-0-
13,580.16	-0-	-0-	9,473.17	9,473.17
508,626.16	-0-	-0-	823,814.18	823,814.18
355,995.67	-0-	-0-	327,281.64	327,281.64
(210,099.99)	-0-	-0-	(212,701.76)	(212,701.76)
<u>5,816,989.81</u>	<u>4,352,138.13</u>	<u>26,442.40</u>	<u>1,441,280.77</u>	<u>5,819,861.30</u>
(18,000.00)	-0-	-0-	-0-	-0-
<u>5,798,989.81</u>	<u>4,352,138.13</u>	<u>26,442.40</u>	<u>1,441,280.77</u>	<u>5,819,861.30</u>
536,564.93	561,439.87	978.23	34,609.05	597,027.15
(558,297.62)	(561,439.87)	-0-	-0-	(561,439.87)
<u>(21,732.69)</u>	<u>-0-</u>	<u>978.23</u>	<u>34,609.05</u>	<u>35,587.28</u>
<u>276,740.99</u>	<u>-0-</u>	<u>25,047.99</u>	<u>216,105.72</u>	<u>241,153.71</u>
<u>\$ 255,008.30</u>	<u>\$ -0-</u>	<u>\$ 26,026.22</u>	<u>\$ 250,714.77</u>	<u>\$ 276,740.99</u>

SPENCER HOSPITAL

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

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 30-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 30 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 revenue 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 operation in conformity with generally accepted accounting principles.

Expenditures during the 30-day carry-over period and expirations were as follows:

	<u>Expenditures</u>		<u>Expirations</u>	
	<u>July 1-30,</u>		<u>July 31,</u>	
	<u>1982</u>	<u>1981</u>	<u>1982</u>	<u>1981</u>
Personal Services	\$155,546.85	\$135,634.89	\$206,630.22	\$129,650.11
Current Expenses	142,900.57	88,948.13	7,137.54	18,273.82
Repairs and Alterations	20,738.76	49,219.25	11,538.78	124,929.91
Equipment	-0-	1,248.84	13,804.90	13,534.92
Total	<u>\$319,186.18</u>	<u>\$275,051.11</u>	<u>\$239,111.64</u>	<u>\$286,388.76</u>

Combined Totals: The combined totals contain the totals for 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 4½% of their annual compensation and contributions by the West Virginia Public Employees Retirement Board are 9½% of the employees' annual compensation.

SUPPLEMENTAL INFORMATION

SPENCER HOSPITAL

STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

APPROPRIATED ACCOUNTS

	Year Ended June 30,	
	1982	1981
<u>Personal Services - Account 4160-00</u>		
Appropriations	\$3,933,519.00	\$3,458,657.00
Expenditures	<u>3,726,888.78</u> 206,630.22	<u>3,329,006.89</u> 129,650.11
Transmittals Paid July 1-30	<u>155,546.85</u>	<u>135,634.89</u>
Balance	<u>\$ 362,177.07</u>	<u>\$ 265,285.00</u>
<u>Current Expenses - Account 4160-01</u>		
Appropriations	\$1,010,174.00	\$1,059,626.00
Expenditures	<u>1,003,036.46</u> 7,137.54	<u>1,041,352.18</u> 18,273.82
Transmittals Paid July 1-30	<u>142,900.57</u>	<u>88,948.13</u>
Balance	<u>\$ 150,038.11</u>	<u>\$ 107,221.95</u>
<u>Repairs and Alterations - Account 4160-02</u>		
Appropriations	\$ 95,406.00	\$ 334,885.00
Expenditures	<u>83,867.22</u> 11,538.78	<u>209,955.09</u> 124,929.91
Transmittals Paid July 1-30	<u>20,738.76</u>	<u>49,219.25</u>
Balance	<u>\$ 32,277.54</u>	<u>\$ 174,149.16</u>
<u>Equipment - Account 4160-03</u>		
Appropriations	\$ 65,410.00	\$ 60,410.00
Expenditures	<u>51,605.10</u> 13,804.90	<u>46,875.08</u> 13,534.92
Transmittals Paid July 1-30	<u>-0-</u>	<u>1,248.84</u>
Balance	<u>\$ 13,804.90</u>	<u>\$ 14,783.76</u>

SPENCER HOSPITAL

STATEMENTS OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CASH BALANCE

SPECIAL REVENUE

Federal Grant-In-Service Training -  
Account 8523-06

Year Ended June 30,  
1982                      1981

Beginning Balance

\$1,275.30              \$1,275.30

Ending Balance

\$1,275.30              \$1,275.30

Year Ended June 30,  
1982                      1981                      1980

Ending Balance:  
State Treasury

\$1,275.30              \$1,275.30              \$1,275.30

Special Patient's Welfare Fund -  
Account 8523-07

Year Ended June 30,  
1982                      1981

Beginning Balance

\$ 3.22                      \$ 3.22

Ending Balance

\$ 3.22                      \$ 3.22

Year Ended June 30,  
1982                      1981                      1980

Ending Balance:  
State Treasury

\$ 3.22                      \$ 3.22                      \$ 3.22

Care of Welfare Recipients -  
Account 8523-09

Year Ended June 30,  
1982                      1981

Beginning Balance

\$ 41.99                      \$ 41.99

Ending Balance

\$ 41.99                      \$ 41.99

Year Ended June 30,  
1982                      1981                      1980

Ending Balance:  
State Treasury

\$ 41.99                      \$ 41.99                      \$ 41.99

SPENCER HOSPITAL  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN CASH BALANCE  
 SPECIAL REVENUE

<u>Insurance Claim - Account 8523-10</u>	<u>Year Ended June 30,</u>	
	<u>1982</u>	<u>1981</u>
Disbursements:		
Equipment	<u>\$547.87</u>	<u>\$-0-</u>
Cash Receipts (Under) Disbursements	(547.87)	-0-
Beginning Balance	<u>547.87</u>	<u>547.87</u>
Ending Balance	<u>\$-0-</u>	<u>\$547.87</u>

	<u>Year Ended June 30,</u>		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
Ending Balance:			
State Treasury	<u>\$-0-</u>	<u>\$547.87</u>	<u>\$-0-</u>

SPENCER HOSPITAL

STATEMENT OF CHANGES IN BALANCES

COLLECTION ACCOUNT - LOCAL

	<u>Year Ended June 30, 1982</u>		
	<u>Cash</u>	<u>Accounts Receivable</u>	<u>Total</u>
Beginning Balance	\$ 24,629.53	\$ 206,452.05	\$ 231,081.58
<b>Additions:</b>			
Accounts Receivable Payments and Billings	355,995.67	872,650.35	1,228,646.02
Refunds	-0-	597.96	597.96
Funds Received For Custodian Account	39,240.62	-0-	39,240.62
Telephone Commissions	533.51	-0-	533.51
Refunds to Appropriations	5,725.92	-0-	5,725.92
	<u>401,495.72</u>	<u>873,248.31</u>	<u>1,274,744.03</u>
	426,125.25	1,079,700.36	1,505,825.61
<b>Deductions:</b>			
General Revenue Fund	145,505.75	-0-	145,505.75
Hospital Services Revenue Fund	240,735.42	-0-	240,735.42
Transfer to Custodian Account	39,240.62	-0-	39,240.62
Refunds	643.46	-0-	643.46
Exonerations	-0-	508,626.16	508,626.16
Accounts Receivable Payments	-0-	355,995.67	355,995.67
	<u>426,125.25</u>	<u>864,621.83</u>	<u>1,290,747.08</u>
Ending Balance	<u>\$ -0-</u>	<u>\$ 215,078.53</u>	<u>\$ 215,078.53</u>

Year Ended June 30, 1981

<u>Cash</u>	<u>Accounts Receivable</u>	<u>Total</u>
\$ 20,656.99	\$ 167,630.15	\$ 188,287.14
327,281.64	1,187,930.84	1,515,212.48
-0-	1,986.88	1,986.88
48,401.55	-0-	48,401.55
227.55	-0-	227.55
4,640.09	-0-	4,640.09
<u>380,550.83</u>	<u>1,189,917.72</u>	<u>1,570,468.55</u>
401,207.82	1,357,547.87	1,758,755.69
324,935.94	-0-	324,935.94
-0-	-0-	-0-
48,401.55	-0-	48,401.55
3,240.80	-0-	3,240.80
-0-	823,814.18	823,814.18
-0-	327,281.64	327,281.64
<u>376,578.29</u>	<u>1,151,095.82</u>	<u>1,527,674.11</u>
<u>\$ 24,629.53</u>	<u>\$ 206,452.05</u>	<u>\$ 231,081.58</u>

SPENCER HOSPITAL

CUSTODIAN ACCOUNT

STATEMENT OF CHANGES IN BALANCES

	<u>Year Ended June 30, 1982</u>		
	<u>Cash</u>	<u>Amount Due To Patients</u>	<u>Total</u>
Beginning Balance	\$179,832.36	(\$179,832.36)	\$ -0-
<b>Additions:</b>			
Donations by Patients, Relatives, or Committees	37,284.66	-0-	37,284.66
Social Security, Other Retirement, and Disability Benefits	153,993.49	-0-	153,993.49
Patient Payroll	15,753.44	-0-	15,753.44
Interest on Savings	12,202.57	-0-	12,202.57
Received from or for Patients	-0-	(219,234.16)	(219,234.16)
	<u>219,234.16</u>	<u>(219,234.16)</u>	<u>-0-</u>
	399,066.52	(399,066.52)	-0-
<b>Deductions:</b>			
Payments on Behalf of Patients	161,125.41	-0-	161,125.41
Transfers to Collection Account for Maintenance	35,394.42	-0-	35,394.42
Refund of Conserved Funds to Social Security	11,944.74	-0-	11,944.74
Unclaimed Funds to State Treasury	1,635.42	-0-	1,635.42
Disbursed to or for Patients	-0-	(210,099.99)	(210,099.99)
	<u>210,099.99</u>	<u>(210,099.99)</u>	<u>-0-</u>
Ending Balance	<u>\$188,966.53</u>	<u>(\$188,966.53)</u>	<u>\$ -0-</u>

<u>Year Ended June 30, 1981</u>		
<u>Cash</u>	<u>Amount Due To Patients</u>	<u>Total</u>
\$186,398.07	(\$186,398.07)	\$ -0-
31,825.23	-0-	31,825.23
155,416.23	-0-	155,416.23
10,250.23	-0-	10,250.23
8,644.36	-0-	8,644.36
-0-	(206,136.05)	(206,136.05)
<u>206,136.05</u>	<u>(206,136.05)</u>	<u>-0-</u>
392,534.12	(392,534.12)	-0-
158,923.09	-0-	158,923.09
44,290.50	-0-	44,290.50
7,542.31	-0-	7,542.31
1,945.86	-0-	1,945.86
-0-	(212,701.76)	(212,701.76)
<u>212,701.76</u>	<u>(212,701.76)</u>	<u>-0-</u>
<u>\$179,832.36</u>	<u>(\$179,832.36)</u>	<u>\$ -0-</u>

SPENCER HOSPITAL  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN CASH BALANCE  
 PATIENT WELFARE ACCOUNT - LOCAL

	Year Ended June 30,	
	1982	1981
<b>Cash Receipts:</b>		
Transfer from Canteen Account	\$18,000.00	\$ -0-
Reimbursement of Improper Disbursements	98.58	75.00
Donations	5.00	5.25
Refund from Patient Benefits	.96	42.27
Interest	2,168.21	-0-
	20,272.75	122.52
 <b>Disbursements:</b>		
Patient Benefits	7,701.84	7,964.93
Improper Disbursements	120.00	95.00
	7,821.84	8,059.93
 Cash Receipts Over (Under) Disbursements	12,450.91	(7,937.41)
 Beginning Balance	18,926.27	26,863.68
 Ending Balance	\$31,377.18	\$18,926.27

	Year Ended June 30,		
	1982	1981	1980
<b>Ending Balance:</b>			
Cash in Bank	\$ 1,208.97	\$18,926.27	\$26,863.68
Consolidated Investment Fund	30,168.21	-0-	-0-
	\$31,377.18	\$18,926.27	\$26,863.68

SPENCER HOSPITAL

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND

CHANGES IN CASH BALANCE

CANTEEN ACCOUNT - LOCAL

	<u>Year Ended June 30,</u>	
	<u>1982</u>	<u>1981</u>
<b>Cash Receipts:</b>		
Canteen Sales	\$26,413.13	\$23,681.50
Sales Tax	621.12	494.73
Commissions	1,944.21	2,199.40
Reimbursement of Advances	191.96	1,045.00
	<u>29,170.42</u>	<u>27,420.63</u>
<b>Disbursements:</b>		
Merchandise for Resale	23,901.24	22,491.52
Sales Tax	621.12	494.73
Personal Services	3,525.76	1,248.00
Current Expenses	76.50	118.15
Equipment	-0-	1,045.00
Advances	191.88	1,045.00
Transfer Interest to Patient Welfare Account	18,000.00	-0-
	<u>46,316.50</u>	<u>26,442.40</u>
Cash Receipts Over (Under) Disbursements	(17,146.08)	978.23
Beginning Balance	<u>24,158.54</u>	<u>23,180.31</u>
Ending Balance	<u>\$ 7,012.46</u>	<u>\$24,158.54</u>

	<u>Year Ended June 30,</u>		
	<u>1982</u>	<u>1981</u>	<u>1980</u>
<b>Ending Balance:</b>			
Cash in Bank	\$ 6,962.46	\$24,108.54	\$23,130.31
Change Fund	50.00	50.00	50.00
	<u>\$ 7,012.46</u>	<u>\$24,158.54</u>	<u>\$23,180.31</u>

SPENCER HOSPITAL  
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
 CHANGES IN CASH BALANCE  
 EMPLOYEE WELFARE FUND - LOCAL

	Year Ended June 30,	
	1982	1981
Cash Receipts:		
Refund from Employee Recreation	\$-0-	\$138.03
Disbursements:		
Employee Recreation	431.60	90.34
Other	55.00	295.67
	486.60	386.01
Cash Receipts Over (Under) Disbursements	(486.60)	(247.98)
Beginning Balance	706.92	954.90
Ending Balance	\$220.32	\$706.92

	Year Ended June 30,		
	1982	1981	1980
Ending Balance:			
Cash in Bank	\$220.32	\$706.92	\$954.90

SPENCER HOSPITAL

RECONCILIATIONS

JUNE 30, 1982

Federal Grant -- In-Service Training -  
Account 8523-06

Balance per State Treasury \$1,275.30

Balance in State Treasury per Hospital \$1,275.30

Special Patient's Welfare Fund -  
Account 8523-07

Balance per State Treasury \$ 3.22

Balance in State Treasury per Hospital \$ 3.22

Care of Welfare Recipients - Account 8523-09

Balance per State Treasury \$ 41.29

Balance in State Treasury per Hospital \$ 41.29

Insurance Claims - Account 8523-10

Balance per State Treasury \$ -0-

Balance in State Treasury per Hospital \$ -0-

SPENCER HOSPITAL  
BANK RECONCILIATIONS  
JUNE 30, 1982

Patient Welfare Account

Balance per Bank Statement \$1,237.72

Less: Checks Outstanding

Check Numbers

900	6.00
903	16.10
904	6.65
	<u>28.75</u>

Balance per Books \$1,208.97

Employee Welfare Fund

Balance per Bank Statement \$ 220.32

Balance per Books \$ 220.32

Collection Account

Balance per Bank Statement \$ -0-

Balance per Books \$ -0-

SPENCER HOSPITAL  
 BANK RECONCILIATION  
 JUNE 30, 1982

Canteen Account

Balance per Bank Statement \$9,083.78

Plus: Deposits in Transit

<u>Date</u>		
6/24/82		80.00
6/30/82		58.08
		<u>138.08</u>

Less: Checks Outstanding

Check Numbers

402	38.56
403	104.56
404	40.00
405	805.07
406	324.96
407	845.56
408	50.01
409	50.68
	<u>2,259.40</u>

Balance per Books

\$6,962.46

SPENCER HOSPITAL  
BANK RECONCILIATION  
JUNE 30, 1982

Custodian Account

Balance per Bank Statement \$69,369.74

Less: Checks Outstanding

Check Numbers

5176	3.02
5250	75.60
5308	31.70
5345	31.70
5349	31.70
5358	340.26
5360	70.99
5363	113.38
5365	31.70
5367	40.00
5375	165.74
5376	274.00
5377	491.79
5379	100.00
5380	10.00
5381	25.00
5382	50.00
	<u>1,886.58</u>

Balance per Books

\$67,483.16

SPENCER HOSPITAL

PATIENT COST

	<u>Year Ended June 30,</u>	
	<u>1982</u>	<u>1981</u>
Average Population	276	301
Patient Days	100,785	109,772
Total Appropriated Expenditures	\$4,865,397.56	\$4,627,189.24
Cost Per Patient Day	\$ 48.28	\$ 42.15
Cost Per Patient Year	\$ 17,628	\$ 15,373

STATE OF WEST VIRGINIA

OFFICE OF LEGISLATIVE AUDITOR, TO WIT:

I, Encil Bailey, Legislative Auditor, do hereby certify that the report of audit 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 13<sup>th</sup> day of July,

1983.

*Encil Bailey*

Encil Bailey, Legislative Auditor

Copy forwarded to the Commissioner of the Department of Finance and Administration to be filed as a public record. Copies forwarded to Spencer Hospital; West Virginia Department of Health; Governor; Attorney General; and, State Auditor.