

STATE OF WEST VIRGINIA
AUDIT REPORT
OF

WEST VIRGINIA BOARD OF ARCHITECTS
FOR THE PERIOD
JULY 1, 1979 - JUNE 30, 1984



OFFICE OF LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON 5. WEST VIRGINIA

WEST VIRGINIA BOARD OF ARCHITECTS

FOR THE PERIOD

JULY 1, 1979 - JUNE 30, 1984

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 the West Virginia Board of Architects.

Our examination covers the period July 1, 1979 through June 30, 1984. The results of the examination are set forth on the following pages of this report. However, only the financial statements for the years ended June 30, 1983 and June 30, 1984 are included in this report. The financial statements covering the period July 1, 1979 through June 30, 1982 are included in our audit workpapers.

Respectfully submitted,

A handwritten signature in cursive script, reading "Thedford L. Shanklin".

Thedford L. Shanklin, CPA, Director
Legislative Postaudit Division

TLS/lst

WEST VIRGINIA BOARD OF ARCHITECTS

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WEST VIRGINIA BOARD OF ARCHITECTS

ACKNOWLEDGMENT

We extend our thanks and appreciation to the Board and its staff for their cooperation in supplying the information necessary to prepare this report.

WEST VIRGINIA BOARD OF ARCHITECTS
EXIT CONFERENCE

We held an exit conference on October 18, 1985 with the Secretary and Executive Secretary of the West Virginia Board of Architects and all findings and recommendations were reviewed and discussed. The above officials' responses are included in the Summary of Findings, Recommendations and Responses and after our recommendations in the General Remarks.

WEST VIRGINIA BOARD OF ARCHITECTS

INTRODUCTION

This Board was created under Chapter 30, Acts of the Legislature, 1935, as amended and operated according to Articles 1 and 12, Sections 1 through 13 and 1 through 10, respectively. The Board is composed of five architects with not fewer than 10 years active practice in West Virginia. Each member is appointed for a term of five years.

The Board examined all applicants for practice of architecture in the State and registers successful applicants and the secretary shall prepare and maintain a complete record of names and office addresses of all persons registered.

Every registered architect in this State who decides to continue the practice of this profession shall annually renew his certificate of registration.

The location of the Board Office is not fixed by statute. During the audit period the records were kept in an office located in the West Virginia Building, Room 313, 910 Fourth Avenue, Huntington, West Virginia, 25701. This Board operates from its own collections and is under budget control.

WEST VIRGINIA BOARD OF ARCHITECTS

BOARD MEMBERS AND STAFF

Members

Kenneth Martin, President, Kanawha County
Term expires June 30, 1988 Charleston

Clinton L. Bryan, Secretary, Kanawha County
Term expires June 30, 1986 Charleston

K. Keith Dean, Cabell County
Term expires June 30, 1987 Huntington

Alex B. Mahood, Mercer County
Term expires June 30, 1985 Princeton

Ted Boggess, Kanawha County
Term expires June 30, 1986 Charleston

Staff

Jane Eschleman, Executive Secretary,
Cabell County Huntington

WEST VIRGINIA BOARD OF ARCHITECTS
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

AREAS OF NONCOMPLIANCE

Over Expenditure of Budget (Expenditure Schedule)

1. The Board expended \$1,682.65 in excess of the amount authorized by the expenditure schedule in fiscal year 1983.

We recommend the Board comply with Chapter 5A, Article 2, Section 20 of the West Virginia Code.

The Board will comply with this recommendation. (See pages 8-9.)

License Fees

2. The Board maintains a local bank account.

We recommend the Board close their local account and deposit all money into the State Treasury.

We will maintain accounts in conformity with the West Virginia Code and policies of the State Treasurer. (See page 9.)

Collection Account

3. The Board collected in excess of prescribed fees in the amount of \$240.00.

We recommend the \$240.00 be returned to each individual who was over-charged.

We will attempt to comply with this recommendation. (See pages 9-10.)

Equipment Inventory

4. The Board did not have a current inventory of its equipment which was not reported to the Department of Finance and Administration.

We recommend a current physical inventory be made annually and that the Board report the equipment to the Department of Finance and Administration.

We will comply with this recommendation. (See page 10.)

Purchasing

5. The Board had 16 invoices in fiscal year 1984 that were split to avoid getting bids.

We recommend the Board not split transmittals to avoid securing bids.

The Board was in compliance with purchasing procedures. (See pages 10-11.)

Withholding Tax

6. The Board did not withhold Federal and State tax from their employees.

We recommend the Board begin withholding Federal and State tax from their employees.

We are now in compliance with this recommendation. (See pages 11-12.)

WEST VIRGINIA BOARD OF ARCHITECTS

GENERAL REMARKS

INTRODUCTION

We have completed a financial and compliance audit of the West Virginia Board of Architects. A financial and compliance audit determines whether the financial statements of an audited entity present fairly the financial position and the results of operations in conformity 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 July 1, 1979 through June 30, 1984.

SPECIAL REVENUE ACCOUNT

All expenditures required for the general operation of the Board are made from Account 8101-10, West Virginia Board of Architects.

LOCAL ACCOUNT

During the audit period, the Board had one local bank account with a bank in Huntington, West Virginia. Periodically, the Board transferred the license fee to the State Treasury by check drawn on the local bank account.

Revenues

Revenues are derived from the following:

Applicant Examination Fee	\$25.00
Certificate of Registration Fee	\$15.00
Restoration of Expired Certificate of Registration Fee	\$15.00
Renewal of Certificate of Registration	\$10.00
Foreign Certificate of Registration	\$50.00

AREAS OF NONCOMPLIANCE

Chapter 30, Articles 1 and 12, of the West Virginia Code generally govern the West Virginia Board of Architects. We tested applicable sections of the above plus general State regulations and other applicable chapters, articles and sections of the West Virginia Code as they pertain to fiscal matters. Our findings are discussed as follows.

Over Expenditure of Budget (Expenditure Schedule)

The Board's budget (expenditure schedule) estimated revenues and expenditures to be \$16,000.00 each for fiscal year 1983. The actual revenues and expenditures were \$17,940.00 and \$17,682.65, respectively. The Board overspent its budget by \$1,682.65.

Chapter 5A, Article 2, Section 20 of the West Virginia Code which states in part, "If the amount actually collected by a spending unit exceeds the amount which it is authorized to expend from collections, the excess in collections shall be set aside in a special surplus fund for the spending unit....

"...If the governor approves the plan of expenditure and justification statement, and is satisfied that the expenditure is required to defray the additional cost of the service or activity of the spending unit, and that the expenditure is in accordance with sound fiscal policy, he may authorize the use of the surplus during the current fiscal year. Notices of such authorization shall be sent to the state auditor, the state treasurer and the legislative auditor.

"An expenditure from a special surplus fund without the authorization of the governor, or other than in accordance with this section, shall be an unlawful use of public funds."

The above condition does not appear to comply with the aforementioned Code Section 20, because we could find no evidence the Governor authorized the \$1,682.65 expenditure.

We recommend the Board comply with Chapter 5A, Article 2, Section 20 of the West Virginia Code.

The Secretary of the Board has never researched the West Virginia Code for articles of law. These should be documented to the Board in a special document explaining the procedure to be followed.

I was not secretary during the fiscal year 1983. I understand the Board did over spend the expenditure schedule by \$1,682.65. I also understand that a revised expenditure schedule should have been submitted and approved by the Governor. Why this was not done I cannot answer.

License Fees

The West Virginia Board of Architects collected \$240.00 in excess of the prescribed fee. Instead of returning the checks and requesting a new check for the prescribed amount, the checks were deposited into the bank. The secretary in charge of making the deposits was not aware that these checks should have been returned for the prescribed amount.

The fees which are to be charged are specified in the West Virginia Code, Chapter 30, Article 12, Section 8, as amended.

We recommend the Board comply with Chapter 30, Article 12, Section 8 of the West Virginia Code.

I concur with your observations that the \$240.00 should have been returned to the sender and a check for the correct sum deposited. The clerk/secretary has been advised not to accept checks in the wrong amount.

I suggest that the individuals be identified and credit given on their next renewal. Since interest is involved, do you have any other suggestions to correct the situation?

Collection Account

In the previous audit we recommended the collection account be cleared on or before the tenth of each month succeeding the month the monies were received and that the Board develop and maintain a cash journal. The Board has developed and is maintaining a cash journal. Collections were not being deposited as recommended, because the Board had the understanding that all monies would expire June 30 of each year. However, on July 1, 1982 the Board's account was changed from general revenue to special revenue and the

Board's money does not expire June 30 of each year.

We recommend the Board comply with the West Virginia Code, Chapter 30, Article 1, Section 10, as amended.

As per the 1979 audit we did develop and maintain a cash journal.

Your observations concerning the deposit prior to the tenth are correct about the confusion over the type of account. As of June 1984 the confusion over this item still existed. As of fiscal year 1985 the deposits have been made to the State Treasury prior to the tenth of the month and we will continue to make such deposits.

Equipment Inventory

The Board took a physical inventory of all its equipment October 29, 1980. However, the Board did not file this inventory with the Department of Finance and Administration as required by Chapter 5A, Article 3, Section 42 of the West Virginia Code.

Section 42 states, "The head of every department of state government shall, on or before July fifteenth of each year, file with the director an inventory of all real and personal property, and of all equipment, supplies and commodities in its possession as of the close of the last fiscal year."

We recommend the Board comply with Chapter 5A, Article 3, Section 42 of the West Virginia Code.

This item was mentioned in the previous audit. The inventory list was prepared dated October 29, 1980 and copies were sent to the proper entities.

Purchasing

During the audit, we noted there appeared to be 16 invoices which were split. The Department of Finance and Administration's Handbook of Purchasing Procedures, page 72, Purchases Under \$100.00, states, "Purchases under \$100.00 will not require retention of bid records. However, if several

purchases of the same item total over \$100.00 and have been made in a short period of time, the Spending Unit must retain a record of bids."

We recommend the Board comply with the Department of Finance and Administration's Handbook of Purchasing Procedures.

I am advised by our clerk/secretary that the apparent split invoices are the result of one vendor. We order the printing of our certificates in probably less than ten lots. The vendor for some reason holds the invoice until it is approximately \$100.00. There seems to be no apparent reason for the vendor not to invoice the Board for the actual number of certificates we order at the time we order. Only one vendor has the original to make the copies of the certificates; however, the \$100 allowance should cover our orders. We were under the impression that we were following proper purchasing procedures.

Withholding Tax

During our test of personal services we noted that Federal and State income taxes were not being withheld by the Board. Also, there were no withholding certificates in the personnel file. This does not appear to be in accordance with Chapter 11, Article 21, Sections 71 and 72 of the West Virginia Code.

Section 71 states in part, "(a) General - Every employer maintaining an office or transaction business within this State and making payment of any wage taxable under this article to a resident or nonresident individual shall deduct and withhold from such wages for each payroll period a tax computed in such manner as to result, so far as practicable, in withholding from the employee's wages during each calendar year an amount substantially equivalent to the tax reasonably estimated to be due under this article resulting from the inclusion in the employee's West Virginia adjusted gross income of his wages received during such calendar year...."

Section 72 states, "Every employer required to deduct and withhold tax under this article from the wages of an employee, or who would have been required so to deduct and withhold tax if the employee had claimed no more than one withholding exemption, shall furnish to each such employee in respect of the wages paid by such employer to such employee during the calendar year on or before the fifteenth day of February of the succeeding year, or, if his employment is terminated before the close of such calendar year, on the date on which the last payment of the wages is made, a written statement as prescribed by the tax commissioner showing the amount of wages paid by the employer to the employee, the amount deducted and withheld as tax, and such other information as the tax commissioner shall prescribe."

We recommend the Board comply with Chapter 11, Article 21, Sections 71 and 72 of the West Virginia Code.

The 1979 audit report as well as the state payroll never pointed this out to the Board. The Board's two employees are part-time and I was under the impression in 1979 that it was not required. Effective July 1984 withholding was deducted from the part-time employees wages. A withholding certificate if not in the personnel file will be obtained and so placed.

AUDITORS' OPINION

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

Sir:


We have examined the statements of revenues, expenditures and changes in cash balance of the West Virginia Board of Architects for the years ended June 30, 1984 and June 30, 1983. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and other such auditing procedures as we considered necessary in the circumstances.

As more fully described in Note A, the financial statements are prepared using the cash basis of accounting. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

In our opinion, the statement of revenues, expenditures and changes in cash balance of the West Virginia Board of Architects presents fairly the cash transactions for the years ended June 30, 1984 and June 30, 1983 on a basis consistent with the preceding year.

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

Respectfully submitted,


Theford L. Shanklin, CPA, Director
Legislative Postaudit Division

December 14, 1984

Auditor: M. Douglas Jones

WEST VIRGINIA BOARD OF ARCHITECTS
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN CASH BALANCES

	Year Ended June 30, 1984		
	<u>Budget</u>	<u>Actual</u>	(Over) Under <u>Budget</u>
Revenues	\$16,000.00	\$40,014.17	(\$24,014.17)
Expenditures:			
Personal Services	8,299.00	6,102.84	2,196.16
Current Expenses	8,053.00	8,692.49	(639.49)
Social Security Matching	-0-	418.02	(418.02)
Bank Service Charge	-0-	89.16	(89.16)
	<u>16,352.00</u>	<u>15,302.51</u>	<u>1,049.49</u>
Revenues (Under) Over Expenditures	(352.00)	24,711.66	(25,063.66)
Beginning Balance	<u>-0-</u>	<u>953.39</u>	<u>(953.39)</u>
Ending Balance	<u>(\$ 352.00)</u>	<u>\$25,665.05</u>	<u>(\$26,017.05)</u>

See Notes to Financial Statement

Year Ended June 30, 1983

<u>Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
\$16,000.00	\$17,724.04	(\$ 1,724.04)
7,519.00	7,007.82	511.18
8,053.00	10,138.95	(2,085.95)
428.00	469.44	(41.44)
-0-	66.44	(66.44)
<u>16,000.00</u>	<u>17,682.65</u>	<u>(1,682.65)</u>
-0-	41.39	(41.39)
-0-	912.00	(912.00)
<u>-0-</u>	<u>\$ 953.39</u>	<u>(\$ 953.39)</u>

WEST VIRGINIA BOARD OF ARCHITECTS

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The Board's accounting method is on a cash basis. Therefore, certain revenue and 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 accompanying financial statements are not intended to present financial position and results of operations in accordance with generally accepted accounting principles.

Note B - Budget

The Board submits its budget to the Department of Finance and Administration each fiscal year to be approved by the Governor. The Board may request the Governor to amend its budget during the current fiscal year if there is a surplus of collections:

Note C - Intra-Account Transactions

The following intra-account transactions have been eliminated:

<u>Year Ended June 30,</u>	
<u>1984</u>	<u>1983</u>
<u>\$15,070.00</u>	<u>\$17,940.00</u>

SUPPLEMENTAL INFORMATION

WEST VIRGINIA BOARD OF ARCHITECTS
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BALANCES
 SPECIAL REVENUE

<u>West Virginia Board of Architects - Account 8101-10</u>	<u>Year Ended June 30,</u>	
	<u>1984</u>	<u>1983</u>
Cash Receipts:		
Fees	\$15,614.17	\$17,940.00
Disbursements:		
Personal Services	6,102.84	7,007.82
Current Expenses	8,692.49	10,138.95
Social Security Matching	418.02	469.44
	<u>15,213.35</u>	<u>17,616.21</u>
Cash Receipts Over Disbursements	400.82	323.79
Beginning Balance	<u>323.79</u>	<u>-0-</u>
Ending Balance	<u>\$ 724.61</u>	<u>\$ 323.79</u>

WEST VIRGINIA BOARD OF ARCHITECTS
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BALANCES
LOCAL ACCOUNT

	<u>Year Ended June 30,</u>	
	<u>1984</u>	<u>1983</u>
Cash Receipts:		
Application Fees	\$12,465.00	\$ 3,515.00
Renewal Fees	27,005.00	14,200.00
Miscellaneous	-0-	9.04
	<u>39,470.00</u>	<u>17,724.04</u>
Disbursements:		
State Treasury	15,070.00	17,940.00
Bank Service Charge	89.16	66.44
	<u>15,159.16</u>	<u>18,006.44</u>
Cash Receipts Over (Under) Disbursements	24,310.84	(282.40)
Beginning Balance	<u>629.60</u>	<u>912.00</u>
Ending Balance	<u>\$24,940.44</u>	<u>\$ 629.60</u>
Components of Cash Balance:		
Cash in Bank	\$23,235.44	\$ 626.60
Cash on Hand	<u>1,705.00</u>	<u>-0-</u>
	<u>\$24,940.44</u>	<u>\$ 626.60</u>

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 29th day of October, 1985.

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 the West Virginia Board of Architects; Governor, Attorney General; and, State Auditor.