

STATE OF WEST VIRGINIA

AUDIT REPORT OF

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

For The Period

JULY 1, 1984 - JUNE 30, 1995



OFFICE OF THE LEGISLATIVE AUDITOR

CAPITOL BUILDING

CHARLESTON, WEST VIRGINIA 25305-0619

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

FOR THE PERIOD

JULY 1, 1984 - JUNE 30, 1995

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

Theodore L. Shanklin, CPA, Director
Legislative Post Audit Division
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CHARLESTON, WEST VIRGINIA 25305-0844

The Joint Committee on Government and Finance:

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

Our examination covers the period July 1, 1984 through June 30, 1995. The results of this audit are set forth on the following pages of this report. However, only the financial statements for the years ended June 30, 1995 and June 30, 1994 are included in this report. The financial statements covering the period July 1, 1984 through June 30, 1993 are included in our audit workpapers.

Respectfully submitted,


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

TLS/cal,gkc

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

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PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

EXIT CONFERENCE

We held an exit conference on October 9, 1997 with the current Chairman of the Public Service Commission of West Virginia and all findings and recommendations were reviewed and discussed. The Chairman's responses are included immediately following the Summary of Findings and Recommendations section of this report.

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

INTRODUCTION

The Public Service Commission of West Virginia was created in 1913 under Chapter 24 of the West Virginia Code. By the enactment of this chapter, the Legislature gave the Commission the authority and duty to enforce through regulation the practices, services and rates of public utilities. Every public utility subject to the provisions of this statute is required to pay special license fees based on gross intrastate revenues and assessed property values. These fees provide for the administration and enforcement of the chapter.

The Commission is empowered by Chapter 24A of the West Virginia Code to supervise and regulate the transportation of persons and property for hire by motor vehicles upon or over the public highways of the State. The Commission shall prescribe a schedule of fees to accompany applications for certificates of convenience and necessity, permits and for the filing and recordation of other papers. Also, the Commission shall collect a special annual assessment against each motor carrier based upon the number and capacity of motor vehicles used by said carrier. In 1993 and 1994, the Commission began participating in the single state registration system and the hazardous material transportation registration system, respectively. In addition to collecting fees for the State, these systems provide that the Commission collect and remit registration fees for other states. Conversely, other

states participating in the system collect and remit fees for West Virginia.

Chapter 24B of the West Virginia Code empowered the Commission to prescribe and enforce safety standards for pipeline facilities and regulate safety practices of persons engaged in the transportation of gas as defined by the chapter. Every pipeline company subject to the provisions of this chapter is required to pay a special license fee based on the number of three-inch equivalent pipeline miles included in its facilities.

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

COMMISSIONERS AND ADMINISTRATIVE STAFF

JUNE 30, 1995

Boyce Griffith Chairman
Otis D. Casto Commissioner
Richard D. Frum Commissioner
Howard M. Cunningham Executive Secretary
Richard Hitt General Counsel
Melissa Marland Chief Administrative Law Judge
Wayne Crowder Director, Administration
Sharon Snead Director, Budget and Data Processing
David Ellis Director, Utilities Division
Amy Swann Director, Public Service District Division
Frank Crabtree Director, Transportation Division
Billy Jack Gregg Director, Consumer Advocate Division

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
SUMMARY OF FINDINGS AND RECOMMENDATIONS

Unusual Expenditures

1. An employee was reimbursed \$17,588.39 for travel expenses in fiscal year 1995 for travel to, from or in the vicinity of Weirton, West Virginia while his headquarters was shown as Charleston, West Virginia in violation of the Governor's Travel Regulations and the same employee had telephone calling card charges of \$1,375.32 including numerous calls from Tridelfhia, West Virginia; however, travel documents do not indicate the employee spent any time conducting State business at that location. Two other employees' telephone calling cards incurred charges of \$2,623.04 and \$1,430.32, respectively, and showed evidence of calls which we believe may have been for non-State business. These matters have been referred to the West Virginia Legislature's Commission on Special Investigations for consideration by them of appropriate investigative examination.

We recommend the Commission comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code. (See pages 18-22.)

Payment of Interest

2. The Commission purchased \$226,308.28 of computer equipment on a lease-purchase arrangement and paid approximately \$14,000.00 in interest even though the Commission had sufficient cash to buy the equipment outright.

We recommend the Commission comply with Chapter 5A, Article 2, Section 18 of the West Virginia Code. (See pages 23 and 24.)

Payment of Salary Before Services Rendered

3. Three employees were overpaid a total of \$479.17 due to calculation errors in their leave accruals, other employees were overpaid on 15 different occasions but these errors were caught and corrected in later pay periods and some time sheets were not signed by employees and/or did not have supervisory approval.

We recommend the Commission comply with Chapter 12, Article 3, Section 13 of the West Virginia Code. (See pages 24-26.)

Annual Increment

4. Our audit disclosed two employees who we believe have been overpaid a total of \$3,852.00 and two other

employees who were underpaid a total of \$2,844.00 for annual increment.

We recommend the Commission comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended. (See pages 26 and 27.)

Workers' Compensation and Restoration of Sick Leave

5. We noted one employee who did not fully reimburse workers' compensation benefits in exchange for buy back of sick leave and the Commission miscalculated the number of days of sick leave which should have been restored to the employee's credit.

We recommend the Commission comply with Chapter 23, Article 4, Section 1 of the West Virginia Code, as amended, and Sections 15.03(f) and 15.04(e) of the Division of Personnel's Administrative Rules and Regulations. (See pages 27-30.)

Collection of Assessment Fees

6. Our audit disclosed 11 utility companies operating in West Virginia who were not charged revenue assessment fees; 49 landfills in operation which were not billed property assessment fees; three utility companies who were not billed a total of \$2,311.72 in property assessment fees and the Commission's practice of waiving assessment fees when utility companies were sold.

We recommend the Commission comply with Chapter 24, Article 3, Section 6 of the West Virginia Code, as amended. (See pages 31-34.)

Late Payment of Utility and Gas Pipeline Assessment Fees

7. Our audit showed the majority of revenue assessment fees, gas pipeline assessment fees, and property assessment fees were not paid by the due dates set in law resulting in the State losing interest of approximately \$4,033.00 and \$12,674.00 in fiscal years 1995 and 1994, respectively. Also, past due fees totaled \$6,232.33 as of June 30, 1995.

We recommend the Commission comply with Chapter 24, Article 3, Section 6, as amended; Chapter 24B, Article 5, Section 3, as amended; and, Chapter 14, Article 1, Section 18a of the West Virginia Code. (See pages 34-38.)

Collection and Waiving of Penalties and Fines

8. Our audit showed several instances where utility companies failed to pay penalties totaling \$55,250.00 assessed through Commission orders, as well as, some instances where such penalties totaling \$4,550.00 were

waived by a later Commission order, although no specific laws, rules or regulations empower the Commission to waive assessed penalties.

We recommend the Commission comply with Chapter 24, Article 4, Section 3, as amended, and Chapter 24, Article 2, Section 2, as amended, of the West Virginia Code. In addition, we recommend the Commission seek to amend the West Virginia Code or apply the provisions of legislative rule-making as cited in Chapter 29, Article 3A of the West Virginia Code to seek the authority to specifically allow penalties to be waived. (See pages 38-41.)

Weapon Inventory and Access

9. We noted a PSC handgun was assigned to a training instructor who was not employed by the Commission during the period August 26, 1991 through September 23, 1994 and the weapons inventory was not fully updated. We recommend the Commission strengthen internal controls over the safeguarding of weapons by following established inventory procedures for weapons and maintaining physical control of handguns that are not needed currently by Commission employees and others in the course of carrying out official duties. (See pages 61-63.)

Lack of Accounting Records for Various Receipts

10. We noted the Commission did not maintain accounting ledgers relating to the following: fines and penalties assessed through Commission orders; registration fees for customer-owned, coin-operated telephone (COCOT) providers; intrastate/ interstate registration fees collected by the Motor Carrier Division and various miscellaneous receipts.

We recommend the Commission comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code. (See pages 41-43.)

Collection of Gas Pipeline Assessment Fees

11. We noted two companies who we believe paid incorrect amounts for gas pipeline assessment fees; two pipeline companies who did not have annual reports on file; and, unexplained adjustments in the accounts receivable ledger for gas pipeline assessment fees.

We recommend the Commission comply with Chapter 24B, Article 5, Section 3 of the West Virginia Code, as amended. (See pages 43-45.)

Compensatory Leave Granted in Lieu of Overtime Compensation

12. We noted three occasions where employees covered by the West Virginia Labor Law worked over 40 hours per week but

received compensatory leave in lieu of overtime compensation.

We recommend the Commission comply with Chapter 21, Article 5C, Section 3 of the West Virginia Code, as amended. (See pages 45 and 46.)

Contractual Services - Inadequate Accounting Records

13. Except for the Consumer Advocate Division, the Commission did not maintain individual ledgers for each contract which would indicate the remaining balance of spending authority pertaining to the contract.

We recommend the Commission comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code. (See pages 46 and 47.)

Equipment

14. We could not locate a commercial sweeper costing \$349.95 purchased in December 1994, as well as, a hand-held computer costing \$4,635.00 and the Commission did not file an annual inventory as required by law.

We recommend the Commission comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code and Section 4B of the West Virginia State Property Handbook.

We also recommend the Commission submit a claim to the State Board of Risk and Insurance Management for the hand-held computer. (See pages 47-49.)

Bond Requirement Not Authorized by Statute

15. We noted the Commission is requiring some telecommunication companies to submit bonds through Commission orders but the bonding requirement is not specifically allowed by the West Virginia Code or the Commission's rules and regulations.

We recommend the Commission comply with Chapter 24, Article 1, Section 7 of the West Virginia Code and seek to promulgate rules and regulations or amend the statute to specifically address the issue of these bonding requirements. (See pages 49-51.)

Duplicate Payments

16. We noted two duplicate payments totaling \$9,011.70 made by the Commission. Reimbursements were subsequently received from the vendors but the State lost approximately \$400.00 in interest revenue.

We recommend the Commission comply with Chapter 12, Article 3, Section 9 of the West Virginia Code, as amended. (See pages 51 and 52.)

Meal Reimbursement for Single Day Travel

17. Our audit showed \$2,647.67 paid to employees for meal reimbursements on single-day trips which were not included on these employees' W-2 forms as compensation.

We recommend the Commission comply with Chapter 11, Article 21, Sections 12 and 72 of the West Virginia Code, as amended. (See pages 52-54.)

Leave Accruals

18. We noted ten employees who had overstated or understated annual leave, sick leave or compensatory leave balances due to calculation errors, as well as, procedural weaknesses in accounting for employee leave accruals.

We recommend the Commission comply with Division of Personnel's Administrative Rule. Also, we recommend the Commission make the necessary adjustments to the preceding employees' leave balances. (See pages 54-56.)

Uniform Inventory

19. We were unable to identify the employees who received a total of \$6,586.60 in clothing purchases due to inadequate inventory records and who authorized some purchases because purchase orders were not utilized in all cases.

We recommend the Commission comply with the Agency Purchasing Procedures Manual by implementing purchase orders for items under \$500.00. Also, we recommend the Commission make one employee or office responsible for purchasing. (See pages 57 and 58.)

Sick Leave Usage

21. Our examination showed PSC employees took a total of 15,981 days of sick leave costing \$2,499,772.00 during the period January 1, 1991 through December 31, 1995.

We recommend the Commission monitor employee sick leave usage for patterns which may be indicative of excessive use of sick leave. (See pages 58 and 59.)

Strengthen Internal Controls Over Compliance

22. We believe the PSC should strengthen internal controls in the area of compliance with the West Virginia Code and various rules and regulations which control the Commission's operations.

We recommend the Commission strengthen or establish the necessary internal controls to better ensure compliance with the West Virginia Code and other administrative rules and regulations which govern the operations of the Commission. (See page 61.)

*Public Service Commission
Of West Virginia*

201 Brooks Street, P.O. Box 812
Charleston, West Virginia 25323



Charlotte R. Lane
Chairman

October 15, 1997

VIA FAX 347-4889

Thedford Shanklin, Legislative Auditor
Post Audit Division
State Capitol, West Wing
Charleston, West Virginia 25305

Dear Mr. Shanklin:

I have reviewed the report relating to the Public Service Commission of West Virginia.

I appreciate the time and effort that your staff has spent reviewing this Agency. Your report clearly indicates to me specific problems which have occurred in the past which I need to address.

Without responding to each item individually, I can assure you and the Legislature that I plan to implement procedures to correct each and every matter set forth in this report. It is clear to me that stricter reporting and accounting procedures need to be in place. Better accounting methods need to be followed with regard to purchasing practices, expenditures, salary and leave policies and the internal control of the use of equipment and inventory.

I am planning certain organizational changes to provide better and more supervision of these matters with direct accountability to me.

Some of these matters may already have been corrected, but I can assure you that by January 14, 1998, I will be able to report to you, with complete confidence, that proper procedures and personnel are in place to correct the problems set forth in your report.

Sincerely,

A handwritten signature in cursive script that reads "Charlotte R. Lane".

Charlotte R. Lane
Chairman

CRL/pja

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

GENERAL REMARKS

INTRODUCTION

We have completed a post audit of the Public Service Commission of West Virginia. The audit covered the period July 1, 1984 through June 30, 1995.

SPECIAL REVENUE ACCOUNTS

During our audit period, the Commission operated from the following special revenue accounts:

<u>Division</u>	<u>Fund Number</u>	<u>Description</u>
Utilities	8623-001	Personal Services
	8623-004	Annual Increment
	8623-010	Employee Benefits
	8623-099	Unclassified
	8623-485	KV Transmission Line Study
	8623-640	Cash Control
Gas Pipeline	8624-001	Personal Services
	8624-004	Annual Increment
	8624-010	Employee Benefits
	8624-099	Unclassified
	8624-640	Cash Control
Motor Carrier	8625-001	Personal Services
	8625-004	Annual Increment
	8625-010	Employee Benefits
	8625-099	Unclassified
	8625-640	Cash Control
Consumer Advocate	8627-001	Personal Services
	8627-004	Annual Increment
	8627-010	Employee Benefits
	8627-099	Unclassified
	8627-640	Cash Control

In addition to the preceding accounts, the Commission operated out of the Motor Carrier Law Enforcement Investigative Fund - Fund No. 8629.

FEDERAL ACCOUNTS

During our audit period, the Commission operated from the following federal fund accounts:

<u>Division</u>	<u>Fund Number</u>	<u>Description</u>
Motor Carrier	8743-096	Unclassified
	8743-700	Cash Control
Gas Pipeline	8744-096	Unclassified
	8744-700	Cash Control

TRUST ACCOUNT

The Commission also utilized the Motor Carrier Out-of-State Licenses - Fund No. 8626 as a trust account for monies due other states. In 1993 and 1994, the Commission began participating in the single state registration system and the hazardous material transportation registration system, respectively. In addition to collecting fees for the State of West Virginia, these systems provide that the Commission collect and remit registration fees for other states. Conversely, other states participating in the system collect and remit fees for West Virginia.

COMPLIANCE MATTERS

Chapters 24, 24A and 24B of the West Virginia Code generally govern the Public Service Commission of West Virginia. 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 listed below.

Unusual Expenditures

During our examination of employee travel expenses, we noted one employee who incurred travel expenses totaling \$17,588.39 during fiscal year 1995 made up of \$9,259.93 reimbursement for 32,491 miles of travel, meal reimbursements of \$3,045.67, lodging reimbursements of \$5,234.79 and \$36.00 of miscellaneous expenses. The vast majority of these expenses, according to the travel documents, were incurred traveling to, from or in the vicinity of Weirton, West Virginia and occurred between October 11, 1994 and May 11, 1995.

Our audit indicates this employee, who was an Utility Inspector, whose job duties included inspection of meters and power stations and investigating customer complaints, was regularly departing from and returning to Weirton, West Virginia while visiting various utility companies around the State during this time period even though his official headquarters was Charleston, West Virginia. As a practical matter, the employee was being allowed to utilize Weirton, West Virginia as his headquarters for purposes of reimbursement of travel expenses; however, nothing came to our attention, based on our request for information regarding these expenses, which would indicate any justification for reimbursement of these travel expenses based on the provisions contained on page 63 of the Governor's Travel Regulations which defines the employee's headquarters as follows,

"...the employee's official headquarters - defined as the limits of the official station will be the corporate limits of the city or town in which the traveler is stationed...."

Clearly, within the context of the Governor's Travel Regulations then in effect, the employee's duty station became Weirton, West Virginia rather than Charleston, West Virginia and reimbursement of lodging and meals in Weirton, West Virginia would have been disallowed.

In addition, a comparison of the addresses of companies visited as shown on this employee's time sheets with the travel destinations shown on travel expense reimbursement forms submitted by the employee did not match for 138 of 181 travel days or 76% of the time during fiscal year 1995, meaning we were unable to establish whether the employee was actually working in the performance of official State duties on these 138 days. Also, we noted 17 instances totaling \$699.66 where the employee had Friday night lodging expenses and 21 instances amounting to \$1,832.39 where the employee claimed reimbursement for expenses incurred on Saturdays or Sundays. We believe expense charges incurred while on official State business from Friday night through Sunday would be abnormal for employees of the Public Service Commission (PSC) since PSC employees do not normally work weekends.

Further, we examined this employee's telephone calling card charges totaling \$1,375.32 incurred during fiscal year 1995 and a review of these telephone billings show literally dozens of

telephone calls being made from various locations in Tridelphia, West Virginia; however, the employee's travel expense forms did not indicate he spent any time conducting official State business in Tridelphia, West Virginia and in fact, his lodging receipts did not show any overnight lodging in Tridelphia, West Virginia.

Lastly, our audit showed the Commission paid \$277.50 in Federal Express mailing charges where items were mailed by the employee and billed to the Commission. A review of the Federal Express billings indicate a likelihood some of these mailings were of a personal nature and not for State business. Also, the Commission paid \$169.25 to mail items by overnight express to the employee in Weirton, West Virginia. Our discussions with Commission staff indicate some of the charges were incurred to send the employee's paycheck by overnight delivery. Due to the unusual nature of these travel expenses, telephone charges and mailing charges, we have referred this matter to the West Virginia Legislature's Commission on Special Investigations for consideration of appropriate investigative examination.

Our examination of other telephone charges showed extensive charges made to telephone credit cards issued to two other Commission employees. The first employee had charges totaling \$2,623.04 for calls during the period December 1, 1993 through February 28, 1994. We noted many of those calls were to out-of-state locations, including Honolulu, Hawaii and the nation

of Germany. The billings also showed 22 calls on Christmas Eve, December 24, 1993 which included six calls from New York, NY, three calls from Chicago, IL, and one call from Pittsburgh, PA, as well as, 20 calls on Christmas Day, December 25, 1993 including four calls to Union City, CA and one call to Hayward, CA.

We observed evidence of communication between representatives of the Commission and the telephone company (American Telephone and Telegraph, AT&T) in a letter dated February 27, 1996, which indicates both parties had been reviewing these calls for some time without resolution. Commission personnel told us the calling card number had apparently been compromised and a review of the telephone bills showed instances of multiple calls being made at the same time that were charged to this number which would indicate more than one person had access to the calling card number. As of December 31, 1996 (concluding date of our current fieldwork), this matter had still not been resolved.

Also, we noted another Commission employee's assigned telephone credit card number incurred charges totaling \$1,430.32 for calls made between March 31, 1995 and November 8, 1995. Again, we observed that many of these calls were made to out-of-state locations particularly Akron, Ohio, and in some cases, multiple calls were being made at the same time which indicated more than one person had access to the calling card number. Likewise, as of December 31, 1996, questions regarding the nature of and responsibility for these calls had still not been resolved.

Our audit indicates the Commission did not have a system in place to monitor and review telephone billings prior to payment. As a result, the Commission routinely paid for these calls which we believe were of an unusual nature and many of which appear to be for non-business purposes. Due to the timing, duration and destination of these calls, we have referred these telephone billings to the West Virginia Legislature's Commission on Special Investigations for consideration by them of appropriate investigative examination.

Chapter 5A, Article 8, Section 9 of the West Virginia Code states in part,

"The head of each agency shall:...

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

If the Commission had established the needed control procedures as called for in the aforementioned section of State law, Commission management would have been aware of these expenditures in a timely fashion and they would have been able to take any necessary corrective actions promptly.

We recommend the Commission comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code.

Payment of Interest

In August 1994, we noted the Commission purchased 101 computers and related software at a cost of \$226,308.28 and entered into a lease-purchase agreement to finance the purchase for two years at 5.96% instead of making an outright purchase of the equipment. The finance charges related to this lease-purchase agreement totaled approximately \$14,000. Due to the lack of adequate inventory records, we were unable to determine which computer equipment was being replaced by the August 1994 purchase, as well as, the ultimate disposition of the computers used previously.

Chapter 5A, Article 2, Section 18, of the West Virginia Code 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. Expenditures from this fund shall be made only in accordance with the following procedure:

The spending officer shall submit to the secretary:

- (1) A plan of expenditure showing the purposes for which the surplus is to be expended; and
- (2) A justification statement showing the reasons why the expenditure is necessary and desirable.

The secretary shall submit the request to the governor with his recommendation.

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/she may authorize the use of the surplus during the current fiscal year...."

We reviewed the monthly cash balance of the Commission's Utility Fund and determined the August 1994 ending cash balance was \$5,482,475.76; we also determined the fund, on average, had a monthly cash balance throughout fiscal year 1995 of \$3,687,269.48. We believe the Commission had sufficient monies available in the Utility Fund to purchase the computer equipment rather than entering into a lease-purchase agreement which increased the State's cost for the equipment by the amount of interest paid.

The computers were obtained by a lease-purchase agreement because the purchase had not been anticipated when the Commission prepared their fiscal year 1995 budget request. Therefore, the appropriation for equipment expenditures was apparently thought to have been insufficient to cover the entire cost of the computers. However, we believe the Commission could have saved the \$14,000 in finance charges by requesting a Governor's appropriation in accordance with the preceding Code section.

We recommend the Commission comply with Chapter 5A, Article 2, Section 18 of the West Virginia Code.

Payment of Salary Before Services Rendered

In our test of personal services, we noted three employees who were overpaid a total of \$479.17. Chapter 12, Article 3, Section 13 of the West Virginia Code states,

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

As of June 30, 1995, two professional employees had terminated their employment with the Commission and the overpayments resulted from calculation errors in compensatory leave accruals. The overpayment for the third employee, who is still with the Commission, resulted from a misstatement of the beginning employment date by one day. The overpayments were as follows:

Employee #1	\$ 58.64
Employee #2	360.85
Employee #3	<u>59.68</u>
	<u>\$479.17</u>

In addition, our test of leave showed that on 15 different occasions records indicate employees were compensated before services were rendered. These employees were absent from work and did not have sufficient leave balances accrued to cover the absence. Therefore, the monthly time sheets noted these days off were taken as "Leave Taken Without Pay". However, the payroll department was not notified of the leave until submission of the monthly respective employees' time sheet which resulted in an adjustment to a subsequent payroll rather than the payroll for the pay period in which the leave occurred. Not reporting these situations to the payroll department immediately increases the likelihood for employees to be paid for services not rendered.

During the two-year period tested, we also noted that two employees did not sign one of their time sheets, some time sheets

for 16 employees had no supervisor signature, and the Consumer Advocate Division's time sheets did not contain supervisory signatures. Employee and supervisory signatures on time sheets provide accountability that the time worked is reflected appropriately and certifies that services were performed. The Director of Administration stated the lack of signatures on most of the time sheets appear to be due to oversight; however, the lack of supervisor signatures on some of one employee's time sheets were caused by conflicts between the supervisor and employee concerning the time reported. He further stated this issue remained unresolved and was involved in an ongoing grievance.

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

Annual Increment

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

"Effective for the fiscal year beginning the first day of July, one thousand nine hundred eighty-five, every eligible employee with three or more years of service shall receive an annual salary increase equal to thirty-six dollars times the employees' years of service,..."

As of July 1995, we noted two employees who we believe have been overpaid a total of \$3,852.00 and two other employees who were underpaid a total of \$2,844.00 for annual increment. The preceding amounts represent cumulative totals since the inception of the statute, July 1, 1985, and are itemized as follows:

<u>Employee</u>	<u>Cumulative Over/ (Under) Payment</u>	<u>Reason for Over/ (Under) Payment</u>
#1	\$3,492.00	Incorrect Calculation of Years of Service
#2	\$ 360.00	Incorrect Calculation of Years of Service
#3	(\$2,700.00)	Incorrect Assessment of Eligibility
#4	(\$ 144.00)	Incorrect Calculation of Years of Service

Based on our work and discussions with Commission staff, both overpayments and one underpayment were caused by errors in the calculation of years of service. The other underpayment occurred because the Director of the Consumer Advocate Division had not received any annual increment payments since the inception of the statute because staff had misinterpreted his eligibility for annual increment. We believe the Director of the Consumer Advocate Division is an eligible employee as defined in Chapter 5, Article 5, Section 1 of the West Virginia Code.

We recommend the Commission comply with Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended.

Workers' Compensation and Restoration of Sick Leave

During our test of personal services, we noted the Commission did not receive the correct reimbursement amount from an employee for the workers' compensation benefits received nor did the Commission restore the employee's sick leave in noncompliance with Chapter 23, Article 4, Section 1 of the West Virginia Code, as amended, which states in part,

"Subject to the provisions and limitations elsewhere in this chapter set forth, the commissioner shall disburse the workers' compensation fund to the employees of employers subject to this chapter, which employees have received personal injuries in the course of and resulting from their covered employment. . . . Provided, that in the case of any employees of the state and its political subdivisions, . . . Who have received personal injuries in the course of and resulting from their covered employment, such employees are ineligible to receive compensation while such employees are at the same time and for the same reason drawing sick leave benefits. **Such state employees may only use sick leave for non-job related absences consistent with sick leave utilization, and may draw worker's compensation benefits only where there is a job related injury. . . .** Provided, however, That such employees may collect sick leave benefits until receiving temporary total disability benefits. The division of personnel shall promulgate rules pursuant to chapter twenty-nine a [§ 29A-1-1 et seq.] of this code relating to use of sick leave benefits by employees receiving personal injuries in the course of and resulting from covered employment. That in the event an employee is injured in the course of and resulting from covered employment and such injury results in lost time from work, and such employee for whatever reason uses or obtains sick leave benefits and subsequently receives temporary total disability benefits for the same time period, such employee may be restored sick leave time taken by him or her as a result of the compensable injury by paying to his or her employer the temporary total disability benefits received or an amount equal to the temporary total disability benefits received. Such employee shall be restored sick leave time on a day for day basis which corresponds to the temporary total disability benefits paid to the employer: . . ." (Emphasis Added)

We noted an employee who had a job-related injury and received Workers' Compensation temporary total disability (TTD) benefits for the period August 19, 1993 through November 1, 1993. During the period August 19, 1993 through October 15, 1993, the employee used 18.75 days of sick leave and, after his sick leave balance was exhausted, the employee used 22.25 days of annual leave in lieu of sick leave. Finally, the employee left the payroll for the period October 16, 1993 through October 30, 1993 and returned to employment on November 1, 1993.

In accordance with the statute, employees cannot simultaneously receive TTD benefits and paid sick leave. In determining the amount of TTD benefits which needed to be refunded and the amount of leave to be restored, the Commission implemented a Division of Personnel policy which conflicted with the preceding Code section and had not been approved by the Legislature through the rule-making process. This policy, effective May 1, 1993, provided for the employee to reimburse the employer for the "Net Value" of any sick or annual leave used; not payment of the TTD benefits received. Using this criteria, the Commission requested, and subsequently received, a reimbursement of \$2,249.51 from the employee.

Upon review of the Commission's calculations for reimbursement, we noted a mathematical error. When using sick leave, the employee received four more days of TTD benefits than

the amount used in the refund calculation. This error resulted in the employee owing the Commission \$159.32 for restoration of his sick leave. Also, we noted the Commission did not restore the 18.75 days of sick leave to the employee. Finally, because the Commission implemented the Division of Personnel policy to calculate the refund amount, the employee paid \$58.86 more than the TTD benefits received for restoration of his annual leave used in lieu of sick leave.

In addition, the Commission allowed the employee to accrue annual and sick leave for September 1993. Sections 15.03(f) and 15.04(e), respectively, of the Division of Personnel's Administrative Rules and Regulations states in part,

"(f)...Annual Leave does not accrue after the effective date of separation....

(e)...Sick leave does not accrue after the effective date of separation...."

We believe the preceding criteria does not allow employees to continue to accrue leave benefits while they are receiving TTD benefits because no services are being rendered when they are temporarily separated from employment. Accordingly, we believe the employee's annual and sick leave balances should be reduced by 1.25 and 1.5 days, respectively.

We recommend the Commission comply with Chapter 23, Article 4, Section 1 of the West Virginia Code, as amended, and Sections 15.03(f) and 15.04(e) of the Division of Personnel's Administrative Rules and Regulations.

Collection of Assessment Fees

In our test of assessment fees, we noted 11 utility companies who were in operation during the period under audit but were not charged a revenue assessment fee. We also noted no property assessment fees were charged to 49 landfills and three utility companies were not billed for \$2,311.72 in property assessment fees. In addition, we noted the Commission waived assessment fees when utility companies were sold.

For revenue assessment fees, Chapter 24, Article 3, Section 6 of the West Virginia Code, as amended, states in part,

". . .(b) All public utilities subject to the provisions of this chapter shall pay a special license fee in addition to any and all fees now required by law. The amount of such fees shall be fixed by the public service commission and such fee shall not exceed forty cents on each one hundred dollars of total gross revenue and shall be levied by it upon each of such public utilities, in the proportion which the total gross revenue derived from intrastate business done by each of such public utilities, in the calendar year next preceding bears to the total gross revenue derived from intrastate business done in such year by all public utilities subject to regulation by the public service commission...."

For property assessment fees, Chapter 24, Article 3, Section 6 of the West Virginia Code, as amended, states in part,

"(a) All public utilities subject to the provisions of this chapter shall pay a special license fee in addition to those now required by law....such fee shall not exceed ten cents on each one hundred dollars of value and shall be levied by it upon each of such public

utilities according to the value of its property as ascertained by the last assessment,..."

We selected 58 companies from the regulated utility list received from the Executive Secretary's Office and the West Virginia Department of Tax and Revenue's list of property values. Of the companies tested, the Commission did not invoice 11 companies for revenue assessments. We were unable to determine the amount of revenue assessments which were not charged because the Commission did not request intrastate revenue figures from these utilities.

For property assessment fees, we noted no collections had been received from the 49 landfills in operation as of August 1996. The Commission did not invoice landfills for assessment fees because the property values were not included in the property assessment listing received from the Department of Tax and Revenue. We spoke to a representative of the Department of Tax and Revenue who told us landfills are not assessed by the State but instead at the county level; therefore, no property values were included in their list. However, he stated the property values could be obtained from the respective county in which the landfill is located.

Because the Commission did not obtain the property values for landfills, we were unable to determine the assessment fees that should have been collected during the audit period. We believe the

Commission should obtain the property valuation from the various counties and levy the fee in accordance with Chapter 24, Article 6, Section 6(a) of the West Virginia Code.

We further noted the Commission did not invoice three companies a total of \$2,311.72 in property assessment fees. It appears these fees were not collected because the Administration Division, which is in charge of the collection of fees, was unaware the utilities were in operation during the period under audit. Apparently, communication of this information from the Executive Secretary's Office was either not forthcoming or not acted on. We believe the Commission should seek to collect the \$2,311.72 in property assessment fees from the three utility companies and explore more effective means of deriving the list of regulated utility companies.

Lastly, we noted three utilities which were sold to other companies and the Commission waived their revenue assessment fees. The amounts of these fees waived were \$807.12, \$25.83, and \$2,844.38, for a total of \$3,677.33. In addition, we believe the Commission should have invoiced one of the preceding utilities \$15,864.86 for property assessment fees. Commission staff told us that although these assessments were legally due the Commission, the procedures needed to determine the proper amounts due would have been too costly and time-consuming to implement.

We recommend the Commission comply with Chapter 24, Article 3, Section 6 of the West Virginia Code, as amended.

Late Payment of Utility and Gas Pipeline Assessment Fees

As noted in our prior audit, special license fee receipts were not received by the Commission before the statutory due date in most cases. Chapter 24, Article 3, Section 6 of the West Virginia Code, as amended, dealing with utility assessment fees states in part,

"(a) All public utilities subject to the provisions of this chapter shall pay a special license fee in addition to those now required by law. The amount of such fees shall be fixed by the public service commission and such fee shall not exceed ten cents on each one hundred dollars of value and shall be levied by it upon each of such public utilities according to the value of its property as ascertained by the last assessment, and shall be apportioned among such public utilities upon the basis of such valuation, which fees shall be paid on or before the twentieth day of January in each year...

(b) All public utilities subject to the provisions of this chapter shall pay a special license fee in addition to any and all fees now required by law. The amount of such fees shall be fixed by the public service commission and such fee shall not exceed forty cents on each one hundred dollars of total gross revenue and shall be levied by it upon each of such public utilities, in the proportion which the total gross revenue derived from intrastate business done by each of such public utilities, in the calendar year next preceding bears to the total gross revenue derived from intrastate business done in such year by all public utilities...which fees shall be paid on or before the first day of July in each year...."

Chapter 24B, Article 5, Section 3 of the West Virginia Code, as amended, dealing with gas pipeline assessment fees states in part,

"(a) Every pipeline company shall pay a special license fee ... such fees shall be fixed by the public service commission and levied by it upon each of such pipeline companies according to the number of three-inch equivalent pipeline miles included in its pipeline facilities, and shall be apportioned among such pipeline companies ... so as to produce revenue of not more than three hundred thousand dollars per annum, which fees shall be paid on or before the first day of July in each year...."

For revenue fees, we noted 75% and 69% of collections were received after the July 1 due date for 1994 and 1993, respectively. Also, we noted that 28% for 1995 and 100% for 1994 of property fee receipts were paid after the January 20 due date. The receipts received in compliance and noncompliance with the statutory due dates were as follows:

<u>Revenue Fees</u>	<u>Total</u>	<u>Revenues Received On or Before Due Date</u>	<u>Revenues Received After Due Date</u>
Due July 1, 1994:			
Number of Utilities	742	255	487
Receipts Collected	\$7,574,310.23	\$1,899,209.70	\$5,675,100.53
Percent of Collections	100.00%	25.07%	74.93%
Due July 1, 1993:			
Number of Utilities	748	323	425
Receipts Collected	\$6,994,393.07	\$2,203,002.40	\$4,791,390.67
Percent of Collections	100.00%	31.50%	68.50%
<u>Property Fees</u>			
Due January 20, 1995:			
Number of Utilities	160	104	56
Receipts Collected	\$2,799,749.60	\$2,002,758.47	\$796,991.13
Percent of Collections	100.00%	71.53%	28.47%
Due January 20, 1994:			
Number of Utilities	148	-0-	148
Receipts Collected	\$2,643,904.39	-0-	\$2,643,904.39
Percent of Collections	100.00%	-0-	100.00%

Of the gas pipeline fees collected, 94% and 90% of receipts were paid after the July 1, 1994 and 1993 due dates, respectively.

The receipts received in compliance and noncompliance with the statutory due dates were as follows:

	<u>Total</u>	<u>Revenues Received On or Before Due Date</u>	<u>Revenues Received After Due Date</u>
Due July 1, 1994:			
Number of Companies	233	89	144
Receipts Collected	\$253,259.33	\$14,832.11	\$238,427.22
Percent of Collections	100.00%	5.86%	94.14%
Due July 1, 1993:			
Number of Companies	244	117	127
Receipts Collected	\$229,314.42	\$22,039.46	\$207,274.96
Percent of Collections	100.00%	9.61%	90.39%

As a result of noncompliance with the statute, funds were not available for use by the Commission at the date required by the West Virginia Code. Also, the State lost approximately \$4,033.00 and \$12,674.00 in interest in fiscal years 1995 and 1994, respectively, because these monies were not available for investment on the due date.

As of June 30, 1995, we further noted the assessment fees owed by 15 utility companies totaling \$6,144.23 and three gas pipeline companies totaling \$88.10 were past due at least one year or more upon review of the accounts receivable ledger. We asked the Commission what collection efforts had been taken to obtain the fees and what actions the Commission could take to collect the overdue amounts. The Commission staff responded the Commission could file a "Show Cause" order; however, the cost of a "Show Cause" hearing would, in most cases, cost more than the amount due

from the utility. In the alternate, the Commission could consider the remedies available in Chapter 14, Article 1, Section 18a of the West Virginia Code which states in part,

"Any account, claim or debt that an agency of this State is not able to collect within three months after trying with due diligence to do so may be referred to the commissioner of finance and administration for consignment by the commissioner to a responsible licensed and bonded debt collection agency or similar other responsible agent for collection...."

We believe the provisions of Chapter 14, Article 1, Section 18a of the West Virginia Code might provide the Commission with means to collect past due amounts in a more cost-effective manner.

We recommend the Commission comply with Chapter 24, Article 3, Section 6, as amended; Chapter 24B, Article 5, Section 3, as amended; and, Chapter 14, Article 1, Section 18a of the West Virginia Code.

Collection and Waiving of Penalties and Fines

Chapter 24, Article 4, Section 3 of the West Virginia Code, as amended, provides for the Commission to levy a penalty against a utility company as follows:

"If any public utility or other person shall fail or refuse to comply with the order of the Commission under sections three, seven or nine [§§24-2-3, 24-2-7 or 24-2-9] respectively of article two, such public utility or other person shall, in addition to the other penalties provided for in this chapter, be subject to a fine not to exceed five thousand dollars."

Of the \$61,800.00 in assessed fines and penalties we examined, we noted two penalties totaling \$2,000.00 were paid, four penalties totaling \$4,550.00 were waived and the remaining \$55,250.00 of fines and penalties were uncollected as of November 1, 1996. We noted instances where utility companies repeatedly did not comply with Commission orders and inquired what subsequent action, if any, the Commission had taken against such companies who violated the orders through non-payment of penalties. The Commission's General Counsel responded,

"The Commission has sent each of the utilities on your list an invoice dated May 29, 1996."

Chapter 24, Article 2, Section 2 of the West Virginia Code, as amended, states in part,

"...The commission may compel obedience to its lawful orders by mandamus or injunction or other proper proceedings in the name of the state in any circuit court having jurisdiction of the parties or of the subject matter, or the supreme court of appeals direct, and such proceedings shall have priority over/all pending cases."

We believe the Commission should strengthen collection efforts regarding penalties and, if necessary, implement the provisions of the preceding statute to compel utility companies to comply with the orders.

As stated earlier, we also noted four penalties totaling \$4,550.00 assessed to utility companies were subsequently waived in another Commission order. We asked the Commission to disclose to

us the statute, rule or regulation which allows the Commission to waive these penalties. The Commission's General Counsel stated in part,

"...The Commission's primary objective in imposing a penalty in annual report situation is an effort to motivate the utility to file its annual report. The Commission has historically viewed the imposition of such penalties as discretionary on its part. Since the Commission believes it has the discretion to order the penalties in the instance of failure to file annual reports, the Commission believes it has the authority under its general powers embodied in Chapter 24 to waive such a penalty in the event the utility timely complies or otherwise has a valid reason for the waiver of the penalty. Although a specific statute does not authorize such action, it is the Commission's legal position that it does not need such specific legal authority and can, in fact, regulate public utilities, pursuant to its general powers and authority, in the interest of the using and consuming public...."

Because there is no provision in the West Virginia Code or the Commission's rules and regulations which specifically allows the Commission to waive a penalty, we believe the Commission should seek to amend the statute or apply the provisions of legislative rule-making as cited in Chapter 29, Article 3A of the West Virginia Code.

We recommend the Commission comply with Chapter 24, Article 4, Section 3, as amended, and Chapter 24, Article 2, Section 2, as amended, of the West Virginia Code. In addition, we recommend the Commission seek to amend the West Virginia Code or

apply the provisions of legislative rule-making as cited in Chapter 29, Article 3A of the West Virginia Code to seek the authority to specifically allow penalties to be waived.

Lack of Accounting Records for Various Receipts

During our audit, we noted several different instances where the Commission had not maintained accounting records relating to various receipts which we believe were required by law. Chapter 5A, Article 8, Section 9(b) of the West Virginia Code directs the head of each agency to,

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

Specifically, the areas involved included: receipt records for fines and penalties; registration fees for customer-owned, coin-operated telephone (COCOT) providers; and, intrastate/interstate registration fees collected by the Motor Carrier Division. These areas and the items noted are as follows:

1.) Fines and Penalties; COCOT and Miscellaneous Receipts

During our test of receipts, we learned no accounts receivable ledgers were maintained for fines and penalties assessed utility companies through Commission orders during the period under audit. We examined 43 Commission orders to determine the frequency of assessment of fines

and penalties as well as the pattern of collections. Based on our examination, \$55,250 of civil monetary penalties were assessed to 34 different companies during the period April 1995 through July 1996; these fines remain uncollected as of November 1, 1996. Due to the lack of accounts receivable ledgers, we were unable to determine the total amount of fines and penalties assessed and collected during the audit period.

Also, we noted the Commission did not maintain accounting records for registration fees charged to customer-owned, coin-operated telephone (COCOT) providers, as well as, other miscellaneous receipts.

2.) Intrastate/Interstate Registration Fees

The Motor Carrier Division did not maintain adequate accounting records for intrastate and interstate registration fees collected during fiscal years 1995 and 1994. Therefore, we were unable to audit the receipts which affect the Motor Carrier Fund No. 8625 and the Motor Carrier Out-of-State Licenses Fund No. 8626 which acts as a clearing account for fees collected on the behalf of other states participating in the registration systems. Beginning July 1, 1995 (subsequent to the end of our audit period), the Division implemented a new accounting system. We elected to examine the accounting records to determine

whether the new system was adequate. Based on this examination, we found the cash balance was overstated in Fund No. 8626 by \$31,579.12 as of July 1, 1996. We believe this overage was created by depositing receipts into the wrong fund accounts. Since no reconciliation process was performed, deposit errors would remain undetected. Therefore, we believe the Motor Carrier Division should strengthen internal controls over the current accounting system by reconciling fund balances to the accounting records and make any adjustments necessary.

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

We recommend the Commission comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code.

Collection of Gas Pipeline Assessment Fees

We noted two companies paid incorrect gas pipeline assessment fees for July 1, 1994 and 1993. Chapter 24B, Article 5, Section 3 of the West Virginia Code, as amended, states in part,

"(a) Every pipeline company shall pay a special license fee . . . such fees shall be fixed by the public service commission and levied by it upon each of such pipeline

companies according to the number of three-inch equivalent pipeline miles included in its pipeline facilities, and shall be apportioned among such pipeline companies. . . so as to produce a revenue of not more than three hundred thousand dollars per annum, which fees shall be paid on or before the first day of July in each year...."

The Gas Pipeline Division sends a "Special License Fee Report" questionnaire to the pipeline companies annually requesting pipeline data which enables the Commission to compute the gas pipeline assessment fees. Upon examination of these reports, we noted two companies who made mathematical errors in the computation of three-inch equivalent pipeline miles. Since the reported number of miles is used in the fee calculation, these two companies overpaid and underpaid \$37.87 and (\$48.18), respectively.

Upon inquiry with Commission staff, the reports are not reviewed for mathematical accuracy concerning the calculation of pipeline miles. Errors in pipeline miles could result in the Commission collecting an incorrect assessment fee. We further noted in our test, two pipeline companies who did not have 1993 and 1992 reports on file. Also, one company's report did not indicate the number of pipeline miles, but instead stated "Same As Last Year"; upon further review of this company's reports, 1988 was the last year for which figures were supplied. We believe the Commission should strengthen internal controls over these reports by obtaining the annual pipeline miles and reviewing the reports for mathematical accuracy.

Secondly, in our examination of the accounts receivable ledgers for gas pipeline assessment fees we noted the following:

- a. Adjustments in the ledgers which reduced fees by \$1,277.46 and increased fees by \$118.44;
- b. \$174.17 of fees which appeared waived due to closure; and,
- c. Past-due fee of \$240.90 was marked VOID on the ledger.

For the preceding issues, we requested the Commission supply supporting documentation for the adjustments; however, as of the last day of field work no response had been received from the Commission with respect to these issues.

We recommend the Commission comply with Chapter 24B, Article 5, Section 3 of the West Virginia Code, as amended.

Compensatory Leave Granted in Lieu of Overtime Compensation

We noted three occasions where employees worked over 40 hours per week but received compensatory leave in lieu of overtime compensation. We noted a Secretary in the Administrative Law Judges Division worked 40.5 hours during the workweek from August 30 - September 3, 1993, and an Accounting Assistant in the Motor Carrier Division worked 42.5 and 44 hours during the workweek October 31 - November 5, 1994 and November 13-19, 1994, respectively. These employees were granted compensatory leave on an hour-per-hour basis in lieu of overtime compensation.

Chapter 21, Article 5C, Section 3 of the West Virginia Code, as amended, states in part,

"...no employer shall employ any of his employees for a workweek longer than forty hours, unless such employee receives compensation for his employment in excess of the hours above specified at a rate of not less than one and one-half times the regular rate at which he is employed...."

We believe the Commission is in noncompliance with the preceding Code section because these employees appear to be covered by the West Virginia Labor Law and should have received monetary compensation for the overtime hours instead of compensatory leave. According to Commission personnel, the granting of compensatory leave in lieu of overtime to the non-exempt employees was due to an oversight.

We recommend the Commission comply with Chapter 21, Article 5C, Section 3 of the West Virginia Code, as amended.

Contractual Services - Inadequate Accounting Records

Chapter 5A, Article 8, Section 9(b) of the West Virginia Code requires the head of each agency to:

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

Except for the Consumer Advocate Division, we noted the Commission did not maintain adequate accounting records of contractual transactions. While accounting records were maintained of invoices paid against each contract, the Commission did not

maintain individual ledgers for each contract which would indicate the remaining balance of the spending authority. The lack of individual contract ledgers which note the unencumbered balances increases the possibility that the Commission may expend more monies than the authorized contract amounts. Also, we were unable to locate three maintenance contracts in our testing. Therefore, we were unable to determine if \$594.21 of expenditures were made in accordance with the contract provisions.

We recommend the Commission comply with Chapter 5A, Article 8, Section 9(b) of the West Virginia Code.

Equipment

Chapter 5A, Article 3, Section 35 of the West Virginia Code states,

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

We noted the Commission did not submit an annual inventory to the Department of Administration in noncompliance with the preceding statute. Also, we were unable to perform a test of equipment because the Commission did not maintain adequate inventory records. The Director of Administration stated the accounting for equipment inventory ceased with the implementation of the State's Financial Management Information System (WV FIMS) in

1993. He stated the Commission believed this system was suppose to account for agency inventory; however, a WV FIMS inventory system did not become functional during the audit period and the Commission discontinued its internal equipment inventory.

In our review of equipment purchases, we noted a commercial sweeper costing \$349.95 was bought in December 1994. We asked the Commission staff to locate the sweeper; however, they were unable to find the piece of equipment at the Commission headquarters. We also could not account for a hand-held computer with a cost of \$4,635.00. This type of computer is used by Motor Carrier enforcement officers to issue citations. The Director of Budget and Data Processing stated the computer was accidentally run over by a truck and destroyed in October 1995. She further stated the computer was mailed to the manufacturer for possible retrieval of records; however, record retrieval was not possible and she allowed the manufacturer to retain the computer. We believe the Commission should have filed an insurance claim with the State Board of Risk and Insurance Management since the equipment was accidentally destroyed.

In addition, Section 4B of the West Virginia State Property Handbook promulgated by the West Virginia State Agency for Surplus Property states in part,

"All reportable personal property owned by the State of West Virginia will be identified as such by the affixation of a property identification decal (tag) with an assigned Inventory Tag Number...."

We noted the Commission discontinued tagging new purchases after the implementation of WV FIMS in 1993. We believe the Commission is in noncompliance with the preceding statute by not tagging equipment.

We recommend the Commission comply with Chapter 5A, Article 3, Section 35 of the West Virginia Code and Section 4B of the West Virginia State Property Handbook. We also recommend the Commission submit a claim to the State Board of Risk and Insurance Management for the hand-held computer.

Bond Requirement Not Authorized by Statute

Chapter 24, Article 1, Section 7 of the West Virginia Code states in part,

"The commission shall prescribe such rules and regulations as may be necessary to carry out the provisions of this chapter...."

We noted in our review of telecommunication receipts, the Commission is requiring some utility companies to submit bonds through Commission orders but the bonding requirement is not specifically allowed by the West Virginia Code or the Commission's rules and regulations.

Through inquiry with the Manager of the Telecommunications Section, we learned the Commission is requiring bonds from telecommunication companies who sell "debit" cards to the public. Debit cards are pre-paid calling cards that offer various minutes of long-distance service. According to Commission staff, this bonding requirement was implemented to protect the

consumer in the event a company goes out of business before providing the long-distance service paid for by the debit card.

The Manager also stated that companies who sell debit cards and do not provide any other type of telecommunication service in the State must submit a bond equal to the company's first year of projected West Virginia sales revenue. Companies that sell debit cards but offer other types of telecommunication services are not required to submit a bond.

The Commission's General Counsel stated the bond requirement is a condition in obtaining a "Certificate of Convenience and Necessity" and is imposed through Commission order. He further stated that although no statute specifically requires bonds, Chapter 24, Article 2, Section 7(a) of the West Virginia Code, as amended, provides the authority as follows:

"(a) Whenever, under the provisions of this chapter, the commission shall find any regulations, measurements, practices, acts or services to be unjust, unreasonable, insufficient or unjustly discriminatory ... the commission shall determine and declare, and by order fix reasonable measurements, regulations, acts, practices or services, to be furnished, imposed, observed and followed in the state in lieu of those found to be unjust, unreasonable, insufficient, or unjustly discriminatory, inadequate or otherwise in violation of this chapter, and shall make such other order respecting the same as shall be just and reasonable...."

Because bonding is a financial matter, we believe the Commission should promulgate rules and regulations or amend the statute to specifically allow the bonding requirement.

We recommend the Commission comply with Chapter 24, Article 1, Section 7 of the West Virginia Code and seek to promulgate rules and regulations or amend the statute to specifically address the issue of these bonding requirements.

Duplicate Payments

In our test of disbursements, we noted two instances in which the Commission made duplicate payments to vendors totaling \$9,011.70. Reimbursements for the payments were subsequently received; however, the State lost approximately \$400 in interest revenue. Chapter 12, Article 3, Section 9 of the West Virginia Code, as amended, states,

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

In August 1994, the Commission made a duplicate payment to a vendor for \$8,838.00 which was subsequently reimbursed in September 1995. During these 13 months, it appears the State could have earned approximately \$400 in interest revenue if the monies would have been available for investment.

We also noted another duplicate payment of \$173.70 in May 1995. We brought the duplicate payment to the attention of

Commission staff and a reimbursement was subsequently requested and received in September 1996. The Director of Administration stated the duplicate payments appeared to be the result of human error.

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

Meal Reimbursement for Single Day Travel

Chapter 11, Article 21, Section 72 of the West Virginia Code states in part,

"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 such employee ... 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 other information as the tax commissioner shall prescribe."

In accordance with the provisions of the Governor's Travel Regulations, Commission employees were reimbursed for meal expenses incurred during the audit period where the trips involved did not require overnight stay (single-day travel). As a result of our audit we found a total of \$2,647.67 paid for meal reimbursements for single-day travel for the audit period. However, these amounts were not reported to these individuals on a Form W-2 (Wage and Tax Statement). Paragraphs (d) (2) and (c) (5) of Regulation §1.62 of the Internal Revenue Services' Income Tax Regulations define those employee expense reimbursements which

should be included as a part of the employee's income and should be subject to withholding by the employer.

Furthermore, Chapter 11, Article 21, Section 12 of the West Virginia Code, as amended, states in part:

"(a) *General* - The West Virginia adjusted gross income of a resident individual means his federal adjusted gross income as defined in the laws of the United States for the taxable year with the modifications specified in this section...."

Therefore, any reimbursements received for nondeductible travel expenses are considered as taxable income under both Federal and West Virginia tax law and should be reported as compensation paid to employees. The Administration Division stated that the Commission was unaware that meal reimbursement for single-day travel was taxable and that amounts reimbursed were to be reported to the employees on Form W-2.

In addition, we noted an employee was on travel status 97 days during fiscal year 1995; 72 days or 74% of the time the employee indicated that overnight lodging was a personal expense with no charge to the State. During February 1994, the Commission issued two internal memorandums indicating employees on single-day travel status had to work two hours beyond their normal quitting time and travel in excess of 200 miles round-trip in order to qualify for the full meal reimbursement amount, otherwise employees would only qualify for one-fourth of the authorized daily rate.

On June 13, 1994 the employee noted earlier, officially changed his address from Bridgeport, WV to Alum Creek, WV according to Commission records. The effect of the change in address was the employee became eligible for the full authorized daily rate for meal reimbursement in compliance with the internal memoranda issued by the Commission. We noted ten instances where the employee indicated he departed on Mondays from Bridgeport, WV instead of his address location in Alum Creek, WV. We believe the meals reimbursed on days where the employee indicated "free lodging" would be reportable on the employee's W-2, in addition to the usual single-day travel meal reimbursements. The employee was reimbursed \$704.05 and \$1,675.52 for such meals during fiscal years 1994 and 1995, respectively.

We recommend the Commission comply with Chapter 11, Article 21, Sections 12 and 72 of the West Virginia Code, as amended.

Leave Accruals

During the period July 1, 1993 through June 30, 1995, we noted errors in our test of annual, sick and compensatory leave accruals for ten employees. Sections 15.03 and 15.04 of the Division of Personnel's Administrative Rule state in part:

"15.03. Annual Leave

(a) Amount, Accrual: Except as otherwise noted in this rule, each employee is entitled to annual leave with pay and benefits. The table below lists rates of accrual according to the employee's length of service category....

<u>Length of Service Category</u>	<u>Accrual Rate: Hours Equal To</u>
Less than 5 years of regular employment	1.25 days/month
5 years but less than 10 years of regular employment	1.50 days/month
10 years but less than 15 years of regular employment	1.75 days/month
15 years or more	2.00 days/month

15.04 Sick Leave

(a) Accrual: Except as otherwise provided in this section, each employee shall receive accrued sick leave with pay and benefits. Sick leave is computed on the basis of hours equal to 1.5 days per month for full-time employees...."

Upon review of the leave records and time sheets, the ten employees' balances were overstated or understated as of June 30, 1995 as follows:

<u>Employee</u>	<u>Commission Balance Over/ (Under)</u>		
	<u>Audited Balance (In Hours)</u>		
	<u>Annual</u>	<u>Sick</u>	<u>Compensatory</u>
#1	-0-	-0-	1.25
#2	-0-	-0-	(12.00)
#3	-0-	-0-	34.00
#4	11.50	-0-	-0-
#5	15.50	3.50	2.00
#6	-0-	-0-	.75
#7	7.00	-0-	-0-
#8	2.00	-0-	(1.50)

<u>Employee</u>	<u>Commission Balance Over/ (Under)</u>		
	<u>Audited Balance (In Hours)</u>		
	<u>Annual</u>	<u>Sick</u>	<u>Compensatory</u>
#1	-0-	-0-	1.25
#9	43.75	-0-	-0-
#10	(28.40)	-0-	-0-
Total	<u>51.35</u>	<u>3.50</u>	<u>24.50</u>

It appears the preceding differences were caused by calculation errors. Other weaknesses noted during our examination include the following items: (1) the Motor Carrier & Solid Waste Section did not maintain accrual records for compensatory time earned and used; (2) the Administrative Law Judges Division allowed the employees to maintain their own accrual records for compensatory leave without supervisory control; and (3) employees in the Motor Carrier Division were earning compensatory leave for answering the telephones during lunch but the time sheets did not reflect the hours worked. We believe the above weaknesses could result in employees being over or under compensated for their services.

We recommend the Commission comply with the Division of Personnel's Administrative Rule. Also, we recommend the Commission make the necessary adjustments to the preceding employees' leave balances.

Uniform Inventory

During our test of clothing and household expenditures, we noted the Commission did not maintain an adequate uniform inventory. In fiscal year 1995, we were unable to identify the employees who received a total of \$6,586.60 in clothing purchases due to inadequate inventory records. We also were unable to determine who authorized some purchases due to the lack of purchase orders.

Commission personnel informed us the procedures for obtaining clothing under \$500 called for the Commission to contact a vendor by telephone and verbally authorize a uniform purchase for an employee. The employee would be sized for the clothing at the store and receive the goods directly from the vendor. However, Commission staff working in specific divisions utilizing official uniforms stated that during this period, they were unable to tell us which employees had received the uniforms which had been purchased through the expenditure of the \$6,586.60 noted above.

Section 2.1.1 of the Agency Purchasing Procedures Manual of the Department of Administration states,

"\$500 and less: Competitive bids are not required but are encouraged when possible. (Written purchase order recommended)."

We believe if the Commission would implement purchase orders for items under \$500 as recommended by the Department of

Administration, internal controls would be strengthened over the authorization and accounting for uniform purchases.

We recommend the Commission comply with the Agency Purchasing Procedures Manual by implementing purchase orders for items under \$500.00. Also, we recommend the Commission make one employee or office responsible for purchasing.

Sick Leave Usage

During our audit we performed an examination of sick leave used by Public Service Commission (PSC) employees. This examination was accomplished by performing a detailed review of all leave earned and taken between January 1, 1991 and December 31, 1995, by 47 PSC employees and projecting the results to the total of 238 PSC employees who earned sick leave during the study period. The results of the test showed PSC employees took a total of 15,981 days of sick leave costing \$2,499,772.00 during the study period or an average of \$534,139.00 annually. The average annual cost was determined by dividing the total cost of \$2,499,772.00 by 4.68 (The average length of service during the study period). Our review of PSC records indicated the average annual salary of PSC employees earning leave benefits was \$29,726.00 and there was no correlation between salary and sick leave usage. Employees whose salaries were above or below the average salary both took an average of 14.36 days of sick leave per year.

Analyzing sick leave based on tenure shows employees with 15 or more years of service had the highest average sick leave

usage. These employees took a total of 6,628 days of sick leave, or an average of 15.40 days per year during the study period. Meanwhile, employees with less than five years of service took the least amount of sick leave, a total of 3,060 days or an average of 14.17 days per year. Overall, PSC employees, as stated earlier, took an average of 14.36 sick days per year at a cost of \$2,297.00 per employee annually.

We recommend the Commission monitor employee sick leave usage for patterns which may be indicative of excessive use of sick leave.

INTERNAL CONTROLS AND ACCOUNTING SYSTEM

As a 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 on 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 judgements by management.

There are inherent limitations that should be recognized in considering the potential effectiveness of any system of internal accounting control. In the performance of most control procedures, errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, or other personal factors. Control procedures whose 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 for the period July 1, 1984 through June 30, 1995, which was made for the purposes set forth in the first paragraph above, would not necessarily disclose all weaknesses in

the system. However, such study and evaluation disclosed conditions that we believe to be weaknesses.

Strengthen Internal Controls Over Compliance

As indicated by the items noted in the "Compliance Matters" section of this report, we believe the Public Service Commission should strengthen internal controls in the area of compliance with the West Virginia Code and various rules and regulations which control the Commission's operations. We believe weaknesses in the internal control structure exist in the following areas as evidenced by the compliance findings: 1. Assessment and collection of utility and gas pipeline assessment fees; 2. Accounting for employee leave balances, hours worked, and buy-back of sick leave; 3. Annual increment payments due employees; and, 4. Collection and waiving of penalties and fines.

We recommend the Commission strengthen or establish the necessary internal controls to better ensure compliance with the West Virginia Code and other administrative rules and regulations which govern the operations of the Commission.

Weapon Inventory and Access

We noted weaknesses in the controls over weapons issued to enforcement officers in the Motor Carrier Division. During our test, we noted a handgun was located in storage but the inventory records indicated the gun was issued to an employee and, conversely, the inventory list indicated a handgun was in storage but the weapon had been issued to an employee.

When handguns are issued, the Motor Carrier Division requires enforcement officers to sign a statement which notes the make, model and serial number of the weapon and the date it was issued to the officer. Upon return of the weapon, the officer or his supervisor signs the issuance statement noting the date and return of the weapon. The Manager of the Division stated that for the weapon which was given to an employee but recorded as "in storage" on the inventory list, he had the employee sign for the gun but did not place the signed statement in the inventory notebook. In addition, the gun located in storage but noted on the inventory as assigned to an employee occurred because of an oversight. The employee whom the gun was issued to had terminated employment two weeks before our inventory count and the records had not been updated to reflect the return of the weapon.

The affect of not following the weapon inventory procedures could result in the unauthorized use or disposition of the handguns. Therefore, we believe the Division should strengthen the controls over the weapons.

Also, we noted a handgun was in the possession of a training instructor during the period August 26, 1991 through September 23, 1994. According to the Manager of the Motor Carrier Division, the training instructor who was in effect an independent consultant was assigned a weapon so he would be using the same type of gun as the enforcement officers during training seminars. Because the Division used this same instructor approximately seven

or eight times a year, he was allowed to keep the gun when no training was in session because it was easier than checking the weapon in and out with the Division.

To safeguard assets from unauthorized use or disposition, we believe the gun issued to the instructor should have been returned to the Division when enforcement officers were not receiving training.

We recommend the Commission strengthen internal controls over the safeguarding of weapons by following established inventory procedures for weapons and maintaining physical control of handguns that are not needed currently by Commission employees and others in the course of carrying out official duties.

INDEPENDENT AUDITORS' OPINION

To the Joint Committee on Government and Finance:

We have audited the statement of cash receipts, disbursements and changes in fund balances of the Public Service Commission of West Virginia for the years ended June 30, 1995 and June 30, 1994. The financial statement is the responsibility of the management of the Public Service Commission of West Virginia. Our responsibility is to express an opinion on the financial statement based on our audit.

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

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenues collected and expenses paid of the Public Service Commission of West Virginia for the years ended June 30, 1995 and June 30, 1994, on the basis of accounting described in Note A.

Our audit was conducted for the purpose of forming an opinion on the basic financial statement taken as a whole. The supplemental information is presented for 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 audit of the basic financial statement; and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Respectfully submitted,


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

December 31, 1996

Auditors: Michael E. Sizemore, CPA, Supervisor
Jean Ann Waldron
David N. Harris

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES

	<u>Year Ended June 30, 1995</u>		
	Special Revenue	Federal Programs	Combined Totals
Cash Receipts:			
Assessment Fees	\$10,575,555.12	\$ 0.00	\$10,575,555.12
Rent Revenue	12,578.16	0.00	12,578.16
Federal Grants	0.00	626,879.72	626,879.72
Other Collections	2,032,620.76	0.00	2,032,620.76
Forfeiture of Property Proceeds	0.00	0.00	0.00
Miscellaneous	<u>10,982.88</u>	<u>0.00</u>	<u>10,982.88</u>
	12,631,736.92	626,879.72	13,258,616.64
Disbursements:			
Personal Services	7,076,876.20	320,592.89	7,397,469.09
Employee Benefits	2,114,115.06	27,915.18	2,142,030.24
Current Expenses	1,984,507.51	57,677.25	2,042,184.76
Repairs and Alterations	94,225.99	0.00	94,225.99
Equipment	258,253.78	146,426.70	404,680.48
Payment of Claims	0.00	0.00	0.00
Refunds	<u>11,205.00</u>	<u>0.00</u>	<u>11,205.00</u>
	<u>11,539,183.54</u>	<u>552,612.02</u>	<u>12,091,795.56</u>
Cash Receipts Over /(Under) Disbursements	1,092,553.38	74,267.70	1,166,821.08
Beginning Balance	<u>1,342,327.70</u>	<u>264,036.47</u>	<u>1,606,364.17</u>
Ending Balance	<u>\$ 2,434,881.08</u>	<u>\$338,304.17</u>	<u>\$ 2,773,185.25</u>

See Notes to Financial Statement

Year Ended June 30, 1994

Special Revenue	Federal Programs	Combined Totals
\$7,978,087.38	\$ 0.00	\$ 7,978,087.38
12,449.98	0.00	12,449.98
0.00	548,094.00	548,094.00
1,717,385.01	0.00	1,717,385.01
24,114.15	0.00	24,114.15
<u>9,506.73</u>	<u>4,543.00</u>	<u>14,049.73</u>
9,741,543.25	552,637.00	10,294,180.25
6,662,684.70	316,216.59	6,978,901.29
2,053,532.24	59,566.67	2,113,098.91
2,080,188.14	98,105.32	2,178,293.46
118,317.61	0.00	118,317.61
347,688.69	0.00	347,688.69
13,206.68	0.00	13,206.68
<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<u>11,275,618.06</u>	<u>473,888.58</u>	<u>11,749,506.64</u>
(1,534,074.81)	78,748.42	(1,455,326.39)
<u>2,876,402.51</u>	<u>185,288.05</u>	<u>3,061,690.56</u>
<u>\$ 1,342,327.70</u>	<u>\$264,036.47</u>	<u>\$ 1,606,364.17</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA

NOTES TO FINANCIAL STATEMENT

Note A - Accounting Policies

Accounting Method: The cash basis of accounting is followed. Therefore certain revenues and the related assets are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Note B - Pension Plan

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employee contributions are 4.5% of their compensation and employees are vested under certain circumstances. The Public Service Commission matches contributions at 9.5% of the compensation on which the employee made contributions. The Public Service Commission's pension expenditures were as follows:

<u>Year Ended June 30,</u>	
<u>1995</u>	<u>1994</u>
<u>\$640,535.86</u>	<u>\$661,801.24</u>

Note C - Motor Carrier Out-of-State License Fees - Fund 8626

The Commission utilized the Motor Carrier Out-of-State Licenses - Fund 8626 as a trust account for monies due other states. These collections are derived from the single state registration and hazardous material transportation registration systems which the Commission began participating in during 1993 and 1994, respectively. The Commission collects and remits these fees to other states on a monthly basis.

During the years ended June 30, 1995 and June 30, 1994, the Public Service Commission of West Virginia reported collections of \$568,084.36 and \$530,177.40, respectively, in the Motor Carrier Out-of-State Licenses - Fund 8626. The balance of the account was \$43,395.60 and \$51,060.95 at June 30, 1995 and June 30, 1994, respectively.

SUPPLEMENTAL INFORMATION

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

<u>General Administration - Personal Services - Fund 8623-001</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Appropriations	\$5,559,220.00	\$5,100,000.00
Supplemental Appropriations - Senate Bill 1016	<u>0.00</u>	<u>300,000.00</u>
	5,559,220.00	5,400,000.00
Expenditures:		
Personal Services	5,376,810.60	4,994,078.36
Employee Benefits	<u>18,226.62</u>	<u>101,924.60</u>
	<u>5,395,037.22</u>	<u>5,096,002.96</u>
	164,182.78	303,997.04
Transmittals Paid After June 30	<u>129.18</u>	<u>0.00</u>
Balance	<u>\$ 164,311.96</u>	<u>\$ 303,997.04</u>
<u>General Administration - Annual Increment - Fund 8623-004</u>		
Appropriations	\$52,000.00	\$42,578.00
Expenditures	<u>52,000.00</u>	<u>42,578.00</u>
	0.00	0.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 0.00</u>	<u>\$ 0.00</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

<u>General Administration - Employee</u> <u>Benefits - Fund 8623-010</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Appropriations	\$1,813,434.00	\$1,670,352.00
Supplemental Appropriations - Senate Bill 1016	<u>0.00</u>	<u>55,000.00</u>
	1,813,434.00	1,725,352.00
 Expenditures	<u>1,538,013.96</u>	<u>1,417,273.56</u>
	275,420.04	308,078.44
 Transmittals Paid After June 30	<u>7,136.05</u>	<u>50,006.92</u>
 Balance	<u>\$ 282,556.09</u>	<u>\$ 358,085.36</u>
<u>General Administration -Unclassified</u> <u>Fund 8623-099</u>		
Appropriations	\$2,099,000.00	\$1,790,238.00
Expenditures:		
Employee Benefits	108.50	7,157.57
Current Expenses	1,453,904.49	1,314,633.69
Repairs and Alterations	68,522.99	143,117.30
Equipment	226,496.47	306,431.36
Payment of Claims	<u>0.00</u>	<u>13,206.68</u>
	<u>1,749,032.45</u>	<u>1,784,546.60</u>
	349,967.55	5,691.40
 Transmittals Paid After June 30	<u>182,339.73</u>	<u>142,388.32</u>
 Balance	<u>\$ 532,307.28</u>	<u>\$ 148,079.72</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

<u>General Administration - KV</u> <u>Transmission Line Study - Fund 8623-485</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Appropriations	\$0.00	\$150,000.00
Expenditures	<u>0.00</u>	<u>0.00</u>
	0.00	150,000.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$0.00</u>	<u>\$150,000.00</u>

**PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE**

Public Service Commission - Fund 8623	Year Ended June 30,	
	1995	1994
Beginning Balance:		
State Treasury	\$ 356,329.16	\$1,837,437.00
Cash Receipts:		
Assessment Fees	10,318,450.03	7,754,979.84
Rent Revenue	12,578.16	12,449.98
Miscellaneous	<u>10,982.88</u>	<u>8,509.90</u>
	<u>10,342,011.07</u>	<u>7,775,939.72</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$10,698,340.23</u>	<u>\$9,613,376.72</u>
Ending Balance:		
State Treasury	\$ 1,294,915.32	\$ 356,329.16
Disbursements:		
Personal Services	5,428,810.60	5,036,656.36
Employee Benefits	1,556,349.08	1,526,355.73
Current Expenses	1,453,904.49	1,314,633.69
Repairs and Alterations	68,522.99	143,117.30
Equipment	226,496.47	306,431.36
Payment of Claims	0.00	13,206.68
Transfer to Fund 8627 - Consumer Advocate	<u>666,551.00</u>	<u>718,471.00</u>
	9,400,634.63	9,058,872.12
Add Transmittals Paid July 1-31 Beginning and (Less) Transmittals Paid July 1-31 Ending:		
Personal Services	0.00	0.00
(Personal Services)	(120.00)	0.00
Employee Benefits	50,006.92	95,858.92
(Employee Benefits)	(7,239.58)	(50,006.92)
Current Expenses	79,869.68	242,233.11
(Current Expenses)	(109,712.19)	(79,869.68)
Repairs & Alterations	35,991.73	9,227.49
(Repairs & Alterations)	(11,315.49)	(35,991.73)
Equipment	26,526.91	43,251.16
(Equipment)	<u>(61,217.70)</u>	<u>(26,526.91)</u>
	<u>2,790.28</u>	<u>198,175.44</u>
	<u>9,403,424.91</u>	<u>9,257,047.56</u>
TOTAL CASH ACCOUNTED FOR	<u>\$10,698,340.23</u>	<u>\$9,613,376.72</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

<u>Gas Pipeline - Personal Services -</u> <u>Fund 8624-001</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Appropriations	\$128,613.00	\$124,323.00
Refunds	<u>0.00</u>	<u>996.83</u>
	128,613.00	125,319.83
Expenditures:		
Personal Services	114,006.86	119,914.39
Employee Benefits	<u>779.82</u>	<u>0.00</u>
	<u>114,786.68</u>	<u>119,914.39</u>
	13,826.32	5,405.44
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 13,826.32</u>	<u>\$ 5,405.44</u>
<u>Gas Pipeline - Annual Increment -</u> <u>Fund 8624-004</u>		
Appropriations	\$3,000.00	\$1,200.00
Expenditures	<u>2,592.00</u>	<u>1,170.00</u>
	408.00	30.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 408.00</u>	<u>\$ 30.00</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

<u>Gas Pipeline - Employee Benefits -</u> <u>Fund 8624-010</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Appropriations	\$37,391.00	\$32,613.00
Expenditures	<u>26,595.36</u>	<u>31,098.66</u>
	10,795.64	1,514.34
Transmittals Paid After June 30	<u>181.73</u>	<u>1,076.57</u>
Balance	<u>\$10,977.37</u>	<u>\$ 2,590.91</u>
<u>Gas Pipeline - Unclassified -</u> <u>Fund 8624-099</u>		
Appropriations	\$87,500.00	\$70,369.00
Expenditures:		
Employee Benefits	4,463.64	2,835.28
Current Expenses	47,195.62	61,006.66
Repairs and Alterations	150.57	106.25
Equipment	<u>415.05</u>	<u>503.00</u>
	<u>52,224.88</u>	<u>64,451.19</u>
	35,275.12	5,917.81
Transmittals Paid After June 30	<u>3,079.05</u>	<u>3,194.83</u>
Balance	<u>\$38,354.17</u>	<u>\$ 9,112.64</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

Gas Pipeline - Fund 8624	Year Ended June 30,	
	1995	1994
Beginning Balance:		
State Treasury	\$ 83,157.57	\$ 79,268.43
Cash Receipts:		
Assessment Fees	257,105.09	223,107.54
Refunds	<u>0.00</u>	<u>996.83</u>
	<u>257,105.09</u>	<u>224,104.37</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$340,262.66</u>	<u>\$303,372.80</u>
Ending Balance:		
State Treasury	\$ 143,053.12	\$ 83,157.57
Disbursements:		
Personal Services	116,598.86	121,084.39
Employee Benefits	31,838.82	33,933.94
Current Expenses	47,195.62	61,006.66
Repairs and Alterations	150.57	106.25
Equipment	<u>415.05</u>	<u>503.00</u>
	196,198.92	216,634.24
Add Transmittals Paid July 1-31 Beginning and (Less) Transmittals Paid July 1-31 Ending:		
Employee Benefits	1,076.57	3,749.25
(Employee Benefits)	(181.73)	(1,076.57)
Current Expenses	3,194.83	4,103.14
(Current Expenses)	(2,703.00)	(3,194.83)
Equipment	0.00	0.00
(Equipment)	<u>(376.05)</u>	<u>0.00</u>
	<u>1,010.62</u>	<u>3,580.99</u>
	<u>197,209.54</u>	<u>220,215.23</u>
TOTAL CASH ACCOUNTED FOR	<u>\$340,262.66</u>	<u>\$303,372.80</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
SPECIAL REVENUE

<u>Motor Carrier Division - Personal Services - Fmd 8625-001</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Appropriations	\$1,272,204.00	\$1,225,214.00
Expenditures	<u>1,246,369.69</u> 25,834.31	<u>1,204,134.05</u> 21,079.95
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 25,834.31</u>	<u>\$ 21,079.95</u>
<u>Motor Carrier Division - Annual Increment - Fmd 8625-004</u>		
Appropriations	\$20,000.00	\$18,000.00
Expenditures	<u>14,004.00</u> 5,996.00	<u>14,455.25</u> 3,544.75
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 5,996.00</u>	<u>\$ 3,544.75</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
 STATEMENTS OF APPROPRIATIONS AND EXPENDITURES
 SPECIAL REVENUE

<u>Motor Carrier Division - Employee</u> <u>Benefits - Fund 8625-010</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Appropriations	\$394,273.00	\$384,121.00
Expenditures	<u>374,581.33</u> 19,691.67	<u>334,545.44</u> 49,575.56
Transmittals Paid After June 30	<u>1,578.02</u>	<u>10,276.47</u>
Balance	<u>\$ 21,269.69</u>	<u>\$ 59,852.03</u>
<u>Motor Carrier Division -</u> <u>Unclassified - Fund 8625-099</u>		
Appropriations	\$670,500.00	\$531,355.00
Expenditures:		
Employee Benefits	4,927.40	5,213.84
Current Expenses	257,131.10	304,014.34
Repairs and Alterations	876.19	466.70
Equipment	<u>22,094.57</u>	<u>51,788.13</u>
	<u>285,029.26</u>	<u>361,483.01</u>
	385,470.74	169,871.99
Transmittals Paid After June 30	<u>31,396.97</u>	<u>72,412.63</u>
Balance	<u>\$416,867.71</u>	<u>\$242,284.62</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

	<u>Year Ended June 30,</u>	
<u>Motor Carrier Division - Fund 8625</u>	<u>1995</u>	<u>1994</u>
Beginning Balance:		
State Treasury	\$ 700,197.37	\$ 848,908.69
Cash Receipts:		
Other Collections	<u>2,032,620.76</u>	<u>1,717,385.01</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$2,732,818.13</u>	<u>\$2,566,293.70</u>
Ending Balance:		
State Treasury	\$ 763,119.74	\$ 700,197.37
Disbursements:		
Personal Services	1,260,373.69	1,218,589.30
Employee Benefits	379,508.73	339,759.28
Current Expenses	257,131.10	304,014.34
Repairs and Alterations	876.19	466.70
Equipment	<u>22,094.57</u>	<u>51,788.13</u>
	1,919,984.28	1,914,617.75
Add Transmittals Paid July 1-31 Beginning and (Less) Transmittals Paid July 1-31 Ending:		
Employee Benefits	10,276.47	19,262.43
(Employee Benefits)	(1,578.02)	(10,276.47)
Current Expenses	31,560.63	8,374.25
(Current Expenses)	(20,838.50)	(31,560.63)
Equipment	40,852.00	6,531.00
(Equipment)	<u>(10,558.47)</u>	<u>(40,852.00)</u>
	<u>49,714.11</u>	<u>(48,521.42)</u>
	<u>1,969,698.39</u>	<u>1,866,096.33</u>
TOTAL CASH ACCOUNTED FOR	<u>\$2,732,818.13</u>	<u>\$2,566,293.70</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

<u>Consumer Advocate - Personal Services - Fund 8627-001</u>	<u>Year Ended June 30,</u>	
	1995	1994
Appropriations	\$336,195.00	\$328,195.00
Expenditures:		
Personal Services	269,017.05	284,194.65
Employee Benefits	<u>21,567.75</u>	<u>22,195.37</u>
	<u>290,584.80</u>	<u>306,390.02</u>
	45,610.20	21,804.98
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 45,610.20</u>	<u>\$ 21,804.98</u>
<u>Consumer Advocate - Annual Increment - Fund 8627-004</u>		
Appropriations	\$2,412.00	\$2,160.00
Expenditures	<u>2,196.00</u>	<u>0.00</u>
	216.00	2,160.00
Transmittals Paid After June 30	<u>0.00</u>	<u>0.00</u>
Balance	<u>\$ 216.00</u>	<u>\$ 2,160.00</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENTS OF APPROPRIATIONS AND EXPENDITURES

SPECIAL REVENUE

Consumer Advocate - Employee Benefits - Fund 8627-010	Year Ended June 30,	
	1995	1994
Appropriations	\$106,332.00	\$101,802.00
Expenditures:		
Personal Services	0.00	2,160.00
Employee Benefits	<u>72,531.17</u>	<u>73,739.37</u>
	<u>72,531.17</u>	<u>75,899.37</u>
	33,800.83	25,902.63
Transmittals Paid After June 30	<u>363.46</u>	<u>322.34</u>
Balance	<u>\$ 34,164.29</u>	<u>\$ 26,224.97</u>
Consumer Advocate - Unclassified - Fund 8627-099		
Appropriations	\$292,991.00	\$286,314.00
Expenditures:		
Current Expenses	195,477.39	271,312.32
Equipment	<u>14,021.00</u>	<u>3,560.95</u>
	<u>209,498.39</u>	<u>274,873.27</u>
	83,492.61	11,440.73
Transmittals Paid After June 30	<u>12,186.33</u>	<u>61,613.79</u>
Balance	<u>\$ 95,678.94</u>	<u>\$ 73,054.52</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
SPECIAL REVENUE

<u>Consumer Advocate - Fund 8627</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Beginning Balance:		
State Treasury	\$179,398.25	\$110,788.39
Cash Receipts:		
Transfer from Fund 8623 - General Administration	<u>666,551.00</u>	<u>718,471.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$845,949.25</u>	<u>\$829,259.39</u>
Ending Balance:		
State Treasury	\$221,752.55	\$179,398.25
Disbursements:		
Personal Services	271,213.05	286,354.65
Employee Benefits	94,098.92	95,934.74
Current Expenses	195,477.39	271,312.32
Equipment	<u>14,021.00</u>	<u>3,560.95</u>
	574,810.36	657,162.66
Add Transmittals Paid July 1-31 Beginning and (Less) Transmittals Paid July 1-31 Ending:		
Employee Benefits	322.34	360.25
(Employee Benefits)	(363.46)	(322.34)
Current Expenses	61,613.79	49,880.76
(Current Expenses)	(12,186.33)	(61,613.79)
Repairs & Alterations	0.00	1,391.60
(Repairs & Alterations)	0.00	0.00
Equipment	0.00	3,002.00
(Equipment)	<u>0.00</u>	<u>0.00</u>
	<u>49,386.34</u>	<u>(7,301.52)</u>
	<u>624,196.70</u>	<u>649,861.14</u>
TOTAL CASH ACCOUNTED FOR	<u>\$845,949.25</u>	<u>\$829,259.39</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN CASH BALANCE

SPECIAL REVENUE

Motor Carrier - Law Enforcement	Year Ended June 30,	
Investigative - Fund 8629	1995	1994
Cash Receipts:		
Forfeiture of Property Proceeds	\$ 0.00	\$24,114.15
Disbursements:		
Current Expenses	0.00	868.80
Refund	<u>11,205.00</u>	<u>0.00</u>
	<u>11,205.00</u>	<u>868.80</u>
Cash Receipts (Under)/Over Disbursements	(11,205.00)	23,245.35
Beginning Balance	<u>23,245.35</u>	<u>0.00</u>
Ending Balance	<u>\$12,040.35</u>	<u>\$23,245.35</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FEDERAL PROGRAMS

Motor Carrier Division -	Year Ended June 30,	
Unclassified - Fund 8743-096	1995	1994
Appropriations	\$680,973.00	\$417,928.00
Supplemental Appropriations - Governor	204,154.00	0.00
Refunds	<u>0.00</u>	<u>4,543.00</u>
	885,127.00	422,471.00
Expenditures:		
Personal Services	195,857.29	211,780.91
Employee Benefits	2,239.75	28,117.69
Current Expenses	61,412.76	95,044.92
Equipment	<u>146,426.70</u>	<u>0.00</u>
	<u>405,936.50</u>	<u>334,943.52</u>
	479,190.50	87,527.48
 Transmittals Paid After June 30	 <u>4,487.26</u>	 <u>0.00</u>
 Balance	 <u>\$483,677.76</u>	 <u>\$ 87,527.48</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FEDERAL PROGRAMS

Consolidated Federal Funds - Motor Carrier Division - Fund 8743	Year Ended June 30,	
	1995	1994
Beginning Balance:		
State Treasury	\$145,791.66	\$ 57,670.78
Cash Receipts:		
Federal Grants	403,079.00	418,495.00
Refunds	<u>0.00</u>	<u>4,543.00</u>
	<u>403,079.00</u>	<u>423,038.00</u>
 TOTAL CASH TO ACCOUNT FOR	 <u>\$548,870.66</u>	 <u>\$480,708.78</u>
 Ending Balance:		
State Treasury	\$147,421.42	\$145,791.66
Disbursements:		
Personal Services	195,857.29	211,780.91
Employee Benefits	2,239.75	28,117.69
Current Expenses	61,412.76	95,044.92
Equipment	<u>146,426.70</u>	<u>0.00</u>
	405,936.50	334,943.52
Add Transmittals Paid July 1-31 Beginning and (Less) Transmittals Paid July 1-31 Ending:		
Employee Benefits	0.00	0.00
(Employee Benefits)	(751.75)	0.00
Current Expenses	0.00	(26.40)
(Current Expenses)	<u>(3,735.51)</u>	<u>0.00</u>
	<u>(4,487.26)</u>	<u>(26.40)</u>
	<u>401,449.24</u>	<u>334,917.12</u>
 TOTAL CASH ACCOUNTED FOR	 <u>\$548,870.66</u>	 <u>\$480,708.78</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF APPROPRIATIONS AND EXPENDITURES
FEDERAL PROGRAMS

Gas Pipeline-Unclassified - Fund 8744-096	Year Ended June 30,	
	1995	1994
Appropriations	\$254,615.00	\$253,614.00
Expenditures:		
Personal Services	124,735.60	104,435.68
Employee Benefits	25,675.78	32,200.38
Current Expenses	<u>0.00</u>	<u>3,086.80</u>
	150,411.38	139,722.86
	104,203.62	113,891.14
Transmittals Paid After June 30	<u>0.00</u>	<u>751.40</u>
Balance	<u>\$104,203.62</u>	<u>\$114,642.54</u>

PUBLIC SERVICE COMMISSION OF WEST VIRGINIA
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FEDERAL PROGRAMS

<u>Consolidated Federal Funds - Gas</u> <u>Pipeline - Fund 8744</u>	<u>Year Ended June 30,</u>	
	<u>1995</u>	<u>1994</u>
Beginning Balance:		
State Treasury	\$118,244.81	\$127,617.27
Cash Receipts:		
Federal Grants	<u>223,800.72</u>	<u>129,599.00</u>
TOTAL CASH TO ACCOUNT FOR	<u>\$342,045.53</u>	<u>\$257,216.27</u>
Ending Balance:		
State Treasury	\$190,882.75	\$118,244.81
Disbursements:		
Personal Services	124,735.60	104,435.68
Employee Benefits	25,675.78	32,200.38
Current Expenses	<u>0.00</u>	<u>3,086.80</u>
	150,411.38	139,722.86
Add Transmittals Paid July 1-31 Beginning and (Less) Transmittals Paid July 1-31 Ending:		
Employee Benefits	751.40	0.00
(Employee Benefits)	<u>0.00</u>	<u>(751.40)</u>
	<u>751.40</u>	<u>(751.40)</u>
	<u>151,162.78</u>	<u>138,971.46</u>
TOTAL CASH ACCOUNTED FOR	<u>\$342,045.53</u>	<u>\$257,216.27</u>

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

I, Thedford L. Shanklin, CPA, Director of Legislative Post Audit Division, 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 17th day of May 1998.



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

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