

STATE OF WEST VIRGINIA
INTERNAL CONTROL STUDY
OF
WEST VIRGINIA STATE COLLEGE
STATE PURCHASING CARD PROGRAM
FOR THE PERIOD
JULY 1, 2002 - MARCH 31, 2003



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

STATE OF WEST VIRGINIA
WEST VIRGINIA STATE COLLEGE
STATE PURCHASING CARD PROGRAM
FOR THE PERIOD
JULY 1, 2002 - MARCH 31, 2003

WEST VIRGINIA LEGISLATURE
Joint Committee on Government and Finance

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CHARLESTON, WEST VIRGINIA 25305-0610

To the Joint Committee on Government and Finance:

The objectives of this internal control study were to obtain an understanding of West Virginia State College's internal control policies and procedures for the State Purchasing Card Program and to review cardholder transactions for compliance with such internal control policies and procedures and additionally to determine whether those procedures assured compliance with the State Auditor's Purchasing Card Policies and Procedures Manual. Our report of West Virginia State College covered the period July 1, 2002 through March 31, 2003.

To achieve the above objectives, we performed the following:

- a. Obtained a listing from the State Auditor's Office of all WVSC cardholders and cardholder transactions for the study period;
- b. Obtained an understanding of WVSC's internal control policies and procedures for the State Purchasing Card Program;
- c. Reviewed a sample of cardholders to determine whether cardholders were eligible to be assigned a purchasing card, whether transaction limits assigned to each cardholder were adhered to, and the purchasing card assigned to each cardholder was properly safeguarded from unauthorized use or disposition; and,
- d. Reviewed a sample of purchasing card transactions to determine compliance with WVSC's internal control policies and procedures, State Auditor's Purchasing Card Policies and Procedures Manual, and applicable sections of the West Virginia Code.

The results of our work are contained in the General Remarks section of this Internal Control Study.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Theodford L. Shanklin".

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

August 22, 2003

Auditors: **Michael A. House, CPA, Supervisor**
Neil M. McEachron, Jr., CPA
Bonita P. Compton

WEST VIRGINIA STATE COLLEGE
STATE PURCHASING CARD PROGRAM

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WEST VIRGINIA STATE COLLEGE
STATE PURCHASING CARD PROGRAM
EXIT CONFERENCE

We held an exit conference on September 3, 2003 with the Director of Fiscal Affairs and other representatives of West Virginia State College and all findings and recommendations were reviewed and discussed. The agency's responses are included in bold and italics in the Summary of Findings, Recommendations and Responses and after our findings in the General Remarks section of this report.

WEST VIRGINIA STATE COLLEGE
STATE PURCHASING CARD PROGRAM

INTRODUCTION

West Virginia State College (WVSC), with an enrollment approaching 5,000, is the largest public higher education institution in the Charleston metropolitan area. Founded in 1891 as a land-grant institution, WVSC voluntarily desegregated in 1954 creating a "Living Laboratory of Human Relations." This event attracted the most racially and culturally diverse student body, faculty and staff in the State—a distinction that has been maintained to this day. The College cherishes its noble history, its reputation for safeguarding academic freedom, for being innovative in its scholastic programs, for removing barriers to education and for providing leadership opportunities for women, minorities and the handicapped.

West Virginia State College offers 25 associate degree programs and 19 baccalaureate degree programs. The Bachelor of Arts degree is offered with majors in art, economics, English, history, political science, psychology and sociology. The Regents BA program allows students to earn credit for life and work experience. The Bachelor of Science degree is offered in biology, business administration, chemistry, communications, criminal justice, education, mathematics, recreation, health science and social degree programs. Associate in Applied Science degrees are offered in several fields, including nuclear medicine technology, electronics engineering technology and computer-aided drafting and design technology. The College also offers certificate programs in community behavioral health technology, gerontology and technology studies. Four graduate courses were offered in 2002, and in 2003, the College hopes to debut two new masters degree

programs in Biotechnology and Media Studies. The College also offers ten collegiate certificate programs, ranging from community behavioral health technology to technical studies.

West Virginia State College is accredited by the North Central Association of Colleges and Schools. Academic program accreditations include chemistry by the American Chemical Society; education by the National Council for Accreditation of Teacher Education; recreation by the National Council of Accreditation of the National Recreation and Parks Association; social work by the Council on Social Work Education; and electronics technology by the Accreditation Board of Engineering and Technology.

The Drain-Jordan Library is a primary academic support facility, with more than 210,500 volumes and 698 current publication titles. It has a computerized catalog system with electronic search capability and automated circulation. The campus has 23 state-of-the-art computer laboratories as well as computer-equipped classrooms that make hands-on computer applications possible in almost every discipline. Campus satellite facilities permit both down-link and up-link access to communications satellites.

The Wilson College Union provides an atmosphere where commuter and resident students alike may relax. The facility houses a cafeteria, snack bar, recreational facilities, lounge, bookstore and meeting rooms for students' use. Other services provided to students are a child development facility and a variety of scholarships and other types of financial assistance. For both instructional and recreational use, students have access to a gymnasium, swimming pool, football stadium, track, bowling lanes, tennis courts and baseball and football fields. Opportunities exist to participate in music and drama groups, the student newspaper, the literary review and yearbook staff. Nineteen academic honor societies recognize outstanding academic performance.

With a consistent and determined effort since 1988, WVSC was re-designated at the federal level as one of the two land-grant institutions in West Virginia on March 28, 1994. Senator Robert C. Byrd introduced legislation in the Fiscal Year 2000 agricultural appropriations bill; and on October 22, 1999, the bill was signed by President Clinton, authorizing funding for land-grant programs related to research and extension at West Virginia State College. The beautiful 90-acre campus, with 41 buildings, is located in the suburban community of Institute, eight miles west (I-64, Exit 50) of Charleston and approximately 40 miles east of Huntington.

WEST VIRGINIA STATE COLLEGE
STATE PURCHASING CARD PROGRAM
ADMINISTRATIVE OFFICERS AND STAFF

Dr. Hazo W. Carter, Jr. President
Robert Parker Executive Assistant to the President
Dr. Arnold Cooper Vice President of Academic Affairs
Dr. Cassandra B. Whyte Vice President for Administrative Affairs
Dr. Ervin Griffin Provost of Community and Dean of the
Community and Technical College
Dr. R. Charles Byers Vice President of Planning and Advancement
Bryce Casto Vice President for Student Affairs
Lawrence J. Smith Director of Fiscal Affairs
Janis A. Bennett Director of Purchasing
Nancy K. McCallister Purchasing Assistant III
Angela M. Kushner Accounting Assistant II
Shirley L. Tiggie Accounting Assistant I

WEST VIRGINIA STATE COLLEGE
STATE PURCHASING CARD PROGRAM
SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES

Lack of Effective System of Internal Controls

1. During the course of our study, it became apparent to us, based on the observed noncompliance with the West Virginia Code and the State Auditor's Purchasing Card Policies and Procedures Manual, West Virginia State College did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations. We believe an effective system of internal controls would have alerted management to these violations at an earlier date and allowed more timely corrective action.

Auditors' Recommendation

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

Agency's Response

No response. (See pages 18-20)

Card Delegation

2. According to the Director of Purchasing, she provides orientation training to new cardholders to explain the applicable rules and regulations for card use. However, while documenting WVSC's purchasing card procedures, we learned from Physical Facilities cardholders that card delegation is a common occurrence within Physical Facilities.

Through our testing of 50 purchasing transactions, we determined that this control was not functioning properly because we noted four transactions totaling \$2,010.25 in which card delegation occurred.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 3.4 and 6.6 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

Cardholders are made aware of the card delegation in training and periodically with e-mails and memos. (See pages 20-24)

Stringing of Invoices

3. During fiscal year 2003, the Director of Purchasing issued a memo to all cardholders reminding them of WVSC's internal policy that the transaction limit should not exceed \$750 for single transactions (grant limit is \$999). In conjunction with this internal policy, the Director of Purchasing told us that she provides orientation training to new cardholders. Through our testing of 50 purchasing transactions, we determined these controls were not functioning properly because we noted seven instances of stringing of invoices totaling \$10,228.47.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 6.3 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

We will comply with the recommendation. (See pages 24-27)

Travel-Related Expenses Charged on Purchasing Card

4. It is the responsibility of one of the two card coordinators to review the receipts supporting each transaction submitted by the cardholder to ensure each transaction is appropriate. In addition to this control procedure, the Director of Purchasing told us that she provides orientation training to new cardholders. Through our testing of 50 purchasing transactions, we determined these controls were not functioning properly because we noted six transactions totaling \$4,269.26 which were travel-related expenses charged to the purchasing card.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 6.6 of the State Auditor's Purchasing Card Policies and Procedures Manual and the State of West Virginia Expenditure Schedule Instructions.

Agency's Response

We will comply with the recommendation. (See pages 27-31)

Card Security

5. During fiscal year 2003, as a control over card security the Director of Purchasing issued a memo to all cardholders reminding them that purchasing cards should be kept in a secure location at all times. Through our testing of ten cardholders, we determined this control was not functioning properly since we noted two instances where cardholders did not

maintain their purchasing card in a secure location and four instances where cardholders had not signed the back of their purchasing card upon receipt.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 3.5 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

Cardholders are made aware of the card security in training and periodically with e-mails and memos. (See pages 31 and 32)

Physical Facilities Cardholders

6. West Virginia State College has no control procedure in place to ensure Physical Facilities cardholders are reconciling their purchasing card transactions on a monthly basis by completing a log sheet. During our testing of 50 purchasing transactions, we determined there was no control procedure in place since 15 transactions charged by Physical Facilities cardholders were not reflected on a log sheet.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 7.2 and 8.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

Physical Facilities maintains a master log sheet for all transactions. The department will re-evaluate their procedures. (See pages 32-34)

Receiving Reports Not Prepared

7. During fiscal year 2003, the Director of Purchasing issued a memo to all cardholders reminding them of WVSC's requirement that a receiving report must be completed and attached to the cardholder's log sheet for commodities ordered by the cardholder, but not received by the cardholder. Through our testing of 50 purchasing transactions, we determined this control is not functioning properly because there were ten instances totaling \$6,793.02 where a receiving report was not prepared documenting the commodities received.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 8.1.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

We will comply with the recommendation. (See pages 34-37)

Log Sheets

8. According to the Director of Purchasing, it is the responsibility of one of the two card coordinators to reconcile each cardholder's log sheet and supporting receipts against their individual statement. Through our testing of 50 purchasing transactions, we determined this control was not functioning properly because the log sheets supporting 18 transactions had not been properly reconciled.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 7.2 and 8.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

All log sheets are reconciled with statements and with STARS. Monthly log sheets are to have the sign-off of either coordinator. (See pages 37-39)

No Hospitality Form

9. While documenting procedures we were told WVSC requires its cardholders to complete a hospitality form in support of any hospitality transactions charged to their purchasing card. During our testing of 50 purchasing transactions, we determined this control was not functioning properly because there were four instances totaling \$3,826.82 where a hospitality form was not completed to support the transaction. Eight of the 50 transactions tested had been charged to object code 042 hospitality.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 6.11 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

Since payment was processed by Accounts Payable a copy of the purchase requisition was a substitute for the hospitality form. (See pages 40 and 41)

Improper Receipts

10. The Director of Purchasing told us it is the responsibility of one of the two card coordinators to review the supporting receipts submitted by each cardholder to ensure all receipts meet the criteria of a proper receipt. Through our testing of 50 purchasing transactions, we determined this control was not functioning properly since we noted eight instances totaling \$15,825.89 where there was an improper receipt supporting a purchasing card transaction.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 7.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

We will comply with the recommendation. (See pages 41-44)

Purchasing Card Coordinators Also Cardholders

11. West Virginia State College has no control procedure in place to monitor and reconcile purchases made by the card coordinators using the purchasing card. Our test of cardholders confirmed there was no control procedure in place because we noted both purchasing card coordinators were also cardholders.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure there is a segregation of duties between purchasing card coordinator and cardholder.

Agency's Response

The two coordinators have controls and limited use of the cards. (See pages 45 and 46)

No Coordinator Authorization Form

12. It is the responsibility of WVSC's primary card coordinator to ensure a Coordinator Authorization Form is completed when there is a change in card coordinators and that a cardholder agreement is maintained on file for each cardholder. During our test of cardholders we determined these controls were not functioning properly because WVSC was unable to provide us with the Coordinator Authorization Form for the back up coordinator or a copy of a cardholder agreement for one cardholder.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 2.1 and 3.3 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

WVSC does have documentation for the back-up coordinator but does not have an agreement on file for the one cardholder. (See pages 46 and 47)

Cardholder Erroneously Issued Two Purchasing Cards

13. West Virginia State College has no control in place to ensure that only cardholder applicants are issued a purchasing card and only one card is issued to each applicant. Our test of cardholders confirmed there was no control procedure in place because we noted one cardholder had erroneously been issued two purchasing cards by the State Auditor's Office.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 3.5 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

Cardholder decided to keep second card to track certain transactions. The card will be destroyed and account will be cancelled. (See pages 48 and 49)

Purchasing Card Transactions Charged to Wrong Object Code

14. It is the responsibility of one of the two card coordinators to reconcile each cardholder's log sheet and supporting receipts against their individual statement to ensure compliance with all applicable rules and regulations. Through our testing of 50 purchasing transactions, we determined this control was not functioning properly because there were three transactions totaling \$843.94 which were charged to the improper object code.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with the State of West Virginia Expenditure Schedule Instructions.

Agency's Response

These errors have been corrected. (See pages 49-51)

Purchase of Internet Service

15. The primary card coordinator for WVSC provides orientation training to new cardholders. We determined this control was not functioning properly because during a general review

of transactions, we noted that one cardholder had six transactions paid to AOL online service totaling \$512.20.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with the Governor's Office of Technology Policy Directive No. 2000-02.

Agency's Response

AOL services were not approved by the cardholder. The service was placed in dispute as soon as it appeared on the statement. (See pages 51-53)

Cardholder Training

16. West Virginia State College has no control in place to ensure all cardholders receive proper training from the State Auditor's Office in the proper use of the purchasing card. Our test of cardholders confirmed there was no control procedure in place because we were unable to determine whether eight cardholders received cardholder training from the State Auditor's Office.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 11.0 and 11.3 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

It has been recommended by the State Auditor's Office that once their final audit is complete, all WVSC cardholders receive their training. (See pages 53 and 54)

Copies Not Retained of FIMS Cover Sheets

17. West Virginia State College has no control in place to ensure copies of FIMS cover sheets with authorized signatures are maintained on file. Our test of purchasing transactions confirmed there was no control procedure in place because we were unable to determine who signed the FIMS cover sheets authorizing payment for ten monthly payments made to the purchasing card vendor.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 12.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

WVSC does not keep copies of any FIMS cover sheet after it has been signed. The Auditor's Office maintains the original. (See pages 54 and 55)

Payment of State Sales Tax

18. The Director of Purchasing told us she provides orientation training to new cardholders. She also stated that it is the responsibility of one of the two card coordinators to reconcile each cardholder's log sheet and supporting receipts against their individual statement. Through our testing of 50 purchasing transactions, we determined these control procedures were not functioning properly because there was one instance where State sales tax of \$9.00 was charged as part of the total amount paid to one vendor.

Auditors' Recommendation

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 6.9 and 9.0 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

WVSC requires that the cardholder be responsible for the repayment of tax. (See pages 56 and 57)

WEST VIRGINIA STATE COLLEGE
STATE PURCHASING CARD PROGRAM
GENERAL REMARKS

INTRODUCTION

We have completed an internal control study of West Virginia State College's State purchasing card program. The study covered the period July 1, 2002 through March 31, 2003.

Lack of Effective System of Internal Controls

During the course of our study, it became apparent to us, based on the observed noncompliance with the West Virginia Code and the State Auditor's Purchasing Card Policies and Procedures Manual, West Virginia State College (WVSC) did not have an effective system of internal controls in place to ensure compliance with applicable State laws, rules and regulations.

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

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

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

During our internal control study of West Virginia State College's State purchasing card program, we found the following noncompliance with State laws or other rules and regulations:

(1) Of the 50 transactions included in our test of purchases, we noted four transactions totaling

\$2,010.25 where card delegation occurred. (2) Of the 50 transactions included in our test of purchases, there were seven instances of stringing of invoices totaling \$10,228.47. (3) Of the 50 transactions included in our test of purchases, there were six transactions totaling \$4,269.26 where travel-related expenses were charged to the purchasing card. (4) Of the ten cardholders included in our test of cardholders, we noted two instances where cardholders did not maintain their purchasing card in a secure location and four instances where cardholders had not signed the back of their purchasing card upon receipt. (5) Of the 50 transactions included in our test of purchases, 15 transactions were initiated by cardholders assigned to the Physical Facilities Department. In each case, the cardholder had not prepared a log sheet reflecting the transaction tested. (6) Of the 50 transactions included in our test of purchases, there were ten instances totaling \$6,793.02 where a receiving report was not prepared documenting the commodities received. (7) Of the 50 transactions included in our test of purchases, we noted the log sheets supporting 18 transactions had not been properly reconciled. We also noted that in 20 instances the log sheets had not been signed by the purchasing card coordinator certifying that the log sheet had been reconciled to the master statement. (8) Of the 50 transactions included in our test of purchases, there were four instances totaling \$3,826.82 where a hospitality form was not completed to support the transaction. (9) Of the 50 transactions included in our test of purchases, there were eight instances totaling \$15,825.89 of an improper receipt supporting a purchasing card transaction. (10) The two designated card coordinators for WVSC are also cardholders which does not facilitate segregation of duties. (11) The Director of Purchasing, who serves as the primary purchasing card coordinator, was unable to provide us with the Coordinator Authorization Form for the Purchasing Assistant III who serves as the back up coordinator. The Director of Purchasing was also unable to provide us with a copy of her cardholder

agreement form. (12) Of the ten cardholders included in our test of cardholders, we noted one cardholder had erroneously been issued two purchasing cards by the State Auditor's Office and had maintained both cards. (13) Of the 50 transactions included in our test of purchases, there were three transactions totaling \$843.94 which were charged to the improper object code. (14) During a general review of transactions, we noted that one cardholder had six transactions paid to AOL online service totaling \$512.20. (15) Of the ten cardholders included in our test of cardholders, we were unable to determine whether eight cardholders received cardholder training from the State Auditor's Office. (16) We were unable to determine who manually signed ten FIMS payment transactions because WVSC did not keep copies of the signed cover sheets. (17) Of the 50 transactions included in our test of purchases, we noted one instance where State sales tax of \$9.00 was charged as part of the total amount paid to one vendor.

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

Agency's Response

No response.

Card Delegation

According to the Director of Purchasing, she provides orientation training to new cardholders. As part of this orientation training, the prohibited uses of the purchasing card are discussed with the cardholder as well as card security. However, while documenting WVSC's purchasing card procedures, we also learned from Physical Facilities cardholders that card delegation is a common occurrence within Physical Facilities. We were told warehouse runners who are frequently sent to various vendors to pick up orders phoned in by a Physical Facilities cardholder

may be required to sign a credit card receipt. The credit card receipt may reflect the card number of the cardholder who placed the order. Agency personnel also told us other employees within the Physical Facilities offices may sometimes borrow a cardholder's purchasing card to make purchases. Through our testing of 50 purchasing transactions, we determined that this control was not functioning properly because we noted four transactions totaling \$2,010.25 in which card delegation occurred. Each of these occurrences were charges initiated by Physical Facilities cardholders. These instances are detailed in the following table.

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>
1	State Electric Supply	09/04/02	Metal halide	\$ 137.41*
2	Boll Medical	09/17/02	Oxygen regulator tank	105.00*
3	HVAC & Industrial Cont.	12/08/02	Temperature controls	563.60*
	HVAC & Industrial Cont.	12/08/02	Logic controller	912.24*
4	Capitol Chrysler	02/13/03	Transmission Repair	<u>292.00</u>
	Total			<u>\$2,010.25</u>

*This purchasing card transaction was signed for by an employee classified as a warehouse runner who is paid through the West Virginia State College Research Corporation. He is not a WVSC employee.

A review of other purchasing card transactions not included in our test sample revealed an additional instance of card delegation. This instance of card delegation is detailed in the following table.

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>
1	Shell Inc.	11/01/02	Gasoline purchase	\$ 13.52
2	Sheetz #209	11/01/02	Gasoline purchase	24.00
3	Speedway	11/01/02	Gasoline purchase	31.00
4	Cracker Barrel	11/01/02	Meal purchase	35.53
5	Enterprise Rent-A-Car	11/02/02	Car rental	<u>90.13</u>
	Total			<u>\$194.18</u>

According to the Director of Purchasing, these travel related expenses charged to one cardholder's purchasing card were the result of the cardholder allowing another WVSC employee (who is not a cardholder) to utilize their purchasing card while traveling on an official business trip.

Section 3.4 of the State Auditor's Purchasing Card Policies and Procedures Manual states,

Card Delegation: Card delegation is the practice of allowing an individual other than the cardholder whose name appears on front of the purchasing card to have access to the card or card number to initiate or complete a transaction. Card delegation is prohibited. Card delegation includes allowing an individual other than the cardholder to:

- Have physical possession of the card to make payments to point of sale vendors.
- Have access to the card number and expiration date to make payments via telephone, internet, or in person.
- Have access to receipts or invoices that display the card number and expiration date."

Also, Section 6.6 of the State Auditor's Purchasing Card Policies and Procedures

Manual states:

“6.6 Restricted Items: Payment for the following items may not be made using the purchasing card:

- Alcoholic Beverages
- Cash Advances
- Legal Services
- Firearms
- Insurance
- Memberships
- Tax Reportable Services
- Telephone/Cell Phone Services
- Travel Related Gasoline
- Travel Related Expenses
- Building Leases
- Encumbered Contracts
- Flowers for individuals/personal purposes (including funerals, Secretary's day, birthdays, etc.)

The purchasing card **may not** be used to receive cash or cash credits.”

Cardholders allowing other employees to utilize their purchasing card compromises the card and may result in unauthorized purchases being charged to their card. It also makes it difficult or impossible to assign responsibility for improper or fraudulent use of the card. We believe these instances of card delegation occurred as the result of cardholders not being adequately trained in the proper use of the purchasing card.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 3.4 and 6.6 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

1,2,3,4. Receipts were not signed by the cardholder. Receipt had been signed by the WVSC Research & Development employee who is under the jurisdiction of Physical Facilities. Current State Auditor's Office rules prohibit this employee from obtaining a purchasing card.

1,2,3,4,5. Cardholder was informed to the misuse of the card. Have requested the individual who used the card to reimburse the expenses and to submit expense reimbursement.

Stringing of Invoices

During fiscal year 2003, the Director of Purchasing issued a memo to all cardholders reminding them of WVSC's internal policy that the transaction limit should not exceed \$750 for single transactions (grant limit is \$999). This policy was intended to control expenditures and only applied to cardholders with a single transaction limit of \$1,000 (excluding Purchasing and Accounts Payable Department cardholders). In conjunction with this internal policy, the Director of Purchasing told us that she provides orientation training to new cardholders. As part of this orientation training, the prohibited uses of the purchasing card are discussed with the cardholder. Through our testing of 50 purchasing transactions, we determined these controls were not functioning properly because we noted seven instances of stringing of invoices totaling \$10,228.47. These instances of stringing are detailed in the following table.

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>	<u>Total</u>
1.	Cleveland Indians Ticket Office	07/11/02	Game tickets for Upward Bound participants (Columbus, OH trip)	\$ 578.50	
	Cleveland Indians Ticket Office	07/11/02	Game tickets for Upward Bound participants (Columbus, OH trip)	578.50	\$ 1,157.00*

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>	<u>Total</u>
2.	BD's Mongolian BBQ	07/15/02	Dinner - Upward Bound participants (Columbus, OH trip)	752.37	
	BD's Mongolian BBQ	07/15/02	Dinner - Upward Bound participants (Columbus, OH trip)	752.37	1,504.74*
3.	Carolina Door Controls, Inc.	08/16/02	Von Duprin Exit Device	664.56	
	Carolina Door Controls, Inc.	08/16/02	Aluminum Door Panel, Tempered Glass, etc.	889.75	1,554.31*
4.	Jan's Flowers	12/25/02	Flowers for commencement ceremony	750.00	
	Jan's Flowers	12/25/02	Flowers for commencement ceremony	750.00	
	Jan's Flowers	12/25/02	Flowers for commencement ceremony	50.00	1,550.00*
5.	Professional Fire Exting.	01/10/03	Kitchen exhaust head extinguish. system inspected	220.00	
	Professional Fire Exting.	01/10/03	Small kitchen hoods cleaned	500.00	
	Professional Fire Exting.	01/10/03	Large kitchen hoods cleaned	930.00	1,650.00*
6.	Lowe's	01/22/03	Refrigerator	437.00	
	Lowe's	01/22/03	Freezer, ice maker, etc.	655.42	1,092.42*
7.	Staples	03/06/03	Non-folding table, stack chairs	785.00	
	Staples	03/06/03	Non-folding tables	935.00	<u>1,720.00*</u>
	Total				<u>\$10,228.47</u>

*Total transaction amount exceeded individual cardholder's single transaction limit of \$1,000.

Section 6.3 of the State Auditor's Purchasing Card Policies and Procedures Manual

states,

“Stringing: Stringing is the intentional manipulation of the ordering, billing, or payment process in order to circumvent the transaction limit. Stringing includes:

- Splitting an invoice for more than the individual transaction limit into more than one transaction.
- Collusion with a vendor to split an order into separate invoices.
- Stringing of payments is prohibited.”

Stringing of invoices may result in the circumvention of higher education purchasing procedures as well as unauthorized purchases being paid for with the purchasing card. We believe these instances of stringing occurred as the result of cardholders not receiving adequate training in the use of the purchasing card. We further believe all existing cardholders and not just new card applicants should be required to receive purchasing card training from the State Auditor's Office.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 6.3 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

1. Cleveland Indians does not take purchase orders. This event was not included in the cash advance request.

2. BD Mongolian BBQ does not take purchase orders. This event was not included in the cash advance request.

3. Orders were not being strung but were two separate jobs purchased from the same vendor on separate days.

4. *WVSC acknowledges that the cardholder strung this purchase.*
5. *Orders were paid as invoiced.*
6. *Orders were not being strung. Items were purchased on same day for separate jobs.*
7. *Orders were strung together as the vendor does not accept purchase orders.*

Travel-Related Expenses Charged on Purchasing Card

According to the Director of Purchasing, it is the responsibility of one of the two card coordinators to review the receipts supporting each transaction submitted by the cardholder to ensure each transaction is appropriate in accordance with the State Auditor's Purchasing Card Policies and Procedures Manual. In addition to this control procedure, the Director of Purchasing told us that she provides orientation training to new cardholders. As part of this orientation training, the prohibited uses of the purchasing card are discussed with the cardholder. Through our testing of 50 purchasing transactions, we determined these controls were not functioning properly because we noted six transactions totaling \$4,269.26 which were travel-related expenses charged to the purchasing card. These transactions are detailed in the following table.

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>
1.	Days Inn	03/24/03	Lodging (personal, no receipt)	\$ 45.14*
	Avis Rent-A-Car	03/24/03	Car rental (personal, no receipt)	31.47*
	Avis Rent-A-Car	03/25/03	Car rental (personal, no receipt)	104.33*
2.	Super America	01/25/03	Gasoline purchase	20.73*
3.	Disney Reservations	03/20/03	Room reservations for women's softball team (tournament)	761.75
4.	BD's Mongolian BBQ	07/15/02	Dinner - Upward Bound participants (Columbus, OH trip)	752.37**

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>
	BD's Mongolian BBQ	07/15/02	Dinner - Upward Bound participants (Columbus, OH trip)	752.37**
5.	Cedar Point Park #002	07/22/02	Lunch - Upward Bound participants (Columbus, OH trip)	877.10**
6.	Enterprise R-A-C	03/15/03	8-day vehicle rental	308.00***
	Enterprise R-A-C	03/15/03	8-day vehicle rental	308.00***
	Enterprise R-A-C	03/15/03	8-day vehicle rental	<u>308.00***</u>
	Total			<u>\$4,269.26</u>

* Reimbursed by employee.

** This transaction was charged to object code 042 hospitality.

*** This transaction was charged to object code 029 vehicle rental.

We learned from the cardholder the payment made to Disney Reservations was erroneously charged to his purchasing card by Disney World. The purpose of the transaction was to pay a room deposit on room reservations for the women's softball team which traveled to Disney World in Florida during March 2003 to participate in a softball tournament. Disney would not accept diner's club so the cardholder used his purchasing card to pay for the room deposit. However, when the team arrived in Florida, Disney had already charged the cardholder's card for the room deposit and would not accept a cash payment to reverse the charge.

Each year through the Upward Bound program, WVSC receives Federal grant monies to fund programs which involve exposing low-income high school students to a college atmosphere. Part of the program involves taking program participants on an educational out-of-state field trip called "Classroom Without Walls" every summer. Transactions three, four and five in the preceding table relate to one such field trip taken by program participants to Columbus, Ohio during July 2002. WVSC's practice is to charge meal expenses from these trips to object code 042 hospitality rather

than to object code 026 travel. However, we believe these expenses should be charged to object code 026 since these expenses are travel related.

Transaction eight reflected in the table above concerns the rental of vehicles by the Physical Facilities Department on behalf of other departments. The Director of Purchasing explained at this time WVSC was undergoing a fleet reduction and thus had to rent vehicles on a short-term basis to be utilized by various departments. She further explained employees using those vehicles did not have travel cards. We believe these expenses should have been charged to object code 026 travel and not to object code 029 vehicle rental.

Section 6.6 of the West Virginia State Auditor's Purchasing Card Policies and Procedures Manual states:

"6.6 Restricted Items: Payment for the following items may not be made using the purchasing card:

- Alcoholic Beverages
- Cash Advances
- Legal Services
- Firearms
- Insurance
- Memberships
- Tax Reportable Services
- Telephone/Cell Phone Services
- Travel Related Gasoline
- Travel Related Expenses
- Building Leases
- Encumbered Contracts
- Flowers for individuals/personal purposes (including funerals, Secretary's day, birthdays, etc.)

The purchasing card **may not** be used to receive cash or cash credits."

Also, the State of West Virginia Expenditure Schedule Instructions define object codes 026, 029 and 042 as follows:

Travel (026): Reimbursement for authorized in-state and out-of-state travel expenses in accordance with the State Travel Regulations as issued by the Travel Management Office, Division of Purchasing, Department of Administration and other approved travel plans. This object code is applicable to state employees, board members, commission members, consultants, contractors, and students, patients, and inmates of state schools, hospitals, and institutions. Includes athletic travel, team and associated individual travel.

Vehicle Rental (029): Auto, aircraft (i.e., fixed wing and helicopter), farm equipment (off road) rental, earth moving, hauling, and DOH emergencies for snow/flood.

Hospitality (042): Food, nonalcoholic beverages and related expenses for the reception of guests by a spending agency for a specific event or function relating to conducting state business. . .”

Charging such travel-related expenses to their purchasing card is misuse of the card by the cardholder. We believe the charging of these travel-related expenses onto the purchasing card is the result of cardholders not receiving adequate training in the proper use of the purchasing card.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 6.6 of the State Auditor’s Purchasing Card Policies and Procedures Manual and the State of West Virginia Expenditure Schedule Instructions.

Agency’s Response

1. Cardholder used the card in error. Submitted a personal check to reimburse for expenses.

2. Cardholder used the card in an emergency. Rental a vehicle that did not have sufficient gas for trip. Cardholder knew that this was not allowed. Submitted reimbursement for expenses.

3. As explained in the findings, Disney charged the purchasing card in error. It was to hold the reservation only.

4. As explained in the findings, Upward Bound submitted these expenses as hospitality.

5. As explained in the findings, Upward Bound submitted these expenses as hospitality.

6. Purchasing card was used until Travel Card was issued to Physical Facilities.

Card Security

During fiscal year 2003, as a control over card security the Director of Purchasing issued a memo to all cardholders reminding them that purchasing cards should be kept in a secure location at all times. Through our testing of ten cardholders, we determined this control was not functioning properly since we noted two instances where cardholders did not maintain their purchasing card in a secure location and four instances where cardholders had not signed the back of their purchasing card upon receipt.

Section 3.5 of the State Auditor's Purchasing Card Policies and Procedures Manual states,

“Card Security: The State of West Virginia Purchasing Card must be kept secure at all times. The individual cardholder is responsible for every charge that appears on his or her purchasing card. Purchasing cards should only be used on secured internet sites. A secured site has a closed lock at the bottom of the screen. Electronic log sheets must be password protected. All cardholders must sign the back of their purchasing card upon receipt.”

Without properly securing their purchasing card, a cardholder may allow for the misuse of their card for unauthorized purchases or by unauthorized individuals. We physically inspected each cardholder's purchasing card and the location where their card was maintained. One cardholder maintained their purchasing card in an unlocked drawer of their desk, while another cardholder maintained their purchasing card in a locked safe which was accessible by other WVSC employees who worked in the same office as the cardholder.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 3.5 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

WVSC will notify all cardholders of their responsibility of card security.

Physical Facilities Cardholders

West Virginia State College has no control procedure in place to ensure Physical Facilities cardholders are reconciling their purchasing card transactions on a monthly basis by completing a log sheet in accordance with the State Auditor's Purchasing Card Policies and Procedures Manual. Through our testing of 50 purchasing transactions, we determined there was no control procedure in place. Our testing indicated 15 transactions charged by Physical Facilities cardholders were not reflected on a log sheet because in each case the cardholder did not prepare a log sheet as required itemizing monthly transactions. Instead, all receipts were forwarded to the purchasing card coordinator and entered into the computerized system and no reconciliation is performed by the cardholder.

Section 7.2 of the State Auditor's Purchasing Card Policies and Procedures Manual

states,

Log Sheets: Each cardholder is required to maintain a log sheet (see appendix 9) containing the date, vendor name, and an item description, as well as the appropriate object code for each expenditure. Log sheets can be computerized or manual and must be signed by both the cardholder and the agency coordinator to indicate that all entries have been reconciled and are legitimate. Log sheets must be completed as payments are initiated.”

Also, Section 8.1 of the State Auditor's Purchasing Card Policies and Procedures Manual states in part,

Purchasing Card Reconciliation: Each cardholder is responsible for reconciling his or her statement every month. The agency card coordinator is responsible for reconciling the master statement. . .”

Cardholders not reconciling their individual statement every month may result in unauthorized charges being charged to a cardholder's purchasing card. Upon inquiry of the Director of Purchasing, we were told Physical Facilities cardholders were not required to complete log sheets because they have inquiry access into STARS (Small Transaction Accounting and Reporting System) within FIMS. Generally, cardholders reconcile their purchasing card transactions once a month and submit this documentation to the purchasing card coordinator for reconciling to the master statement. However, due to the volume of transactions processed by Physical Facilities, these cardholders send their supporting receipts to the purchasing card coordinator on a daily basis. Once received, the transaction information is entered into STARS and reconciled. Thus, Physical Facilities cardholders do not complete monthly log sheets itemizing their individual purchasing card transactions for the month.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 7.2 and 8.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

Physical Facilities maintains a comprehensive log sheet. Each time one of their cardholders is required to use their purchasing card, an in-house VC log number is assigned to the transaction. A purchase requisition is prepared by the cardholder and is approved by their supervisor and by the director or designee. These requisitions are submitted routinely throughout the month to purchasing. These transactions are then entered into STARS as received. Physical Facilities have access to STARS and have daily knowledge as to which transaction have been entered and reconciled or disputed and which transactions are awaiting reconciliation.

Receiving Reports Not Prepared

During fiscal year 2003, the Director of Purchasing issued a memo to all cardholders reminding them of WVSC's requirement that a receiving report must be completed and attached to the cardholder's log sheet for commodities ordered by the cardholder, but not received by the cardholder. In conjunction with this internal policy, the Director of Purchasing told us that receiving reports are submitted monthly to the purchasing department along with any other purchasing card documentation. Through our testing of 50 purchasing transactions, we determined these controls are not functioning properly because there were ten instances totaling \$6,793.02 where a receiving report was not prepared documenting the commodities received. These instances where no receiving report was prepared are detailed in the following table.

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>
1.	Staples	03/06/03	Non-folding table, stack chairs	\$ 785.00*
	Staples	03/06/03	Non-folding tables	935.00*
2.	Rohrman Linc Merc Subaru	01/31/03	Module	218.13*
3.	Grainger	10/25/02	450 amp fuse (time delay)	145.43*
	Grainger	10/25/02	450 amp fuse (time delay)	145.43*
4.	Carolina Door Controls	08/16/02	Von Duprin Exit Device	664.56*
	Carolina Door Controls	08/16/02	Aluminum door panel, tempered glass, etc.	889.75*
5.	Boll Medical	09/17/02	Oxygen regulator tank	105.00*
6.	Burdette Camping Center	11/13/02	Aqua Kem, Aqua Soft Tissue	54.80*
7.	Staples	10/19/02	Picture frames, dry eraser markers	144.25*
8.	State Electric Supply	09/04/02	Metal halide	137.41*
9.	HVAC & Industrial Cont.	12/08/02	Temperature controls	563.60*
	HVAC & Industrial Cont.	12/08/02	Logic controller	912.24*
10.	Lowe's	01/22/03	Refrigerator	437.00*
	Lowe's	01/22/03	Freezer, ice maker, etc.	<u>655.42*</u>
	Total			<u>\$6,793.02</u>

*This purchasing card transaction was initiated by a cardholder with the Physical Facilities Department.

We also noted eight instances totaling \$3,414.42 where the cardholder who had placed the order for commodities and received the order for commodities had not signed the receipt acknowledging receipt of the commodities.

Section 8.1.1 of the State Auditor's Office Purchasing Card Policies and Procedures

Manual states,

"8.1.1 Receiving Reports:

West Virginia State Auditor's Office Purchasing Card Procedures for the implementation of HB 3034:

When paying for items using the purchasing card, a receiving report must be provided. The receiving report may be electronic or manual and must contain the vendor name, description and quantity of the commodities received, and a signed acknowledgment of receipt by the cardholder or employee receiving the commodities.

If the cardholder orders, pays for, and receives the commodities, the purchasing card log sheet will constitute a receiving report. The cardholder will sign the invoice or receipt acknowledging receipt of the commodities and place the date received in the appropriate column on the log sheet. If the cardholder is reconciling electronically, the receiving report may be in an electronic format. However, the cardholder will still be responsible for signing the invoice or receipt.

If the cardholder orders and pays for commodities and an individual other than the cardholder receives the commodities, the individual receiving the commodities is responsible for completing a receiving report. The report can be printed from the electronic reconciling software (STARS) and signed by the person receiving the commodities or a manual receiving report may be prepared. After signing the receiving report, the person receiving the commodities must forward it to the cardholder who will place the receiving report with the invoice or receipt for the commodities received."

Without verifying receipt of commodities with a completed receiving report, cardholders may be paying vendors for goods not received. The Director of Purchasing told us receiving reports are usually maintained with the other supporting documentation (log sheets, supporting receipts, and individual statement) submitted monthly to the Purchasing Department by each cardholder. However, we could not locate the required receiving reports for the aforementioned

purchases amongst the documentation supporting these transactions. Also, the warehouse manager with the Physical Facilities Department stated that the cardholders within his department have not been instructed of the requirement to complete receiving reports for purchases of commodities made with the purchasing card.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 8.1.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

The WVSC receiving report has been approved by the State Auditor's office as a substitute. Cardholder received but did not sign receipt.

Log Sheets

According to the Director of Purchasing, it is the responsibility of one of the two card coordinators to reconcile each cardholder's log sheet and supporting receipts against their individual statement. Through our testing of 50 purchasing transactions, we determined this control was not functioning properly because the log sheets supporting 18 transactions had not been properly reconciled. We also noted that in 20 instances the log sheets had not been signed by the purchasing card coordinator certifying that the log sheet had been reconciled to the master statement.

Section 7.2 of the State Auditor's Purchasing Card Policies and Procedures Manual states in part:

Log Sheets: Each cardholder is required to maintain a log sheet containing the date, vendor name, and an item description, as well as the appropriate object code for each expenditure. Log sheets can be computerized or manual and must be signed by both the cardholder and the agency coordinator to indicate that all entries have been reconciled and are legitimate. . ."

Also, Section 8.1 of the State Auditor's Purchasing Card Policies and Procedures Manual states:

Purchasing Card Reconciliation: Each cardholder is responsible for reconciling his or her statement every month. The agency card coordinator is responsible for reconciling the master statement. Individual and master statements must be examined carefully for billing errors, debits due to erroneous billing, or credits to correct a previously disputed item. The cardholder must compare transactions appearing on the individual statement with the required log sheet and actual receipts.

Each transaction must be marked reconciled (R), disputed (D), or carryover (C) on the required log sheet.

- **Reconciled** indicates that the transaction is legitimate, the cardholder received the goods or services, and the correct amount was charged.
- **Disputed** indicates there is a question as to the validity of the transaction and a dispute has been submitted.
- **Carryover** indicates a transaction has been initiated but has not posted to the statement. The transaction should be carried forward to the next month's log sheet and reconciled accordingly.

Upon completion of reconciliation, the cardholder must forward his or her documentation to the agency purchasing card coordinator for review. The documentation that must be forwarded may vary from agency to agency. Cardholders should contact the agency purchasing card coordinator to determine what documentation must be forwarded.

Agency purchasing card coordinators are responsible for reconciling the master statement. This includes reviewing all transactions to ensure that they are legitimate and for official state business, and that all required documentation is present.”

Since the purchasing card coordinators do not sign the log sheets or properly mark the transactions as reconciled, disputed, or carried over, there is no documentation that the purchasing card coordinator reconciled the transaction to the master statement. Cardholders are

responsible for completing and signing their monthly log sheet. Either the employee's supervisor or the departmental vice president will also sign off on the cardholder's log sheet. Each cardholder will submit their monthly log sheet, supporting receipts, and individual statement to the Purchasing Department for further processing. One of the two purchasing card coordinators will compare each cardholder's individual statement to their log sheet and supporting receipts. Once reconciled, the purchasing card coordinator stamps their initials on the log sheet certifying the cardholder's log sheet has been reconciled; however, the purchasing card coordinator who reviewed the cardholder's log sheet and supporting receipts does not usually sign the log sheet as required by the State Auditor's Purchasing Card Policies and Procedures Manual. Next, the purchasing card coordinator will give the necessary information to the Accounts Payable Department to allow these employees to enter the relevant transaction data into STARS.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 7.2 and 8.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

All log sheets are reconciled to the individual statement. The coordinators review them and indicate on the log sheet if a dispute has to be entered. Shell record numbers written on the log sheet indicate that the transaction has been reviewed. Log sheets are signed off by the coordinator either by hand written initial or by stamp.

Reconciliation of the individual statement to the master statement is performed by STARS reconciliation. WVSC will have the coordinator signed the log sheets, instead of initials.

No Hospitality Form

While documenting procedures we were told WVSC requires its cardholders to complete a hospitality form in support of any hospitality transactions charged to their purchasing card to control expenditures and comply with the purchasing card rules and regulations. This form is to be included with the other purchasing card documentation submitted monthly by cardholders to the Purchasing Department. We determined this control was not functioning properly during our testing of 50 purchasing transactions (eight of which dealt with hospitality functions), because there were four instances totaling \$3,826.82 where a hospitality form was not completed to support the transaction. These four instances are discussed in detail as follows:

- A charge of \$1,900.00 was paid to Chartwell's on August 16, 2002 for providing a buffet dinner for Upward Bound participants;
- A charge of \$1,183.32 was paid to the Charleston Marriott on September 13, 2002 for providing an A la Carte dinner for 38 persons;
- A charge of \$165.00 was paid to Days Inn on February 21, 2003 for providing a conference room for the holding of a training class on domestic terrorism; and
- A charge of \$578.50 was paid to the Cleveland Indians Ticket Office on July 11, 2002 for game tickets for Upward Bound participants.

Section 6.11 of the State Auditor's Purchasing Card Policies and Procedures Manual states,

Hospitality: Hospitality documentation must remain consistent regardless of the method of payment. A hospitality form (see Appendix 8) is provided for your convenience. This form is not required; however, the information requested on the form must be documented and available to the Purchasing Card Program."

By not completing a hospitality form to support hospitality charges, cardholders may not be able to justify the purpose of such hospitality functions. The primary purchasing card coordinator requires cardholders who charge hospitality transactions to their purchasing card to submit a signed hospitality form along with their other purchasing card documentation each month. However, for these four transactions we were unable to locate a hospitality form with the other documentation supporting the transaction.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 6.11 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

When a department of WVSC cannot use their purchasing card, they are required to submit a purchase requisition. If the purchase requisition has the necessary information, a hospitality form is not required by the State Auditor's Office if the payment is by manual warrant. Initially payment for the first three findings was to be by manual warrant, so a hospitality form was not required, since the required information was on the purchase requisition. Since payment was processed by Accounts Payable a copy of the purchase requisition was a substitute for the hospitality form.

Hospitality form for the Cleveland Indians is now attached to the transaction.

Improper Receipts

According to the Director of Purchasing, it is the responsibility of one of the two card coordinators to review the supporting receipts submitted by each cardholder to ensure all receipts meet the criteria of a proper receipt, as set forth in the State Auditor's Purchasing Card Policies and

Procedures Manual. Through our testing of 50 purchasing transactions, we determined this control was not functioning properly because we noted eight instances totaling \$15,825.89 where there was an improper receipt supporting a purchasing card transaction. These instances of improper receipts are detailed in the following table.

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>
1.	Pure Country	10/31/02	Delta blankets, Alpha blankets, Omega blankets, etc.	\$ 353.17*
2.	The Cold Spot	11/14/02	Hot wings for ROTC lab (show of appreciation during awards ceremony)	79.95*
3.	Professional Fire Exiting.	01/10/03	Kitchen exhaust head extinguish. system inspected	220.00**
	Professional Fire Exiting.	01/10/03	Small kitchen hoods cleaned	500.00**
	Professional Fire Exiting.	01/10/03	Large kitchen hoods cleaned	930.00**
4.	Dell Marketing	02/20/03	Latitude laptop computer	2,286.00*
5.	Contemporary Galleries	02/20/03	Office furniture for VP of Student Affairs offices	1,660.05*
	Contemporary Galleries	02/20/03	Office furniture for VP of Student Affairs offices	1,888.12*
6.	Days Inn	02/21/03	Training class on domestic terrorism	165.00*
	Staples	03/06/03	Non-folding tables	935.00*
7.	McGraw-Hill	03/10/03	Textbooks for bookstore	1,125.00*
	McGraw-Hill	03/10/03	Textbooks for bookstore	241.25*
	McGraw-Hill	03/10/03	Textbooks for bookstore	1,839.60*
	McGraw-Hill	03/10/03	Textbooks for bookstore	1,530.75*
	McGraw-Hill	03/10/03	Textbooks for bookstore	64.00*
	McGraw-Hill	03/10/03	Textbooks for bookstore	900.00*
	McGraw-Hill	03/10/03	Textbooks for bookstore	184.00*

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>
8.	Enterprise R-A-C	03/15/03	8-day vehicle rental	308.00*
	Enterprise R-A-C	03/15/03	8-day vehicle rental	308.00*
	Enterprise R-A-C	03/15/03	8-day vehicle rental	<u>308.00*</u>
	Total			<u>\$15,825.89</u>

*Supporting receipt shows balance due; not marked paid or paid by credit card.

**There was no receipt on file to support this transaction.

Section 7.1 of the State Auditor's Purchasing Card Policies and Procedures Manual

states,

Receipts: An itemized receipt must be obtained for each transaction placed on the card. A receipt must contain certain specific information and meet certain conditions:

- Receipts must be itemized and include a description, unit cost, quantity, and total cost for each item. Use of "Miscellaneous" or "Merchandise" is not acceptable.
- Receipts must show no balance due or be marked "Paid."
- The following may serve as a receipt: detailed cash register receipt which states the name of the vendor, an itemized invoice indicating that it was paid by credit card, or an itemized receiving report that indicates price per item and total amount paid.
- A receipt must have an indication that the payment was by credit card. A reference on the receipt such as "credit card" or "purchasing card" is acceptable.
- All receipts should be kept in chronological order by date of purchase."

By not maintaining proper receipts to support purchasing card transactions, WVSC may not be able to substantiate purchases made were for official State business. Cardholders are not ensuring vendors are providing them with the appropriate receipt which meets the aforementioned criteria when making purchases with their purchasing card.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 7.1 of the State Auditor's Purchasing Card Program Policies and Procedures Manual and obtain proper receipts for items purchased.

Agency's Response

1. Invoice should have been stamped paid by Accounts Payable when they received verification from the vendor of the charged processed.

2. Only receipt that vendor could provide. Cardholder should have signed receipt.

3. Purchase order had been stamped but the receipt should have been signed.

4. Invoice should have been stamped paid by Accounts Payable when they received verification from the vendor of the charged processed.

5. Invoice should have been stamped paid by Accounts Payable when they received verification from the vendor of the charged processed.

6. Vendor supplied confirmation of charged. Receipt should have been signed.

7. Invoice should have been stamped paid by Accounts Payable when they received verification from the vendor of the charged processed.

8. Card had been used to rent vehicles required to be rented due to the reduction of college vehicle fleet. Travel card had not been issued to Physical Facilities at that time. Paid was not stamped on the receipt by the vendor.

Purchasing Card Coordinators Also Cardholders

West Virginia State College has no control procedure in place to monitor and reconcile purchases made by the card coordinators using the purchasing card. Our test of cardholders confirmed there was no control procedure in place because we noted both purchasing card coordinators were also cardholders. The Director of Purchasing is the primary purchasing card coordinator for WVSC while the Purchasing Assistant III serves as the back up purchasing card coordinator. The State Auditor's Handbook states that the card coordinator is responsible for monitoring and overseeing an agency's purchasing card program to ensure that key controls are in place to prevent misuse; also the coordinator is responsible for reconciling the master statement as well as assuring that each transaction is for official State business. We do not believe that a coordinator can monitor and oversee her own purchases.

There should be segregation of duties between a coordinator and cardholder. The lack of segregation of duties between the coordinator and cardholder could result in purchasing card transactions being performed in noncompliance with the State Auditor's Purchasing Card Policies and Procedures Manual because the coordinator would be monitoring her own transactions. The Director of Purchasing told us the main reason she and the Purchasing Assistant III are cardholders is due to their being responsible for making purchases for those departments within WVSC which have small budgets or no budgets at all.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure there is a segregation of duties between purchasing card coordinator and cardholder.

Agency's Response

The two coordinators have controls and limited use of the cards.

No Coordinator Authorization Form

According to the Director of Purchasing for West Virginia State College (WVSC) as primary card coordinator, it is her responsibility to ensure a Coordinator Authorization Form is completed when there is a change in card coordinators. She also stated that a cardholder agreement was maintained on file for each cardholder.

During our test of cardholders we determined this control was not functioning properly because the Director of Purchasing was unable to provide us with the Coordinator Authorization Form for the Purchasing Assistant III who serves as the backup coordinator.

Section 2.1 of the State Auditor's Purchasing Card Policies and Procedures Manual states,

"Designation of Agency Coordinator: Each agency's chief fiscal officer or designee will serve as the agency purchasing card coordinator. An agency may have multiple coordinators. Any change in agency coordinators must be preceded by a Coordinator Authorization Form (see Appendix 1) to the Purchasing Card Program."

Without a Coordinator Authorization Form on file, we are unable to determine if the backup card coordinator is qualified to perform the necessary functions of a purchasing card coordinator as required by the State Auditor's Purchasing Card Policies and Procedures Manual. The backup purchasing card coordinator has been a card coordinator for WVSC since June 1998. The Director of Purchasing told us the State Auditor's Office did not require her to complete a Coordinator Authorization Form for the backup coordinator. However, she sent a letter to the State

Auditor's Office designating this Purchasing Assistant III as the backup purchasing card coordinator. A listing of purchasing card coordinators obtained from the State Auditor's Office did list this employee as one of the two designated card coordinators for WVSC.

Our test of cardholders indicated the control regarding cardholder agreements was not functioning properly because WVSC was unable to provide us with a copy of a cardholder agreement form for one of the ten cardholders included in our test. As a result, we are unable to determine whether this cardholder is an authorized user and as a cardholder if she understands her responsibilities and agrees to adhere to the State Auditor's Purchasing Card Policies and Procedures.

Section 3.3 of the State Auditor's Purchasing Card Policies and Procedures Manual states,

"The Cardholder Agreement Form acknowledges that the cardholder has had adequate training, understands the Purchasing Card Policies and Procedures, and accepts responsibility for compliance with the Purchasing Card Policies and Procedures. All applicants are required to sign a Cardholder Agreement Form before card issuance. Purchasing card applications will not be processed unless accompanied by a Cardholder Agreement Form. The agency purchasing card coordinator is required to maintain a copy of the Cardholder Agreement Form."

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 2.1 and 3.3 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

WVSC does have documentation for the back-up coordinator. WVSC will have duplicate documentation prepared.

WVSC does not have an agreement on file for one of the cardholders. WVSC will have duplicate documentation prepared.

Cardholder Erroneously Issued Two Purchasing Cards

West Virginia State College has no control in place to ensure that only cardholder applicants are issued a purchasing card and only one card is issued to each applicant. Our test of cardholders confirmed there was no control procedure in place because we noted one of ten cardholders had erroneously been issued two purchasing cards by the State Auditor's Office. This cardholder serves as the warehouse manager assigned to the Physical Facilities Department. One purchasing card is maintained in his wallet, while the other purchasing card is maintained in a locked safe within the Physical Facilities offices. The purchasing card maintained in the locked safe is accessible by other employees within Physical Facilities.

Section 3.5 of the State Auditor's Purchasing Card Policies and Procedures Manual states,

Card Security: The State of West Virginia Purchasing Card must be kept secure at all times. The individual cardholder is responsible for every charge that appears on his or her purchasing card. Purchasing cards should only be used on secured internet sites. A secured site has a closed lock at the bottom of the screen. Electronic log sheets must be password protected. All cardholders must sign the back of their purchasing card upon receipt."

Without properly securing their purchasing card, a cardholder may allow the misuse of their card for unauthorized purchases through card delegation by other WVSC employees. During the fall 2001, it was brought to the attention of WVSC's primary purchasing card coordinator that a listing of all existing WVSC cardholders and their card numbers was possibly exposed to unauthorized access when left on the hard drive of a desktop computer which was exposed to a virus. As a precaution and to prevent unauthorized access to cardholder names and numbers, the primary purchasing card coordinator had all WVSC purchasing cards cancelled and new purchasing cards

issued to cardholders by the State Auditor's Office. However, the State Auditor's Office erroneously issued two purchasing cards to the aforementioned warehouse manager. We believe the one purchasing card maintained in the safe at the Physical Facilities offices should be immediately cancelled so as to prevent misuse of the card through card delegation by other Physical Facilities employees with access to the safe.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 3.5 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

The cardholder that was issued two purchasing cards has destroyed one of the cards and has submitted a maintenance for card cancellation.

Note: A virus had attacked several computers at WVSC, as a precaution, WVSC had the purchasing cards cancelled. It was not confirmed that the computer housing the purchasing cards information had the virus. All computers in the purchasing area are password protected.

Purchasing Card Transactions Charged to Wrong Object Code

According to the Director of Purchasing, it is the responsibility of one of the two card coordinators to reconcile each cardholder's log sheet and supporting receipts against their individual statement to ensure compliance with all applicable rules and regulations. Through our testing of 50 purchasing transactions, we determined this control was not functioning properly because there were three transactions totaling \$843.94 which were charged to the improper object code. These transactions are detailed in the following table.

<u>No.</u>	<u>Vendor</u>	<u>Trans. Date</u>	<u>Description</u>	<u>Amount</u>	<u>Wrong Object Code</u>	<u>Correct Object Code</u>
1.	Rohrman Line Merc Subaru	01/31/03	Module	\$218.13	034	036
2.	Shell Inc.	10/06/02	4 cases of diet popsi for resale in concession stand	21.16	054	040
3.	Wellington's at Scarlet Oaks	11/07/02	Catered luncheon for students, faculty and staff, friends and supporters for signing of memo of understanding between WVSC and WV Division of Tourism	<u>604.65</u>	020	042
	Total			<u>\$843.94</u>		

The State of West Virginia Expenditure Schedule Instructions define object codes

020, 034, 036, 040, 042 and 054 as follows:

“Office Expense (020): Those supplies that are normally used in the operation of an office and are primarily considered expendable in nature, e.g., letterhead, copy machine paper, toner, photographic film, magazine subscriptions, books and periodicals, cassette tapes, etc. Storage charges for office file documents.

Clothing, Household and Recreational Supplies (034): Articles of clothing purchased or rented for state employees, inmates and patients, such as uniforms, linens, blankets, and material purchased for repair and maintenance of the above. Household supplies include items purchased for cleaning, laundering, detergents, disinfectants, light bulbs, garbage cans, trash bags, etc. Any expenditures for athletic or recreational supplies which are not specifically included in any other object code.

Vehicle Operating Expense (036): For vehicle operating expenses including helicopter and fixed wing aircraft. Gasoline, oil, grease, minor repairs such as headlight replacement, tire repair, and wheel alignment.

Merchandise for Resale (040): Those items purchased for the purpose of resale, e.g., food, candy, souvenirs, etc.; in places such as student unions, state parks, book store, college cafeterias; computer paper at IS&C; supplies purchased by Prison Industries.

Hospitality (042): Food, nonalcoholic beverages and related expenses for the reception of guests by a spending agency for a specific event or function relating to conducting state business...

Computer Supplies (054): Lines, cable, connector, packaged computer software and licenses (less than \$1,000 each), and other computer supplies (does not include computer publications) for use in the office.”

By charging transactions to the wrong object code, cardholders may be charging unauthorized purchases (such as restricted items) to their purchasing card. Cardholders charged these transactions to the wrong object code when the purchase was made.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with the State of West Virginia Expenditure Schedule Instructions.

Agency's Response

- 1. Data entry error. Corrected by E-to-E E486174 April 11, 2003.*
- 2. Had incorrect object code on log sheet. Coordinator did correct when reviewing.*
- 3. Data entry error. Corrected by E-to-E E479820 February 24, 2003.*

Purchase of Internet Service

According to the Director of Purchasing, she provides orientation training to new cardholders. As part of this orientation training, to ensure the card is used only for authorized purchases, the prohibited uses of the purchasing card are discussed with the cardholder. We

determined that this control was not functioning properly because during a general review of transactions, we noted that one cardholder had six transactions paid to AOL online service totaling \$512.20. West Virginia State Unified Network, Operational Directive 2000-02 from the Governor's Office of Technology states,

"In conformance with the legislation creating the Office of Technology and in order to achieve operational objectives of the West Virginia State Unified Network (WVSUN), the following directive is issued.

All State of West Virginia agencies that use Internet capabilities including, but not limited to, WWW access, web page servers, and electronic mail (e-mail) servers, shall use those services which are currently provided by the State through WVSUN (IS&C and WVNET). These services were developed by and are supported by the State for state agencies. If the services required are not available through WVSUN at the time of a request, WVSUN providers shall be given the right of first refusal. State agencies, however, have the option of having their Web Pages developed by IS&C or qualified vendors.

The purpose of this directive is to establish a standard for insurance of the network integrity and to provide economy of scale for state government.

This WVSUN Operational Directive is in effect as of January 28, 2000."

West Virginia State College may be purchasing services that are not necessary because they are provided through WVSUN. According to the Director of Purchasing, this cardholder had erroneously signed up for AOL while making an online purchase. She further stated these charges had been disputed and subsequently taken off by BB&T, with the exception of one charge. Further review of the cardholder statements for the study period indicated credits totaling \$464.40 had been posted to the cardholder account. A total of \$512.20 was initially charged to the account, for a difference of \$47.80 that remains unresolved.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with the Governor's Office of Technology Policy Directive No. 2000-02.

Agency's Response

The cardholder did not intentionally sign up for AOL. Each month the charge was disputed.

Cardholder Training

West Virginia State College has no control in place to ensure all cardholders receive proper training from the State Auditor's Office in the proper use of the purchasing card. Our test of cardholders confirmed there was no control procedure in place because we were unable to determine whether eight of ten cardholders had received cardholder training from the State Auditor's Office. The agency does not maintain a record of which cardholders have attended training sessions conducted by the State Auditor's Office. We were provided a listing by the State Auditor's Office of all cardholders who have received training from the State Auditor's Office since November 2001. However, each of the previously mentioned eight cardholders were issued their purchasing card prior to this time and, thus, were not included on the listing.

Section 11.0 of the State Auditor's Purchasing Card Policies and Procedures Manual addresses training as follows,

"The Purchasing Card Program is available to provide training to all cardholders and coordinators. Training provided by the Purchasing Card Program is mandatory for all new applicants. It is the agency coordinator's responsibility to ensure that cardholders have received the required training."

Also, Section 11.3 of the State Auditor's Purchasing Card Policies and Procedures Manual states,

“Monthly Training: Cardholder training is conducted monthly and is open to existing cardholders and new purchasing card applicants. These training sessions offer basic instruction on the Purchasing card Policies and Procedures. Contact the Purchasing Card Program to enroll in training.”

Without the proper training, a cardholder may misuse their purchasing card for purposes not authorized by the State Auditor's Purchasing Card Policies and Procedures Manual. The Director of Purchasing, WVSC's primary purchasing card coordinator, told us these cardholders may or may not have received cardholder training from the State Auditor's Office. However, she stated all cardholders receive orientation training from her upon being issued with a purchasing card.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 11.0 and 11.3 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

It is mandatory that all prospective cardholders attend State Auditor's Office Training. It has been recommended by the State Auditor's Office that once their final audit is complete, all WVSC cardholders receive their training.

Copies Not Retained of FIMS Cover Sheets

West Virginia State College has no control in place to ensure copies of FIMS cover Sheets with authorized signatures are maintained on file. Our test of purchase transactions confirmed there was no control procedure in place because we were unable to determine who signed the FIMS cover sheets authorizing payment for ten monthly payments made to the purchasing card vendor. Therefore, we were unable to determine that a segregation of duties existed in that the card

coordinator, who is a cardholder herself and has signature authority on these FIMS cover sheets, was not the person who approved the payment of the transactions.

Section 12.1 of the State Auditor's Purchasing Card Policies and Procedures Manual states in part,

“. . . A monitoring system must be in place so that if the purchasing card coordinator is a cardholder, his or her direct supervisor reviews and approves all transaction appearing on the coordinator's purchasing card. . . .”

We are unable to determine if a segregation of duties existed for ten months of payments because we are unable to identify the person approving payment due to the lack of an authorization signature on the FIMS cover sheet. We believe a good system of internal controls would not permit the card coordinator, who is also a cardholder, to authorize the payment of the master statement. According to the Director of Purchasing (primary purchasing card coordinator), one of the following employees will usually sign the FIMS cover Sheets approving payment of the master statement: Director of Fiscal Affairs, Director of Budget, or Senior Accountant.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Section 12.1 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

Copies of FIMS Cover Sheets are retained. WVSC does not make copies of cover sheets after signatures.

Payment of State Sales Tax

According to the Director of Purchasing, she provides orientation training to new cardholders. As part of this orientation training, the prohibited uses of the purchasing card are discussed with the cardholder. The Director of Purchasing also stated that it is the responsibility of one of the two card coordinators to reconcile each cardholder's log sheet and supporting receipts against their individual statement. Through our testing of 50 purchasing transactions, we determined these control procedures were not functioning properly because there was one instance where State sales tax of \$9.00 was charged as part of the total amount paid to one vendor. The back up purchasing card coordinator told us the cardholder had not formally disputed the State sales tax charged which would require the vendor to credit the cardholder's account for the disputed amount.

Section 6.9 of the State Auditor's Purchasing Card Policies and Procedures Manual states,

"Tax Exempt Status: The State of West Virginia is tax exempt and should not pay tax to in-state vendors. "Tax Exempt," as well as the agency's tax exempt number is printed on the card. The cardholder is required to provide the vendor with a copy of the agency's tax exempt certificate. Cardholders should remind vendors the State of West Virginia is tax exempt before initiating a payment."

Also, Section 9.0 of the State Auditor's Purchasing Card Policies and Procedures Manual states in part,

"Disputed Items...If a charge of tax is greater than five dollars, the cardholder must contact the vendor and request that the tax be credited to the card. If the vendor is unwilling to cooperate, a dispute form should be filed with the Purchasing Card Program. . . ."

By not confirming the itemized purchase price with a vendor prior to initiating a transaction, cardholders may be charged by vendors for unnecessary or erroneous charges. The purchasing card coordinator was unable to provide us with a dispute form documenting where the cardholder had formally disputed this erroneous charge.

We recommend WVSC comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish internal controls to ensure compliance with Sections 6.9 and 9.0 of the State Auditor's Purchasing Card Policies and Procedures Manual.

Agency's Response

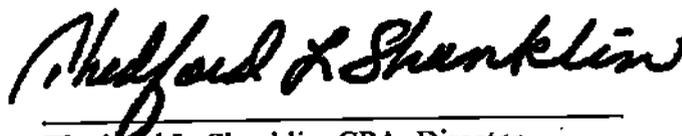
WVSC does not submit disputes for tax. The cardholder is responsible for payment of the tax. The cardholder repaid the tax.

STATE OF WEST VIRGINIA

OFFICE OF THE LEGISLATIVE AUDITOR, TO WIT:

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

Given under my hand this 8th day of September 2003.



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 West Virginia State College; Governor; Attorney General; State Auditor; and, Director of Finance Division, Department of Administration.