

**STATE OF WEST VIRGINIA**

**AUDIT REPORT**

**OF**

**WEST VIRGINIA DEPARTMENT OF  
ADMINISTRATION**

**WEST VIRGINIA EDUCATION AND STATE  
EMPLOYEES' GRIEVANCE BOARD**

**FOR THE PERIOD**

**JULY 1, 2003 - JUNE 30, 2005**

**UNAUDITED**



**OFFICE OF THE LEGISLATIVE AUDITOR**

**CAPITOL BUILDING**

**CHARLESTON, WEST VIRGINIA 25305-0610**

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION  
WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**

**UNAUDITED**

**FOR THE PERIOD**

**JULY 1, 2003 - JUNE 30, 2005**

**WEST VIRGINIA LEGISLATURE**  
*Joint Committee on Government and Finance*

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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 West Virginia Education and State Employees' Grievance Board.

Our examination covers the period July 1, 2003 through June 30, 2005. The results of this examination are set forth on the following pages of this report.

Respectfully submitted,

A handwritten signature in black ink that reads "Theford L. Shanklin".

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

TLS/jda

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**

**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**

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**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**  
**EXIT CONFERENCE**

We held an exit conference on May 15, 2006 with the Director, Mr. Earl Maxwell, and other representatives of the West Virginia Education and State Employees' Grievance Board and all findings and recommendations were reviewed and discussed. The spending unit'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 DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**

**INTRODUCTION**

The West Virginia Education and State Employees' Grievance Board (Board) was created by Chapter 71, Acts of the Legislature, 1985; renamed by Chapter 62, Acts of the Legislature, 1988; and amended by Chapter 160, Acts of the Legislature, 1998. The Board currently consists of three members appointed by the Governor, by and with the advice and consent of the West Virginia State Senate, for overlapping terms of three years. The Board is to meet at least twice a year and at other times as necessary. Board members receive \$75.00 per diem not to exceed \$750.00 during any one fiscal year. They receive reimbursement for reasonable and necessary expenses. The Board is to administer the grievance procedure at Levels Two, Three, and Four. The Board is to submit a yearly budget and make annual reports to the Governor and Legislature.

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**  
**ADMINISTRATIVE OFFICERS AND STAFF**

**JUNE 30, 2005**

**Administration**

Earl Maxwell.....Director/Chief Administrative Law Judge  
(1/2006 - Present)

Ronald C. Wright .....Director/Chief Administrative Law Judge  
(2/1/1989 - 10/31/2005)

Valerie Rist ..... Administrative Officer

Chriceous Powell ..... Secretary

Stefaney Williams ..... Secretary

Mary McFarland ..... Secretary

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**  
**SUMMARY OF FINDINGS, RECOMMENDATIONS AND RESPONSES**

**Lack of Effective System of Internal Control**

1. During the course of our post audit, it became apparent to us, based on the observed noncompliance with the West Virginia Code, the Board did not have an effective system of internal controls in place to ensure compliance with 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 the Grievance Board comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish an effective system of internal controls in order to allow management to identify and correct areas of noncompliance with the West Virginia Code and other applicable rules and regulations.

**Spending Unit's Response**

No response by the Grievance Board (See pages 14-17)

**Time Records**

2. The Board does not keep adequate records of work time in accordance with the Fair Labor Standards Act of 1938, as amended. Also, the Payroll Section of the Finance Division, Department of Administration, could not provide us with

appropriate online leave system print outs or leave applications, in a timely manner, in order for us to complete our testing. Lastly, we noted the Board does not keep adequate records of compensatory time in accordance with the Fair Labor Standards Act of 1938, as amended.

**Auditors' Recommendation**

We recommend the Grievance Board comply with the Fair Labor Standards Act of 1938, as amended; Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended; Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended; Legislative Rule Title 42, Series 8; and Grievance Board procedures. We also recommend the Grievance Board strengthen internal controls over compensatory time.

**Spending Unit's Response**

*The agency will implement time keeping on a weekly basis for all staff members and these forms will be approved by the Director. This information shall be retained by the Board in accordance with the records retention and disposal schedule. The Board will require that annual leave slips be submitted in advance and will be approved by the appropriate staff employee at the time of submission. Entry of the leave will be made to the online system after the leave is completed and approved slips will be forwarded to the payroll section. The Board will implement a reporting system documenting the number of hours worked by each employee. Agency will develop a policy in conjunction with the Division of Personnel concerning work scheduling. (See pages 17-25)*

### **Equipment Inventory**

3. During our review of Board inventory, we noted four inventory items in which the Board could not provide us with an acquisition date or the original cost. Also, we noted the Board failed to physically locate two items with a total acquisition cost of \$1,043.00 that were included on their inventory listing. Further, seven inventory items did not have a State Tag affixed to them; and one inventory item could not be traced to the Board's inventory listing.

#### **Auditors' Recommendation**

We recommend the Grievance Board comply with Section 3.3 and 3.11 of the Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines, revised June 1, 2003.

#### **Spending Unit's Response**

*The agency will comply with the recommendation that all equipment valued at \$1000 and over will be entered in the Fixed Assets system and will continue to maintain an agency listing of all equipment purchased, regardless of cost. (See pages 25-29)*

### **Contracts**

4. We observed numerous contracts which were executed on behalf of the Board by individuals other than the Secretary of the Department of Administration even though State law indicates that only the Secretary of the Department of Administration is authorized to execute contracts on behalf of the Board.

### **Auditors' Recommendation**

We recommend the Grievance Board comply with Chapter 5F, Article 2, Section 1, as amended and Chapter 5F, Article 2, Section 2, as amended of the West Virginia Code.

### **Spending Unit's Response**

*The agreements and contracts entered into by this agency are place on forms formulated by the Purchasing Division and do not require the Cabinet Secretary's signature. The only exceptions to this would be contracts executed for the leasing of office space. These agreements originate at the agency level and it is the responsibility of the Purchasing Division's Leasing Office to collect the required signatures.* (See pages 29-31)

### **Purchasing Card Administration**

5. We noted the following four findings that pertained to purchasing card administration.

#### **A. Log Sheet**

During our prior internal control study of the Purchasing Card Program for the period of July 1, 2002 through March 31, 2003, we found that several log sheets did not contain a coordinator signature, several of the coordinator's log sheets did not contain a direct supervisor's signature, and log sheets were not completed as transactions are initiated. During our prior study we recommended the strengthening of internal controls over training of cardholders and coordinators to comply with Sections 7.2 and 12.1 of the State Auditor's Office "State Purchasing

Card Program Policies and Procedures.” The spending unit responded to the prior recommendation as follows:

“Recommendation complied with, log sheets will be signed by Coordinator and Direct Supervisor.”

The Board is not complying with the recommendations of the study.

**Auditor’s Recommendation**

We recommend the Grievance Board comply with Sections 7.2, 12.0, and 12.1 of the State Auditor’s “State Purchasing Card Program Policies and Procedures.”

We also recommend the Grievance Board strengthen internal controls over the training of the Purchasing Card Coordinator and cardholders to ensure compliance with the State Auditor’s “State Purchasing Card Program Policies and Procedures.”

**Spending Unit’s Response**

*The Grievance Board will comply with the recommendations.* (See pages 31-35)

**B. Purchases Not Made From Statewide Contracts or Internal Resources and Incorrect Object Codes**

During our prior study of the internal controls of the State Purchasing Card Program for the period of July 1, 2002 through March 31, 2003, we found the Board did not consistently make purchases from available goods/services on statewide contracts or provided by internal resources. During the prior study we recommended the compliance of Section 6.1.1 of the State Auditor’s “Purchasing Card Program Policies and Procedures.” The spending unit responded to this recommendation as follows:

“The Grievance Board will check all available statewide contracts prior to making any commodity purchases.”

We noted the Board is not complying with the recommendations from the prior study.

Also, during the prior study we found the Board was not classifying transactions properly. During the last study we recommended the strengthening of internal controls over the proper training of cardholders and coordinators to ensure compliance with Section 7.2 and 10.0 of the State Auditor’s “State Purchasing Card Program Policies and Procedures.” The spending unit responded to this recommendation as follows:

“Object codes will be checked for accuracy.”

The Board is not complying with the recommendation.

**Auditors’ Recommendation**

We recommend the Grievance Board comply with the West Virginia Purchasing Division Policies; the Division of Purchasing Rule Title 148, Series 1; and the State of West Virginia Expenditure Schedule Instructions.

**Spending Unit’s Response**

*The Board will obtain a written contract for services from Dobson Brothers and any other service it routinely utilizes on a routine basis. This agency will comply with the recommendation that state-wide contracts be utilized when available. The agency will attempt to properly code all transactions. (See pages 35-40)*

**C. Payment of Sales Tax**

We noted two instances in which sales tax was paid on purchasing card purchases.

**Auditors' Recommendation**

We recommend the Grievance Board comply with the State Auditor's "State Purchasing Card Program Policies and Procedures." We also recommend the Grievance Board strengthen internal controls over the training of their Purchasing Card Coordinator and cardholders to ensure compliance with the State Auditor's "State Purchasing Card Program Policies and Procedures."

**Spending Unit's Response**

*The Grievance Board will attempt to receive credit for any sales tax charges in excess of \$5.00. In the event that the vendor will not comply, a dispute form shall be completed and filed with the Pcard Program.* (See pages 40-42)

**D. Receipt**

We found one transaction to a private vendor in the amount of \$69.60 in which a receipt was not present.

**Auditors' Recommendation**

We recommend the Grievance Board comply with Section 7.1 of the State Auditor's "Purchasing Card Program Policies and Procedures." We also recommend the Grievance Board strengthen internal controls over the training of the Purchasing Card Coordinator and cardholders to ensure compliance with the State Auditor's "State Purchasing Card Program Policies and Procedures."

**Spending Unit's Response**

*No response received from the spending unit.* (See pages 42-43)

**Cash Disbursements**

6. During our audit of cash disbursements of the Board, we noted two instances where an improper amount was paid by the Board and one instance in which supporting documentation was not present.

**Auditors' Recommendation**

We recommend the Grievance Board comply with Chapter 5A, Article 8, Section 9, of the West Virginia Code, as amended. Also, we recommend the Grievance Board establish an effective system of contract monitoring. Lastly, we recommend the Board recover the overpayment from the vendor.

**Spending Unit's Response**

*This agency will comply with recommendation that each invoice be more closely scrutinized for accuracy prior to payment.* (See pages 43-45)

**Annual Increment Calculations**

7. During our audit of annual increment payments, we noted an employee was overpaid a total of \$100.00 in annual increment.

**Auditors' Recommendation**

We recommend the Grievance Board comply with Chapter 5, Article 5, Section 1 and Chapter 5, Article 5, Section 2, of the West Virginia Code, as amended. In addition, we recommend the Grievance Board recover the annual increment overpayment from the employee.

**Spending Unit's Response**

*The calculations made are done by the Payroll Division and the Grievance Board cannot comment on any irregularities. (See pages 45-47)*

**Improper Termination Pay**

8. We noted that one employee was overpaid a total of \$35.21 for termination pay.

**Auditors' Recommendation**

We recommend the Grievance Board comply with Chapter 5, Article 5, Section 1; Chapter 5, Article 5, Section 2, as amended; Chapter 12, Article 3, Section 13, as amended, of the West Virginia Code; and all applicable opinions issued by the Attorney General. In addition, we recommend the Grievance Board recover any overpayments from the former employee.

**Spending Unit's Response**

*The calculations made are done by the Payroll Division and the Grievance Board cannot comment on any irregularities. (See pages 47-50)*

**Delayed Payroll**

9. During proper pay and overtime substantive testing, we noted one new employee of the Board that was not placed on delayed payroll.

**Auditors' Recommendation**

We recommend the Grievance Board comply with Chapter 6, Article 7, Section 1 of the West Virginia Code and Chapter 12, Article 3, Section 13 of the West Virginia Code.

**Spending Unit's Response**

*The calculations made are done by the Payroll Division and the Grievance Board cannot comment on any irregularities. (See pages 50-52)*

**Travel Reimbursement**

10. During our review of cash disbursements of the Board, we noted two instances where Travel Expense Account Settlement forms were not properly authorized by the Director.

**Auditors' Recommendation**

We recommend the Grievance Board comply with Chapter 12, Article 3, Section 9, as amended, of the West Virginia Code and Section 2.5 of the Travel Rules, of the Purchasing Division's Travel Management Unit.

**Spending Unit's Response**

*This agency will comply with recommendation that it retain a signed copy of the travel form for its files. (See pages 52-53)*

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**

**GENERAL REMARKS**

**UNAUDITED**

**INTRODUCTION**

We have completed a post audit of the West Virginia Education and State Employees' Grievance Board. The examination covers the period July 1, 2003 through June 30, 2005.

**GENERAL REVENUE ACCOUNTS**

The Board was appropriated funds for the general operations of the Board in the following account during the audit period.

**EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD FUND**

| <b><u>Account Number</u></b> | <b><u>Description</u></b> |
|------------------------------|---------------------------|
| 0220-001 .....               | Personal Services         |
| 0220-004 .....               | Annual Increment          |
| 0220-010 .....               | Employee Benefits         |
| 0220-099 .....               | Unclassified              |
| 0220-913 .....               | BRIM Premium              |

**COMPLIANCE MATTERS**

We tested applicable sections of the West Virginia Code, plus the spending unit's legislatively approved rules and regulations, as well as, other rules, regulations, policies, and procedures as they pertain to fiscal matters. Our findings are discussed below.

## LACK OF EFFECTIVE SYSTEM OF INTERNAL CONTROL

During the course of our post audit, it became apparent to us, based on the observed noncompliance with the West Virginia Code and other rules and regulations which governed the West Virginia Education and State Employees' Grievance Board, the Board 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 spending unit head to have in place an effective system of internal controls in the form of policies and procedures designed to ensure the spending unit operates in compliance with the laws, rules and regulations which govern it.

During our audit of the Board, we found the following violations of State laws or other rules and regulations: **(1)** The West Virginia Education and State Employees' Grievance Board does not keep adequate records of work time in accordance with the Fair Labor Standards Act of 1938, as amended. We also noted the Payroll Section of the Finance Division, Department of Administration, could not provide us with appropriate online leave system screen prints and several leave applications. Additionally, we observed the Board does not keep adequate records of compensatory time in accordance with the Fair Labor Standards Act of 1938,

as amended. (2) During our inventory substantive testing, we noted four inventory items where the Board could not provide us with an acquisition date or the original cost. Also, we noted the Board failed to physically locate items which were included on their inventory listing. Further, seven inventory items, totaling \$25,327.15, did not have a State Tag affixed to them. One inventory item could not be traced to the Board's inventory listing. (3) We observed numerous contracts which were executed on behalf of the Board by individuals other than the Secretary of the Department of Administration even though State law indicates that only the Secretary of the Department of Administration is authorized to execute contracts on behalf of the Board. (4) During our audit of Purchasing Card activity, we noted the following: several log sheets did not contain a coordinator signature, several of the coordinator's log sheets did not contain a direct supervisor's signature, log sheets did not contain a cardholder's signature, log sheets were not completed as payments were initiated, in one instance a statewide contract was not used when one existed, two instances where a written agreement (WV-48 or equivalent) was required but not entered into, two of the 50 Pcard transactions tested were paid from the incorrect object code, two instances in which sales tax was paid on purchases, and one transaction was not supported by a receipt. (5) During our audit of Cash Disbursements, two instances were noted where an improper amount was paid by the Board and one instance where supporting documentation was not present. (6) During our annual increment substantive testing, we noted one instance where one employee's annual increment (longevity) payment during fiscal year 2005 was not calculated using the correct years of service. (7) During our retirements and resignations substantive test, we noted that one employee was overpaid a total of \$35.21 relating to annual increment termination pay. (8) One employee was not placed on delayed payroll and was improperly

treated as a transfer employee instead of a new employee. (9) During our review of the Board's cash disbursements, we noted two Travel Expense Account Settlement forms which were not properly authorized by the Director.

We recommend the Grievance Board comply with Chapter 5A, Article 8, Section 9 of the West Virginia Code, as amended, and establish an effective system of internal controls in order to allow management to identify and correct areas of noncompliance with the West Virginia Code and other applicable rules and regulations.

**Spending Unit's Response**

***No Response by the Grievance Board.***

**Time Records**

The Fair Labor Standards Act of 1938 (the Act), as amended, requires a State spending unit to maintain records containing the hours worked by each employee. The Board employs both exempt and non-exempt employees as defined by the Fair Labor Standards Act. Exempt employees are those employees exempt from all but the record keeping provisions of the Act. Non-exempt employees are those employees whose work is regulated by the Act's minimum wage, overtime, and record keeping provisions. Therefore, all Board employees are covered under the record keeping provisions of the Act. However, the spending unit could not provide us with records showing the hours worked by each employee and we were, therefore, unable to perform an audit of the personal services expenditures of the Board, resulting in our disclaimer of opinion on the Board's financial statement. During fiscal years 2005 and 2004 the Board's personal services' expenditures totaled \$525,332.86 and \$529,903.34, respectively.

We were informed when a Board employee takes sick, annual, or family leave, an “Application For Leave With Pay” (leave application) must be completed and signed by the employee and approved by the Director. Prior to the current Director being employed with the Board, the Administrative Officer approved the leave applications and her application was approved by the former Director. If a leave application is not completed, it is assumed the employee worked their required amount of hours.

The Administrative Officer requests annual leave applications to be turned in prior to the employee taking the leave. Approved leave applications are forwarded to the Administrative Officer to be keyed into the Online Leave System. The Administrative Officer sends the signed copy of the leave application to the Payroll Section of the Finance Division, Department of Administration and keeps a copy in her files. Board employees have the ability to access the online leave system by means of a user I.D. and a password, in order to check their leave record.

During our substantive testing of leave and proper pay and overtime, the Payroll Section of the Finance Division, Department of Administration, could not provide us with appropriate online leave system screen prints and several leave applications. Additionally, two leave applications appeared to be calculated incorrectly and one leave application was not signed by the employee. We also noted 36 instances in which annual leave was not requested prior to the employee taking the leave.

The Fair Labor Standards Act of 1938, as amended, authorizes a State spending unit to provide compensatory time off, with certain limitations, in lieu of monetary overtime compensation. Compensatory time received by an employee in lieu of cash for each hour of

overtime work, over forty hours, must be at the rate of not less than one and one-half hours of compensatory time for each overtime hour worked.

The Fair Labor Standards Act of 1938, as amended, also requires records to be kept of the number of hours of compensatory time earned each work period; the number of hours of compensatory time used each work period; the number of hours of compensatory time compensated in cash and the date of such payment; and any collective bargaining agreement. However, the Board does not have an established procedure for the record keeping of compensatory time. The Administrative Officer stated she just knows when she has earned compensatory time and takes it whenever she needs to. There is no record kept of compensatory time earned and when she takes the time she completes a leave application.

We believe the instances where the Board or the Payroll Section of the Finance Division, Department of Administration, could not provide us with time records is in non compliance with the Fair Labor Standards Act of 1938, as amended. The Fair Labor Standards Act of 1938, as amended §516.6, which covers exempt and non-exempt employees, states in part:

“...(a) Supplementary basic records: Each employer required to maintain records under this part shall preserve for a period of at least 2 years . . . ”

“...(b) *Basic employment and earnings records.* From the date of last entry, all basic time and earning cards or sheets on which are entered the daily starting and stopping time of individual employees, or of separate work forces, or the amounts of work accomplished by individual employees on a daily, weekly, or pay period basis (for example units produced) when those amounts determine in whole or in part the pay period earnings or wages of those employees . . . ”

Also pertaining to non-exempt employees, the Fair Labor Standards Act of 1938, as amended, §516.2, states in part:

“...(a) *Items required.* Every employer shall maintain and preserve payroll or other records containing the following information . . .”

“...(7) Hours worked each workday and total hours worked each workweek (for purposes of this section, a “workday” is any fixed period of 24 consecutive hours and a “workweek” is any fixed and regularly recurring period of 7 consecutive workdays) . . .”

Additionally, West Virginia Division of Labor Legislative Rule Title 42, Series 8, Minimum Wage and Maximum Hours Standards Regulations states in part:

“...**§42-8-4. Records to be kept by employers.**

4.1. Form of records; scope of records. -- No particular order or form of records is prescribed. However, every employer who is subject to any of the provisions of the Act is required to maintain records for a period of not less than two (2) years.

4.2. Content of records. -- The written record or records with respect to each and every employee shall contain:...

(g) Hours worked each workday and total hours worked each workweek;...”

“**§42-8-8. Specific exemptions and other special requirements.**

8.1. Records on exempt employees to be kept. -- Every employer operating under the complete exemptions of subsection (e), section one, article five-c, chapter twenty-one of the Act shall maintain and preserve records directly related to payrolls, as heretofore required, and also records shall be maintained and preserved by employers who employ persons defined as employees who are exempted under W. Va. Code §21-5C-1(f):”

We also believe the instances noted above are in noncompliance with Chapter 5A, Article 8, Section 9(b) 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....”

We determined the Board does not keep adequate records of compensatory time in accordance with the Fair Labor Standards Act of 1938, as amended. The Fair Labor Standards Act of 1938, as amended, §553.50, states in part:

“For each employee subject to the compensatory time and compensatory time off provisions of section 7(o) of the Act, a public agency which is a State, a political subdivision of a State or an interstate governmental agency shall maintain and preserve records containing the basic information and data required by §516.2 of this title and, in addition:

- (a) The number of hours of compensatory time earned pursuant to section 7(o) each workweek, or other applicable work period, by each employee at the rate of one and one-half hour for each overtime hour worked;
- (b) The number of hours of such compensatory time used each workweek, or other applicable work period, by each employee;
- (c) The number of hours of compensatory time compensated in cash, the total amount paid and the date of such payment; and
- (d) Any collective bargaining agreement or written understanding or agreement with respect to earning and using compensatory time off. If such agreement or understanding is not in writing, a record of its existence must be kept . . . ”

The Board, as stated earlier, does not require its employees to maintain time records. The Director told us the employees work on the “honor system.” Therefore, we were unable to audit the accuracies of the hours tested. Therefore, we could not determine the provisions of Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, were

complied with. Specifically, Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended states in part:

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

We could not determine how much, if any, of the \$1,055,236.20 in Personal Services may have been paid before services were rendered. We could not determine whether employees worked the appropriate amount of time during the pay periods to fully receive their authorized compensation. Additionally, we were unable to substantiate the number of hours worked by employees when employees were paid for overtime. We could also not determine whether a leave application was completed for each instance of leave taken, due to no time records being kept.

Due to the Payroll Section of the Finance Division, Department of Administration, not being able to provide us with appropriate leave applications or online leave system printouts, we were unable to perform substantive testing of the leave for the Board. We were unable to determine whether the employees accrued the appropriate amount of leave, and if all leave taken was entered into the online leave system. For the proper pay and overtime testing we were unable to determine the amount of paid leave taken by the employee during the pay period, and whether any such leave applications were approved by a responsible supervisory official.

The Administrative Officer informed us if a leave application was present but the online leave system did not show leave taken, then she failed to enter the leave into the system. She was unsure why the Payroll Section of the Finance Division, Department of Administration,

could not provide us with leave applications for leave listed on the online leave system. She stated if leave was shown on the system the employee did take the leave. The instances of leave being calculated incorrectly, leave application not being signed, and annual leave not being requested prior to the employee taking the leave is the result of a lack of internal control over leave procedures.

Additionally, the Board's internal controls over compensatory time show significant weaknesses. The Board does not keep adequate records of compensatory time in accordance with the Fair Labor Standards Act of 1938, as amended. Additionally, we cannot determine whether the number of hours of compensatory time earned by each employee was earned at the rate of one and one-half hour for each overtime hour worked, over forty hours and the number of hours of compensatory time used was previously earned.

We recommend the Grievance Board comply with the Fair Labor Standards Act of 1938, as amended; Chapter 5A, Article 8, Section 9(b) of the West Virginia Code, as amended; Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended; Legislative Rule Title 42, Series 8; and Grievance Board procedures. We also recommend the Grievance Board strengthen internal controls over compensatory time.

**Spending Unit's Response**

*This agency has been operating under the assumption that the Administrative Law Judges (ALJs) and the Director of this agency are exempt employees as defined by the FSLA and therefore exempt from an accounting of the time worked by them. It was communicated to the Administrative Officer that she was in a grey area, due the functions she performs for the Board. These employees have never claimed or been paid any overtime.*

*The clerical staff is not permitted to work overtime unless pre-approved. Overtime pay is reimbursed at the prevailing rate paid by the State. Documentation is provided to the payroll office on the number of hours claimed and the project for which the overtime is worked. This agency previously required its employees to file a weekly time sheet certifying the number of hours worked. Documentation of this accounting is in the employee's leave file. As no official policy enforcing this accounting was formulated by either the Department of Administration or the Grievance Board, the practice was not carried out or enforced and has ceased.*

*The agency will implement time keeping on a weekly basis for all staff members and these forms will be approved by the Director. This information shall be retained by the Board in accordance with the records retention and disposal schedule.*

#### *Leave Applications*

*Applications for annual leave are completed and turned in prior to taking leave on forms approved for this purpose. These forms require the signature of the immediate supervisor and/or the agency's authorized signature. The administrative officer was authorized by the Director to sign for all personnel. Her leave slips were signed by the Director and the Director's slips were signed by the Secretary of the Department. All leave slips are entered into the leave system and a copy of them forwarded to the Payroll Division.*

*Except in emergency cases, annual leave slips are submitted prior to leave being used. Approval of the leave claimed is completed after the leave is utilized and at that time entered into the system. The online leave system is not set up to accept future leave requests.*

*Copies of all leave slips are retained by the agency and a copy sent the Payroll Division. During the audit, this agency was not asked to provide copies of employees leave slips.*

*Without specific information on inaccurate calculation of time used, no comment can be made.*

*This agency cannot comment on the payroll's inability to provide copies of leave applications or leave system screen prints.*

*Failure to enter any leave slip in the leave system was a clerical error.*

*The Board will require that annual leave slips be submitted in advance and will be approved by the appropriate staff employee at the time of submission. Entry of the leave will be made to the online system after the leave is completed and approved slips will be forwarded to the payroll section.*

#### *Compensatory Time*

*The Grievance Board has allowed its ALJs and the Administrative Officer to earn compensatory time to meet imposed deadlines. The compensatory time requested by the ALJs is approved, documented, and placed in the employee's leave file. The Director required that ALJs utilize any earned compensatory time before any earned annual leave is taken to ensure that the accrual of compensatory time is not cumulative. Compensatory time earned and taken by the Administrative Officer was verbally approved by the Director.*

*Documentation on compensatory time earned or used by the ALJs was neither requested nor supplied during the legislative audit.*

*The Board will implement a reporting system documenting the number of hours worked by each employee. Agency will develop a policy in conjunction with the Division of Personnel concerning work scheduling.*

**Equipment Inventory**

After equipment has been purchased, the Administrative Officer is responsible for tagging the item. She prepares the Board’s computer generated tags. All tag numbers begin with the letters “GB” for Grievance Board and are numbered sequentially. The Administrative Officer does not affix State Tag numbers to equipment costing more than \$1,000.00, she only affixes the Grievance Board Tag numbers to the equipment. We noted seven equipment items which did not have a State Tag number affixed, however, six of them did have a Grievance Board number affixed to them. The details regarding these seven items are as follows:

| <u>State Tag #<br/>or GB #</u> | <u>Item<br/>Description</u> | <u>Serial<br/>Number</u> | <u>Acquisition<br/>Date</u> | <u>Original<br/>Cost</u> | <u>Item<br/>Location</u> |
|--------------------------------|-----------------------------|--------------------------|-----------------------------|--------------------------|--------------------------|
| GB-148;<br>A210151             | Gateway<br>CPU              | 00183156653              | April 2000                  | \$ 2,075.00              | Charleston               |
| GB-039;<br>A159637             | LCR5<br>Recorder            | 207440                   | June 1996                   | 4,000.00                 | Charleston               |
| GB-155;<br>A235397             | Compaq<br>Server            | 22491-001                | Feb. 2002                   | 6,471.00                 | Charleston               |
| GB-137;<br>A196870             | Sharp Copier                | 96517782                 | June 1999                   | 1,600.00                 | Charleston               |
| GB-153;<br>A218606             | Minolta<br>Copier           | 3142203                  | Nov. 2000                   | 6,741.00                 | Charleston               |
| GB-218;<br>A273965             | Dell Laptop                 | 000045-580-<br>883612    | May 25,<br>2005             | 1,897.15                 | Charleston               |
| GB-40:<br>A159638              | Sony<br>Recorder            | 0505977                  | Dec. 1995                   | <u>2,543.00</u>          | Charleston               |
| <b>Total:</b>                  |                             |                          |                             | <u>\$25,327.15</u>       |                          |

Also, while performing substantive testing on inventory located at the Board, the Board could not provide us with an acquisition date or the original cost for four inventory items as shown below:

| <u>State Tag # or GB #</u> | <u>Item Description</u> | <u>Serial Number</u> |
|----------------------------|-------------------------|----------------------|
| GB-205                     | Viewsonic Monitor       | A1Q041300413         |
| GB-204                     | Okifax Fax              | 302A1015145          |
| GB-197                     | Telex Reformatter       | 10077                |
| GB-196                     | Symphonic TV/VCR        | V40942165            |

During our review of Board inventory procedures, we noted the Board failed to physically locate items which were included on their inventory listing. We were unable to physically locate two of 11 items listed on the spending unit's inventory listing which had a total acquisition cost of \$1,043.00. The following schedule provides details of the two items which the Board failed to physically locate which were included on their inventory listing:

| <u>State Tag # or Board #</u> | <u>Item Description</u> | <u>Serial Number</u> | <u>Acquisition Date</u> | <u>Original Cost</u> | <u>Item Location per Listing</u> |
|-------------------------------|-------------------------|----------------------|-------------------------|----------------------|----------------------------------|
| GB-110                        | KDS Monitor             | 0492069286           | June 4, 1999            | \$ 320.00            | <u>Charleston</u>                |
| GB-046                        | Lanier Transcriber      | 159855               | June 1988               | <u>723.00</u>        | Charleston                       |
| Total:                        |                         |                      |                         | <u>\$1,043.00</u>    |                                  |

The Board was not able to locate the KDS Monitor; however, the Administrative Officer informed us during the audit the Lanier Transcriber was located at an Administrative Law Judge's home for the Judge to work at home.

We were unable to trace one equipment item from its physical location to the Board's inventory listing. While tracing GB-197 Telex Reformatter to the spending unit's inventory listing, we noted the listing stated this item was a Pentagon Reformatter instead of a Telex Reformatter.

State of West Virginia Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines, revised June 1, 2003, states in part:

**“3.3 Responsibility:**

Agencies are responsible for all property under its jurisdiction, regardless of its state (removable or fixed), origin, or acquisition cost. Agencies are responsible for maintaining equipment from date of purchase to date of retirement, such as keeping equipment secure, entering assets into the WVFIMS Fixed Asset system, conducting physical inventories, submitting annual certification, retiring assets properly, etc **all in accordance with policy and procedures as outlined in this handbook.**”

Further, Section 3.11 of the State of West Virginia's Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines, revised June 1, 2003, states:

“All equipment over \$1,000 will have a numbered equipment identification tag and that equipment will be entered into the WVFIMS Fixed Asset system. Agency's will be responsible for obtaining and placing the proper tags on all equipment under their jurisdiction. Tags are to be placed on all items of property/equipment in such a manner that it can be easily seen and read.”

The Administrative Officer stated the Board does not affix State Tag numbers to equipment items with an original cost of \$1,000.00 or greater. They only affix Grievance Board tag numbers to their inventory items. The Board does not keep adequate records of inventory. We were told the Lanier Transcriber, we were unable to physically locate at the Board, is located at an Administrative Law Judge's home.

By not placing the State Tag numbers on their equipment, the Board cannot effectively manage their inventory of equipment. The Board not recording the acquisition date and original cost of their inventory items may cause the Board to be unable to determine their reportable property. The Purchasing Division has established a capitalization figure of \$1,000.00 and a useful life of one (1) year or more as reportable property. Because the Board could not physically locate two items at the Board or provide documentation that the items were sent to Surplus property we are unable to determine whether the items should be in the Board's custody or if they had been sent to Surplus property. Further the inventory is overstated.

We recommend the Grievance Board comply with Section 3.3 and 3.11 of the Purchasing Division Inventory Management and Surplus Property Disposition Policies and Guidelines, revised June 1, 2003.

**Spending Unit's Response**

*This agency keeps an exhaustive internal listing of all equipment purchases, even those purchased below the \$1000.00 reporting limit. Most of these items have been entered into the Fixed Asset system.*

*Findings were reported for equipment maintained at an Administrative Law Judge's home. This practice is allowable by the agency and the designation of the equipment is noted on the inventory system maintained by the agency.*

*A reporting of the physical inventory is completed every two years. The Administrative Officer requires that the secretaries in branch offices make a report of the equipment at their respective location. This information is compared to the master inventory list.*

*Any discrepancies in the report filed and the master listing is looked into.*

*The items listed on page 20 of the report have both internal and state inventory tag numbers and the relevance of this finding cannot be determined.*

*The agency will comply with the recommendation that all equipment valued at \$1000 and over will be entered in the Fixed Assets system and will continue to maintain an agency listing of all equipment purchased, regardless of cost.*

### **Contracts**

During our review of contracts and agreements entered into by and on behalf of the Board, we noted that 17 contracts or agreements with 11 different vendors were signed by individuals other than the Secretary of the Department of Administration even though State law indicates that only the Secretary of the Department of Administration is authorized to execute contracts on behalf of the Board. The payments to those vendors totaled \$28,249.16 during the period July 1, 2003 through June 30, 2005.

Chapter 5F, Article 2, Section 1, of the West Virginia Code, as amended, states in part:

“(a) The following agencies and boards, including all of the allied, advisory, affiliated or related entities and funds associated with any agency or board, are transferred to and incorporated in and administered as a part of the department of administration:  
...(5) Education and state employees grievance board . . .”

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

“(a) Notwithstanding any other provision of this code to the contrary, the secretary of each department shall have plenary power and authority within and for the department to:

...(7) Enter into contracts or agreements requiring the expenditure of public funds, and authorize the expenditure or obligating of public funds as authorized by law . . . ”

The signing of contracts and agreements by individuals other than the Secretary of the Department of Administration may result in the Secretary lacking knowledge regarding those agreements and contracts for which he is responsible under State law. We spoke with the Director of the Board regarding the authority to sign contracts and he was unaware that contractual agreements of the Board should be executed by the Secretary of the Department of Administration and he was unaware that he and the Administrative Officer lack the authority to contract on behalf of the Board.

We recommend the Grievance Board comply with Chapter 5F, Article 2, Section 1, as amended and Chapter 5F, Article 2, Section 2, as amended of the West Virginia Code.

**Spending Unit's Response**

*The agreements and contracts entered into by this agency are place on forms formulated by the Purchasing Division and do not require the Cabinet Secretary's signature. The only exceptions to this would be contracts executed for the leasing of office space. These agreements originate at the agency level and it is the responsibility of the Purchasing Division's Leasing Office to collect the required signatures.*

*Without specific information as to the contracts referenced in this report, we cannot comment.*

## **Purchasing Card Administration**

Applicable purchasing card laws and guidelines include the State Auditor's "Purchasing Card Program Policies and Procedures." We noted the following four findings that pertained to this handbook

### A. **Log Sheet**

During our prior internal control study of the Purchasing Card Program for the period of July 1, 2002 through March 31, 2003, we found that log sheets were not completed as transactions were initiated. During our prior study we recommended the strengthening of internal controls over training of cardholders and coordinators to comply with Sections 7.2 and 12.1 of the State Auditor's Office "State Purchasing Card Program Policies and Procedures." The Board did not respond to this issue in our study; our testing revealed the Board is not complying with our prior recommendation.

Sections 7.2 of the State Auditor's "State Purchasing Card Program Policies and Procedures" requires log sheets to be completed as payments are initiated. We noted the dates were not sequential on one log sheet, therefore, the log sheet was not completed as the purchasing card transactions occurred in noncompliance with Section 7.2 of the procedures. We also noted one log sheet was signed by the cardholder after the WVFIMS payment was prepared; therefore, log sheet certifications were not timely performed.

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

## **“7.2 Log Sheets**

Each cardholder is required to maintain a log sheet (see Appendix 8) containing the date, vendor name, and an item description, as well as the appropriate object code for each purchase.

...Log sheets may be computerized or manual and must be signed by both the cardholder and the agency acknowledging that all entries have been reconciled and are legitimate. Log sheets must be completed as payments are initiated.”

Log sheets not being completed as transactions occur may cause a transaction to be overlooked. Log sheets signed after the WVFIMS cover sheet was prepared may cause a transaction included on the purchasing card statement to be overlooked. We believe log sheets should be completed as payments are initiated in accordance with Section 7.2 of the State Auditor’s “State Purchasing Card Program Policies and Procedures.”

We recommend the Grievance Board comply with Section 7.2 of the State Auditor’s “State Purchasing Card Program Policies and Procedures.” We also recommend the Grievance Board strengthen internal controls over the training of the Purchasing Card Coordinator and cardholders to ensure compliance with the State Auditor’s “State Purchasing Card Program Policies and Procedures.”

### **Spending Unit’s Response**

*The entry of each purchase made is noted on log sheets as the purchase is made.*

*The Legislative Auditors finding that log sheets are “completed once the BB&T Cards statement is received” is mistaken.*

*In an audit report prepared by the State Auditor’s Office, it was noted that reconciliation of the bank statement was done in the order that purchases were made rather than in the order in which they appeared on the bank statement. There is no prescribed*

*method of reconciliation of the statement in p-card manual. Reconciliation of the master statement is made monthly.*

**B. Purchases Not Made From Statewide Contracts or Internal Resources and Incorrect Object Codes**

During our prior study of the internal controls of the State Purchasing Card Program for the period of July 1, 2002 through March 31, 2003, we found that the Board did not consistently make purchases from available goods/services on statewide contracts or provided by internal resources. During the prior study we recommended the compliance of Section 6.1.1 of the State Auditor's "Purchasing Card Program Policies and Procedures." The spending unit responded to this recommendation as follows:

"The Grievance Board will check all available statewide contracts prior to making any commodity purchases."

During our review of the Purchasing Card transactions of the Board, we noted the Board is not complying with the recommendations from the prior study. Section 6.1 of the Purchasing Division's "Policies and Procedures Handbook" requires state agencies to purchase from statewide contracts, unless specifically exempted in writing by the Purchasing Director or from internal resources, such as West Virginia Correctional Industries.

Our testing revealed one instance in which a Statewide contract was not used when one existed. The Administrative Officer for the Board ordered four file cabinets totaling \$533.40, from Staples during July 2004. Fifteen vendors were authorized to provide cabinets under statewide contracts at the time of the purchase, however, Staples was not one of them. The Board's Administrative Officer did not receive prior written approval from the Purchasing Director to be exempt from using a Statewide contract or West Virginia Prison Industries.

We also noted lack of documentation for two transactions which were charged to Object Code 025 - Contractual and Professional. However, we were unable to locate any written agreement for these transactions as required by the State of West Virginia Expenditure Schedule Instructions Fiscal Year 2006. These two transactions were to Dodson Bros Exterminating, for pest control, and amounted to \$154.00.

In regard to incorrect object codes, the prior study of the internal controls of the State Purchasing Card Program for the period of July 1, 2002 through March 31, 2003, reported that the Board was not classifying transactions in accordance with Section 10.0 of the State Auditor's "State Purchasing Card Program Policies and Procedures." During this study we recommended the strengthening of internal controls over the proper training of cardholders and coordinators to ensure compliance with the procedures. The spending unit responded to this recommendation as follows:

"Object codes will be checked for accuracy."

During our review of the Purchasing Card transactions of the Board, we noted the Board is not complying with the recommendations from the prior study. Two of the 50 Pcard transactions tested were paid from the incorrect Object Code. The Administrative Officer purchased light bulbs from Kmart. This transaction totaled \$3.70 and was charged to Object Code 020 - Office Expenses. However, we believe it should have been charged to Object Code 034 - Clothing, Household and Recreational Supplies. In the second instance, she paid \$182.13 for the rental of a truck from Ryder and this transaction was paid from Object Code 026 - Travel. We believe it should have been charged to Object Code 029 - Vehicle Rental. The log sheet entries for these

two transactions were coded with the correct Object Code, however, when entered into WVFIMS they were charged to different Object Codes.

Section 6.1.1 of the West Virginia Purchasing Division's "Policies and Procedures Handbook" states in part,

"...Agencies must first check mandatory contracts or internal resources, such as statewide contract or agency open-end contract exists for the commodity or service or if Surplus Property, Correctional Industries or the West Virginia Association of Rehabilitation Facilities is able to supply the need . . ."

The above instances of a written agreement not being entered into are in noncompliance with the State of West Virginia Expenditure Schedule Instructions Fiscal Year 2006 which states, in part:

**"025 - Contractual and Professional:** Services performed by individuals or firms considered to be professional or semiprofessional in nature. A written agreement (WV-48 or equivalent) is required except for indigent burial payments, and transportation of bodies for chief medical examiner.

**...A. Contractual:** Charges for services performed on a continuing basis (weekly, monthly, etc.), e.g., janitorial custodial service, pest control..."

Section 10.0 of the State Auditor's "State Purchasing Card Program Policies and Procedures" states in part,

..."WVFIMS cover sheets must include the appropriate object code(s) for each transaction as Defined in the Department of Administration's Expenditure Schedule.

State of West Virginia Expenditure Schedule Instructions Fiscal Year 2006, states in part:

**"...034 - Clothing, Household and Recreational Supplies:** 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.”  
(**Emphasis added**)

State of West Virginia Expenditure Schedule Instructions Fiscal Year 2006, states in part:

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

The effect of not utilizing a Statewide contract is the circumvention of the West Virginia Purchasing Division’s Policies and Procedures. Without a written agreement for pest control, we were unable to determine the terms of the service to be provided and the amounts due. Upon further review, the Board paid Dodson Bros Exterminating \$648.00 for fiscal years 2005 and 2004 combined. By charging transactions to the wrong object code, cardholders are not classifying transactions appropriately in the State’s accounting records which would result in inaccurate reporting.

We recommend the Grievance Board comply with Section 6.1.1 of the West Virginia Purchasing Division Policies; Section 10.0 of the State Auditor’s “State Purchasing Card Program Policies and Procedures” and the State of West Virginia Expenditure Schedule Instructions Fiscal Year 2006 Object Code Definitions.

**Spending Unit’s Response**

*The Board utilizes the services of an exterminating company, Dobson Brothers, and the cost to the agency on an annual basis is less than \$500. This service is not available on a state wide contract.*

*Without specific information on irregularities noted, this agency cannot make a definitive response to the findings.*

*COMPLIANCE: The Board will obtain a written contract for services from Dobson Brothers and any other service it routinely utilizes on a routine basis. This agency will comply with the recommendation that state-wide contracts be utilized when available.*

*In regards to object codes, the agency will attempt to properly code all transactions.*

C. **Payment of Sales Tax**

During our review of the purchasing card transactions at the Board, we also noted two instances in which sales tax was paid on purchases. In the first instance the Administrative Officer paid \$0.21 in sales tax to Kmart and in the second instance, she paid \$8.51 to Ryder for sales tax.

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

**"6.9 Tax Exempt Status**

The State of West Virginia is tax exempt and should not pay tax to in-state vendors.

The words "Tax Exempt" and the agency's tax identification number are printed on the card.

The cardholder is required to provide the vendor with a copy of the agency's tax-exempt certificate, if requested.

Cardholders should remind vendors that the State of West Virginia is tax exempt before initiating a payment."

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

## **“9.0 Disputed Items**

...Charges of tax less than five dollars by in-state vendors will not be considered a disputed item. If a charge of tax appears that is less than five dollars, the cardholder must contact the vendor and ask that the charge be credited to the card. If the vendor is unwilling to credit the tax, the cardholder must document on the log sheet that the vendor was contacted and was unwilling to credit the card. 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 Pcard 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. We were also unable to locate any dispute form for the transaction where the Board was charged \$8.51 sales tax. Therefore, we were unable to determine if any of the taxes paid were disputed and if a dispute form was filed with the State Auditor’s Office. We tested 50 transactions and noted sales tax was paid on two purchases.

We recommend the Grievance Board comply with Sections 6.9 and 9.0 of the State Auditor’s “State Purchasing Card Program Policies and Procedures.” We also recommend the Grievance Board strengthen internal controls over the training of their Purchasing Card Coordinator and cardholders to ensure compliance with the State Auditor’s “State Purchasing Card Program Policies and Procedures.”

### **Spending Unit’s Response**

*When purchases are made, the vendor is advised that the agency is tax exempt. A tax exempt certificate is provided to the vendor upon request. If the agency is charged state tax, an attempt is made by each purchase card holder to get credit for the charge. Without specific information as to the tax charges not recovered, further comment cannot be made.*

*COMPLIANCE: The Grievance Board will attempt to receive credit for any sales tax charges in excess of \$5.00. In the event that the vendor will not comply, a dispute form shall be completed and filed with the Pcard Program.*

D. **Receipt**

We found one transaction to Boise Office in the amount of \$69.60 in which areceipt was not present. Section 7 of the State Auditor’s “State Purchasing Card Program Policies and Procedures” states in part:

**“7.1 Receipts**

...Except where otherwise exempted by statute or rule, an itemized receipt must be obtained for each transaction placed on the card. The purchaser is required to obtain a legible, itemized receipt or listing detailing the goods or services purchased, the vendor name, and the date of purchase . . . The person receiving the goods shall sign the receipt and state in writing the date the goods or services were received. If the person receiving the goods is not the cardholder, the cardholder shall also acknowledge receipt of the merchandise by electronic or physical signature.”

By not retaining receipts to support purchasing card transactions, the Board may not be able to substantiate amounts paid for purchases or determine purchases were for official State business. We believe cardholders should ensure vendors provide them with the appropriate receipt which meets the aforementioned criteria when making purchases with their purchasing card.

We recommend the Grievance Board comply with Section 7.1 of the State Auditor’s “Purchasing Card Program Policies and Procedures.” We also recommend the Grievance Board strengthen internal controls over the training of the Purchasing Card

Coordinator and cardholders to ensure compliance with the State Auditor's "State Purchasing Card Program Policies and Procedures."

**Spending Unit's Response**

*No response received from the spending unit.*

**Cash Disbursements**

During our review of the Board's cash disbursements, we noted one instance in which the Board was improperly billed by Alpha Rental Properties, LLC, (Alpha Rental Properties), with whom the Board has a lease, for cancellation of a scheduled hearing room. We noted that the invoice from Alpha Rental Properties reflects a \$62.50 fee for a scheduled hearing room rental that was cancelled with less than ten days prior notice. The invoice indicates that the hearing room scheduled for February 24, 2005, was canceled by the Board on February 18, 2005. However, documentation provided to us by the Board indicates that an email was sent by the Board to Alpha Rental Properties on February 14, 2005, requesting cancellation of the hearing room scheduled for February 24, 2005. Therefore, the Board requested the scheduled hearing room be canceled ten days prior to the scheduled date and should not have incurred any fees in regards to this cancellation.

In addition, we noted that the Board paid Alpha Rental Properties another \$62.50 fee for a hearing room rental scheduled for June 16, 2005, which according to the invoice was cancelled with less than ten days prior notice. The invoice, however, did not indicate the date on which the Board cancelled the scheduled hearing room. Furthermore, the Board's Administrative Officer was unable to provide us with any documentation regarding the

cancellation. Therefore, we were unable to determine when the Board made the cancellation and thus unable to determine whether the amount paid by the Board was proper.

The Board's contract with Alpha Rental Properties, LLC, dated August 15, 2002 and effective September 1, 2002 through August 31, 2007, states in part:

“Lessee covenants that the Tenant will pay additional rent, during the term of this lease, on a per diem basis for use of a conference/hearing room . . . in the event the Tenant must cancel its scheduled use of said room, no charge will be assessed for cancellations received at least ten (10) calendar days prior to the date scheduled, and a 50% fee (not to exceed \$62.50) will be assessed for cancellations received fewer than ten (10) days prior to the date scheduled . . . ”

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... ”

The Board improperly paid Alpha Rental Properties for two cancellation fees totaling \$125.00. In the first instance, the Board notified Alpha Rental Properties of the cancellation ten days prior to the scheduled date and therefore we determined that the Board should not have been assessed a fee. In the second instance, the Board was unable to provide us with documentation supporting the cancellation and therefore we were unable to determine whether the assessed fee was proper.

During our documentation of the Board's accounting procedures, we spoke with the Administrative Officer regarding the Board's policies and procedures regarding contract

monitoring. She stated that she is responsible for maintaining and monitoring each of the Board's contracts. We were told as long as the Board is receiving invoices from the contracted vendor, the invoices are paid because the Administrative Officer assumes the contract is being fulfilled. We believe the Grievance Board should establish a system to monitor contracts to ensure the Board is receiving what it is paying for.

We recommend the Grievance Board comply with Chapter 5A, Article 8, Section 9, of the West Virginia Code, as amended. Also, we recommend the Grievance Board establish an effective system of contract monitoring. Lastly, we recommend the Board recover the overpayment from the vendor.

#### **Spending Unit's Response**

*Overcharges were noted on invoices received from Alpha Engineering, an agency that rents the Board space on an as needed basis.*

*This agency will comply with recommendation that each invoice be more closely scrutinized for accuracy prior to payment*

#### **Annual Increment Calculations**

Annual increment calculations are administered by the Payroll Section of the West Virginia Department of Administration. The Board stated they have no responsibility in determining the amount of the annual increment paid to employees. We noted one instance in which one employee's annual increment (longevity) payment was not calculated using the correct amount of State service.

The employee received \$550.00 for annual increment (longevity) in July 2004. She had a total of 9.26 years of service in July 2004. Therefore, she should have received

\$450.00 during the 2005 fiscal year (based on nine full years of service as of July 1, 2004). This error resulted in the employee being overpaid a total of \$100.00.

Chapter 5, Article 5, Section 1 of the West Virginia Code, which states in part,

“...(b) “Years of service” means full years of totaled service as an employee of the state of West Virginia; and . . . ”

In addition, Chapter 5, Article 5, Section 2 of the West Virginia Code, as amended, which states,

“(a) Every eligible employee with three or more years of service shall receive an annual salary increase equal to fifty dollars times the employee’s years of service. In each fiscal year and on the first day of July, each eligible employee shall receive an annual increment increase of fifty dollars for that fiscal year . . . ”

After speaking with the Payroll Section of the Finance Division, Department of Administration, we believe the aforementioned instance of incorrect years of service calculation and the resulting annual increment (longevity) payment was the result of clerical errors. When an employee of the Payroll Section of the Finance Division, Department of Administration, recalculated the employee’s 2004 annual increment, she agreed with our calculations. Therefore, she believed the employee was overpaid \$100.00 in July 2004. She stated the employee retired in December of 2005 and her pro-rated annual increment due her was shorted by \$100.00 in order to recover the overpayment in July 2004. However, upon reviewing the employee’s July 2005 increment payment, she was paid \$600.00 instead of \$500.00, for 10 years of service. Therefore, the employee was still overpaid \$100.00 for her annual increment payments.

The effect of the Payroll Section of the Department of Administration not properly calculating employees’ years of service for annual increment (longevity) payments resulted in one employee receiving more annual increment (longevity) compensation than she was entitled to receive. We determined the overall error rate for the proper payment of Annual

Increment was 10%. Accordingly, we projected approximately \$500.00 of the total annual increments paid in FY 2005 and FY 2004 could possibly be improperly paid.

We recommend the Grievance Board comply with Chapter 5, Article 5, Section 1 and Chapter 5, Article 5, Section 2, of the West Virginia Code, as amended. In addition, we recommend the Grievance Board recover the annual increment overpayment from the employee.

**Spending Unit's Response**

*The Grievance Board does not calculate any pay owed to its employees and does not issue payment to them. This is a function of the payroll division. When an employee resigns or is terminated, paper work is completed by the agency attesting to the number of annual leave days accrued as reflected in the leave system. This information is provided to and verified by the payroll division and payment due is calculated by that Division.*

*The calculations made are done by the Payroll Division and the Grievance Board cannot comment on any irregularities.*

**Improper Termination Pay**

When an employee terminates employment due to retirement, resignation, or transfer, they are entitled by State law to payment of services rendered up to their date of separation, taking annual leave into account. In addition, employees who retire or resign from employment, that meet eligibility requirements, are entitled to prorated annual increment and/or annual leave lump sum payment. In determining such calculations, we noted one employee was overpaid a total of \$35.21 as shown below:

| <b><u>Audited Total Gross Pay</u></b> | <b><u>Total Gross Pay</u></b> | <b><u>Difference</u></b> |
|---------------------------------------|-------------------------------|--------------------------|
| \$1,730.26                            | \$1,765.47                    | \$35.21                  |

The employee was overpaid \$35.21 due to the Payroll Section personnel's proration of annual increment calculation including a proration of days within a semi-monthly payroll period. Additionally, this overpayment was also due to the Payroll Section of the Finance Division, Department of Administration, incorrectly calculating the years of service and paying her a pro-rated annual increment for nine years instead of eight years.

Chapter 5, Article 5, Section 1 of the West Virginia Code, states in part:

"...“Years of service” means full years of totaled service as an employee of the state of West Virginia . . . ”

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

"...Every eligible employee with three or more years of service shall receive an annual salary increase equal to fifty dollars times the employee's years of service. In each fiscal year and on the first day of July, each eligible employee shall receive an annual increment increase of fifty dollars for that fiscal year . . . ”

Also, Chapter 12, Article 3, Section 13 of the West Virginia Code, as amended, states in part:

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

Attorney General's opinion dated June 27, 1990 states, in part:

" . . . Considering that the W. Va. Code §5-5-2 incremental increase constitutes part of an eligible state employee's regular pay for services previously rendered, any such employee has a statutory right to any accrued pro rata share of that increment owing but not due on his final day of employment. By entitlement to a pro rata share, it is meant that an employee who does not work an entire fiscal year is entitled to a fractional portion of the total increment to which the employee would have been entitled had he been employed during the entire fiscal year. The fraction would have as a numerator the number of pay periods employed, and as a denominator the number twenty-four if the employing agency pays its employees twice monthly. . . . ”

The opinion further states:

“ . . . the W. Va. Code § 5-5-2 increase is an integral part of an employee’s gross annual salary, and such increment is not to be deleted or subtracted in the course of determining the value of payment for accrued and unused annual leave days upon termination of employment. It remains the position of this office today that such a deletion or subtraction for any purpose would unlawfully reduce the value due and payable for past services rendered. . . .”

An employee of the Payroll Section of the Finance Division, Department of Administration, stated the Payroll Section personnel’s proration of annual increment calculation includes proration of days within a semi-monthly payroll period and does not acknowledge annual leave lump sum payment in determining the date of separation and years of service to apply to the annual increment calculation. Additionally, the employee’s years of service calculation was incorrect, therefore, causing her pro-rated annual increment calculation to be incorrect. One employee was not correctly compensated for services rendered. This employee was overpaid a total of \$35.21. We determined that there is a 50.00% percent error possibility termination pay is not properly calculated during fiscal years (FY) 2005 and 2004. In addition, we determined that there is a percent error possibility that 1.14% of the FY 2005 and 2004 total gross payments due to retirement, resignations, and transfers could be incorrectly overstated.

We recommend the Grievance Board comply with Chapter 5, Article 5, Section 1; Chapter 5, Article 5, Section 2, as amended; Chapter 12, Article 3, Section 13, as amended, of the West Virginia Code; and all applicable opinions issued by the Attorney General. In addition, we recommend the Grievance Board recover any overpayments from the former employee.

### **Spending Unit's Response**

*The Grievance Board does not calculate any pay owed to its employees and does not issue payment to them. This is a function of the payroll division. When an employee resigns or is terminated, paper work is completed by the agency attesting to the number of annual leave days accrued as reflected in the leave system. This information is provided to and verified by the payroll division and payment due is calculated by that Division.*

*The calculations made are done by the Payroll Division and the Grievance Board cannot comment on any irregularities.*

### **Delayed Payroll**

During our substantive testing of proper pay and overtime, we noted that one employee was not placed on delayed payroll. She was hired by the Board on April 16, 2004, however, she is listed on the April 30, 2004 EPICS Payroll Journal as receiving a paycheck. During our review of the employee's personnel file, we noted that she was previously employed by the Supreme Court of Appeals of West Virginia. However, according to documentation in her personnel file, the employee was employed by the Supreme Court of Appeals only until February 18, 2004. As a result, she had a break in service from February 18, 2004 until she was hired by the Board on April 16, 2004.

The Board's Administrative Officer had previously stated that all Board employees were on delayed payroll; however, a staff member of the Payroll Section of the Finance Division, Department of Administration, stated that the hired employee was not placed on delayed payroll.

Chapter 6, Article 7, Section 1 of the West Virginia Code, states in part:

“...on and after the first day of July, two thousand two, all new officials, officers and employees of the state . . . shall be paid one pay cycle in arrears. The term new employee does not include an employee who transfers from one state agency . . . without a break in service.”

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.”

The Board is in noncompliance with the provisions of Chapter 6, Article 7, Section 1 of the West Virginia Code. Due to the employee’s break in service, she is classified by the West Virginia Code as a new employee and, therefore, should have been placed on delayed payroll and paid in arrears.

In addition, we noted that she took a leave of absence without pay during our audit period. We noted that although a portion of this unpaid leave was taken during the pay period ending June 30, 2004, the adjustment to reflect this unpaid leave of absence was not made until the July 16, 2004 pay period. The Payroll Section of the Finance Division, Department of Administration was unable to adjust her June 30, 2004 wages to reflect her unpaid leave during that pay period due to the employee not being placed on delayed payroll and therefore not being paid in arrears. Thus, she received wages on June 30, 2004 for services not rendered.

We recommend the Grievance Board comply with Chapter 6, Article 7, Section 1 of the West Virginia Code and Chapter 12, Article 3, Section 13 of the West Virginia Code.

**Spending Unit’s Response**

***The Grievance Board does not calculate any pay owed to its employees and does not issue payment to them. This is a function of the payroll division. When an employee resigns or is terminated, paper work is completed by the agency attesting to the number of***

*annual leave days accrued as reflected in the leave system. This information is provided to and verified by the payroll division and payment due is calculated by that Division.*

*The calculations made are done by the Payroll Division and the Grievance Board cannot comment on any irregularities.*

### **Travel Reimbursement**

During our review of the Board's cash disbursements, we noted two Travel Expense Account Settlement forms (settlement forms) which were not properly authorized by the Director. We noted that the two settlement forms requested reimbursement for mileage expenses totaling \$491.92. Upon spot checking several settlement forms, we found no forms properly authorized by the Director. The Board paid \$6,685.84 in FY 2005 and \$5,257.89 in FY 2004 for travel expenses.

Chapter 12, Article 3, Section 9, of the West Virginia Code, as amended, states:

“Every board or 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.”

Section 2.5 of the Travel Rules, of the Purchasing Division's Travel Management Unit, states:

“The responsibility to audit a traveler's expense account settlement lies with the state agency. Approval of a traveler's expense account settlement by the state agency means that the expense account settlement meets all criteria established by this rule for reimbursement. The state agency shall audit and submit an accurate expense account settlement for reimbursement to the Auditor's Office within 15 days after completion of travel.”

During our documentation of the Board's accounting procedures, we spoke with the Administrative Officer regarding the Board's policies and procedures regarding travel expense reimbursement. She stated that the Board does not maintain copies of settlement forms that are signed by the Director. According to the Administrative Officer, she makes copies of the settlement forms before they are submitted to the Director for approval and the signed originals are forwarded to the State Auditor's Office for payment.

Due to the fact that the Board does not maintain copies of settlement forms which are signed by the Director, we could not determine whether the forms were properly authorized for payment by the Director. In addition, we could not determine whether the Board had performed the duties as required by Chapter 12, Article 3, Section 9, of the West Virginia Code. Therefore, we could not determine whether travel reimbursements totaling \$491.92 were properly authorized.

We recommend the Grievance Board comply with Chapter 12, Article 3, Section 9, as amended, of the West Virginia Code and Section 2.5 of the Travel Rules, of the Purchasing Division's Travel Management Unit.

**Spending Unit's Response**

*Signed copies of travel reimbursement forms are forwarded to the Auditor's Office and retained by that office.*

*This agency will comply with recommendation that it retain a signed copy of the travel form for its files.*

## INDEPENDENT AUDITORS' REPORT

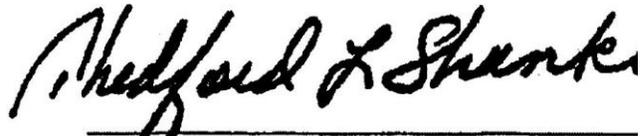
The Joint Committee on Government and Finance:

We were engaged to audit the accompanying statement of appropriations, expenditures, and changes in fund balance of the West Virginia Education and State Employees' Grievance Board for the years ended June 30, 2005 and June 30, 2004. The financial statement is the responsibility of the management of the West Virginia Education and State Employees' Grievance Board. As described in Note A, the financial statement was prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The Board did not maintain records of time worked for employees during the two-year period ended June 30, 2005. Without time records, we are unable to determine if amounts paid for employee compensation (salary plus overtime pay) and the corresponding benefits were for services rendered. We are also unable to determine if vacation and sick leave were properly accrued because leave applications were not retained that document dates of leave taken. Personal services and employee benefits account for 81% of the spending unit's expenditures for the preceding period.

Since the Board did not maintain time records and we were unable to apply other auditing procedures to satisfy ourselves that personal services and employee benefits were paid for services rendered, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statement.

Respectfully submitted,



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

April 12, 2006

Auditors: Stacy L. Sneed, CPA, Auditor-in-Charge  
Amy M. Thorne, Auditor III

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**

**STATEMENT OF APPROPRIATIONS, EXPENDITURES,  
AND CHANGES IN FUND BALANCES**

**GENERAL REVENUE**

**UNAUDITED**

|  | <b><u>Year Ended June 30,</u></b> |                    |
|--|-----------------------------------|--------------------|
|  | <b><u>2005</u></b>                | <b><u>2004</u></b> |
| <u>Appropriations</u>                      | \$938,668.00                      | \$888,093.00       |
| Expenditures:                              |                                   |                    |
| Personal Services                          | 533,384.08                        | 536,630.39         |
| Employee Benefits                          | 153,551.98                        | 161,312.04         |
| Current Expenses                           | 118,639.33                        | 124,897.10         |
| Repairs and Alterations                    | <u>598.55</u>                     | <u>268.15</u>      |
| Assets                                     | <u>0.00</u>                       | <u>3,856.00</u>    |
|  | <u>806,173.94</u>                 | <u>826,963.68</u>  |
| Appropriations Over Expenditures           | 132,494.06                        | 61,129.32          |
| Expirations and Expenditures after June 30 | (58,367.06)                       | (73,549.32)        |
| Beginning Balance                          | 0.00                              | 0.00               |
| Transfer (To)/From:                        |                                   |                    |
| Office of the Secretary Fund 0186          | 0.00                              | 17,076.00          |
| Prosecuting Attorneys Institute Fund 0557  | (68,000.00)                       | 0.00               |
| Public Defender Services Fund 0226         | (710.00)                          | 0.00               |
| Public Employee Insurance Reserve Transfer | <u>(5,417.00)</u>                 | <u>(4,656.00)</u>  |
| Ending Balance                             | <u>\$ 0.00</u>                    | <u>(\$ 0.00)</u>   |

*See Notes to Financial Statement*

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**

**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**

**NOTES TO FINANCIAL STATEMENT**

**Note A - Accounting Policy**

Accounting Method: The modified cash basis of accounting is followed for the General Revenue Fund. The major modification from the cash basis is that a 31-day carry-over period is provided at the end of each fiscal year for the payment of obligations incurred in that year. All balances of the General Revenue Fund appropriations, for each fiscal year, expire on the last day of such fiscal year and revert to the unappropriated surplus of the fund from which the appropriations were made, except that expenditures encumbered prior to the end of the fiscal year may be paid up to 31 days after the fiscal year-end; however, appropriations for buildings and land remain in effect until three years after the passage of the act by which such appropriations were made. Accordingly, the financial statement is not intended to present financial position and results of operations in conformity with generally accepted accounting principles.

Expenditures paid after June 30, in the carry-over period and expirations were as follows:

|  | <u>Expenditures Paid</u> |                    | <u>Expirations</u> |                    |
|--|--------------------------|--------------------|--------------------|--------------------|
|  | <u>After June 30,</u>    |                    | <u>July 31,</u>    | <u>July 31,</u>    |
|  | <u>2005</u>              | <u>2004</u>        | <u>2005</u>        | <u>2004</u>        |
| Education and State Employees' Grievance Board : |                          |                    |                    |                    |
| Personal Services                                | \$ 0.00                  | \$ 1,132.92        | \$ 5,620.92        | \$30,386.69        |
| Employee Benefits                                | 1,011.83                 | 3,042.91           | 6,378.19           | 265.05             |
| Unclassified                                     | <u>36,432.91</u>         | <u>28,743.36</u>   | <u>8,923.21</u>    | <u>9,978.39</u>    |
|  | <u>\$37,444.74</u>       | <u>\$32,919.19</u> | <u>\$20,922.32</u> | <u>\$40,630.13</u> |

**Note B - Pension Plan**

All eligible employees are members of the West Virginia Public Employees' Retirement System. Employees' contributions are 4.5% of their annual compensation and employees have vested rights under certain circumstances. The Board matches contributions at 10.5% of the compensation on which the employees made contributions. The Board's pension expenditures for the 2005 and 2004 fiscal years were as follows:

|  | <b><u>Year Ended June 30,</u></b> |                    |
|--|-----------------------------------|--------------------|
|  | <b><u>2005</u></b>                | <b><u>2004</u></b> |
| <u>Education &amp; State Employees Grievance Board Fund (0220-016)</u> | <u>\$55,859.13</u>                | <u>\$56,190.03</u> |

**Note C - Pending Litigation**

In May 2003, a former employee of the Board filed a law suit against the Board and the Director at that time alleging he was illegally terminated in violation of public policy. Currently the matter is still pending before the Circuit Court and a trial is set for November 13, 2006. The Board is unsure of the possible fiscal impact to the Board. The Plaintiff is requesting damages, reinstatement, and costs and reasonable attorney fees. If a settlement is paid the Board stated either the Board of Risk and Insurance Management (BRIM) or the West Virginia Education and State Employees' Grievance Board may be responsible.

**SUPPLEMENTAL INFORMATION**

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**  
**STATEMENT OF APPROPRIATIONS AND EXPENDITURES**

**GENERAL REVENUE**

**UNAUDITED**

|  | <b><u>Year Ended June 30,</u></b> |                     |
|--|-----------------------------------|---------------------|
|  | <b><u>2005</u></b>                | <b><u>2004</u></b>  |
| <b><u>Education &amp; State Employees' Grievance Board -</u></b> |                                   |                     |
| <b><u>Personal Services - Fund 0220-001</u></b>                  |                                   |                     |
| Appropriations   | \$624,084.00                      | \$574,084.00        |
| Transfer from Office of the Cabinet                              |                                   |                     |
| Secretary Fund 0186-099  | 0.00                              | 17,076.00           |
| Transfer to the Education and State Employees'                   |                                   |                     |
| Grievance Board Fund 0220-010                                    | 0.00                              | (10,143.00)         |
| Transfer to the Education and State Employees'                   |                                   |                     |
| Grievance Board Fund 0220-099                                    | (23,514.00)                       | (21,067.00)         |
| Transfer to the Prosecuting Attorneys Institute                  |                                   |                     |
| Account 0557-749   | (68,000.00)                       | 0.00                |
| Transfer to Public Defender Services                             |                                   |                     |
| Fund 0226-001  | (600.00)                          | 0.00                |
| Transfer to Public Defender Services                             |                                   |                     |
| Fund 0226-010  | (110.00)                          | 0.00                |
| Transfer to the Education and State Employees'                   |                                   |                     |
| Grievance Board Fund 0220-913                                    | <u>(1,630.00)</u>                 | <u>0.00</u>         |
|  | 530,230.00                        | 559,950.00          |
| Expenditures:  |                                   |                     |
| Personal Services  | 525,332.86                        | 529,903.34          |
| Annual Increment   | <u>(723.78)</u>                   | <u>(340.03)</u>     |
|  | <u>524,609.08</u>                 | <u>529,563.31</u>   |
|  | 5,620.92                          | 30,386.69           |
| Transmittals Paid After June 30                                  | <u>0.00</u>                       | <u>1,132.92</u>     |
| Balance June 30  | <u>\$ 5,620.92</u>                | <u>\$ 31,519.61</u> |

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**  
**STATEMENT OF APPROPRIATIONS AND EXPENDITURES**  
**GENERAL REVENUE**

**UNAUDITED**

|  | <b><u>Year Ended June 30,</u></b> |                    |
|--|-----------------------------------|--------------------|
|  | <b><u>2005</u></b>                | <b><u>2004</u></b> |
| <b><u>Education &amp; State Employees' Grievance Board -</u></b> |                                   |                    |
| <b><u>Annual Increment -Fund 0220-004</u></b>                    |                                   |                    |
| Appropriations   | \$8,775.00                        | \$8,200.00         |
| Expenditures   |                                   |                    |
| Annual Increment   | <u>8,775.00</u>                   | <u>8,200.00</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>     |

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**

**STATEMENT OF APPROPRIATIONS AND EXPENDITURES**

**GENERAL REVENUE**

**UNAUDITED**

|  | <b><u>Year Ended June 30,</u></b> |                    |
|--|-----------------------------------|--------------------|
|  | <b><u>2005</u></b>                | <b><u>2004</u></b> |
| <b><u>Education &amp; State Employees' Grievance Board -</u></b> |                                   |                    |
| <b><u>Employee Benefits - Fund 0220-010</u></b>                  |                                   |                    |
| Appropriations   | \$166,359.00                      | \$166,359.00       |
| Transfer from the Education and State Employees'                 |                                   |                    |
| Grievance Board Fund 0220-001                                    | 0.00                              | 10,143.00          |
| Transfer to the Education and State Employees'                   |                                   |                    |
| Grievance Board Fund 0220-099                                    | 0.00                              | (6,567.00)         |
| Transfer to the Education and State Employees'                   |                                   |                    |
| Grievance Board Fund 0220-913                                    | <u>0.00</u>                       | <u>(659.00)</u>    |
|  | 166,359.00                        | 169,276.00         |
| Expenditures   |                                   |                    |
| Employee Benefits  | 154,563.81                        | 164,354.95         |
| Public Employee Insurance Reserve Transfer                       | <u>5,417.00</u>                   | <u>4,656.00</u>    |
|  | <u>159,980.81</u>                 | <u>169,010.95</u>  |
|  | 6,378.19                          | 265.05             |
| Transmittals Paid After June 30                                  | <u>1,011.83</u>                   | <u>3,042.91</u>    |
| Balance  | <u>\$ 7,390.02</u>                | <u>\$ 3,307.96</u> |

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**

**STATEMENT OF APPROPRIATIONS AND EXPENDITURES**

**GENERAL REVENUE**

**UNAUDITED**

|   | <b><u>Year Ended June 30,</u></b> |                     |
|---|-----------------------------------|---------------------|
|   | <b><u>2005</u></b>                | <b><u>2004</u></b>  |
| <b><u>Education &amp; State Employees Grievance Board -</u></b>                   |                                   |                     |
| <b><u>Unclassified - Fund 0220-099</u></b>  |                                   |                     |
| Appropriations  | \$137,334.00                      | \$137,334.00        |
| Transfer from the Education and State Employees<br>Grievance Board Fund 0220-001  | 23,514.00                         | 21,067.00           |
| Transfer from the Education and State Employees'<br>Grievance Board Fund 0220-010 | <u>0.00</u>                       | <u>6,567.00</u>     |
|   | 160,848.00                        | 164,968.00          |
| Expenditures:   |                                   |                     |
| Current Expenses  | 125,445.64                        | 134,977.56          |
| Repairs and Alterations   | 598.55                            | 341.05              |
| Assets  | <u>25,880.60</u>                  | <u>19,671.00</u>    |
|   | <u>151,924.79</u>                 | <u>154,989.61</u>   |
|   | 8,923.21                          | 9,978.39            |
| Transmittals Paid After June 30   | <u>36,432.91</u>                  | <u>28,743.36</u>    |
| Balance   | <u>\$ 45,356.12</u>               | <u>\$ 38,721.75</u> |

**WEST VIRGINIA DEPARTMENT OF ADMINISTRATION**  
**WEST VIRGINIA EDUCATION AND STATE EMPLOYEES' GRIEVANCE BOARD**  
**STATEMENT OF APPROPRIATIONS AND EXPENDITURES**

**GENERAL REVENUE**

**UNAUDITED**

|  | <b><u>Year Ended June 30,</u></b> |                        |
|--|-----------------------------------|------------------------|
|  | <b><u>2005</u></b>                | <b><u>2004</u></b>     |
| <b><u>Education &amp; State Employees' Grievance Board -</u></b> |                                   |                        |
| <b><u>BRIM Premium - Fund 0220-913</u></b>                       |                                   |                        |
| <b>Appropriations</b>  | <b>\$2,116.00</b>                 | <b>\$2,116.00</b>      |
| <b>Transfer from the Education and State Employees'</b>          |                                   |                        |
| <b>Grievance Board Fund 0220-001</b>                             | <b>1,630.00</b>                   | <b>0.00</b>            |
| <b>Transfer from the Education and State Employees'</b>          |                                   |                        |
| <b>Grievance Board Fund 0220-010</b>                             | <b><u>0.00</u></b>                | <b><u>659.00</u></b>   |
|  | <b><u>3,746.00</u></b>            | <b><u>2,775.00</u></b> |
| <b>Expenditures</b>  |                                   |                        |
| <b>Current Expenses</b>  | <b><u>3,746.00</u></b>            | <b><u>2,775.00</u></b> |
|  | <b><u>0.00</u></b>                | <b><u>0.00</u></b>     |
| <b>Transmittals Paid After June 30</b>                           | <b><u>0.00</u></b>                | <b><u>0.00</u></b>     |
| <b>Balance</b>   | <b><u>\$ 0.00</u></b>             | <b><u>\$ 0.00</u></b>  |

**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 12<sup>TH</sup> day of September 2006.



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**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 Education and State Employees' Grievance Board; Governor; Attorney General; State Auditor; and, Director of Finance Division, Department of Administration.