

# **WEST VIRGINIA SINGLE AUDIT**

**FOR THE YEAR ENDED  
JUNE 30, 2012**



# ***STATE OF WEST VIRGINIA***

## ***SINGLE AUDIT***

### **TABLE OF CONTENTS**

	<b>Page</b>
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....	1
Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	3
Schedule of Expenditures of Federal Awards .....	7
Notes to Schedule of Expenditures of Federal Awards .....	16
Findings, Questioned Costs, and Management Responses .....	35
Corrective Action Plan .....	137
Summary Schedule of Prior Audit Findings .....	170



---

---

***AUDITORS'***  
***REPORTS***

---

---

**Report on Internal Control over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

The Honorable Earl Ray Tomblin, Governor  
of the State of West Virginia

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the State of West Virginia as of and for the year ended June 30, 2012, which collectively comprise the State of West Virginia's basic financial statements and have issued our report thereon dated January 31, 2013. Our report was modified to include a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Other auditors audited the financial statements of certain entities within the governmental activities, the business-type activities, the aggregate discretely presented component units, certain major funds, and the aggregate remaining fund information as described in our report on the State of West Virginia's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of the West Virginia Investment Management Board, the West Virginia Offices of the Insurance Commissioner, and the following discretely presented component units of the Higher Education Fund Component Unit: Bluefield State College Foundation, Inc., Bluefield State College Research and Development Corporation, Concord University Foundation, Inc., Fairmont State Foundation, Inc., The Glenville State College Foundation, Inc., The Marshall University Foundation, Inc., New River Community and Technical College Foundation, Inc., Provident Group-Marshall Properties, LLC, The Shepherd University Foundation, Inc., Southern West Virginia Community College Foundation, Inc., West Liberty University Foundation, Inc., West Virginia Northern Community College Foundation, Inc., West Virginia School of Osteopathic Medicine Foundation, Inc., West Virginia State University Foundation, Inc., and WVU at Parkersburg Foundation, Inc. audited by other auditors were not performed in accordance with *Government Auditing Standards*.

**Internal control over financial reporting**

Management of the State of West Virginia is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State of West Virginia's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State of West Virginia's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State of West Virginia's internal control over financial reporting.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs designated as items 2012-2, 2012-3, and 2012-51 to be material weaknesses.

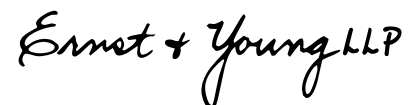
A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs designated as items 2012-1 and 2012-4 to be significant deficiencies.

### **Compliance and other matters**

As part of obtaining reasonable assurance about whether the State of West Virginia's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The State of West Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of West Virginia's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the State of West Virginia, the State's cognizant agency, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Ernst & Young LLP'.

January 31, 2013

## **Report of Independent Auditors on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133**

The Honorable Earl Ray Tomblin,  
Governor of the State of West Virginia

### ***Compliance***

We have audited the State of West Virginia's compliance with the types of compliance requirements described in the US Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of West Virginia's major federal programs for the year ended June 30, 2012. The State of West Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. We did not audit the State of West Virginia's compliance with the compliance requirements referred to above that are applicable to the Capitalization Grant for Clean Water Revolving Fund and portions of the Capitalization Grant for Drinking Water State Revolving Fund and the State Fiscal Stabilization Fund Cluster, that comprise expenditures of approximately \$17.9 million and \$3.7 million, respectively. These major programs and portions of major programs, respectively, were audited by other auditors whose reports thereon have been furnished to us. Our opinion on compliance, insofar as it relates to the major programs and portions of major programs referred to above is based solely upon the reports of other auditors. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the State of West Virginia's management. Our responsibility is to express an opinion on the State of West Virginia's compliance based on our audit.

The State of West Virginia's basic financial statements include the operations of the Housing Development Fund, the West Virginia University Research Corporation, the West Virginia State Research Corporation, and Marshall University Research Corporation which expended \$187,128,117 in federal awards which are not included in the schedule during the year ended June 30, 2012. Our audit, described below, did not include the operations of these discretely presented component units, because these entities engaged other auditors to perform an audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of West Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of West Virginia's compliance with those requirements.

As described in item 2012-7, 2012-9, 2012-12 to 2012-16, 2012-57, and 2012-59 in the accompanying schedule of findings and questioned costs, the State of West Virginia did not comply with requirements regarding allowable costs/cost principles applicable to the Broadband Technology Opportunities Program and Low-Income Home Energy Assistance programs; cash management applicable to the Broadband Technology Opportunities Program; eligibility applicable to the Low-Income Home Energy Assistance and Adoption Assistance programs, reporting applicable to the Broadband Technology Opportunities Program; and subrecipient monitoring applicable to the Broadband Technology Opportunities Program, Weatherization Assistance for Low-Income Persons Program, State Fiscal Stabilization Fund Cluster, and Abandoned Mine Land Reclamation Program. Compliance with such requirements is necessary, in our opinion, for the State of West Virginia to comply with requirements applicable to that program.

In our opinion, because of the effects of the noncompliance described in the preceding paragraph, the State of West Virginia did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on the Broadband Technology Opportunities Program. Also, in our opinion, the State of West Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2012.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-6, 2012-8, 2012-10, 2012-17 to 2012-20, 2012-22 to 2012-35, 2012-38 to 2012-50, 2012-52, 2012-54, 2012-55, and 2012-60 to 2012-63.

### ***Internal control over compliance***

The management of the State of West Virginia is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the State of West Virginia's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of West Virginia's internal control over compliance. Our consideration of internal control did not include the aforementioned major federal programs, which were audited by other auditors, whose reports have been provided to us. Our report on internal control over compliance, insofar as it relates to the aforementioned major federal programs, is based solely on the reports of the other auditors.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.



A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-5 to 2012-9, 2012-11 to 2012-17, 2012-21, 2012-51, 2012-56 to 2012-59, 2012-61, and 2012-63 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-10, 2012-18 to 2012-20, 2012-22 to 2012-50, 2012-52 to 2012-55, 2012-60, and 2012-62 to be significant deficiencies.

The State of West Virginia's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of West Virginia's responses and, accordingly, we express no opinion on the responses.

#### ***Schedule of Expenditures of Federal Awards***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of West Virginia as of and for the year ended June 30, 2012, and have issued our report thereon dated January 31, 2013 which contained an unqualified opinion on those financial statements and was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the State of West Virginia's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

This report is intended solely for the information and use of management of the State of West Virginia, the State's cognizant agency, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ernst & Young LLP*

March 30, 2013

---

***SCHEDULE OF  
EXPENDITURES  
OF FEDERAL  
AWARDS***

---

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

FEDERAL CFDA/GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
<b><u>OFFICE OF DRUG CONTROL POLICY</u></b>				
G11AP0001A	APPALACHIAN HIDTA (NOTE 4)	\$305,190	\$0	\$305,190
G12AP0001A	APPALACHIAN HIDTA (NOTE 4)	\$80,426	\$0	\$80,426
<b><u>TOTAL OFFICE OF DRUG CONTROL POLICY</u></b>		<b><u>\$385,616</u></b>	<b><u>\$0</u></b>	<b><u>\$385,616</u></b>
<b><u>DEPARTMENT OF AGRICULTURE</u></b>				
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	\$631,977	\$0	\$631,977
10.103	2009 AQUACULTURE GRANT PROGRAM	\$11,829	\$0	\$11,829
10.163	MARKET PROTECTION AND PROMOTION	\$5,629	\$0	\$5,629
10.169	SPECIALTY CROP BLOCK GRANT PROGRAM	\$235	\$0	\$235
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	\$210,441	\$0	\$210,441
10.206	GRANTS FOR AGRICULTURAL RESEARCH-COMPETITIVE RESEARCH GRANTS	\$12,636	\$0	\$12,636
10.207	ANIMAL HEALTH AND DISEASE RESEARCH	\$6,269	\$0	\$6,269
10.290	AGRICULTURAL MARKET AND ECONOMIC RESEARCH	\$5,816	\$0	\$5,816
10.458	CROP INSURANCE EDUCATION IN TARGETED STATES	\$215,968	\$0	\$215,968
10.475	COOPERATIVE AGREEMENTS WITH STATES FOR INTRASTATE MEAT AND POULTRY INSPECTION	\$646,923	\$0	\$646,923
10.479	FOOD SAFETY COOPERATIVE AGREEMENTS	\$96,202	\$0	\$96,202
10.500	COOPERATIVE EXTENSION SERVICE	\$5,312,153	\$72,466	\$5,384,619
10.557	SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	\$29,395,699	\$9,136,286	\$38,531,985
10.558	CHILD AND ADULT CARE FOOD PROGRAM	\$362,517	\$15,605,041	\$15,967,558
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	\$8,397,752	\$1	\$8,397,753
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	\$65,884	\$0	\$65,884
10.574	TEAM NUTRITION GRANTS	\$0	\$22,314	\$22,314
10.576	SENIOR FARMERS MARKET NUTRITION PROGRAM	\$423,565	\$0	\$423,565
10.578	WIC GRANTS TO STATES (WGS)	\$34,637	\$0	\$34,637
10.579	CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	\$0	\$81,481	\$81,481
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	\$110,671	\$1,941,413	\$2,052,084
10.664	COOPERATIVE FORESTRY ASSISTANCE	\$705,701	\$113,497	\$819,198
10.676	FOREST LEGACY PROGRAM	\$34,663	\$0	\$34,663
10.678	FOREST STEWARDSHIP PROGRAM	\$615,268	\$0	\$615,268
10.680	FOREST HEALTH PROTECTION	\$296,530	\$0	\$296,530
10.902	SOIL AND WATER CONSERVATION	\$249,763	\$0	\$249,763
10.903	SOIL SURVEY	\$236,271	\$0	\$236,271
10.905	PLANT MATERIALS FOR CONSERVATION	\$462	\$0	\$462
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	\$126,506	\$0	\$126,506
10.913	FARM AND RANCH LANDS PROTECTION PROGRAM	\$58,668	\$0	\$58,668
10.914	WILDLIFE HABITAT INCENTIVE PROGRAM	\$159,375	\$0	\$159,375
10.917	AGRICULTURAL MANAGEMENT ASSISTANCE	\$30,599	\$0	\$30,599
NOTE 6A	SNAP CLUSTER	\$506,748,404	\$2,891,731	\$509,640,135
NOTE 6B	CHILD NUTRITION CLUSTER	\$764,989	\$84,375,128	\$85,140,117
NOTE 6C	EMERGENCY FOOD ASSISTANCE CLUSTER	\$1,710,834	\$0	\$1,710,834
NOTE 6D	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$2,016,901	\$0	\$2,016,901
07-JV-11242300-099 UNDER 02	SOIL CARBON MODELING	\$10,250	\$0	\$10,250
10-8100-1507-CA	TAXONOMY OF SPATHIUS AGRILI YANG (BRACONIDAE) ND NATIVE SPATHIUS SPECIES: DEVELOPMENT OF IDENTIFICATION TOOLS	(\$2,309)	\$0	(\$2,309)
10-CR-11060500-052	ALTERNATIVE TRANSPORTATION STUDY: MOUNT BAKER-SNOQUALMIE NF	\$12,774	\$0	\$12,774
AGR # 68-7482-8-436Y	FRAGIPAN INFLUENCE IN WV	\$14,036	\$0	\$14,036
NFS 10-CR-11060120-038	DESCHUTES NF SOCIAL CARRYING CAPACITY	\$12,585	\$0	\$12,585
NFS 2010-CR-11062759- 030	REGION 6 ROUND 3 NVUM	\$335,419	\$65,241	\$400,660
NRS GREENHOUSE	AG SCIENCE GREENHOUSE	\$1,197,000	\$0	\$1,197,000
NSF 06-CR-10062759-439	RECREATION USE MONITORING	(\$567)	\$0	(\$567)
<b><u>TOTAL DEPARTMENT OF AGRICULTURE</u></b>		<b><u>\$561,280,925</u></b>	<b><u>\$114,304,599</u></b>	<b><u>\$675,585,524</u></b>
<b><u>DEPARTMENT OF COMMERCE</u></b>				
11.111	FOREIGN-TRADE ZONES IN THE UNITED STATES	\$54,612	\$0	\$54,612
11.463	HABITAT CONSERVATION	\$985,951	\$0	\$985,951
11.555	PUBLIC SAFETY INTEROPERABLE COMMUNICATIONS GRANT PROGRAM	\$1,685,890	\$2,318,744	\$4,004,634
11.557	ARRA - BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)	\$22,788,677	\$2,856,109	\$25,644,786
11.558	ARRA - STATE BROADBAND DATA AND DEVELOPMENT GRANT PROGRAM	\$501,042	\$0	\$501,042
<b><u>TOTAL DEPARTMENT OF COMMERCE</u></b>		<b><u>\$26,016,172</u></b>	<b><u>\$5,174,853</u></b>	<b><u>\$31,191,025</u></b>
<b><u>DEPARTMENT OF DEFENSE</u></b>				
12.113	STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE REIMBURSEMENT OF TECHNICAL SERVICES	\$101,825	\$0	\$101,825
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH	\$182,091	\$0	\$182,091
12.400	MILITARY CONSTRUCTION, NATIONAL GUARD	\$65,641,229	\$0	\$65,641,229
12.400	ARRA - MILITARY CONSTRUCTION, NATIONAL GUARD	\$12,077	\$0	\$12,077
		<b><u>\$65,653,306</u></b>	<b><u>\$0</u></b>	<b><u>\$65,653,306</u></b>
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS	\$19,086,595	\$0	\$19,086,595
12.404	NATIONAL GUARD CHALLENGE PROGRAM	\$3,456,297	\$0	\$3,456,297
12.900	LANGUAGE GRANT PROGRAM	\$232	\$0	\$232

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

FEDERAL CFDA/GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
12.901	MATHEMATICAL SCIENCES GRANTS PROGRAM	\$42,336	\$42,796	\$85,132
12.402	NATIONAL GUARD SPECIAL MILITARY OPERATIONS & PROJECTS	\$2,036,485	\$0	\$2,036,485
84.815	TROOPS TO TEACHERS	\$65,248	\$0	\$65,248
DABT 60-96-C-0014	ROTC	\$13,500	\$0	\$13,500
<b>TOTAL DEPARTMENT OF DEFENSE</b>		<b>\$90,637,915</b>	<b>\$42,796</b>	<b>\$90,680,711</b>
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
14.110	MANUFACTURED HOME LOAN INSURANCE-FINANCING PURCHASE OF MANUFACTURED HOMES AS PRINCIPAL RESIDENCES OF BORROWERS	\$52,011	\$0	\$52,011
14.231	EMERGENCY SOLUTIONS GRANT PROGRAM	\$16,289	\$901,779	\$918,068
14.235	SUPPORTIVE HOUSING PROGRAM	(\$5,378)	\$0	(\$5,378)
14.241	HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	\$29,771	\$373,039	\$402,810
14.246	COMMUNITY DEVELOPMENT BLOCK GRANTS/BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE	\$194,031	\$0	\$194,031
14.251	ECONOMIC DEVELOPMENT INITIATIVE-SPECIAL PROJECT, NEIGHBORHOOD INITIATIVE AND MISCELLANEOUS GRANTS	\$228,344	\$0	\$228,344
14.257	ARRA - HOMELESSNESS PREVENTION AND RAPID RE-HOUSING PROGRAM (RECOVERY ACT FUNDED)	\$93,759	\$1,981,314	\$2,075,073
14.400	EQUAL OPPORTUNITY IN HOUSING	\$59,003	\$0	\$59,003
NOTE 6E	CDBG - STATE ADMINISTERED CDBG CLUSTER	\$848,096	\$18,056,924	\$18,905,020
<b>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		<b>\$1,515,926</b>	<b>\$21,313,056</b>	<b>\$22,828,982</b>
<b>DEPARTMENT OF THE INTERIOR</b>				
15.250	REGULATION OF SURFACE COAL MINING AND SURFACE EFFECTS OF UNDERGROUND COAL MINING	\$12,507,565	\$0	\$12,507,565
15.252	ABANDONED MINE LAND RECLAMATION (AMLR) PROGRAM	\$46,819,425	\$12,683,086	\$59,502,511
15.255	SCIENCE AND TECHNOLOGY PROJECTS RELATED TO COAL MINING AND RECLAMATION	\$139,714	\$0	\$139,714
15.433	FLOOD CONTROL ACT LANDS	\$206,754	\$0	\$206,754
15.608	FISH AND WILDLIFE MANAGEMENT ASSISTANCE	\$73,291	\$0	\$73,291
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	\$68,972	\$0	\$68,972
15.622	SPORTFISHING AND BOATING SAFETY ACT	\$23,345	\$60,828	\$84,173
15.633	LANDOWNER INCENTIVE PROGRAM	\$32,432	\$0	\$32,432
15.634	STATE WILDLIFE GRANTS	\$408,695	\$0	\$408,695
15.657	ENDANGERED SPECIES CONSERVATION - RECOVERY IMPLEMENTATION FUNDS	\$101,949	\$0	\$101,949
15.808	U.S. GEOLOGICAL SURVEY-RESEARCH AND DATA COLLECTION	\$27,545	\$0	\$27,545
15.810	NATIONAL COOPERATIVE GEOLOGIC MAPPING PROGRAM	\$24,220	\$0	\$24,220
15.904	HISTORIC PRESERVATION FUND GRANTS-IN-AID	\$594,838	\$80,446	\$675,284
15.916	OUTDOOR RECREATION-ACQUISITION, DEVELOPMENT AND PLANNING	\$1,967	\$293,656	\$295,623
NOTE 6F	FISH AND WILDLIFE CLUSTER	\$4,518,096	\$0	\$4,518,096
4000-8-9004	NATIONAL PARK SERVICE GRANT	\$0	\$12,202	\$12,202
4560-05-0013	NATIONAL PARK SERVICE GRANT	\$116,656	\$0	\$116,656
H600008200 Order # J3100110007	CAVE ASSESSMENTS IN THE CHESAPEAKE AND OHIO CANAL NATIONAL HISTORIC PARK (CESU)	\$14,282	\$0	\$14,282
J5471100018/H6000082000	THE EVALUATION OF SELECT GRSM CHESTNUT SITES FOR THE INCIDENCE OF BIOLOGICAL CONTROL AGENTS OF CRYPTONECTRIA PARASITICA	\$1,726	\$0	\$1,726
<b>TOTAL DEPARTMENT OF THE INTERIOR</b>		<b>\$65,681,472</b>	<b>\$13,130,218</b>	<b>\$78,811,690</b>
<b>DEPARTMENT OF JUSTICE</b>				
16.017	SEXUAL ASSAULT SERVICES FORMULA PROGRAM	\$0	\$211,823	\$211,823
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	\$21,165	\$409,612	\$430,777
16.529	EDUCATION, TRAINING, AND ENHANCED SERVICES TO END VIOLENCE AGAINST AND ABUSE OF WOMEN WITH DISABILITIES	\$13,362	\$0	\$13,362
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION-ALLOCATION TO STATES	\$85,775	\$264,385	\$350,160
16.543	MISSING CHILDREN'S ASSISTANCE	\$308,229	\$0	\$308,229
16.548	TITLE V-DELINQUENCY PREVENTION PROGRAM	\$3,206	\$35,801	\$39,007
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS CENTERS	\$61,506	\$0	\$61,506
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	\$230,586	\$0	\$230,586
16.575	CRIME VICTIM ASSISTANCE	\$111,196	\$2,414,339	\$2,525,535
16.576	CRIME VICTIM COMPENSATION	\$1,977,000	\$0	\$1,977,000
16.579	EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	\$256,981	\$2,463,895	\$2,720,876
16.580	EDWARD BYRNE MEMORIAL STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE DISCRETIONARY GRANTS PROGRAM	\$577,867	\$0	\$577,867
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	\$76,982	\$1,090,768	\$1,167,750
16.588	ARRA - VIOLENCE AGAINST WOMEN FORMULA GRANT	\$7,091	\$307,102	\$314,193
		<b>\$84,073</b>	<b>\$1,397,870</b>	<b>\$1,481,943</b>
16.589	RURAL DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ASSISTANCE PROGRAM	\$5,736	\$158,567	\$164,303
16.590	GRANTS TO ENCOURAGE ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS PROGRAM	\$9,684	\$519,417	\$529,101
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	\$3,420	\$141,364	\$144,784
16.609	PROJECT SAFE NEIGHBORHOODS	\$4,496	\$49,483	\$53,979
16.710	PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	\$21,599	\$0	\$21,599
16.727	ENFORCING UNDERAGE DRINKING LAWS PROGRAM	\$17,062	\$342,531	\$359,593
16.734	SPECIAL DATA COLLECTIONS AND STATISTICAL STUDIES	(\$7,371)	\$0	(\$7,371)

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

FEDERAL CFDA/GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
16.741	DNA BACKLOG REDUCTION PROGRAM	\$205,965	\$0	\$205,965
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM	\$155,317	\$0	\$155,317
16.744	ANTI-GANG INITIATIVE	\$0	\$11,856	\$11,856
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH COLLABORATION PROGRAM	\$64,800	\$0	\$64,800
16.800	ARRA - RECOVERY ACT - INTERNET CRIMES AGAINST CHILDREN TASK FORCE PROGRAM (ICAC)	\$243,352	\$0	\$243,352
16.801	ARRA - RECOVERY ACT - STATE VICTIM ASSISTANCE FORMULA GRANT PROGRAM	\$1,802	\$143,481	\$145,283
16.810	ARRA - RECOVERY ACT- ASSISTANCE TO RURAL LAW ENFORCEMENT TO COMBAT CRIME AND DRUGS COMPETITIVE GRANT PROGRAM	\$75,010	\$0	\$75,010
16.816	JOHN R. JUSTICE PROSECUTORS AND DEFENDERS INCENTIVE ACT	\$10,393	\$88,590	\$98,983
NOTE 6G	JAG PROGRAM CLUSTER	\$381,039	\$313,839	\$694,878
2001100	MISCELLANEOUS JUSTICE PROGRAMS	\$527,805	\$0	\$527,805
PL-106-170	SOCIAL SECURITY INMATE INCENTIVE	\$6,082	\$0	\$6,082
WV-1	PURDUE PHARMA SETTLEMENT	\$9,918,583	\$1,117,925	\$11,036,508
WV-2	EQUITABLE SHARING PROGRAM-JUSTICE	\$266,869	\$0	\$266,869
<b>TOTAL DEPARTMENT OF JUSTICE</b>		<b>\$15,642,589</b>	<b>\$10,084,778</b>	<b>\$25,727,367</b>
<b>DEPARTMENT OF LABOR</b>				
17.002	LABOR FORCE STATISTICS	\$677,257	\$0	\$677,257
17.005	COMPENSATION AND WORKING CONDITIONS	\$120,075	\$0	\$120,075
17.203	LABOR CERTIFICATION FOR ALIEN WORKERS	\$52	\$0	\$52
17.225	UNEMPLOYMENT INSURANCE (NOTE 5)	\$608,787,271	\$0	\$608,787,271
17.225	ARRA - UNEMPLOYMENT INSURANCE (NOTE 5)	\$1,274,117	\$0	\$1,274,117
		<b>\$610,061,388</b>	<b>\$0</b>	<b>\$610,061,388</b>
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	\$65,370	\$1,005,756	\$1,071,126
17.245	TRADE ADJUSTMENT ASSISTANCE	\$4,908,868	\$0	\$4,908,868
17.246	EMPLOYMENT AND TRAINING ASSISTANCE-DISLOCATED WORKERS	(\$147)	\$0	(\$147)
17.260	WIA - DISLOCATED WORKERS	\$446,758	\$450,403	\$897,161
17.260	ARRA - WIA DISLOCATED WORKERS	\$51,217	\$113,291	\$164,508
		<b>\$497,975</b>	<b>\$563,694</b>	<b>\$1,061,669</b>
17.266	WORK INCENTIVES GRANT	\$40	\$0	\$40
17.269	COMMUNITY BASED JOB TRAINING GRANTS	\$137,843	\$0	\$137,843
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	\$308,373	\$0	\$308,373
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	\$70,004	\$0	\$70,004
17.275	ARRA - PROGRAM OF COMPETITIVE GRANTS FOR WORKER TRAINING AND PLACEMENT IN HIGH GROWTH AND EMERGING INDUSTRY SECTORS	\$1,430,658	\$631,522	\$2,062,180
17.277	WORKFORCE INVESTMENT ACT (WIA) NATIONAL EMERGENCY GRANTS	\$1,252	\$0	\$1,252
17.282	TRADE ADJUSTMENT ASSISTANCE COMMUNITY COLLEGE AND CAREER TRAINING (TAACCCT) GRANTS	\$487,539	\$0	\$487,539
17.504	CONSULTATION AGREEMENTS	\$463,770	\$0	\$463,770
17.600	MINE HEALTH AND SAFETY GRANTS	\$227,360	\$0	\$227,360
NOTE 6H	EMPLOYMENT SERVICE CLUSTER	\$7,520,343	\$0	\$7,520,343
NOTE 6I	WIA CLUSTER	\$577,438	\$6,945,809	\$7,523,247
17.276	ARRA - HEALTH CARE TAX CREDIT (HCTC) NATIONAL EMERGENCY GRANTS (NEGS)	\$39,910	\$0	\$39,910
17.999	MISCELLANEOUS LABOR PROGRAMS	\$430,678	\$2,466,715	\$2,897,393
<b>TOTAL DEPARTMENT OF LABOR</b>		<b>\$628,026,046</b>	<b>\$11,613,496</b>	<b>\$639,639,542</b>
<b>DEPARTMENT OF TRANSPORTATION</b>				
20.215	HIGHWAY TRAINING AND EDUCATION	\$10,958	\$0	\$10,958
20.218	NATIONAL MOTOR CARRIER SAFETY	\$1,969,584	\$0	\$1,969,584
20.232	COMMERCIAL DRIVER'S LICENSE PROGRAM IMPROVEMENT GRANT	\$233,168	\$0	\$233,168
20.505	METROPOLITAN TRANSPORTATION PLANNING	\$165,557	\$2,781	\$168,338
20.509	FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	\$758,030	\$4,491,056	\$5,249,086
20.509	ARRA - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	\$188,352	\$108,918	\$297,270
		<b>\$946,382</b>	<b>\$4,599,974</b>	<b>\$5,546,356</b>
20.607	ALCOHOL OPEN CONTAINER REQUIREMENTS	\$3,610,193	\$0	\$3,610,193
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS FOR DRIVING WHILE INTOXICATED	\$574,294	\$1,132,688	\$1,706,982
20.614	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (NHTSA) DISCRETIONARY SAFETY GRANTS	\$59,939	\$0	\$59,939
20.700	PIPELINE SAFETY PROGRAM STATE BASE GRANT	\$342,921	\$0	\$342,921
NOTE 6K	FEDERAL TRANSIT CLUSTER	\$5,296,975	\$488,848	\$5,785,823
NOTE 6L	TRANSIT SERVICES PROGRAMS CLUSTER	\$408,589	\$540,579	\$949,168
NOTE 6M	HIGHWAY SAFETY CLUSTER	\$1,960,060	\$2,312,258	\$4,272,318
WV-26-7009-00	EVALUATION AND DEMONSTRATION OF PLUG-IN HYBRID AIR-PORT SHUTTLE BUSES	\$1	\$0	\$1
<b>TOTAL DEPARTMENT OF TRANSPORTATION</b>		<b>\$15,578,621</b>	<b>\$9,077,128</b>	<b>\$24,655,749</b>

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

FEDERAL CFDA/GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
<b><u>DEPARTMENT OF THE TREASURY</u></b>				
WV-3	EQUITABLE SHARING PROGRAM-TREASURY	\$1	\$0	\$1
<b><u>TOTAL DEPARTMENT OF THE TREASURY</u></b>		<b><u>\$1</u></b>	<b><u>\$0</u></b>	<b><u>\$1</u></b>
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>				
23.001	APPALACHIAN REGIONAL DEVELOPMENT (SEE INDIVIDUAL APPALACHIAN PROGRAMS)	(\$4,100)	\$0	(\$4,100)
23.002	APPALACHIAN AREA DEVELOPMENT	\$84,044	\$3,755,640	\$3,839,684
23.011	APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND DEMONSTRATION PROJECTS	\$168,627	\$1,486,934	\$1,655,561
<b><u>TOTAL APPALACHIAN REGIONAL COMMISSION</u></b>		<b><u>\$248,571</u></b>	<b><u>\$5,242,574</u></b>	<b><u>\$5,491,145</u></b>
<b><u>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u></b>				
30.001	EMPLOYMENT DISCRIMINATION-TITLE VII OF THE CIVIL RIGHTS ACT OF 1964	\$177,009	\$0	\$177,009
<b><u>TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u></b>		<b><u>\$177,009</u></b>	<b><u>\$0</u></b>	<b><u>\$177,009</u></b>
<b><u>GENERAL SERVICES ADMINISTRATION</u></b>				
39.003	DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY	\$75,178	\$0	\$75,178
<b><u>TOTAL GENERAL SERVICES ADMINISTRATION</u></b>		<b><u>\$75,178</u></b>	<b><u>\$0</u></b>	<b><u>\$75,178</u></b>
<b><u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u></b>				
43.001	SCIENCE	\$640,723	\$0	\$640,723
<b><u>TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u></b>		<b><u>\$640,723</u></b>	<b><u>\$0</u></b>	<b><u>\$640,723</u></b>
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>				
45.025	PROMOTION OF THE ARTS-PARTNERSHIP AGREEMENTS	\$330,721	\$390,828	\$721,549
45.310	GRANTS TO STATES	\$1,167,168	\$352,442	\$1,519,610
45.312	NATIONAL LEADERSHIP GRANTS	\$3,600	\$0	\$3,600
<b><u>TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>		<b><u>\$1,501,489</u></b>	<b><u>\$743,270</u></b>	<b><u>\$2,244,759</u></b>
<b><u>NATIONAL SCIENCE FOUNDATION</u></b>				
47.070	COMPUTER AND INFORMATION SCIENCE AND ENGINEERING	\$46,268	\$0	\$46,268
47.075	SOCIAL, BEHAVIORAL, AND ECONOMIC SCIENCES	\$1,785	\$0	\$1,785
47.076	EDUCATION AND HUMAN RESOURCES	\$182,074	\$8,716	\$190,790
47.081	OFFICE OF EXPERIMENTAL PROGRAM TO STIMULATE COMPETITIVE RESEARCH	\$3,583,174	\$0	\$3,583,174
47.082	ARRA - TRANS-NSF RECOVERY ACT RESEARCH SUPPORT	\$1,688,270	\$0	\$1,688,270
<b><u>TOTAL NATIONAL SCIENCE FOUNDATION</u></b>		<b><u>\$5,501,571</u></b>	<b><u>\$8,716</u></b>	<b><u>\$5,510,287</u></b>
<b><u>SMALL BUSINESS ADMINISTRATION</u></b>				
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	\$786,090	\$0	\$786,090
<b><u>TOTAL SMALL BUSINESS ADMINISTRATION</u></b>		<b><u>\$786,090</u></b>	<b><u>\$0</u></b>	<b><u>\$786,090</u></b>
<b><u>DEPARTMENT OF VETERANS AFFAIRS</u></b>				
64.005	GRANTS TO STATES FOR CONSTRUCTION OF STATE HOME FACILITIES	\$20,235	\$0	\$20,235
64.015	VETERANS STATE NURSING HOME CARE	\$3,837,393	\$0	\$3,837,393
64.124	ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE	\$135,527	\$0	\$135,527
64.203	STATE CEMETERY GRANTS	\$7,242,352	\$0	\$7,242,352
<b><u>TOTAL DEPARTMENT OF VETERANS AFFAIRS</u></b>		<b><u>\$11,235,507</u></b>	<b><u>\$0</u></b>	<b><u>\$11,235,507</u></b>
<b><u>ENVIRONMENTAL PROTECTION AGENCY</u></b>				
66.001	AIR POLLUTION CONTROL PROGRAM SUPPORT	\$1,479,639	\$0	\$1,479,639
66.032	STATE INDOOR RADON GRANTS	\$86,181	\$29,587	\$115,768
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT	\$146,629	\$0	\$146,629
66.040	STATE CLEAN DIESEL GRANT PROGRAM	\$0	\$189,436	\$189,436
66.202	CONGRESSIONALLY MANDATED PROJECTS	\$153,140	\$0	\$153,140
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL PROGRAM SUPPORT	\$2,103,567	\$52,890	\$2,156,457
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	\$914,667	\$0	\$914,667
66.433	STATE UNDERGROUND WATER SOURCE PROTECTION	\$184,540	\$0	\$184,540
66.454	WATER QUALITY MANAGEMENT PLANNING	\$209,291	\$60,615	\$269,906
66.454	ARRA - WATER QUALITY MANAGEMENT PLANNING	\$96,795	\$75,034	\$171,829
		<u>\$306,086</u>	<u>\$135,649</u>	<u>\$441,735</u>
66.458	CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	\$0	\$46,104,740	\$46,104,740
66.458	ARRA - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	\$0	\$2,077,398	\$2,077,398
		<u>\$0</u>	<u>\$48,182,138</u>	<u>\$48,182,138</u>
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	\$2,218,497	\$0	\$2,218,497
66.461	REGIONAL WETLAND PROGRAM DEVELOPMENT GRANTS	\$187,946	\$126,861	\$314,807
66.466	CHESAPEAKE BAY PROGRAM	\$1,133,369	\$0	\$1,133,369
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUNDS	\$2,861,964	\$18,419,904	\$21,281,868
66.468	ARRA - CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUNDS	\$0	\$686,549	\$686,549
		<u>\$2,861,964</u>	<u>\$19,106,453</u>	<u>\$21,968,417</u>

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

FEDERAL CFDA/GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
66.471	STATE GRANTS TO REIMBURSE OPERATORS OF SMALL WATER SYSTEMS FOR TRAINING AND CERTIFICATION COSTS	\$526,912	\$0	\$526,912
66.474	WATER PROTECTION GRANTS TO THE STATES	\$20,986	\$4,761	\$25,747
66.605	PERFORMANCE PARTNERSHIP GRANTS	\$396,246	\$0	\$396,246
66.606	SURVEYS, STUDIES, INVESTIGATIONS AND SPECIAL PURPOSE GRANTS	\$566,716	\$0	\$566,716
66.608	ENVIRONMENTAL INFORMATION EXCHANGE NETWORK GRANT PROGRAM AND RELATED ASSISTANCE	\$209,558	\$0	\$209,558
66.701	TOXIC SUBSTANCES COMPLIANCE MONITORING COOPERATIVE AGREEMENTS	\$132,691	\$0	\$132,691
66.707	TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION OF LEAD-BASED PAINT PROFESSIONALS	\$160,615	\$0	\$160,615
66.708	POLLUTION PREVENTION GRANTS PROGRAM	\$0	\$61,000	\$61,000
66.801	HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT	\$2,449,697	\$0	\$2,449,697
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE SITE-SPECIFIC COOPERATIVE AGREEMENTS	\$278,488	\$0	\$278,488
66.804	UNDERGROUND STORAGE TANK PREVENTION, DETECTION AND COMPLIANCE PROGRAM	\$598,322	\$6,700	\$605,022
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION PROGRAM	\$687,221	\$0	\$687,221
66.805	ARRA - LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION PROGRAM	\$260,934	\$0	\$260,934
		<u>\$948,155</u>	<u>\$0</u>	<u>\$948,155</u>
66.809	SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM COOPERATIVE AGREEMENTS	\$338,767	\$0	\$338,767
66.814	BROWNFIELDS TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE GRANTS AND COOPERATIVE AGREEMENTS	\$52,952	\$27,980	\$80,932
66.818	BROWNFIELD ASSESSMENT AND CLEANUP COOPERATIVE AGREEMENTS	\$55,513	\$0	\$55,513
WV-4	MISC. FEDERAL AWARD PROGRAMS	(\$771,017)	\$0	(\$771,017)
<b><u>TOTAL ENVIRONMENTAL PROTECTION AGENCY</u></b>		<b><u>\$17,740,826</u></b>	<b><u>\$67,923,455</u></b>	<b><u>\$85,664,281</u></b>
<b><u>DEPARTMENT OF ENERGY</u></b>				
81.041	STATE ENERGY PROGRAM	\$221,335	\$45,171	\$266,506
81.041	ARRA - STATE ENERGY PROGRAM	\$15,634,184	\$463,517	\$16,097,701
		<u>\$15,855,519</u>	<u>\$508,688</u>	<u>\$16,364,207</u>
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	\$276,197	\$177,351	\$453,548
81.042	ARRA - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	\$422,735	\$11,000,834	\$11,423,569
		<u>\$698,932</u>	<u>\$11,178,185</u>	<u>\$11,877,117</u>
81.117	ENERGY EFFICIENCY AND RENEWABLE ENERGY INFORMATION DISSEMINATION, OUTREACH, TRAINING AND TECHNICAL ANALYSIS/ASSISTANCE	\$114,470	\$0	\$114,470
81.119	STATE ENERGY PROGRAM SPECIAL PROJECTS	\$91,173	\$26,732	\$117,905
81.119	ARRA - STATE ENERGY PROGRAM SPECIAL PROJECTS	\$130,876	\$73,095	\$203,971
		<u>\$222,049</u>	<u>\$99,827</u>	<u>\$321,876</u>
81.122	ARRA - ELECTRICITY DELIVERY AND ENERGY RELIABILITY, RESEARCH, DEVELOPMENT AND ANALYSIS	\$387,314	\$0	\$387,314
81.127	ENERGY EFFICIENT APPLIANCE REBATE PROGRAM (EEARP)	\$22,802	\$57,185	\$79,987
81.128	ARRA - ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM (EECBG)	\$62,208	\$5,374,095	\$5,436,303
DOE-IPA	DOE - INTERGOVERNMENTAL PERSONNEL ACT	\$17,109	\$0	\$17,109
WV-5	PETROLEUM VIOLATION ESCROW FUNDS	\$225,927	\$25,012	\$250,939
<b><u>TOTAL DEPARTMENT OF ENERGY</u></b>		<b><u>\$17,606,330</u></b>	<b><u>\$17,242,992</u></b>	<b><u>\$34,849,322</u></b>
<b><u>DEPARTMENT OF EDUCATION</u></b>				
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	\$533,272	\$3,663,615	\$4,196,887
84.011	MIGRANT EDUCATION-STATE GRANT PROGRAM	\$0	\$10,420	\$10,420
84.013	TITLE I STATE AGENCY PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN AND YOUTH	\$746,363	\$0	\$746,363
84.031	HIGHER EDUCATION-INSTITUTIONAL AID	\$3,108,697	\$0	\$3,108,697
84.048	CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	\$3,392,614	\$5,318,464	\$8,711,078
84.116	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	\$159,743	\$0	\$159,743
84.128	REHABILITATION SERVICES-SERVICE PROJECTS	\$0	\$26,250	\$26,250
84.176	DOUGLAS TEACHER SCHOLARSHIPS	(\$2,100)	\$0	(\$2,100)
84.184	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-NATIONAL PROGRAMS	\$463,797	\$1,643,048	\$2,106,845
84.185	BYRD HONORS SCHOLARSHIPS	\$89,597	\$12,000	\$101,597
84.186	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES-STATE GRANTS	\$53,984	\$228,267	\$282,251
84.187	SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES	\$68,387	\$0	\$68,387
84.213	EVEN START-STATE EDUCATIONAL AGENCIES	\$6,520	\$413,996	\$420,516
84.215	FUND FOR THE IMPROVEMENT OF EDUCATION	\$16,259	\$0	\$16,259
84.224	ASSISTIVE TECHNOLOGY	\$12,940	\$0	\$12,940
84.243	TECH-PREP EDUCATION	\$21,744	\$214,207	\$235,951



**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

FEDERAL CFDA/GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
84.265	REHABILITATION TRAINING-STATE VOCATIONAL REHABILITATION UNIT IN-SERVICE TRAINING	\$46,946	\$0	\$46,946
84.286	READY TO TEACH	\$34,035	\$0	\$34,035
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	\$326,503	\$7,227,872	\$7,554,375
84.293	FOREIGN LANGUAGE ASSISTANCE	\$102,417	\$1,637	\$104,054
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	\$696,867	\$67,539	\$764,406
84.326	SPECIAL EDUCATION-TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	\$105,576	\$20,499	\$126,075
84.330	ADVANCED PLACEMENT PROGRAM (ADVANCED PLACEMENT TEST FEE; ADVANCED PLACEMENT INCENTIVE PROGRAM GRANTS)	\$907	\$280	\$1,187
84.331	GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED INDIVIDUALS	\$42,200	\$0	\$42,200
84.334	GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	\$5,040,111	\$1,076,433	\$6,116,544
84.335	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	\$62,000	\$0	\$62,000
84.350	TRANSITION TO TEACHING	\$679,977	\$5,505	\$685,482
84.357	READING FIRST STATE GRANTS	\$0	(\$1,998)	(\$1,998)
84.358	RURAL EDUCATION	\$37,649	\$2,526,009	\$2,563,658
84.365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	\$179,111	\$583,300	\$762,411
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	\$124,604	\$265,645	\$390,249
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	\$1,264,031	\$22,786,572	\$24,050,603
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	\$3,537,478	\$2,139	\$3,539,617
84.371	STRIVING READERS	\$100,134	\$4,069	\$104,203
84.373	SPECIAL EDUCATION_TECHNICAL ASSISTANCE ON STATE DATA COLLECTION	\$58,954	\$0	\$58,954
84.378	COLLEGE ACCESS CHALLENGE GRANT PROGRAM	\$1,170,195	\$0	\$1,170,195
84.410	EDUCATION JOBS FUND	\$82,195	\$36,245,214	\$36,327,409
NOTE 6N	TITLE I, PART A CLUSTER	\$1,205,667	\$104,474,551	\$105,680,218
NOTE 6O	SPECIAL EDUCATION CLUSTER (IDEA)	\$6,108,148	\$85,616,637	\$91,724,785
NOTE 6P	TRIO CLUSTER	\$4,735,552	\$0	\$4,735,552
NOTE 6Q	VOCATIONAL REHABILITATION CLUSTER	\$47,805,533	\$1,601,360	\$49,406,893
NOTE 6R	INDEPENDENT LIVING STATE GRANTS CLUSTER	\$12,984	\$537,493	\$550,477
NOTE 6S	INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND CLUSTER	\$257,592	\$0	\$257,592
NOTE 6T	EARLY INTERVENTION SERVICES (IDEA) CLUSTER	\$1,383,289	\$517,383	\$1,900,672
NOTE 6U	EDUCATION OF HOMELESS CHILDREN AND YOUTH CLUSTER	\$123,023	\$396,310	\$519,333
NOTE 6V	EDUCATIONAL TECHNOLOGY STATE GRANTS CLUSTER	\$46,496	\$1,551,223	\$1,597,719
NOTE 6W	SCHOOL IMPROVEMENT GRANTS CLUSTER	\$502,425	\$6,916,153	\$7,418,578
NOTE 6X	STATE FISCAL STABILIZATION FUND CLUSTER	\$13,693,181	\$11,037,187	\$24,730,368
84.116P	ERMA BYRD SCHOLARSHIP PROGRAM	\$10,000	\$0	\$10,000
CO-13764E	APPALACHIAN HIGHER EDUCATION NETWORK	\$36,619	\$0	\$36,619
ED-03-CO-0058	PERFORMANCE BASED DATA MANAGEMENT INITIATIVE	\$136,848	\$150,405	\$287,253
VA06	VETERAN'S CERTIFICATION	\$5,632	\$0	\$5,632
<b>TOTAL DEPARTMENT OF EDUCATION</b>		<b>\$98,426,696</b>	<b>\$295,139,684</b>	<b>\$393,566,380</b>
<b><u>ELECTION ASSISTANCE COMMISSION</u></b>				
90.401	HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	\$588,558	\$0	\$588,558
<b>TOTAL ELECTION ASSISTANCE COMMISSION</b>		<b>\$588,558</b>	<b>\$0</b>	<b>\$588,558</b>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
93.041	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 3-PROGRAMS FOR PREVENTION OF ELDER ABUSE, NEGLECT, AND EXPLOITATION	\$500	\$21,520	\$22,020
93.042	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 2-LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS	\$0	\$124,912	\$124,912
93.043	SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART D-DISEASE PREVENTION AND HEALTH PROMOTION SERVICES	\$0	\$127,682	\$127,682
93.048	SPECIAL PROGRAMS FOR THE AGING-TITLE IV AND TITLE II - DISCRETIONARY PROJECTS	\$13,882	\$229,717	\$243,599
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	\$60,798	\$987,575	\$1,048,373
93.065	LABORATORY LEADERSHIP, WORKFORCE TRAINING AND MANAGEMENT DEVELOPMENT, IMPROVING PUBLIC HEALTH LABORATORY INFRASTRUCTURE	\$15,000	\$0	\$15,000
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	\$2,576,328	\$5,149,375	\$7,725,703
93.071	MEDICARE ENROLLMENT ASSISTANCE PROGRAM	\$0	\$5,705	\$5,705
93.092	AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM	\$4,635	\$175,096	\$179,731
93.103	FOOD AND DRUG ADMINISTRATION-RESEARCH	\$6,249	\$0	\$6,249
93.104	COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES (SED)	\$0	\$17,827	\$17,827
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	\$152,019	\$43,000	\$195,019
93.116	PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	\$325,192	\$0	\$325,192
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	\$165,528	\$33,500	\$199,028
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES	\$145,165	\$128,892	\$274,057
93.136	INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	\$4,745	\$193,214	\$197,959
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	\$1,826	\$244,910	\$246,736
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	\$0	\$179,000	\$179,000
93.178	NURSING WORKFORCE DIVERSITY	\$300,526	\$0	\$300,526

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

FEDERAL CFDA/GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
93.197	CHILDHOOD LEAD POISONING PREVENTION PROJECTS-STATE AND LOCAL CHILDHOOD LEAD POISONING PREVENTION AND SURVEILLANCE OF BLOOD LEAD LEVELS IN CHILDREN	\$43,495	\$0	\$43,495
93.217	FAMILY PLANNING-SERVICES	\$2,640,355	\$0	\$2,640,355
93.234	TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM	\$272,565	\$0	\$272,565
93.240	STATE CAPACITY BUILDING	(\$3,353)	\$0	(\$3,353)
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	\$167,261	\$167,726	\$334,987
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	\$149,817	\$2,567,111	\$2,716,928
93.251	UNIVERSAL NEWBORN HEARING SCREENING	\$19,077	\$5,667	\$24,744
93.256	STATE HEALTH ACCESS PROGRAM	\$62,915	\$3,778,319	\$3,841,234
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION_INVESTIGATIONS AND TECHNICAL ASSISTANCE	\$7,726,619	\$2,596,639	\$10,323,258
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	\$9,200	\$158,758	\$167,958
93.389	NATIONAL CENTER FOR RESEARCH RESOURCES	\$33,662	\$0	\$33,662
93.393	CANCER CAUSE AND PREVENTION RESEARCH	\$24,910	\$0	\$24,910
93.414	ARRA - STATE PRIMARY CARE OFFICES	\$34,611	\$25,000	\$59,611
93.505	AFFORDABLE CARE ACT (ACA) MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING PROGRAM	\$291,656	\$923,139	\$1,214,795
93.506	ACA NATIONWIDE PROGRAM FOR NATIONAL AND STATE BACKGROUND CHECKS FOR DIRECT PATIENT ACCESS EMPLOYEES OF LONG TERM CARE FACILITIES AND PROVIDER	\$2,648	\$0	\$2,648
93.507	PPHF 2012 NATIONAL PUBLIC HEALTH IMPROVEMENT INITIATIVE	\$87,381	\$209,964	\$297,345
93.511	AFFORDABLE CARE ACT (ACA) GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW	\$175,159	\$0	\$175,159
93.516	AFFORDABLE CARE ACT (ACA) PUBLIC HEALTH TRAINING CENTERS PROGRAM, RESOURCES DEVELOPMENT AND ACADEMIC SUPPORT TO THE PUBLIC HEALTH TRAINING CENTERS PROGRAM AND PUBLIC HEALTH INFRASTRUCTURE AND SYSTEMS SUPPORT	\$14,638	\$0	\$14,638
93.518	AFFORDABLE CARE ACT - MEDICARE IMPROVEMENTS FOR PATIENTS AND PROVIDERS	\$0	\$126,397	\$126,397
93.519	AFFORDABLE CARE ACT (ACA) - CONSUMER ASSISTANCE PROGRAM GRANTS	\$55,060	\$0	\$55,060
93.521	THE AFFORDABLE CARE ACT: BUILDING EPIDEMIOLOGY, LABORATORY, AND HEALTH INFORMATION SYSTEMS CAPACITY IN THE EPIDEMIOLOGY AND LABORATORY CAPACITY FOR INFECTIOUS DISEASE (ELC) AND EMERGING INFECTIONS PROGRAM (EIP) COOPERATIVE AGREEMENTS;PPHF	\$209,331	\$164,125	\$373,456
93.525	STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT (ACA)'S EXCHANGES	\$1,590,560	\$0	\$1,590,560
93.531	PPHF 2012: COMMUNITY TRANSFORMATION GRANTS AND NATIONAL DISSEMINATION AND SUPPORT FOR COMMUNITY TRANSFORMATION GRANTS - FINANCED SOLELY BY 2012 PREVENTION AND PUBLIC HEALTH FUNDS	\$47,781	\$34,200	\$81,981
93.539	PPHF 2012 - PREVENTION AND PUBLIC HEALTH FUND (AFFORDABLE CARE ACT) - CAPACITY BUILDING ASSISTANCE TO STRENGTHEN PUBLIC HEALTH IMMUNIZATION INFRASTRUCTURE AND PERFORMANCE FINANCED IN PART BY 2012 PREVENTION AND PUBLIC HEALTH FUNDS	\$3,697	\$8,204	\$11,901
93.544	THE PATIENT PROTECTION AND AFFORDABLE CARE ACT OF 2010 (AFFORDABLE CARE ACT) AUTHORIZES COORDINATED CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION PROGRAM	\$78,422	\$0	\$78,422
93.556	PROMOTING SAFE AND STABLE FAMILIES	\$3,453,826	\$1,518,041	\$4,971,867
93.560	FAMILY SUPPORT PAYMENTS TO STATES-ASSISTANCE PAYMENTS	(\$17,277)	\$0	(\$17,277)
93.563	CHILD SUPPORT ENFORCEMENT	\$28,808,711	\$0	\$28,808,711
93.566	REFUGEE AND ENTRANT ASSISTANCE-STATE ADMINISTERED PROGRAMS	\$8,043	\$66,250	\$74,293
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	\$23,457,425	\$2,992,287	\$26,449,712
93.586	STATE COURT IMPROVEMENT PROGRAM	\$361,214	\$0	\$361,214
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	\$18,611	\$206,862	\$225,473
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	\$84,514	\$0	\$84,514
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS PROGRAM (ETV)	\$232,885	\$20,955	\$253,840
93.603	ADOPTION INCENTIVE PAYMENTS	\$3,638,306	\$0	\$3,638,306
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS	\$248,051	\$526,651	\$774,702
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	\$42,025	\$0	\$42,025
93.645	STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM	\$1,799,839	\$0	\$1,799,839
93.658	FOSTER CARE-TITLE IV-E	\$15,464,166	\$400,890	\$15,865,056
93.658	ARRA - FOSTER CARE-TITLE IV-E	\$337,066	\$0	\$337,066
		<u>\$15,801,232</u>	<u>\$400,890</u>	<u>\$16,202,122</u>
93.659	ADOPTION ASSISTANCE	\$19,293,768	\$0	\$19,293,768
93.659	ARRA - ADOPTION ASSISTANCE	\$5,070	\$0	\$5,070
		<u>\$19,298,838</u>	<u>\$0</u>	<u>\$19,298,838</u>
93.667	SOCIAL SERVICES BLOCK GRANT	\$22,068,103	\$0	\$22,068,103
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	\$100,648	\$118,897	\$219,545
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES/GRANTS FOR BATTERED WOMEN'S SHELTERS-GRANTS TO STATES AND INDIAN TRIBES	\$0	\$910,501	\$910,501
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	\$333,002	\$496,049	\$829,051
93.713	ARRA - CHILD CARE AND DEVELOPMENT BLOCK GRANT	\$147,716	\$115,349	\$263,065
93.717	ARRA - PREVENTING HEALTHCARE- ASSOCIATED INFECTIONS	\$51,280	\$93,450	\$144,730
93.719	ARRA - STATE GRANTS TO PROMOTE HEALTH INFORMATION TECHNOLOGY	\$3,688,369	\$0	\$3,688,369

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

FEDERAL CFDA/GRANT/ CONTRACT NUMBER	NAME OF PROGRAM	STATE OF WEST VIRGINIA EXPENDITURES	TOTAL SUBRECIPIENT AWARDS	TOTAL FEDERAL EXPENDITURES
93.721	ARRA - HEALTH INFORMATION TECHNOLOGY PROFESSIONALS IN HEALTH CARE (NOTE 4)	\$90,134	\$0	\$90,134
93.723	ARRA - PREVENTION AND WELLNESS-STATE, TERRITORIES AND PACIFIC ISLANDS	\$235,816	\$222,813	\$458,629
93.724	ARRA - PREVENTION AND WELLNESS - COMMUNITIES PUTTING PREVENTION TO WORK FUNDING OPPORTUNITIES ANNOUNCEMENT (FOA)	\$390,115	\$2,557,185	\$2,947,300
93.725	ARRA - COMMUNITIES PUTTING PREVENTION TO WORK: CHRONIC DISEASE SELF-MANAGEMENT PROGRAM	\$35,763	\$225,000	\$260,763
93.767	CHILDREN'S HEALTH INSURANCE PROGRAM	\$45,642,768	\$0	\$45,642,768
93.768	MEDICAID INFRASTRUCTURE GRANTS TO SUPPORT THE COMPETITIVE EMPLOYMENT OF PEOPLE WITH DISABILITIES	\$88,716	\$506,044	\$594,760
93.779	CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) RESEARCH, DEMONSTRATIONS AND EVALUATIONS	\$157,684	\$540,755	\$698,439
93.791	MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION	\$23,007	\$54,322	\$77,329
93.793	MEDICAID TRANSFORMATION GRANTS	\$31,553	(\$103,031)	(\$71,478)
93.824	AREA HEALTH EDUCATION CENTERS INFRASTRUCTURE DEVELOPMENT AWARDS (NOTE 4)	\$52,700	\$0	\$52,700
93.887	HEALTH CARE AND OTHER FACILITIES	\$112,591	\$0	\$112,591
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	\$485,650	\$2,891,588	\$3,377,238
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES OF RURAL HEALTH	\$194,125	\$38,000	\$232,125
93.917	HIV CARE FORMULA GRANTS	\$6,445,333	\$480,000	\$6,925,333
93.926	HEALTHY START INITIATIVE (NOTE 4)	\$216,232	\$0	\$216,232
93.938	COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	\$624,568	\$2,609	\$627,177
93.940	HIV PREVENTION ACTIVITIES-HEALTH DEPARTMENT BASED	\$1,092,952	\$512,263	\$1,605,215
93.944	HUMAN IMMUNODEFICIENCY VIRUS (HIV)/ACQUIRED IMMUNODEFICIENCY VIRUS SYNDROME (AIDS) SURVEILLANCE	\$105,356	\$0	\$105,356
93.946	COOPERATIVE AGREEMENTS TO SUPPORT STATE-BASED SAFE MOTHERHOOD AND INFANT HEALTH INITIATIVE PROGRAMS	\$123,945	\$0	\$123,945
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	\$663,621	\$1,268,292	\$1,931,913
93.959	BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	\$361,335	\$7,619,324	\$7,980,659
93.965	COAL MINERS RESPIRATORY IMPAIRMENT TREATMENT CLINICS AND SERVICES	\$132,880	\$1,371,253	\$1,504,133
93.969	PPHF-2012 GERIATRIC EDUCATION CENTERS (NOTE 4)	\$9,791	\$0	\$9,791
93.977	PREVENTIVE HEALTH SERVICES-SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	\$774,674	\$0	\$774,674
93.982	MENTAL HEALTH DISASTER ASSISTANCE AND EMERGENCY MENTAL HEALTH	\$0	\$59,260	\$59,260
93.988	COOPERATIVE AGREEMENTS FOR STATE-BASED DIABETES CONTROL PROGRAMS AND EVALUATION OF SURVEILLANCE SYSTEMS	\$0	(\$3,686)	(\$3,686)
93.991	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	\$142,721	\$226,458	\$369,179
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	\$4,917,187	\$2,465,537	\$7,382,724
NOTE 6Y	AGING CLUSTER	\$423,587	\$8,934,451	\$9,358,038
NOTE 6Z	IMMUNIZATION CLUSTER	\$1,231,975	\$695,602	\$1,927,577
NOTE 6AA	TANF CLUSTER	\$111,127,672	\$18,023,553	\$129,151,225
NOTE 6AB	CSBG CLUSTER	\$100,464	\$7,648,806	\$7,749,270
NOTE 6AC	CCDF CLUSTER	\$19,907,481	\$9,784,987	\$29,692,468
NOTE 6AD	HEAD START CLUSTER	\$120,395	\$137,929	\$258,324
NOTE 6AE	MEDICAID CLUSTER	\$2,090,763,326	\$3,412,095	\$2,094,175,421
050805WV5002	WAIVED LABS	\$6,955	\$0	\$6,955
0805WV5002	CLINICAL LABORATORY IMPROVEMENT AMENDMENTS	\$145,524	\$0	\$145,524
20020507251	VITAL STATISTICS COOP PROGRAM	\$128,522	\$0	\$128,522
200540049P	FOOD INSPECTIONS	\$68,668	\$0	\$68,668
223024448	MAMMOGRAPHY QUALITY ACT	\$52,751	\$0	\$52,751
280-06-1600	OLMSTEAD COMMUNITY INTEGRATION	\$123	\$0	\$123
93070	ADDRESSING ASTHMA	\$251,371	\$114,756	\$366,127
HHSF223200640090P/001	FEDERAL FOOD, DRUG AND COSMETIC ACT	\$963	\$0	\$963
SEOW	STATE EPIDEMIOLOGICAL OUTCOMES WORKGROUP	\$130,040	\$0	\$130,040
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<b>\$2,428,746,255</b>	<b>\$95,579,521</b>	<b>\$2,524,325,776</b>
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>				
94.003	STATE COMMISSIONS	\$209,511	\$0	\$209,511
94.004	LEARN AND SERVE AMERICA-SCHOOL AND COMMUNITY BASED PROGRAMS	\$3,390	\$70,758	\$74,148
94.006	AMERICORPS	\$27,053	\$3,119,371	\$3,146,424
94.007	PROGRAM DEVELOPMENT AND INNOVATION GRANTS	\$58,736	\$7,115	\$65,851
94.009	TRAINING AND TECHNICAL ASSISTANCE	\$73,009	\$5,300	\$78,309
94.013	VOLUNTEERS IN SERVICE TO AMERICA	\$73,144	\$0	\$73,144
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>		<b>\$444,843</b>	<b>\$3,202,544</b>	<b>\$3,647,387</b>
<b><u>SOCIAL SECURITY ADMINISTRATION</u></b>				
96.008	SOCIAL SECURITY - WORK INCENTIVES PLANNING AND ASSISTANCE PROGRAM	\$0	\$247,056	\$247,056
NOTE 6AF	DISABILITY INSURANCE/SSI CLUSTER	\$19,198,156	\$0	\$19,198,156
SS000860067	ENUMERATION AT BIRTH	\$45,800	\$0	\$45,800
<b>TOTAL SOCIAL SECURITY ADMINISTRATION</b>		<b>\$19,243,956</b>	<b>\$247,056</b>	<b>\$19,491,012</b>
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>				
97.001	PILOT DEMONSTRATION OR EARMARKED PROJECTS	\$0	\$143,600	\$143,600
97.007	HOMELAND SECURITY PREPAREDNESS TECHNICAL ASSISTANCE PROGRAM	\$57,704	\$67,000	\$124,704
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	\$639,882	\$0	\$639,882

**STATE OF WEST VIRGINIA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FEDERAL GRANTOR LISTING  
FOR THE YEAR ENDING JUNE 30, 2012**

<b>FEDERAL CFDA/GRANT/ CONTRACT NUMBER</b>	<b>NAME OF PROGRAM</b>	<b>STATE OF WEST VIRGINIA EXPENDITURES</b>	<b>TOTAL SUBRECIPIENT AWARDS</b>	<b>TOTAL FEDERAL EXPENDITURES</b>
97.023	COMMUNITY ASSISTANCE PROGRAM STATE SUPPORT SERVICES ELEMENT (CAP-SSSE)	\$94,886	\$0	\$94,886
97.029	FLOOD MITIGATION ASSISTANCE	\$54,827	\$0	\$54,827
97.032	CRISIS COUNSELING	\$27,894	\$29,846	\$57,740
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	\$2,689,468	\$559,326	\$3,248,794
97.039	HAZARD MITIGATION GRANT	\$0	\$3,472,312	\$3,472,312
97.041	NATIONAL DAM SAFETY PROGRAM	\$127,921	\$0	\$127,921
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	\$469,959	\$1,909,701	\$2,379,660
97.045	COOPERATING TECHNICAL PARTNERS	\$90,000	\$0	\$90,000
97.050	PRESIDENTIAL DECLARED DISASTER ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS_ OTHER NEEDS	\$374,149	\$1,211	\$375,360
97.055	INTEROPERABLE EMERGENCY COMMUNICATIONS	\$0	\$160,614	\$160,614
97.056	PORT SECURITY GRANT PROGRAM	\$0	\$668,687	\$668,687
97.067	HOMELAND SECURITY GRANT PROGRAM	\$292,414	\$3,165,219	\$3,457,633
97.089	DRIVER'S LICENSE SECURITY GRANT PROGRAM	\$1,333,717	\$0	\$1,333,717
97.110	SEVERE REPETITIVE LOSS PROGRAM	\$6,032	\$0	\$6,032
97.111	REGIONAL CASTASTROPHIC PREPAREDNESS GRANT PROGRAM	\$0	\$1,349,869	\$1,349,869
<b><u>TOTAL DEPARTMENT OF HOMELAND SECURITY</u></b>		<b><u>\$6,258,853</u></b>	<b><u>\$11,527,385</u></b>	<b><u>\$17,786,238</u></b>
<b><u>MULTIPLE FEDERAL AGENCY CLUSTER</u></b>				
NOTE 6J	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$482,754,549	\$11,918,371	\$494,672,920
NOTE 6AG	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$644,764,715	\$0	\$644,764,715
NOTE 6AH	RESEARCH AND DEVELOPMENT CLUSTER	\$3,801,305	\$22,001	\$3,823,306
<b><u>TOTAL MULTIPLE FEDERAL AGENCY CLUSTER</u></b>		<b><u>\$1,131,320,569</u></b>	<b><u>\$11,940,372</u></b>	<b><u>\$1,143,260,941</u></b>
<b><u>TOTAL EXPENDITURES OF FEDERAL AWARDS</u></b>		<b><u>\$5,145,308,307</u></b>	<b><u>\$693,538,493</u></b>	<b><u>\$5,838,846,800</u></b>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 1. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards (the Schedule) has been prepared on the cash basis of accounting except for the federal awards expended from the U.S. Department of Transportation and the School Building Authority, which are presented on the accrual basis. The federal awards are listed in the schedule under the federal agency supplying the award. The individual Catalog of Federal Domestic Assistance (CFDA) numbers are listed first, then clusters, then federal contract numbers, and then state assigned numbers. Federal contract numbers are used if the CFDA number is not available. Numbers were assigned to awards that had no identifying numbers as listed in Note 9.

The Schedule includes noncash items such as Food Stamps (CFDA number 10.551), State Administrative Expense for Child Nutrition (CFDA number 10.560), and Donation of Federal Surplus Personal Property (CFDA number 39.003). All items are valued based on amounts as established by the federal grantor agency. The Schedule also includes Federal Direct Student Loans (Direct Loan) (CFDA number 84.268) that are made directly to individual students. In accordance with the federal guidelines, the Department of Health and Human Resources transferred \$13,167,405 from CFDA number 93.558 to CFDA number 93.667. This transfer is reported in the Schedule as CFDA number 93.667.

**NOTE 2. REPORTING ENTITY**

The Schedule includes various departments, agencies, boards and commissions governed by the legislature, judiciary and/or constitutional officers of the State of West Virginia (the State). The reporting entity also includes the State's institutions of public higher education. Certain

**STATE OF WEST VIRGINIA**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 2. REPORTING ENTITY (Continued)**

institutions of higher education within the State maintain separate research corporations. These corporations receive various federal awards for research and development and other programs. Each of the research corporations has a separate audit performed in accordance with OMB Circular A-133, and accordingly, a separate A-133 submission has been made (see Note 8).

The Schedule does not include federal funds received and expended by certain independent authorities and other organizations included in the reporting entity under the criteria of the Governmental Accounting Standards Board, as described in Note 1 to the State's basic financial statements published in the Comprehensive Annual Financial Report for the fiscal year ended June 30, 2012. The West Virginia Housing Development Fund, which is a discretely presented component unit, elects to have their own single audit and their own schedule of expenditures of federal awards. This component unit is required to submit their own single audit report to the federal audit clearinghouse.

**NOTE 3. SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM (SNAP)**

The reported expenditures for benefits under the Supplemental Nutrition Assistance Program (SNAP) (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the American Recovery and Reinvestment Act of 2009. The portion of the total expenditures for SNAP benefits that is supported by Recovery ACT funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households income, deductions, and

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 3. SUPPLEMENTAL NUTRITION ASSISTANCE  
PROGRAM (SNAP) (Continued)**

assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, we cannot validly disaggregate the regular and Recovery Act components of our reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for 10.95 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2012.

**NOTE 4. INDIRECT/PASS-THROUGH FEDERAL FUNDS**

The United States Office of Drug Control Policy provides funds to the Laurel County Fiscal Court of London, Kentucky. A portion of these funds are passed through from the Fiscal Court to the State.

The West Virginia Research Corporation passed funds to the West Virginia Department of Health and Human Services for CFDA Number 93.926, and the West Virginia School of Osteopathic Medicine for CFDA Numbers 93.824 and 93.969. Higher Education received ARRA pass-through funds from Tidewater Community College of Virginia CFDA 93.721.

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 5. UNEMPLOYMENT INSURANCE PROGRAM (UI)  
(CFDA NUMBER 17.225)**

The U.S. Department of Labor, in consultation with the Office of Management and Budget officials, has determined that for the purpose of audits and reporting under OMB Circular A-133, state UI funds as well as federal funds should be considered federal awards for determining Type A programs. The State receives federal funds for administrative purposes. State unemployment taxes must be deposited to a state account in the Federal Unemployment Trust Fund, used only to pay benefits under the federally approved state law. State UI funds as well as federal funds are included on the Schedule. The following schedule provides a breakdown of the state and federal portions of the total expended under CFDA number 17.225:

	<b>Beginning Balance July 1, 2011</b>	<b>Receipts</b>	<b>Expenditures</b>	<b>Ending Balance June 30, 2012</b>
State UI Funds	\$ 236,774	\$423,415,858	\$423,887,940	\$ (235,308)
Federal UI Funds	<u>1,969,869</u>	<u>186,460,089</u>	<u>186,173,448</u>	<u>2,256,510</u>
Total	<u>\$2,206,643</u>	<u>\$609,875,947</u>	<u>\$610,061,388</u>	<u>\$2,021,202</u>

**NOTE 6. PROGRAM CLUSTERS**

The following tables detail program clusters referred to in the Schedule. As noted below, the Highway Planning and Construction, Student Financial Assistance, and Research and Development clusters have CFDA's involving awards from multiple federal agencies. The respective federal agency amount by CFDA for these clusters is disclosed in this note. For presentation purposes in the Schedule, these multiple federal agency clusters are presented at the end of the Schedule.



**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(A) SNAP Cluster</b>			
USDA	10.551	Supplemental Nutrition Assistance Program (SNAP)	\$491,416,398
	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>18,223,737</u>
		<b>Total SNAP Cluster</b>	<u><u>\$509,640,135</u></u>
<b>(B) Child Nutrition Cluster</b>			
USDA	10.553	School Breakfast Program (SBP)	\$24,255,545
	10.555	National School Lunch Program (NSLP)	58,676,603
	10.556	Special Milk Program for Children (SMP)	33,471
	10.559	Summer Food Service Program for Children (SFSPC)	<u>2,174,498</u>
		<b>Total Child Nutrition Cluster</b>	<u><u>\$85,140,117</u></u>
<b>(C) Emergency Food Assistance Cluster</b>			
USDA	10.568	Emergency Food Assistance Program (Administrative Costs)	\$ 380,197
	10.569	Emergency Food Assistance Program (Food Commodities)	<u>1,330,637</u>
		<b>Total Emergency Food Assistance Cluster</b>	<u><u>\$1,710,834</u></u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(D) Forest Service Schools and Roads Cluster</b>			
USDA	10.665	Schools and Roads - Grants to States	\$2,016,901
		<b>Total Forest Service Schools and Roads Cluster</b>	<u>\$2,016,901</u>
<b>(E) CDBG – State-Administered CDBG Cluster</b>			
HUD	14.228	Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii	\$18,309,726
	14.255	ARRA - Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii (Recovery Act Funded)	<u>595,294</u>
		<b>Total CDBG – State-Administered CDBG Cluster</b>	<u>\$18,905,020</u>
<b>(F) Fish and Wildlife Cluster</b>			
DOI	15.605	Sport Fish Restoration Program	\$2,411,047
	15.611	Wildlife Restoration and Basic Hunter Education	<u>2,107,049</u>
		<b>Total Fish and Wildlife Cluster</b>	<u>\$4,518,096</u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(G) JAG Program Cluster</b>			
DOJ	16.803	ARRA - Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	\$694,878
		<b>Total JAG Program Cluster</b>	<u>\$694,878</u>
<b>(H) Employment Service Cluster</b>			
DOL	17.207	Employment Service/ Wagner-Peyser Funded Activities	\$6,579,692
	17.207	ARRA - Employment Service/ Wagner-Peyser Funded Activities	<u>4,182</u>
		Total Employment Service/ Wagner-Peyser Funded Activities	6,583,874
	17.801	Disabled Veterans' Outreach Program (DVOP)	411,637
	17.804	Local Veterans' Employment Representative (LVER) Program	<u>524,832</u>
		<b>Total Employment Service Cluster</b>	<u>\$7,520,343</u>
<b>(I) WIA Cluster</b>			
DOL	17.258	WIA Adult Program	\$ 3,861,718
	17.258	ARRA - WIA Adult Program	<u>36,794</u>
		Total WIA Adult Program	3,898,512

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(I) WIA Cluster (Continued)</b>			
	17.259	WIA Youth Activities	3,587,941
	17.259	ARRA - WIA Youth Activities	<u>36,794</u>
		Total WIA Youth Activities	3,624,735
		<b>Total WIA Cluster</b>	<u><u>\$7,523,247</u></u>
<b>(J) Highway Planning and Construction Cluster</b>			
DOT	20.205	Highway Planning and Construction	\$410,642,930
	20.205	ARRA - Highway Planning and Construction	<u>13,884,064</u>
		Total Highway Planning and Construction	424,526,994
	20.219	Recreational Trails Program	500,550
ARC	23.003	Appalachian Development Highway System	<u>69,645,376</u>
		<b>Total Highway Planning and Construction Cluster</b>	<u><u>\$494,672,920</u></u>
<b>(K) Federal Transit Cluster</b>			
DOT	20.500	Federal Transit - Capital Investment Grants	<u>\$5,785,823</u>
		<b>Total Federal Transit Cluster</b>	<u><u>\$5,785,823</u></u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(L) Transit Services Programs Cluster</b>			
DOT	20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	\$385,712
	20.516	Job Access - Reverse Commute Program	348,988
	20.521	New Freedom Program	<u>214,468</u>
		<b>Total Transit Services Programs Cluster</b>	<u>\$949,168</u>
<b>(M) Highway Safety Cluster</b>			
DOT	20.600	State and Community Highway Safety	\$1,559,039
	20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	1,725,864
	20.609	Safety Belt Performance Grants	752,903
	20.610	State Traffic Safety Information System Improvements Grants	60,997
	20.611	Incentive Grant Program to Prohibit Racial Profiling	1,111
	20.612	Incentive Grant Program to Increase Motorcyclist Safety	80,816
	20.613	Child Safety and Child Booster Seat Incentive Grants	<u>91,588</u>
		<b>Total Highway Safety Cluster</b>	<u>\$4,272,318</u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(N) Title 1, Part A Cluster</b>			
ED	84.010	Title 1 Grants to Local Educational Agencies	\$ 98,754,214
	84.389	ARRA - Title 1 Grants to Local Educational Agencies, Recovery Act	<u>6,926,004</u>
<b>Total Title 1, Part A Cluster</b>			<u>\$105,680,218</u>
<b>(O) Special Education Cluster (IDEA)</b>			
ED	84.027	Special Education - Grants to States (IDEA, Part B)	\$75,603,576
	84.173	Special Education - Preschool Grants (IDEA Preschool)	3,245,490
	84.391	ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act	11,823,689
	84.392	ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act	<u>1,052,030</u>
<b>Total Special Education Cluster (IDEA)</b>			<u>\$91,724,785</u>
<b>(P) TRIO Cluster</b>			
ED	84.042	TRIO - Student Support Services	\$1,864,800
	84.044	TRIO - Talent Search	203,521
	84.047	TRIO - Upward Bound	1,859,494
	84.066	TRIO - Educational Opportunity Centers	336,758
	84.217	TRIO - McNair Post-Baccalaureate Achievement	<u>470,979</u>
<b>Total TRIO Cluster</b>			<u>\$4,735,552</u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(Q) Vocational Rehabilitation Cluster</b>			
ED	84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States	\$49,345,143
	84.390	ARRA - Rehabilitation Services - Vocational Rehabilitation Grants to States, Recovery Act	<u>61,750</u>
		<b>Total Vocational Rehabilitation Cluster</b>	<u>\$49,406,893</u>
<b>(R) Independent Living State Grants Cluster</b>			
ED	84.169	Independent Living - State Grants	\$550,477
		<b>Total Independent Living State Grants Cluster</b>	<u>\$550,477</u>
<b>(S) Independent Living Services for Older Individuals Who Are Blind Cluster</b>			
ED	84.177	Independent Living Services for Older Individuals Who are Blind	\$257,592
		<b>Total Independent Living Services for Older Individuals Who Are Blind Cluster</b>	<u>\$257,592</u>
<b>(T) Early Intervention Services (IDEA) Cluster</b>			
ED	84.181	Special Education - Grants for Infants and Families	\$1,777,883
	84.393	ARRA - Special Education - Grants for Infants and Families, Recovery Act	<u>122,789</u>
		<b>Total Early Intervention Services (IDEA) Cluster</b>	<u>\$1,900,672</u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(U) Education of Homeless Children and Youth Cluster</b>			
ED	84.196	Education for Homeless Children and Youth	\$433,550
	84.387	ARRA - Education for Homeless Children and Youth, Recovery Act	<u>85,783</u>
		<b>Total Education of Homeless Children and Youth Cluster</b>	<u><u>\$519,333</u></u>
<b>(V) Educational Technology State Grants Cluster</b>			
ED	84.318	Educational Technology State Grants	\$ 817,712
	84.386	ARRA - Educational Technology State Grants, Recovery Act	<u>780,007</u>
		<b>Total Educational Technology State Grants Cluster</b>	<u><u>\$1,597,719</u></u>
<b>(W) School Improvement Grants Cluster</b>			
ED	84.377	School Improvement Grants	\$1,643,899
	84.388	ARRA - School Improvement Grants, Recovery Act	<u>5,774,679</u>
		<b>Total School Improvement Grants Cluster</b>	<u><u>\$7,418,578</u></u>
<b>(X) State Fiscal Stabilization Fund Cluster</b>			
ED	84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act (Education Stabilization Fund)	\$ 3,521,454
	84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	<u>21,208,914</u>
		<b>Total State Fiscal Stabilization Fund Cluster</b>	<u><u>\$24,730,368</u></u>



**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(Y) Aging Cluster</b>			
HHS	93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$2,912,171
	93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	5,410,319
	93.053	Nutrition Services Incentive Program	<u>1,035,548</u>
		<b>Total Aging Cluster</b>	<u><u>\$9,358,038</u></u>
<b>(Z) Immunization Cluster</b>			
HHS	93.268	Immunization	\$1,780,410
	93.712	ARRA - Immunization	<u>147,167</u>
		<b>Total Immunization Cluster</b>	<u><u>\$1,927,577</u></u>
<b>(AA) TANF Cluster</b>			
HHS	93.558	Temporary Assistance for Needy Families (TANF) State Programs	\$130,503,801
	93.714	ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	<u>(1,352,576)</u>
		<b>Total TANF Cluster</b>	<u><u>\$129,151,225</u></u>
<b>(AB) CSBG Cluster</b>			
HHS	93.569	Community Services Block Grants	\$7,757,114
	93.710	ARRA - Community Services Block Grants	<u>(7,844)</u>
		<b>Total CSBG Cluster</b>	<u><u>\$7,749,270</u></u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(AC) CCDF Cluster</b>			
HHS	93.575	Child Care and Development Block Grant	\$13,455,175
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	<u>16,237,293</u>
		<b>Total CCDF Cluster</b>	<u>\$29,692,468</u>
<b>(AD) Head Start Cluster</b>			
HHS	93.600	Head Start	\$138,947
	93.708	ARRA - Head Start	<u>119,377</u>
		<b>Total Head Start Cluster</b>	<u>\$258,324</u>
<b>(AE) Medicaid Cluster</b>			
HHS	93.775	State Medicaid Fraud Control Units	\$ 785,029
	93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	3,450,984
	93.778	Medical Assistance Program	2,053,422,811
	93.778	ARRA - Medical Assistance Program	<u>36,516,597</u>
		Total Medical Assistance Program	2,089,939,408
		<b>Total Medicaid Cluster</b>	<u>\$2,094,175,421</u>
<b>(AF) Disability Insurance/SSI Cluster</b>			
SSA	96.001	Social Security - Disability Insurance (DI)	<u>\$19,198,156</u>
		<b>Total Disability Insurance/SSI Cluster</b>	<u>\$19,198,156</u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(AG) Student Financial Assistance Cluster</b>			
ED	84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)	\$ 3,913,896
	84.033	Federal Work-Study Program (FWS)	3,506,067
	84.038	Federal Perkins Loans (FPL) - Federal Capital Contributions	3,008,301
	84.063	Federal Pell Grant Program (PELL)	145,001,005
	84.268	Federal Direct Student Loans (Direct Loan)	487,533,933
	84.375	Academic Competitiveness Grants (ACG)	3,880
	84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants (SMART Grants)	7,194
	84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	<u>686,702</u>
		Subtotal Department of Education	<u>643,660,978</u>
HHS	93.264	Nurse Faculty Loan Program (NFLP)	93,021
	93.342	Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS)	743,153
	93.364	Nursing Student Loans (NSL)	82,450
	93.925	Scholarships for Disadvantaged Students (SDS)	<u>185,113</u>
		Subtotal Department of Health and Human Services	<u>1,103,737</u>
		<b>Total Student Financial Assistance Cluster (Expenditures Only)</b>	<b><u>644,764,715</u></b>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
<b>(AG) Student Financial Assistance Cluster (Continued)</b>			
Loans outstanding, with continuing compliance requirements, are as follows:			
84.038		Federal Perkins Loan (FPL) - Federal Capital Contributions	51,835,471
93.264		Nurse Faculty Loan Program (NFLP)	232,636
93.342		Health Professions Student Loans, including Primary Care Loans and Loans Disadvantaged Students (HPSL, PCL, LDS)	5,769,954
93.364		Nursing Student Loans (NSL)	<u>558,436</u>
		Total Loans Outstanding	<u>58,396,497</u>
		<b>Total Student Financial Assistance Cluster</b>	<b><u>\$703,161,212</u></b>
<u>Federal CFDA Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal Expenditures</u>	
<b>(AH) Research and Development Cluster</b>			
<b>Department of Agriculture</b>			
10.202	Cooperative Forestry Research	\$ 548,564	
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	<u>2,937,559</u>	
	<b>Total Department of Agriculture</b>	<b><u>3,486,123</u></b>	
<b>Department of Defense</b>			
12.431	Basic Scientific Research	<u>7,122</u>	
	<b>Total Department of Defense</b>	<b><u>7,122</u></b>	

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 6. PROGRAM CLUSTERS (Continued)**

<u>Federal CFDA Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal Expenditures</u>
<b>(AH) Research and Development Cluster</b>		
<b>Department of Interior</b>		
H6000082000 Order # P11AC60552	Vulnerability of Sensitive Karst Habitats Containing RTE Species in CHOH	<u>34,074</u>
	<b>Total Department of Interior</b>	<u>34,074</u>
<b>Department of Energy</b>		
81.087	Renewable Energy Research and Development	62,995
	Pass-Through Programs From: Arizona Geological Survey	
81.087	Renewable Energy Research and Development	38,996
81.089	Fossil Energy Research and Development	183,397
	Pass-Through Programs From: The WVU Research Corporation and The Battelle Research Institute	
81.089	Fossil Energy Research and Development	<u>10,599</u>
	<b>Total Department of Energy</b>	<u>295,987</u>
	<b>Total Research and Development Cluster</b>	<u><b>\$3,823,306</b></u>

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 7. MEDICAID CLUSTER CONTINGENCY**

As a recipient of funds under various federal programs that comprise the Medicaid Cluster (CFDA 93.775/93.777/93.778), the West Virginia Department of Health and Human Resources (DHHR) is required to establish payment rates for the services billed by county school boards. In 2003, DHHR requested a retroactive rate adjustment related to the rate calculation for school-based services which resulted in additional reimbursements from the U.S. Department of Health and Human Services (USDHHS) that were remitted to the county school boards. Subsequently, the Office of the Inspector General reviewed DHHR's retroactive rate adjustment and issued a report titled "Review of Medicaid Reimbursement Rates for School-Based Services in West Virginia (A-03-05-00203)". The OIG's report covered the period October 1, 2001 to September 30, 2003 and found that DHHR's claimed \$22,806,230 Federal Financial Participation for school-based services did not comply with the reimbursement methodology in its approved Medicaid state plan and therefore disallowed the respective reimbursed costs. In November 2012, USDHHS Centers for Medicare and Medicaid Services (CMS) concurred with the OIG's findings and notified DHHR that the \$22,806,230 is disallowed. DHHR is appealing the disallowance of the reimbursed amount. If the disallowance is upheld, the disallowance plus interest will be withheld from a subsequent grant award. Furthermore, for the fiscal years 2004 to 2005 and from 2007 to 2012, DHHR has received reimbursements from the USDHHS based on the use of an adjusted rate as a result of the above disallowance. These years have not been settled and/or reviewed by USDHHS and accordingly an amount may be disallowed in the future. Currently, the State does not know the ultimate outcome of these matters.

**STATE OF WEST VIRGINIA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE 8. COMPONENT UNITS**

The following is a summary of federal awards at the various Component Units that had separate OMB Circular A-133 audits and submissions. These awards have been excluded from the State's Schedule.

West Virginia University Research Corporation (Issued by Deloitte & Touche LLP dated February 5, 2013)	<u>\$ 75,014,425</u>
Marshall University Research Corporation (Issued by Hayflich & Steinberg dated October 9, 2012)	<u>\$ 25,768,977</u>
West Virginia State Research Corporation (Issued by Hayflich & Steinberg dated October 11, 2012)	<u>\$ 11,868,919</u>
West Virginia Housing Development Fund (Issued by Gibbons & Kawash, A.C. dated November 7, 2012)	<u>\$ 74,475,796</u>

**NOTE 9. MISCELLANEOUS PROGRAMS**

The following numeric references indicate that no CFDA number was available for publication. These expenditure amounts consist of numerous small grants. The individual grant information is not readily available. Therefore, a reference WV plus sequenced numbering is assigned for identification purposes.

<u>Reference Number</u>	<u>Program Name</u>	<u>State Agency</u>	<u>Federal Agency</u>
WV-1	Purdue Pharma Settlement	Justice and Community Services Division of Public Safety Department of Health Supreme Court of Appeals Division of Corrections	Department of Justice
WV-2	Equitable Sharing Program-Justice	Division of Public Safety	Department of Justice
WV-3	Equitable Sharing Program-Treasury	Division of Public Safety	Department of the Treasury
WV-4	Miscellaneous Federal Award Programs	Department of Environmental Protection	Environmental Protection Agency
WV-5	Petroleum Violation Escrow Funds	Department of Energy and Higher Education	Department of Energy

---

***FINDINGS,  
QUESTIONED COSTS,  
AND  
MANAGEMENT  
RESPONSES***

---



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Part I. Summary of Auditor's Results**

**Financial statements section:**

Type of auditors' report issued (unqualified, qualified, adverse or disclaimer):

Unqualified, with reliance on other auditors

Internal control over financial reporting:

Material weakness(es) identified?

  X   Yes           No

Significant deficiency(ies) identified?

  X   Yes           None Reported

Noncompliance material to financial statements noted?

       Yes      X   No

**Federal awards section:**

Internal control over major programs:

Material weakness(es) identified?

  X   Yes           No

Significant deficiency(ies) identified?

  X   Yes           None Reported

Type of auditors' report issued on compliance for major programs (unqualified, qualified, adverse or disclaimer):

Unqualified for all major programs except for State Fiscal Stabilization Cluster, Abandoned Mine Land Reclamation (AMLR), Low-Income Home Energy Assistance, Weatherization Assistance for Low-Income Persons, and Adoption Assistance Programs which were qualified, and the Broadband Technology Opportunities Program which was adverse.

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?

  X   Yes           No

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Identification of Major Programs**

**Audited by Ernst & Young:**

CFDA Number(s)	Reportable Findings	Name of Federal Program or Cluster
10.551/10.561	2012–51, 52, 53	SNAP Cluster
10.553/10.555/ 10.556/10.559	None	Child Nutrition Cluster
10.557	2012–10, 52, 53	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
11.557*	2012–7, 11, 12, 13, 14, 15	Broadband Technology Opportunities Program
12.400	None	National Guard Construction Projects
12.401*	None	National Guard Military Operations and Maintenance (O&M) Projects
14.228/14.255*	None	CDBG – State Administered CDBG Cluster
15.252	2012–6, 16	Abandoned Mine Land Reclamation (AMLR) Program
17.225*	2012–17	Unemployment Insurance
20.205*/20.219/ 23.003	2012–18, 19	Highway Planning and Construction Cluster
66.468*,#	2012–52, 53	Capitalization Grants for Drinking Water State Revolving Funds
81.042*	2012–7, 20	Weatherization Assistance for Low-Income Persons
84.007/84.033/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 93.264/93.342/ 93.364/93.925	2012–21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48, 49	Student Financial Assistance Cluster
84.010/84.389*	2012–8	Title I, Part A
84.027/84.173/ 84.391*/84.392*	2012–8	Special Education Cluster (IDEA)
84.126/84.390*	2012–50	Vocational Rehabilitation Cluster
84.410	None	Education Jobs Fund

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Identification of Major Programs (continued)**

**Audited by Ernst & Young:**

CFDA Number(s)	Reportable Findings	Name of Federal Program or Cluster
84.394*/84.397*,^	2012-7, 9, 11	State Fiscal Stabilization Fund Cluster
93.558/93.714*/ 93.716*	2012-5, 8, 51, 52, 53, 54, 55, 56	TANF Cluster
93.563	2012-52, 53	Child Support Enforcement
93.568	2012-51, 52, 53, 57	Low-Income Home Energy Assistance
93.575/93.596	2012-8, 51, 52, 53, 58	CCDF Cluster
93.659*	2012-51, 52, 53, 59	Adoption Assistance Title IV-E
93.667	2012-5	Social Services Block Grant
93.767	2012-51, 60, 61	Children's Health Insurance Program (CHIP)
93.720*/93.775/ 93.777/93.778*	2012-51, 52, 53, 62, 63	Medicaid Cluster
96.001/96.006	None	Disability Insurance/SSI Cluster

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Identification of Major Programs (continued)**

**Audited by other auditors:**

66.458\*                      None                      Capitalization Grants for Clean Water State Revolving Funds

Dollar threshold used to distinguish between Type A and B programs                      \$ 17,691,730  
Auditee qualified as low-risk auditee                      \_\_\_\_\_ Yes                      X No

\* CFDA number includes federally identifiable American Recovery and Reinvestment Act Funds.

^ Approximately 15% of the State Fiscal Stabilization Fund Cluster is audited by other auditors. The findings referred to above are a result of our testing and were not from the other auditors.

# Approximately 81% of the Capitalization Grants for Drinking Water State Revolving Fund is audited by other auditors.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Part II. Financial Statement Findings Section**

<b>Reference Number</b>	<b>Findings</b>	<b>Questioned Costs</b>
2012-1	Tax Receipts and Refunds Monthly Reconciliations	N/A
2012-2	Capital Assets	N/A
2012-3	Payroll (PIMS /EPICS Comparison Reports)	N/A
2012-4	Unclaimed Property	N/A

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**Part III. Federal Award Findings and Questioned Costs Section**

Reference Number	Findings	Questioned Costs
2012-5	Schedule of Expenditures of Federal Awards	N/A
2012-6	Subrecipient Risk Assessment	N/A
	Subrecipient Monitoring - American Recovery and Reinvestment Act	
2012-7*	Act	N/A
2012-8	Transparency Act Reporting	Unknown
2012-9*	Subrecipient Identification	N/A
2012-10	FNS Review - Nutrition Services	Unknown
2012-11*	1512 Reporting	N/A
2012-12*	Allowable Costs - Lack of Supporting Documentation	\$466,071
2012-13*	Cash Management	Unknown
2012-14*	Reporting - Financial	N/A
2012-15*	Reporting - Performance	N/A
2012-16	Subrecipient Monitoring - Audit Reports	Unknown
2012-17*	Internal Controls Over Reporting	N/A
2012-18*	Davis Bacon Act	N/A
2012-19*	1512 Reporting	N/A
2012-20*	1512 Reporting	N/A
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation	
2012-21	Reconciliation	N/A
2012-22	Cash Management	Unknown
2012-23	Fiscal Operations Report and Application to Participate	N/A
2012-24	Special Tests and Provisions - Return of Title IV Funds	N/A
2012-25	Eligibility	\$6,830
2012-26	Fiscal Operations Report and Application to Participate	N/A
	Special Tests and Provisions - Disbursements to or on Behalf of Students	
2012-27	Students	N/A
2012-28	Special Tests and Provisions - Return of Title IV Funds	\$656
2012-29	Special Tests and Provisions - Loan Repayments	N/A
2012-30	Special Tests and Provisions - Institutional Eligibility	N/A
2012-31	Fiscal Operations Report and Application to Participate	N/A
2012-32	Earmarking	N/A
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation	
2012-33	Reconciliation	N/A
2012-34	Fiscal Operations Report and Application to Participate	N/A
2012-35	Special Tests and Provisions - Institutional Eligibility	N/A
2012-36	Cash Management	N/A
2012-37	Program Income	N/A
2012-38	Fiscal Operations Report and Application to Participate	N/A
2012-39	Special Tests and Provisions - Loan Defaults	N/A
	Special Tests and Provisions - Borrower Data Transmission and Reconciliation	
2012-40	Reconciliation	N/A
2012-41	Special Tests and Provisions - Institutional Eligibility	N/A
2012-42	Schedule of Expenditures of Federal Awards	N/A
2012-43	Special Tests and Provisions - Enrollment Reporting	N/A
2012-44	Schedule of Expenditures of Federal Awards	N/A
2012-45	Special Tests and Provisions - Verification	N/A
2012-46	Special Tests and Provisions - Return of Title IV Funds	\$153
2012-47	Special Tests and Provisions - Enrollment Reporting	N/A
2012-48	Special Tests and Provisions - Institutional Eligibility	N/A
2012-49	Special Tests and Provisions - Enrollment Reporting	N/A
2012-50	Indirect Cost Allocation	Unknown

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

<b>Reference Number</b>	<b>Findings</b>	<b>Questioned Costs</b>
2012-51*	DHHR Information System and Related Business Process Controls	N/A
2012-52*	Procurement Procedures	N/A
2012-53*	Time and Attendance Authorization Procedures	Unknown
2012-54	Eligibility	Unknown
2012-55	Reporting	Unknown
2012-56	Special Tests and Provisions - Sanctions	Unknown
2012-57	Allowability and Eligibility	\$5,437
2012-58	Disaster Recovery Plan	N/A
2012-59	Eligibility Documentation	\$3,938
2012-60	RAPIDS User Guide	N/A
2012-61	Eligibility	\$308
2012-62*	Unallowable Costs - Personal Care Services	\$380,369
2012-63*	Quality Control Error Rate	Unknown

\* Finding includes federally identifiable American Recovery and Reinvestment Act Funds.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012-1 TAX RECEIPTS AND REFUNDS MONTHLY RECONCILIATIONS**

**State Agency**

Department of Revenue (Revenue) and Financial  
Accounting and Reporting Section (FARS)

**Criteria:** Revenue is responsible for establishing and maintaining adequate controls over the recording and collection of tax revenues and related receivables, including its information systems and processes. FARS is responsible for the estimation process to estimate tax refunds payable at year-end.

**Condition:** Consistent with prior year, we identified control deficiencies around the tax collection and refund process based on the following:

Revenue performs monthly tax refund and tax revenue reconciliations between the tax subledger (GenTax) and WVFIMS. The reconciliations are prepared by a staff and reviewed by a senior member of Revenue. During our review of the tax refund reconciliations, we noted that the preparation and review functions are not formally documented by signature and completion date. During our review of the tax remittance reconciliations performed by Revenue, we noted that the reconciliation for the month of March had not been finalized or reviewed by a senior member of Revenue. Furthermore, we noted that a material reconciling item and its ultimate resolution had not been documented. Management was able to provide supporting documentation for the reconciling item subsequent to our testing.

During our tax refunds payable testing, we identified reclassifying entries between current and noncurrent liabilities of \$6.2 million at the government wide level.

**Questioned Costs:** N/A

**Context:** The total tax revenue for the year ended June 30, 2012, is approximately \$5.0 billion. Taxes receivable and tax refunds payable approximated \$464.1 million and \$260.3 million, respectively, at June 30, 2012.

**Cause:** Management indicated that the deficiency noted above is due to lack of staffing resources.

**Effect:** The conditions outlined above could cause tax revenue and the related receivable and refunds payable to not be properly recorded in the financial statements in the correct account and period as well as for the proper amount. They may also create opportunities for errors and irregularities to go undetected.

**Recommendation:** We recommend that Revenue establish formal policies and procedures for performance of the reconciliation between GenTax and WVFIMS at least monthly in order to assure the resolution of unreconciled differences in a timely manner. When developing the reconciliation process, Revenue should consider segregation of duties, review and approval policies and procedures, including the formal documentation of those approvals, as well as developing formalized thresholds that are sensitive enough to identify material errors, documenting precision of review. In addition, formal preparer and reviewer sign offs should be required on the monthly reconciliations.

We also recommend that FARS and Revenue collaborate to finalize the tax refund reporting and estimation process. While developing historical trends, FARS and Revenue should consider State Code and the implications on the refund estimation process and the appropriate classification.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-1 TAX RECEIPTS AND REFUNDS MONTHLY RECONCILIATIONS  
(continued)**

**State Agency**  
Department of Revenue (Revenue) and Financial  
Accounting and Reporting Section (FARS)

**Views of  
Responsible  
Officials:**            Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012–2 CAPITAL ASSETS**  
**(Prior Year Finding 2011–1)**

**State Agency:**  
Various

**Criteria:** As stated in the Capital Asset Policies Manual, “Agencies are required to complete an annual Inventory Certification Cover Sheet and submit to the Purchasing Division by July 15 of every year.” This control procedure is used by the Financial Accounting and Reporting Section to require the agencies to certify the existence of assets purchased and the accuracy of the agency’s capital assets that are reported in the State’s Comprehensive Annual Financial Report (CAFR).

Also, the West Virginia Purchasing Division guidelines state, in part:

“... any item which has an original acquisition cost of \$1,000 or more and useful life of one year or more is required to be entered into the West Virginia Financial Information Management System (WVFIMS) Fixed Asset System.

All equipment over \$1,000 will have a numbered equipment identification tag ... tags are to be placed on all items of property/equipment in such a manner that it can easily be seen and read.

All fields are required in WVFIMS as it applies to the equipment ... tag number, item description, serial number ....” Agencies are responsible for maintaining equipment from date of purchase to date of retirement, such as keeping equipment secure, entering assets into WVFIMS, conducting physical inventories, submitting annual certification, retiring assets properly, etc., all in accordance with policies and procedures.

**Condition:** Based on our procedures, we noted the following instances of noncompliance with State equipment policies and procedures:

In our sample test of 25 capital asset additions which totaled \$110 million, one \$2 million asset was capitalized in fiscal year 2012 that should have been capitalized in 2013. Additionally, five of the items sampled for additions testing did not possess the capital asset certificate proving ownership of the asset.

In our sample of 13 capital asset disposals which totaled \$65 million, one disposal of \$10 million net of accumulated depreciation should have been expensed as of June 30, 2011.

**Questioned Costs:** N/A

**Context:** Capital assets recorded in governmental activities of the primary government were \$9.2 billion at June 30, 2012.

**Cause:** Management indicated that capital asset guideline noncompliance was due to the decentralization of the capital asset process, staffing limitations and lack of training and knowledge related to compliance requirements. Because of decentralization of the capital asset management process, additions or deletions might not be reported in the WVFIMS Fixed Asset System and ultimately not reported in the CAFR timely.

**Effect:** The deficiencies noted in the controls over capital assets could result in capital assets not being recorded or depreciated properly or disposals being appropriately expensed in the CAFR. Deficient controls could result in increased risk of theft, especially for portable electronic items (e.g., computers, cameras).

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012–2 CAPITAL ASSETS**  
**(Prior Year Finding 2011–1) (continued)**

**State Agency:**  
Various

**Recommendation:** In order to safeguard assets from unauthorized use or disposition and enhance the reliability of the capital asset amounts reported in the financial statements, we recommend that procedures be implemented to ensure that the capital assets policies and guidelines are adhered to by State agencies. Periodic training covering general procedures as well as focused training in deficient areas should be considered to enhance compliance.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012–3 PAYROLL (PIMS /EPICS COMPARISON REPORTS)**

**State Agency**  
West Virginia State Budget Office (Budget)

**Criteria:** The State is responsible for maintaining an effective control environment over routine processes including payroll. A component of the controls related to payroll includes the comparison of pay rates maintained in the Position Information Management System (PIMS) (i.e. master file of approved pay rates) and the Employee Payroll Information Control System (EPICS) (i.e., payroll journal). Budget is responsible for performing this control every pay payroll run and is required to investigate all discrepancies. When a discrepancy is identified, Budget contacts the respective agency so the discrepancy can be resolved.

**Condition:** Based on our procedures and inquiries of Budget, the control is either not being performed or it is not being performed in a timely manner. The State does not have a compensating control when this comparison is not performed or performed timely.

**Questioned Costs:** N/A

**Context:** Payroll expense for the State was \$2.3 billion in fiscal year 2012.

**Cause:** The State Budget Office has not refined the control so that higher risk discrepancies are evaluated timely.

**Effect:** The deficiencies in internal control identified could result in employees being overpaid compared to their approved wage.

**Recommendation:** EY recommends that Budget develop policies and procedures related to the PIMS and EPICS comparison control. The control should give consideration as to the frequency of the control, the risk of the discrepancy and a tolerance threshold.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012-4 UNCLAIMED PROPERTY**

**State Agency**  
Various

- Criteria:** The Financial Accounting and Reporting Section (FARS) is responsible for preparing the State's Comprehensive Annual Financial Report in accordance with generally accepted accounting principles. To estimate the current and noncurrent unclaimed property liability, FARS utilizes a database maintained by the State Treasurer's Office (STO) relating to unclaimed property to analyze payout trends and estimate the liability.
- Condition:** FARS estimated the liability related to unclaimed property utilizing trend data from the unclaimed property database that was implemented in fiscal year 2009. During our procedures, we determined that the liability was overstated by \$11 million.
- Questioned Costs:** N/A
- Context:** The total unclaimed property for the State is \$171.9 million as of June 30, 2012. The estimated liability related to unclaimed property is \$35.1 million as of June 30, 2012.
- Cause:** The trend analysis and liability estimate prepared by FARS did not fully leverage the available information in the database to estimate the liability.
- Effect:** The methodology applied by FARS was not updated for the continued development of the trend data. This could result in a material misstatement of the estimate and the CAFR.
- Recommendation:** We recommend that FARS continue to update the policies and procedures related to the unclaimed property liability computation as additional trend data is developed and is available. The database has been in place since 2009 and as the information matures, the estimate should continue to be refined on a contemporaneous basis.
- Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Prior Year Finding 2011–4)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> Various	<b>CFDA#</b> Various
-------------------------------------	---	-------------------------

**Criteria:** OMB Circular A–133 Section 300a states, “The auditee shall prepare appropriate financial statements including the Schedule of Expenditures of Federal Awards (SEFA).”

**Condition:** The Department of Administration Financial Accounting and Reporting Section (FARS) is responsible for preparing the Schedule of Expenditures of Federal Awards (SEFA) for the State using information submitted by State agencies receiving federal monies during the year. The respective State agencies do not always report information and related revisions to the FARS Single Audit coordinator in a timely manner. Furthermore, the State agencies do not always identify reclassifications needed to report Federal expenditures under the correct CFDA. Late revisions and reclassifications to the SEFA could result in a program going above the Type A program threshold without being identified in a timely manner to allow completion of the necessary audit procedures by the required OMB Circular A–133 deadline. Late revisions and reclassifications to the SEFA could also result in a program that was initially audited as a Type A high risk and major program going below the Type A program threshold and becoming a Type B program. Such changes can result in effort being expended auditing a program which does not have to and should not be audited as a major program.

The State agencies are required to have internal controls in place surrounding the completion of their SEFAs which are submitted to FARS. During our testing of the individual major programs it was determined that many of the individual agencies did not have a formalized internal control process, such as a formalized review and approval control, surrounding the preparation of their SEFAs which were submitted to FARS.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for the State included on the SEFA were \$5.8 billion for the fiscal year ended June 30, 2012.

**Cause:** Policies and procedures related to timeliness are not being followed by all State agencies. FARS lacks the enforcement and oversight ability to enforce the established deadlines to ensure timeliness.

Formalized internal control processes are not established around the preparation and review of the SEFAs at the individual agencies.

**Effect:** Incorrect SEFAs may be submitted to FARS which could result in inaccurate reporting. Last-minute revisions and reclassifications are made to the SEFA that could result in a major program not being identified in a timely manner or cause effort to be expended auditing a program which does not have to and should not be audited as a major program.

**Recommendation:** We recommend that FARS continue to work with the Governor’s Office to seek assistance in having the State agencies prioritize completion of accurate and complete SEFA information in a timely manner.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Prior Year Findings 2011-4) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	Various	Various
<b>Views of Responsible Officials:</b>	Agree. See the separate corrective action plan.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–6 SUBRECIPIENT RISK ASSESSMENT**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> Various	<b>CFDA#</b> Various
-------------------------------------	---	-------------------------

**Criteria:** Each state department and agency that receives and disburses federal awards is required by OMB Circular A-133 Sec .300(b) to “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

OMB Circular No. A-133, Subpart D §400 requires a pass-through entity to “monitor the activities of subrecipients as necessary to ensure that federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.” Pass-through entities are required to develop monitoring procedures including programmatic and financial monitoring to ensure subrecipients have used federal funds for authorized purposes.

**Condition:** Subrecipients are to be formally evaluated as higher risk or lower risk which determines the frequency and depth of monitoring. Throughout our audits of the various major programs which have subrecipients, we noted that some of agencies have various processes and procedures in place in order to assess subrecipient risk. However, while these policies and procedures may be in place, we were not able to obtain supporting documentation to evidence that these risk assessments were occurring. There is not a centralized, consistent process in place to ensure all agencies are following these requirements and are applying a consistent risk assessment to subrecipients of grants from multiple federal programs.

**Questioned Cost:** N/A

**Context:** Total awards to subrecipients for the State of West Virginia were \$693,538,493 for the year ended June 30, 2012.

**Cause:** There is not a centralized, consistent process in place to ensure all agencies are appropriately monitoring subrecipient risk and consistently determining a subrecipient’s risk assessment. Formal documentation is not maintained to evidence the review completed.

**Effect:** Inadequate subrecipient risk assessment documentation could result in the agencies not performing the proper degree of subrecipient monitoring.

**Recommendation:** The State should implement a centralized process in order to consistently address subrecipient risk. Formal documentation should be maintained in order to evidence the analysis completed.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND REINVESTMENT ACT  
(Prior Year Finding 2011–6)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Commerce West Virginia Governor’s Executive Office Broadband Technology Opportunities Program (BTOP) Grant Award NT10BIX5570031	ARRA-11.557
	Weatherization Assistance for Low-Income Persons Grant Award DE-EE0000101	ARRA-81.042
	U.S. Department of Education State Fiscal Stabilization Fund Cluster Grant Award 2009 Education S394A090049A Grant Award 2009 Government Services S397A090049	ARRA-84.394/ ARRA-84.397

**Criteria:** Per 2 CFR Section 176.210(c), “recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.”

**Condition:** Based on our procedures, we noted that one of the subrecipients for the State Fiscal Stabilization Fund Cluster receiving Recovery Act funds was not notified by the awarding State agency of the above information at the time of each disbursement of ARRA funds.

Additionally, we noted that all subrecipients for the Broadband Technology Opportunities Program and Weatherization Assistance for Low-Income Persons Program were not notified by the awarding State agency of the above requirement at the time of the subaward or each disbursement of ARRA funds.

**Questioned Cost:** N/A

**Context:** The total amount of ARRA funded subawards made by the programs during the year ended June 30, 2012, was \$24,894,130.

<b>CFDA#</b>	<b>Program</b>	<b>ARRA Subrecipient Expenditures</b>
ARRA-11.557	Broadband Technology Opportunities Program	\$ 2,856,109
ARRA-81.042	ARRA-Weatherization Assistance for Low Income Persons	11,000,834
ARRA-84.394/ ARRA-84.397	State Fiscal Stabilization Fund Cluster	11,037,187
		\$ 24,894,130

**Cause:** The State agencies did not properly identify the CFDA number and amount of Recovery Act funds to each subrecipient at the time of the award. Additionally, the State agencies did not notify subrecipients of the same information at each disbursement of Recovery Act funds.

**Effect:** Management is not able to communicate, in a timely manner, the existence of Recovery Act funds to subrecipients.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND REINVESTMENT ACT  
(Prior Year Finding 2011-6) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Commerce	
	West Virginia Governor's Executive Office	
	Broadband Technology Opportunities Program (BTOP)	ARRA-11.557
	Grant Award NT10BIX5570031	
	Weatherization Assistance for Low-Income Persons	ARRA-81.042
	Grant Award DE-EE0000101	
	U.S. Department of Education	
	State Fiscal Stabilization Fund Cluster	ARRA-84.394/
	Grant Award 2009 Education S394A090049A	ARRA-84.397
	Grant Award 2009 Government Services	
	S397A090049	

**Recommendation:** We recommend that management implement a process to notify all Recovery Act subrecipients of the CFDA number and amount of Recovery Act funds at the time of each subaward and at each subsequent disbursement.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–8 TRANSPARENCY ACT REPORTING  
(Prior Year Finding 2011–7)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award Grant Award 2012 – 2012G996115	
	CCDF Cluster	93.575/93.596
	Grant Award 20429	
	Grant Award 20430	
	Grant Award 20431	
	U.S. Department of Education	
	Title I, Part A Cluster	
	Grant Award S010A110048	84.010
	Special Education Cluster	
	Grant Award H173A110071	84.027/84.173
	Grant Award H027A110075	

**Criteria:** In accordance with OMB Circular A–133 Subpart C §\_.300(b) the auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Per 2 CFR 170 Appendix A, unless the auditee is exempt as provided in paragraph d, the auditee must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity no later than the end of the month following the month in which the obligation was made.

**Condition:** State Agencies that make first-tier sub-awards using non-ARRA funds are required to comply with the Federal Funding Accountability and Transparency Act (Pub. L. No. 109-282) Transparency Act), as amended by Section 6202(a) of the Government Funding Transparency Act of 2008 (Pub. L. No. P11-252), that relates to sub-award reporting. During our audit procedures, it was noted that TANF Cluster and CCDF Cluster did not comply with the timeliness requirement related to this reporting. It was also noted for the Title I, Part A Cluster that the required reports were not submitted. Finally, the Special Education Cluster did not comply with this reporting requirement for revisions made to existing awards and there was no evidence of review prior to submission.

**Questioned Costs:** Unknown

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–8 TRANSPARENCY ACT REPORTING  
(Prior Year Finding 2011–7) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award Grant Award 2012 – 2012G996115	
	CCDF Cluster	93.575/93.596
	Grant Award 20429	
	Grant Award 20430	
	Grant Award 20431	
	U.S. Department of Education	
	Title I, Part A Cluster	
	Grant Award S010A110048	84.010
	Special Education Cluster	
	Grant Award H173A110071	84.027/84.173
	Grant Award H027A110075	

Total first-tier subawards subject to these reporting requirements for the above major programs after October 1, 2010 were approximately \$198,660,588 for the year ended June 30, 2012.

<b>CFDA#</b>	<b>Program</b>	<b>First-Tier Subawards</b>
93.558	Temporary Assistance for Needy Families (TANF) State Programs	\$ 18,026,556
93.575/93.596	CCDF Cluster	9,784,987
84.010	Title I, Part A Cluster	97,548,547
84.027/84.173	Special Education Cluster (IDEA)	73,300,498
		<u>\$ 198,660,588</u>

Total federal expenditures for the State of West Virginia for fiscal year ended June 30, 2012, were approximately \$5.8 billion. To be considered timely, these reports must be submitted at the end of the month following the month the subaward was granted.

**Cause:** Policies and procedures relating to the reporting of first tier subawards as required by the Transparency Act are not currently being followed.

**Effect:** Management is not able to determine, in a timely manner, the existence of material noncompliance.

**Recommendation:** We recommend that management take immediate action to ensure compliance with the reporting requirements of the Transparency Act. We further recommend that management implement a review process to ensure that information is being reviewed prior to being uploaded to the website.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–9 SUBRECIPIENT IDENTIFICATION  
(Prior Year Finding 2011–8)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	Various	Various

**Criteria:** OMB Circular A–133 Section 300a states, “The auditee shall prepare appropriate financial statements including the Schedule of Expenditures of Federal Awards (SEFA).”

Each State department and agency that receives and disburses federal awards is required by OMB Circular A–133 Sec .300(b) to “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

**Condition:** During our OMB Circular A-133 audit compliance procedures at several State agencies, we noted that the initial SEFA’s provided by the State agencies had other State agencies’ transfers included within the subrecipient disbursements which inflated the amount of subrecipient expenditures. This, in effect, overstated the amount of federal expenditures initially reported during the period.

The State of West Virginia defines a “subrecipient” as any person or government department, agency, or establishment that received federal financial awards to carry out or administer a program but not an individual who is a beneficiary of such a program. Other State agencies are not identified as subrecipients because the State of West Virginia is considered to be one entity.

The expenditures of funds between the awarding agency and the State agency do not constitute subrecipient expenditures that should be reported as a SEFA item as it merely represents a transfer of funds between agencies. This inaccurate presentation at the agency level violated State policies and procedures and required extensive transfer reconciliation procedures to resolve the reclassification issue.

Further we noted that several State agencies are coding transfers between State agencies as awards to subrecipients. This inaccurate recording of transactions at the agency level violated State policies and procedures and required additional procedures to identify true subrecipients, as defined above, so that audit procedures related to the subrecipient monitoring compliance requirement are performed on the correct population.

**Questioned Cost:** N/A

**Context:** Total awards to subrecipients for the State of West Virginia were \$693,538,493 for the year ended June 30, 2012.

**Cause:** The respective agencies identified the disbursements to other State agencies as they were maintaining their records as though the State agencies were true subrecipients. This method of documentation is in violation of State policies and procedures.

**Effect:** Subrecipient expenditures and total federal expenditures on the initial SEFA were overstated. Additionally, transfer amounts may not be identified in a timely manner and thus result in improper reporting of awards to subrecipients.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-9 SUBRECIPIENT IDENTIFICATION ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**(Prior Year Finding 2011-8) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	Various	Various

**Recommendation:** We recommend that agencies ensure that appropriate SEFA preparation and reconciliation procedures are in place to address potential reconciliation issues. Agencies should follow FARS closing book instructions, specifically forms 9C and 9D, in order to properly identify and report transfers to other State agencies appropriately and not as subrecipient expenditures. Additionally, agencies should record transfers with other State agencies to the proper object code, rather than the subrecipient object code, to avoid the possibility of improper classification on the agency's SEFA.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–10 FNS REVIEW - NUTRITION SERVICES**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Women Infants and Children (WIC)	10.557
	Grant Award 2012 2012IW100341	
	Grant Award 2012 2012IW100641	
	Grant Award 2012 2012IW500341	

- Criteria:**
- Per 7 CFR 246.2; 7 CFR 246.7(e); 7 CFR 246.10 (b)(2); 7 CFR 246.19 (b) (1-6) the State agency must monitor local agencies/clinics to make sure they periodically evaluate the quality of services provided by Competent Professional Authorities and other WIC staff.
  - Per 7 CFR 246.11 (e)(4), the local agency shall document in each participant's certification file that nutrition education has been given to the participant in accordance with State agency standards.
  - Per 7 CFR 246.10 Food Packages (FP) for breastfeeding mothers should match the FP for their infant.

- Condition:** During fiscal year 2012, the U.S. Department of Agriculture completed a West Virginia fiscal year 2012 State Technical Assistance Review (STAR) of the WIC program for the functional area of Nutrition Services. This review resulted in three findings:
- The State agency does not monitor its local agencies/clinics to ensure that they periodically evaluate the quality of the services provided by Competent Professional Authorities and other WIC staff.
  - The State agency is not ensuring that participants are offered opportunities to receive the minimum number of nutrition education contacts per certification period.
  - Exceptions of Food Packages issued to breastfeeding mothers and their infants need to be resolved in the system and documented in the participant's file.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the Special Supplemental Nutrition Program for the WIC program were \$38,531,985 for the year ended June 30, 2012.

**Cause:** The WIC program has not established proper policies and procedures to manage nutrition services' compliance.

**Effect:** The WIC program is not in compliance with compliance requirements related to nutrition services.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–10 FNS REVIEW - NUTRITION SERVICES  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Women Infants and Children (WIC)	10.557
	Grant Award 2012 2012IW100341	
	Grant Award 2012 2012IW100641	
	Grant Award 2012 2012IW500341	

**Recommendation:** We recommend the WIC program implement the recommended corrective action indicated in the review by the U.S. Department of Agriculture including the following 1) the State agency must monitor and evaluate its local agencies' operations once every two years and require that agencies establish their own management evaluation system to ensure WIC staff is qualified for their positions and performing their roles and responsibilities in accordance with program requirements. 2) the State agency must ensure that during each six-month certification period at least two nutrition contacts must be made available to all adult participants and the parents or caretakers of infant and child participants, and wherever possible, the child participants themselves. 3) All exceptions must be resolved in the system and documented in the participants' files. The breastfeeding mother's record matched with infant's. Exception records report must be submitted to the local agencies for monitoring purposes. Staff must be re-trained to ensure the breastfeeding food package assignment protocols are followed.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–11 1512 REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Commerce Broadband Technology Opportunities Program (BTOP) Grant Award NT10BIX5570031	ARRA-11.557
	U.S. Department of Education State Fiscal Stabilization Fund Cluster  Grant Award S394A090049A	ARRA-84.394/ ARRA-84.397

**Criteria:** In accordance with OMB Circular A–133 Subpart C §.300(b) the auditee shall: Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

**Condition:** State Agencies that receive and spend ARRA funds are required to complete a Section 1512 report on a quarterly basis. There are certain programs that are exempt from this requirement as noted within the applicable guidance. During our review of the March 31, 2012 Section 1512 report for BTOP and the September 30, 2011 Section 1512 report for the State Fiscal Stabilization Fund Cluster it was determined that there were inadequate internal controls in place at the State of West Virginia Office of the Governor (Governor’s Office) surrounding the preparation and review of the Section 1512 report for accuracy and completeness prior to submission. While the process performed is documented, evidence for each of the levels of review is not maintained.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for BTOP and the State Fiscal Stabilization Fund Cluster were \$25,644,786 and \$24,730,368 respectively for the year ended June 30, 2012. Total federal expenditures for the State of West Virginia for fiscal year ended June 30, 2012, were approximately \$5.8 billion.

**Cause:** Policies and procedures related to the process surrounding the preparation and review of the 1512 reports are in effect, however, the review procedures do not appear to be occurring nor is documentation to support the level of review maintained.

**Effect:** Section 1512 reports may be inaccurate when submitted through the Recovery.gov submission process thereby resulting in noncompliance.

**Recommendation:** We recommend that the Governor’s Office establish a review process around the 1512 reports and maintain documentation to evidence the control process. We also recommend that the Governor’s Office maintain documentation to support the levels of review which have occurred per the documented internal control processes.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-12 ALLOWABLE COSTS-LACK OF SUPPORTING DOCUMENTATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Commerce Broadband Technology Opportunities Program (BTOP) Grant Award NT10BIX5570031	ARRA-11.557

**Criteria:** Per 2 CFR 215.53(b), “financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report or, for awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, as authorized by the Federal awarding agency.”

**Condition:** We reviewed 60 expense transactions and did not receive supporting documentation for 30 of these transactions.

**Questioned Costs:** \$466,071

**Context:** The 30 activities we did not receive supporting information for represents \$466,070 out of a total of \$4,097,087 in expenditures tested for allowability. Total federal expenditures for BTOP for the fiscal year ended June 30, 2012 were \$25,644,786, all of which were ARRA funded expenditures.

**Cause:** Due to the use of multiple agencies in administering BTOP activities, the State of West Virginia Office of the Governor (Governor’s office) was unable to track all expenditures in a detailed enough manner and maintain supporting documentation in a central location. In addition, there are no reconciliations being performed for the amounts transferred to other agencies.

**Effect:** Reimbursement may be made for expenditures that are unallowable.

**Recommendation:** We recommend that the Governor’s Office instill procedural changes to ensure that all supporting documentation for expenses reimbursed is maintained in a central location. Supporting documentation should be reconciled to amounts transferred to other agencies to ensure there are no discrepancies. This will allow for adequate supporting and proper reporting of federal expenditures.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012–13 CASH MANAGEMENT**  
**(Prior Year Finding 2011–11)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Commerce	
	Broadband Technology Opportunities Program (BTOP)	
	Grant Award NT10BIX5570031	ARRA-11.557

**Criteria:** OMB Circular A-102, Section 2(a) requires grantor agency to “establish methods and procedures for transferring funds to minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient’s need for the funds.”

**Condition:** For the period of July 1, 2011 through June 30, 2012, the State of West Virginia Office of the Governor (Governor’s Office) had developed procedures for cash management; however these procedures were not sufficient enough to minimize the time elapsing between when a cash drawdown was received and subsequently disbursed. The BTOP program through the Governor’s office utilizes other State agencies for their administration of program activities. Invoices are provided by these agencies as support for drawdown requests. Once these amounts are transferred from the Governor’s office to the other agency, the funds are not immediately disbursed to meet the required timeframe.

**Questioned Costs:** Unknown

**Context:** For 12 of the 18 ARRA transactions selected in our cash management testing, cash drawdowns were not expended within three days of the receipt of the federal funds. These items represented \$3,303,324 out of a total sample of \$4,012,949. Total federal expenditures for the BTOP program for the fiscal year ended June 30, 2012 were \$25,644,786, all of which were ARRA funded expenditures.

**Cause:** There are no reconciliations being performed for the amounts transferred to other agencies to ensure they are expended in the required timeframe. Additionally, there does not appear to be adequate communication between the respective agencies to ensure that transfers are for expenses reported in the same financial reporting period.

**Effect:** The Governor’s Office is not in compliance with the federal rules and regulations regarding cash management.

**Recommendation:** We recommend that the Governor’s Office implement a monthly reconciliation process, utilizing both the monthly State Auditor Reports (SARs) and an exported monthly Crystal Report for Fund 8717 CFDA# 11.557 to ensure that the amounts transferred to each agency matches the FIMS expenditure detail provided by the agency. This will allow for adequate supporting and proper reporting of federal expenditures. All agencies’ FIMS Fund and Object code expenditures should be reconciled with the Governor’s Office financial information. Additionally, each agency receives a monthly report from the State Auditor’s Office (SAR) that details the receipts and expenditures during the period, and this report should also be reconciled to FIMS fund activity and separately maintained financial information, as applicable.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–14 REPORTING - FINANCIAL**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Commerce Broadband Technology Opportunities Program (BTOP) Grant Award NT10BIX5570031	ARRA-11.557

**Criteria:** Per 2 CFR 176.50(d), “agencies are responsible for ensuring that their recipients report information required under the Recovery Act in a timely manner. The recipient shall report the information described in section 1512(c) of the Recovery Act using the reporting instructions and data elements that will be provided online at <http://www.FederalReporting.gov> and ensure that any information that is pre-filled is corrected or updated as needed.”

**Condition:** State Agencies that receive and spend ARRA funds are required to complete a Section 1512 report on a quarterly basis. There are certain programs that are exempt from this requirement as noted within the applicable guidance. During our testing of the March 31, 2012 Section 1512 reports submitted for BTOP, it was noted that the expenditure amount reported did not agree to actual amounts expended for the program during the time frame. Additionally, BTOP awards are subject to financial reporting on a quarterly basis and each recipient must submit the OMB Standard Form 425 Federal Financial Report (SF-425 FFR). The recipient must demonstrate that its internal accounting systems and controls comply with Federal grant management and accounting requirements governing the receipt and expenditure of Federal award funds. We tested two SF-425 reports submitted during the fiscal year and noted that the expenditure amount reported did not agree to actual amounts expended for the program during the applicable time frame.

**Questioned Costs:** N/A

**Context:**

- 1) Total cumulative expenditure amount reported on the March 31, 2012 1512 report is \$54,331,315. The current fiscal year expenditure included in this amount is \$23,660,008 while the actual current year amount expended is \$22,000,089, a difference of \$1,659,919.
- 2) Total cumulative expenditure amount reported on the December 31, 2011 SF-425 report is \$42,766,750. The current fiscal year expenditure included in this amount is \$12,095,444 while the actual current year amount expended is \$6,710,126, a difference of \$5,385,318.
- 3) Total cumulative expenditure amount reported on the June 30, 2012 SF-425 report is \$57,630,765. The current fiscal year expenditure included in this amount is \$26,959,458 while the actual current year amount expended is \$24,557,828, a difference of \$2,401,630.

Total federal expenditures for BTOP for the fiscal year ended June 30, 2012 were \$25,644,786, all of which were ARRA funded expenditures.

**Cause:** There are no reconciliations being performed for the amounts transferred to other state agencies who administer BTOP grant activities to ensure that funds transferred for program purpose are in the same reporting period.

**Effect:** Financial and special reports submitted may contain inaccurate amounts when submitted to the federal reporting agency.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-14 REPORTING - FINANCIAL  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Commerce Broadband Technology Opportunities Program (BTOP) Grant Award NT10BIX5570031	ARRA-11.557

**Recommendation:** We recommend that the Governor's Office implement a monthly reconciliation process, utilizing both the monthly State Auditor Reports (SARs) and an exported monthly Crystal Report for Fund 8717 CFDA# 11.557 to ensure that the amounts transferred to each agency matches the FIMS expenditure detail provided by the agency. This will allow for adequate supporting and proper reporting of federal expenditures. Additionally, we recommend that the Governor's Office instill policy changes to mandate that amounts transferred to other state agencies are expended within the required timeframe and within the same reporting period.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012–15 REPORTING - PERFORMANCE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> U.S. Department of Commerce Broadband Technology Opportunities Program (BTOP) Grant Award NT10BIX5570031	<b>CFDA#</b>   ARRA-11.557
<b>Criteria:</b>	Per 49 CFR 18.40(a), “grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.”	
<b>Condition:</b>	BTOP is required to submit quarterly and annual progress report for Broadband Infrastructure Projects. These reports are due 30 days after the end of the calendar quarter and should include project indicators and budget execution details. During our testing of 2 submitted quarterly performance reports and the annual report, we noted that the critical information line item “ <i>number of new towers</i> ” contained incorrect information. Upon discussion with program coordinator, it was determined that the wrong completion dates had been provided by the subcontractor.	
<b>Questioned Costs:</b>	N/A	
<b>Context:</b>	Total federal expenditures for BTOP for the fiscal year ended June 30, 2012 were \$25,644,786, all of which were ARRA funded expenditures.	
<b>Cause:</b>	Policies and procedures related to the verification of information received from subcontractors are not in place.	
<b>Effect:</b>	Performance reports submitted during the fiscal year could have inaccurate key data elements as a result of the failure to verify key data reported.	
<b>Recommendation:</b>	We recommend that the State of West Virginia Office of the Governor instill procedural changes to ensure that data reported is properly reconciled to source information and verified for accuracy in order to prevent incorrect reporting.	
<b>Views of Responsible Officials:</b>	Agree. See the separate corrective action plan.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–16 SUBRECIPIENT MONITORING – AUDIT REPORTS  
(Prior Year Finding 2011–14)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Interior	
	Abandoned Mine Land Reclamation (AMLR)	15.252
	Grant Award S09AP15122	
	Grant Award S10AP16155	
	Grant Award S11AF20009	
	Grant Award S12AF20037	

**Criteria:** Each State department and agency that receives and disburses federal awards is required by OMB Circular A-133 Sec .300(b) to “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

All subrecipients subject to OMB Circular A-133 spending more than \$500,000 in federal awards must have required audits completed in accordance with OMB Circular A-133 and provide copies of their audit reports to the primary recipient. The required audits must be completed within nine months of the end of the subrecipient’s audit period.

**Condition:** For one of the five subrecipients tested, the subrecipient audit report tested was neither received by the Federal Clearinghouse nor by the program administrator by the ninth month following the end of the subrecipient’s fiscal year, as required by OMB Circular A-133. One of the five subrecipients tested submitted their audit report to the Federal Clearinghouse in a timely manner, but did not submit the audit to the program administrator by the ninth month following the subrecipient’s fiscal year, as required by OMB Circular A-133.

Furthermore, per our review of the AMLR subrecipient monitoring log, there were five other subrecipient audits that were not received by the program administrator by the ninth month following the subrecipient’s fiscal year. Of those five subrecipients, three were not submitted to the Federal Audit Clearinghouse by the ninth month following the subrecipient’s fiscal year.

**Questioned Costs:** Unknown

**Context:** The total disbursements made to the subrecipients identified above that were not in compliance were \$8,024,198 for the year ended June 30, 2012. Total federal expenditures to all subrecipients for AMLR were \$12,683,086 for the year ended June 30, 2012. Total federal expenditures for AMLR were \$59,502,511 for the year ended June 30, 2012.

**Cause:** Management indicated that the subgrant unit of AMLR has had continual contact with subrecipients in efforts to receive the audit report by the required deadline. Management indicated that there were delays in the timing of the audits for various reasons which caused the audits to not be submitted in a timely manner.

**Effect:** AMLR is unable to determine, in a timely manner, the existence of material noncompliance or internal control issues with subrecipients that may be identified through the monitoring process.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–16 SUBRECIPIENT MONITORING – AUDIT REPORTS  
(Prior Year Finding 2011–14) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Interior	
	Abandoned Mine Land Reclamation (AMLR)	15.252
	Grant Award S09AP15122	
	Grant Award S10AP16155	
	Grant Award S11AF20009	
	Grant Award S12AF20037	

**Recommendation:** AMLR currently has procedures in place to monitor and track subrecipient audit reports. We recommend management continue to implement and enhance these procedures and follow up with subrecipients subject to OMB Circular A-133 requirements to ensure that the required audits are completed in a timely manner. Management should also consider sanctions against pervasive noncompliance by subrecipients as outlined in the federal guidelines.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–17 INTERNAL CONTROLS OVER REPORTING  
(Prior Year Finding 2011–15)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Labor	
	Unemployment Insurance (UI)	17.225 and
	Grant Award UI-19617-10-55-A-54	ARRA-17.225
	Grant Award UI-1211341155A54	

**Criteria:** The management of WorkForce West Virginia (WWV) is responsible for establishing and maintaining effective internal controls over compliance.

**Condition:** During the fiscal year ended June 30, 2012, it was noted that there were incorrect amounts reported on the Overpayment Detection/Recovery Report (Form ETA-227). Per the instructions for Form ETA-227, the number of cases to be included in line 204, box 6, is the State New Hire and W-4 totals from the cleared cases report plus boxes seven and nine of line 204. According to supporting documentation supplied by WWV, the total to be included in line 204, box 6 for the month of August 2011 was 786 cases. We noted that the total cases reported on line 204, box 6 on the original August 2011 report were 1,726, a difference of 940 cases.

**Questioned Costs:** N/A

**Context:** Total federal disbursements for the UI were \$610,061,388 for the year ended June 30, 2012.

**Cause:** During the UI Single Audit for the year-ended June 30, 2012, new personnel began preparing the form ETA-227. It was during the transition period that the error was made in the report for the quarter ended September 30, 2011. WWV management reviewed and approved the report. However, the mistakes were not detected and remediated prior to the report submission.

**Effect:** WWV was unable to determine, in a timely manner, the existence of material noncompliance at the program level that may be identified through the application of effective controls and monitoring of those controls.

**Recommendation:** We recommend that WWV implement compensating controls over the data entry and submission of all reports. At a minimum, such controls should include a documented review and approval process and ensuring that reported amounts agree with supporting documentation. We recommend that the review be performed by an individual independent of the data entry process.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–18 DAVIS BACON ACT**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Transportation	
	Highway Planning and Construction Cluster	
	Highway Planning and Construction	
	Recreation Trails Program	
	Appalachian Development Highway System	20.205/ ARRA-20.205/ 20.219/23.003

**Criteria:** 29 CFR Part 1 – Procedures for predetermination of wage rates; Part 3 – Contractors and subcontractors on public building or public work financed in whole or in part by loans or grants from the United States; and Part 5 – Labor standards provisions applicable to contracts covering federally-financed and assisted construction – The Davis-Bacon Act requires that contractors and subcontractors pay minimum wages, including fringe benefits, to laborers and mechanics engaged in construction activity financed by or with the assistance of the United States and that each contractor or subcontractor engaged in the construction furnish each week a statement with respect to the wages paid each of its employees engaged in work covered under the Act.

**Condition:** For one of sixteen contracts tested, the contractor did not submit certified payrolls. The contract award to the contractor during the year was \$1,387,112, none of which were ARRA funds. Total contract awards in sample were \$47,969,348.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for the Highway Planning and Construction Cluster were \$494,672,399 for the year ended June 30, 2012.

**Cause:** Although the State of West Virginia Department of Highways (Highways) has Davis Bacon guidelines in place and had made multiple requests, they were unable to obtain and review certified payrolls from the contractor.

**Effect:** Noncompliance with Davis-Bacon Act provisions may result in the disallowance of costs by the U.S. Department of Transportation.

**Recommendation:** We recommend that Highways instill procedural changes to ensure that Davis-Bacon Act requirements are considered and that monitoring of contractors and subcontractors compliance is documented by district managers. In addition, Highways should have policies and procedures to address contractors that are not in compliance with this requirement.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–19 1512 REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Recreation Trails Program Appalachian Development Highway System	20.205/ ARRA-20.205/ 20.219/23.003

**Criteria:** Per 2 CFR 176.50(d), “agencies are responsible for ensuring that their recipients report information required under the Recovery Act in a timely manner. The recipient shall report the information described in section 1512(c) of the Recovery Act using the reporting instructions and data elements that will be provided online at <http://www.FederalReporting.gov> and ensure that any information that is pre-filled is corrected or updated as needed.”

**Condition:** State Agencies that receive and spend ARRA funds are required to complete a Section 1512 report on a quarterly basis. During our testing of the March 31, 2012 Section 1512 reports submitted for the Highway Planning and Construction program, it was noted that, for 5 of the 47 reports tested, the award amount in the submitted report did not agree to the federal award supporting information provided by the Agency. Upon further review, it was determined that there were grant award amendments which were not properly reflected in the submitted reports. It was also determined that the review process in place failed to identify these discrepancies prior to submission.

**Questioned Costs:** N/A

**Context:** Total ARRA expenditures for the Highway Planning and Construction program were \$13,884,063 for the year ended June 30, 2012.

**Cause:** Policies and procedures surrounding the preparation and review of the 1512 reports are not in place and proper reconciliation of data elements reported is not being completed.

**Effect:** Section 1512 reports submitted during the fiscal year could have inaccurate key data elements as a result of the failure to reconcile key data elements to supporting information.

**Recommendation:** We recommend that the State of West Virginia Department of Highways implement procedural changes to ensure that reports are properly reconciled to source documentation and that reviews are completed in a precise manner such that amounts reported agree to supporting documentation to ensure that reviewers effectively catch all errors and inconsistencies.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012–20 1512 REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Commerce Weatherization Assistance for Low-Income Persons	81.042 and ARRA-81.042
	Grant Award DE-EE0000086 Grant Award DE-EE0000101	

**Criteria:** Per 2 CFR 176.50(d), “agencies are responsible for ensuring that their recipients report information required under the Recovery Act in a timely manner. The recipient shall report the information described in section 1512(c) of the Recovery Act using the reporting instructions and data elements that will be provided online at <http://www.FederalReporting.gov> and ensure that any information that is pre-filled is corrected or updated as needed.”

**Condition:** State Agencies that receive and spend ARRA funds are required to complete a Section 1512 report on a quarterly basis. There are certain programs that are exempt from this requirement as noted within the applicable guidance. During our testing of the March 31, 2012 Section 1512 report for the Weatherization program, it was noted that the award amount in the submitted report was \$38,371,174 which did not agree to the grant award amount of \$38,071,174. It was discovered that this was a typographical error which was later corrected in subsequent reporting periods. It was determined that the review process in place failed to catch this error prior to submission.

**Questioned Costs:** N/A

**Context:** Total ARRA expenditures for the Weatherization program were \$11,423,569 for the year ended June 30, 2012.

**Cause:** Policies and procedures related to the process surrounding the preparation and review of the 1512 reports are documented and in place; however, the review procedures failed to recognize the error as the control in place was not operating effectively.

**Effect:** Section 1512 reports submitted during the fiscal year could have inaccurate key data elements as a result of the review process failure.

**Recommendation:** We recommend that Weatherization personnel ensure report reviews are completed in a precise manner such that amounts reported agree to supporting documentation and that reviewers effectively catch all errors and inconsistencies.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–21 SPECIAL TEST AND PROVISIONS - BORROWER DATA TRANSMISSION AND RECONCILIATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR §685.102(b), “Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement. Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution’s financial records.”

**Condition:** The institutions are required to have internal controls in place surrounding the monthly reconciliation of the institution’s financial records to the COD SAS data file. During our testing of the institutions, it was determined that the institutions did not have a formalized internal control process, such as a formalized review and approval control, surrounding the reconciliation of borrower data.

**Questioned Cost:** N/A

**Context:** Total Direct Loan expenditures for the State of West Virginia were \$487,533,933 for the year ended June 30, 2012.

**Cause:** Formal review and approval process is not in place related to the reconciliation of borrower data nor is evidence of the review maintained.

**Effect:** The absence of a review process for the direct loan reconciliations could result in the institution’s financial records for Direct Loan expenditures to be improperly stated.

**Recommendation:** We recommend the institution ensure that that monthly reconciliations are performed and saved as documented in the institution’s written procedure, including retaining documentation of timely supervisor review and approval.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–22 CASH MANAGEMENT**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** Per 34 CFR Section 668.166(a)(1), any amounts (federal student financial aid) not disbursed by the end of the third business day are considered to be excess cash and generally are required to be promptly returned to the U.S. Department of Education (Department of Education).

**Condition:** During January 2012, Bluefield State College drew down \$3,160,697 from the Department of Education. Once the drawdown was complete it was discovered that the calculation used to estimate the drawdown was incorrect and excess funds were drawn down. The institution did not return the excess cash of \$101,830 to the Department of Education within the required time frame.

**Questioned Costs:** Unknown

**Context:** Bluefield State College’s total Federal expenditures for the Student Financial Assistance Cluster for the year ended June 30, 2012 were \$15,003,431.

**Cause:** Management did not follow procedures to minimize the amount of cash on hand and did not return excess cash to the Department of Education.

**Effect:** The institution maintained excess cash resulting in noncompliance with 34 CFR 668.166(a)(1).

**Recommendation:** We recommend the institution review procedures to ensure that if excess cash is discovered, it is promptly returned to the Department of Education.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–23 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** ED Form 646-1, *Fiscal Operations Report and Application to Participate* (FISAP) (OMB No. 1845-0030) – This electronic report is submitted annually to receive funds for the campus-based programs. The Institution uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2012, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2012 and the *Application to Participate* for the 2013–2014 award year (FPL, FWS, FSEOG 34 CFR Section 673.3; *Instruction Booklet for Fiscal Operations Report and Application to Participate*).

**Condition:** Multiple line items related to Federal Work Study funds reported on the June 30, 2012 FISAP for Blue Ridge Community and Technical College (Blue Ridge CTC) required revision after the original submission as the supporting documentation was not clerically accurate and thus the amount reported was incorrect.

**Questioned Costs:** N/A

**Context:** The Blue Ridge CTC FISAP required a revision to the amounts reported under Part V, Section C, G and H.

**Cause:** The review process failed to detect, prior to submission, incorrect amounts originally reported on the FISAP.

**Effect:** The U.S. Department of Education uses the information in the Application to Participate and in the Fiscal Operations Report to determine the amount of funds the Institution will receive for each campus-based program. The Institution must submit accurate data. If not, the Institution might not receive all the funds to which the Institution is entitled, or the Institution might be required to return funds that the Institution was not entitled to receive.

**Recommendation:** We recommend that Blue Ridge CTC strengthen the procedures and controls used to review the FISAP to ensure all aspects of the report are properly reviewed and supporting documentation is accurately calculated.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–23 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Views of Responsible Officials:** Agree. See the separate corrective action plan.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–24 SPECIAL TEST AND PROVISIONS - RETURN OF TITLE IV FUNDS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** 34 CFR §668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student’s withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs.

**Condition:** For 2 of the 2 students in our program compliance sample of students who withdrew, dropped out, or enrolled but never attended within the refund period, the refund amount was not returned to the Title IV program within the required timeframe.

**Questioned Costs:** N/A

**Context:** Refunds for Blue Ridge Community and Technical College were not returned to the Title IV program within the required timeframe.

**Cause:** A review process related to the return of Title IV funds is not in place.

**Effect:** The institution is not returning Title IV refunds to the U.S. Department of Education in a timely manner.

**Recommendation:** We recommend the institution implement procedures to ensure that refunds are timely returned to the federal government in accordance with federal guidelines.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–25 ELIGIBILITY**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** Per 34 CFR sections 673.5 and 673.6, “awards must be coordinated among the various programs and with other Federal and non-Federal aid (need and non-need based aid) to ensure that total aid is not awarded in excess of the student’s financial need.”

**Condition:** For 1 of the 25 students in our program compliance Eligibility sample of students, the sum of Direct Loan Subsidized and Pell awards were greater than total need. Per inquiry of financial aid personnel, it was noted that after the student’s total need was calculated at the beginning of the semester, the student became a Resident Assistant in the dormitories and received an additional non-federal aid award which resulted in the total Title IV awards greater than total need.

**Questioned Costs:** \$6,830

**Context:** Total Direct Loan disbursements for Fairmont State University were \$23,179,447 for the year ended June 30, 2012.

**Cause:** The procedures surrounding eligibility were not followed such that non-financial aid awarded which subsequently affected Title IV funding awarded was not noted and corrected by financial aid personnel.

**Effect:** The institution allowed a student to receive Title IV financial aid in excess of financial need.

**Recommendation:** We recommend the institution ensure that policies and procedures related to student eligibility are followed and any changes to non-federal financial aid awarded have been appropriately calculated and considered in the calculation of federal financial aid awarded to students. If any overage has been awarded, the institution should determine the overage, collect the overage from the student and refund the overage to the federal government in accordance with federal guidelines.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–26 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** ED Form 646-1, *Fiscal Operations Report and Application to Participate* (FISAP) (OMB No. 1845-0030) – This electronic report is submitted annually to receive funds for the campus-based programs. The University uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2012, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2012 and the *Application to Participate* for the 2013–2014 award year (FPL, FWS, FSEOG 34 CFR Section 673.3; *Instruction Booklet for Fiscal Operations Report and Application to Participate*).

**Condition:** Part V, Section C reported in the June 30, 2012 FISAP for Fairmont State University required revision after the original submission was inaccurate. The total compensation for America Counts and America Reads was reported as off-campus earned compensation reported on line 12b of Part V, Section C instead of line 12a on-campus earned compensation within the same section.

**Questioned Costs:** N/A

**Context:** The Fairmont State University FISAP required a revision to the amounts reported under Part V, Section C.

**Cause:** The review process failed to detect, prior to submission, incorrect amounts originally reported on the FISAP.

**Effect:** The U.S. Department of Education uses the information in the Application to Participate and in the Fiscal Operations Report to determine the amount of funds the University will receive for each campus-based program. The University must submit accurate data. If not, the University might not receive all the funds to which the University is entitled, or the University might be required to return funds that the University was not entitled to receive.

**Recommendation:** We recommend the University strengthen the procedures and controls used to review the FISAP to ensure all aspects of the report are properly reviewed and supporting documentation is accurately calculated.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–26 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Views of Responsible Officials:**            Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–27 SPECIAL TESTS AND PROVISIONS – DISBURSEMENTS TO OR ON BEHALF OF STUDENTS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR 685.304(a), “a school must ensure that entrance counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan student borrower prior to making the first disbursement of the proceeds of a loan to a student borrower unless the student borrower has received a prior Direct Subsidized, Direct Unsubsidized, Federal Stafford, or Federal SLS Loan.”

(3) Entrance counseling for Direct Subsidized Loan, Direct Unsubsidized Loan, and graduate or professional student Direct PLUS Loan borrowers must provide the borrower with comprehensive information on the terms and conditions of the loan and on the responsibilities of the borrower with respect to the loan. This information may be provided to the borrower—

- (i) During an entrance counseling session, conducted in person;
- (ii) On a separate written form provided to the borrower that the borrower signs and returns to the school; or
- (iii) Online or by interactive electronic means, with the borrower acknowledging receipt of the information.

(4) If entrance counseling is conducted online or through interactive electronic means, the school must take reasonable steps to ensure that each student borrower receives the counseling materials, and participates in and completes the entrance counseling, which may include completion of any interactive program that tests the borrower's understanding of the terms and conditions of the borrower's loans.

In accordance with 34 CFR 685.304(b), “A school must ensure that exit counseling is conducted with each Direct Subsidized Loan or Direct Unsubsidized Loan borrower and graduate or professional student Direct PLUS Loan borrower shortly before the student borrower ceases at least half-time study at the school. The exit counseling must be in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that an individual with expertise in the title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–27 SPECIAL TESTS AND PROVISIONS – DISBURSEMENTS TO OR ON BEHALF OF STUDENTS  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Condition:** For 2 of the 25 Direct Loan Student disbursements tested, Fairmont State University did not have entrance counseling or exit counseling completed as required.

**Questioned Costs:** N/A

**Context:** Total Direct Loan expenditures were \$23,179,447 for the year ended June 30, 2012.

**Cause:** Management failed to ensure that students had completed entrance counseling prior to disbursement to demonstrate compliance with the federal regulations and students had not completed exit counseling prior to graduation from the institution.

**Effect:** Fairmont State University was not in compliance with the requirements related to Disbursements to or on Behalf of Students.

**Recommendation:** We recommend Fairmont State University adhere to policies and procedures such that before making the first disbursement of a loan to a Direct Subsidized or Unsubsidized Loan borrower, the institution should ensure that students have received entrance counseling or document that the students have received a prior Direct Subsidized or Direct Unsubsidized loan. Additionally, the institution should ensure that the students have complete exit counseling shortly before ceasing at least half-time study at the school.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–28 SPECIAL TEST AND PROVISIONS - RETURN OF TITLE IV FUNDS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** 34 CFR §668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student’s withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs.

**Condition:** For 1 of the 12 students in our program compliance sample of students who withdrew, dropped out, or enrolled but never attended within the refund period, we noted the institution did not return the entire amount calculated by the institution. The amount to be returned per the institution’s refund calculation was \$2,398; however upon review of disbursement records, we noted the institution only returned \$1,742.

**Questioned Costs:** \$656

**Context:** Total Title IV Refunds for Fairmont State University were \$222,289 for the year ended June 30, 2012.

**Cause:** While a review process related to the return of Title IV funds is in place, we did note one instance of noncompliance.

**Effect:** The institution is not making returns for the proper amount of Title IV funds.

**Recommendation:** We recommend the institution revisit the review policies and procedures in place to ensure that refunds are returned to the federal government in accordance with federal guidelines and that procedures are followed to prevent further noncompliance.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–29 SPECIAL TESTS AND PROVISIONS – LOAN REPAYMENTS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR 674.42 (b)(1), “An institution must ensure that exit counseling is conducted with each borrower either in person, by audiovisual presentation, or by interactive electronic means. The institution must ensure that exit counseling is conducted shortly before the borrower ceases at least half-time study at the institution. As an alternative, in the case of a student enrolled in a correspondence program or a study-abroad program that the institution approves for credit, the borrower may be provided with written counseling material by mail within 30 days after the borrower completes the program. If a borrower withdraws from the institution without the institution’s prior knowledge or fails to complete an exit counseling session as required, the institution must ensure that exit counseling is provided through either interactive electronic means or by mailing counseling materials to the borrower at the borrower’s last known address within 30 days after learning that the borrower has withdrawn from the institution or failed to complete exit counseling as required.”

**Condition:** For 2 out of a sample of 10 students entering repayment for Federal Perkins Loans, an exit interview was not sent or completed by Fairmont State University (Fairmont). Fairmont had a total of 104 students entering repayment for the year ended June 30, 2012.

**Questioned Costs:** N/A

**Context:** Fairmont total Perkins Loan expenditures were \$139,999 for the year ended June 30, 2012.

**Cause:** Management failed to ensure that exit interviews were completed within the required time frame to demonstrate compliance with the federal regulations.

**Effect:** The lack of timely mailing for the students’ exit interviews results in noncompliance with CFR Section 674.42.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–29 SPECIAL TESTS AND PROVISIONS – LOAN REPAYMENTS  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Recommendation:** We recommend Fairmont implement policies and procedures to ensure that exit interviews are completed by all borrowers who are entering repayment and that the interviews are being conducted within the required 30 days after the borrower completes the program.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–30 SPECIAL TESTS AND PROVISIONS - INSTITUTIONAL ELIGIBILITY**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR §668.34(a), “An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

(11) The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for title IV, HEA program funds.”

**Condition:** Fairmont State University’s (Fairmont) satisfactory academic progress policy does not include policies and procedures for providing notification to students of the results of an evaluation that impacts the student’s eligibility as required.

**Questioned Costs:** N/A

**Context:** Total Student Financial Assistance Cluster expenditures for Fairmont were \$32,755,403 for the year ended June 30, 2012.

**Cause:** Policies and procedures related to student’s maintaining satisfactory academic progress did not encompass all of the required elements.

**Effect:** Fairmont was not in compliance with the requirements related to Institutional Eligibility, specifically the institution’s satisfactory academic progress policy.

**Recommendation:** We recommend the institution update their satisfactory academic progress policy to ensure it provides notification to students of the results of an evaluation that impacts the students’ eligibility for Title IV and HEA program funds.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–31 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** ED Form 646-1, *Fiscal Operations Report and Application to Participate* (FISAP) (OMB No. 1845-0030) – This electronic report is submitted annually to receive funds for the campus-based programs. The University uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2012, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2012 and the *Application to Participate* for the 2013–2014 award year (FPL, FWS, FSEOG 34 CFR Section 673.3; *Instruction Booklet for Fiscal Operations Report and Application to Participate*).

**Condition:** One line item reported on the June 30, 2012 FISAP for Marshall University (the University) required revision after the original submission as the supporting documentation was not clerically accurate and thus the amount reported was incorrect.

**Questioned Costs:** N/A

**Context:** The University’s FISAP required a revision to the amounts reported under Part II, Section E.

**Cause:** The review process failed to detect, prior to submission, incorrect amounts originally reported on the FISAP.

**Effect:** The U.S. Department of Education uses the information in the *Application to Participate* and in the *Fiscal Operations Report* to determine the amount of funds the University will receive for each campus-based program. The University must submit accurate data. If not, the University might not receive all the funds to which the University is entitled, or the University might be required to return funds that the University was not entitled to receive.

**Recommendation:** We recommend the University strengthen the procedures and controls used to review the FISAP to ensure all aspects of the report are properly reviewed and supporting documentation is accurately calculated.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–32 EARMARKING  
(Prior Year Finding 2011–35)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR 675.18, “(1) For the 2000–2001 award year and subsequent award years, an institution must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one—(i) Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or (ii) Family literacy project that employs one or more FWS students in family literacy activities. (2) The Secretary may waive the requirements in paragraph (g)(1) of this section if the Secretary determines that an institution has demonstrated that enforcing the requirements in paragraph (g)(1) of this section would cause a hardship for students at the institution. (3) To the extent practicable, in providing reading tutors for children under paragraph (g)(1)(i), an institution must—(i) Give priority to the employment of students to tutor in reading in schools that are participating in a reading reform project that—(A) Is designed to train teachers how to teach reading on the basis of scientifically-based research on reading; and (B) Is funded under the Elementary and Secondary Education Act of 1965; and (ii) Ensure that any student who is employed in a school participating in a reading reform project described in paragraph (g)(3)(i) of this section receives training from the employing school in the instructional practices used by the school. (4)(i) In meeting the seven percent community service expenditure requirement in paragraph (g)(1) of this section, students may be employed to perform civic education and participation activities in projects that—(A) Teach civics in schools; (B) Raise awareness of government functions or resources; or (C) Increase civic participation. (ii) To the extent practicable, in providing civic education and participation activities under paragraph (g)(4)(i) of this section, an institution must—(A) Give priority to the employment of students in projects that educate or train the public about evacuation, emergency response, and injury prevention strategies relating to natural disasters, acts of terrorism, and other emergency situations; and (B) Ensure that the students receive appropriate training to carry out the educational services required.”

**Condition:** For the year ended June 30, 2012 New River Community and Technical College (New River) earmarked \$3,328 to compensate students employed in a community service activity. The earmarking requirement is 7% of the Federal Work Study allocation or \$6,656.

**Questioned Costs:** N/A

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–32 EARMARKING**

(Prior Year Finding 2011–35) (continued)

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Context:** Total Student Financial Assistance Cluster expenditures for New River were \$10,966,879 for the year ended June 30, 2012. Total federal expenditures for the Federal Work Study program were \$47,497 for the year ended June 30, 2012.

**Cause:** Management failed to track the status of the Federal Work Study earmarking requirement.

**Effect:** The institution was not in compliance with the requirements related to earmarking for the Federal Work Study program.

**Recommendation:** We recommend New River implement policies and procedures to ensure that earmarking requirements are being monitored and met throughout the year.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–33 SPECIAL TEST AND PROVISIONS - BORROWER DATA TRANSMISSION AND RECONCILIATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement (OBM No. 1845-0021). Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution’s financial records. Since up to three Direct Loan program years may be open at any given time, schools may receive three SAS data files each month (34 CFR sections 685.102(b), 685.301, and 685.303).

**Condition:** For the three months selected for testing of Direct Loan SAS reconciliation requirements, proper reconciliations could not be produced by the institution for control or compliance testing.

**Questioned Costs:** N/A

**Context:** Total Student Financial Assistance Cluster expenditures for New River Community and Technical College were \$10,966,879 for the year ended June 30, 2012. Total Direct Loan expenditures were \$3,059,392 for the year ended June 30, 2012.

**Cause:** Written procedures detailing the process to reconcile loans from COD to Banner exist, as provided in narrative form during the audit. However, management represented that a formal reconciliation process has not been successfully implemented.

**Effect:** As a result of the aforementioned issues noted with the Borrower Data Transmission and Reconciliation procedures, we could not determine if all the monthly required reconciliations necessary for proper loan disbursement reporting were completed. The absence of the reconciliations could result in the institution’s financial records for Direct Loan expenditures to be improperly stated.

**Recommendation:** We recommend that management implement the reconciliation process that monthly reconciliations are performed and saved as documented in the institution’s written procedure, including documentation of supervisor review and approval.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–34 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** ED Form 646-1, *Fiscal Operations Report and Application to Participate* (FISAP) (OMB No. 1845-0030) – This electronic report is submitted annually to receive funds for the campus-based programs. The School uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2012, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2012 and the *Application to Participate* for the 2013–2014 award year (FPL, FWS, FSEOG 34 CFR Section 673.3; *Instruction Booklet for Fiscal Operations Report and Application to Participate*).

As noted on page V of the instructions for the *Fiscal Operations Report* for 2011–2012 and the *Application to Participate* for 2013-2014, all corrections to FISAP data and correction of edit errors must be submitted to the U.S. Department of Education (the Department) by December 14, 2012. If there is a need to make a correction after December 14, 2012, the institution must access the eCB website and make the necessary correction. This data will be saved in a Working Copy of the FISAP. The institution then must justify the need to make the correction on the Additional Information page in the system. However, the institution will not be able to submit the correction at this stage in the process. The request must be reviewed by the Department, and the institution will be notified if the correction is allowed.

**Condition:** Four line items reported on the June 30, 2012 FISAP for West Virginia School of Osteopathic Medicine (the School) required revision after the original submission. The revision was not submitted by the revision due date and required additional review by the Department after it was allowed.

**Questioned Costs:** N/A

**Context:** The School’s FISAP required a revision to four amounts reported under Part V, Section D and Section E.

**Cause:** The review process failed to detect, prior to submission, incorrect amounts originally reported on the FISAP.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–34 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Effect:** The Department uses the information in the *Application to Participate* and in the *Fiscal Operations Report* to determine the amount of funds the School will receive for each campus-based program. The School must submit accurate data. If not, the School might not receive all the funds to which the School is entitled, or the School might be required to return funds that the School was not entitled to receive. The School must retain accurate and verifiable records for program review and audit purposes.

**Recommendation:** We recommend that the School implement policies and procedures to ensure that the proper documentation is maintained for the *Fiscal Operations Report* and *Application to Participate* and that accurate information is submitted to the Department.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–35 SPECIAL TEST AND PROVISIONS - INSTITUTIONAL ELIGIBILITY**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR §668.34(a), “An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

(11) The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for title IV, HEA program funds.”

**Condition:** Pierpont Community and Technical College’s (Pierpont) satisfactory academic progress policy does not include policies and procedures for providing notification to students of the results of an evaluation that impacts the student’s eligibility as required.

**Questioned Costs:** N/A

**Context:** Total Student Financial Assistance Cluster expenditures for Pierpont were \$20,365,905 for the year ended June 30, 2012.

**Cause:** Policies and procedures related to student’s maintaining satisfactory academic progress did not encompass all of the required elements.

**Effect:** Pierpont was not in compliance with the requirements related to Institutional Eligibility, specifically the institution’s satisfactory academic progress policy.

**Recommendation:** We recommend that Pierpont update the satisfactory academic progress policy to ensure it provides notification to students of the results of an evaluation that impacts the students’ eligibility for Title IV and HEA program funds.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–36 CASH MANAGEMENT**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** OMB Circular A-102, Section 2(a) requires grantor agency to “establish methods and procedures for transferring funds to minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient’s need for the funds.”

**Condition:** During our testing of two monthly reconciliations performed for the bank account in which drawdowns are received by the institution from the U.S. Department of Education, we noted that 1 of the 2 reconciliations were reviewed by an accounting assistant without the appropriate knowledge of the applicable compliance requirements.

**Questioned Costs:** N/A

**Context:** Total Student Financial Assistance Cluster net draws for Shepherd University were \$28,584,652 for the year ended June 30, 2012.

**Cause:** Both the Comptroller and Vice President of Finance left the institution during the fiscal year 2012. An interim Comptroller was appointed and in May 2012 a full-time Comptroller took over the position. The Vice President of Finance position was filled in June 2012. From December 2011 to June 2012, Shephard University did not have the appropriate staffing to have a more experienced individual knowledgeable of the application compliance requirements review the account reconciliations..

**Effect:** The absence of a proper review process could result in the institution not being in compliance with the federal rules and regulations regarding cash management.

**Recommendation:** We recommend that the institution strengthen their control procedures by having reconciliations reviewed by a more experienced individual who is more knowledgeable of the applicable compliance requirements.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–37 PROGRAM INCOME**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR 674.8(a) to participate in the Federal Perkins Loan program, an institution “(a) The institution shall establish and maintain a Fund and shall deposit into the Fund—(1) FCC received under this subpart; (2) Except as provided in paragraph (a)(1) of §674.7—(i) ICC equal to at least three-seventeenths of the FCC described in paragraph (a)(1) of this section in award year 1993–94; and (ii) ICC equal to at least one-third of the FCC described in paragraph (a)(1) of this section in award year 1994–95 and succeeding award years; (3) ICC equal to the amount of FCC described in paragraph (a)(1) of §674.7 for an institution that has been granted permission by the Secretary to participate in the ELO under the Federal Perkins Loan program; (4) Payments of principal, interest, late charges, penalty charges, and collection costs on loans from the Fund; (5) Payments to the institution as the result of loan cancellations under section 465(b) of the Act; (6) Any other earnings on assets of the Fund, including the interest earnings of the funds listed in paragraphs (a)(1) through (4) of this section net of bank charges incurred with regard to Fund assets deposited in interest-bearing accounts; and (7) Proceeds of short-term no-interest loans made to the Fund in anticipation of collections or receipt of FCC. (b) The institution shall use the money in the Fund only for—(1) Making loans to students; (2) Administrative expenses as provided for in 34 CFR 673.7; (3) Capital distributions provided for in section 466 of the Act; (4) Litigation costs (see §674.47); (5) Other collection costs, agreed to by the Secretary in connection with the collection of principal, interest, and late charges on a loan made from the Fund (see §674.47); and (6) Repayment of any short-term, no-interest loans made to the Fund by the institution in anticipation of collections or receipt of FCC.

**Condition:** During our testing of two monthly reconciliations performed for the bank account in which receipts of Federal Perkins Loan repayments are collected, we noted that 1 of the 2 reconciliations, specifically the month ended April 30, 2012 was not reviewed until October 3, 2012.

**Questioned Costs:** N/A

**Context:** Total Federal Perkins Loans receipts for Shepherd University were \$95,151 for the year ended June 30, 2012.

**Cause:** Turnover within the institution’s Finance Department led to employees taking on additional tasks and thus certain responsibilities were not addressed in a timely manner.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-37 PROGRAM INCOME  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Effect:** Principal and interest repayments made by students and reimbursements for cancelled loans may not be properly accounted for in the institution's records in a timely manner, may not be properly calculated, or may not be used in accordance with program requirements.

**Recommendation:** We recommend that the institution strengthen their control procedures by having reconciliations reviewed in a timely manner.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–38 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** ED Form 646-1, *Fiscal Operations Report and Application to Participate* (FISAP) (OMB No. 1845-0030) – This electronic report is submitted annually to receive funds for the campus-based programs. The College uses the *Fiscal Operations Report* portion to report its expenditures in the previous award year and the *Application to Participate* portion to apply for the following year. FISAPs are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 2011, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2011, and the *Application to Participate* for the 2012-2013 award year (FPL, FWS, FSEOG, 34 CFR Section 673.3; Instruction Booklet for *Fiscal Operations Report and Application to Participate*).

**Condition:** Multiple line items reported on the June 30, 2012 FISAP for West Liberty University (the University) did not reconcile to supporting documentation.

**Questioned Cost:** N/A

**Context:** The amount reported in Part II Section E line 23 was inaccurate. Additionally, the institution was unable to support certain line items included in Part III Section A of the FISAP.

**Cause:** The review process failed to detect a transposed amount reported on the FISAP. Additionally, management should implement a policy to maintain adequate documentation for reports required to be submitted.

**Effect:** The U.S. Department of Education uses the information in the Application to Participate and in the Fiscal Operations Report to determine the amount of funds the University will receive for each campus-based program. The University must submit accurate data. If not, the University might not receive all the funds to which the University is entitled, or the University might be required to return funds that the University was not entitled to receive. The University must retain accurate and verifiable records for program review and audit purposes.

**Recommendation:** We recommend the University strengthen the procedures and controls used to review the FISAP to ensure all aspects of the report are properly reviewed, reported information is accurate, and adequate documentation to support reports submitted to the federal government is maintained.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–38 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–39 SPECIAL TESTS AND PROVISIONS-LOAN DEFAULTS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** Institutions must exercise due care and diligence in the collection of loans. For the FPL, such due diligence procedures include Specific collection procedures to recover amounts from defaulted borrowers who do not respond satisfactorily to demands routinely made as part of the institution’s billing procedures, including litigation procedures (34 CFR section 674.45).

**Condition:** During our compliance testing of student loan files for West Liberty University (the University), we noted for 1 of 3 students that collection procedures were not followed as the borrower was not contacted regarding the collection of their defaulted loan.

**Questioned Costs:** N/A

**Context:** Total Perkins Loan expenditures for the University were \$201,536 for the year ended June 30, 2012.

**Cause:** Management failed to follow proper collection procedures to demonstrate compliance with the federal regulations.

**Effect:** The lack of properly conducting collection procedures for student loan defaults is a noncompliance issue with 34 CFR Section 674.45.

**Recommendation:** We recommend the University should implement policies and procedures to ensure due care and diligence are performed in the collection of loans.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-40 SPECIAL TEST AND PROVISIONS - BORROWER DATA TRANSMISSION AND RECONCILIATION  
(Prior Year Finding 2011-24)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR §685.102(b), “Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement. Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution’s financial records.”

**Condition:** During our testing of Direct Loan SAS reconciliations for West Liberty University (the University) in the current period we noted that reconciliations were not performed during July 2012 through September 2012.

**Questioned Costs:** N/A

**Context:** Total Direct Loan expenditures and total Student Financial Assistance Cluster expenditures for the University were \$15,782,789 and \$21,161,461, respectively, for the year ended June 30, 2012.

**Cause:** Policies and procedures related to the receipt, reconciliation of SAS to the institution’s financial records, and records retention were not in place throughout the entire period.

**Effect:** The University was not in compliance with the requirements related to the Borrower Data Transmission and Reconciliation process.

**Recommendation:** We recommend that the University implement policies and procedures to ensure timely reconciliation of the SAS to the University’s financial records and to ensure that all borrowers that are included in the DLSS are supported by the institution's records, including documentation of supervisory review and approval

**Views of Responsible Officials:** Agree. See the separate corrective action plan.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–41 SPECIAL TEST AND PROVISIONS - INSTITUTIONAL ELIGIBILITY**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR §668.34(a), “An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if—

(11) The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for title IV, HEA program funds.”

**Condition:** During our review of West Liberty University’s (the University) satisfactory academic progress policy we noted the institution did not discuss providing notification to students of the results of an evaluation that impacts the student’s eligibility as required.

**Questioned Costs:** N/A

**Context:** Total Student Financial Assistance Cluster expenditures for the University were \$21,161,461 for the year ended June 30, 2012.

**Cause:** Policies and procedures related to student’s maintaining satisfactory academic progress did not encompass all of the required elements.

**Effect:** The University was not in compliance with the requirements related to institutional eligibility, specifically the institution’s satisfactory academic progress policy.

**Recommendation:** We recommend the University update their satisfactory academic progress policy to ensure it provides notification to students of the results of an evaluation that impacts the students’ eligibility for Title IV and HEA program funds.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–42 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Prior Year Finding 2011–28)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** Subpart D, §\_\_\_.300(d) of OMB Circular A-133 states, “Auditees shall prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §\_\_\_.310.” Section §\_\_\_.310(b)(3) of OMB Circular A-133 states “Auditees must complete the SEFA and include CFDA numbers provided in Federal awards/subawards and associated expenditures.”

**Condition:** During our testing of the Schedule of Expenditures of Federal Awards (SEFA) for West Virginia State University (WVSU), we noted that WVSU improperly reported current year expenditures for non-federal alternative loans provided by a private lender under CFDA# 84.032, Federal Family Education Loans (FFEL). The respective overstatement has been quantified within the context below.

**Questioned Costs:** N/A

**Context:** On the SEFA, WVSU overstated FFEL expenditures by \$173,974. Total federal expenditures which should have been reported for the FFEL program were \$0. Total Student Financial Assistance Cluster expenditures were \$18,460,953.

**Cause:** Policies and procedures related to preparation and review of the SEFA are not being followed, therefore allowing for errors which are not being detected.

**Effect:** Improper reporting on the SEFA results in inaccurate reporting in the State of West Virginia’s SEFA.

**Recommendation:** We recommend that WVSU implement a review process that is closely followed. Such procedures should include the formal documentation that the appropriate review was performed to ensure proper reporting of federal awards and expenditures.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–43 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

- Criteria:** 34 CFR section 685.309(b) states a school shall—
- (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and
  - (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—
    - (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
    - (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
    - (iii) Has changed his or her permanent address.

**Condition:** For 4 of the 4 students in our internal control sample of students who withdrew, graduated, or enrolled but never attended, we noted the institution did not promptly notify the appropriate entities of a change in the student’s status in a timely and accurate manner. For 3 of the 4 students in our program compliance sample of students who withdrew, graduated, or enrolled but never attended, we noted the institution did not promptly notify the appropriate entities of a change in the student’s status in a timely and accurate manner.

**Questioned Costs:** N/A

**Context:** Total Direct Loan expenditures for West Virginia State University were \$12,030,677 for the year ended June 30, 2012.

**Cause:** For the students noted above, there were timing discrepancies between the information reported by the institution to the National Student Clearinghouse and their subsequent reporting of enrollment detail to National Student Loan Data System (NSLDS).

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–43 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Effect:** The institution is not promptly notifying the proper agencies of changes in student statuses in a timely and accurate manner.

**Recommendation:** As institutions are responsible for timely reporting whether they report directly or via a third-party servicer, we recommend that WVSU implement a review process to ensure they are promptly notifying the U.S. Department of Education and NSLDS of changes in a student’s status in a timely and accurate manner.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–44 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Prior Year Finding 2011–20)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** OMB Circular A-133 Section 300a states, “The auditee shall prepare appropriate financial statements including the Schedule of Expenditures of Federal Awards (SEFA).”

**Condition:** During the current year testing of the SEFA, it was noted that West Virginia University (WVU) did not properly classify the reported expenditures for CFDA #93.264, #93.342, and #93.364 on the original SEFA prepared by management. The original SEFA improperly reported Health Professions Student Loans, including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS) expenditures of \$46,071 and Nursing Student Loan (NSL) expenditures of \$765,317. Upon our review we noted that management improperly classified these expenditures. The corrected and resubmitted SEFA properly reported Nursing Faculty Loan Program (NFLP) expenditures of \$30,785, HPSL/PCL/LDS expenditures of \$698,153, and NSL expenditures of \$82,450.

**Questioned Costs:** N/A

**Context:** Total expenditures for the NFLP Program, HPSL/PCL/LDS Program, and NSL Program were \$30,785, \$698,153, and \$82,450, respectively, for the year ended June 30, 2012.

**Cause:** WVU’s formal review process implemented during the current period related to the SEFA is not effective.

**Effect:** As a result of improperly classifying reported expenditures, expenditures for NFLP would have been understated, expenditures for HPSL/PCL/LDS would have been understated, and expenditures for NSL would have been overstated. Management subsequently updated WVU’s SEFA to properly report the federal expenditures.

**Recommendation:** We recommend WVU enhance formalized review policies and procedures over the SEFA so the report is prepared in accordance with federal guidelines.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–45 SPECIAL TESTS AND PROVISIONS - VERIFICATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR Section 668.57, acceptable documentation for verification of student aid application information includes (a) Adjusted Gross Income (AGI), income earned from work, and U.S. income tax paid and (d) Untaxed income and benefits.

**Condition:** For 1 of the 25 students in our program compliance sample of students who were verified, the amount of taxes paid per the individual's tax return was not consistent with the taxes paid per the institution's records. Further, for 5 of those 25 students, the individual verified untaxed income on the verification worksheet which was not included in the individuals' financial assistance calculation.

**Questioned Costs:** N/A

**Context:** We tested a total of 25 students out of 3,815 total students who had been selected for verification by the West Virginia University (WVU) during the year ended June 30, 2012.

**Cause:** The wrong line item from the tax return was used to update the individual's records during the verification process. Further, untaxed income amounts were omitted from the individual's records during the verification process.

**Effect:** The institution is not pulling the correct information from the student's records during the verification process which could lead to the institution improperly calculating the student's need and expected family contribution that could result in an improper amount of financial aid being awarded to the student.

**Recommendation:** We recommend that WVU implement policies and procedures to ensure that the correct information is obtained from students' records during the verification process.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–46 SPECIAL TEST AND PROVISIONS - RETURN OF TITLE IV FUNDS**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** 34 CFR §668.22 states when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid earned by the student as of the student’s withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution’s determination that the student withdrew, the difference must be returned to the Title IV programs.

**Condition:** For 1 of the 25 students in the internal control sample of students who withdrew, dropped out, or enrolled but never attended within the refund period, the institution did not return the entire amount calculated by the institution. The amount to be returned per the institution’s refund calculation was \$1,148; however the institution only returned \$995.

**Questioned Costs:** \$153

**Context:** Total Title IV Refunds for West Virginia University (WVU) were \$1,001,489 for the year ended June 30, 2012.

**Cause:** WVU does not have a formal review process related to the return of Title IV funds.

**Effect:** WVU is not refunding Title IV funds to the federal government in accordance with federal guidance.

**Recommendation:** We recommend that WVU implement review policies and procedures to ensure that refunds are returned to the federal government in accordance with federal guidelines.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–47 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING  
(Prior Year Finding 2011–22)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

- Criteria:** 34 CFR section 685.309(b) states a school shall—
- (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and
  - (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—
    - (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
    - (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
    - (iii) Has changed his or her permanent address.

**Condition:** For 3 of the 25 students in the program compliance sample of students who withdrew, graduated, or enrolled but never attended, the institution did not promptly notify the appropriate entities of a change in the student’s status in a timely and accurate manner. One student graduated during May 2012; however, this had not been reported to National Student Loan Data System (NSLDS). The second individual graduated in May 2012; however this was not reported until August 2012. The third student graduated in May 2012 per the institution’s records; however the individual had been reported as withdrawn effective December 2011.

**Questioned Costs:** N/A

**Context:** Total Direct Loan expenditures for West Virginia University (WVU) were \$212,830,033 for the year ended June 30, 2012.

**Cause:** One of the students was originally reported under an incorrect social security number. For the remaining two students there were discrepancies between the information reported by the institution to the National Student Clearinghouse and the enrollment detail per NSLDS.

**Effect:** The institution is not promptly notifying the proper agencies of changes in student statuses in a timely and accurate manner.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–47 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING  
(Prior Year Finding 2011–22) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Recommendation:** We recommend that WVU review enrollment reporting information to make certain students are reported under the correct social security number to ensure that changes in the student’s status are reported in accordance with federal guidelines. As institutions are responsible for timely reporting whether they report directly or via a third-party servicer, WVU should implement a review process to ensure they are promptly notifying the U.S. Department of Education and NSLDS of changes in a student’s status in a timely and accurate manner.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–48 SPECIAL TEST AND PROVISIONS - INSTITUTIONAL ELIGIBILITY**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Criteria:** In accordance with 34 CFR §668.34(a), An institution must establish a reasonable satisfactory academic progress policy for determining whether an otherwise eligible student is making satisfactory academic progress in his or her educational program and may receive assistance under the Title IV, HEA programs. The Secretary considers the institution's policy to be reasonable if the standards meet various criteria, including the following:

(8) If the institution places students on financial aid warning, or on financial aid probation, as defined in paragraph (b) of this section, the policy describes these statuses and that—

(i) A student on financial aid warning may continue to receive assistance under the Title IV, HEA programs for one payment period despite a determination that the student is not making satisfactory academic progress. Financial aid warning status may be assigned without an appeal or other action by the student; and

(ii) A student on financial aid probation may receive Title IV, HEA program funds for one payment period. While a student is on financial aid probation, the institution may require the student to fulfill specific terms and conditions such as taking a reduced course load or enrolling in specific courses. At the end of one payment period on financial aid probation, the student must meet the institution's satisfactory academic progress standards or meet the requirements of the academic plan developed by the institution and the student to qualify for further Title IV, HEA program funds;

(11) The policy provides for notification to students of the results of an evaluation that impacts the student's eligibility for Title IV, HEA program funds.

**Condition:** West Virginia University-Parkersburg's (WVUP) satisfactory academic progress policy did not provide specific procedures for disbursements to students on financial aid warning status or financial aid probation status as required. Additionally, the institution's policy did not provide notification to the students of their results of an evaluation that impacts their eligibility for Title IV.

**Questioned Costs:** N/A

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–48 SPECIAL TEST AND PROVISIONS - INSTITUTIONAL ELIGIBILITY  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Context:** Total Student Financial Assistance Cluster expenditures for WVUP were \$21,458,832 for the year ended June 30, 2012.

**Cause:** Policies and procedures related to student’s maintaining satisfactory academic progress, specifically, providing specific procedures for disbursements to students on financial aid warning status or financial aid probation status and providing notification to the students of their results of an evaluation that impacts their eligibility for Title IV, did not encompass all of the required elements.

**Effect:** WVUP was not in compliance with the requirements related to Institutional Eligibility.

**Recommendation:** We recommend that WVUP update the satisfactory academic progress policy to ensure it provides specific procedures for disbursements to students on financial aid warning status or financial aid probation status and notification to the students of their results of an evaluation that impacts their eligibility for Title IV, as required.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–49 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

- Criteria:** 34 CFR section 685.309(b) states a school shall—
- (1) Upon receipt of a student status confirmation report from the Secretary, complete and return that report to the Secretary within 30 days of receipt; and
  - (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who—
    - (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
    - (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
    - (iii) Has changed his or her permanent address.

**Condition:** For two of the four students in the internal control sample of students who withdrew, graduated, or enrolled but never attended, the institution did not promptly notify the appropriate entity of a change in the student’s status in a timely and accurate manner.

**Questioned Costs:** N/A

**Context:** Total Direct Loan expenditures for West Virginia University-Parkersburg (WVUP) were \$11,215,249 for the year ended June 30, 2012.

**Cause:** While WVUP reported the students’ status changes to the National Student Clearinghouse in a timely manner, the Clearinghouse did not notify National Student Loan Data System (NSLDS) of the change within the appropriate timeframe.

**Effect:** The institution is not promptly notifying the appropriate entity of changes in student statuses in a timely and accurate manner.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–49 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education	
	Office of Student Financial Assistance	
	Office of Post Secondary Education	
	U.S. Department of Health and Human Services	
	Health Resources and Services Administration	
	Student Financial Assistance Cluster	84.007/84.032/ 84.033/84.037/ 84.038/84.063/ 84.268/84.375/ 84.376/84.379/ 84.408/93.264/ 93.342/93.364/ 93.407/93.408/ 93.925

**Recommendation:** As institutions are responsible for timely reporting whether they report directly or via a third-party servicer, we recommend the institution implement a review process to ensure they are promptly notifying the Department of Education and NSLDS of changes in a student's status in a timely and accurate manner.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–50 INDIRECT COST ALLOCATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education Vocational Rehabilitation Cluster Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126
	ARRA Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act Grant Award 2012 Regular H126A120073 Grant Award 2011 Regular H126A110073 Grant Award 2009 ARRA H390A090073A	84.390

**Criteria:** Each state department and agency that receives and disburses federal awards is required by OMB Circular A–133 Sec .300(b) to “maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Per OMB Circular A-87 Attachment E Section A(3), “indirect costs are normally charged to Federal awards by the use of an indirect cost rate. A separate indirect cost rate(s) is usually necessary for each department or agency of the governmental unit claiming indirect costs under Federal awards.” Section C(1)(c) states “specific methods for allocating indirect costs and computing indirect cost rates along with the conditions under which each method should be used are described in subsections 2, 3 and 4.”

**Condition:** The West Virginia Division of Rehabilitation Services (the Division) does have a formal indirect cost rate proposal (ICRP); however, the method of allocation is not based on methodology allowed by OMB Circular A-87 for the Vocational Rehabilitation Cluster program. Initially, all indirect charges for the West Virginia Division of Rehabilitation Services are assigned to the Vocational Rehabilitation Cluster program. Then the indirect costs allocable to the Disability Insurance SSI Cluster program are reassigned through an electronic transfer. The remaining unassigned indirect costs are charged to the Vocational Rehabilitation Cluster program. As a result, the indirect expenditures charged to the Vocational Rehabilitation Cluster program are not based upon an approved rate, but are represent the remaining unallocated portion of the total.

**Questioned Costs:** Unknown

**Context:** Total federal administrative expenditures for the Vocational Rehabilitation Cluster program for the year ended June 30, 2012, were \$49,406,893, of which \$49,345,143 were for non-ARRA expenditures while \$61,750 were for ARRA expenditures.

**Cause:** The Division has not created a formal methodology to allocate indirect costs based upon their approved indirect cost rate for the Vocational Rehabilitation Cluster program.

**Effect:** The Vocational Rehabilitation Cluster program is not in compliance with OMB Circular A-87 cost principles related to indirect costs.

**Recommendation:** We recommend the Division develops policies and procedures to adhere to a formal ICRP to allocate indirect costs on a consistent basis in accordance with OMB Circular A-87 to the Vocational Rehabilitation Cluster program.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-50 INDIRECT COST ALLOCATION  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Education Vocational Rehabilitation Cluster	
	Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126
	ARRA Rehabilitation Services – Vocational Rehabilitation Grants to States, Recovery Act Grant Award 2012 Regular H126A120073 Grant Award 2011 Regular H126A110073 Grant Award 2009 ARRA H390A090073A	84.390

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2011–46)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster Grant Award 2012 – 2012G996115	93.558/ ARRA-93.714
	Medicaid Cluster	93.775/93.777/ 93.778 and ARRA-93.778
	Grant Award 2012-05-1205WV5MAP Low-Income Home Energy Assistance (LIHEAP) Grant Award G-12B1WVLIEA CCDF Cluster	93.568 93.575/93.596
	Grant Award G1201WVCCDF Grant Award G1101WVCCDF State Children’s Health Insurance Program Grant Award 1105WV5021	93.767
	Adoption Assistance—Title IV–E	93.659 and ARRA-93.659
	Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407	
	U.S. Department of Agriculture SNAP Cluster	10.551/10.561 and ARRA-10.561
	Grant Award 1WV400401 Grant Award 1WV700701	

**Criteria:** Each State department and agency that receives and disburses federal awards is required by OMB Circular A-102 to have a “grantee financial management system which shall provide accurate, current, and complete disclosure of the financial results of each grant program.”

Management of the West Virginia Department of Health and Human Resources (DHHR) is responsible for establishing and maintaining adequate controls over its information systems and the related processes. An integral part of an entity’s accounting function is the establishment of internal control, including assigning the responsibilities for authorizing transactions, recording transactions, and maintaining custody of assets to different individuals, thus reducing the risk of irregularities or defalcations occurring and not being detected. Furthermore, management of the DHHR is responsible for establishing and maintaining adequate information system internal controls for the determination of eligibility and the processing of allowable payments.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2011–46) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714/ ARRA-93.716
	Grant Award 2012 – 2012G996115 Medicaid Cluster	93.775/93.777/ 93.778 and ARRA-93.778
	Grant Award 2012-05-1205WV5MAP Low-Income Home Energy Assistance (LIHEAP) Grant Award G-12B1WVLIEA CCDF Cluster	93.568  93.575/93.596/ ARRA-93.713
	Grant Award G1201WVCCDF Grant Award G1101WVCCDF State Children’s Health Insurance Program Grant Award 1105WV5021 Adoption Assistance—Title IV–E	93.767  93.659 and ARRA-93.659
	Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407 U.S. Department of Agriculture SNAP Cluster	10.551/10.561 and ARRA-10.561
	Grant Award 1WV400401 Grant Award 1WV700701	

**Condition:** DHHR operates a wide variety of computer applications, many of which affect federal and State programs’ data. Our review of the information system controls noted that adequate segregation of duties does not exist for the Family and Children Tracking System (FACTS) information systems. Users (primarily supervisors) with security level 15 access within the application have the ability to create and approve cases. We noted management implemented a mitigating detective control during the current period in response to this repeat finding, however as this control was not formally implemented and able to be tested until December, 2011 and was not designed to encompass the Adoption program this remains a finding for the current period. The system payment and supervisory approval functionality is in accordance with the business rules of the Bureau for Children and Families.

In addition, the case information entered into FACTS for the Adoption program, which impacts eligibility and ultimately the benefit subsidy, is not formally reviewed to ensure the information entered is accurate according to the adoption finalization decree and signed affidavit. Further, the individual inputting the information has the ability to subsequently change the address or subsidy amount (up to \$999 per case) without approval.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2011–46) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714/ ARRA-93.716
	Grant Award 2012 – 2012G996115 Medicaid Cluster	93.775/93.777/ 93.778 and ARRA-93.778
	Grant Award 2012-05-1205WV5MAP Low-Income Home Energy Assistance (LIHEAP) Grant Award G-12B1WVLIEA CCDF Cluster	93.568  93.575/93.596/ ARRA-93.713
	Grant Award G1201WVCCDF Grant Award G1101WVCCDF State Children’s Health Insurance Program Grant Award 1105WV5021 Adoption Assistance—Title IV–E	93.767  93.659 and ARRA-93.659
	Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407 U.S. Department of Agriculture SNAP Cluster	     10.551/10.561 and ARRA-10.561
	Grant Award 1WV400401 Grant Award 1WV700701	

Our testing of the controls surrounding eligibility determination noted that adequate segregation of duties also does not exist for the RAPIDS system. No supervisory review is required for case information input into the system. Further, it was noted that approval of disbursements only occurs at the batch level which does not allow the approval worker to review each transaction.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for these programs can be located in the Schedule of Expenditures of Federal Awards. The RAPIDS computer system is utilized to process federal awards for the Medicaid Cluster, TANF, LIHEAP, State Children’s Health Insurance Program (SCHIP), and the SNAP Cluster. The FACTS computer system is utilized to process federal awards for the CCDF Cluster, and the Adoption Assistance Title IV–E programs. The table below identifies the programs and OMB Circular A-133 compliance requirements impacted.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2011–46) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714/ ARRA-93.716
	Grant Award 2012 – 2012G996115 Medicaid Cluster	93.775/93.777/ 93.778 and ARRA-93.778
	Grant Award 2012-05-1205WV5MAP Low-Income Home Energy Assistance (LIHEAP) Grant Award G-12B1WVLIEA CCDF Cluster	93.568  93.575/93.596/ ARRA-93.713
	Grant Award G1201WVCCDF Grant Award G1101WVCCDF State Children’s Health Insurance Program Grant Award 1105WV5021 Adoption Assistance—Title IV–E	93.767  93.659 and ARRA-93.659
	Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407 U.S. Department of Agriculture SNAP Cluster	10.551/10.561 and ARRA-10.561
	Grant Award 1WV400401 Grant Award 1WV700701	

<b>Federal Program</b>	<b>System</b>	<b>Compliance Requirements Impacted</b>
SCHIP	RAPIDS	Eligibility
SNAP Cluster	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability of Federal Funds, Special Tests and Provisions – ADP System for Food Stamps
TANF Cluster	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
LIHEAP	RAPIDS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds
Medicaid Cluster	RAPIDS	Eligibility
Adoption Assistance - Title IV–E	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
CCDF Cluster	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2011–46) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714/ ARRA-93.716
	Grant Award 2012 – 2012G996115 Medicaid Cluster	93.775/93.777/ 93.778 and ARRA-93.778
	Grant Award 2012-05-1205WV5MAP Low-Income Home Energy Assistance (LIHEAP) Grant Award G-12B1WVLIEA CCDF Cluster	93.568  93.575/93.596/ ARRA-93.713
	Grant Award G1201WVCCDF Grant Award G1101WVCCDF State Children’s Health Insurance Program Grant Award 1105WV5021 Adoption Assistance—Title IV–E	93.767  93.659 and ARRA-93.659
	Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407 U.S. Department of Agriculture SNAP Cluster	    10.551/10.561 and ARRA-10.561
	Grant Award 1WV400401 Grant Award 1WV700701	

**Cause:** Policies and procedures have not been adequately updated for changes in the processing of eligibility. Allowable costs have not been rechallenged for adequacy in a timely manner. Furthermore, management indicated a lack of personnel resources contributes to the proper segregation of duties issue and failure to complete all the required compliance supplement security review procedures.

**Effect:** Without proper segregation of duties and absent adequate detect controls, the ability exists for and only for unit supervisors with the appropriate level of access to create and approve cases and demand payments within the FACTS application. Information can be input into the FACTS application or modified within the application without supervisory review which could lead to payments being made to ineligible applicants, for the improper amount, or for an improper length of time.

Without proper segregation of duties and absent adequate detect controls the ability exists for caseworkers to input unsupported information into the applicants eligibility calculation within RAPIDS. Further without supervisory review at the transactional level disbursements for unallowable costs or activities could occur.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS  
(Prior Year Finding 2011–46) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714/ ARRA-93.716
	Grant Award 2012 – 2012G996115 Medicaid Cluster	93.775/93.777/ 93.778 and ARRA-93.778
	Grant Award 2012-05-1205WV5MAP Low-Income Home Energy Assistance (LIHEAP) Grant Award G-12B1WVLIEA CCDF Cluster	93.568  93.575/93.596/ ARRA-93.713
	Grant Award G1201WVCCDF Grant Award G1101WVCCDF State Children’s Health Insurance Program Grant Award 1105WV5021 Adoption Assistance—Title IV–E	93.767  93.659 and ARRA-93.659
	Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407 U.S. Department of Agriculture SNAP Cluster	     10.551/10.561 and ARRA-10.561
	Grant Award 1WV400401 Grant Award 1WV700701	

**Recommendation:** We recommend that access to the FACTS system various applications be restricted to a limited number of users. Controls should be established to ensure that an individual is limited to both creating or approving cases and demand payments. A detective control that would require a review to ensure that cases and demand payments created and approved were appropriate.

Further, we recommend that a formal review process be implemented to ensure that information input into FACTS and RAPIDS is properly reviewed by authorized individuals is appropriate.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–52 PROCUREMENT PROCEDURES**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families Grant Award 2012G996115	93.558/ ARRA-93.714/ ARRA-93.716
	Medicaid Cluster  Grant Award 05-1105WV5MAP, 05-1105WV5ADM, 05-1205WV5MAP, and 05-1205WVADM	ARRA-93.720/ 93.775/93.777/ 93.778/ ARRA-93.778
	Low-Income Home Energy Assistance Grant Award G-12B1WVLIEA	93.568
	Child Care Cluster Grant Awards G1201WVCCDF and G1101WVCCDF	93.575/93.596
	Child Support Enforcement Grant Award 1204WV4005 and 1104WV4004	93.563
	Adoption Assistance Title IV-E Grant Award 1101WV1407, 1101WV1405, 1201WV1407, and 1201WV1405	93.659
	U.S. Department of Agriculture SNAP Cluster Grant Award 1WV400401	10.551/10.561/ ARRA-10.561
	WIC – Special Supplemental Nutrition Grant Award 1WV700701	10.557
	U.S. Department of Environmental Protection Drinking Water State Revolving Fund Grant Award FS-99390009, 2F-09390009, FS- 99390008, FS-99390007, and FS-00390010	66.468

**Criteria:** Per 2 CFR Section 215.43, “All procurement transactions shall be conducted in a manner to provide, to the maximum extent practical, open and free competition.” Section 215.44 goes on to further outline the procurement procedures to be followed. Specifically, 215.44(e) states, “Recipients shall, on request, make available...pre-award review and procurement documents, such as request for proposals or invitations for bids, independent cost estimates, etc.” This requirement is applicable in various instances, including when a recipient’s procurement procedures or operation fails to comply with the procurement standards in the Federal awarding agency’s implementation of this part related to various DHHR programs.

**Condition:** Based on our testing of 60 procurement transactions totaling \$1,268,273, two instances totaling \$9,070 were noted in which proper procurement procedures were not followed. These instances involved emergency repair work; the repairs were called in and completed without a bid process and without proper approval from management. Emergency contracts are to be reported by the morning following the emergency for approval of the services, vendor, and cost.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for these programs can be located in the Schedule of Expenditures of Federal Awards.

**Cause:** DHHR appears to have procurement procedures in place that comply with federal regulations; however, the agency has failed to actively enforce the procedures related to emergency purchases.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–52 PROCUREMENT PROCEDURES  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families Grant Award 2012G996115	93.558/ ARRA-93.714/ ARRA-93.716
	Medicaid Cluster  Grant Award 05-1105WV5MAP, 05-1105WV5ADM, 05-1205WV5MAP, and 05-1205WVADM	ARRA-93.720/ 93.775/93.777/ 93.778/ ARRA-93.778
	Low-Income Home Energy Assistance Grant Award G-12B1WVLIEA	93.568
	Child Care Cluster Grant Awards G1201WVCCDF and G1101WVCCDF	93.575/93.596
	Child Support Enforcement Grant Award 1204WV4005 and 1104WV4004	93.563
	Adoption Assistance Title IV-E Grant Award 1101WV1407, 1101WV1405, 1201WV1407, and 1201WV1405	93.659
	U.S. Department of Agriculture SNAP Cluster Grant Award 1WV400401	10.551/10.561/ ARRA-10.561
	WIC – Special Supplemental Nutrition Grant Award 1WV700701	10.557
	U.S. Department of Environmental Protection Drinking Water State Revolving Fund Grant Award FS-99390009, 2F-09390009, FS- 99390008, FS-99390007, and FS-00390010	66.468

**Effect:** Services are being provided by companies that may not have the lowest price or best quality.

**Recommendation:** We recommend that the DHHR ensure compliance with established procurement procedures and make sure that all services are bid out when required.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–53 TIME AND ATTENDANCE AUTHORIZATION PROCEDURES  
(Prior Year Finding 2011–47)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families	93.558/
	Grant Award 2012G996115	ARRA-93.714
	Medicaid Cluster	93.775/93.777/
	Grant Award 05-1105WV5MAP, 05-1105WV5ADM, 05-1205WV5MAP, and 05-1205WVADM	93.778/ ARRA-93.778
	Low-Income Home Energy Assistance	93.568
	Grant Award G-12B1WVLIEA	
	Child Care Cluster	93.575/93.596/
	Grant Awards G1201WVCCDF and G1101WVCCDF	ARRA-93.713
	Child Support Enforcement	93.563/
	Grant Award 1204WV4005 and 1104WV4004	ARRA-93.563/
	Adoption Assistance Title IV-E	93.659
	Grant Award 1101WV1407, 1101WV1405, 1201WV1407, and 1201WV1405	
	U.S. Department of Agriculture	
	SNAP Cluster	10.551/10.561/
	Grant Award 1WV400401	ARRA-10.561
	WIC – Special Supplemental Nutrition	10.557
	Grant Award 1WV700701	
	U.S. Department of Environmental Protection	
	Drinking Water State Revolving Fund	66.468
	Grant Award FS-99390009, 2F-09390009, FS- 99390008, FS-99390007, and FS-00390010	
	Grant Award 1WV400401	

**Criteria:** OMB Circular A-133 section 300 states that the West Virginia Department of Health and Human Resources (DHHR) is responsible for maintaining internal control over Federal programs that provides reasonable assurance that management is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Management of DHHR is responsible for establishing and maintaining adequate controls related to the approval of federally funded payroll changes for employees of the DHHR.

**Condition:** We reviewed individual federally funded employee payroll cash disbursements during the fiscal year ended June 30, 2012, and noted 1 instance out of 25 tested where the time sheet was not signed by the supervisor.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for these programs can be located in the Schedule of Expenditures of Federal Awards. The majority of the disbursements for these programs are non-payroll-related benefit payments.



**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–53 TIME AND ATTENDANCE AUTHORIZATION PROCEDURES  
Prior Year Finding 2011–47) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families	93.558/
	Grant Award 2012G996115	ARRA-93.714
	Medicaid Cluster	93.775/93.777/
	Grant Award 05-1105WV5MAP, 05-1105WV5ADM,	93.778/
	05-1205WV5MAP, and 05-1205WVADM	ARRA-93.778
	Low-Income Home Energy Assistance	93.568
	Grant Award G-12B1WVLIEA	
	Child Care Cluster	93.575/93.596/
	Grant Awards G1201WVCCDF and G1101WVCCDF	ARRA-93.713
	Child Support Enforcement	93.563/
	Grant Award 1204WV4005 and 1104WV4004	ARRA-93.563/
	Adoption Assistance Title IV-E	93.659
	Grant Award 1101WV1407, 1101WV1405,	
	1201WV1407, and 1201WV1405	
	U.S. Department of Agriculture	
	SNAP Cluster	10.551/10.561/
	Grant Award 1WV400401	ARRA-10.561
	WIC – Special Supplemental Nutrition	10.557
	Grant Award 1WV700701	
	U.S. Department of Environmental Protection	
	Drinking Water State Revolving Fund	66.468

**Cause:** DHHR appears to have policies and procedures in place for the approval of individual employee pay but has failed to actively enforce the procedures.

**Effect:** DHHR has not consistently followed internal control policies and procedures.

**Recommendation:** We recommend that the DHHR strengthen the internal control procedures used to enforce and monitor existing time and attendance authorization procedures.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–54 ELIGIBILITY  
(Prior Year Finding 2011–42)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award 2012 – 2012G996115	

**Criteria:** Any family that includes an adult or minor child head of household or a spouse of the head of household who has received assistance under any State program funded by federal Temporary Assistance for Needy Families (TANF) funds for 60 months (whether or not consecutive) is ineligible for additional federally funded TANF assistance. However, the State may extend assistance to a family on the basis of hardship, as defined by the State, or if a family member has been battered or subjected to extreme cruelty. In determining the number of months for which the head of household or the spouse of the head of household has received assistance, the State must not count any month during which the adult received the assistance while living in Indian country or in an Alaskan Native Village and the most reliable data available with respect to that month (or a period including that month) indicate at least 50% of the adults living in Indian country or in the village were not employed (42 USC 608(a)(7); 45 CFR sections 264.1(a), (b), and (c)). Further, the average monthly number of families that include an adult or minor child head of household, or the spouse of the head of household, who has received assistance under any State program funded by federal TANF funds for more than 60 countable months (whether or not consecutive) may not exceed 20 percent of the average monthly number of all families to which the State provided assistance during the fiscal year or the immediately preceding fiscal year (but not both), as the State may elect (42 USC 608(a)(7)(C)(ii); 45 CFR sections 264.1(c) and (e)).

**Condition:** Due to the lack of a nationwide database, the West Virginia Department of Health and Human Resources (DHHR) does not have the ability to fully comply with the TANF federal 60-month eligibility limitation requirement.

**Questioned Costs:** Unknown

**Context:** The fiscal year ended June 30, 2002, was the first year in which the federal 60-month requirement became effective. Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2012, were \$129,151,225.

**Cause:** The U.S. Department of Health and Human Services (USDHHS) has not developed a method for tracking claimants who may have received benefits from multiple states.

**Effect:** Ineligible or potentially ineligible claims may have been reimbursed using federal funds.

**Recommendation:** DHHR has developed policies and procedures in accordance with USDHHS guidance regarding surrounding states; however, procedures to ensure claimants are not from other states cannot be developed without a centralized database and the assistance of the USDHHS. On January 15, 2010, the USDHHS Administration for Children and Families (ACF) issued a response letter regarding a prior year finding and recommendation #306908100 for this same issue. The letter stated in part “No further action is required with respect to this recommendation.” However, we recommend that DHHR continue to work with USDHHS to resolve the control deficiency.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012-55 REPORTING**

**(Prior Year Finding 2011-45)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF)	93.558
	Grant Award 2012 – 2012G996115	

**Criteria:** According to 45 CFR section 265.9(c)(5) “each State must provide the average monthly total number or the total number of eligible families served for which the state claims Maintenance of Effort (MOE) expenditures at the end of the fiscal year.”

**Condition:** In the ACF 204 report submitted to the federal government for the federal fiscal year ended September 30, 2012, the key line item “Total Number of Families Served under the Program with MOE Funds” was miscalculated duplicating 59,039 cases, rather than using average caseload throughout the year.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2012, were \$129,151,225. The total amount of State MOE for the federal fiscal year ended September 30, 2012, was \$34,446,446.

**Cause:** Management did not review the September 30, 2012 ACF 204 adequately to ensure that the report was accurate and complete prior to submission to the federal government.

**Effect:** The TANF program is not in compliance with federal requirements regarding items that are to be reported on the ACF 204 report.

**Recommendation:** We recommend that management continue to enhance policies and procedures so reports submitted to the federal government are accurate and appropriately supported by documentation.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–56 SPECIAL TESTS AND PROVISIONS – SANCTIONS  
(Prior Year Finding 2011–44)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	Temporary Assistance for Needy Families (TANF Cluster)	93.558
	Grant Award 2012 – 2012G996115	

**Criteria:** The following applies to sanctions imposed on recipients of TANF benefits for failure to comply with child support enforcement requirements, refusal to engage in required work activities and refusal to engage in required work if the individual is a single adult custodial parent caring for a child less than six years of age.

“If the child support enforcement agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver, then the child support enforcement agency must notify the TANF agency promptly and the TANF agency must take appropriate action by 1) deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or 2) denying the family any assistance under the program” (45 CFR section 264.30(2)(b) and (c)).

“If an individual refuses to engage in work required under section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish. The State must, at a minimum, reduce the amount of assistance otherwise payable to the family pro rata with respect to any period during the month in which the individual refuses to work. The State may impose a greater reduction, including terminating assistance” (45 CFR section 261.14(a)(b) and (c)).

“The State may not reduce or terminate assistance based on an individual’s refusal to engage in required work if the individual is a single adult custodial parent caring for a child under six who has a demonstrated inability to obtain needed child care, as specified at Sec 261.56” (45 CFR section 261.15(a)).

**Condition:** The West Virginia Department of Health and Human Resources (DHHR) does not have a formal procedure in place or adequate controls for supervisor approval prior to the issuance or removal of sanctions against TANF recipients within the RAPIDS system.

**Questioned Costs:** Unknown

**Context:** Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2012, were \$129,151,225.

**Cause:** DHHR policies and procedures do not require a supervisor approval in RAPIDS prior to the issuance or removal of sanctions against TANF recipients.

**Effect:** Recipient benefits may potentially be reduced or increased without appropriate cause.

**Recommendation:** We recommend that DHHR management implement policies and procedures that would require supervisor approval prior to the issuance or removal of sanctions. The supervisor approval should be clearly documented, whether in RAPIDS or by other means.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-56 SPECIAL TESTS AND PROVISIONS – SANCTIONS  
(Prior Year Finding 2011-44) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF Cluster) Grant Award 2012 – 2012G996115	93.558

**Views of  
Responsible  
Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012–57 ALLOWABILITY AND ELIGIBILITY**  
**(Prior Year Finding 2011–50)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Low-Income Home Energy Assistance (LIHEAP) Grant Award G-11B1WVLIEA	93.568
<b>Criteria:</b>	The eligibility compliance requirements of the Low-Income Home Energy Assistance Program (LIHEAP) require the West Virginia Department of Health and Human Resources (DHHR) to determine whether federal monies are spent in accordance with the eligibility guidelines promulgated by 42 USC 8624(b)(2).	
<b>Condition:</b>	We noted the following during a review of 60 benefit payments for eligibility and allowability: <ul style="list-style-type: none"><li>• For 8 of the 60 benefit payments, the client could not provide the applications for LIHEAP benefits.</li><li>• For 3 of the 60 benefit payments, the client did not provide a copy of the heating bill or a current receipt or invoice at the time of application or within 15 calendar days following the date the information was requested.</li><li>• For 4 of the 60 benefit payments, there was no Authorization of Payment (OFS-67) provided.</li><li>• For 6 of the 60 benefit payments, Section IV Agency Use was either not completed at all or partially completed by the DHHR caseworker.</li></ul>	
<b>Questioned Costs:</b>	\$5,437	
<b>Context:</b>	The total of all benefit payments tested was \$16,027. Total payments for assistance benefits for the LIHEAP program for the fiscal year ended June 30, 2012 were \$21,755,539. The federal expenditures for the LIHEAP program for the fiscal year ended June 30, 2012 were \$26,449,712.	
<b>Cause:</b>	Management indicated that the errors were due to caseworker oversight.	
<b>Effect:</b>	A payment may have been made for ineligible recipients and some payments were not properly approved and/or supported with appropriate documentation.	
<b>Recommendation:</b>	We recommend that DHHR evaluate the effectiveness of the current training programs for the LIHEAP program to ensure adequate technical training is provided. Furthermore, DHHR should follow established policies and procedures to ensure that necessary approvals are obtained and the necessary documentation is maintained in the recipient case files.	
<b>Views of Responsible Officials:</b>	Agree. See the separate corrective action plan.	

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-58 DISASTER RECOVERY PLAN**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Child Care and Development Fund (CCDF) Cluster Grant Award 20429 Grant Award 20430 Grant Award 20431	93.596/93.575

**Criteria:** Management of the West Virginia Department of Health and Human Resources (DHHR) is responsible for establishing and maintaining adequate controls and disaster recovery procedures to safeguard supporting documentation from loss.

**Condition:** DHHR utilizes various service providers for performing certain routine and critical data gathering activities necessary for the operation of its federal and State programs; however, DHHR has not fully developed formal policies and procedures to ensure that these service providers have adequate disaster recovery procedures in place.

**Questioned Costs:** N/A

**Context:** Total disbursements for the CCDF Cluster for fiscal year ended June 30, 2012, were \$29,692,468.

**Cause:** Service providers who maintain certain critical records for the processing of allowability and eligibility of CCDF payments may not have adequate disaster recovery plans in place.

**Effect:** Critical data supporting allowability and eligibility may not be adequately safeguarded from loss which could result in disallowed costs.

**Recommendation:** We recommend that DHHR continue its current efforts to ensure that all regional child care agencies have sufficient disaster recovery and backup procedures in place to safeguard the eligibility and allowability documentation supporting transactions. Furthermore, DHHR should ensure that the procedures are periodically updated and tested for effectiveness and completeness.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–59 ELIGIBILITY DOCUMENTATION**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> U.S. Department of Health and Human Services Adoption Assistance  Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407	<b>CFDA#</b>  93.659/ ARRA-93.659
-------------------------------------	---	--

**Criteria:** Section 473 of the Social Security Act states that the Adoption Assistance Agreement must be in effect prior to the adoptive parents’ receipt of the Adoption Subsidy. Also, 45 CFR 1356.40 states the Adoption Assistance Agreement must be signed and in effect at the time of or prior to the final decree of adoption, and a copy of the signed agreement must be given to each party. Further, the eligibility compliance requirements of the Adoption Assistance program require the West Virginia Department of Health and Human Resources (DHHR) to determine whether federal monies are spent in accordance with the eligibility guidelines promulgated by the Adoption Assistance and Child Welfare Act of 1980. West Virginia State Code §49-3-1 states that consent by an agency or department to adopt a child must be given and a statement of relinquishment and termination of parental rights must be obtained from the birth parents. The Adoption Assistance Policy Manual states that an Adoption Placement Agreement (SSADP48) must be completed and signatures obtained as part of the preliminary adoption procedures after the parental rights have been terminated if the child is not registered on the Adoption Resource Network (ARN).

**Condition:** Four of the 60 cases reviewed for eligibility did not have a signed Adoption Placement Agreement on file. Two of the 60 cases reviewed for eligibility did not have the Adoption Assistance Agreement on file. Five of the 60 cases reviewed for eligibility did not have a Consent Form on file.

**Questioned Costs:** \$3,938

**Context:** The seven instances (seven of 60 case files) represent \$3,938 out of a total of \$35,449 in total payments tested for eligibility. Total federal expenditures for the Adoption Assistance program were \$19,298,838 for the year ended June 30, 2012.

**Cause:** Management indicated that the lack of inclusion of the proper forms in the case files was an oversight by the caseworker.

**Effect:** Documentation supporting the original eligibility determination could not be located. Ineligible or potentially ineligible claims may have been paid using federal funds.

**Recommendation:** We recommend that DHHR review the current staffing and training programs of the Adoption Assistance Office to ensure sufficient staff levels are maintained and adequate technical training is provided. Furthermore, the DHHR should establish policies and procedures to ensure that necessary documentation is filed in the adoption case files.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.



**STATE OF WEST VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2012**

**2012–60 RAPIDS USER GUIDE**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services State Children’s Health Insurance Program (SCHIP) Grant Award 1105WV5021	93.767

**Criteria:** CFR 457 section 226 states “the SCHIP agency and, where applicable, local agencies administering the plan will – (a) maintain an accounting system and supporting fiscal records to assure that claims for Federal funds are in accord with the applicable Federal requirements...”

The WV SCHIP program uses an eligibility system called RAPIDS, which is part of the DHHR. According to the RAPIDS User Guide, the following are the definitions for Participation Status Codes:

- EA/EC (Eligible Adult/Eligible Child): An individual who is eligible to receive benefits.
- XA/XC (Excluded Adult/Excluded Child): An individual who is ineligible to receive benefits due to failure to meet some nonfinancial eligibility criteria and is not the LRR (Legally Responsible Relative) of an AG (Assistance Group) member.

**Condition:** Four of the 60 applicants reviewed for eligibility had a participation status of “XC” at the time of the claim, indicating that they were not eligible to receive benefits from the SCHIP program. Though the “XC” status indicates ineligibility per the RAPIDS User Guide, that status is determined automatically using income amounts input into the system – i.e., a status of “XC” means that an individual is initially determined to be ineligible on the basis of income. However, individuals with a status of “XC” may still be eligible for CHIP benefits through CHIP Premium.

**Questioned Costs:** N/A

**Context:** Total federal expenditures for the SCHIP program were \$45,642,768 for the year ended June 30, 2012.

**Cause:** DHHR appears to have policies and procedure manuals in place; however, it appears that the manuals are out of date and do not reflect the procedures currently in place.

**Effect:** Individuals receiving benefits under CHIP Premium coverage show a RAPIDS Participation Status erroneously indicating that they are ineligible for program benefits.

**Recommendation:** We recommend that DHHR update the RAPIDS User Guide to reflect current use of the RAPIDS Participation Status Code.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–61 ELIGIBILITY  
(Prior Year Finding 2011–55)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services	
	State Children’s Health Insurance Program (SCHIP)	93.767
	Grant Award 1105WV5021	

**Criteria:** WV State Code Chapter 9 Article 3 states that any person who submits an application and is eligible to receive federal or state assistance, based upon federal and state laws and rules and regulations determined within the departments, should receive such assistance.

In order to be deemed eligible for SCHIP coverage, there are certain income guidelines set by the state that must be met. Within the guidelines are various classifications of coverage for SCHIP participants. The guidelines are updated on an annual basis. According to the CHIP State Plan, applicants are covered for a 12 month period. At the end of the 12 month period, the applicant must re-apply to determine if they are still eligible and what coverage they will receive.

**Condition:** One of the 60 applicants reviewed for eligibility was incorrectly classified in a coverage category and was not eligible for the coverage received.

**Questioned Costs:** \$308

**Context:** The one instance (one of 60 applicants) represents \$308 out of a total of \$7,113 in total payments tested on eligibility. Total federal expenditures for the SCHIP program were \$45,642,768 for the year ended June 30, 2012.

**Cause:** DHHR appears to have policies and procedures in place to address eligibility; however, it has failed to actively enforce the procedures.

**Effect:** Federal expenditures were made for medical claims for a child who was receiving improper SCHIP coverage.

**Recommendation:** We recommend that DHHR strengthen the existing policies and procedures surrounding the classification of eligible SCHIP participants and ensure that the review of all re-enrollments is completed on a timely basis.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–62 UNALLOWABLE COSTS – PERSONAL CARE SERVICES**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b> U.S. Department of Health and Human Services Medicaid Cluster	<b>CFDA#</b>  93.775/93.777/ 93.778/ ARRA-93.778
	Grant Award 2012 – 05-1205WV5MAP	

**Criteria:** Pursuant to Title XIX of the Social Security Act (the Act), the Medicaid program provides medical assistance to low-income individuals and individuals with disabilities. The State agency and providers must comply with certain Federal and State requirements for personal care services under the Medicaid State plan. Personal care services must be: (1) authorized by a physician pursuant to a plan of treatment or, at the State agency’s option, otherwise authorized in accordance with a service plan approved by the State agency; (2) provided by an individual who is qualified to provide such services and who is not the recipient’s legally responsible relative; and (3) furnished in the beneficiary’s home or, at the State agency’s option, at another location. Services are not allowable for individuals who are inpatients at a hospital or residents of a nursing facility, an intermediate care facility for individuals with intellectual disabilities, or an institution for mental diseases. The Medicaid State plan authorizes personal care services “to assist an eligible individual to perform activities of daily living.” These services include assisting with personal hygiene, dressing, feeding, and performing nutritional and environmental support functions and health-related tasks. Licensed registered nurses provide assessment and oversight services and direct-care staff provide the hands-on personal care services.

**Condition:** The U.S. Department of Health & Human Services (HHS), Office of Inspector General (OIG), issued two reports entitled *West Virginia Improperly Claimed Some Personal Care Services Under Its Medicaid State Plan* and *West Virginia Complied With Certain Federal Requirements for Most of the Personal Care Services Claimed for Its Aged and Disabled Waiver Program*, respectively. These reports tested claims from July 1, 2008, through June 30, 2010. During this time, the West Virginia Department of Health and Human Resources (DHHR) claimed \$82,918,496 (\$67,387,046 Federal share) in personal care and nurse assessment and oversight services under the State plan. These claims did not include personal care service claims submitted by providers under West Virginia’s Aged and Disabled Waiver program, which were included in the second report. During the same time frame, DHHR claimed \$121,305,317 in Medicaid personal care services and nurse assessment and oversight services under the Aged and Disabled Waiver program.

According to the OIG report, DHHR did not comply with Federal and State requirements for some of the personal care services and nurse assessment and oversight services sampled in the study. Of the 100 beneficiary-months tested, 18 did not comply with Federal and State requirements. Of the 18 noncompliant beneficiary-months, 3 contained more than 1 deficiency. The deficiencies were categorized among the following types: services not supported by documentation; services not in accordance with plan of care; no plan of care; personal care aide not qualified; beneficiary not eligible; and beneficiary in nursing home.

According to the OIG report for only the Aged and Disabled Waiver program, DHHR did not comply with certain Federal requirements for all of the Medicaid personal care services tested. For six of the 100 months tested, DHHR paid providers for more personal care services than were provided.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012-62 UNALLOWABLE COSTS – PERSONAL CARE SERVICES  
(continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Medicaid Cluster	93.775/93.777/ 93.778/ ARRA-93.778
	Grant Award 2012 – 05-1205WV5MAP	

**Questioned Costs:** \$380,369

**Context:** OIG recommended that DHHR refund \$360,539 to the Federal Government and improve its monitoring of providers to ensure compliance with Federal and State requirements for personal care services. OIG also recommend that DHHR refund an additional \$19,830 to the Federal Government for issues noted above relating to the Aged and Disabled Waiver program and work with providers to ensure compliance with Federal requirements. Total federal expenditures for Medicaid for the fiscal year ended June 30, 2012 were \$2,094,175,421.

**Cause:** Supervisory review procedures are not adequate to detect errors regarding personal care services.

**Effect:** Unallowable costs were claimed by the Medicaid program.

**Recommendation:** We recommend that DHHR comply with OIG recommendations issued in the final reports.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–63 QUALITY CONTROL ERROR RATE  
(Prior Year Finding 2011–57)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Medicaid Cluster	93.775/93.777/ 93.778 and ARRA-93.778
	Grant Award 2012 – 05-1205WV5MAP	

**Criteria:** 45 CFR 74.62 outlines the U.S. Department of Health and Human Services’ (USDHHS) right to impose sanctions against a state for failure to meet quality standards. “If a recipient materially fails to comply with the terms and conditions of an award, whether stated in a Federal statute or regulation, an assurance, an application, or a notice of award, the USDHHS awarding agency may, in addition to imposing any of the special conditions outlined in §74.14, take one or more of the following actions, as appropriate in the circumstances:

1. Temporarily withhold cash payments pending correction of the deficiency by the recipient or more severe enforcement action by the USDHHS awarding agency.
2. Disallow (that is, deny both use of funds and any applicable matching credit for) all or part of the cost of the activity or action not in compliance.
3. Wholly or partly suspend or terminate the current award.
4. Withhold further awards for the project or program.
5. Take any other remedies that may be legally available.

Furthermore, management is responsible for maintaining adequate internal controls over disbursements to ensure that expenditures are made in accordance with the required guidelines.

The management of the West Virginia Department of Health and Human Resource (DHHR) is responsible for establishing and maintaining controls over the processing of payments and eligibility to minimize the risk of errors occurring and not being detected.

**Condition:** The State of West Virginia Quality Control Annual Report dated July 31, 2012, reported that the State’s 12-month sanction error rate for the DHHR Medicaid Program (for regular Medicaid cases not the pilot program) was 3.27% for fiscal year 2011, a decrease from the prior year. However, the fiscal year 2011 error rate is above the federal tolerance level of 3.00%. Agency errors accounted for 45.5% of the dollar loss, and client errors accounted for 54.5% of the dollar loss.

For this report period, as well as the reporting periods back to fiscal year 1995, the State has participated in a special Quality Assurance pilot program. Centers for Medicare and Medicaid Services (CMS) approved a number of states to participate in alternative Quality Control systems. The purpose of the pilot program was to expand normal quality control functions into areas that had not been explored previously. In addition to enabling states the flexibility to direct their quality assurance efforts on issues of special interest to the state, another incentive for participating in a Medicaid pilot program was that all sanction liabilities would be waived for the pilot status period of time.

**STATE OF WEST VIRGINIA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2012**

**2012–63 QUALITY CONTROL ERROR RATE  
(Prior Year Finding 2011–57) (continued)**

<b>Federal Program Information:</b>	<b>Federal Agency and Program Name</b>	<b>CFDA#</b>
	U.S. Department of Health and Human Services Medicaid Cluster	93.775/93.777/ 93.778 and ARRA-93.778
	Grant Award 2012 – 05-1205WV5MAP	

**Questioned Costs:** Unknown

**Context:** West Virginia’s Medicaid sanction error rate for fiscal year 2011 was 3.27% as compared to the tolerable error level of 3.00%. The liability established was \$-0- due to the State’s participation in the Medicaid pilot program. Participation in this program allows the substitution of the State’s lower limit error rate of .622% in calculation of the liability. Total federal expenditures for Medicaid for the fiscal year ended June 30, 2012 were \$2,094,175,421.

**Cause:** Supervisory review procedures are not adequate to detect errors and maintain payment error rates within a tolerable level.

**Effect:** Ineligible or potentially ineligible claims may have been reimbursed using federal funds. Furthermore, the Medicaid program could potentially be exposed to an error rate liability imposed by the U.S. Department of Health and Human Services.

**Recommendation:** We recommend that DHHR increase staff training and strengthen procedures over supervisory review to reduce errors.

**Views of Responsible Officials:** Agree. See the separate corrective action plan.

---

***CORRECTIVE  
ACTION  
PLAN***

---

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**CONTACT PERSON**

For finding resolution and Single Audit matters, please contact Connie Byrne, West Virginia Department of Administration, Financial Accounting and Reporting Section, 2101 Washington Street, E., Charleston, WV 25305 (Telephone 304-558-4083 ext. 315). E-mail: Connie.S.Byrne@wv.gov

**2012-1 TAX REFUND MONTHLY RECONCILIATIONS**  
**Department of Revenue**  
**CFDA Number Not Applicable**

The Financial Accounting and Reporting Section (FARS) and the West Virginia Department of Revenue (Revenue) will collaborate to finalize the tax refund reporting and estimation process. While developing historical trends, FARS and Revenue will consider State Code and the implications on the refund estimation process. Revenue is improving Gen-Tax – WVFIMS reconciliation controls, procedures and policies accordingly.

**2012-2 CAPITAL ASSETS**  
**Overall State**  
**CFDA Number Not Applicable**

Capital asset policies and procedures are included in the GAAP training class every spring. During this training the importance of when to capitalize an asset, the correct in-service date, and the correct disposal date will be stressed. Capital expenditures listed in the budget documents are also compared to each agency's actual new assets.

**2012-3 PAYROLL (PIMS/EPICS COMPARISON REPORTS)**  
**State Budget Office**  
**CFDA Number Not Applicable**

The State Budget Office will examine the possibility of obtaining comparison software to electronically compare the PDF PIMS/EPICIS



**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-3 PAYROLL (PIMS/EPICS COMPARISON REPORTS) (Continued)**

comparison payroll reports provided by the State Auditor's Office. This may help with the efficiency of reviewing the reports for differences between prior payrolls. Differences that have already been researched may be more easily identified instead of using a manual process. This will take time and research to see if it is even possible.

Due to the limited window the State Budget Office has to review the reports generated by the State Auditor's Office before each payroll must be processed, the office will focus more effort on deferring other work of the office for those days in favor of reviewing the reports as much as time allows. The State Budget Office personnel assigned to this process have many additional duties that revolve around the Governor's Executive Budget Documents and the statewide processing of WV-11s/payroll and employee benefit document approval/signature sheets/etc., so striking a balance with limited personnel resources is challenging.

The State is currently involved in a process to update/consolidate over the next two years the various Human Resources legacy systems (PIMS/EPICS/HRIS/REMIS etc.) in the state to one integrated system. This type of report should become virtually error free as the system will be integrated between position control, timesheets, and payroll which will not allow payments for pay event types not captured on the employee/position record.

**2012-4 UNCLAIMED PROPERTY**  
**Overall State**  
**CFDA Number Not Applicable**

FARS will continue to update the policies and procedures related to the unclaimed property liability computation as additional trend analysis is available.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(SEFA)**

**Overall State  
CFDA Number Various**

FARS continues to work with the Governor's Office to seek assistance in having the State agencies prioritize completion of an accurate and complete SEFA in a timely matter. FARS continues to discuss at the GAAP closing book training the importance of the internal control procedures at the agency level. A closing book form is now required to be signed by both the preparer and their supervisor as proof that the internal controls procedures were followed prior to submission of the SEFA to FARS.

**2012-6 SUBRECIPIENT RISK ASSESSMENT**

**Overall State  
CFDA Number Various**

FARS will share the finding with all applicable State agencies. In an effort to ensure compliance with any Federal rules and regulations regarding subrecipient risk assessments, FARS will request that agencies develop policies and procedures to address the matter, as they are applicable to the Federal programs under their purview. FARS will meet with granting agencies to discuss a centralized, consistent process to ensure all agencies are following the requirements for risk assessments and are applying a consistent risk assessment to subrecipients of grants from multiple federal programs.

**2012-7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND  
REINVESTMENT ACT**

**CFDA Numbers ARRA 11.557, ARRA 81.042, ARRA 84.394, ARRA  
84.397**

FARS will discuss at the GAAP closing book training the importance of including the CFDA number and other required information on

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY AND REINVESTMENT ACT (Continued)**

every disbursement. A written correspondence example will be provided to the agencies at training which could be tailored to each agency and sent to the subrecipient confirming receipt of the invoice and the detailing the information required.

**2012-8 TRANSPARENCY ACT REPORTING  
Overall State**

**CFDA Numbers 84.010/84.389, 84.027/84.173, 84.391/ 84.392,  
93.558, 93.596/93.575/93.713**

FARS will continue to emphasize the policies and procedures and stress accurate and timely reporting at the GAAP closing book training. A sample of a check list will be provided for agencies to use as a basis to develop their agency's procedures.

**2012-9 SUBRECIPIENT IDENTIFICATION  
Overall State**

**CFDA Number Not Applicable**

FARS, auditors, and agencies have developed a reconciliation process to identify federal expenditures by CFDA, excluding transfers. A revised reconciliation form, distinguishing agency transfers from disbursements, will be required to be submitted to the auditors and FARS during the single audit process along with other required federal expenditure forms. A new object code was added in the financial system to help distinguish transfers between state agencies, thus helping to identify actual federal expenditures.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-10 FNS REVIEW - NUTRITION SERVICES  
Department of Health and Human Services  
CFDA Number 10.557**

Each year, four of the eight total local agencies are monitored along with the Women, Infants, and Children (WIC) clinics within those local agencies. The next year, the remaining four local agencies are monitored along with the WIC clinics from each of those local agencies. Each time an external monitoring occurs at individual WIC clinics, the local agency is also monitored. Prior to June 2012, the Monongalia Local Agency was last monitored in 2009. At that time, the Harrison county clinic and Preston county clinic were also monitored (two sites within the Monongalia Local Agency). Prior to June 2012, the Morgantown WIC clinic had not been externally monitored since 2004, but the Monongalia Local Agency was monitored in 2009, and then was monitored again in June of 2012, at the same time that the Mid-Atlantic Regional Office (MARO) was conducting the monitoring review. The documentation included in the Local Agency Monitoring Reviews does include a written findings report, a corrective action plan from the Directors and a response to the corrective action plan from the State Agency. The Monitoring Review of the Monongalia Local Agency and the Morgantown WIC clinic was not “an immediate corrective action”; this was regularly scheduled monitoring which would have occurred had there been a MARO review or not. A simultaneous review occurred due to the fact that the Local Agency Monitor accompanied the MARO Reviewer to the Morgantown WIC clinic and was on-site and able to complete that required monitoring for fiscal year 2012. According to WV Policy 9.02, the Local Agency performed an internal review one time every two years that they were not monitored by the State Agency.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-10 FNS REVIEW - NUTRITION SERVICES (Continued)**

The State Agency and the Monongalia Local Agency recognizes that a number of the high-risk participants were not scheduled for high-risk follow up (HRFU) appointments as per policy 5.06. Upon investigation, the participants who should have been scheduled for an HRFU appointment were mistakenly scheduled for a nutrition education class instead. At each appointment, WV WIC participants are always scheduled for another appointment, including HRFU appointments and nutrition education. Both an HRFU and a nutrition education class are considered a nutrition education contact. However, the WV WIC State Agency and the Monongalia Local Agency are aware that the HRFU protocol was not followed as per policy 5.06. The Monongalia Local Agency has addressed this finding by reviewing the correct scheduling and referral procedures for all high-risk participants with all Certified Professional Authorities (CPA). The Nutrition Supervisor developed a "High Risk Protocol Guide" to assist all CPAs in following the proper procedures for high-risk participants. The Local Agency Director requested an updated High-Risk Follow Up (HRFU) Report from the State Agency to monitor adherence of CPAs to the high-risk policy 5.06. In addition, the State Agency is now reviewing HRFU Reports for all local agencies that are scheduled for a monitoring review. The State Agency also reviewed an updated HRFU report for the Monongalia Local Agency in February 2013 to ensure compliance with policy 5.06; and will periodically review HRFU reports thereafter. When the HRFU report was conducted in February 2013, it was found that the Monongalia Local Agency is now in compliance with policy 5.06 when scheduling HRFU appointments. All CPAs develop an individualized care plan for each WIC participant during certification, sub-certification, and HRFU appointments. If the high-risk protocol had been correctly followed, the CPA would have written an individualized care plan for that participant.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-10 FNS REVIEW - NUTRITION SERVICES (Continued)**

The State Agency will run the Breastfeeding Mothers Record matched with Infant Exception Records report quarterly and submit them to the Local Agencies. The Local Agencies will work on ensuring that staff is trained properly on matching the breastfeeding food package with the infant food package. Local agencies will send the report to the State Agency to determine if protocol is being followed. Crossroads, a new MIS system, which is currently in user acceptance testing, is scheduled to be piloted in Sept. 2013, and rolled out to the rest of the state in 2014. Crossroads will link the infant and mother's records and assure that their food packages are linked appropriately (depending on how much the infant is breastfed and/or formula fed affects the food benefits that the mother gets). The West Virginia WIC Program does not certify infants until they are released from the hospital after birth.

**2012-11 1512 REPORTING**

**Overall State**

**CFDA Numbers ARRA 11.557, ARRA 84.394, ARRA 84.397**

FARS will work with the Governor's Office and other reporting agencies to emphasize the need for proper reviews of the 1512 reports.

**2012-12 ALLOWABLE COSTS - LACK OF SUPPORTING  
DOCUMENTATION**

**Governor's Office**

**CFDA Number ARRA 11.557**

FARS will work with the Governor's Office and other agencies that participate in the Broadband Technology Opportunities Program (BTOP) program to develop policies and procedures to coordinate the documentation associated with the BTOP program.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-13 CASH MANAGEMENT**  
**Governor's Office**  
**CFDA Number ARRA 11.557**

FARS will work with the Governor's Office and other agencies that participate in the BTOP program to understand the rules for CMIA.

**2012-14 REPORTING**  
**Governor's Office**  
**CFDA Number ARRA 11.557**

FARS will work with the Governor's Office and other agencies that participate in the BTOP program to develop policies and procedures to verify the accuracy of the reporting data submitted for the BTOP program.

**2012-15 REPORTING**  
**Governor's Office**  
**CFDA Number ARRA 11.557**

Controls have been implemented to preclude this type of miscommunication of information. During November 2012 on-site visits began by reviewers associated with the grant implementation. We believe some of the reports were in error due to the definition of tower "completion." We are currently providing definitions of all stages of completion. Procedures for the reconciliation of reports will also be addressed.

**2012-16 SUBRECIPIENT MONITORING - AUDIT REPORTS**  
**Department of Environmental Protection (DEP)**  
**CFDA Number 15.252**

DEP exercises due diligence in its continual contact with subrecipients to reinforce their responsibilities and deadlines according to OMB Circular A-133 and the subgrant terms and conditions as issued by

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-16 SUBRECIPIENT MONITORING - AUDIT REPORTS (Continued)**

DEP. The DEP has formalized standard operating procedures specifying the timing and frequency of correspondence to subrecipients subject to OMB Circular A-133 requirements. This is to ensure that the required audits are completed and submitted to both DEP and the Federal Audit Clearinghouse according to the required deadlines and that all identified audit findings are resolved in a timely manner. DEP has limited ability to enforce the submission of these audits.

**2012-17 INTERNAL CONTROLS OVER REPORTING**

**WorkForce West Virginia (WWV)  
CFDA Numbers 17.225, ARRA 17.225**

WorkForce West Virginia was in a transition period with new personnel completing the ETA 227 for the quarter ending September 30, 2011. Our Corrective Action Plan for this error has already been addressed. The unit preparing the report has developed an excel spreadsheet to assist in tabulating this report to ensure accuracy. Several reports have already been programmed to automatically pull information from the mainframe thus eliminating calculation errors. In addition, WWV is in the process of automating the entire ETA 227 which will alleviate staff from computing the numbers for the report in any manual manner. The above changes have been in place since notification of the finding with the exception of the fully automated ETA 227.

**2012-18 DAVIS BACON ACT**

**Department of Highways (DOH)  
CFDA Numbers 20.205/ARRA 20.205/23.003**

DOH currently has procedures in place to ensure that all contract provisions are monitored and enforced, including Davis-Bacon Act requirements. The Equal Employment Opportunity Division of DOH provides annual training and attends pre-construction conferences to



**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-18 DAVIS BACON ACT (Continued)**

re-enforce the importance of labor compliance monitoring. The contractor that did not submit certified payrolls was in the process of selling the portion of the company involved in the work being performed which led to some of the confusion in obtaining the certified payrolls. The DOH will provide additional training where needed.

**2012-19 REPORTING**

**Department of Highways**

**CFDA Numbers 20.205/ARRA 20.205, 23.003**

DOH currently has procedures to ensure that the 1512 Reports are properly reconciled to source documentation. All of the ARRA projects cited for 2012, were cited in the prior year A-133 review. Obviously, due to timing of the prior year audit findings (March 2012), the error was still in-place on the First Quarter Reports for 2012. Four of these were corrected on the second quarter 1512 Reports for 2013. The remaining one will be corrected on the next quarterly report.

**2012-20 1512 REPORTING**

**Office of Economic Opportunity (OEO)**

**CFDA Numbers 81.042, ARRA 81.042**

As of March 2012, the Governor's Office and OEO had developed and implemented the policies and procedures that FARS instructed all state agencies to develop and implement regarding the review and documentation of the review of 1512 reports prior to submission to Recovery.gov. Since March 31, 2012 two different offices, which are independent from each other, are involved in the review/approval/submission process. OEO has a strong internal control process, established a review process of the 1512 documentation, and maintained documentation to support the each levels of review.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-21 BORROWER DATA TRANSMISSION AND RECONCILIATION**

**Overall Higher Education**

**CFDA Numbers 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 93.342, 93.364, 93.925**

FARS will emphasize at training that the institutions are required to have internal controls in place surrounding the monthly reconciliation of the institution's financial records to the COD SAS data file. A uniform formal review and approval process related to the reconciliation of borrower data and evidence of the review needs to be instituted, including instructions for documentation that needs to be maintained.

**2012-22 CASH MANAGEMENT**

**Bluefield State College**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

Management has developed procedures to ensure fund balances are checked every other business day. Also, management has discussed the issue with the Business Office personnel and Director of Financial Systems Process to ensure compliance in future years.

**2012-23 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

**Blue Ridge Community and Technical College (CTC)**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

Information was provided to the Financial Aid Director that the number of Community Service employees was 12 students and the amount earned shown in the spreadsheet was \$7,805. It was found that the

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-23 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (Continued)**

total amount on the spreadsheet was incorrect and the actual total was \$10,121. Part V, Section C, G and H were corrected and resubmitted to the Department of Education on December 31, 2012. In the future, any spreadsheets provided will be properly checked to ensure the numbers are correct before submitting the FISAP. Management will work more closely with the Payroll Department and Student Employment Coordinator to double check figures for accuracy.

**2012-24 RETURN OF TITLE IV FUNDS**

**Blue Ridge CTC**

**CFDA Numbers 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 93.342, 93.364, 93.925**

The institution has established a mandatory attendance policy, and has been working closely with faculty and instructors to provide this information in a timely manner to the Financial Aid Counselor who monitors this information. Attendance is carefully tracked in addition to other duties which include the Title IV Return Process for unofficial withdrawals. Blue Ridge has policies and procedures implemented to address and ensure that when a student withdrawals The Return of Title IV Returns process is completed within the 45 day time period. Proper measures will be taken to ensure that such findings do not reoccur. Timeliness of attendance records by instructors and withdraw paperwork from the registrars will be provided and it will be duly noted if not submitted (in a timely manner) in order for the Financial Aid Office to complete the Title IV process within the 45-day timeframe.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-25 ELIGIBILITY**

**Fairmont State University (Fairmont)**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

The student was awarded a housing and meal plan waiver upon her addition to the Resident Assistant Staff. Her name was not on the list of over awarded students report at the time of the over award. The normal process when a student receives aid during the semester that causes the student to go over his/her need is to reduce the amount of need-based aid to maintain the federal guidelines.

In the future, Housing staff will be required to send a report listing all housing and meal plan waivers to Financial Aid for review and adjustments will be made as necessary to insure all educational benefits are included in resource

**2012-26 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

**Fairmont State University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

Fairmont will strengthen the procedures and controls used to review the FISAP to ensure all aspects of the report are properly reviewed and supporting documentation is accurately calculated.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-27 SPECIAL TESTS AND PROVISIONS - DISBURSEMENTS  
TO OR ON BEHALF OF STUDENTS**

**Fairmont State University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

Banner is showing that one student completed entrance counseling in 2010-2011 Summer 2011. However, the satisfied requirement did not carry over to the requirement screen in Banner for 2011-2012. This has been fixed in Banner and the requirement will populate years following initial year of entrance counseling. When searching COD for her Entrance Counseling, it shows as not on file. The requirement is usually satisfied when Entrance counseling reports are downloaded, faxed from the student, or done in person. It is unclear when and how the student completed entrance counseling although it may have been when the student was in previous schools.

The second student is not showing Entrance Counseling satisfied. It was also not found on COD. This student also attended a different school for her undergraduate work and may have done her counseling there.

Financial Aid will evaluate policies and procedures regarding Entrance Counseling and update to insure this requirement is populated in Banner and does not get satisfied manually unless proof of entrance counseling is in file. This will also be added to new employee training and annual review training.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-28 RETURN OF TITLE IV FUNDS**

**Fairmont State University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

When the student withdrew, a Return to Title IV (R2T4) calculation was performed but the institution employee forgot to return Federal Pell Grant Funds. The policies and procedures for the R2T4 will be updated to include a review control to insure all applicable funds are returned to the appropriate programs.

**2012-29 SPECIAL TESTS AND PROVISIONS - LOAN REPAYMENTS**

**Fairmont State University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

In 2011, Fairmont worked with ECSI to be sure all exits were completed for borrowers. The in-out code was manually changed from 1-in school to 2-grace which caused no exit to be generated. In addition, by manually entering an E in the exit field it was assumed that an Exit Interview would automatically be generated. Manual exits are no longer processed by the school. ECSI is tracking and processing all exits for Fairmont. Some were missed when we worked to have this problem resolved in the past. Fairmont most likely contacted ECSI and had them do a thorough check of the system to be sure that exits have been sent to all necessary borrowers.

Exits have been sent to the two borrowers noted above. Fairmont has maintained a copy of each borrower's profile to show that the exits have been sent.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-30 INSTITUTIONAL ELIGIBILITY**

**Fairmont State University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

The institution will update their satisfactory academic progress policy to ensure it provides notification to students when the results of an evaluation impacts the students' eligibility for Title IV and HEA program funds.

**2012-31 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

**Marshall University (Marshall)**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

Marshall concurs with the finding that an incorrect figure was entered on the FISAP, Part II, Section E, #24 due to a clerical error; however, the error was corrected by resubmitting the accurate figure to the U.S. Department of Education (USDOE), appropriately. This was an isolated case; no fault of a systematic process or policy. To prevent this type of error from happening again, Marshall will ensure that another staff person checks the accuracy of the entries made on the FISAP prior to submission.

**2012-32 EARMARKING**

**New River Community and Technical College**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

New River CTC has implemented procedures to expend more of the work study funds. New River CTC is monitoring all student workers and if they have work study eligibility they are awarded work study

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-32 EARMARKING (Continued)**

funds. New River CTC awards work study funds to all eligible students, but due to our student population and many of our students already having jobs, it is difficult to expend the complete allocation. Regarding the community service component, management has spoken with the USDOE regarding any penalty for noncompliance and has been told that New River CTC will need to return the difference if not already returning this with the unexpended funds; which are being returned. The USDOE has informed New River CTC that there is a waiver for this regulation. New River CTC will be applying for the waiver for the 2012-2013 academic year. New River CTC is attempting only to hire student workers as tutors and are placing as many eligible students as possible in the community service jobs that are available.

**2012-33 BORROWER TRANSMISSION DATA AND RECONCILIATION  
New River Community and Technical College  
CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

New River CTC has procedures in place to reconcile Direct Loans. New River CTC reconciliation was performed from Banner reports and not using the SAS report from the USDOE. The information was maintained electronically and not in paper form. Management has spoken with the USDOE and was told that the school monitoring reports from the USDOE attest to the fact that New River CTC is reporting and reconciling as required. The fact that New River CTC has reconciled each year with a zero balance also attests to the fact that the required reconciliations are being completed. It was also stated that some schools do not even have the ability to download the SAS reports; therefore they also use other means of reconciliation. Starting with fiscal year 2013, New River CTC will be downloading and printing all SAS reports and maintaining the paper copies as well as the Banner reports to document the reconciliations. New River CTC transmits loan information on a daily basis, instead of every 30 days as required.



**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-34 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

**West Virginia School of Osteopathic Medicine (WVSOM)  
CFDA Numbers 84.007, 84.032, 84.033, 84.038, 84.063, 84.268,  
84.375, 84.376, 84.379, 93.342, 93.364, 93.925**

WVSOM has revised its procedures to ensure compliance. The Perkins Administrative Cost Allowance will be calculated no later than the last Monday of the month of June (providing that Monday does not fall on the 30<sup>th</sup>). If the last Monday in June happens to fall on the last day of June, the Accounting Department will calculate this allowance prior to June 30 in order to have this allowance processed during the fiscal year in which it occurred. The Perkins loan amount as of the last Monday in the month of June per specification above will be verified by Financial Aid staff as to calculate the administration fee allowance and to proceed to drawdown the fee before June 30 to ensure the correct reporting on the FISAP.

**2012-35 INSTITUTIONAL ELIGIBILITY**

**Pierpont Community and Technical College  
CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

We will review our satisfactory academic progress policy to ensure all required items are included.

**2012-36 CASH MANAGEMENT**

**Shepherd University  
CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

In November 2012, we became fully staffed in the Finance Office. The staff preparing the bank reconciliations will submit them to their supervisor for their review in a timely manner.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-37 PROGRAM INCOME**

**Shepherd University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

In November 2012, the Finance Office became fully staffed. The staff preparing the bank reconciliations will submit them to their supervisor for their review in a timely manner.

**2012-38 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

**West Liberty University (WLU)**

**CFDA Numbers 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 93.342, 93.364, 93.925**

WLU will add an additional person to review the FISAP results once all fields are completed. The final person will be to check that all information reported is accurate with documentation and reporting.

**2012-39 SPECIAL TESTS AND PROVISIONS - LOAN DEFAULTS**

**West Liberty University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

The Perkins Loan servicer, ECSI, processes an auto roll on defaulted loans. Each placement normally is with the agency for 1 year and then rolled on to the next agency. This is done until it is closed with the 3rd agency, total of 3 years in collections. Once the agency closes and returns the account it is not placed again unless it is manually done.

The Due Diligence procedure we exercise through ECSI at this time does not include any further action such as litigation. We are in the process of reassessing our procedure to ensure we are in compliance with this requirement going forward.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-40 BORROWER TRANSMISSION DATA AND RECONCILIATION  
West Liberty University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

Since October 2011, WLU Financial Aid has begun to download all provided SAS files into Banner through EdConnect. Once the SAS files are downloaded, they are printed. Once printed, each 'unbooked' loan transaction is checked against WLU records and updated in Banner and COD to match accordingly if necessary. WLU Financial Aid will continue to update all loan transactions monthly through the SAS files provided.

**2012-41 INSTITUTIONAL ELIGIBILITY  
West Liberty University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

WLU has updated the Satisfactory Academic Progress (SAP) Policy to include how and when students will be notified if they are not meeting the SAP requirements in our new course catalogue.

**2012-42 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
West Virginia State University (WVSU)**

**CFDA Numbers 84.007, 84.032, 84.033, 84.038, 84.063, 84.268,  
84.375, 84.376, 84.379, 93.342, 93.364, 93.925**

WVSU will comply with the recommendation and implement procedures for a review process of the SEFA that is closely followed. These procedures will include a review from the person completing the SEFA and managerial review for accuracy. We will also formally document that the appropriate review was performed to ensure proper reporting of federal awards and expenditures.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-43 SPECIAL TESTS AND PROVISIONS - ENROLLMENT  
REPORTING**

**West Virginia State University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

WVSU agrees with this recommendation and continues to work on reporting of data via a third-party servicer. We have documentation that reporting to the National Clearinghouse does take place every month around the 25th. We will implement a review process to ensure that they are promptly notifying the USDOE and National Student Loan Data System (NSLDS) of changes in a student's status in a timely and accurate manner. A review will be performed on a monthly basis.

**2012-44 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**West Virginia University (WVU)**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

WVU will enhance the review procedures of the SEFA to include a consultation with the agency to confirm that the correct CFDA number is being used when new programs are added.

**2012-45 SPECIAL TESTS AND PROVISIONS - VERIFICATION**

**West Virginia University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063,  
84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407,  
93.408, 93.925**

WVU has changed the verification process as well as the forms used for verification for the upcoming 2013-14 academic year to address the recommendation. All discrepancies are being verified through using the full federal verification methodology. All data elements will be updated as necessary.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-46 RETURN OF TITLE IV FUNDS**

**West Virginia University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

West Virginia University has implemented a quality assurance process whereby each month a sample of Return of Title IV records will be evaluated from start to finish assuring that refunds are calculated correctly, as well as returned to the federal government in accordance with federal guidelines.

**2012-47 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING**

**West Virginia University**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

West Virginia University continues to work on procedures to identify and correct discrepancies in the student enrollment information regarding the social security number (SSN). The SSN is self-reported when the student applies to WVU; therefore it becomes the SSN used for enrollment reporting purposes. WVU will continue to inform students of the importance of providing correct SSNs.

**2012-48 INSTITUTIONAL ELIGIBILITY**

**West Virginia University-Parkersburg**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

The institution has a new Director of Financial Aid effective January 2013 and she is in the process of writing an extensive policies and procedures manual with guidance from the Federal Student Aid

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-48 INSTITUTIONAL ELIGIBILITY (Continued)**

handbook, to ensure that the institution is fully compliant with requirements and that all policies, including Satisfactory Academic Progress, are clear and transparent both to employees and our students.

**2012-49 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING**

**West Virginia University-Parkersburg**

**CFDA Numbers 84.007, 84.032, 84.033, 84.037, 84.038, 84.063, 84.268, 84.375, 84.376, 84.379, 84.408, 93.264, 93.342, 93.364, 93.407, 93.408, 93.925**

The institution will report timely, whether they report directly or via a third-party servicer. The institution will implement a review process to ensure they are promptly notifying the USDOE and NSLDS of changes in a student's status in a timely and accurate manner.

**2012-50 INDIRECT COST ALLOCATION**

**West Virginia Division of Rehabilitation Services**

**CFDA Number 84.126, 84.390**

The Division of Rehabilitation Services is in the process of developing a method to charge indirect costs to the Vocational Rehabilitation program based on the negotiated indirect cost rate.

**2012-51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS (DHHR)**

**Department of Health and Human Resources**

**CFDA Numbers 93.558, ARRA 93.714, 93.775, 93.777, 93.778, ARRA 93.778, 93.568, 93.575, 93.596, ARRA 93.713, 93.767, 93.659, ARRA 93.659, 10.551, 10.561, ARRA 10.561**

The primary issue relates to the approval of payments. The auditors reviewed two types of payments during their fieldwork, "demand"

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS  
PROCESS CONTROLS (DHHR) (Continued)**

payments and “automatic” payments. With respect to demand payments, the DHHR implemented a detective control during 2012 to address demand payments (Security Level 15 access). With respect to automatic payments, the DHHR restricts access to the FACTS and RAPIDS systems to a limited number of users and we have controls in place to ensure that authorized individuals review information input into FACTS and RAPIDS. The finding recommends that a secondary (supervisory) level of review for all case information entered into FACTS and RAPIDS be implemented to enhance internal controls within the DHHR. The DHHR will assess the possibility of implementing additional controls related to automatic payments.

**2012-52 PROCUREMENT PROCEDURES  
Department of Health and Human Resources  
CFDA Numbers 93.558, ARRA 93.714, 93.775, 93.777, 93.778,  
ARRA 93.778, 93.568, 93.575, 93.596, ARRA 93.713, 93.563, ARRA  
93.563, 10.551, 10.561, ARRA 10.561, 10.557, 93.659, 66.468**

For the first of the two instances involving emergency repair work, the spending unit recognized the error committed in generating the purchase order and since that time, all responsible parties have been counseled and re-educated as to the policies regarding emergency purchases. Furthermore, the procurement assistant responsible for this instance has retired and the new purchasing assistant has received all required purchasing training.

For the second of the two instances involving emergency repair work, the spending unit in question called the vendor to assess the problem. The vendor provided a good faith quote, including labor, which was under the amount that would have required the spending unit to obtain additional bids or send the letter of emergency justification the morning following the emergency, which is why the spending unit proceeded to



**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-52 PROCUREMENT PROCEDURES (Continued)**

procure the work. However, the spending unit received the invoice a week later and the amount was above the quote; the spending unit then notified the appropriate purchasing officials but the work was already done and it was already beyond the morning following the emergency. Going forward the spending unit will ensure that vendors are aware that if their work is going to exceed their quote, the vendor is to halt their work and notify the spending unit immediately so they can determine whether it is necessary to secure additional bids.

**2012-53 TIME AND ATTENDANCE AUTHORIZATION PROCEDURES  
Department of Health and Human Resources  
CFDA Numbers 93.558, ARRA 93.714, 93.775, 93.777, 93.778,  
ARRA 93.778, 93.568, 93.575, 93.596, ARRA 93.713, 93.563, ARRA  
93.563, 10.551, 10.561, ARRA 10.561, 10.557, 93.659, 66.468**

The DHHR Office of Internal Control and Policy Development will discuss the condition with the DHHR Office of Human Resources Management, will ascertain additional details from the internal control perspective and will assist in resolving the condition.

**2012-54 ELIGIBILITY  
Department of Health and Human Resources  
CFDA Number 93.558**

The auditors have recognized that the DHHR has written policies and procedures in place to address the 60-month lifetime eligibility limitation. The DHHR believes that our policies and procedures are very comprehensive and address the 60-month lifetime eligibility limitation to the maximum extent possible. However, because the USDHHS has not created a nationwide database that can provide absolute assurance to all 50 states regarding all claimants of TANF funds, the auditors continue to impose this finding directly upon the DHHR. The auditors recommend that the DHHR continue to work with the USDHHS to resolve this finding.



**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-54 ELIGIBILITY (Continued)**

This finding dates back to the West Virginia Single Audit for the Year Ended June 30, 2002. In an effort to resolve this finding to the full satisfaction of our independent auditors, the DHHR respectfully requests that the USDHHS address the 60-month lifetime eligibility limitation at the Federal level by initiating a coordinated approach amongst the 50 States and, thus, developing a nationwide database for tracking claimants who may have received benefits from multiple states.

If the USDHHS does not plan to develop a nationwide database in the near future, the DHHR requests that the USDHHS, as the federal awarding agency, review the policies and procedures currently in effect within the DHHR and provide a formal determination as to whether our procedures satisfy the underlying requirements of 45 CFR sections 264.1(c) and (e). Otherwise, as implied within the finding, without the assistance of the USDHHS, the DHHR cannot address the condition and is at a loss as to what we can do to resolve this finding.

**2012-55 REPORTING**

**Department of Health and Human Resources  
CFDA Number 93.558**

The Bureau for Children and Families has a process for preparing, reviewing and ensuring accuracy of the ACF 204 report. Nonetheless, due to the repeat condition of this finding, various offices within DHHR Finance are following up on the finding, as is the Federal awarding agency. The DHHR Office of Internal Control and Policy Development requested a copy (write-up) of the process in place at the bureau level. The DHHR Office of Grants Management will review the write-up in an effort to ensure that the process includes various checks and balances, cases are calculated correctly, and ACF 204 reports are reviewed at multiple levels to prevent future miscalculations.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-56 SPECIAL TESTS AND PROVISIONS - SANCTIONS**  
**Department of Health and Human Resources**  
**CFDA Number 93.558**

Although the DHHR does not have a written policy for supervisor approval prior to the issuance or removal of sanctions against Temporary Assistance for Needy Families (TANF) recipients, many cases are reviewed with the supervisor prior to sanctioning, especially in cases where the decision to sanction is not easily rendered. While there are not current policies in place, the DHHR utilizes a Performance Assessment Review process and makes suggestions to policies and procedures based on the results of the review. Furthermore, caseworkers are required to allow the client with an opportunity to present good cause before a sanction can become effective.

In effect, clients who disagree with a sanction being placed on their case have the ability to present reasons why a sanction should not be levied.

The process for determining when a sanction should be applied is clearly articulated in West Virginia Code §9-9-11 (Breach of contract; notice; sanctions) and is outlined on Pages 6 and 7 of the Personal Responsibility Contract (PRC). Furthermore, Chapter 13 and 15 of the West Virginia Income Maintenance Manual provides clear guidance on when to apply or not apply a sanction. The DHHR can provide copies of these regulatory citations at the request of interested parties and/or the Federal awarding agency, as might be necessary for them to consider the matter and issue a management decision.

**2012-57 ALLOWABILITY AND ELIGIBILITY**  
**Department of Health and Human Resources**  
**CFDA Number 93.568**

The resources are not currently available within the DHHR to increase staff. The DHHR believes that our current training programs, policies

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-57 ALLOWABILITY AND ELIGIBILITY (Continued)**

and procedures are sufficient to address the eligibility guidelines promulgated by 42 USC 8624(b)(2). Nonetheless, due to the cause of the finding being oversight by the applicable caseworkers, the DHHR management will notify the caseworkers in question; will inform the caseworkers that their files did not include the necessary documentation as required per policy and procedures; and will work with the caseworkers in an effort to prevent a repeat condition.

**2012-58 DISASTER RECOVERY PLAN  
Department of Health and Human Resources  
CFDA Number 93.596, 93.575, 93.713**

The DHHR plans to address this finding at the central level by implementing a document-imaging system throughout the DHHR and applying that system to the six Childcare Resource and Referral Agencies, which would in turn address the condition with disaster recovery. The DHHR had hoped to have a vendor in place for the document-imaging system by the end of September 2012. However, due to a temporary lack of available funding and some complexities with respect to the statewide procurement process, the DHHR has not yet contracted with a vendor, nor have we issued an RFP (or RFQ) for the overall document-imaging project. Therefore, while we are not revising our plans for corrective action, we must revise our anticipated completion date to June 30, 2015. The goal is to have an RFP/RFQ in place by December 31, 2013, to have a vendor in place by June 30, 2014, to implement the document imaging system throughout the DHHR by February 28, 2015, and to apply the system to the Resource and Referral Agencies by June 30, 2015.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-59 ELIGIBILITY DOCUMENTATION**

**Department of Health and Human Resources  
CFDA Number 93.659**

While the DHHR agrees that additional staff would help address the finding, the resources are not currently available within the DHHR to increase staff. Although we recognize that there is always room for improvement, the DHHR believes that our current training programs, policies and procedures are sufficient to address Section 473 of the Social Security Act; 45 CFR 1356.40; the Adoption Assistance and Child Welfare Act of 1980; West Virginia State Code §49-3-1; and the Adoption Assistance Policy Manual. Nonetheless, due to the cause of the finding being oversight by the applicable caseworkers, the DHHR management will notify the caseworkers in question; will inform the caseworkers that their files did not include the necessary documentation as required per policy and procedures; and will work with the caseworkers in an effort to prevent a repeat condition.

**2012-60 RAPID USER GUIDE**

**Department of Health and Human Resources  
CFDA Number 93.767**

The DHHR will review the RAPIDS User Guide and will update the guide as may be necessary to reflect the current use of the RAPIDS Participation Status Code.

**2012-61 ELIGIBILITY**

**Department of Health and Human Resources  
CFDA Number 93.767**

The DHHR believes that our current policies and procedures are sufficient to address the State Children's Health Insurance Program and the income guidelines set forth by the State. Nonetheless, due to

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-61 ELIGIBILITY (Continued)**

the cause of the finding being a lack of enforcement of the procedures, the DHHR management will notify the caseworker in question; will inform the caseworker that the applicant in question was incorrectly classified and was not eligible for the coverage received; and will work with the caseworker in an effort to prevent a repeat condition.

**2012-62 UNALLOWABLE COSTS - PERSONAL CARE SERVICES  
Department of Health and Human Resources  
CFDA Numbers 93.775, 93.777, 93.778, ARRA 93.778**

With respect to the questioned costs denoted within this finding, for the Federal OIG report numbered A-03-11-00204 (West Virginia Improperly Claimed Some Personal Care Services under Its Medicaid State Plan), the DHHR refunded \$360,538 to the Federal government through submission of our CMS 64 report for the quarter ended December 31, 2012. For the Federal OIG report numbered A-03-11-00205 (West Virginia Complied With Certain Federal Requirements for Most of the Personal Care Services Claimed for Its Aged and Disabled Waiver Program), the DHHR refunded \$19,830 to the Federal government through submission of our CMS 64 report for the quarter ended September 30, 2012.

With respect to the additional recommendations presented by the OIG within their audit reports, we offer the following:

Report Number: A-03-11-00204 (improve monitoring of providers to ensure compliance with Federal and State requirements for personal care services):

The Bureau for Medical Services and the Bureau of Senior Services have been working on revising the Personal Care Provider Manual; it has to go through various steps for internal approval, public comment, etc. but it is anticipated that it will be published with an effective date

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-62 UNALLOWABLE COSTS - PERSONAL CARE SERVICES  
(Continued)**

of July 1, 2013. The revised version of the manual includes several elements, which we believe will improve compliance with Federal and State requirements for personal care services. These new elements include:

All personal care services will be pre-authorized by a third-party vendor. For services 60-hours or less per month, a registered nurse will check the assessment tool to ensure the person has the three deficits needed in order to participate in the program. For services 60-hours or more, a registered nurse will review the assessment as well as all medical information to ensure the person needs the additional hours of services.

A representative random sample of member charts will be reviewed annually to ensure that all required documentation is in member files, the Plan of Care is being followed, the member is eligible for the service, etc. Currently, the review cycle has been between 36 and 48 months.

Personal care providers will have to submit an electronic affidavit stating that all of their employees have the licenses, certifications, training, background checks, etc. they need in order to provide services under the Personal Care Program. Providers will report on 100% of their employees annually. In addition, there will be random checks to verify that providers are reporting on these requirements.

Once the manual is finalized, the Bureau for Medical Services and the Bureau of Senior Services will conduct a series of training sessions with personal care providers. During the training sessions, the bureaus will emphasize the importance of only billing for services that are supported by proper documentation.

Report Number: A-03-11-00205 (work with providers to ensure compliance with Federal requirements):

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-62 UNALLOWABLE COSTS - PERSONAL CARE SERVICES  
(Continued)**

In September 2012, training was provided to Aged and Disabled Waiver (ADW) providers regarding policy changes. One of the topics discussed was the proper way for direct care workers to complete the Plan of Care, which documents the services provided to ADW members. We also stressed the importance of the registered nurse to review the Plan of Care to ensure that all services were completed and that the time worked does not exceed the Level of Care.

When conducting member chart reviews, the Bureau of Senior Services nurse-monitors compare the hours documented on the Plan of Care and the billed hours to ensure they are both the same. The nurse-monitors also review staff logs to ensure any visits to member homes are justified based on policy. If the home visit is not justified, the billing for that visit is disallowed. At the end of the member chart review, the nurse-monitors meet with agency staff to discuss the findings. If there are incorrect billings, the nurse-monitor stresses the importance for only billing for services provided.

There has also been an increase in the frequency of ADW provider monitoring so that every provider has a review once a year. In the past, each provider was only reviewed every 48 to 72 months. This increased monitoring allows us to find errors quicker and to take more immediate remediation steps with the provider.

**2012-63 QUALITY CONTROL ERROR RATE  
Department of Health and Human Resources  
CFDA Numbers 93.775, 93.777, 93.778, ARRA 93.778**

A review of the State of West Virginia Medicaid Quality Control Annual Reports and sanction error rates going back to 2009 reveals that the error rate went from 5.83% in 2009, to 4.95% in 2010, and then to 3.27% for 2011. The continuous decrease in the error rate is due to increased staff training and the strengthening of internal procedures.

**STATE OF WEST VIRGINIA  
CORRECTIVE ACTION PLAN  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2012-63 QUALITY CONTROL ERROR RATE (Continued)**

With respect to additional efforts towards enhancing internal controls, the “Rushmore Automated Case Review System” is now in operation within the DHHR. As of February 2013, it became mandatory that all supervisory case reviews (as well as other reviews) be completed in the Rushmore System. Furthermore, management reports regarding these results are now available. The vendor has trained most of the eligibility supervisors and some of the backup supervisors on using the System, and has trained management staff with respect to available reports. The System may also be adapted for customized reviews targeting error-prone eligibility elements.



---

***SUMMARY  
SCHEDULE OF  
PRIOR AUDIT  
FINDINGS***

---

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-4**            **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**2010-5**            **Department of Administration**  
**2009-11**           **Partially Resolved**  
**2008-31**  
**2007-32**  
**2006-9**  
**2005-14**  
**2004-72**  
**2003-71**

FARS continues to work with the Governor's Office to seek assistance in having the State agencies prioritize completion of an accurate and complete Schedule of Expenditures of Federal Awards (SEFA) in a timely matter. FARS continues to discuss at the GAAP closing book training the importance of the internal controls procedures at the agency level. A closing book form is now required to be signed by both the preparer and their supervisor as proof that the internal controls procedures were followed prior to submission of the SEFA to FARS. See current year finding 2012-5.

**2011-5**            **1512 REPORTING**  
**2010-6**            **Governor's Office**  
**Resolved**

Corrective action taken in FY 2012.

**2011-6**            **SUBRECIPIENT MONITORING – AMERICAN RECOVERY**  
**2010-7**            **AND REINVESTMENT ACT**  
**Department of Administration/Governor's Office**  
**Partially Resolved**

FARS will discuss at the GAAP closing book training the importance of including the CFDA number and other required information on every disbursement. A written correspondence example will be provided to the agencies at training which could

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-6      SUBRECIPIENT MONITORING – AMERICAN RECOVERY  
AND REINVESTMENT ACT (Continued)**

be tailored to each agency and sent to the subrecipient confirming receipt of the invoice and the detailing the information required. See current year finding 2012-7.

**2011-7      TRANSPARENCY ACT REPORTING  
Department of Administration  
Partially Resolved**

FARS will continue to emphasize the policies and procedures and stress accurate and timely reporting at the GAAP closing book training. A sample of a check list will be provided for agencies to use as a basis to develop their agency's procedures. See current year finding 2012-8.

**2011-8      SUBRECIPIENT IDENTIFICATION ON SCHEDULE  
OF EXPENDITURES OF FEDERAL AWARDS  
Department of Administration  
Partially Resolved**

FARS, auditors, and agencies have devised a reconciliation process to summarize federal expenditures to subrecipients to be audited for the year. A revised reconciliation form, distinguishing agency transfers from expenditures, will be required to be submitted to the auditors and FARS during the single audit process along with other required federal expenditure forms. A new object code was added in the financial system to help distinguish transfers between state agencies, thus helping to identify the federal expenditures. See current year finding 2012-9.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-9 FNS REVIEW  
Department of Health and Human Services  
Partially Resolved**

While the issue regarding a lack of annual security training is resolved, the DHHR Office of Management Information Services continues to work with the WV Office of Technology (centralized IT office) in an effort to develop a new service agreement or memorandum of understanding to address the particular needs of the WV WIC program.

**2011-10 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Governor's Office  
Resolved**

Corrective action taken in FY 2012.

**2011-11 CASH MANAGEMENT  
Governor's Office  
Partially Resolved**

FARS will work with the Governor's Office and other agencies that participate in the BTOP program to understand the rules for CMIA. See current year finding 2012-13.

**2011-12 SUBRECIPIENT MONITORING  
Governor's Office  
Resolved**

Corrective action taken in FY 2012.

**2011-13 REPORTING - INTERNAL CONTROL AND COMPLIANCE  
Development Office  
Resolved**

Corrective action taken in FY 2012.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-14      SUBRECIPIENT MONITORING – AUDIT REPORTS**  
**2010-12      Department of Environmental Protection**  
**2009-19      Partially Resolved**

The Department of Environmental Protection (DEP) exercises due diligence in its continual contact with subrecipients to reinforce their responsibilities and deadlines according to OMB Circular A-133 and the subgrant terms and conditions as issued by DEP. The DEP has formalized standard operating procedures specifying the timing and frequency of correspondence to subrecipients subject to OMB Circular A-133 requirements. This is to ensure that the required audits are completed and submitted to both DEP and the Federal Clearinghouse according to the required deadlines and that all identified audit findings are resolved in a timely manner. DEP has limited ability to enforce the submission of these audits. See current year finding 2012-16.

**2011-15      INTERNAL CONTROLS OVER REPORTING**  
**2010-14      WorkForce West Virginia**  
**Partially Resolved**

WorkForce West Virginia (WWV) was in a transition period with new personnel completing the ETA 227 for the quarter ending September 30, 2011. Our Corrective Action Plan for this error has already been addressed. The unit preparing the report has developed an excel spreadsheet to assist in tabulating this report to ensure accuracy. Several reports have already been programmed to automatically pull information from the mainframe thus eliminating calculation errors. In addition, WWV is in the process of automating the entire ETA 227 which will alleviate staff from computing the numbers for the report in any manual manner. The above changes have been in place since we were notified of the finding with the exception of the fully automated ETA 227. See current year finding 2012-17.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-16      FINANCIAL REPORTING**  
**2010-19      Governor's Office of Economic Opportunity**  
**2009-27      Resolved**

Corrective action taken in FY 2012.

**2011-17      SUBRECIPIENT CASH MANAGEMENT**  
**Governor's Office of Economic Opportunity**  
**Resolved**

Corrective action taken in FY 2012.

**2011-18      CASH MANAGEMENT**  
**Bluefield State College**  
**Resolved**

Corrective action taken in FY 2012.

**2011-19      FISCAL OPERATIONS REPORT AND APPLICATION TO**  
**PARTICIPATE**  
**Bluefield State College**  
**Resolved**

Corrective action taken in FY 2012.

**2011-20      SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**West Virginia University (WVU)**  
**Not Resolved**

West Virginia University will enhance the review procedures of the SEFA to include a consultation with the agency to confirm that the correct CFDA number is being used when new programs are added. See current year finding 2012-44.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-21      RETURN OF TITLE IV FUNDS  
West Virginia University  
Resolved**

Corrective action taken in FY 2012.

**2011-22      SPECIAL TESTS AND PROVISIONS – ENROLLMENT  
REPORTING  
West Virginia University  
Not Resolved**

West Virginia University continues to work on procedures to identify and correct discrepancies in the student enrollment information regarding the social security number. The SSN is self-reported when the student applies to WVU; therefore it becomes the SSN used for enrollment reporting purposes. WVU will continue to inform students of the importance of providing correct SSNs. See current year finding 2012-47.

**2011-23      CASH MANAGEMENT  
West Virginia University  
Resolved**

Corrective action taken in FY 2012.

**2011-24      BORROWER DATA TRANSMISSION AND RECONCILIATION  
West Liberty University (WLU)  
Partially Resolved**

Since October, 2011, West Liberty University Financial Aid has begun to download all provided SAS files into Banner through EdConnect. Once the SAS files are downloaded, they are printed. Once printed, each 'unbooked' loan transaction is checked against WLU records and updated in Banner and COD to match

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-24      BORROWER DATA TRANSMISSION AND RECONCILIATION  
(Continued)**

accordingly if necessary. West Liberty University Financial Aid will continue to update all loan transactions monthly through the SAS files provided. See current year finding 2012-40.

**2011-25      SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
WVU – Parkersburg  
Resolved**

Corrective action taken in FY 2012.

**2011-26      SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Mountwest Community and Technical College  
Resolved**

Corrective action taken in FY 2012.

**2011-27      SPECIAL TESTS AND PROVISIONS – ENROLLMENT  
REPORTING  
Mountwest Community and Technical College  
Resolved**

Corrective action taken in FY 2012.

**2011-28      SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
West Virginia State University  
Not Resolved**

West Virginia State University will comply with the recommendation and implement procedures for a review process of the SEFA that is closely followed. These procedures will include a review from the person completing the SEFA and



**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-28 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)**

managerial review for accuracy. We will also formally document that the appropriate review was performed to ensure proper reporting of federal awards and expenditures. See current year finding 2012-42.

**2011-29 MATCHING  
West Virginia State University  
Resolved**

Corrective action taken in FY 2012.

**2011-30 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
West Virginia School of Osteopathic Medicine  
Resolved**

Corrective action taken in FY 2012.

**2011-31 SPECIAL TESTS AND PROVISIONS – BORROWER DATA  
TRANSMISSION AND RECONCILIATION  
West Virginia School of Osteopathic Medicine  
Resolved**

Corrective action taken in FY 2012.

**2011-32 SPECIAL TESTS AND PROVISIONS – LOAN DEFAULTS  
West Virginia School of Osteopathic Medicine  
Resolved**

Corrective action taken in FY 2012.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-33**      **FISCAL OPERATIONS REPORT AND APPLICATION TO**  
**2010-28**      **PARTICIPATE**  
                 **Concord University**  
                 **Resolved**

Corrective action taken in FY 2012.

**2011-34**      **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
                 **Concord University**  
                 **Resolved**

Corrective action taken in FY 2012.

**2011-35**      **EARMARKING**  
                 **New River Community and Technical College**  
                 **Partially Resolved**

New River Community and Technical College (the College) has implemented procedures to expend more of the work study funds. The College is monitoring all student workers and if they have work study eligibility they are awarded work study funds. The College awards work study funds to all eligible students, but due to our student population and many of our students already having jobs, it is difficult to expend the complete allocation. Regarding the community service component, management has spoken with the US Department of Education (USDOE) regarding any penalty for non-compliance and has been told that the College will need to return the difference if not already returning this with the unexpended funds; which are being returned. The USDOE has informed the College that there is a waiver for this regulation. It is too late to apply for the waiver for the 2011-2012 academic year; however, the College will be applying for it for the 2012-2013 academic year. The College is attempting only to hire student workers as tutors and is placing as many eligible students as possible in the community service jobs that are available. See current year finding 2012-32.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-36 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE**

**New River Community and Technical College  
Partially Resolved**

The new tracking system through the payroll system is now being used. The policies and procedures are in the process of being documented. In the process of getting additional information to be able to perform edits on tracking student workers in the two programs and will submit them as a correction.

**2011-37 REPORTING  
Division of Rehabilitation Services  
Resolved**

Corrective action taken in FY 2012.

**2011-38 PHYSICAL INVENTORY COUNT  
2010-36 Division of Rehabilitation Services  
Resolved**

Corrective action taken in FY 2012.

**2011-39 CASH MANAGEMENT  
2010-37 Governor's Office of Economic Opportunity  
Resolved**

Corrective action taken in FY 2012.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-40      LACK OF SUPPORTING DOCUMENTATION**  
**West Virginia State University**  
**Resolved**

Corrective action taken in FY 2012.

**2011-41      PROGRAM INCOME**  
**Secretary of State**  
**Resolved**

Corrective action taken in FY 2012.

**2011-42      ELIGIBILITY**  
**2010-38      Department of Health and Human Services**  
**2009-40      Partially Resolved**  
**2008-54**  
**2007-55**  
**2006-38**  
**2005-45**  
**2004-52**  
**2003-55**  
**2002-56**

The auditors have recognized that the DHHR has written policies and procedures in place to address the 60-month lifetime eligibility limitation. The DHHR believes that our policies and procedures are very comprehensive and address the 60-month lifetime eligibility limitation to the maximum extent possible. However, because the US Department of Health and Human Services (USDHHS) has not created a nationwide database that can provide absolute assurance to all 50 states regarding all claimants of TANF funds, the auditors continue to impose this finding directly upon the DHHR. The auditors recommend that the DHHR continue to work with the USDHHS to resolve this finding.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-42      ELIGIBILITY (Continued)**

This finding dates back to the West Virginia Single Audit for the Year Ended June 30, 2002. In an effort to resolve this finding to the full satisfaction of our independent auditors, the DHHR respectfully requests that the USDHHS address the 60-month lifetime eligibility limitation at the Federal level by initiating a coordinated approach amongst the 50 States and, thus, developing a nationwide database for tracking claimants who may have received benefits from multiple states.

If the USDHHS does not plan to develop a nationwide database in the near future, the DHHR requests that the USDHHS, as the federal awarding agency, review the policies and procedures currently in effect within the DHHR and provide a formal determination as to whether our procedures satisfy the underlying requirements of 45 CFR sections 264.1(c) and (e). Otherwise, as implied within the finding, without the assistance of the USDHHS, the DHHR cannot address the condition and is at a loss as to what we can do to resolve this finding. See current year finding 2012-54.

**2011-43      ELIGIBILITY AND SUPPORTING DOCUMENTS  
2010-39      Department of Health and Human Services  
2009-41      Resolved**

Corrective action taken in FY 2012.

**2011-44      SPECIAL TESTS AND PROVISIONS – SANCTIONS  
2010-41      Department of Health and Human Services  
Not Resolved**

Although the DHHR does not have a written policy for supervisor approval prior to the issuance or removal of sanctions against TANF recipients, many cases are reviewed with the

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-44      SPECIAL TESTS AND PROVISIONS – SANCTIONS  
(Continued)**

supervisor prior to sanctioning, especially in cases where the decision to sanction is not easily rendered. While there are not current policies in place, the DHHR utilizes a Performance Assessment Review process and makes suggestions to policies and procedures based on the results of the review. Furthermore, caseworkers are required to allow the client with an opportunity to present good cause before a sanction can become effective. In effect, clients who disagree with a sanction being placed on their case have the ability to present reasons why a sanction should not be levied.

The process for determining when a sanction should be applied is clearly articulated in West Virginia Code §9-9-11 (Breach of contract; notice; sanctions) and is outlined on Pages 6 and 7 of the Personal Responsibility Contract (PRC). Furthermore, Chapter 13 and 15 of the West Virginia Income Maintenance Manual provides clear guidance on when to apply or not apply a sanction. The DHHR can provide copies of these regulatory citations at the request of interested parties and/or the Federal awarding agency, as might be necessary for them to consider the matter and issue a management decision. See current year finding 2012-56.

**2011-45      REPORTING  
Department of Health and Human Services  
Not Resolved**

The Bureau for Children and Families has a process for preparing, reviewing, and ensuring accuracy of the ACF 204 report. Nonetheless, due to the repeat condition of this finding, various offices within DHHR Finance are following up on the finding, as is the Federal awarding agency. The DHHR Office

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-45      REPORTING (Continued)**

of Internal Control and Policy Development requested a copy (write-up) of the process in place at the bureau level. The DHHR Office of Grants Management will review the write-up in an effort to ensure that the process includes various checks and balances, cases are calculated correctly, and ACF 204 reports are reviewed at multiple levels to prevent future miscalculations. See current year finding 2012-55.

**2011-46      DHHR INFORMATION SYSTEM AND RELATED  
2010-43      BUSINESS PROCESS CONTROLS  
2009-43      Department of Health and Human Services  
2008-55      Partially Resolved**

**2007-54  
2006-37  
2005-44  
2005-60  
2004-50  
2003-63  
2002-61**

The primary issue relates to the approval of payments. The auditors reviewed two types of payments during their fieldwork, “demand” payments and “automatic” payments. With respect to demand payments, the DHHR implemented a detective control during 2012 to address demand payments (Security Level 15 access). With respect to automatic payments, the DHHR restricts access to the FACTS and RAPIDS systems to a limited number of users and we have controls in place to ensure that authorized individuals review information input into FACTS and RAPIDS. The finding recommends that a secondary (supervisory) level of review for all case information entered into FACTS and RAPIDS be implemented to enhance internal controls within the DHHR. The DHHR will assess the possibility of implementing additional controls related to automatic payments. See current year finding 2012-51.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-47**      **TIME AND ATTENDANCE AUTHORIZATION**  
**2010-44**      **PROCEDURES**  
**2009-44**      **Department of Health and Human Services**  
**Partially Resolved**

The DHHR Office of Internal Control and Policy Development will discuss the condition with the DHHR Office of Human Resources Management, will ascertain additional details from the internal control perspective and will assist in resolving the condition. See current year finding 2012-53.

**2011-48**      **INTERSTATE CASE**  
**2010-45**      **Department of Health and Human Services**  
**2009-46**      **Resolved**

Corrective action taken in FY 2012.

**2011-49**      **MEDICAL SUPPORT ENFORCEMENT**  
**Department of Health and Human Services**  
**Resolved**

Corrective action taken in FY 2012.

**2011-50**      **ALLOWABILITY AND ELIGIBILITY**  
**2010-46**      **Department of Health and Human Services**  
**2009-48**      **Not Resolved**  
**2008-59**  
**2007-59**  
**2006-43**  
**2005-50**

The resources are not currently available within the DHHR to increase staff. The DHHR believes that our current training programs, policies and procedures are sufficient to address the eligibility guidelines promulgated by 42 USC 8624(b)(2). Nonetheless, due to the cause of the finding being oversight by the applicable caseworkers, the DHHR management will notify



**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-50      ALLOWABILITY AND ELIGIBILITY (Continued)**

the caseworkers in question; will inform the caseworkers that their files did not include the necessary documentation as required per policy and procedures; and will work with the caseworkers in an effort to prevent a repeat condition. See current year finding 2012-57.

**2011-51      DISASTER RECOVERY PLAN  
2010-47      Department of Health and Human Services  
2009-50      Partially Resolved  
2008-61  
2007-62  
2006-45**

The DHHR plans to address this finding at the central level by implementing a document-imaging system throughout the DHHR and applying that system to the six Childcare Resource and Referral Agencies, which would in turn address the condition with disaster recovery. The DHHR had hoped to have a vendor in place for the document-imaging system by the end of September 2012. However, due to a temporary lack of available funding and some complexities with respect to the statewide procurement process, the DHHR has not yet contracted with a vendor, nor have we issued an RFP (or RFQ) for the overall document-imaging project. Therefore, while we are not revising our plans for corrective action, we must revise our anticipated completion date to June 30, 2015. The goal is to have an RFP/RFQ in place by December 31, 2013, to have a vendor in place by June 30, 2014, to implement the document imaging system throughout the DHHR by February 28, 2015, and to apply the system to the Resource and Referral Agencies by June 30, 2015. See current year finding 2012-58.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-52      REPORTING  
Department of Health and Human Services  
Resolved**

Corrective action taken in FY 2012.

**2011-53      ELIGIBILITY REQUIREMENTS  
2010-48      Department of Health and Human Services  
2009-52      Resolved  
2008-63  
2007-64  
2006-47  
2005-53  
2004-61**

Corrective action taken in FY 2012.

**2011-54      ALLOWABILITY AND ELIGIBILITY  
2010-49      Department of Health and Human Services  
2009-53      Resolved**

Corrective action taken in FY 2012.

**2011-55      ELIGIBILITY  
2010-52      Department of Health and Human Services  
Partially Resolved**

The DHHR believes that our current policies and procedures are sufficient to address the State Children's Health Insurance Program and the income guidelines set forth by the State. Nonetheless, due to the cause of the finding being a lack of enforcement of the procedures, the DHHR management will notify the caseworker in question; will inform the caseworker that the applicant in question was incorrectly classified and was not eligible for the coverage received; and will work with the caseworker in an effort to prevent a repeat condition. See current year finding 2012-61.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-56      REPORTING**  
**2009-56      Department of Health and Human Services**  
**Resolved**

Corrective action taken in FY 2012.

**2011-57      QUALITY CONTROL ERROR RATE**  
**2010-53      Department of Health and Human Services**  
**Partially Resolved**

A review of the State of West Virginia Medicaid Quality Control Annual Reports and sanction error rates going back to 2009 reveals that the error rate went from 5.83% in 2009, to 4.95% in 2010, and then to 3.27% for 2011. The continuous decrease in the error rate is due to increased staff training and the strengthening of internal procedures.

With respect to additional efforts towards enhancing internal controls, the "Rushmore Automated Case Review System" is now in operation within the DHHR. As of February 2013, it became mandatory that all supervisory case reviews (as well as other reviews) be completed in the Rushmore System. Furthermore, management reports regarding these results are now available. The vendor has trained most of the eligibility supervisors and some of the backup supervisors on using the System, and has trained management staff with respect to available reports. The System may be adapted for customized reviews targeting error-prone eligibility elements. See current year finding 2012-63.

**STATE OF WEST VIRGINIA  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**2011-58      SUBRECIPIENT MONITORING**  
**2010-54      Division of Homeland Security and Emergency  
Management  
Resolved**

Corrective action taken in FY 2012.

**2011-59      SUBRECIPIENT CASH MANAGEMENT MONITORING**  
**2010-55      Division of Homeland Security and Emergency  
Management  
Resolved**

Corrective action taken in FY 2012.