



**WEST VIRGINIA
SINGLE AUDIT**

FOR THE YEAR ENDED JUNE 30, 2013

STATE OF WEST VIRGINIA

SINGLE AUDIT

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Report of Independent Auditors 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, in accordance with the 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, 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, 2013, and the related notes to the financial statements, which collectively comprise the State of West Virginia's basic financial statements and have issued our report thereon dated February 13, 2014. Our report includes a reference to other auditors who 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 control 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 were not audited in accordance with *Government Auditing Standards*, 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. were audited by other auditors and were not performed in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the State of West Virginia's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion 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. Accordingly, we do not express an opinion on the effectiveness of the State of West Virginia's internal control.

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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not 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.

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 2013-1, 2013-2 and 2013-3 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.

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 Response to Findings

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. The State of West Virginia's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charleston, West Virginia
February 13, 2014



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Report of Independent Auditors on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited the State of West Virginia's compliance with the types of compliance requirements described in the U.S. 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, 2013. 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 portions of the Capitalization Grant for Drinking Water State Revolving Fund, administered by the West Virginia Drinking Water Treatment Revolving Fund that comprise federal expenditures of approximately \$13 million. This portion of the major program was audited by other auditors whose report thereon has been furnished to us. Our opinion on compliance, insofar as it relates to the portion of the major program referred to above is based solely upon the report of other auditors.

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 \$207,282,197 in federal awards which are not included in the schedule of expenditures of federal awards during the year ended June 30, 2013. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on each of the State of West Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the State of West Virginia's compliance with those requirements.

Basis for Qualified Opinion on Broadband Technology Opportunities Program (BTOP), Weatherization Assistance for Low-Income Persons, Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CDBG/State’s Program), Abandoned Mine Land Reclamation (AMLR) Program, Student Financial Assistance Cluster, Low-Income Home Energy Assistance, Adoption Assistance – Title IV-E, and Disaster Grants – Public Assistance (Presidentially Declared Disasters)

As described in the accompanying schedule of findings and questioned costs, the State of West Virginia did not comply with requirements regarding the following:

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2013-006	ARRA-11.557/ARRA-81.042	Broadband Technology Opportunities Program (BTOP)/Weatherization Assistance for Low-Income Persons	Subrecipient Monitoring
2013-007	ARRA-11.557	Broadband Technology Opportunities Program (BTOP)	Cash Management
2013-008	ARRA-11.557	Broadband Technology Opportunities Program (BTOP)	Davis Bacon
2013-010	ARRA-11.557	Broadband Technology Opportunities Program (BTOP)	Procurement
2013-011	14.228	Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CDBG/State’s Program)	Reporting
2013-012	15.252	Abandoned Mine Land Reclamation (AMLR) Program	Subrecipient Monitoring
2013-025	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Disbursements to or on Behalf of Students
2013-028	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Enrollment Reporting
2013-029	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Student Loan Repayments
2013-030	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Federal Work Study Agreements
2013-037	93.568	Low-Income Home Energy Assistance	Allowable Costs/Cost Principles and Eligibility
2013-040	93.659	Adoption Assistance – Title IV-E	Eligibility
2013-044	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for the State of West Virginia to comply with the requirements applicable to those programs.

Qualified Opinion on Broadband Technology Opportunities Program (BTOP), Weatherization Assistance for Low-Income Persons, Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CDBG/State’s Program), Abandoned Mine Land Reclamation (AMLR) Program, Student Financial Assistance Cluster, Low-Income Home Energy Assistance, Adoption Assistance – Title IV-E, and Disaster Grants – Public Assistance (Presidentially Declared Disasters)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of West Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Broadband Technology Opportunities Program (BTOP), Weatherization Assistance for Low-Income Persons, Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CDBG/State’s Program), Abandoned Mine Land Reclamation (AMLR) Program, Student Financial Assistance Cluster, Low-Income Home Energy Assistance, Adoption Assistance – Title IV-E, and Disaster Grants – Public Assistance (Presidentially Declared Disasters) for the year ended June 30, 2013.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the State of West Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs that are identified in the summary of auditors results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which 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:

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2013-004	15.252; 84.010; 84.027/84.173; 84.377; 14.228; 97.036	Abandoned Mine Land Reclamation (AMLR) Program; Title I, Grants to Local Education Agencies; Special Education Cluster (IDEA); School Improvement Grants Cluster ; Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii (CDBG/State’s Program); and Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting
2013-005	10.557; 93.558/ARRA-93.714; 93.575/93.596	Special Supplemental Nutrition Program for Women, Infants and Children (WIC); Temporary Assistance for Needy Families (TANF) Cluster; Child Care and Development Block Grant (CCDF) Cluster	Subrecipient Monitoring

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2013-009	ARRA-11.557	Broadband Technology Opportunities Program (BTOP)	Equipment and Real Property Management
2013-013	17.225 and ARRA-17.225	Unemployment Insurance	Reporting
2013-014	20.205/ARRA-20.205/ 20.219/23.003	Highway Planning and Construction Cluster	Reporting
2013-015	ARRA-81.042	Weatherization Assistance for Low-Income Persons	Reporting
2013-016	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Reporting
2013-018	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Cash Management
2013-019	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Eligibility
2013-020	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Eligibility
2013-021	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Matching, Level of Effort, Earmarking
2013-023	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Reporting
2013-024	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Verification
2013-027	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Return of Title IV Funds
2013-031	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Borrower Data Transmission and Reconciliation
2013-032	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Institutional Eligibility
2013-033	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Allowable Costs/Cost Principles

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2013-035	93.558/ARRA-93.714	Temporary Assistance for Needy Families (TANF) Cluster	Eligibility
2013-039	93.658	Foster Care – Title IV-E	Eligibility
2013-041	93.667	Social Services Block Grant	Matching, Level of Effort, Earmarking
2013-042	93.767	Children’s Health Insurance Program (CHIP)	Eligibility
2013-043	93.767	Children’s Health Insurance Program (CHIP)	Eligibility

Our opinion on each major federal program is not modified with respect to these matters.

The State of West Virginia’s responses to the noncompliance findings identified in our audit are described in the accompanying corrective action plan. The State of West Virginia’s responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the State of West Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of West Virginia’s internal control over compliance with the requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program 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 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 material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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 2013–4 to 2013–8, 2013–10 to 2013–13, 2013–25, 2013–28 to 2013–30, 2013–34, 2013–36 to 2013–38, 2013–40 to 2013–41 and 2013–44 to be material weaknesses.

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2013–004	15.252; 84.010; 84.027/84.173; 84.377; 14.228; 97.036	Abandoned Mine Land Reclamation (AMLR) Program; Title I, Grants to Local Education Agencies; Special Education Cluster (IDEA); School Improvement Grants Cluster; Community Development Block Grants/ State’s Program and Non-Entitlement Grants in Hawaii (CDBG/State’s Program); and Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Reporting
2013–005	10.557; 93.558/ARRA-93.714; 93.575/93.596	Special Supplemental Nutrition Program for Women, Infants and Children (WIC); Temporary Assistance for Needy Families (TANF) Cluster; Child Care and Development Block Grant (CCDF) Cluster	Subrecipient Monitoring
2013–006	ARRA-11.557; ARRA-81.042	Broadband Technology Opportunities Program/ Weatherization Assistance for Low-Income Persons	Subrecipient Monitoring
2013–007	ARRA-11.557	Broadband Technology Opportunities Program (BTOP)	Cash Management
2013–008	ARRA-11.557	Broadband Technology Opportunities Program (BTOP)	Davis Bacon
2013–010	ARRA-11.557	Broadband Technology Opportunities Program (BTOP)	Procurement
2013–011	14.228	Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CDBG/State’s Program)	Reporting
2013–012	15.252	Abandoned Mine Land Reclamation (AMLR) Program	Subrecipient Monitoring
2013–013	17.225/ARRA-17.225	Unemployment Insurance	Reporting
2013–025	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Disbursements to or on Behalf of Students

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2013-028	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Enrollment Reporting
2013-029	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Student Loan Repayments
2013-030	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Federal Work Study Agreements
2013-034	93.558/ARRA-93.714;	Temporary Assistance for Needy Families (TANF) Cluster	Activities Allowed or Unallowed, Allowable Costs/Cost Principles
2013-034	93.775/93.777/93.778 and ARRA-93.778	Medicaid Cluster	Eligibility
2013-034	93.568	Low-Income Home Energy Assistance	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Period of Availability of Federal Funds
2013-034	93.575/93.596	Child Care and Development Block Grant (CCDF) Cluster	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
2013-034	93.767	Children’s Health Insurance Program (CHIP)	Eligibility
2013-034	93.659	Adoption Assistance – Title IV-E	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
2013-034	93.658	Foster Care – Title IV-E	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
2013-034	10.551/10.561	Supplemental Nutrition Assistance Program (SNAP) Cluster	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability of Federal Funds, Special Tests and Provisions – ADP System for Food

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
			Stamps
2013-036	93.558/ARRA-93.714	Temporary Assistance for Needy Families (TANF) Cluster	Special Tests and Provisions – Sanctions
2013-037	93.568	Low-Income Home Energy Assistance	Allowable Costs/Cost Principles and Eligibility
2013-038	93.575/93.596	Child Care and Development Block Grant (CCDF) Cluster	Allowable Costs/Cost Principles and Eligibility
2013-040	93.659	Adoption Assistance – Title IV-E	Eligibility
2013-041	93.667	Social Services Block Grant	Matching, Level of Effort, Earmarking
2013-044	97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)	Subrecipient Monitoring

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 2013-9, 2013-14 to 2013-24, 2013-26 to 2013-27, 2013-31 to 2013-33, 2013-35, 2013-39, 2013-42, and 2013-43 to be significant deficiencies.

Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
2013-009	ARRA-11.557	Broadband Technology Opportunities Program (BTOP)	Equipment and Real Property Management
2013-014	20.205/ARRA-20.205/ 20.219/23.003	Highway Planning and Construction Cluster	Reporting
2013-015	81.042 and ARRA-81.042	Weatherization Assistance for Low-Income Persons	Reporting
2013-016	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Reporting
2013-017	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Cash Management
2013-018	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Cash Management
2013-019	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/	Student Financial Assistance Cluster	Eligibility

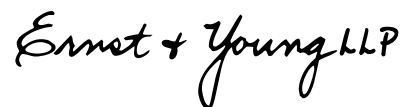
Finding Number	CFDA Number	Program or Cluster Name	Compliance Requirement
	93.364		
2013-020	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Eligibility
2013-021	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Matching, Level of Effort, Earmarking
2013-022	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Program Income
2013-023	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Reporting
2013-024	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Verification
2013-026	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Return of Title IV Funds
2013-027	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Return of Title IV Funds
2013-031	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Borrower Data Transmission and Reconciliation
2013-032	84.007/84.033/84.038/84.063/ 84.268/84.379/93.264/93.342/ 93.364	Student Financial Assistance Cluster	Special Tests and Provisions – Institutional Eligibility
2013-033	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Allowable Costs/Cost Principles
2013-035	93.558/ARRA-93.714	Temporary Assistance for Needy Families (TANF) Cluster	Eligibility
2013-039	93.658	Foster Care – Title IV-E	Eligibility
2013-042	93.767	Children’s Health Insurance Program (CHIP)	Eligibility
2013-043	93.767	Children’s Health Insurance Program (CHIP)	Eligibility

The State of West Virginia's responses to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. The State of West Virginia's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the State of West Virginia as of and for the year ended June 30, 2013, and have issued our report thereon dated February 13, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 additional 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



March 31, 2014
Charleston, West Virginia

***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, 2013**

Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
<u>OFFICE OF DRUG CONTROL POLICY</u>				
G12AP0001A	APPALACHIAN HIDTA (NOTE 4)	\$342,994	\$0	\$342,994
G13AP0001A	APPALACHIAN HIDTA (NOTE 4)	\$66,417	\$0	\$66,417
<u>TOTAL OFFICE OF DRUG CONTROL POLICY</u>		<u>\$409,411</u>	<u>\$0</u>	<u>\$409,411</u>
<u>DEPARTMENT OF AGRICULTURE</u>				
10.025	PLANT AND ANIMAL DISEASE, PEST CONTROL, AND ANIMAL CARE	\$224,412	\$0	\$224,412
10.169	SPECIALTY CROP BLOCK GRANT PROGRAM	(\$235)	\$0	(\$235)
10.170	SPECIALTY CROP BLOCK GRANT PROGRAM - FARM BILL	\$51,703	\$47,190	\$98,893
10.171	ORGANIC CERTIFICATION COST SHARE PROGRAMS	\$1,610	\$0	\$1,610
10.206	GRANTS FOR AGRICULTURAL RESEARCH-COMPETITIVE RESEARCH GRANTS	\$18,969	\$0	\$18,969
10.207	ANIMAL HEALTH AND DISEASE RESEARCH	\$12,259	\$0	\$12,259
10.290	AGRICULTURAL MARKET AND ECONOMIC RESEARCH	\$10,308	\$0	\$10,308
10.458	CROP INSURANCE EDUCATION IN TARGETED STATES	\$34,323	\$159,940	\$194,263
10.475	COOPERATIVE AGREEMENTS WITH STATES FOR INTRASTATE MEAT AND POULTRY INSPECTION	\$577,074	\$0	\$577,074
10.479	FOOD SAFETY COOPERATIVE AGREEMENTS	\$54,093	\$0	\$54,093
10.500	COOPERATIVE EXTENSION SERVICE	\$4,091,997	\$9,605	\$4,101,602
10.557	SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN	\$28,363,434	\$10,084,575	\$38,448,009
10.558	CHILD AND ADULT CARE FOOD PROGRAM	\$406,109	\$15,947,969	\$16,354,078
10.560	STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION	\$1,650,597	\$32,000	\$1,682,597
10.572	WIC FARMERS' MARKET NUTRITION PROGRAM (FMNP)	\$62,939	\$0	\$62,939
10.574	TEAM NUTRITION GRANTS	\$76,064	\$139,686	\$215,750
10.576	SENIOR FARMERS MARKET NUTRITION PROGRAM	\$384,056	\$0	\$384,056
10.578	WIC GRANTS TO STATES (WGS)	(\$34,325)	\$0	(\$34,325)
10.579	CHILD NUTRITION DISCRETIONARY GRANTS LIMITED AVAILABILITY	\$83,419	\$0	\$83,419
10.582	FRESH FRUIT AND VEGETABLE PROGRAM	\$82,240	\$1,858,967	\$1,941,207
10.589	CHILD NUTRITION DIRECT CERTIFICATION PERFORMANCE AWARDS	\$827	\$0	\$827
10.664	COOPERATIVE FORESTRY ASSISTANCE	\$793,082	\$155,008	\$948,090
10.676	FOREST LEGACY PROGRAM	\$460,916	\$0	\$460,916
10.678	FOREST STEWARDSHIP PROGRAM	\$276,184	\$0	\$276,184
10.680	FOREST HEALTH PROTECTION	\$338,145	\$0	\$338,145
10.868	RURAL ENERGY FOR AMERICA PROGRAM	\$0	\$62,059	\$62,059
10.902	SOIL AND WATER CONSERVATION	\$173,134	\$0	\$173,134
10.903	SOIL SURVEY	\$263,398	\$0	\$263,398
10.905	PLANT MATERIALS FOR CONSERVATION	\$2,234	\$0	\$2,234
10.912	ENVIRONMENTAL QUALITY INCENTIVES PROGRAM	\$158,175	\$0	\$158,175
10.913	FARM AND RANCH LANDS PROTECTION PROGRAM	\$121,255	\$0	\$121,255
10.914	WILDLIFE HABITAT INCENTIVE PROGRAM	\$16,540	\$0	\$16,540
NOTE 6A	SNAP CLUSTER	\$527,695,832	\$3,569,091	\$531,264,923
NOTE 6B	CHILD NUTRITION CLUSTER	\$9,328,095	\$90,984,434	\$100,312,529
NOTE 6C	FOOD DISTRIBUTION CLUSTER	\$1,501,560	\$328,036	\$1,829,596
NOTE 6D	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$1,833,192	\$0	\$1,833,192
10-CR-11060500-052	ALTERNATIVE TRANSPORTATION STUDY: MOUNT BAKER-SNOQUALMIE NF	\$28,298	\$0	\$28,298
11-CS-11092100-060	BUTTERFLY SURVEY	\$6,348	\$0	\$6,348
NFS 10-CR-11060120-038	DESCHUTES NF SOCIAL CARRYING CAPACITY	\$7,816	\$0	\$7,816
NFS 2010-CR-11062759-030	REGION 6 ROUND 3 NVUM	\$323,512	\$77,563	\$401,075
WV-717A16	DISTANCE LEARNING & TELEMEDICINE GRANT	\$46,532	\$0	\$46,532
<u>TOTAL DEPARTMENT OF AGRICULTURE</u>		<u>\$579,526,121</u>	<u>\$123,456,123</u>	<u>\$702,982,244</u>
<u>DEPARTMENT OF COMMERCE</u>				
11.111	FOREIGN-TRADE ZONES IN THE UNITED STATES	\$8,834	\$0	\$8,834
11.463	HABITAT CONSERVATION	\$723,568	\$0	\$723,568
11.557	ARRA - BROADBAND TECHNOLOGY OPPORTUNITIES PROGRAM (BTOP)	\$17,251,416	\$15,665,883	\$32,917,299

**STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2013**

Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
11.558	ARRA - STATE BROADBAND DATA AND DEVELOPMENT GRANT PROGRAM	\$706,688	\$283,572	\$990,260
<u>TOTAL DEPARTMENT OF COMMERCE</u>		<u>\$18,690,506</u>	<u>\$15,949,455</u>	<u>\$34,639,961</u>
<u>DEPARTMENT OF DEFENSE</u>				
12.113	STATE MEMORANDUM OF AGREEMENT PROGRAM FOR THE REIMBURSEMENT OF TECHNICAL SERVICES	\$43,601	\$0	\$43,601
12.300	BASIC AND APPLIED SCIENTIFIC RESEARCH	\$160,699	\$0	\$160,699
12.400	MILITARY CONSTRUCTION, NATIONAL GUARD	\$50,636,349	\$0	\$50,636,349
12.401	NATIONAL GUARD MILITARY OPERATIONS AND MAINTENANCE (O&M) PROJECTS	\$20,560,133	\$0	\$20,560,133
12.404	NATIONAL GUARD CHALLENGE PROGRAM	\$3,572,489	\$0	\$3,572,489
12.900	LANGUAGE GRANT PROGRAM	\$23,818	\$53,094	\$76,912
12.901	MATHEMATICAL SCIENCES GRANTS PROGRAM	\$403	\$0	\$403
12.402	NATIONAL GUARD SPECIAL MILITARY OPERATIONS & PROJECTS	\$2,921,528	\$0	\$2,921,528
84.815	TROOPS TO TEACHERS	\$66,202	\$0	\$66,202
P4002207	CROSS-SPECTRAL FACIAL RECOGNITION ALGORITHM DEVELOPMENT SWIR AGAINST VISIBLE LIGHT IMAGES	\$74,438	\$0	\$74,438
<u>TOTAL DEPARTMENT OF DEFENSE</u>		<u>\$78,059,660</u>	<u>\$53,094</u>	<u>\$78,112,754</u>
<u>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
14.110	MANUFACTURED HOME LOAN INSURANCE-FINANCING PURCHASE OF MANUFACTURED HOMES AS PRINCIPAL RESIDENCES OF BORROWERS	\$49,802	\$0	\$49,802
14.231	EMERGENCY SOLUTIONS GRANT PROGRAM	\$52,382	\$1,053,364	\$1,105,746
14.241	HOUSING OPPORTUNITIES FOR PERSONS WITH AIDS	\$9,374	\$353,748	\$363,122
14.246	COMMUNITY DEVELOPMENT BLOCK GRANTS/BROWNFIELDS ECONOMIC DEVELOPMENT INITIATIVE	\$50,015	\$0	\$50,015
14.251	ECONOMIC DEVELOPMENT INITIATIVE-SPECIAL PROJECT, NEIGHBORHOOD INITIATIVE AND MISCELLANEOUS GRANTS	\$230,499	\$0	\$230,499
14.257	ARRA - HOMELESSNESS PREVENTION AND RAPID RE- HOUSING PROGRAM (RECOVERY ACT FUNDED)	(\$9,855)	\$292,905	\$283,050
14.400	EQUAL OPPORTUNITY IN HOUSING	\$72,064	\$0	\$72,064
NOTE 6E	CDBG - STATE ADMINISTERED CDBG CLUSTER	\$667,516	\$20,956,269	\$21,623,785
<u>TOTAL DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>		<u>\$1,121,797</u>	<u>\$22,656,286</u>	<u>\$23,778,083</u>
<u>DEPARTMENT OF THE INTERIOR</u>				
15.250	REGULATION OF SURFACE COAL MINING AND SURFACE EFFECTS OF UNDERGROUND COAL MINING	\$12,318,944	\$0	\$12,318,944
15.252	ABANDONED MINE LAND RECLAMATION (AMLR) PROGRAM	\$39,535,114	\$5,904,531	\$45,439,645
15.255	SCIENCE AND TECHNOLOGY PROJECTS RELATED TO COAL MINING AND RECLAMATION	\$166,212	\$88,798	\$255,010
15.433	FLOOD CONTROL ACT LANDS	\$233,079	\$0	\$233,079
15.615	COOPERATIVE ENDANGERED SPECIES CONSERVATION FUND	\$92,976	\$0	\$92,976
15.622	SPORTFISHING AND BOATING SAFETY ACT	\$0	\$64,290	\$64,290
15.634	STATE WILDLIFE GRANTS	\$441,460	\$0	\$441,460
15.657	ENDANGERED SPECIES CONSERVATION - RECOVERY IMPLEMENTATION FUNDS	\$38,548	\$0	\$38,548
15.808	U.S. GEOLOGICAL SURVEY-RESEARCH AND DATA COLLECTION	\$15,000	\$0	\$15,000
15.810	NATIONAL COOPERATIVE GEOLOGIC MAPPING PROGRAM	\$25,349	\$0	\$25,349
15.904	HISTORIC PRESERVATION FUND GRANTS-IN-AID	\$609,984	\$72,714	\$682,698
15.916	OUTDOOR RECREATION-ACQUISITION, DEVELOPMENT AND PLANNING	\$3,902	\$352,898	\$356,800
NOTE 6F	FISH AND WILDLIFE CLUSTER	\$10,083,775	\$0	\$10,083,775
213-960	NATIONAL REFUGE DEER SURVEY	\$10,000	\$0	\$10,000
4560-05-0013	NATIONAL PARK SERVICE GRANT	\$239,273	\$160,000	\$399,273
H4511-10-0001	COAL HERITAGE AREA DISCOVERY CENTER - 2013NCH17	\$137,660	\$0	\$137,660
H600008200 Order #	CAVE ASSESSMENTS IN THE CHESAPEAKE AND OHIO	\$1,315	\$0	\$1,315
J3100110007	CANAL NATIONAL HISTORIC PARK (CESU)			

**STATE OF WEST VIRGINIA
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FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2013**

Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
J5471100018/H60000 82000	THE EVALUATION OF SELECT GRSM CHESTNUT SITES FOR THE INCIDENCE OF BIOLOGICAL CONTROL AGENTS OF CRYPHONECTRIA PARASITICA	\$335	\$0	\$335
L12AC20102	GOLDEN EAGLE DEMOGRAPHY: GENETIC APPROACHES TO POPULATION BIOLOGY IN THE FACE OF RENEWABLE ENERGY DEVELOPMENT IN THE CALIFORNIA DESERT	\$403	\$0	\$403
<u>TOTAL DEPARTMENT OF THE INTERIOR</u>		\$63,953,329	\$6,643,231	\$70,596,560
<u>DEPARTMENT OF JUSTICE</u>				
16.017	SEXUAL ASSAULT SERVICES FORMULA PROGRAM	\$0	\$173,678	\$173,678
16.523	JUVENILE ACCOUNTABILITY BLOCK GRANTS	\$11,396	\$292,500	\$303,896
16.525	GRANTS TO REDUCE DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ON CAMPUS	\$53,978	\$0	\$53,978
16.528	ENHANCED TRAINING AND SERVICES TO END VIOLENCE AND ABUSE OF WOMEN LATER IN LIFE	\$0	\$11,112	\$11,112
16.540	JUVENILE JUSTICE AND DELINQUENCY PREVENTION- ALLOCATION TO STATES	\$68,997	\$262,328	\$331,325
16.543	MISSING CHILDREN'S ASSISTANCE	\$400,179	\$0	\$400,179
16.548	TITLE V-DELINQUENCY PREVENTION PROGRAM	\$896	\$11,498	\$12,394
16.550	STATE JUSTICE STATISTICS PROGRAM FOR STATISTICAL ANALYSIS CENTERS	\$64,094	\$0	\$64,094
16.554	NATIONAL CRIMINAL HISTORY IMPROVEMENT PROGRAM (NCHIP)	\$388,920	\$0	\$388,920
16.575	CRIME VICTIM ASSISTANCE	\$127,329	\$2,654,311	\$2,781,640
16.576	CRIME VICTIM COMPENSATION	\$984,000	\$0	\$984,000
16.579	EDWARD BYRNE MEMORIAL FORMULA GRANT PROGRAM	\$248,736	\$1,237,247	\$1,485,983
16.580	EDWARD BYRNE MEMORIAL STATE AND LOCAL LAW ENFORCEMENT ASSISTANCE DISCRETIONARY GRANTS PROGRAM	\$389,442	\$0	\$389,442
16.588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	\$89,297	\$1,173,972	\$1,263,269
16.588	ARRA - VIOLENCE AGAINST WOMEN FORMULA GRANT	\$21,695	\$96,397	\$118,092
		\$110,992	\$1,270,369	\$1,381,361
16.589	RURAL DOMESTIC VIOLENCE, DATING VIOLENCE, SEXUAL ASSAULT, AND STALKING ASSISTANCE PROGRAM	\$0	\$5,202	\$5,202
16.590	GRANTS TO ENCOURAGE ARREST POLICIES AND ENFORCEMENT OF PROTECTION ORDERS PROGRAM	\$237,739	\$414,833	\$652,572
16.593	RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS	\$14,172	\$146,389	\$160,561
16.607	BULLETPROOF VEST PARTNERSHIP PROGRAM	\$0	\$6,464	\$6,464
16.609	PROJECT SAFE NEIGHBORHOODS	\$6,037	\$43,519	\$49,556
16.710	PUBLIC SAFETY PARTNERSHIP AND COMMUNITY POLICING GRANTS	\$165,530	\$0	\$165,530
16.727	ENFORCING UNDERAGE DRINKING LAWS PROGRAM	\$4,996	\$104,822	\$109,818
16.734	SPECIAL DATA COLLECTIONS AND STATISTICAL STUDIES	\$1,602	\$0	\$1,602
16.741	DNA BACKLOG REDUCTION PROGRAM	\$140,562	\$0	\$140,562
16.742	PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM	\$170,413	\$28,722	\$199,135
16.745	CRIMINAL AND JUVENILE JUSTICE AND MENTAL HEALTH COLLABORATION PROGRAM	\$51,964	\$0	\$51,964
16.801	ARRA - RECOVERY ACT - STATE VICTIM ASSISTANCE FORMULA GRANT PROGRAM	\$1,474	\$19,594	\$21,068
16.813	NICS ACT RECORD IMPROVEMENT PROGRAM	\$24,616	\$0	\$24,616
16.816	JOHN R. JUSTICE PROSECUTORS AND DEFENDERS INCENTIVE ACT	\$10,658	\$137,597	\$148,255
NOTE 6G 2001100	JAG PROGRAM CLUSTER	\$210,019	\$47,899	\$257,918
E/S-JUSTICE	MISCELLANEOUS JUSTICE PROGRAMS	\$505,586	\$0	\$505,586
PL-106-170	EQUITABLE SHARING PROGRAM-JUSTICE	\$94,301	\$0	\$94,301
PURDUE	SOCIAL SECURITY INMATE INCENTIVE	\$1,316	\$0	\$1,316
	PURDUE PHARMA SETTLEMENT	\$2,289,827	\$826,094	\$3,115,921
<u>TOTAL DEPARTMENT OF JUSTICE</u>		\$6,779,771	\$7,694,178	\$14,473,949

**STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
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Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
<u>DEPARTMENT OF LABOR</u>				
17.002	LABOR FORCE STATISTICS	\$692,701	\$0	\$692,701
17.005	COMPENSATION AND WORKING CONDITIONS	\$108,752	\$0	\$108,752
17.225	UNEMPLOYMENT INSURANCE - NOTE 5	\$600,079,902	\$0	\$600,079,902
17.225	ARRA - UNEMPLOYMENT INSURANCE - NOTE 5	\$639,111	\$0	\$639,111
		<u>\$600,719,013</u>	<u>\$0</u>	<u>\$600,719,013</u>
17.235	SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM	\$67,666	\$932,108	\$999,774
17.245	TRADE ADJUSTMENT ASSISTANCE	\$3,338,218	\$0	\$3,338,218
17.260	WIA - DISLOCATED WORKERS	\$280,576	\$35,479	\$316,055
17.260	ARRA - WIA DISLOCATED WORKERS	\$10,585	\$19,411	\$29,996
		<u>\$291,161</u>	<u>\$54,890</u>	<u>\$346,051</u>
17.269	COMMUNITY BASED JOB TRAINING GRANTS	\$32,199	\$0	\$32,199
17.271	WORK OPPORTUNITY TAX CREDIT PROGRAM (WOTC)	\$70,663	\$0	\$70,663
17.273	TEMPORARY LABOR CERTIFICATION FOR FOREIGN WORKERS	\$54,283	\$0	\$54,283
17.275	ARRA - PROGRAM OF COMPETITIVE GRANTS FOR WORKER TRAINING AND PLACEMENT IN HIGH GROWTH AND EMERGING INDUSTRY SECTORS	\$780,295	\$777,995	\$1,558,290
17.277	WORKFORCE INVESTMENT ACT (WIA) NATIONAL EMERGENCY GRANTS	\$97,513	\$1,091,577	\$1,189,090
17.282	TRADE ADJUSTMENT ASSISTANCE COMMUNITY COLLEGE AND CAREER TRAINING (TAACCCT) GRANTS	\$1,902,470	\$0	\$1,902,470
17.504	CONSULTATION AGREEMENTS	\$434,470	\$0	\$434,470
17.600	MINE HEALTH AND SAFETY GRANTS	\$312,607	\$0	\$312,607
NOTE 6H	EMPLOYMENT SERVICE CLUSTER	\$6,390,157	\$0	\$6,390,157
NOTE 6I	WIA CLUSTER	\$1,091,809	\$12,726,318	\$13,818,127
17.276	ARRA - HEALTH CARE TAX CREDIT (HCTC) NATIONAL EMERGENCY GRANTS (NEGS)	\$91,412	\$0	\$91,412
17.999	MISCELLANEOUS LABOR PROGRAMS	\$119,868	\$0	\$119,868
<u>TOTAL DEPARTMENT OF LABOR</u>		<u>\$616,595,257</u>	<u>\$15,582,888</u>	<u>\$632,178,145</u>
<u>DEPARTMENT OF TRANSPORTATION</u>				
20.218	NATIONAL MOTOR CARRIER SAFETY	\$2,092,391	\$0	\$2,092,391
20.232	COMMERCIAL DRIVER'S LICENSE PROGRAM IMPROVEMENT GRANT	\$175,128	\$0	\$175,128
20.317	CAPITAL ASSISTANCE TO STATES - INTERCITY PASSENGER RAIL SERVICE	\$305,252	\$0	\$305,252
20.505	METROPOLITAN TRANSPORTATION PLANNING	\$17,439	\$29,089	\$46,528
20.509	FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	\$2,467,548	\$4,284,718	\$6,752,266
20.509	ARRA - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	\$2,347,803	\$3,302	\$2,351,105
		<u>\$4,815,351</u>	<u>\$4,288,020</u>	<u>\$9,103,371</u>
20.607	ALCOHOL OPEN CONTAINER REQUIREMENTS	\$1,006,804	\$1,452,970	\$2,459,774
20.608	MINIMUM PENALTIES FOR REPEAT OFFENDERS FOR DRIVING WHILE INTOXICATED	\$3,166,294	\$207,569	\$3,373,863
20.614	NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (NHTSA) DISCRETIONARY SAFETY GRANTS	\$49,257	\$0	\$49,257
20.700	PIPELINE SAFETY PROGRAM STATE BASE GRANT	\$172,568	\$0	\$172,568
20.703	INTERAGENCY HAZARDOUS MATERIALS PUBLIC SECTOR TRAINING AND PLANNING GRANTS	\$136,320	\$65,782	\$202,102
NOTE 6K	FEDERAL TRANSIT CLUSTER	\$1,534,717	\$0	\$1,534,717
NOTE 6L	TRANSIT SERVICES PROGRAMS CLUSTER	\$1,664,481	\$636,625	\$2,301,106
NOTE 6M	HIGHWAY SAFETY CLUSTER	\$1,879,152	\$2,525,446	\$4,404,598
<u>TOTAL DEPARTMENT OF TRANSPORTATION</u>		<u>\$17,015,154</u>	<u>\$9,205,501</u>	<u>\$26,220,655</u>
<u>DEPARTMENT OF THE TREASURY</u>				
E/S-TREASURY	EQUITABLE SHARING PROGRAM-TREASURY	\$44,128	\$0	\$44,128
<u>TOTAL DEPARTMENT OF THE TREASURY</u>		<u>\$44,128</u>	<u>\$0</u>	<u>\$44,128</u>

STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
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Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
<u>APPALACHIAN REGIONAL COMMISSION</u>				
23.002	APPALACHIAN AREA DEVELOPMENT	\$150,000	\$2,252,582	\$2,402,582
23.011	APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND DEMONSTRATION PROJECTS	\$263,043	\$430,651	\$693,694
<u>TOTAL APPALACHIAN REGIONAL COMMISSION</u>		<u>\$413,043</u>	<u>\$2,683,233</u>	<u>\$3,096,276</u>
<u>EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>				
30.001	EMPLOYMENT DISCRIMINATION-TITLE VII OF THE CIVIL RIGHTS ACT OF 1964	\$158,024	\$0	\$158,024
<u>TOTAL EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</u>		<u>\$158,024</u>	<u>\$0</u>	<u>\$158,024</u>
<u>GENERAL SERVICES ADMINISTRATION</u>				
39.003	DONATION OF FEDERAL SURPLUS PERSONAL PROPERTY	\$27,154	\$0	\$27,154
<u>TOTAL GENERAL SERVICES ADMINISTRATION</u>		<u>\$27,154</u>	<u>\$0</u>	<u>\$27,154</u>
<u>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>				
43.001	SCIENCE	\$399,420	\$0	\$399,420
<u>TOTAL NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</u>		<u>\$399,420</u>	<u>\$0</u>	<u>\$399,420</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>				
45.025	PROMOTION OF THE ARTS-PARTNERSHIP AGREEMENTS	\$335,753	\$347,159	\$682,912
45.163	PROMOTION OF THE HUMANITIES-PROFESSIONAL DEVELOPMENT	\$6,506	\$0	\$6,506
45.310	GRANTS TO STATES	\$1,067,609	\$275,294	\$1,342,903
<u>TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u>		<u>\$1,409,868</u>	<u>\$622,453</u>	<u>\$2,032,321</u>
<u>SMALL BUSINESS ADMINISTRATION</u>				
59.037	SMALL BUSINESS DEVELOPMENT CENTERS	\$814,749	\$0	\$814,749
<u>TOTAL SMALL BUSINESS ADMINISTRATION</u>		<u>\$814,749</u>	<u>\$0</u>	<u>\$814,749</u>
<u>DEPARTMENT OF VETERANS AFFAIRS</u>				
64.005	GRANTS TO STATES FOR CONSTRUCTION OF STATE HOME FACILITIES	\$14,113	\$0	\$14,113
64.015	VETERANS STATE NURSING HOME CARE	\$3,478,713	\$0	\$3,478,713
64.124	ALL-VOLUNTEER FORCE EDUCATIONAL ASSISTANCE	\$99,627	\$0	\$99,627
64.203	STATE CEMETERY GRANTS	\$1,776,815	\$0	\$1,776,815
<u>TOTAL DEPARTMENT OF VETERANS AFFAIRS</u>		<u>\$5,369,268</u>	<u>\$0</u>	<u>\$5,369,268</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>				
66.001	AIR POLLUTION CONTROL PROGRAM SUPPORT	\$1,567,686	\$0	\$1,567,686
66.032	STATE INDOOR RADON GRANTS	\$106,094	\$42,854	\$148,948
66.034	SURVEYS, STUDIES, RESEARCH, INVESTIGATIONS, DEMONSTRATIONS, AND SPECIAL PURPOSE ACTIVITIES RELATING TO THE CLEAN AIR ACT	\$17,030	\$0	\$17,030
66.202	CONGRESSIONALLY MANDATED PROJECTS	\$130,703	\$0	\$130,703
66.419	WATER POLLUTION CONTROL STATE, INTERSTATE, AND TRIBAL PROGRAM SUPPORT	\$2,436,489	\$60,397	\$2,496,886
66.432	STATE PUBLIC WATER SYSTEM SUPERVISION	\$765,250	\$0	\$765,250
66.433	STATE UNDERGROUND WATER SOURCE PROTECTION	\$149,625	\$0	\$149,625
66.454	WATER QUALITY MANAGEMENT PLANNING	\$173,169	\$17,154	\$190,323
66.454	ARRA - WATER QUALITY MANAGEMENT PLANNING	\$1,549	\$14,616	\$16,165
		<u>\$174,718</u>	<u>\$31,770</u>	<u>\$206,488</u>
66.458	CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	\$0	\$29,215,963	\$29,215,963
66.458	ARRA - CAPITALIZATION GRANTS FOR CLEAN WATER STATE REVOLVING FUNDS	\$0	\$1,389,735	\$1,389,735
		<u>\$0</u>	<u>\$30,605,698</u>	<u>\$30,605,698</u>
66.460	NONPOINT SOURCE IMPLEMENTATION GRANTS	\$998,901	\$670,649	\$1,669,550
66.461	REGIONAL WETLAND PROGRAM DEVELOPMENT GRANTS	\$197,892	\$70,055	\$267,947
66.466	CHESAPEAKE BAY PROGRAM	\$957,847	\$208,504	\$1,166,351

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2013**

Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
66.468	CAPITALIZATION GRANTS FOR DRINKING WATER STATE REVOLVING FUNDS	\$2,307,051	\$13,801,072	\$16,108,123
66.471	STATE GRANTS TO REIMBURSE OPERATORS OF SMALL WATER SYSTEMS FOR TRAINING AND CERTIFICATION COSTS	(\$294)	\$0	(\$294)
66.474	WATER PROTECTION GRANTS TO THE STATES	\$12,754	\$4,702	\$17,456
66.605	PERFORMANCE PARTNERSHIP GRANTS	\$415,955	\$0	\$415,955
66.606	SURVEYS, STUDIES, INVESTIGATIONS AND SPECIAL PURPOSE GRANTS	\$276,680	\$0	\$276,680
66.608	ENVIRONMENTAL INFORMATION EXCHANGE NETWORK GRANT PROGRAM AND RELATED ASSISTANCE	\$61,646	\$0	\$61,646
66.701	TOXIC SUBSTANCES COMPLIANCE MONITORING COOPERATIVE AGREEMENTS	\$123,487	\$0	\$123,487
66.707	TSCA TITLE IV STATE LEAD GRANTS CERTIFICATION OF LEAD-BASED PAINT PROFESSIONALS	\$144,691	\$0	\$144,691
66.708	POLLUTION PREVENTION GRANTS PROGRAM	\$0	\$114,000	\$114,000
66.801	HAZARDOUS WASTE MANAGEMENT STATE PROGRAM SUPPORT	\$2,412,571	\$0	\$2,412,571
66.802	SUPERFUND STATE, POLITICAL SUBDIVISION, AND INDIAN TRIBE SITE-SPECIFIC COOPERATIVE AGREEMENTS	\$307,405	\$0	\$307,405
66.804	UNDERGROUND STORAGE TANK PREVENTION, DETECTION AND COMPLIANCE PROGRAM	\$388,443	\$32,100	\$420,543
66.805	LEAKING UNDERGROUND STORAGE TANK TRUST FUND CORRECTIVE ACTION PROGRAM	\$556,431	\$0	\$556,431
66.809	SUPERFUND STATE AND INDIAN TRIBE CORE PROGRAM COOPERATIVE AGREEMENTS	\$343,225	\$0	\$343,225
66.814	BROWNFIELDS TRAINING, RESEARCH, AND TECHNICAL ASSISTANCE GRANTS AND COOPERATIVE AGREEMENTS	\$92,360	\$122,103	\$214,463
66.818	BROWNFIELD ASSESSMENT AND CLEANUP COOPERATIVE AGREEMENTS	\$112,319	\$0	\$112,319
DEPMISCFED01	MISC. FEDERAL AWARD PROGRAMS	(\$703,695)	\$0	(\$703,695)
<u>TOTAL ENVIRONMENTAL PROTECTION AGENCY</u>		<u>\$14,353,264</u>	<u>\$45,763,904</u>	<u>\$60,117,168</u>
<u>DEPARTMENT OF ENERGY</u>				
81.041	STATE ENERGY PROGRAM	\$282,862	\$96,465	\$379,327
81.041	ARRA - STATE ENERGY PROGRAM	\$2,602,062	\$94,098	\$2,696,160
		<u>\$2,884,924</u>	<u>\$190,563</u>	<u>\$3,075,487</u>
81.042	WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	\$195,620	\$4,096,327	\$4,291,947
81.042	ARRA - WEATHERIZATION ASSISTANCE FOR LOW-INCOME PERSONS	(\$52,719)	\$883,537	\$830,818
		<u>\$142,901</u>	<u>\$4,979,864</u>	<u>\$5,122,765</u>
81.117	ENERGY EFFICIENCY AND RENEWABLE ENERGY INFORMATION DISSEMINATION, OUTREACH, TRAINING AND TECHNICAL ANALYSIS/ASSISTANCE	\$321,101	\$0	\$321,101
81.119	STATE ENERGY PROGRAM SPECIAL PROJECTS	\$110,555	\$86,987	\$197,542
81.122	ARRA - ELECTRICITY DELIVERY AND ENERGY RELIABILITY, RESEARCH, DEVELOPMENT AND ANALYSIS	\$186,331	\$20,221	\$206,552
81.128	ARRA - ENERGY EFFICIENCY AND CONSERVATION BLOCK GRANT PROGRAM (EECBG)	\$122,148	\$1,458,319	\$1,580,467
CONTRACT 188073	VOLUNTARY SECURITY ENHANCEMENTS AND MAINTENANCE - ACQUISITION PHASE	\$253,865	\$0	\$253,865
OIL	PETROLEUM VIOLATION ESCROW FUNDS	\$216,627	\$4,987	\$221,614
<u>TOTAL DEPARTMENT OF ENERGY</u>		<u>\$4,238,452</u>	<u>\$6,740,941</u>	<u>\$10,979,393</u>
<u>DEPARTMENT OF EDUCATION</u>				
84.002	ADULT EDUCATION - BASIC GRANTS TO STATES	\$508,604	\$3,385,207	\$3,893,811
84.013	TITLE I STATE AGENCY PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN AND YOUTH	\$922,298	\$0	\$922,298
84.031	HIGHER EDUCATION-INSTITUTIONAL AID	\$3,472,726	\$0	\$3,472,726
84.048	CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	\$3,082,467	\$5,301,765	\$8,384,232

**STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2013**

Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
84.116	FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION	\$152,228	\$88,818	\$241,046
84.126	REHABILITATION SERVICES-VOCATIONAL REHABILITATION GRANTS TO STATES	\$48,394,438	\$536,919	\$48,931,357
84.169	INDEPENDENT LIVING-STATE GRANTS	\$30	\$166,849	\$166,879
84.176	DOUGLAS TEACHER SCHOLARSHIPS	(\$4,345)	\$0	(\$4,345)
84.177	INDEPENDENT LIVING SERVICES FOR OLDER INDIVIDUALS WHO ARE BLIND	\$418,743	\$0	\$418,743
84.181	SPECIAL EDUCATION - GRANTS FOR INFANTS AND FAMILIES	\$1,806,649	\$580,967	\$2,387,616
84.184	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES- NATIONAL PROGRAMS	\$410,991	\$1,825,301	\$2,236,292
84.186	SAFE AND DRUG-FREE SCHOOLS AND COMMUNITIES- STATE GRANTS	\$30	\$0	\$30
84.187	SUPPORTED EMPLOYMENT SERVICES FOR INDIVIDUALS WITH THE MOST SIGNIFICANT DISABILITIES	\$363,685	\$0	\$363,685
84.196	EDUCATION FOR HOMELESS CHILDREN AND YOUTH	\$89,269	\$320,962	\$410,231
84.213	EVEN START-STATE EDUCATIONAL AGENCIES	\$9,778	\$15,778	\$25,556
84.243	TECH-PREP EDUCATION	\$0	\$47	\$47
84.265	REHABILITATION TRAINING-STATE VOCATIONAL REHABILITATION UNIT IN-SERVICE TRAINING	\$27,308	\$0	\$27,308
84.287	TWENTY-FIRST CENTURY COMMUNITY LEARNING CENTERS	\$262,639	\$6,949,942	\$7,212,581
84.293	FOREIGN LANGUAGE ASSISTANCE	\$58,384	\$14,357	\$72,741
84.323	SPECIAL EDUCATION - STATE PERSONNEL DEVELOPMENT	\$456,483	\$74,882	\$531,365
84.326	SPECIAL EDUCATION-TECHNICAL ASSISTANCE AND DISSEMINATION TO IMPROVE SERVICES AND RESULTS FOR CHILDREN WITH DISABILITIES	\$105,679	\$28,655	\$134,334
84.330	ADVANCED PLACEMENT PROGRAM (ADVANCED PLACEMENT TEST FEE; ADVANCED PLACEMENT INCENTIVE PROGRAM GRANTS)	\$0	\$105,892	\$105,892
84.331	GRANTS TO STATES FOR WORKPLACE AND COMMUNITY TRANSITION TRAINING FOR INCARCERATED INDIVIDUALS	\$131,593	\$0	\$131,593
84.334	GAINING EARLY AWARENESS AND READINESS FOR UNDERGRADUATE PROGRAMS	\$2,517,738	\$1,758,433	\$4,276,171
84.335	CHILD CARE ACCESS MEANS PARENTS IN SCHOOL	\$61,944	\$0	\$61,944
84.350	TRANSITION TO TEACHING	\$227,718	\$20,522	\$248,240
84.358	RURAL EDUCATION	\$63,096	\$3,059,989	\$3,123,085
84.365	ENGLISH LANGUAGE ACQUISITION STATE GRANTS	\$142,912	\$491,749	\$634,661
84.366	MATHEMATICS AND SCIENCE PARTNERSHIPS	\$498,566	\$531,064	\$1,029,630
84.367	IMPROVING TEACHER QUALITY STATE GRANTS	\$683,195	\$20,435,019	\$21,118,214
84.369	GRANTS FOR STATE ASSESSMENTS AND RELATED ACTIVITIES	\$4,428,363	\$402	\$4,428,765
84.371	STRIVING READERS	\$42,582	\$0	\$42,582
84.375	ACADEMIC COMPETITIVENESS GRANTS (ACG)	\$500	\$0	\$500
84.376	NATIONAL SCIENCE AND MATHEMATICS ACCESS TO RETAIN TALENT (SMART) GRANTS (SMART GRANTS)	(\$2)	\$0	(\$2)
84.378	COLLEGE ACCESS CHALLENGE GRANT PROGRAM	\$1,204,880	\$62,421	\$1,267,301
84.397	ARRA - STATE FISCAL STABILIZATION FUND (SFSF) - GOVERNMENT SERVICES, RECOVERY ACT	\$30	\$306,782	\$306,812
84.410	EDUCATION JOBS FUND	\$41,263	\$19,085,222	\$19,126,485
NOTE 6N	TITLE I, PART A CLUSTER	\$920,050	\$88,870,403	\$89,790,453
NOTE 6O	SPECIAL EDUCATION CLUSTER (IDEA)	\$7,685,078	\$70,774,350	\$78,459,428
NOTE 6P	TRIO CLUSTER	\$4,279,446	\$0	\$4,279,446
NOTE 6Q	EDUCATIONAL TECHNOLOGY STATE GRANTS CLUSTER	\$10,811	\$28,018	\$38,829
NOTE 6R	STATEWIDE DATA SYSTEMS CLUSTER	\$39,505	\$0	\$39,505
NOTE 6S	SCHOOL IMPROVEMENT GRANTS CLUSTER	\$680,972	\$11,858,517	\$12,539,489
CO-13764E	APPALACHIAN HIGHER EDUCATION NETWORK	\$29,464	\$0	\$29,464
ED-03-CO-0058	PERFORMANCE BASED DATA MANAGEMENT INITIATIVE	\$163,339	\$0	\$163,339
VA06	VETERAN'S CERTIFICATION	\$986	\$0	\$986
TOTAL DEPARTMENT OF EDUCATION		\$84,392,113	\$236,679,232	\$321,071,345

**STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2013**

Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
<u>ELECTION ASSISTANCE COMMISSION</u>				
90.401	HELP AMERICA VOTE ACT REQUIREMENTS PAYMENTS	\$585,607	\$64,466	\$650,073
<u>TOTAL ELECTION ASSISTANCE COMMISSION</u>		<u>\$585,607</u>	<u>\$64,466</u>	<u>\$650,073</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
93.041	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 3-PROGRAMS FOR PREVENTION OF ELDER ABUSE, NEGLECT, AND EXPLOITATION	\$0	\$35,790	\$35,790
93.042	SPECIAL PROGRAMS FOR THE AGING-TITLE VII, CHAPTER 2-LONG TERM CARE OMBUDSMAN SERVICES FOR OLDER INDIVIDUALS	\$65,229	\$45,676	\$110,905
93.043	SPECIAL PROGRAMS FOR THE AGING-TITLE III, PART D-DISEASE PREVENTION AND HEALTH PROMOTION SERVICES	\$0	\$144,601	\$144,601
93.048	SPECIAL PROGRAMS FOR THE AGING-TITLE IV AND TITLE II - DISCRETIONARY PROJECTS	\$29,984	\$84,525	\$114,509
93.052	NATIONAL FAMILY CAREGIVER SUPPORT, TITLE III, PART E	\$64,209	\$1,088,700	\$1,152,909
93.065	LABORATORY LEADERSHIP, WORKFORCE TRAINING AND MANAGEMENT DEVELOPMENT, IMPROVING PUBLIC HEALTH LABORATORY INFRASTRUCTURE	\$9,000	\$0	\$9,000
93.069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	\$1,868,302	\$3,015,319	\$4,883,621
93.092	AFFORDABLE CARE ACT (ACA) PERSONAL RESPONSIBILITY EDUCATION PROGRAM	\$1,116	\$171,359	\$172,475
93.103	FOOD AND DRUG ADMINISTRATION-RESEARCH	\$105,778	\$0	\$105,778
93.104	COMPREHENSIVE COMMUNITY MENTAL HEALTH SERVICES FOR CHILDREN WITH SERIOUS EMOTIONAL DISTURBANCES (SED)	\$0	\$157,771	\$157,771
93.110	MATERNAL AND CHILD HEALTH FEDERAL CONSOLIDATED PROGRAMS	\$132,474	\$150,000	\$282,474
93.116	PROJECT GRANTS AND COOPERATIVE AGREEMENTS FOR TUBERCULOSIS CONTROL PROGRAMS	\$287,465	\$5,000	\$292,465
93.121	ORAL DISEASES AND DISORDERS RESEARCH	\$13,981	\$0	\$13,981
93.127	EMERGENCY MEDICAL SERVICES FOR CHILDREN	\$88,539	\$56,786	\$145,325
93.130	COOPERATIVE AGREEMENTS TO STATES/TERRITORIES FOR THE COORDINATION AND DEVELOPMENT OF PRIMARY CARE OFFICES	\$135,514	\$151,916	\$287,430
93.136	INJURY PREVENTION AND CONTROL RESEARCH AND STATE AND COMMUNITY BASED PROGRAMS	\$24,429	\$141,605	\$166,034
93.150	PROJECTS FOR ASSISTANCE IN TRANSITION FROM HOMELESSNESS (PATH)	\$1,604	\$290,141	\$291,745
93.165	GRANTS TO STATES FOR LOAN REPAYMENT PROGRAM	\$0	\$182,500	\$182,500
93.178	NURSING WORKFORCE DIVERSITY	\$345,891	\$0	\$345,891
93.217	FAMILY PLANNING-SERVICES	\$2,322,221	\$0	\$2,322,221
93.234	TRAUMATIC BRAIN INJURY STATE DEMONSTRATION GRANT PROGRAM	\$309,576	\$0	\$309,576
93.235	ABSTINENCE EDUCATION PROGRAM	\$6,240	\$191,835	\$198,075
93.236	GRANTS TO STATES TO SUPPORT ORAL HEALTH WORKFORCE ACTIVITIES	\$15,642	\$0	\$15,642
93.241	STATE RURAL HOSPITAL FLEXIBILITY PROGRAM	\$155,754	\$380,000	\$535,754
93.243	SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES_PROJECTS OF REGIONAL AND NATIONAL SIGNIFICANCE	\$157,793	\$2,589,945	\$2,747,738
93.251	UNIVERSAL NEWBORN HEARING SCREENING	\$158,115	\$50,000	\$208,115
93.256	STATE HEALTH ACCESS PROGRAM	\$104,568	\$2,944,122	\$3,048,690
93.268	IMMUNIZATION COOPERATIVE AGREEMENTS	\$1,112,536	\$692,475	\$1,805,011
93.270	ADULT VIRAL HEPATITIS PREVENTION AND CONTROL	\$37,497	\$0	\$37,497
93.283	CENTERS FOR DISEASE CONTROL AND PREVENTION_INVESTIGATIONS AND TECHNICAL ASSISTANCE	\$6,524,426	\$2,175,531	\$8,699,957
93.301	SMALL RURAL HOSPITAL IMPROVEMENT GRANT PROGRAM	\$8,406	\$129,084	\$137,490
93.389	NATIONAL CENTER FOR RESEARCH RESOURCES	\$27,231	\$0	\$27,231
93.414	ARRA - STATE PRIMARY CARE OFFICES	\$93,963	\$98,270	\$192,233
93.505	AFFORDABLE CARE ACT (ACA) MATERNAL, INFANT, AND EARLY CHILDHOOD HOME VISITING PROGRAM	\$764,000	\$1,598,995	\$2,362,995
93.506	ACA NATIONWIDE PROGRAM FOR NATIONAL AND STATE BACKGROUND CHECKS FOR DIRECT PATIENT ACCESS EMPLOYEES OF LONG TERM CARE FACILITIES AND PROVIDER	\$20,381	\$0	\$20,381

**STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
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Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
93.507	PPHF 2012 NATIONAL PUBLIC HEALTH IMPROVEMENT INITIATIVE	\$398,418	\$314,828	\$713,246
93.511	AFFORDABLE CARE ACT (ACA) GRANTS TO STATES FOR HEALTH INSURANCE PREMIUM REVIEW	\$112,495	\$0	\$112,495
93.516	AFFORDABLE CARE ACT (ACA) PUBLIC HEALTH TRAINING CENTERS PROGRAM	\$16,196	\$0	\$16,196
93.520	CENTERS FOR DISEASE CONTROL AND PREVENTION - AFFORDABLE CARE ACT (ACA) - COMMUNITIES PUTTING PREVENTION TO WORK	\$82,487	\$0	\$82,487
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	\$463,066	\$208,832	\$671,898
93.525	STATE PLANNING AND ESTABLISHMENT GRANTS FOR THE AFFORDABLE CARE ACT (ACA)'S EXCHANGES	\$2,230,119	\$14,824	\$2,244,943
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	\$359,490	\$1,727,597	\$2,087,087
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	\$307,908	\$120,759	\$428,667
93.544	THE PATIENT PROTECTION AND AFFORDABLE CARE ACT OF 2010 (AFFORDABLE CARE ACT) AUTHORIZES COORDINATED CHRONIC DISEASE PREVENTION AND HEALTH PROMOTION PROGRAM	\$147,214	\$0	\$147,214
93.556	PROMOTING SAFE AND STABLE FAMILIES	\$1,332,903	\$1,556,958	\$2,889,861
93.560	FAMILY SUPPORT PAYMENTS TO STATES-ASSISTANCE PAYMENTS	(\$15,104)	\$0	(\$15,104)
93.563	CHILD SUPPORT ENFORCEMENT	\$28,964,149	\$0	\$28,964,149
93.566	REFUGEE AND ENTRANT ASSISTANCE-STATE ADMINISTERED PROGRAMS	\$58,632	\$83,750	\$142,382
93.568	LOW-INCOME HOME ENERGY ASSISTANCE	\$23,538,009	\$2,967,137	\$26,505,146
93.569	COMMUNITY SERVICES BLOCK GRANTS	\$328,293	\$6,580,683	\$6,908,976
93.586	STATE COURT IMPROVEMENT PROGRAM	\$326,016	\$0	\$326,016
93.590	COMMUNITY-BASED CHILD ABUSE PREVENTION GRANTS	(\$17,189)	\$233,039	\$215,850
93.597	GRANTS TO STATES FOR ACCESS AND VISITATION PROGRAMS	\$88,395	\$0	\$88,395
93.599	CHAFEE EDUCATION AND TRAINING VOUCHERS PROGRAM (ETV)	\$332,314	\$30,258	\$362,572
93.600	HEAD START	\$563	\$115,016	\$115,579
93.603	ADOPTION INCENTIVE PAYMENTS	\$1,737,660	\$0	\$1,737,660
93.630	DEVELOPMENTAL DISABILITIES BASIC SUPPORT AND ADVOCACY GRANTS	\$237,874	\$527,942	\$765,816
93.643	CHILDREN'S JUSTICE GRANTS TO STATES	\$186,499	(\$3,471)	\$183,028
93.645	STEPHANIE TUBBS JONES CHILD WELFARE SERVICES PROGRAM	\$1,723,330	\$0	\$1,723,330
93.658	FOSTER CARE-TITLE IV-E	\$29,806,465	\$409,402	\$30,215,867
93.659	ADOPTION ASSISTANCE	\$18,659,781	\$0	\$18,659,781
93.667	SOCIAL SERVICES BLOCK GRANT	\$19,904,744	\$0	\$19,904,744
93.669	CHILD ABUSE AND NEGLECT STATE GRANTS	\$159,846	\$79,485	\$239,331
93.671	FAMILY VIOLENCE PREVENTION AND SERVICES/GRANTS FOR BATTERED WOMEN'S SHELTERS-GRANTS TO STATES AND INDIAN TRIBES	\$0	\$913,273	\$913,273
93.674	CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	\$735,828	\$633,175	\$1,369,003
93.708	ARRA - HEAD START	\$313,333	\$0	\$313,333
93.712	ARRA - IMMUNIZATION	\$17,773	\$0	\$17,773
93.713	ARRA - CHILD CARE AND DEVELOPMENT BLOCK GRANT	(\$4,905)	\$0	(\$4,905)
93.719	ARRA - STATE GRANTS TO PROMOTE HEALTH INFORMATION TECHNOLOGY	\$2,390,599	\$0	\$2,390,599
93.723	ARRA - PREVENTION AND WELLNESS-STATE, TERRITORIES AND PACIFIC ISLANDS	\$0	(\$47,358)	(\$47,358)
93.724	ARRA - PREVENTION AND WELLNESS - COMMUNITIES PUTTING PREVENTION TO WORK FUNDING OPPORTUNITIES ANNOUNCEMENT (FOA)	\$262,773	\$149,318	\$412,091

**STATE OF WEST VIRGINIA
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93.725	ARRA - COMMUNITIES PUTTING PREVENTION TO WORK: CHRONIC DISEASE SELF-MANAGEMENT PROGRAM	\$0	(\$66)	(\$66)
93.735	STATE PUBLIC HEALTH APPROACHES FOR ENSURING QUITLINE CAPACITY - FUNDED IN PART BY 2012	\$205,763	\$0	\$205,763
93.744	PREVENTION AND PUBLIC HEALTH FUNDS (PPHF-2012) PPHF 2012: BREAST AND CERVICAL CANCER SCREENING OPPORTUNITIES FOR STATES, TRIBES AND TERRITORIES SOLELY FINANCED BY 2012 PREVENTION AND PUBLIC HEALTH FUNDS	\$72,578	\$0	\$72,578
93.745	PPHF-2012: HEALTH CARE SURVEILLANCE/HEALTH STATISTICS- SURVEILLANCE PROGRAM ANNOUNCEMENT: BEHAVIORAL RISK FACTOR SURVEILLANCE SYSTEM FINANCED IN PART BY 2012 PREVENTION AND PUBLIC HEALTH FUNDS (PPHF-2012)	\$17,160	\$0	\$17,160
93.767	CHILDREN'S HEALTH INSURANCE PROGRAM	\$48,326,312	\$0	\$48,326,312
93.779	CENTERS FOR MEDICARE AND MEDICAID SERVICES (CMS) RESEARCH, DEMONSTRATIONS AND EVALUATIONS	\$142,224	\$305,849	\$448,073
93.791	MONEY FOLLOWS THE PERSON REBALANCING DEMONSTRATION	\$161,119	\$755,631	\$916,750
93.824	AREA HEALTH EDUCATION CENTERS INFRASTRUCTURE DEVELOPMENT AWARDS (NOTE 4)	\$65,456	\$0	\$65,456
93.855	ALLERGY, IMMUNOLOGY AND TRANSPLANTATION RESEARCH	\$98,798	\$0	\$98,798
93.859	BIOMEDICAL RESEARCH AND RESEARCH TRAINING	\$88,874	\$0	\$88,874
93.879	MEDICAL LIBRARY ASSISTANCE	\$2,487	\$0	\$2,487
93.887	HEALTH CARE AND OTHER FACILITIES	(\$87,758)	\$0	(\$87,758)
93.889	NATIONAL BIOTERRORISM HOSPITAL PREPAREDNESS PROGRAM	\$424,430	\$1,498,682	\$1,923,112
93.913	GRANTS TO STATES FOR OPERATION OF OFFICES OF RURAL HEALTH	\$171,725	\$17,500	\$189,225
93.917	HIV CARE FORMULA GRANTS	\$5,525,891	\$479,000	\$6,004,891
93.926	HEALTHY START INITIATIVE (NOTE 4)	\$25,946	\$0	\$25,946
93.938	COOPERATIVE AGREEMENTS TO SUPPORT COMPREHENSIVE SCHOOL HEALTH PROGRAMS TO PREVENT THE SPREAD OF HIV AND OTHER IMPORTANT HEALTH PROBLEMS	\$235,153	\$101,320	\$336,473
93.940	HIV PREVENTION ACTIVITIES-HEALTH DEPARTMENT BASED	\$905,907	\$262,917	\$1,168,824
93.944	HUMAN IMMUNODEFICIENCY VIRUS (HIV)/ACQUIRED IMMUNODEFICIENCY VIRUS SYNDROME (AIDS) SURVEILLANCE	\$144,104	\$0	\$144,104
93.946	COOPERATIVE AGREEMENTS TO SUPPORT STATE-BASED SAFE MOTHERHOOD AND INFANT HEALTH INITIATIVE PROGRAMS	\$105,614	\$0	\$105,614
93.958	BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	\$449,840	\$1,834,629	\$2,284,469
93.959	BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	\$222,906	\$7,216,089	\$7,438,995
93.965	COAL MINERS RESPIRATORY IMPAIRMENT TREATMENT CLINICS AND SERVICES	\$110,388	\$1,338,973	\$1,449,361
93.969	PPHF-2012 GERIATRIC EDUCATION CENTERS (NOTE 4)	\$9,011	\$0	\$9,011
93.977	PREVENTIVE HEALTH SERVICES-SEXUALLY TRANSMITTED DISEASES CONTROL GRANTS	\$702,371	\$0	\$702,371
93.982	MENTAL HEALTH DISASTER ASSISTANCE AND EMERGENCY MENTAL HEALTH	\$0	\$55,210	\$55,210
93.991	PREVENTIVE HEALTH AND HEALTH SERVICES BLOCK GRANT	\$66,045	\$1,024,138	\$1,090,183
93.994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	\$4,071,353	\$2,524,810	\$6,596,163
NOTE 6T	AGING CLUSTER	\$291,320	\$8,524,468	\$8,815,788
NOTE 6U	TANF CLUSTER	\$86,102,676	\$9,728,415	\$95,831,091
NOTE 6V	CCDF CLUSTER	\$23,495,973	\$9,103,162	\$32,599,135
NOTE 6W	MEDICAID CLUSTER	\$2,264,793,616	\$3,111,998	\$2,267,905,614
050805WV5002	WAIVED LABS	\$12,937	\$0	\$12,937
0805WV5002	CLINICAL LABORATORY IMPROVEMENT AMENDMENTS	\$134,321	\$0	\$134,321
12IPA1213312	NIOSH ASSIGNMENT - COORDINATOR, HEALTHCARE & SOCIAL ASSISTANCE SECTOR	\$56,393	\$0	\$56,393
20020507251	VITAL STATISTICS COOP PROGRAM	\$128,662	\$0	\$128,662
200540049P	FOOD INSPECTIONS	\$19,105	\$0	\$19,105
223024448	MAMMOGRAPHY QUALITY ACT	\$60,623	\$0	\$60,623

**STATE OF WEST VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FEDERAL GRANTOR LISTING
FOR THE YEAR ENDING JUNE 30, 2013**

Federal CFDA/Grant Contract Number	Name of Program	State of West Virginia Expenditures	Total Subrecipient Awards	Total Federal Expenditures
280-06-1600	OLMSTEAD COMMUNITY INTEGRATION	\$969	\$0	\$969
9179393	TOBACCO WORKPLAN	\$304,757	\$0	\$304,757
93070	ADDRESSING ASTHMA	\$236,000	\$87,331	\$323,331
HHSF223200640090	FEDERAL FOOD, DRUG AND COSMETIC ACT	\$833	\$0	\$833
P/001				
M120010	WVBPH PARTNERSHIP	\$10,098	\$0	\$10,098
SEOW	STATE EPIDEMIOLOGICAL OUTCOMES WORKGROUP	\$88,109	\$0	\$88,109
<u>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>		<u>\$2,588,177,927</u>	<u>\$81,157,449</u>	<u>\$2,669,335,376</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
94.003	STATE COMMISSIONS	\$217,520	\$0	\$217,520
94.004	LEARN AND SERVE AMERICA-SCHOOL AND COMMUNITY BASED PROGRAMS	\$0	\$7,567	\$7,567
94.006	AMERICORPS	\$3,308,125	\$0	\$3,308,125
94.007	PROGRAM DEVELOPMENT AND INNOVATION GRANTS	\$57,549	\$0	\$57,549
94.009	TRAINING AND TECHNICAL ASSISTANCE	\$22,995	\$0	\$22,995
94.013	VOLUNTEERS IN SERVICE TO AMERICA	\$68,305	\$0	\$68,305
<u>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>		<u>\$3,674,494</u>	<u>\$7,567</u>	<u>\$3,682,061</u>
<u>SOCIAL SECURITY ADMINISTRATION</u>				
96.008	SOCIAL SECURITY - WORK INCENTIVES PLANNING AND ASSISTANCE PROGRAM	\$6,611	\$61,351	\$67,962
NOTE 6X	DISABILITY INSURANCE/SSI CLUSTER	\$18,559,272	\$0	\$18,559,272
SS000860067	ENUMERATION AT BIRTH	\$42,940	\$0	\$42,940
<u>TOTAL SOCIAL SECURITY ADMINISTRATION</u>		<u>\$18,608,823</u>	<u>\$61,351</u>	<u>\$18,670,174</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>				
97.012	BOATING SAFETY FINANCIAL ASSISTANCE	\$604,767	\$0	\$604,767
97.023	COMMUNITY ASSISTANCE PROGRAM STATE SUPPORT SERVICES ELEMENT (CAP-SSSE)	\$90,210	\$0	\$90,210
97.032	CRISIS COUNSELING	\$0	\$54,278	\$54,278
97.036	DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS)	\$10,874,942	\$8,495,824	\$19,370,766
97.039	HAZARD MITIGATION GRANT	\$0	\$2,517,310	\$2,517,310
97.041	NATIONAL DAM SAFETY PROGRAM	\$95,985	\$0	\$95,985
97.042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	\$1,186,298	\$2,056,089	\$3,242,387
97.045	COOPERATING TECHNICAL PARTNERS	\$118,518	\$0	\$118,518
97.047	PRE-DISASTER MITIGATION	\$0	\$1,025,709	\$1,025,709
97.050	PRESIDENTIAL DECLARED DISASTER ASSISTANCE TO INDIVIDUALS AND HOUSEHOLDS_ OTHER NEEDS	\$233,977	\$0	\$233,977
97.055	INTEROPERABLE EMERGENCY COMMUNICATIONS	\$0	\$106,386	\$106,386
97.056	PORT SECURITY GRANT PROGRAM	\$46,480	\$3,786,873	\$3,833,353
97.067	HOMELAND SECURITY GRANT PROGRAM	\$693,046	\$2,454,400	\$3,147,446
97.078	BUFFER ZONE PROTECTION PROGRAM (BZPP)	\$0	\$1,177,508	\$1,177,508
97.089	DRIVER'S LICENSE SECURITY GRANT PROGRAM	\$385,153	\$0	\$385,153
97.110	SEVERE REPETITIVE LOSS PROGRAM	\$0	\$7,500	\$7,500
<u>TOTAL DEPARTMENT OF HOMELAND SECURITY</u>		<u>\$14,329,376</u>	<u>\$21,681,877</u>	<u>\$36,011,253</u>
<u>MULTIPLE FEDERAL AGENCY CLUSTER</u>				
NOTE 6J	HIGHWAY PLANNING AND CONSTRUCTION CLUSTER	\$454,509,360	\$9,027,152	\$463,536,512
NOTE 6Y	STUDENT FINANCIAL ASSISTANCE CLUSTER	\$618,277,973	\$20,037	\$618,298,010
NOTE 6Z	RESEARCH AND DEVELOPMENT CLUSTER	\$4,219,749	\$3,762,391	\$7,982,140
<u>TOTAL MULTIPLE FEDERAL AGENCY CLUSTER</u>		<u>\$1,077,007,082</u>	<u>\$12,809,580</u>	<u>\$1,089,816,662</u>
<u>TOTAL</u>		<u>\$5,196,153,798</u>	<u>\$609,512,809</u>	<u>\$5,805,666,607</u>



**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 disbursed by the School Building Authority, which is 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, and then federal contract numbers. Federal contract numbers are used if the CFDA number is not available.

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 \$10,654,742 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 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, 2013. The West Virginia Housing Development Fund, which is a discretely presented component unit, elects to have their own single audit; therefore, their expenditures of federal awards are excluded from the State's schedule of expenditures of federal awards. This component unit is required to submit their own single audit report to the federal audit clearinghouse.

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 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 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 7.79 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2013.

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.

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.

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

The following schedule provides a breakdown of the state and federal portions of the total expended under CFDA number 17.225:

	Beginning Balance July 1, 2012 <u>As Adjusted</u>	<u>Receipts</u>	<u>Expenditures</u>	Ending Balance June 30, 2013
State UI Funds	\$ (235,308)	\$453,771,136	\$455,532,370	\$(1,996,542)
Federal UI Funds	<u>2,257,530</u>	<u>144,908,588</u>	<u>145,186,643</u>	<u>1,979,475</u>
Total	<u>\$ 2,022,222</u>	<u>\$598,679,724</u>	<u>\$600,719,013</u>	<u>\$ (17,067)</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.

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
(A) SNAP Cluster			
USDA	10.551	Supplemental Nutrition Assistance Program (SNAP)	\$513,959,793
	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	<u>17,305,130</u>
		Total SNAP Cluster	<u>\$531,264,923</u>
(B) Child Nutrition Cluster			
USDA	10.553	School Breakfast Program (SBP)	\$27,461,068
	10.555	National School Lunch Program (NSLP)	71,010,015
	10.556	Special Milk Program for Children (SMP)	28,381
	10.559	Summer Food Service Program for Children (SFSPC)	<u>1,813,065</u>
		Total Child Nutrition Cluster	<u>\$100,312,529</u>

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 6. PROGRAM CLUSTERS (Continued)

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
(C) Food Distribution Cluster			
USDA	10.568	Emergency Food Assistance Program (Administrative Costs)	\$ 426,561
	10.569	Emergency Food Assistance Program (Food Commodities)	<u>1,403,035</u>
		Total Food Distribution Cluster	<u>\$1,829,596</u>
(D) Forest Service Schools and Roads Cluster			
USDA	10.665	Schools and Roads--Grants to States	<u>\$1,833,192</u>
		Total Forest Service Schools and Roads Cluster	<u>\$1,833,192</u>
(E) CDBG - State Administered CDBG Cluster			
HUD	14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	<u>\$21,623,785</u>
		Total CDBG – Stated Administered CDBG Cluster	<u>\$21,623,785</u>
(F) Fish and Wildlife Cluster			
DOI	15.605	Sport Fish Restoration Program	\$4,966,703
	15.611	Wildlife Restoration and Basic Hunter Education	<u>5,117,072</u>
		Total Fish and Wildlife Cluster	<u>\$10,083,775</u>
(G) JAG Program Cluster			
DOJ	16.803	ARRA – Recovery Act – Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	<u>\$257,918</u>
		Total JAG Program Cluster	<u>\$257,918</u>
(H) Employment Service Cluster			
DOL	17.207	Employment Service/Wagner-Peyser Funded Activities	\$5,637,765
	17.801	Disabled Veterans' Outreach Program (DVOP)	444,403
	17.804	Local Veterans' Employment Representative (LVER) Program	<u>307,989</u>
		Total Employment Service Cluster	<u>\$6,390,157</u>

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 6. PROGRAM CLUSTERS (Continued)

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
(I) WIA Cluster			
DOL	17.258	WIA Adult Program	\$4,818,109
	17.259	WIA Youth Activities	4,622,847
	17.278	WIA Dislocated Worker Formula Grants	<u>4,377,171</u>
		Total WIA Cluster	<u>\$13,818,127</u>
(J) Highway Planning and Construction Cluster			
DOT	20.205	Highway Planning and Construction	\$442,292,644
	20.205	ARRA – Highway Planning and Construction	<u>1,420,234</u>
		Total Highway Planning and Construction	443,712,878
	20.219	Recreational Trails Program	469,669
ARC	23.003	Appalachian Development Highway System	<u>19,353,965</u>
		Total Highway Planning and Construction Cluster	<u>\$463,536,512</u>
(K) Federal Transit Cluster			
DOT	20.500	Federal Transit-Capital Investment Grants	<u>\$1,534,717</u>
		Total Federal Transit Cluster	<u>\$1,534,717</u>
(L) Transit Services Programs Cluster			
DOT	20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	\$1,624,961
	20.516	Job Access - Reverse Commute Program	304,760
	20.521	New Freedom Program	<u>371,385</u>
		Total Transit Services Programs Cluster	<u>\$2,301,106</u>
(M) Highway Safety Cluster			
DOT	20.600	State and Community Highway Safety	\$1,527,992
	20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I	1,283,331
	20.609	Safety Belt Performance Grants	815,765
	20.610	State Traffic Safety Information System Improvement Grants	590,013
	20.612	Incentive Grant Program to Increase Motorcyclist Safety	73,462
	20.613	Child Safety and Child Booster Seats Incentive Grants	<u>114,035</u>
		Total Highway Safety Cluster	<u>\$4,404,598</u>

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 6. PROGRAM CLUSTERS (Continued)

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
(N) Title 1, Part A Cluster			
ED	84.010	Title 1 Grants to Local Educational Agencies	\$89,790,453
		Total Title 1, Part A Cluster	<u>\$89,790,453</u>
(O) Special Education Cluster (IDEA)			
ED	84.027	Special Education - Grants to States (IDEA, Part B)	\$75,178,119
	84.173	Special Education - Preschool Grants (IDEA Preschool)	<u>3,281,309</u>
		Total Special Education Cluster (IDEA)	<u>\$78,459,428</u>
(P) TRIO Cluster			
ED	84.042	TRIO - Student Support Services	\$1,754,176
	84.044	TRIO - Talent Search	196,743
	84.047	TRIO - Upward Bound	1,570,499
	84.066	TRIO - Educational Opportunity Centers	292,222
	84.217	TRIO - McNair Post-Baccalaureate Achievement	<u>465,806</u>
		Total TRIO Cluster	<u>\$4,279,446</u>
(Q) Educational Technology State Grants Cluster			
ED	84.318	Educational Technology State Grants	<u>\$38,829</u>
		Total Educational Technology State Grants Cluster	<u>\$38,829</u>
(R) Statewide Data Systems Cluster			
ED	84.372	Statewide Data Systems	<u>\$39,505</u>
		Total Statewide Data Systems	<u>\$39,505</u>
(S) School Improvement Grants Cluster			
ED	84.377	School Improvement Grants	\$ 5,385,961
	84.388	ARRA – School Improvement Grants, Recovery Act	<u>7,153,528</u>
		Total School Improvement Grants Cluster	<u>\$12,539,489</u>

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 6. PROGRAM CLUSTERS (Continued)

<u>Federal Agency</u>	<u>CFDA Number</u>	<u>Name of Program</u>	<u>Total Expenditures</u>
(T) Aging Cluster			
HHS	93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	\$2,565,267
	93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services	4,779,062
	93.053	Nutrition Services Incentive Program	<u>1,471,459</u>
		Total Aging Cluster	<u>\$8,815,788</u>
(U) TANF Cluster			
HHS	93.558	Temporary Assistance for Needy Families (TANF) State Programs	\$95,842,233
	93.714	ARRA-Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs	<u>(11,142)</u>
		Total TANF Cluster	<u>\$95,831,091</u>
(V) CCDF Cluster			
HHS	93.575	Child Care and Development Block Grant	\$14,047,016
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	<u>18,552,119</u>
		Total CCDF Cluster	<u>\$32,599,135</u>
(W) Medicaid Cluster			
HHS	93.775	State Medicaid Fraud Control Units	\$837,454
	93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	4,271,360
	93.778	Medical Assistance Program	2,235,573,651
	93.778	ARRA – Medical Assistance Program	<u>27,223,149</u>
		Total Medical Assistance Program	<u>2,262,796,800</u>
		Total Medicaid Cluster	<u>\$2,267,905,614</u>
(X) Disability Insurance/SSI Cluster			
SSA	96.001	Social Security - Disability Insurance	\$18,559,272
		Total Disability Insurance/SSI Cluster	<u>\$18,559,272</u>

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 6. PROGRAM CLUSTERS (Continued)

Federal Agency	CFDA Number	Name of Program	Total Expenditures
(Y) Student Financial Assistance Cluster			
ED	84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)	\$ 3,210,895
	84.033	Federal Work - Study Program (FWS)	3,063,934
	84.038	Federal Perkins Loan (FPL) - Federal Capital Contributions	4,598,585
	84.063	Federal Pell Grant Program (PELL)	135,981,558
	84.268	Federal Direct Student Loans (Direct Loan)	469,868,764
	84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	<u>766,021</u>
		Subtotal Department of Education	<u>617,489,757</u>
HHS	93.264	Nurse Faculty Loan Program (NFLP)	88,509
	93.342	Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS)	677,244
	93.364	Nursing Student Loans (NSL)	<u>42,500</u>
		Subtotal Department of Health & Human Services	<u>808,253</u>
		Total Student Financial Assistance Cluster (Expenditures Only)	<u>618,298,010</u>

Loans outstanding, with continuing compliance requirements, are as follows:

84.038	Federal Perkins Loan (FPL) – Federal Capital Contributions	50,564,532
93.264	Nurse Faculty Loan Program (NFLP)	268,478
93.342	Health Professions Student Loans, Including Primary Care Loans and Loans for Disadvantaged Students (HPSL/PCL/LDS)	5,664,733
93.364	Nursing Student Loans (NSL)	<u>519,278</u>
	Total Loans Outstanding	<u>57,017,021</u>
	Total Student Financial Assistance Cluster	<u>\$675,315,031</u>

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE 6. PROGRAM CLUSTERS (Continued)

<u>Federal CFDA Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal Expenditures</u>
(Z) Research and Development Cluster		
Department of Agriculture		
10.202	Cooperative Forestry Research	\$ 618,021
10.203	Payments to Agricultural Experiment Stations Under the Hatch Act	<u>2,904,278</u>
	Total Department of Agriculture	<u>3,522,299</u>
Department of Interior		
H6000082000	Vulnerability of Sensitive Karst Habitats	<u>52,952</u>
Order # P11AC60552	Containing RTE Species in CHOH	
	Total Department of Interior	<u>52,952</u>
National Science Foundation		
47.075	Social, Behavioral, and Economic Sciences	3,081
47.076	Education and Human Resources	88,613
	Pass-Through Programs From:	
	Marshall University Research Corp.	
47.076	Education and Human Resources	100,983
47.081	Office of Experimental Program to Stimulate Competitive Research	3,420,409
47.082	ARRA – Trans-NSF Recovery Act Research Support	<u>573,321</u>
	Total National Science Foundation	<u>4,186,407</u>
Department of Energy		
81.087	Renewable Energy Research and Development	47,985
	Pass-Through Programs From:	
	Arizona Geological Survey	
81.087	Renewable Energy Research and Development	81,682
81.089	Fossil Energy Research and Development	63,710
	Pass-Through Programs From:	
	The WVU Research Corporation and The Battelle Research Institute	
81.089	Fossil Energy Research and Development	<u>27,105</u>
	Total Department of Energy	<u>220,482</u>
	Total Research and Development Cluster	<u>\$7,982,140</u>

**STATE OF WEST VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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 2013, 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.

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 20, 2014)	<u>\$105,766,497</u>
Marshall University Research Corporation (Issued by Hayflich Grigoraci PLLC dated October 16, 2013)	<u>\$ 24,352,367</u>
West Virginia State Research Corporation (Issued by Hayflich Grigoraci PLLC dated October 22, 2013)	<u>\$ 9,107,154</u>
West Virginia Housing Development Fund (Issued by Gibbons & Kawash, A.C. dated November 7, 2013)	<u>\$ 68,056,179</u>

***SCHEDULE OF
FINDINGS
AND
QUESTIONED
COSTS***

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

Part I. Summary of Auditor's Results

Financial statements section:

Type of auditors' report issued (unmodified, qualified, adverse or disclaimer):	Unmodified, with reliance on other auditors			
Internal control over financial reporting:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u>	No
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal awards section:

Internal control over major programs:				
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified?	<u> X </u>	Yes	<u> </u>	No
Type of auditors' report issued on compliance for major programs (unmodified, qualified, adverse or disclaimer):	Unmodified for all major programs except for Broadband Technology Opportunities Program, Adoption Assistance – Title IV-E, Low-Income Home Energy Assistance, Weatherization Assistance for Low-Income Persons, Abandoned Mine Land Reclamation Program, Disaster Grants – Public Assistance (Presidentially Declared Disasters), Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii, and Student Financial Assistance Cluster which were qualified.			

Any audit findings disclosed that are required to be reported in accordance with Section .510(a) of OMB Circular A-133?	<u> X </u>	Yes	<u> </u>	No
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**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

Identification of Major Programs

CFDA Number(s)	Reportable Findings	Name of Federal Program or Cluster
10.551/10.561	2013-034	Supplemental Nutrition Assistance Program (SNAP) Cluster
10.557	2013-005	Special Supplemental Nutrition Program for Women, Infants and Children (WIC)
11.557*	2013-006, 007, 008, 009, 010	Broadband Technology Opportunities Program (BTOP)
12.400	None	Military Construction, National Guard
12.401	None	National Guard Military Operations and Maintenance (O&M) Projects
14.228	2013-004, 011	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG/State's Program)
15.252	2013-004, 012	Abandoned Mine Land Reclamation (AMLR) Program
17.225*	2013-013	Unemployment Insurance
20.205*/20.219/ 23.003	2013-014	Highway Planning and Construction Cluster
66.468#	None	Capitalization Grants for Drinking Water State Revolving Funds
81.041*	None	State Energy Program
81.042*	2013-006, 015	Weatherization Assistance for Low-Income Persons
84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364	2013-016, 017, 018, 019, 020, 021, 022, 023, 024, 025, 026, 027, 028, 029, 030, 031, 032	Student Financial Assistance (SFA) Cluster
84.010	2013-004	Title I, Grants to Local Education Agencies
84.027/84.173	2013-004	Special Education Cluster (IDEA)
84.126	2013-033	Rehabilitation Services – Vocational Rehabilitation Grants to States
84.377/84.388*	2013-004	School Improvement Grants Cluster (SIG)
84.410	None	Education Jobs Fund

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

Identification of Major Programs (continued)

CFDA Number(s)	Reportable Findings	Name of Federal Program or Cluster
93.558/93.714*	2013-005, 034, 035, 036	Temporary Assistance for Needy Families (TANF) Cluster
93.563	None	Child Support Enforcement
93.568	2013-034, 037	Low-Income Home Energy Assistance (LIHEAP)
93.575/93.596	2013-005, 034, 038	Child Care and Development Block Grant (CCDF) Cluster
93.658	2013-034, 039	Foster Care – Title IV-E (Foster Care)
93.659	2013-034, 040	Adoption Assistance – Title IV-E (Adoption Assistance)
93.667	2013-041	Social Services Block Grant
93.767	2013-034, 042, 043	Children’s Health Insurance Program (CHIP)
93.775/93.777/ 93.778*	2013-034	Medicaid Cluster
97.036	2013-004, 044	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Public Assistance)

Dollar threshold used to distinguish between Type A and B programs \$ 17,588.051
 Auditee qualified as low-risk auditee _____ Yes X No

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

Approximately 82% 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, 2013**

Part II. Financial Statement Findings Section

Reference Number	Findings	Questioned Costs
2013-001	Tax Receipts and Refunds	N/A
2013-002	Capital Assets	N/A
2013-003	Schedule of Expenditures of Federal Awards	N/A

Part III. Federal Award Findings and Questioned Costs Section

Reference Number	Findings	Questioned Costs
2013-004	Transparency Act Reporting	Unknown
2013-005	Subrecipient Risk Assessment	N/A
2013-006*	Subrecipient Monitoring – American Recovery and Reinvestment Act (ARRA)	N/A
2013-007*	Cash Management	Unknown
2013-008*	Davis Bacon Act	N/A
2013-009*	Equipment – Inventory Process and Procedures	N/A
2013-010*	Procurement	Unknown
2013-011	Performance Reporting	Unknown
2013-012	Subrecipient Monitoring – Audit Reports	Unknown
2013-013*	Internal Controls Over Financial Reporting	N/A
2013-014*	1512 Reporting	N/A
2013-015*	Reporting – Financial	N/A
2013-016	Schedule of Expenditures of Federal Awards (SEFA)	N/A
2013-017	Cash Management	N/A
2013-018	Cash Management	N/A
2013-019	Eligibility	\$2,775
2013-020	Eligibility	N/A
2013-021	Earmarking	N/A
2013-022	Program Income	N/A
2013-023	Fiscal Operations Report and Application to Participate	N/A
2013-024	Special Tests and Provisions – Verification	N/A
2013-025	Special Tests and Provisions – Disbursements to or on Behalf of Students	N/A
2013-026	Special Tests and Provisions – Return of Title IV Funds	N/A
2013-027	Special Tests and Provisions – Return of Title IV Funds	\$7,542
2013-028	Special Tests and Provisions – Enrollment Reporting	N/A
2013-029	Special Tests and Provisions – Student Loan Repayments	N/A
2013-030	Special Tests and Provisions – Federal Work Study Agreements	N/A
2013-031	Special Tests and Provisions – Borrower Data Transmission and Reconciliation	N/A
2013-032	Special Tests and Provisions – Institutional Eligibility	N/A
2013-033	Indirect Cost Allocation	Unknown
2013-034*	DHHR Information System and Related Business Process Controls	N/A
2013-035	Eligibility	Unknown
2013-036	Special Tests and Provisions – Sanctions	Unknown

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

Reference Number	Findings	Questioned Costs
2013-037	Allowability and Eligibility	\$10,453
2013-038	Disaster Recovery Plan	N/A
2013-039	Eligibility Requirements	\$118
2013-040	Eligibility Documentation	\$2,254
2013-041	Earmarking	N/A
2013-042	Eligibility	\$3,090
2013-043	RAPIDS User Guide	N/A
2013-044	Subrecipient Monitoring	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, 2013

2013-001 TAX RECEIPTS AND REFUNDS
(Prior Year Finding 2012-1)

Federal Program Information: **Federal Agency and Program Name**
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. Management has a policy whereby the reconciliations are to be prepared by a staff and reviewed by a senior member of Revenue. During our review of the tax refund reconciliations, we noted the monthly reconciliations are not reviewed by a senior manager. During our review of the tax remittance reconciliations, we noted that there was no formal documentation relating to the precision of the review and that certain monthly reconciliations were not clerically accurate.

During our tax refunds payable testing, we identified an overstatement of \$30 million of refund tax payable.

With respect to the GenTax application and information technology general controls, individuals have access to develop changes for the GenTax application and migrate those changes into the production environment. Additionally, there is no monitoring being performed to detect any unauthorized changes into the production environment.

Questioned Costs: N/A

Context: The total tax revenue for the year ended June 30, 2013, is approximately \$5.0 billion. Taxes receivable, net of allowance and tax refunds payable approximated \$419.3 million and \$257.7 million, respectively, at June 30, 2013.

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 material errors 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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-001 TAX RECEIPTS AND REFUNDS
(Prior Year Finding 2012-1) (continued)**

Federal Program Information: **Federal Agency and Program Name**
Department of Revenue (Revenue) and Financial
Accounting and Reporting Section (FARS)

We also recommend that FARS and Revenue collaborate to update the tax refund payable reporting and estimation process on an annual basis. While developing historical trends, FARS and Revenue should consider the State Code and the implications on the refund estimation process and the appropriate classification of current and long-term tax refund payable at the government-wide statement level.

Finally, we recommend that management review the responsibilities of individuals that are responsible for program changes in the GenTax application so that responsibilities are properly segregated.

Views of Responsible Officials and Planned Corrective Actions: Agree. See the separate corrective action plan.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

2013-002 CAPITAL ASSETS
(Prior Year Finding 2012-2)

Federal Program Information: **Federal Agency and Program Name**
 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: During fiscal year 2013, the State capitalized \$154 million in capital assets; however, \$11 million should have been capitalized in prior fiscal years.

Questioned Costs: N/A

Context: Capital assets recorded in governmental activities of the primary government were \$9.3 billion at June 30, 2013.

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 might not be reported in the WVFIMS Fixed Asset System and ultimately not reported in the CAFR timely.

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

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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-002 CAPITAL ASSETS
(Prior Year Finding 2012-2) (continued)**

Federal Program Information:	Federal Agency and Program Name
	Various

Views of Responsible Officials and Planned Corrective Actions:	Agree. See the separate corrective action plan.
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STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

2013-003 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Prior Year Finding 2012-5)

Federal Program Information: **Federal Agency and Program Name**
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 West Virginia (the State) Department of Administration Financial Accounting and Reporting Section (FARS) is responsible for preparing the 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 \$5,805,666,607 for the fiscal year ended June 30, 2013.

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, 2013**

**2013-003 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Prior Year Finding 2012-5) (continued)**

Federal Program Information: **Federal Agency and Program Name**
Various

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-004 TRANSPARENCY ACT REPORTING
(Prior Year Finding 2012-8)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Housing and Urban Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG/State's Program) Grant Award B-12-DC-54-0001	14.228
	U.S. Department of the Interior Abandoned Mine Land Reclamation (AMLR) Program Grant Award S10AP16155 Grant Award S11AF20009 Grant Award S12AF20037 Grant Award S13AF20037	15.252
	U.S. Department of Education Title I, Grants to Local Education Agencies (Title I) Grant Award S010A110048	84.010
	Special Education Cluster (IDEA) Grant Award H173A110071 Grant Award H027A110075	84.027
	School Improvement Grants (SIG) Grant Award S377A110049 Grant Award S377A100049 Grant Award S377A090049	84.377
	U.S. Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Public Assistance) Grant Award FEMA-0-1838-WV Grant Award FEMA-0-1881-WV Grant Award FEMA-0-1893-WV Grant Award FEMA-0-1918-WV Grant Award FEMA-0-3358-WV Grant Award FEMA-0-4059-WV Grant Award FEMA-0-4061-WV Grant Award FEMA-0-4071-WV Grant Award FEMA-0-4093-WV	97.036

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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-004 TRANSPARENCY ACT REPORTING
(Prior Year Finding 2012-8) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Housing and Urban Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG/State's Program) Grant Award B-12-DC-54-0001	14.228
	U.S. Department of the Interior Abandoned Mine Land Reclamation (AMLR) Program Grant Award S10AP16155 Grant Award S11AF20009 Grant Award S12AF20037 Grant Award S13AF20037	15.252
	U.S. Department of Education Title I, Grants to Local Education Agencies (Title I) Grant Award S010A110048	84.010
	Special Education Cluster (IDEA) Grant Award H173A110071 Grant Award H027A110075	84.027
	School Improvement Grants (SIG) Grant Award S377A110049 Grant Award S377A100049 Grant Award S377A090049	84.377
	U.S. Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Public Assistance) Grant Award FEMA-0-1838-WV Grant Award FEMA-0-1881-WV Grant Award FEMA-0-1893-WV Grant Award FEMA-0-1918-WV Grant Award FEMA-0-3358-WV Grant Award FEMA-0-4059-WV Grant Award FEMA-0-4061-WV Grant Award FEMA-0-4071-WV Grant Award FEMA-0-4093-WV	97.036

Condition: State Agencies that make first-tier subawards 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 subaward reporting. During our audit procedures, we noted the following:

- AMLR did not submit the required reports in a timely manner
- CDBG/State's Program did not submit the required reports or have controls in place to ensure the timely preparation of the reports
- IDEA did not comply with the reporting requirement for certain awards and revisions made to existing awards and there was no evidence of review prior to submission
- Title I, SIG and Public Assistance did not submit the required reports

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-004 TRANSPARENCY ACT REPORTING
(Prior Year Finding 2012-8) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Housing and Urban Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG/State's Program)	14.228
	Grant Award B-12-DC-54-0001	
	U.S. Department of the Interior Abandoned Mine Land Reclamation (AMLR) Program	15.252
	Grant Award S10AP16155	
	Grant Award S11AF20009	
	Grant Award S12AF20037	
	Grant Award S13AF20037	
	U.S. Department of Education Title I, Grants to Local Education Agencies (Title I)	84.010
	Grant Award S010A110048	
	Special Education Cluster (IDEA)	84.027
	Grant Award H173A110071	
	Grant Award H027A110075	
	School Improvement Grants (SIG)	84.377
	Grant Award S377A110049	
	Grant Award S377A100049	
	Grant Award S377A090049	
	U.S. Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Public Assistance)	97.036
	Grant Award FEMA-0-1838-WV	
	Grant Award FEMA-0-1881-WV	
	Grant Award FEMA-0-1893-WV	
	Grant Award FEMA-0-1918-WV	
	Grant Award FEMA-0-3358-WV	
	Grant Award FEMA-0-4059-WV	
	Grant Award FEMA-0-4061-WV	
	Grant Award FEMA-0-4071-WV	
	Grant Award FEMA-0-4093-WV	

Questioned Costs: Unknown

Context: Total first-tier subawards subject to these reporting requirements for the above major programs were approximately \$206,859,894 for the year ended June 30, 2013.

CFDA#	Program	First-Tier Subawards
15.252	AMLR	\$ 5,904,531
14.228	CDBG/State's Program	20,956,269
84.010	Title I	88,870,403
84.027	IDEA	70,774,350
84.377	SIG	11,858,517
97.036	Public Assistance	8,495,824
		\$ 206,859,894

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-004 TRANSPARENCY ACT REPORTING
(Prior Year Finding 2012-8) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Housing and Urban Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG/State's Program) Grant Award B-12-DC-54-0001	14.228
	U.S. Department of the Interior Abandoned Mine Land Reclamation (AMLR) Program Grant Award S10AP16155 Grant Award S11AF20009 Grant Award S12AF20037 Grant Award S13AF20037	15.252
	U.S. Department of Education Title I, Grants to Local Education Agencies (Title I) Grant Award S010A110048	84.010
	Special Education Cluster (IDEA) Grant Award H173A110071 Grant Award H027A110075	84.027
	School Improvement Grants (SIG) Grant Award S377A110049 Grant Award S377A100049 Grant Award S377A090049	84.377
	U.S. Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Public Assistance) Grant Award FEMA-0-1838-WV Grant Award FEMA-0-1881-WV Grant Award FEMA-0-1893-WV Grant Award FEMA-0-1918-WV Grant Award FEMA-0-3358-WV Grant Award FEMA-0-4059-WV Grant Award FEMA-0-4061-WV Grant Award FEMA-0-4071-WV Grant Award FEMA-0-4093-WV	97.036

Total federal expenditures for the State of West Virginia for fiscal year ended June 30, 2013, were approximately \$5,805,666,607. 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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-004 TRANSPARENCY ACT REPORTING
(Prior Year Finding 2012-8) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Housing and Urban Development Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii (CDBG/State's Program)	14.228
	Grant Award B-12-DC-54-0001	
	U.S. Department of the Interior Abandoned Mine Land Reclamation (AMLR) Program	15.252
	Grant Award S10AP16155	
	Grant Award S11AF20009	
	Grant Award S12AF20037	
	Grant Award S13AF20037	
	U.S. Department of Education Title I, Grants to Local Education Agencies (Title I)	84.010
	Grant Award S010A110048	
	Special Education Cluster (IDEA)	84.027
	Grant Award H173A110071	
	Grant Award H027A110075	
	School Improvement Grants (SIG)	84.377
	Grant Award S377A110049	
	Grant Award S377A100049	
	Grant Award S377A090049	
	U.S. Department of Homeland Security Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Public Assistance)	97.036
	Grant Award FEMA-0-1838-WV	
	Grant Award FEMA-0-1881-WV	
	Grant Award FEMA-0-1893-WV	
	Grant Award FEMA-0-1918-WV	
	Grant Award FEMA-0-3358-WV	
	Grant Award FEMA-0-4059-WV	
	Grant Award FEMA-0-4061-WV	
	Grant Award FEMA-0-4071-WV	
	Grant Award FEMA-0-4093-WV	

**Views of
Responsible
Officials and
Planned Corrective
Actions:**

Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–005 SUBRECIPIENT RISK ASSESSMENT
(Prior Year Finding 2012–6)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Grant Award 2013IW100341 Grant Award 2013IW100641 Grant Award 2013IW500341	10.557
	Temporary Assistance for Needy Families (TANF) Cluster Grant Award 2012 – 2012G996115	93.558/ ARRA-93.714
	Child Care and Development Block Grant (CCDF) Cluster Grant Award G1301WVCCDF Grant Award G1201WVCCDF Grant Award G1101WVCCDF	93.575/93.596

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. The West Virginia Department of Health and Human Resources (DHHR) is in the process of developing an internal control checklist and issuing a related directive that will require spending units within DHHR to evaluate all potential subrecipients prior to awarding the grant.

Questioned Cost: N/A

Context: Total awards to subrecipients for the TANF Cluster, CCDF Cluster and WIC programs were \$9,728,415, \$9,103,162 and \$10,084,575, respectively, for the year ended June 30, 2013.

Cause: There is not a centralized, consistent process in place to ensure all programs 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 DHHR should continue to develop their proposed subrecipient risk assessment policy document and implement it in the near future to ensure that the risk of all subrecipients is considered.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-005 SUBRECIPIENT RISK ASSESSMENT
(Prior Year Finding 2012-6) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Special Supplemental Nutrition Program for Women, Infants and Children (WIC) Grant Award 2013IW100341 Grant Award 2013IW100641 Grant Award 2013IW500341	10.557
	Temporary Assistance for Needy Families (TANF) Cluster Grant Award 2012 – 2012G996115	93.558/ ARRA-93.714
	Child Care and Development Block Grant (CCDF) Cluster Grant Award G1301WVCCDF Grant Award G1201WVCCDF Grant Award G1101WVCCDF	93.575/93.596

**Views of
Responsible
Officials and
Planned Corrective
Actions:**

Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–006 SUBRECIPIENT MONITORING – AMERICAN RECOVERY AND REINVESTMENT ACT
(ARRA)
(Prior Year Finding 2012–7)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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

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;

- For disbursements made to all subrecipients of BTOP prior to May 2013, notification by the awarding State agency of the above requirement was not made at the time of each disbursement of ARRA funds.
- All subrecipients for the Weatherization program were not notified by the awarding State agency of the above requirement at the time of each disbursement of ARRA Funds. Also, the request that their subrecipients are to provide appropriate identification of ARRA Funds in their schedule of expenditures of federal awards and SF-SAC was not included on the Grant Award by the Office of Economic Opportunity.

Questioned Cost: N/A

Context: The total amount of ARRA funded subawards made by BTOP and Weatherization during the year ended June 30, 2013, was \$15,665,883 and \$883,537, respectively.

Cause:

- BTOP did not properly identify the CFDA number and amount of ARRA funds to each subrecipient at the time of each disbursement of ARRA funds made prior to May 2013. BTOP implemented a process to notify all recovery act subrecipients of the requirement above starting in May 2013.
- Weatherization did not properly identify the CFDA number and amount of ARRA funds to each subrecipient at the time of each disbursement of ARRA funds nor did they request that their subrecipients provide appropriate identification of ARRA funds in the Schedule of Expenditures of Federal Awards (SEFA) and SF-SAC.

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

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–006 SUBRECIPIENT MONITORING – AMERICAN RECOVERY AND REINVESTMENT ACT
(ARRA)**

(Prior Year Finding 2012–7) (continued)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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	

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner.

- We recommend that management of BTOP continue to ensure the execution of the implemented process to notify all ARRA subrecipients of the CFDA number and amount of ARRA funds at the time of each subsequent disbursement.
- We recommend that management of Weatherization implement a process to notify all ARRA subrecipients of the CFDA number and amount of ARRA funds at the time of each subsequent disbursement. Additionally, management should request that subrecipients identify ARRA expenditures in their SEFA and SF-SAC.

**Views of
Responsible
Officials and
Planned Corrective
Actions:**

Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–007 CASH MANAGEMENT
(Prior Year Finding 2012–13)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 the 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.”

Per National Telecommunications and Information Administration (NTIA) Program-Specific Audit Guidelines for BTOP dated May 2012 Version 2.0, specifically subsection 4.4 Cash Management, 4.4.1 Compliance Requirements, “Recipients shall limit advances to the minimum amounts necessary to meet immediate disbursement needs, which should not exceed the amount required for a thirty (30) day period. Advanced funds not disbursed in a timely manner and any applicable interest must be promptly returned to DOC.”

Condition: For the period of July 1, 2012 through June 30, 2013, 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. BTOP, 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 time frame.

Questioned Costs: Unknown

Context: For 14 of the 18 American Recovery and Reinvestment Act (ARRA) transactions selected in our cash management testing, cash drawdowns were not expended within thirty days of the receipt of the federal funds. These items represented \$3,939,035 out of a total sample of \$5,923,413. Total federal expenditures for BTOP for the fiscal year ended June 30, 2013 were \$32,917,299, 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 time frame. 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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-007 CASH MANAGEMENT
(Prior Year Finding 2012-13) (continued)**

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

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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 and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013-008 DAVIS BACON ACT

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

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.

Program specific requirements related to BTOP states that contractors and subcontractors are required to pay prevailing wages at rates not less than those prevailing on projects of a similar character in the locality as determined by the Secretary of Labor to laborers and mechanics in compliance with the Davis-Bacon Act. Recipients must review the weekly certified payroll documentation they receive from their subrecipients, contractors, and subcontractors on an ongoing basis. Recipients must maintain, in their files, the original Davis-Bacon Act payroll records they prepare for themselves, as well as those prepared by subrecipients, contractors, and subcontractors. (40 USC 3141 et seq.; ARRA Section 1606; Round 1 NOFA, Section X.G; Round 2 NOFA, Section X.G; 29 CFR sections 3.3 and 3.4).

Condition: For one contract totaling \$16,031,531 of the two contracts tested, BTOP did not maintain certified payroll documentation in their files. As such, we were unable to ascertain if weekly required certified payrolls were submitted.

Questioned Costs: N/A

Context: Total contract expenditure in the BTOP program during the fiscal year ended June 30, 2013 were \$19,832,731. Total federal expenditures for BTOP were \$32,917,299 for the year ended June 30, 2013.

Cause: Although the BTOP Grant Implementation Team has Davis-Bacon guidelines in place and had conducted monitoring activities related to the review of certified payroll documentation maintained by subrecipients, they failed to maintain such certified payroll documents in their files.

Effect: Noncompliance with Davis-Bacon Act provisions may result in the National Telecommunications and Information Administration (NTIA) imposing appropriate enforcement action in connection with the BTOP grant award, including but not limited to suspension or termination of the award.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-008 DAVIS BACON ACT
(continued)**

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

Recommendation: We recommend that the BTOP Grant Implementation Team instill procedural changes to ensure that Davis-Bacon Act requirements are considered and that monitoring of subrecipients compliance is documented and such documentation is maintained within their files to be easily accessed by BTOP grant officers or by other duly authorized officials.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

2013-009 EQUIPMENT – INVENTORY PROCESS AND PROCEDURES

Federal Program Information:	Federal Agency and Program Name U.S. Department of Commerce Broadband Technology Opportunities Program (BTOP) Grant Award NT10BIX5570031	CFDA# ARRA-11.557
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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-102 §.32, a State shall use, manage, and dispose of equipment acquired under a Federal grant in accordance with State laws and procedures. Subrecipients of States who are local governments or Indian tribes shall use State laws and procedures for equipment acquired under a subgrant from a State.

Condition: Due to the presentation of the federal expenditure detail for BTOP and the use of multiple state agencies to implement the BTOP grant award, expenditures detail provided to the auditor did not include the relevant expenditure object code for the amounts spent. As a result, the auditor was unable to ascertain expenses for equipment purchases during the year. The auditors were provided with an inventory log of all equipment maintained by the BTOP Grant Implementation Team (GIT). However, during our audit procedures, we noted two equipment purchases that were not included on the inventory log information provided to the auditors.

Questioned Costs: N/A

Context: Total expenditures for equipment not tracked were \$765,937. Total federal expenditures for BTOP for the fiscal year ended June 30, 2013 were \$32,917,299, all of which were American Recovery and Reinvestment Act expenditures.

Cause: The agency inventory coordinator failed to observe federal regulations with respect to capital assets inventory and equipment management.

Effect: Amounts reported as capital assets inventory are understated by those equipments purchased but not included on the inventory log.

Recommendation: We recommend that the GIT enforce and monitor existing inventory control procedures that are set forth by federal regulations in order to be in compliance with Circular A-100.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

2013–010 PROCUREMENT

Federal Program Information:	Federal Agency and Program Name U.S. Department of Commerce Broadband Technology Opportunities Program (BTOP) Grant Award NT10BIX5570031	CFDA# ARRA-11.557
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Criteria: The A-102 Common Rule require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

States, and governmental subrecipients of States, will use the same State policies and procedures used for procurements from non-Federal funds. They also must ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations.

The West Virginia purchasing code §5A-3-11, states “(c) Bids shall be based on the written specifications in the advertised bid request and may not be altered or withdrawn after the appointed hour for the opening of the bids. (e) All open market orders, purchases based on advertised bid requests or contracts made by the director or by a state department shall be awarded to the lowest responsible bidder or bidders, taking into consideration the qualities of the commodities or services to be supplied, their conformity with specifications, their suitability to the requirements of the government, and the delivery terms.

Condition: During a West Virginia (the State) legislative audit of BTOP issued in 2013, the auditors noted that BTOP personnel used a purchasing process which is unauthorized by State statute or legislative rule to purchase 1,164 Cisco model 3945 branch routers at a cost of \$24 million on behalf of the BTOP grant implementation team. The State Office of Technology used a “secondary bid process” on an existing contract approved by the State Purchasing Division, instead of a competitive bid process, open to non-Cisco vendors as required by law.

In addition, the audit noted the following:

- Smaller less expensive routers could have been purchased for the State’s 172 libraries. The average cost savings was \$16,265 per router, or \$2.8 million.
- Smaller less expensive routers, if even necessary, could have been purchased for the State police for \$15,000 less per router or \$1 million. Furthermore, if 70 of the Cisco model 3945 routers had not been purchased, the State would have saved approximately \$1.4 million.

Purchasing the appropriately sized routers, which would have cost \$10,000 less per router, for at least 368 public schools could have still met broadband standards and saved approximately \$3.68 million.

Questioned Costs: Unknown

Context: Total federal expenditures for BTOP were \$32,917,299 for the year ended June 30, 2013. Total federal expenditures for BTOP since the grant was awarded were \$87,600,205.

Cause: Management did not comply with procurement requirements. State agencies did not conduct the proper analysis to determine the most appropriate and economical router sizes prior to making purchases.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

2013-010 PROCUREMENT
(continued)

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

Effect: Because the secondary bid process excluded all other branch router makers, the State cannot be certain that it received the best possible price for the routers. Funds could have better been used to meet other Broadband initiatives with NTIA approval.

Recommendation: We recommend evaluating current procurement to identify areas where internal controls could be strengthened to include monitoring of compliance with procurement standards in order to prevent future noncompliance. We recommend that the BTOP Grant Implementation Team conduct a study to determine whether it is reasonable to redeploy any of the Cisco model 3,945 routers to more appropriate facilities to maximize their usage.

Views of Responsible Officials and Planned Corrective Actions: Management disagrees with this finding. An existing process was used to purchase the noted routers. Via an established and competitive process three (3) vendors were qualified to bid on all future procurements. The Grant Team presented the requirements to Office of Technology (OT). Specific requirements were advertised and the lowest vendor was selected. Other procurements were completed on this contract; however, the other procurements were not as large.

Due to ambiguity in the law, the governor proposed new legislation which passed during the last Legislative Session.

Every action taken during this process used established processes. Management believes that existing and exercised purchasing processes were used throughout the procurement effort.

Conclusion: Management of BTOP believes they have followed appropriate processes with respect to purchasing the routers. We believe that management should continue to work with the Legislative Auditors to resolve the issue surrounding the purchase of the routers and respective procurement policy.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–011 PERFORMANCE REPORTING

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Housing and Urban Development Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii (CDBG/State’s Program)	14.228
	Grant Award B-12-DC-54-0001	
	Grant Award B-11-DC-54-0001	
Criteria:	In accordance with 24 CFR sections 135.3(a), 135.90, and 570.487(d), each grant over \$200,000 that involves housing rehabilitation, housing construction, or other public construction requires the prime recipient to complete and submit Form HUD 60002.	
Condition:	In the Form HUD 60002 Report that was submitted to the federal government for the year ended June 30, 2013, the key line items under “Part II: Contracts Awarded” did not agree to underlying support in the Section 3 Summary Reports filed by each subrecipient for 2 of the 5 subrecipient reports selected in our testing.	
Questioned Costs:	Unknown	
Context:	In the Form HUD 60002 Report under “Part II: Contracts Awarded” for the year ended June 30, 2013, total construction contracts awarded amounted to \$20,499,795 and total non-construction contracts awarded amounted to \$1,282,139. Total federal expenditures for the CDBG/State’s Program were \$21,623,785 for the year ended June 30, 2013.	
Cause:	Management did not properly review the June 30, 2013 Form HUD 60002 Report to ensure that the report was accurate prior to submission to the federal government. As part of the review process, management did not reconcile the totals in “Part II: Contracts Awarded” to the amounts reported in the subrecipient Section 3 Reports.	
Effect:	The CDBG/State’s Program is not in compliance with federal requirements regarding items that are reported on the Form HUD 60002 Report.	
Recommendation:	We recommend that the West Virginia Development Office implement a reconciliation process between the amounts reported by subrecipients and the total amounts reported on Form HUD 60002 Report. We further recommend that any discrepancies noted on the subrecipient reports be resolved in a timely manner with the subrecipients. The management review process should also involve review of the subrecipient reports.	
Views of Responsible Officials and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.	

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–012 SUBRECIPIENT MONITORING – AUDIT REPORTS
(Prior Year Finding 2012–16)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Interior	
	Abandoned Mine Land Reclamation (AMLR) Program	15.252
	Grant Award S10AP16155	
	Grant Award S11AF20009	
	Grant Award S12AF20037	
	Grant Award S13AF20037	

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 two of the six subrecipients tested, the subrecipients’ audit reports were 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.

Furthermore, per our review of the AMLR subrecipient monitoring log, one subrecipient audit 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.

Questioned Cost: Unknown

Context: The total disbursements made to the subrecipients identified above that were not in compliance were \$2,167,536 for the year ended June 30, 2013. Total federal expenditures to all subrecipients for AMLR were \$5,904,531 for the year ended June 30, 2013. Total federal expenditures for AMLR were \$45,439,645 for the year ended June 30, 2013.

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.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–012 SUBRECIPIENT MONITORING – AUDIT REPORTS
(Prior Year Finding 2012–16) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Interior	
	Abandoned Mine Land Reclamation (AMLR) Program	15.252
	Grant Award S10AP16155	
	Grant Award S11AF20009	
	Grant Award S12AF20037	
	Grant Award S13AF20037	

**Views of
Responsible
Officials and
Planned Corrective
Actions:**

Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–013 INTERNAL CONTROLS OVER FINANCIAL REPORTING
(Prior Year Finding 2012–17)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Labor Unemployment Insurance (UI)	17.225/ ARRA-17.225
	Grant Award UI-23926-13-55-A-54 Grant Award UI-22348-12-55-A-54	

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

Condition: There were incorrect amounts reported on the Form ETA 227 Overpayment Detection/Recovery Report for the quarters ended September 30, 2012 and March 31, 2013.

Per the instructions for Form ETA 227, line 204 is the total of all controllable cases and dollars for the State Directory of New Hires Systems. For line 204 of the September 30, 2012 ETA 227 report, WWV generates an Established by Cause Report and an Established by Source Report that should agree and are used to calculate the number of cases and dollar amounts. The September 30, 2012 Cause and Source reports did not agree, and therefore, the Source Report had to be adjusted to match the Cause Report, resulting in discrepancies on Form ETA 227.

Per the instructions for Form ETA 227, lines 401 through 404 report fraud cases referred to state/local/federal prosecuting authorities. Line 402, column 16 of the September 30, 2012 ETA 227 report showed 52 UCFE/UCX fraud cases referred for prosecution during the period. However, supporting documentation showed zero UCFE/UCX fraud cases referred for prosecution and 52 EUC cases referred for prosecution.

Line 402, columns 15 and 24 of the March 31, 2013 ETA 227 report showed 42 UI fraud cases referred for prosecution during the period and zero EB cases referred for prosecution. However, supporting documentation showed 41 UI fraud cases referred for prosecution and one EB fraud case referred for prosecution.

Questioned Cost: N/A

Context: Total federal expenditures for the UI program were \$600,719,013 for the year ended June 30, 2013.

Cause: For line 204 of the September 30, 2012 ETA 227 report, programming issues caused differences between reports supporting the proper numbers.

For line 402 of the ETA 227 reports, the number of EUC fraud cases referred for prosecution were mistakenly reported as UCFE/UCX fraud cases on the September 30, 2012 ETA 227 report. The EB fraud case referred for prosecution was mistakenly reported as a UI fraud case on the March 31, 2013 ETA 227 report.

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

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–013 INTERNAL CONTROLS OVER FINANCIAL REPORTING
(Prior Year Finding 2012–17) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Labor Unemployment Insurance (UI)	17.225/ ARRA-17.225
	Grant Award UI-23926-13-55-A-54 Grant Award UI-22348-12-55-A-54	

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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 and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–014 1512 REPORTING
(Prior Year Finding 2012–19)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 American Recovery and Reinvestment Act (ARRA) funds are required to complete a Section 1512 report on a quarterly basis. During our testing of the March 31, 2013 Section 1512 reports submitted for the Highway Planning and Construction program, it was noted that, for 2 of the 22 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 \$1,420,234 for the year ended June 30, 2013.

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: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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 and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–015 REPORTING - FINANCIAL

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Commerce	
	Weatherization Assistance for Low-Income Persons (Weatherization)	81.042 and ARRA-81.042
	Grant Award DE-EE0000085	
	Grant Award DE-EE0000101	
	Grant Award DE-EE0003988	

Criteria: The Weatherization program is required to file the OMB Standard Form 425 Federal Financial Report (SF-425). Recipients use the SF-426 as a standardized format to report the financial status of their Federal awards, as well as, when applicable, cash status (Lines 10.a, 10.b, and 10.c). This report is to include the cumulative amount of actual cash received from the Federal agency as of the reporting period end date as well as the cumulative amount of Federal fund disbursements (such as cash or checks) as of the reporting period end date.

Condition: Weatherization awards are subject to financial reporting on a quarterly basis and each recipient must submit the SF-425. 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 and two American Recovery and Reinvestment Act (ARRA) SF-425 reports submitted during the fiscal year and noted that the receipt and expenditure amounts 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 December 31, 2012 SF-425 report is \$7,621,340. The actual amount expended is \$7,587,426, a difference of \$33,913.
 - 2) Total cumulative expenditure amount reported on the March 31, 2013 SF-425 report is \$9,028,062. The actual amount expended is \$8,994,147, a difference of \$37,504.
 - 3) Total cumulative expenditure amount reported on the September 30, 2012 ARRA SF-425 report is \$38,058,522. The actual amount expended is \$38,044,856, a difference of \$13,666. Total cumulative cash receipt amount reported on the September 30, 2012 ARRA SF-425 report is \$38,058,522. The actual amount drawn is \$37,888,824, a difference of \$169,698.
 - 4) Total cumulative expenditure amount reported on the December 31, 2012 ARRA SF-425 report is \$38,058,522. The actual amount expended is \$38,079,245, a difference of \$20,723. Total cumulative cash receipt amount reported on the December 31, 2012 ARRA SF-425 report is \$38,228,442. The actual amount drawn is \$38,283,307, a difference of \$54,865.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–015 REPORTING - FINANCIAL
(continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Commerce	
	Weatherization Assistance for Low-Income Persons (Weatherization)	81.042 and ARRA-81.042
	Grant Award DE-EE0000085	
	Grant Award DE-EE0000101	

Cause: Policies and procedures related to the process surrounding the preparation and review of the SF-425 reports are in effect; however, the review procedures do not appear to be occurring. Reconciliations are not being performed to ensure that the amounts reported represent the accurate amounts expended.

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

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 and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–016 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
(Prior Year Finding 2012–42)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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: **West Liberty University (West Liberty):** During the current year testing of the SEFA, it was noted that West Liberty did not properly include the disbursements of certain grant awards which were drawn and expended during the current fiscal year on the SEFA prepared by management. The SEFA improperly excluded \$15,049 of CFDA #84.063 and \$134,244 of CFDA #84.268.

West Virginia State University (WVSU): During our testing of the SEFA for WVSU, we noted that WVSU improperly reported current year expenditures for the SFA Cluster.

Questioned Costs: N/A

Context: Total SFA Cluster expenditures for the State of West Virginia (the State) were \$618,298,010 for the year ended June 30, 2013.

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

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

WVSU: As a result of these errors, the review process in place at WVSU is insufficient to detect a material misstatement on the SEFA. Improper reporting on the SEFA results in inaccurate reporting in the State’s SEFA.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner.

West Liberty: We recommend West Liberty establish formalized review policies and procedures over the SEFA so the report is prepared in accordance with federal guidelines.

WVSU: 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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–016 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
(Prior Year Finding 2012–42) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–017 CASH MANAGEMENT
(Prior Year Finding 2012–36)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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: **Blue Ridge Community & Technical College (Blue Ridge):** During our testing of three drawdown requests to the U.S. Department of Education (USDOE), we noted that there was no evidence of review for three of the three requests by an appropriate individual to ensure amounts requested were supported.

Shepherd University (Shepherd): During our testing of six drawdown requests to the USDOE, we noted that there was no evidence of review for six of the six requests by an appropriate individual to ensure amounts requested were supported; further, we noted that the drawdown requests were not reviewed on a consistent basis.

West Virginia State University (WVSU): During our testing of four drawdown requests to the USDOE, we noted that there was no evidence of review for any of the sampled requests by an appropriate individual to ensure amounts requested were properly supported.

Questioned Costs: N/A

Context: **Blue Ridge:** Total SFA Cluster net draws for Blue Ridge were \$14,903,525 for the year ended June 30, 2013.

Shepherd: Total SFA Cluster net draws for Shepherd were \$27,410,464 for the year ended June 30, 2013.

WVSU: Total SFA Cluster net draws for WVSU were \$16,428,143 for the year ended June 30, 2013.

Cause: The institution has a review process in place for drawdown requests made; however there is no documentation evidencing this review and/or the process is not being followed on a consistent basis.

Effect: Incorrect amounts may have been requested and disbursements may not occur within the required time frame.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–017 CASH MANAGEMENT
(Prior Year Finding 2012–36) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that the institution strengthen their control procedures by ensuring that evidence of drawdown request reviews by a knowledgeable individual be maintained to ensure amounts requested are appropriately supported and that the control procedures are followed on a consistent basis.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–018 CASH MANAGEMENT

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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 34 CFR §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 (USDOE).

Condition: **Marshall University (Marshall):** On January 7, 2013, Marshall Accounting Office personnel received a drawdown request for \$23,633,808 from the Bursar's Office, and this amount was requested through the USDOE G5 website. The same day, a second request of \$13,502,344 was drawn down in error by the Marshall accounting personnel. On January 8, 2013, Marshall received the total of \$37,136,152, and subsequently processed, two checks totaling \$23,633,808 for related student disbursements, leaving an excess cash balance on hand of \$13,502,344. On January 10, 2013, Marshall realized they had drawn down excess federal funds and processed a return of \$10,000,000 through the G5 system. The remaining balance of \$3,502,344 was not returned as Marshall was starting the Spring 2013 semester and needed funds on hand for student disbursements. Therefore, the excess cash on hand was kept and disbursed in multiple payments between January 8, 2013 and January 15, 2013.

West Liberty University (WLU): During January 2013, WLU drew down \$6,851,733 from the USDOE. After the drawdown was completed, it was discovered the calculation used to estimate the drawdown was incorrect and excess funds were drawn down. The institution did not return the excess cash of \$77,395 to the USDOE until April 30, 2013, which is not considered to be within the required time frame.

Questioned Costs: N/A

Context: **Marshall:** Marshall’s total Direct Loan drawdown receipts and related disbursements were \$77,783,639, respectively, for the year ended June 30, 2013. Total federal expenditures for Marshall’s SFA Cluster for the year ended June 30, 2013 were \$97,846,928.

WLU: WLU’s total federal expenditures for the SFA Cluster for the year ended June 30, 2013 were \$20,330,115.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–018 CASH MANAGEMENT
(continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Cause: **Marshall:** Policies and procedures relating to the controls in place over cash management are in place but they were not followed by the fill-in employee in January 2013. However, the control process followed by the regular Accounting personnel identified the error and thus efforts were made to refund the majority of the excess cash drawn down from the USDOE.

Marshall and WLU: Management did not follow procedures to minimize the amount of cash on hand and did not return excess cash to the USDOE in a timely manner.

Effect: Controls at the time the drawdowns were requested were not deemed effective. The institution maintained excess cash resulting in noncompliance with 34 CFR 668.166(a)(1).

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that the institution strengthen their procedures to ensure drawdown requests are properly reviewed and to ensure if excess cash is discovered, it is promptly returned to the USDOE.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–019 ELIGIBILITY

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Criteria: In accordance with 34 CFR §668.32, a student is eligible to receive Title IV, HEA program assistance if the student: (f) “Maintains satisfactory academic progress in his or her course of study according to the institution’s published standards of satisfactory academic progress that meet the requirements of §668.34.”

In accordance with 34 CFR 668.34, “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—(9) If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes— (i) How the student may reestablish his or her eligibility to receive assistance under the title IV, HEA programs; (ii) The basis on which a student may file an appeal: The death of a relative, an injury or illness of the student, or other special circumstances; and (iii) Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student’s situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation.”

Condition: For one of three students in our program compliance sample of students receiving federal student financial assistance at Pierpont Community and Technical College (Pierpont), we noted the student was considered by the institution as maintaining satisfactory progress as appeal to academic probation was approved. However, after further review of the student’s appeal, it was determined that sufficient support was not obtained to approve such appeal as the student did not provide a valid basis as to why the student failed to make satisfactory academic progress or what has changed that would allow the student to demonstrate satisfactory academic progress at the next evaluation. The student did not meet the academic plan that was developed for the appeal and thus did not receive any additional federal student financial assistance after the next evaluation.

Questioned Costs: \$2,775

Context: Total SFA Cluster expenditures for Pierpont were \$18,776,589 for the year ended June 30, 2013.

Cause: Policies and procedures related to student’s maintaining satisfactory academic progress were not followed.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–019 ELIGIBILITY
(continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Effect: Pierpont was not in compliance with the eligibility requirements related to student’s maintaining satisfactory academic standing.

Recommendation: We recommend that Pierpont strengthen the procedures and controls used to review academic appeals to ensure that the student provides a valid basis for their appeal and documents what has changed that will allow satisfactory academic progress going forward.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–020 ELIGIBILITY

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Criteria: Per 34 CFR section 668.32, “A student is eligible to receive Title IV, HEA program assistance if the student either meets all of the requirements in paragraphs (a) through (m) of this section or meets the requirement in paragraph (n) of this section as follows: (c) (1) For purposes of the ACG, National SMART Grant, and FSEOG programs, does not have a baccalaureate or first professional degree; (2) For purposes of the Federal Pell Grant Program—(i) (A) Does not have a baccalaureate or first professional degree; or (B) Is enrolled in a post-baccalaureate teacher certificate or licensing program as described in 34 CFR 690.6(c); and (ii) Is not incarcerated in a Federal or State penal institution; (3) For purposes of the Federal Perkins Loan, FFEL, and Direct Loan programs, is not incarcerated.”

Condition: For one of the three students in our program compliance Eligibility sample of students at West Virginia University – Parkersburg (WVUP), an individual was awarded Pell and Direct Loans and approved for disbursement of that aid without the institution verifying the student’s attendance with the respective faculty members as is the institution’s policy. The individual was incarcerated and never attended any classes, yet he was approved for disbursement four weeks after class started. This was not identified by the institution until after the institution credited the student’s account, however prior to the institution drawing down any federal funds.

Questioned Costs: N/A

Context: Total SFA Cluster expenditures for WVUP were \$16,189,518 for the year ended June 30, 2013.

Cause: The institution’s internal control procedures surrounding eligibility were not followed such that Title IV financial aid was awarded and approved for disbursement four weeks after class started to an individual who was incarcerated and never attended class. Faculty did not report the student as never attending as is the institution’s policy.

Effect: The institution approved a student to receive Title IV financial aid that was incarcerated and had never attended.

Recommendation: We recommend the institution ensure that policies and procedures related to student eligibility, specifically with respect to incarceration and attendance, are followed in accordance with federal guidelines.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-020 ELIGIBILITY
(continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–021 EARMARKING
(Prior Year Finding 2012–32)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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.”

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–021 EARMARKING

(Prior Year Finding 2012–32) (continued)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Condition: **New River Community and Technical College (New River):** For the year ended June 30, 2013, New River earmarked \$1,900 to compensate students employed in a community service activity. The earmarking requirement is 7% of the Federal Work Study allocation or \$5,899.

West Virginia University (WVU): For the year ended June 30, 2013, WVU earmarked \$108,263 to compensate students employed in a community service activity. The earmarking requirement is 7% of the Federal Work Study allocation or \$129,244.

West Virginia University-Parkersburg (WVUP): For the year ended June 30, 2013, WVUP earmarked 7% to compensate students employed in a community service activity. However, upon review of supporting documentation, it was determined that four of the seven students counted towards the community service earmarking requirements worked in the Financial Aid Office. It was noted that their entire work study compensation of \$6,716 should not have been considered community service as it did not meet the definition of such activities.

Questioned Costs: N/A

Context: **New River:** Total SFA Cluster expenditures for New River were \$10,784,525 for the year ended June 30, 2013. Total federal expenditures for the Federal Work Study program were \$65,618 for the year ended June 30, 2013.

WVU: Total SFA Cluster expenditures for WVU were \$243,953,940 for the year ended June 30, 2013. Total federal expenditures for the Federal Work Study program were \$966,404 for the year ended June 30, 2013.

WVUP: Total SFA Cluster expenditures for WVUP were \$16,189,518 for the year ended June 30, 2013. Total federal expenditures for the Federal Work Study program were \$92,833 for the year ended June 30, 2013.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–021 EARMARKING

(Prior Year Finding 2012–32) (continued)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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

WVUP: Management counted non-community service activities towards the Federal Work Study earmarking requirement.

Effect: The institutions were not in compliance with the requirements related to earmarking for the Federal Work Study program.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend the institutions implement policies and procedures to ensure that earmarking requirements are being monitored and met throughout the year.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–022 PROGRAM INCOME
(Prior Year Finding 2012–37)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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: **Shepherd University (Shepherd):** During our testing of two monthly reconciliations performed on the bank account in which receipts of Federal Perkins Loan repayments are made, we noted that two of the two reconciliations, which were for the months ended October 31, 2012 and March 31, 2013, were not reviewed until June 2013.

West Virginia State University (WVSU): 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 two of the two reconciliations, specifically the month ended September 30, 2012 and February 28, 2013 were not reviewed in a timely manner.

Questioned Costs: N/A

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–022 PROGRAM INCOME

(Prior Year Finding 2012–37) (continued)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Context: **Shepherd:** Total federal Perkins Loans receipts for Shepherd were \$115,595 for the year ended June 30, 2013.

WVSU: Total federal Perkins Loans receipts for WVSU were \$116,645 for the year ended June 30, 2013.

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.

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 and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–023 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE
(Prior Year Findings 2012–26, 2012–34, 2012–38)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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, 2013, the institution should submit its FISAP that includes the *Fiscal Operations Report* for the award year ended June 30, 2013, 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 2012-2013 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 15, 2013. If there is a need to make a correction after December 15, 2013, the University must access the eCB website and make the necessary correction. This data will be saved in a Working Copy of the FISAP. The University then must justify the need to make the correction on the Additional Information page in the system. However the University will not be able to submit the correction at this stage in the process. The request must be reviewed by the Department, and the University will be notified if the correction is allowed.

Condition: **Bluefield State College (Bluefield):** Multiple key line items reported on the June 30, 2013 FISAP for Bluefield did not reconcile to supporting documentation.

Concord University (Concord): Three line items reported on the June 30, 2013 FISAP for Concord required revision after the original submission as the amounts reported did not reconcile to supporting documentation.

Fairmont State University (Fairmont): Five line items reported on the June 30, 2013 FISAP for Fairmont required revision after the original submission as the amounts reported did not reconcile to supporting documentation. The revisions were submitted to the Department before the December 15, 2013 deadline.

New River Community and Technical College (New River): Multiple key line items reported on the June 30, 2013 FISAP for New River did not reconcile to supporting documentation.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–023 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE
(Prior Year Findings 2012–26, 2012–34, 2012–38) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Pierpont Community and Technical College (Pierpont): Four line items reported on the June 30, 2013 FISAP for Pierpont required revision after the original submission as the amounts reported did not reconcile to supporting documentation. The revisions were submitted to the Department before the December 15, 2013 deadline.

West Liberty University (West Liberty): Multiple line items reported on the June 30, 2013 FISAP for West Liberty did not reconcile to supporting documentation. Additionally, the institution failed to report its institutional match for the Federal Work Study program in Section C of Part V in the original submission. The revision was not submitted to the Department before the December 15, 2013 deadline.

West Virginia School of Osteopathic Medicine (WVSOM): Six line items reported on the June 30, 2013 FISAP for WVSOM required revision after the original submission due to edit corrections.

Questioned Costs: N/A

Context: **Bluefield:** The amount reported in Part V Section G lines 24 and 25 were inaccurate and did not agree to supporting document.

Concord: The Concord FISAP required a revision to three amounts reported under Part III, Section B and Section C.

Fairmont: The Fairmont FISAP required a revision to one amount reported under Part III, Section A and four amounts reported under Part V, Section H.

New River: The amount reported in Part II Section E line 23 was inaccurate and information in Part II Section F did not agree to supporting documentation. Additionally, information in Part VI Section A was inaccurately recorded and didn't agree with supporting documentation.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–023 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE
(Prior Year Findings 2012–26, 2012–34, 2012–38) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Pierpont: The Pierpont FISAP required a revision to four amounts reported under Part V, Section H.

West Liberty: West Liberty was unable to support certain line items included in various Parts and Sections of the FISAP. Additionally, the institutional match for Federal Work Study was omitted in Part V Section C line 13.

WVSOM: The WVSOM FISAP required a revision after the original submission from Part III, Section A of the FISAP, 1.1, 26, 34.1, 34.3, 49, and 58.

Cause: The review process failed to detect inaccurate amounts reported on the FISAP prior to submission. Additionally, the lack of a policy for records retention of FISAP supporting documentation resulted in the inability to provide support for auditor review during fieldwork.

Effect: The Department uses the information in the FISAP 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 might be required to return funds that the institution was not entitled to receive. The institution must retain accurate and verifiable records for program review and audit purposes.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that the institutions implement and/or strengthen the policies, procedures and controls used to review the FISAP to ensure all aspects of the report are properly reviewed and information reported to the Department is accurate. Additionally, complete proper documentation to support the various sections of the FISAP report should be maintained.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–024 SPECIAL TESTS AND PROVISIONS – VERIFICATION
(Prior Year Finding 2012–45)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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, U.S income tax paid and untaxed income and benefits, (b) Number of family members in household and (d) Child support paid, (c) Aggregate number of family members in household and (d) number of family members in household who are enrolled as at least half-time students in postsecondary education institutions if that number is greater than one.

Condition: **Fairmont State University (Fairmont):** For 1 of the 25 students in our program compliance sample of students who were verified, the household size per the individual's verification worksheet was not consistent with the household size used in the individual's financial assistance calculation. Further, for 1 of those 25 students, the dependent's parent had verified paying child support which was not included in the individuals' financial assistance calculation.

West Liberty University (West Liberty): For one of the three students in our program compliance sample of students selected for verification at West Liberty, we noted the institution did not properly verify the AGI, income, and taxes paid.

West Virginia Society of Osteopathic Medicine (WVSOM): For 1 of the 25 students in our program compliance sample of students who were selected for verification, no household information was verified.

West Virginia University (WVU): For 1 of the 25 students in our program compliance sample of students who were verified, the amount of AGI paid per the individual's tax return transcript was not consistent with the AGI used in the individual's financial assistance calculation. Further, for 1 of those 25 students, the dependent's parent had an education credit on their amended 1040 which was not included in the individuals' financial assistance calculation.

Questioned Costs: N/A

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–024 SPECIAL TESTS AND PROVISIONS – VERIFICATION
(Prior Year Finding 2012–45) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Context: **Fairmont:** We tested a total of 25 students out of 3,094 total students who had been selected for verification by Fairmont during the year ended June 30, 2013.

West Liberty: We tested a total of 3 students out of 1,406 total students who had been selected for verification by West Liberty during the year ended June 30, 2013.

WVSOM: We tested a total of 25 students out of 150 total students who had been selected for verification by the WVSOM during the year ended June 30, 2013.

WVU: We tested a total of 25 students out of 9,179 total students who had been selected for verification by WVU during the year ended June 30, 2013.

Cause: **Fairmont:** The incorrect household size was input into the institution’s records during the verification process. Further, child support paid by a dependent’s parent was omitted from the individual’s records during the verification process.

West Liberty: For the students noted above, they were not accurately verified according to the provisions of 34 CFR sections 668.51 through 668.61.

WVSOM: The student did not fill out the verification worksheet in its entirety and adequate review of the form was not conducted to determine its lack of completeness prior to being selected as part of our sample.

WVU: Incorrect data 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 properly verifying all information for students and/or is not pulling the correct information from the students’ 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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–024 SPECIAL TESTS AND PROVISIONS - VERIFICATION
(Prior Year Finding 2012–45) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. As institutions are responsible for properly verifying students' information, we recommend that they implement and/or follow policies and procedures in place to insure proper verification of students. Additionally, the institution should ensure that the verification worksheet obtained from the student is completed in its entirety at the point of receipt.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–025 SPECIAL TESTS AND PROVISIONS – DISBURSEMENTS TO OR ON BEHALF OF STUDENTS

(Prior Year Finding 2012–27)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Criteria: In accordance with 34 CFR Section 668.165(a), (2) Except in the case of a post-withdrawal disbursement made in accordance with §668.22(a)(5), if an institution credits a student's account at the institution with Direct Loan, FFEL, Federal Perkins Loan, or TEACH Grant Program funds, the institution must notify the student or parent of—(i) The anticipated date and amount of the disbursement; (ii) The student's right or parent's right to cancel all or a portion of that loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement and have the loan proceeds returned to the holder of that loan, and the TEACH Grant proceeds returned to the Secretary. However, if the institution releases a check provided by a lender under the FFEL Program, the institution is not required to provide this information; and (iii) The procedures and time by which the student or parent must notify the institution that he or she wishes to cancel the loan, loan disbursement, TEACH Grant, or TEACH Grant disbursement. (3) The institution must provide the notice described in paragraph (a)(2) of this section in writing.

Condition: **Concord University (Concord):** We requested disbursement notifications sent by the institution for the two students in our program compliance sample of students who received disbursements of financial aid. Management does not maintain documentation of these individual notifications, so none could be provided for testing.

Fairmont State University (Fairmont): We requested disbursement notifications sent by the institution for the 25 students in our program compliance sample of student who received disbursement of financial aid for which management provided no such supporting documentation.

Pierpont Community and Technical College (Pierpont): We requested disbursement notifications sent by the institution for the three students in our program compliance sample of students who received disbursements of financial aid for which management provided no such supporting documentation.

West Virginia School of Osteopathic Medicine (WVSOM): We requested disbursement notifications sent by the institution for the 25 students in our program compliance sample of students who received disbursements of financial aid. Management does not maintain documentation of these individual notifications, so none could be provided for testing.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–025 SPECIAL TESTS AND PROVISIONS – DISBURSEMENTS TO OR ON BEHALF OF STUDENTS

(Prior Year Finding 2012–27) (continued)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

West Virginia University (WVU): For all of the disbursement notifications sent by the institution to the 25 students in our program compliance sample of students who received disbursements of financial aid, the anticipated date and amount of disbursement was not provided in writing, nor was the time requirement by which the student or parent could cancel the loan.

West Virginia University-Parkersburg (WVUP): For all of the disbursement notifications sent by the institution to the three students in our program compliance sample of students who received disbursements of financial aid, the anticipate date and amount of disbursement was not provided in writing, nor was the time requirement by which the student or parent could cancel the loan.

Questioned Costs: N/A

Context: **Concord:** Total expenditures of the federal programs mentioned in the criteria above for Concord were \$11,785,842 for the year ended June 30, 2013.

Fairmont: Total expenditures of the federal programs mentioned in the criteria above for Fairmont were \$21,265,411 for the year ended June 30, 2013.

Pierpont: Total expenditures of the federal programs mentioned in the criteria above for Pierpont were \$11,817,655 for the year ended June 30, 2013.

WVSOM: Total expenditures of the federal programs mentioned in the criteria above for the WVSOM were \$40,755,813 for the year ended June 30, 2013.

WVU: Total expenditures of the federal programs mentioned in the criteria above for WVU were \$210,322,763 for the year ended June 30, 2013.

WVUP: Total expenditures of the federal programs mentioned in the criteria above for WVUP were \$7,495,022 for the year ended June 30, 2013.

Cause: Management did not maintain adequate supporting documentation with regards to disbursement notifications. Additionally, policies and procedures related to the institutions' disbursement notifications did not encompass all of the required elements.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–025 SPECIAL TESTS AND PROVISIONS – DISBURSEMENTS TO OR ON BEHALF OF STUDENTS

(Prior Year Finding 2012–27) (continued)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Effect: Institutions were not in compliance with the requirements related to disbursement notification. Disbursements may be made for which the required notifications were not sent. Policies and procedures related to the institutions’ disbursement notifications did not encompass all of the required elements.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that the institutions implement policies and procedures to ensure that all supporting documentation for disbursement notifications is maintained and archived to allow for evidence of the institution’s compliance with federal guidelines.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–026 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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: The institutions are required to have internal controls in place surrounding the calculation of the return of Title IV funds. During our testing of the institution, it was determined that Concord University did not have a formalized internal control process, such as a formalized review and approval control, surrounding the calculation of Title IV funds.

Questioned Costs: N/A

Context: Total Title IV Refunds for Concord University were \$240,518 for the year ended June 30, 2013.

Cause: Formal review and approval process is not in place related to the calculation of the return of Title IV funds nor is evidence of the review maintained.

Effect: The absence of a review process for the return of Title IV funds could result in the institution’s financial records for federal expenditures to be improperly stated.

Recommendation: The institution should ensure that that the return of Title IV funds calculation is performed and saved as documented in the institution’s written procedure, including retaining documentation of timely supervisor review and approval.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–027 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS
(Prior Year Finding 2012–46)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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.

34 CFR §668.173(b) states that returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic funds transfers initiated to ED or the appropriate FFEL lender as soon as possible, but not later than 45 days after the date the institution determines that the student withdrew.

Condition: **West Liberty University (West Liberty):** For two of the three students in the program compliance sample of students who withdrew, dropped out, or enrolled but never attended within the refund period, the refund amount of \$5,154 was not returned to the Title IV program within the required time frame.

West Virginia Northern Community College (Northern): For one of the two 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 properly calculate the amount to be paid to the student as a post withdrawal disbursement, as an incorrect number of days in the period was used in the institution’s calculation. The amount originally calculated and paid to the student was \$59.89. When the error was discovered an updated calculation was performed and the institution appropriately paid the student an additional \$3.87.

Additionally, for the second student in the internal control sample and one of the two students in the program compliance sample of students who withdrew, dropped out, or enrolled but never attended within the refund period, the institution did not properly calculate the amount to be returned as an incorrect number of days within the period was used in the institution’s calculation. For the two students noted above, the amount that should have been returned was \$5,121. However, the institution calculated and returned \$5,467.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–027 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS
(Prior Year Finding 2012–46) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

West Virginia University (WVU): For 1 of the 25 students in the program compliance sample of students who withdrew, dropped out, or enrolled but never attended within the refund period, the institution did not return the proper amount calculated by the institution. The amount to be returned per the institution’s refund calculation was \$734; however, the institution returned \$1,287 in January 2013. This was corrected by the institution during September 2013; however, this is not considered to be timely in accordance with federal guidelines.

For 1 of the 25 students in the program compliance sample of students who withdrew, dropped out, or enrolled but never attended within the refund period, the institution did not properly calculate the amount to be returned as an incorrect withdrawal date was used in the institution’s calculation. The amount that should have been returned was \$1,493; based on an incorrect calculation, the institution had not returned any amount.

Questioned Costs: \$7,542

Context: **West Liberty:** Total Title IV refunds for West Liberty were \$214,271 for the year ended June 30, 2013.

Northern: Total Title IV refunds for Northern were \$96,385 for the year ended June 30, 2013.

WVU: Total Title IV refunds for WVU were \$1,462,029 for the year ended June 30, 2013.

Cause: Formal review and approval process is not in place related to the calculation of the return of Title IV funds and/or evidence of the review is not maintained for auditor review.

Effect: The absence of a review process for the return of Title IV funds could result in the institution’s financial records for federal expenditures to be improperly stated as the institution is not refunding Title IV funds in a timely manner to the U.S. Department of Education.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. The institution should ensure that the return of Title IV funds calculation is performed and saved as documented in the institution’s written procedures, including retaining documentation of timely supervisor review and approval. Additionally, we recommend that the institution ensure that refunds are returned timely to the U.S. Department of Education in accordance with federal guidelines.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–027 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS
(Prior Year Finding 2012–46) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING
(Prior Year Findings 2012–43, 2012–47, 2012–49)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

- 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:

Blue Ridge Community and Technical College (Blue Ridge): For two of the three students in our internal control sample and two of the three students in our program compliance 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.

Concord University (Concord): For one of the two students in our compliance sample of students who withdrew, graduated, or enrolled but never attended, the institution did not ensure that the appropriate entities were accurately notified of a change in the student’s status.

Fairmont State University (Fairmont): For 5 of the 25 students and 1 of the 25 students in our internal control and program compliance samples, respectively, 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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING
(Prior Year Findings 2012–43, 2012–47, 2012–49) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Marshall University (Marshall): For 2 of the 25 students in our internal control and 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.

Mountwest Community and Technical College (MCTC): For one of the three students in the internal control sample of students who withdrew, graduated, or enrolled but never attended, the institution did not accurately notify the appropriate entity of a change in the student’s status. The institution reported the student as withdrawn at the end of the spring term; however the student graduated per the student’s academic files.

West Liberty University (West Liberty): For three of the three students in our internal control 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 manner. For three of the three students in our 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 manner.

West Virginia Northern Community College (Northern): For two of the two students in our internal control sample and two of the two students in our program compliance 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. Students who graduated from Northern were reported to the National Student Clearinghouse (the Clearinghouse) and ultimately the National Student Loan Data System (NSLDS) as withdrawn, rather than graduated.

West Virginia School of Osteopathic Medicine (WVSOM): For 1 of the 25 students in our program compliance sample of students who withdrew, graduated, or enrolled but never attended, the institution did not promptly notify the appropriate entities of the student’s status and change in status.

West Virginia State University (WVSU): For one of the four students in our internal control sample and three of the four students in our program compliance 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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING
(Prior Year Findings 2012–43, 2012–47, 2012–49) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

West Virginia University (WVU): For 1 of the 29 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. The student withdrew July 26, 2013; however, this had not been reported to NSLDS as of the end of fieldwork on October 8, 2013.

West Virginia University-Parkersburg (WVUP): For one of the three students in the program compliance 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: **Blue Ridge:** Total Direct Loan expenditures for Blue Ridge were \$9,698,764 for the year ended June 30, 2013.

Concord: Total Direct Loan expenditures for Concord were \$11,496,059 for the year ended June 30, 2013.

Fairmont: Total Direct Loan expenditures for Fairmont were \$21,116,634 for the year ended June 30, 2013.

Marshall: Total Direct Loan expenditures for Marshall were \$77,783,639 for the year ended June 30, 2013.

MCTC: Total Direct Loan expenditures for MCTC were \$3,952,769 for the year ended June 30, 2013.

West Liberty: Total Direct Loan expenditures for West Liberty University were \$15,320,009 for the year ended June 30, 2013.

Northern: Total Direct Loan expenditures for West Virginia Northern Community College were \$3,900,588 for the year ended June 30, 2013.

WVSOM: Total Direct Loan expenditures for WVSOM were \$40,202,181 for the year ended June 30, 2013.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING
(Prior Year Findings 2012–43, 2012–47, 2012–49) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

WVSU: Total Direct Loan expenditures for WVSU were \$11,160,282 for the year ended June 30, 2013.

WVU: Total Direct Loan expenditures for WVU were \$208,022,547 for the year ended June 30, 2013.

WVUP: Total Direct Loan expenditures for WVUP were \$7,495,022 for the year ended June 30, 2013.

Cause: **Blue Ridge:** 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 NSLDS.

Concord: For the student noted above, there were status change discrepancies between the information reported by the institution to the Clearinghouse and the Clearinghouse’s subsequent reporting of enrollment detail to NSLDS.

Management omitted the student noted above when gathering and preparing enrollment detail to be reported to NSLDS via the Clearinghouse.

Marshall: For the students noted above, there were timing and status discrepancies between the information reported by the institution to the Clearinghouse and their subsequent reporting of enrollment detail to NSLDS.

MCTC: MCTC reported an incorrect student status change to the Clearinghouse as student was a late applicant for July graduation which led the institution to believe that his actual last date of attendance at MCTC was the end of spring term.

West Liberty: For the students noted above, there were timing discrepancies between the information reported by the institution to the Clearinghouse and their subsequent reporting of enrollment detail to NSLDS.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING
(Prior Year Findings 2012–43, 2012–47, 2012–49) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

WVSOM: For the student noted above, there was no information reported by the school of enrollment detail to NSLDS. The institution was only adding students who received federal aid during their first year of enrollment and was not performing checks to see if any second, third, or fourth year students received aid for the first time during that year.

WVSU: For the students noted above, there were timing discrepancies between the information reported by the institution to the Clearinghouse and their subsequent reporting of enrollment detail to NSLDS.

WVU: Management omitted the student noted above when gathering and preparing enrollment detail to be reported to NSLDS via the Clearinghouse.

WVUP: While WVUP reported the students’ status changes to the Clearinghouse in a timely manner, the Clearinghouse did not notify NSLDS of the change within the appropriate time frame.

Effect: The institutions are not promptly notifying the proper agencies of changes in student statuses in an accurate manner; thus, inaccurate information is reported to the NSLDS.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. As institutions are responsible for timely reporting whether they report directly or via a third-party servicer, we recommend that the institutions 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 and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–029 SPECIAL TESTS AND PROVISIONS – STUDENT LOAN REPAYMENTS
(Prior Year Finding 2012–29)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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.”

In accordance with 34 CFR §674.42(c)(1), “For loans with a nine-month initial grace period (NDSLs made before October 1, 1980 and Federal Perkins loans), the institution shall contact the borrower three times within the initial grace period.” These three contacts should occur 90 days after the commencement of the grace period, 150 days after the commencement of the grace period, and 240 days after the commencement of the grace period.

Borrowers may be eligible for loan deferments or cancellations under certain circumstances. Examples of when loan payments may be deferred are when the borrower is in certain student statuses at other eligible institutions, employed as a full-time teacher at certain schools, employed full-time in other specified occupations, or serving in the military or as a volunteer in the Peace Corps, ACTION programs (AmeriCorps*VISTA), or other programs deemed to be comparable, FPL loans may be canceled based on full-time employment as a teacher at certain schools or specified fields, other qualifying employment, military or other volunteer service, and death or disability. Cancellations rates (amount of loan that is canceled for each year of qualifying service) for FPL loans vary, depending on when the loan was made. To qualify for a deferment and cancellation of an FPL loan, the borrower is required to submit to the institution to which the loan is owed a written request for the deferment or cancellation, with documentation required by the institution, by the date established by the institution, unless it is an in-school deferment (34 CFR 674.33 through 674.40, and 674.51 through 674.62).

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–029 SPECIAL TESTS AND PROVISIONS – STUDENT LOAN REPAYMENTS
(Prior Year Finding 2012–29) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Condition: **Concord University (Concord):** For two out of a sample of two students entering repayment for Federal Perkins loans, an exit counseling session was not completed by or mailed to the borrower within 30 days after completion of the program.

For one out of a sample of two students entering repayment for Federal Perkins loans, the borrower was not contacted by the institution at the appropriate intervals upon entering the grace period.

Fairmont State University (Fairmont): For one out of a sample of four students entering repayment at Fairmont, an economic hardship deferment was granted; however, based on income documentation provided the student was not eligible for an economic hardship deferment. Additionally, for two more students out of a sample of four entering repayment, the request form prepared by the student and approved by Fairmont was not adequately completed.

West Liberty University (West Liberty): For one of the three students in our dual purpose internal control and program compliance sample of students with deferments and cancellations at West Liberty, the institution did not have supporting documentation or a written request for the student’s cancellation.

Questioned Costs: N/A

Context: **Concord:** Total Perkins Loan expenditures for Concord were \$289,783 for the year ended June 30, 2013.

Fairmont: Total Perkins Loan expenditures for Fairmont were \$148,777 for the year ended June 30, 2013.

West Liberty: Total Perkins Loan expenditures for West Liberty were \$219,433 for the year ended June 30, 2013.

Cause: **Concord:** Management failed to ensure that exit counseling and required communications were conducted within the required time frame to demonstrate compliance with the federal regulations.

Fairmont: Management failed to ensure that deferment and forbearance requests were properly completed and deferments were granted to eligible students in compliance with the federal regulations.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–029 SPECIAL TESTS AND PROVISIONS – STUDENT LOAN REPAYMENTS
(Prior Year Finding 2012–29) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

West Liberty: Management failed to ensure written requests for cancellations with supporting documentation are obtained and kept on file at the institution to demonstrate compliance with the federal regulations.

Effect: **Concord:** The lack of timely exit counseling and communications during the grace period results in noncompliance with 34 CFR §674.42(b)(1).

Fairmont: The institution is not properly ensuring that students are in fact eligible for economic hardship deferments by verifying and recalculating the student’s income calculations. Additionally, the institution is not ensuring that deferment and forbearance requests are properly completed.

West Liberty: The institution is not properly obtaining written requests for cancellations with supporting documentation for students who wish to defer or cancel Perkins Loans.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner.

Concord: We recommend Concord implement policies and procedures to ensure that exit counseling and required communications are completed within the required time frames for all borrowers who are entering repayment.

Fairmont: We recommend Fairmont implement policies and procedures to ensure that deferments and forbearances requests are properly completed, and information noted is verified to ensure students are eligible for deferment or forbearance.

West Liberty: We recommend West Liberty implement policies and procedures to ensure that forbearance and cancellation requests are properly completed, and information noted is verified to ensure students are eligible for forbearance or cancellations.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–030 SPECIAL TESTS AND PROVISIONS – FEDERAL WORK STUDY AGREEMENTS

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

- Criteria:** In accordance with 34 §675.19 Fiscal procedures and records, (b) Records and reporting,
- (1) An institution must follow the record retention and examination provisions in this part and in 34 CFR 668.24.
 - (2) The institution must also establish and maintain program and fiscal records that—
 - (i) Include a certification by the student's supervisor, an official of the institution or off-campus agency that each student has worked and earned the amount being paid. The certification must include or be supported by, for students paid on an hourly basis, a time record showing the hours each student worked in clock time sequence, or the total hours worked per day;
 - (ii) Include a payroll voucher containing sufficient information to support all payroll disbursements;
 - (iii) Include a noncash contribution record to document any payment of the institution's share of the student's earnings in the form of services and equipment (see §675.27(a)); and
 - (iv) Are reconciled at least monthly.

Additionally, in accordance with 34 CFR §675.20 Eligible employers and general conditions and limitation on employment, (1) If an institution wishes to have its students employed under this part by a Federal, State or local public agency, or a private nonprofit or for-profit organization, it shall enter into a written agreement with that agency or organization. The agreement must set forth the FWS work conditions. The agreement must indicate whether the institution or the agency or organization shall pay the students employed, except that the agreement between an institution and a for-profit organization must require the employer to pay the non-Federal share of the student earnings.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–030 SPECIAL TESTS AND PROVISIONS – FEDERAL WORK STUDY AGREEMENTS
(continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

(3) The institution is responsible for ensuring that—

- (i) Payment for work performed under each agreement is properly documented;
and
- (ii) Each student's work is properly supervised.

Condition: **Marshall University (Marshall):** For all 12 students selected for testing which had off-campus federal work-study during the 2012–2013 academic year, Marshall was not able to provide documentation to support the assignment of each student to a particular off-campus Community Service employer. We did note that Marshall provided all signed written agreements between the institution and their off-campus employers.

West Virginia University (WVU): For five of the five students in the program compliance sample of students with off-campus work study, WVU did not have written agreements between the off-campus employers and the institution in place for the current period. Executed agreements were subsequently obtained by the institution during fieldwork of the audit.

Questioned Costs: N/A

Context: **Marshall:** We tested 12 students out of 53 total students who had off-campus federal work-study arrangements as of June 30, 2013 for both internal control and compliance procedures. Total sample of student expenditures was \$14,879 out of total federal work-study expenditures for off-campus employer students paid of \$78,066. Total federal work-study expenditures as of June 30, 2013 were \$437,480.

WVU: We tested 5 students out of 32 total students who had off-campus federal work-study arrangements as of June 30, 2013 for both internal control and compliance procedures. Total sample of student expenditures was \$8,174 out of total federal work-study expenditures for off-campus employer students paid of \$48,871. Total federal work-study expenditures as of June 30, 2013 were \$966,404.

Cause: **Marshall:** Marshall failed to document the assignment of each student to a particular off-campus employer and thus we could not specifically link the student we selected for testing to the signed off-campus employer agreements.

WVU: WVU does not have a formal process related to obtaining written agreements with off-campus agencies and organizations.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–030 SPECIAL TESTS AND PROVISIONS – FEDERAL WORK STUDY AGREEMENTS
(continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

Effect: **Marshall:** Failure to support the assignment of each student to a particular off-campus Community Service employer resulted in the institution’s noncompliance with 34 CFR §675.19(b)(1) and 34 CFR §675.20(3)(i).

WVU: WVU is not entering into written agreements in accordance with federal guidance.

Recommendation: **Marshall:** Marshall should implement policies and procedures to ensure that the institution maintains current documentation supporting the assignment of each student to a particular off-campus employer.

WVU: We recommend that WVU implement review policies and procedures to ensure that written agreements are entered into in accordance with federal guidelines.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–031 SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION

(Prior Year Finding 2012–21)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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: **Blue Ridge Community and Technical College (Blue Ridge):** For the two months selected for testing of Direct Loan SAS reconciliation requirements, proper reconciliations were not completed by the institution. In addition, the institution was not able to provide the SAS Loan and Disbursement Detail Report which produced the control and compliance findings.

West Virginia State University (WVSU): For the two months selected for testing of Direct Loan SAS reconciliation requirements, proper reconciliations could not be produced by the institution for internal control or compliance testing.

Questioned Costs: N/A

Context: **Blue Ridge:** Total Direct Loan expenditures were \$9,698,764 for the year ended June 30, 2013.

WVSU: Total Direct Loan expenditures were \$11,160,282 for the year ended June 30, 2013.

Cause: **Blue Ridge:** 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. Also, management was unable to provide the SAS loan and disbursement detail to facilitate compliance testing related to this area.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013-031 SPECIAL TESTS AND PROVISIONS – BORROWER DATA TRANSMISSION AND RECONCILIATION

(Prior Year Finding 2012-21) (continued)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

WVSU: Written procedures detailing the process to reconcile loans from COD to Banner exist, as provided in narrative form during the audit. However, timely reconciliations were not performed and variances noted during the reconciliation process were not followed up on.

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: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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. In addition, management needs to ensure that all data received from COD is maintained within their records to facilitate audit procedures.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–032 SPECIAL TESTS AND PROVISIONS – INSTITUTIONAL ELIGIBILITY
(Prior Year Finding 2012–48)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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—

(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;

(9) If the institution permits a student to appeal a determination by the institution that he or she is not making satisfactory academic progress, the policy describes—

(iii) Information the student must submit regarding why the student failed to make satisfactory academic progress, and what has changed in the student's situation that will allow the student to demonstrate satisfactory academic progress at the next evaluation;

(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.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–032 SPECIAL TESTS AND PROVISIONS – INSTITUTIONAL ELIGIBILITY
(Prior Year Finding 2012–48) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	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 (SFA) Cluster	84.007/84.033/ 84.038/84.063/ 84.268/84.379/ 93.264/93.342/ 93.364

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. In regards to the appeal process, the institution’s policy did not provide specific information that the student must submit regarding why they failed satisfactory academic progress and how they have changed that will now allow the student to make satisfactory academic progress at the next evaluation. Finally, 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

Context: Total SFA Cluster expenditures for WVUP were \$16,189,518 for the year ended June 30, 2013.

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, specific information that the student must submit regarding why they failed satisfactory academic progress and how they have changed that will now allow the student to make satisfactory academic progress at the next evaluation, 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: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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, information that the student must submit during appeal process to document why they failed and how they have changed, and notification to the students of their results of an evaluation that impacts their eligibility for Title IV, as required.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–033 INDIRECT COST ALLOCATION
(Prior Year Finding 2012–50)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Education	
	Rehabilitation Services – Vocational Rehabilitation	
	Grants to States	84.126
	Grant Award 2013 Regular H126A130073	
	Grant Award 2012 Regular H126A120073	
	Grant Award 2011 Regular H126A110073	

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 grant. Initially, all indirect charges for the West Virginia Division of Rehabilitation Services are assigned to the Vocational Rehabilitation grant and are not separately identified. Then the indirect costs are allocated to the Social Security Disability Insurance program through an electronic transfer. The remaining unassigned indirect costs (which are not separately identifiable) are charged to the Vocational Rehabilitation program. As a result, the indirect expenditures charged to the Vocational Rehabilitation program are not based upon an approved rate, but represent the remaining unallocated portion of the total.

Questioned Costs: Unknown

Context: Total federal administrative expenditures for the Vocational Rehabilitation program for the year ended June 30, 2013, were \$48,931,357.

Cause: The Division has not created a formal methodology to track and 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: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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, 2013**

**2013-033 INDIRECT COST ALLOCATION
(Prior Year Finding 2012-50) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Education Rehabilitation Services – Vocational Rehabilitation Grants to States	84.126
	Grant Award 2013 Regular H126A130073	
	Grant Award 2012 Regular H126A120073	
	Grant Award 2011 Regular H126A110073	

**Views of
Responsible
Officials and
Planned Corrective
Actions:**

Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–034 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
(Prior Year Finding 2012–51)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714
	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 Child Care and Development Block Grant (CCDF) Cluster	93.568 93.575/93.596
	Grant Award G1301WVCCDF Grant Award G1201WVCCDF Grant Award G1101WVCCDF Children’s Health Insurance Program (CHIP) Grant Award 1105WV5021	 93.767
	Adoption Assistance—Title IV–E (Adoption Assistance) Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407	93.659
	Foster Care – Title IV-E (Foster Care) Grant Award 1301WV1401 Grant Award 1201WV1401 Grant Award 1201WV1407 Grant Award 1201WV1404	93.658
	U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Cluster Grant Award 1WV400401 Grant Award 1WV700701	 10.551/10.561

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 misstatement, noncompliance 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, 2013**

**2013–034 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
(Prior Year Finding 2012–51) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714
	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 Child Care and Development Block Grant (CCDF) Cluster	93.568 93.575/93.596
	Grant Award G1301WVCCDF Grant Award G1201WVCCDF Grant Award G1101WVCCDF Children’s Health Insurance Program (CHIP) Grant Award 1105WV5021	 93.767
	Adoption Assistance—Title IV–E (Adoption Assistance) Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407	93.659
	Foster Care – Title IV-E (Foster Care) Grant Award 1301WV1401 Grant Award 1201WV1401 Grant Award 1201WV1407 Grant Award 1201WV1404	93.658
	U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Cluster Grant Award 1WV400401 Grant Award 1WV700701	 10.551/10.561

Condition: **Family and Children Tracking System (FACTS):** 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 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 for the Foster Care program during fiscal year 2012 in response to this repeat finding; however, it was not designed to encompass the Adoption program or automatic payments in the Foster Care program. The

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–034 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
(Prior Year Finding 2012–51) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714
	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 Child Care and Development Block Grant (CCDF) Cluster	93.568 93.575/93.596
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	Adoption Assistance—Title IV–E (Adoption Assistance) Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407	93.659
	Foster Care – Title IV-E (Foster Care) Grant Award 1301WV1401 Grant Award 1201WV1401 Grant Award 1201WV1407 Grant Award 1201WV1404	93.658
	U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Cluster Grant Award 1WV400401 Grant Award 1WV700701	 10.551/10.561

access within the application have the ability to create and approve cases. We noted management implemented a mitigating detective control for the Foster Care program during fiscal year 2012 in response to this repeat finding; however, it was not designed to encompass the Adoption program or automatic payments in the Foster Care program. The system payment and supervisory approval functionality is in accordance with the business rules of the Bureau for Children and Families. During our testing of current year Foster Care benefits, we noted the following:

- For 32 out of 60 cases selected for testing of Foster Care benefit payments, no one had formally reviewed the automatic payments to individuals or the approver was the same as the requester. During each month, the account manager reviewed all automatic payments in the system and continued to mark the account as approved; however, there is no evidence of a reviewer each time a payment is made.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–034 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
(Prior Year Finding 2012–51) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714
	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 Child Care and Development Block Grant (CCDF) Cluster	93.568 93.575/93.596
	Grant Award G1301WVCCDF Grant Award G1201WVCCDF Grant Award G1101WVCCDF Children’s Health Insurance Program (CHIP) Grant Award 1105WV5021	 93.767
	Adoption Assistance—Title IV–E (Adoption Assistance) Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407	93.659
	Foster Care – Title IV-E (Foster Care) Grant Award 1301WV1401 Grant Award 1201WV1401 Grant Award 1201WV1407 Grant Award 1201WV1404	93.658
	U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Cluster Grant Award 1WV400401 Grant Award 1WV700701	 10.551/10.561

- For 5 out of 60 cases selected for testing of Foster Care benefit payments, the request worker in FACTS and approval worker in FACTS was the same person such that the payment was approved by the assigned caseworker.
- For 60 out of 60 cases selected for testing of Adoption Assistance benefit payments, did not have an approval worker in FACTS.

Additionally, changes in the status of Foster Care clients are not always updated or reviewed in FACTS prior to the automatic processing of Foster Care payments. The Foster Care program does have reconciliation procedures in place as a detective control, however there are still instances where this has occurred.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–034 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
(Prior Year Finding 2012–51) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714
	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 Child Care and Development Block Grant (CCDF) Cluster	93.568 93.575/93.596
	Grant Award G1301WVCCDF Grant Award G1201WVCCDF Grant Award G1101WVCCDF Children’s Health Insurance Program (CHIP) Grant Award 1105WV5021	 93.767
	Adoption Assistance—Title IV–E (Adoption Assistance) Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407	93.659
	Foster Care – Title IV-E (Foster Care) Grant Award 1301WV1401 Grant Award 1201WV1401 Grant Award 1201WV1407 Grant Award 1201WV1404	93.658
	U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Cluster Grant Award 1WV400401 Grant Award 1WV700701	 10.551/10.561

Recipient Automated Payment Information Data System (RAPIDS) Application Suite:
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 Cluster, LIHEAP, CHIP, and the SNAP Cluster. The FACTS computer system is utilized to process federal awards for the CCDF Cluster, the Foster Care programs and the Adoption Assistance programs.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–034 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
(Prior Year Finding 2012–51) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714
	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 Child Care and Development Block Grant (CCDF) Cluster	93.568 93.575/93.596
	Grant Award G1301WVCCDF Grant Award G1201WVCCDF Grant Award G1101WVCCDF Children’s Health Insurance Program (CHIP) Grant Award 1105WV5021	 93.767
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	U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Cluster Grant Award 1WV400401 Grant Award 1WV700701	 10.551/10.561

The table below identifies the programs and OMB Circular A–133 compliance requirements impacted.

Federal Program	System	Compliance Requirements Impacted
CHIP	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	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
Foster Care	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility
CCDF Cluster	FACTS	Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–034 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
(Prior Year Finding 2012–51) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714
	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 Child Care and Development Block Grant (CCDF) Cluster	93.568 93.575/93.596
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	Foster Care – Title IV-E (Foster Care) Grant Award 1301WV1401 Grant Award 1201WV1401 Grant Award 1201WV1407 Grant Award 1201WV1404	93.658
	U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Cluster Grant Award 1WV400401 Grant Award 1WV700701	 10.551/10.561

Cause: Policies and procedures have not been adequately updated for changes in the processing of eligibility. Allowable costs have not been re-challenged 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 detective 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 detective controls, the ability exists for caseworkers to input unsupported information into the applicant’s 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, 2013**

**2013–034 DHHR INFORMATION SYSTEM AND RELATED BUSINESS PROCESS CONTROLS
(Prior Year Finding 2012–51) (continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster	93.558/ ARRA-93.714
	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 Child Care and Development Block Grant (CCDF) Cluster	93.568 93.575/93.596
	Grant Award G1301WVCCDF Grant Award G1201WVCCDF Grant Award G1101WVCCDF Children’s Health Insurance Program (CHIP) Grant Award 1105WV5021	 93.767
	Adoption Assistance—Title IV–E (Adoption Assistance) Grant Award 1101WV1405 Grant Award 1101WV1407 Grant Award 1201WV1405 Grant Award 1201WV1407	93.659
	Foster Care – Title IV-E (Foster Care) Grant Award 1301WV1401 Grant Award 1201WV1401 Grant Award 1201WV1407 Grant Award 1201WV1404	93.658
	U.S. Department of Agriculture Supplemental Nutrition Assistance Program (SNAP) Cluster Grant Award 1WV400401 Grant Award 1WV700701	 10.551/10.561

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that access to various FACTS system applications be restricted to a limited number of users. Controls should be established to ensure that an individual is limited to either creating or approving cases or payments. A detective control that would require a review of all cases and payments, with the same request and approval worker, to ensure that cases and 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 prior to payment.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013–035 ELIGIBILITY

Federal Program Information:	Federal Agency and Program Name U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster Grant Award 2013 – 2013G996115	CFDA# 93.558/ ARRA-93.714
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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 TANF Cluster funds for 60 months (whether or not consecutive) is ineligible for additional federally funded TANF Cluster 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 Cluster 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: During the analysis of the TANF Cluster Data Report, ACF 199, one individual received TANF Cluster benefits for 73 months. No caseworkers inquired of other states where the recipient formerly resided until November 2012, at which time it was discovered the recipient received 52 months of benefits from other states.

Questioned Costs: Unknown

Context: Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2013, were \$95,831,091.

Cause: The caseworker did not follow the West Virginia Department of Health and Human Resources (DHHR) policies and procedures which require caseworkers to contact other states where recipients indicate they have formerly resided in their application to inquire whether the client had previously received TANF Cluster benefits in those states.

Effect: 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, the DHHR should take measures to ensure that caseworkers understand and follow the policies and procedures that have been developed.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–036 SPECIAL TESTS AND PROVISIONS – SANCTIONS
(Prior Year Finding 2012–56)**

Federal Program Information:	Federal Agency and Program Name U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster Grant Award 2013 – 2013G996115	CFDA# 93.558/ ARRA-93.714
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Criteria: The following applies to sanctions imposed on recipients of TANF Cluster 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 Cluster agency promptly and the TANF Cluster 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) has policies and procedures in place surrounding the issuance or removal of sanctions. However, the control documentation provided by DHHR is not adequate to ensure that sanctions could not be issued or removed against TANF Cluster recipients in error or without appropriate cause by a caseworker.

Questioned Costs: Unknown

Context: Total federal expenditures for the TANF Cluster for the fiscal year ended June 30, 2013, were \$95,831,091.

Cause: There is lack of sufficient documentary evidence to rely on controls surrounding the issuance or removal of sanctions against TANF Cluster recipients.

Effect: Recipient benefits may potentially be reduced or increased in error or without appropriate cause.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–036 SPECIAL TESTS AND PROVISIONS – SANCTIONS
(Prior Year Finding 2012–56) (continued)**

Federal Program Information:	Federal Agency and Program Name U.S. Department of Health and Human Services Temporary Assistance for Needy Families (TANF) Cluster Grant Award 2013 – 2013G996115	CFDA# 93.558/ ARRA-93.714
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Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that DHHR management implement policies and procedures that show evidence of control activity prior to the issuance or removal of sanctions. Evidence may include documentation that each recipient was afforded an opportunity to establish good cause prior to the imposition of a sanction in the form of a notification of good cause appointment. Additionally, documentation may include evidence that all caseworkers with access to issue or remove sanctions have read and understand the policies and procedures surrounding the issuance and removal of sanctions, as well as, evidence that caseworkers are made aware of any changes to procedures for the issuance and removal of sanctions that occur subsequent to their initial training. Evidence should also be maintained to document supervisor review of third level sanctions that are imposed on recipients. The supervisor approval should be clearly documented, whether in RAPIDS or by other means.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

2013-037 ALLOWABILITY AND ELIGIBILITY
(Prior Year Finding 2012-57)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Low-Income Home Energy Assistance (LIHEAP) Grant Award G-11B1WVLIEA	93.568

Criteria: The eligibility compliance requirements of 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).

Condition: During our testing of 60 benefit payments for eligibility and allowability, we noted the following:

- For 2 of the 60 benefit payments, the client could not provide the applications for LIHEAP benefits.
- For 2 of the 60 benefit payments, there was no Authorization of Payment (OFS-67) provided.
- For 37 of the 60 benefit payments, Section IV Agency Use was either not completed at all or partially completed by the DHHR caseworker.
- For 1 of the 60 benefit payments, the LIHEAP application was incorrectly marked as “emergency” instead of “regular” LIHEAP.
- For 1 of the 60 benefit payments, the LIHEAP application was missing the vendor’s name.

Questioned Costs: \$10,453

Context: The total of all benefit payments tested was \$14,663. Total payments for assistance benefits for the LIHEAP program for the fiscal year ended June 30, 2013 were \$21,621,708. The federal expenditures for the LIHEAP program for the fiscal year ended June 30, 2013 were \$26,505,146.

Cause: Management indicated that the errors were due to caseworker oversight.

Effect: A payment may have been made for ineligible recipients and some payments were not properly approved and/or supported with appropriate documentation.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-038 DISASTER RECOVERY PLAN
(Prior Year Finding 2012-58)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Child Care and Development Block Grant (CCDF) Cluster	93.575/93.596
	Grant Award G1301WVCCDF	
	Grant Award G1201WVCCDF	
	Grant Award G1101WVCCDF	

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 federal expenditures for the CCDF Cluster for fiscal year ended June 30, 2013 were \$32,599,135.

Cause: Service providers who maintain certain critical records for the processing of allowability and eligibility of CCDF Cluster 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: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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 and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013-039 ELIGIBILITY REQUIREMENTS

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services	
	Foster Care – Title IV-E (Foster Care)	93.658
	Grant Award 1301WV1401	
	Grant Award 1201WV1401	
	Grant Award 1201WV1407	
	Grant Award 1201WV1404	

Criteria: The eligibility compliance requirements of the Foster Care 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.

Condition: We reviewed 60 cases for allowability and eligibility and noted the following:

- One case where child was removed from the home and there was no judicial ruling of reasonable efforts to achieve permanency included in the file.

Questioned Costs: \$118

Context: The exception (1 of 60 cases) represents \$118 out of a total of \$91,558 in payments tested for eligibility. Total federal expenditures for the Foster Care program were \$30,215,867 for the year ended June 30, 2013.

Cause: Due to staff limitations and the number of eligibility requirements, management indicated that they have been unable to stay current with the Foster Care case files.

Effect: Ineligible and potentially ineligible claims could be reimbursed using federal funds.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. DHHR should review the current staffing and training programs of the Foster Care Office to ensure sufficient staff levels are maintained and adequate technical training is provided. In addition, DHHR should continue to review its policies and procedures for eligibility redeterminations to ensure that a thorough, consistent, and efficient eligibility redetermination process is followed. Such policies and procedures should include appropriate follow-up on all findings found during the review process. Further, the policies and procedures should include the utilization of all redetermination features in the Family and Children Tracking System (FACTS), such as verifying that information entered into the FACTS system is accurate.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013

2013-040 ELIGIBILITY DOCUMENTATION
(Prior Year Finding 2012-59)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Adoption Assistance – Title IV-E (Adoption Assistance)	93.659
	Grant Award 1101WV1405	
	Grant Award 1201WV1405	
	Grant Award 1201WV1407	
	Grant Award 1301WV1405	
	Grant Award 1301WV1407	
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:	Of the 60 cases reviewed for eligibility, three cases did not have a signed Adoption Placement Agreement on file and one of those three cases also did not have a consent form on file. One case reviewed did not have the Adoption Assistance Agreement on file.	
Questioned Costs:	\$2,254	
Context:	The exceptions noted above within the four case files represent \$2,254 out of a total of \$34,827 in total payments tested for eligibility. Total federal expenditures for the Adoption Assistance program were \$18,659,781 for the year ended June 30, 2013.	
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:	This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. 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 and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.	

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013-041 EARMARKING

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services	
	Social Services Block Grant	93.667
	Grant Award 2013G992342	

Criteria: The earmarking compliance requirement of the Social Services Block Grant (SSBG) program requires that the State use all of the amount transferred in from the Temporary Assistance for Needy Families (TANF) Cluster only for programs and services to children or their families whose income is less than 200 percent of the official poverty line as revised annually by Health and Human Services (HHS) (42 USC 604(d)(3)(A) and 9902(2)).

Condition: Although the SSBG earmarking requirement was met for the fiscal year ending June 30, 2013, the West Virginia Department of Health and Human Resources (DHHR) does not have internal control policies and procedures in place to track the earmarking requirement.

Questioned Costs: N/A

Context: Total federal expenditures for the SSBG program were \$19,904,744 for the year ended June 30, 2013. Total funds transferred from the TANF Cluster to SSBG were \$10,654,742 for the year ended June 30, 2013.

Cause: The DHHR does not internally track whether funds transferred to SSBG from the TANF Cluster are expended in accordance with the earmarking requirement.

Effect: DHHR policies and procedures do not provide evidence of controls to ensure that the earmarking requirement is being calculated and tracked internally.

Recommendation: The DHHR should ensure that policies and procedures are in place to track the earmarking requirement for the SSBG program. Further, documentation supporting expenditures that count toward meeting the earmarking requirement should be maintained for audit purposes.

Views of Responsible Officials and Planned Corrective Actions: The DHHR will develop procedures to ensure that controls exist within the DHHR as a means to track and document compliance with the earmarking requirement.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-042 ELIGIBILITY
(Prior Year Finding 2012-61)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Children's Health Insurance Program (CHIP) Grant Award 1105WV5021	93.767

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 CHIP coverage, there are certain income guidelines set by the state that must be met. Within the guidelines are various classifications of coverage for CHIP 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: Two of the 60 applicants reviewed for eligibility were incorrectly covered under CHIP coverage when they were no longer in the plan. The coverage period had ended for one individual, and the other individual was covered by WV Public Employee Insurance Agency during the time period that CHIP paid for services. Three of the 60 applicants reviewed for eligibility had documentation that was missing from their files and eligibility could not be determined.

Questioned Costs: \$3,090

Context: The 5 case files out of a total of 60 case files represent \$3,090 out of a total of \$83,399 in total payments tested on eligibility. Total federal expenditures for the CHIP program were \$48,326,312 for the year ended June 30, 2013.

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 children who were improperly receiving CHIP coverage or for which proper CHIP coverage was not documented.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that DHHR strengthen the existing policies and procedures surrounding the classification of eligible CHIP participants and ensure the review of all enrollments and re-enrollments on a timely basis.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013–043 RAPIDS USER GUIDE
(Prior Year Finding 2012–60)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Children’s Health Insurance Program (CHIP) Grant Award 1105WV5021 Grant Award 1205WV5021	93.767

Criteria: CFR 457 section 226 states “the CHIP 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 accordance with the applicable Federal requirements...”

The WV CHIP program uses an eligibility system called RAPIDS, which is part of the DHHR. According to the most recent RAPIDS User Guide obtained by the client, 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.

The status is either marked as closed or denied. A closed status means the child is no longer covered and a denied status means the participant was turned away for a particular reason. For applicants that have CHIP Premium, the status should say denied.

Condition: One of the 60 applicants reviewed for eligibility had a status of “closed” at the time of the claim, indicating that they were no longer covered under the CHIP program. The “closed” status indicates the participant was once covered but is no longer, a “denied” status, which is normal for CHIP Premium participants, indicates that the participant did not meet one of the criteria to be covered, most commonly the income test. The status is determined automatically using information input into the system. The applicant’s status per other RAPIDS screens was open.

Questioned Costs: N/A

Context: Total federal expenditures for the CHIP program were \$48,326,312 for the year ended June 30, 2013.

Cause: Automatic RAPIDS calculations for the CHIP program are not reflecting accurate and consistent information between screens.

Effect: Individual receiving benefits under CHIP Premium coverage shows a RAPIDS status erroneously indicating that they are no longer receiving program benefits.

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. We recommend that DHHR review all RAPIDS calculations to make sure they are calculating and being displayed correctly.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013-043 RAPIDS USER GUIDE

(Prior Year Finding 2012-60) (continued)

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Health and Human Services Children's Health Insurance Program (CHIP) Grant Award 1105WV5021 Grant Award 1205WV5021	93.767

Views of Responsible Officials and Planned Corrective Actions:	Management acknowledges the finding. See corrective action plan.
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**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

2013-044 SUBRECIPIENT MONITORING

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Public Assistance)	97.036
	Grant Award FEMA-0-1838-WV	
	Grant Award FEMA-0-1881-WV	
	Grant Award FEMA-0-1893-WV	
	Grant Award FEMA-0-1918-WV	
	Grant Award FEMA-0-3358-WV	
	Grant Award FEMA-0-4059-WV	
	Grant Award FEMA-0-4061-WV	
	Grant Award FEMA-0-4071-WV	
	Grant Award FEMA-0-4093-WV	

Criteria: OMB Circular A-133 Subpart D Section .400(d) establishes pass-through entity responsibilities which include (1) monitoring 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, and (2) ensuring that subrecipients expending \$300,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements for that fiscal year.

Condition: We noted the following issues related to subrecipient monitoring for the West Virginia Division of Homeland Security and Emergency Management (DHSEM):

- DHSEM is not documenting programmatic on-site monitoring.
- DHSEM was unable to provide documentation of which subrecipients had audits completed and filed with DHSEM. Further, management indicated that they review completed auditor reports posted to the State Auditor's website; however, there is no evidence of this review or documentation regarding resolution of any issues identified.

Questioned Costs: Unknown

Context: Total federal expenditures for subrecipients and total federal expenditures for the Public Assistance program were \$8,495,824 and \$19,370,766, respectively, for the year ended June 30, 2013.

Cause: Management indicated discussions have been held and they are working on a process, but we did not receive any evidence that subrecipient monitoring or audit reports have been tracked or kept on file.

Effect: DHSEM does not have effective policies and procedures and evidential matter to support subrecipient monitoring; therefore, management may not be able to identify issues in a timely manner.

**STATE OF WEST VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2013**

**2013-044 SUBRECIPIENT MONITORING
(continued)**

Federal Program Information:	Federal Agency and Program Name	CFDA#
	U.S. Department of Homeland Security	
	Disaster Grants – Public Assistance (Presidentially Declared Disasters) (Public Assistance)	97.036
	Grant Award FEMA-0-1838-WV	
	Grant Award FEMA-0-1881-WV	
	Grant Award FEMA-0-1893-WV	
	Grant Award FEMA-0-1918-WV	
	Grant Award FEMA-0-3358-WV	
	Grant Award FEMA-0-4059-WV	
	Grant Award FEMA-0-4061-WV	
	Grant Award FEMA-0-4071-WV	
	Grant Award FEMA-0-4093-WV	

Recommendation: This is a repeat finding and management should develop an effective corrective action plan to address this matter in a timely manner. DHSEM should develop formalized policies for developing and tracking subrecipient monitoring reports and for receiving and tracking subrecipient audit reports. Additionally, procedures should be established to evaluate and follow-up on any instances of subrecipient compliance or internal control findings to ensure they are resolved in a timely manner.

Views of Responsible Officials and Planned Corrective Actions: Management acknowledges the finding. See corrective action plan.



***CORRECTIVE
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**STATE OF WEST VIRGINIA
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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. 308). E-mail: Connie.S.Byrne@wv.gov

**2013-001 TAX RECEIPTS AND REFUNDS
Department of Revenue and Financial Accounting
Reporting Section
CFDA Number Not Applicable**

The Department of Revenue (Revenue) implemented policies and procedures for the performance of the reconciliation between GenTax and WVFIMS in order to assure the resolution of unreconciled differences in a timely manner. The Research Division prepares the FIMS transactions detail for the IT Tax help desk analyst (analyst). The analyst prepares the monthly global reconciliation and supporting documentation. The global reconciliation is electronically signed and saved as PDF by the analyst. The global reconciliation and supporting Excel workbooks are saved to the secured server by the analyst. The analyst sends an email to the Internal Auditor with the notification that the global reconciliation is ready for further review. The Internal Auditor reviews the global reconciliation to identify the reasons for any material discrepancies. The threshold for a material discrepancy is (+/-) 10% in any given account. The Internal Auditor adds comments to the global reconciliation explaining the discrepancies and initials the document to complete the review process. The documentation then is scanned and saved as PDF on the secure server.

**STATE OF WEST VIRGINIA
CORRECTIVE ACTION PLAN
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2013-001 TAX RECEIPTS AND REFUNDS (Continued)

Financial Accounting Reporting Section (FARS) will work with Revenue to update the tax refund payable reporting and estimation process on an annual basis. FARS will review State Code and changes in State Code on an annual basis and work with Revenue to determine the implications it may have on the refund estimation process.

**2013-002 CAPITAL ASSETS
Overall State
CFDA Number Not Applicable**

FARS will continue to discuss the importance of entering fixed assets into WVFIMS in a timely manner at this year's GAAP closing book training. The State has committed to the implementation of a new statewide accounting/purchasing/fixed asset system which will go into use July 1, 2014. These systems will be integrated and costs that are attributed to capitalized assets will be more easily captured.

**2013-003 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Overall State
CFDA Number Not Applicable**

FARS continues to work with the Governor's Office (GO) 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 manner. FARS discussed at the GAAP closing book training the importance of the internal control procedures at the agency level. A closing book form is 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.

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2013-004 TRANSPARENCY ACT REPORTING

Overall State

**CFDA Numbers 14.228, 15.252, 84.010, 84.027,
84.377, and 97.036**

Development Office response for CFDA 14.228

The FY 2013 report has been submitted and no issues are anticipated. The FY 2013 Federal Funding Accounting and Transparency Act (FFATA) report for the Community Development Block Grant (CDBG) program could not be submitted during the required timeframe due to issues related to agency registration in Sam.gov. In addition, the FY 2014 application for CDBG funding will contain certification that the applicant is properly registered in Sam.gov, as well as a release for inclusion the FFATA report if funds are awarded as a result of the application. The FFATA report will be drafted and internally reviewed for timely submittal on the FSRs.gov site for the FY 2014 funding cycle.

**Department of Environmental Protection response
for CFDA Number 15.252**

The West Virginia Department of Environmental Protection (DEP) attempted to enter FFATA data on the USASpending.gov website upon receipt of a finalized agreement by the sub-grant unit. Multiple attempts were met with timeout errors on the federal website. DEP contacted the Federal Service Desk about the errors and was advised that reporting could be problematic during high traffic times for the system. Should further attempts fail due to website failure, DEP will maintain a screen print of the failure. DEP will continue to attempt to enter the FFATA data on the USASpending.gov website until completion, maintaining for each failure a screen print to serve as evident of the attempt to enter the data.

**STATE OF WEST VIRGINIA
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2013-004 TRANSPARENCY ACT REPORTING (Continued)

**Department of Education response for CFDA numbers
84.010, 84.027, and 84.377**

The West Virginia Department of Education has worked with its IT department to create a report that will be run in the first full week of each month and staff from the Office of Internal Operations will be assigned to enter/submit data as required by the Transparency Act. In order to meet the timelines for reporting as established by the Transparency Act, the report will pull activity for the prior month including all applicable first-tier subawards, as well as amendments that occur in that month to grants that had been previously reported. Prior to submission of the data, the report will be reviewed by the Director of Internal Operations or a designee. Once the data is approved, it will be submitted. This process was successfully implemented and began July 1, 2013. This process will be used to report all required FFATA reporting on federal awards received and subgranted through the West Virginia Department of Education.

The automation of this process and the identification of staff responsible to report all grants will ensure compliance with the reporting requirements to include proper review and complete and timely submission.

**Division of Homeland Security and Emergency
Management response for CFDA Number 97.036**

The West Virginia Division of Homeland Security and Emergency Management (DHSEM) were made aware of the FFATA report in June of 2013 by the Federal Emergency Management Agency (FEMA). DHSEM started the process of entering the sub-grant information in specific grants, but the information that is required by DHSEM to submit is dependent upon grantors to ensure that specific grants have

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2013-004 TRANSPARENCY ACT REPORTING (Continued)

been added to the system. DHSEM has been collecting the pertinent information (including DUNS numbers) from the grantees. Therefore, when the information regarding specific grants have been uploaded by the Federal grantor's, DHSEM will then be able to enter the sub-grant information and monthly reporting as per Federal requirements.

**2013-005 SUBRECIPIENT RISK ASSESSMENT
Department of Health and Human Resources
CFDA Numbers 10.557, 93.558/93.714, and 93.575/93.596**

The Department of Health and Human Resources (DHHR) is in the process of developing an internal control checklist and issuing a related directive that, among other things, will require spending units within DHHR to evaluate all potential subrecipients prior to awarding a grant. The evaluation will relate to overall risk assessments, the need to conduct a risk assessment for each potential subrecipient and the desire to minimize the risk that an approved subrecipient poses to the program, the State of WV and its citizenry. With respect to requiring evaluations, the evaluation could refer to an evaluation of a group of applicants received in response to a solicitation or it could refer to an evaluation of [and an assessment of risk applied towards] a specific organization that the Spending Unit is considering for the grant award.

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STATE OF WEST VIRGINIA CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2013

2013-006 SUBRECIPIENT MONITORING – AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA) Governor’s Office and Office of Economic Opportunity (OEO) CFDA Numbers ARRA 11.557 and ARRA 81.042

Governor’s Office response for CFDA number ARRA-11.557

Every agency’s Federal ARRA grant administrator and finance office receives written notification of the requirement that includes the federal award number, CFDA number and amount of award at the time of each subaward and every disbursement through the end of grant term. In lieu of having the required information on disbursement checks, the GO’s Fiscal Officer and Office of Technology (OT) sends the information in a letter to its subrecipients when a reimbursement payment is made. In addition, at the 2013 GAAP closing book training FARS discussed this issue and provided a written example of the language to use when notifying subrecipients.

Office of Economic Opportunity response for CFDA number ARRA 81.042

Subgrantees that received payments from the ARRA Weatherization grant (DE-EE0000101) after June 14 have subsequently been notified of the required payment information detailed in the June 14, 2013 memo from State Single Audit Coordinator.

2013-007 CASH MANAGEMENT Governor’s Office CFDA Number ARRA 11.557

The GO has taken the necessary corrective action to address the independent accountant recommendations after the last audit findings by implementing a 30 day rule to ensure timely payments of all Broadband Technology Opportunities

**STATE OF WEST VIRGINIA
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2013-007 CASH MANAGEMENT (Continued)

Program (BTOP) invoices. OT implemented a new rule into its BTOP Invoice Payment Policy, effective April 16, 2013. A monthly reconciliation process was implemented, effective May 1, 2013, to ensure the amounts transferred to each agency matches to the FIMS expenditure detail.

**2013-008 DAVIS BACON ACT
Governor's Office
CFDA Number ARRA 11.557**

Frontier as a subrecipient has a prescribed requirement to maintain certified Davis Bacon payrolls. The Grant Implementation Team (GIT) monitored this process and determined that Frontier is in compliance, as confirmed by an external audit. The BTOP GIT failed to request that Frontier submit certificates for formal filing.

The BTOP GIT adapted a formalized policy and monitoring process to fully correct this finding. An in house file on all Davis Bacon certified payroll was completed in BTOP GIT files on March 20, 2014.

**2013-009 INVENTORY PROCESS AND PROCEDURES
Governor's Office
CFDA Number ARRA 11.557**

The BTOP GIT concur with the finding that two (2) equipment invoices were not included in the inventory log. As noted, these were materials ordered by the wireless team; however, upon review, these items were never reported to the GIT Inventory team for posting on inventory.

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2013-009 INVENTORY PROCESS AND PROCEDURES (Continued)

This area has three built-in controls for inventory:

1. The wireless team is to document inventory and send it to the GIT inventory clerk for inclusion on final inventory, UCC-1 filing, and follow-up.
2. From a fiduciary standpoint, the items were certified as received prior to payment, and
3. Upon administrative closure of the grant, the as-built books will contain each material item which will be matched to the inventory and UCC-1 Logs.

GIT are taking immediate steps to add the noted items to the inventory and subsequent UCC-1 filing. Also, during mid-April 2014 GIT will be receiving as-build books that will contain each and every item purchased for the network. Immediately upon receipt of these binders, GIT will compare the inventory presented to the inventory log to ensure ALL material items are on the master inventory listing and UCC-1. By the time the GIT complete the UCC filing at grant administrative close out, this deficiency will be corrected and any subsequent errors additions, deletions, or changes will take place. Had the grant not been extended, both construction and administrative closeout, these type corrections would be complete in that GIT would have completed the inventory log/listing and matched it against the invoice data as noted on the as-builts. This cannot occur until receipt of this documentation.

**STATE OF WEST VIRGINIA
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2013-010 PROCUREMENT
Governor's Office
CFDA Number ARRA 11.557

No corrective action plan necessary.

2013-011 PERFORMANCE REPORTING
Development Office
CFDA Number 14.228

There are instances of inconsistency between the HUD-60002 forms and the HUD-2516 forms, as submitted by project administrators. The CDBG program uses both forms to develop the Form HUD 60002 (Section 3) Report. To address and correct this type of inconsistency in data collecting and reporting, the CDBG program will expand its existing Section 3 reporting instructions to require project administrators to verify that all figures are consistent and correct between both the HUD-60002 and HUD-2516 forms. The Development Office will also institute an additional layer of review and reconciliation of all forms for the FY 2014 reporting cycle. Any discrepancies among the reports will be addressed and corrected.

2013-012 SUBRECIPIENT MONITORING – AUDIT REPORTS
Department of Environmental Protection
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 DEP. 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

**STATE OF WEST VIRGINIA
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**2013-012 SUBRECIPIENT MONITORING – AUDIT REPORTS
(Continued)**

and the Federal Audit Clearinghouse according to the required deadlines and that all identified audit findings are resolved in a timely manner. In July 2013, DEP worked with the Office of Surface Mining to update DEP's standard operating procedures to allow for termination of payments to the sub-grantee for non-compliance with the A-133 audit requirement; otherwise, DEP has limited ability to enforce the submission of these audits.

**2013-013 INTERNAL CONTROLS OVER FINANCIAL REPORTING
WorkForce West Virginia
CFDA Numbers 17.225 and ARRA 17.225**

WorkForce West Virginia (WorkForce) has already placed controls and new procedures into production to alleviate this type of issue with ETA 227. The staff member responsible for completing this report has developed a new Excel spreadsheet to assist in the tabulation of each field on this particular report. In addition, several additional automated reports have been programmed to assist in preparation of this report. WorkForce has been able to fully automate the ETA 227 and is currently reviewing the report to ensure the accuracy. Upon completion of this review, WorkForce will be completing the ETA 227 report with data directly from the fully automated report being generated from the system. Whether WorkForce uses the current method of preparing the ETA 227 or the new automated report, an outside unit will still be reviewing the report before submission. Due to the time period used for the above audit, these measures were not in place. Therefore, WorkForce feels that the current procedures as well as new report will alleviate this type of issue in the future.

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2013-014 1512 REPORTING
Department of Highways
CFDA Numbers 20.205, ARRA 20.205, 20.219, 23.003

During Calendar year 2013, the issue of 1512 Reporting by the West Virginia Division of Highways (WVDOH) was reviewed, discussed, and critiqued in numerous sessions. These sessions included WVDOH staff responsible for the agency 1512 Reporting as well as agency Finance and Administration staff and the staff person from the GO responsible for monitoring State 1512 Reporting. As a result of these reviews, the WVDOH developed agency procedures for 1512 Reporting. The procedures were developed and refined as a group effort by the staff previously mentioned. During 2013, the ARRA 1512 Reports received closer scrutiny. WV DOH Management will continue to emphasize the importance of the review function to ensure that the 1512 Reports match system data. An e-mail dated January 7, 2014, from the Federal Highway Administration (FHWA) states that the WVDOH has no missing 1512 Reports and that all agency 1512 Reporting requirements have been met.

2013-015 REPORTING - FINANCIAL
Office of Economic Opportunity
CFDA Numbers 81.042 and ARRA 81.042

New protocols have been established to assure the timely and accurate submission of required reports. OEO Fiscal and Program staff now meet monthly to review detailed Crystal reports and summaries for each grant, reconcile expenses, and identify and correct any errors. These monthly meetings should speed the quarterly reconciliation and submission of required quarterly and/or annual federal reports.

**STATE OF WEST VIRGINIA
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FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

2013-015 REPORTING – FINANCIAL (Continued)

For the Weatherization program, OEO fiscal staff now have full access to the US Department of Energy's PAGE (Performance and Accountability for Grants in Energy) reporting system and have taken over responsibility for submission of the quarterly Federal Financial Reports (FFR: Form 425). Fiscal staff will prepare FFRs after the last monthly Fiscal/Program meeting of the quarter.

Draft reports are prepared based on Crystal reports (expenses and revenue). Reports generated from the ASAP payment system are compared with Crystal reports to verify receipts. The draft FFR and associated documentation are then reviewed by the program administrator, as well as other fiscal staff. Review and acceptance/approval of the report is documented by signature on an accompanying checklist.

After review and approval, fiscal staff will submit the FFR in PAGE. Program staff will submit the associated Quarterly Performance Report (QPR) in the same system. The QPR includes some financial information, but is primarily focused on homes weatherized by the subgrantees during the quarter. Any discrepancies between the two reports will be noted and explained in the comment section of each report. Any out-of-period revisions to previously submitted reports will also be documented with comments.

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**2013-016 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)
West Liberty University and West Virginia State University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379,
93.264, 93.342, and 93.364**

West Liberty University response

West Liberty University (West Liberty) is putting together a procedure manual for completing the SEFA. West Liberty will use the A-133 OMB Circular as a point of reference. The procedures manual will include a how to for the SEFA software. It will include any updates provided by the CAFR Team at year end closing training. The procedures will need to be updated once it is known how wvOASIS (the State's new accounting system) will handle providing SEFA information.

West Virginia State University response

West Virginia State University (WVSU) implemented a review process that is closely followed and documented. The receipts and disbursements error of including voided checks and recoveries in the reported amounts was the policy of the University for several years. Once the auditors discovered these items were included, WVSU changed the policy and resubmitted a revised SEFA.

**2013-017 CASH MANAGEMENT
Blue Ridge Community & Technical College, Shepherd University, and West Virginia State University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

Blue Ridge Community & Technical College response

Blue Ridge Community & Technical College (CTC) draws funds from the G5 system based on disbursement and refund reports. Effective December 2013, the Finance Office utilizes a sign-off sheet to document the review process that precedes

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2013-017 CASH MANAGEMENT (Continued)

drawdown. The sign-off sheet originates with the Accounts Receivable Supervisor who reviews the student refund calculations. This document summarizes data from the refund report, check register, and disbursement report. The Accounts Receivable Supervisor submits the sign-off sheet and supporting documentation to the Comptroller for review, and then to the CFO for a final review. The CFO then uses this information to draw the funds from G5.

Shepherd University response

Shepherd University (Shepherd) implemented a documented review procedure for all drawdown requests. Drawdown requests for Student Financial Assistance Cluster grants are done on a cost reimbursement basis. At least once a month, the Grants Manager will match the Student Financial Aid disbursed by the Financial Aid Office to the disbursement posted to the student account. This reconciliation will be reviewed and signed off by the Director of Finance. Upon approval, the Grants Manger will request the federal draw of the reconciled amount on the G5 website.

West Virginia State University response

WVSU will strengthen internal control procedures by ensuring that evidence of drawdown request reviews by a knowledgeable employee are maintained.

2013-018 CASH MANAGEMENT

**Marshall University and West Liberty University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

Marshall University response

Marshall University (Marshall) agrees an error was made by a fill-in employee and that all the excess funds were not

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2013-018 CASH MANAGEMENT (Continued)

returned in a timely manner. This was a rare mistake due to the inexperience of the back-up employee. Steps were taken to correct the error by returning the majority of the funds immediately and distributing/returning the rest within 7 days. The full amount could not be immediately returned because it was the beginning of the semester when the funds are most needed and the amount would not show as available by the Department of Education for several days. To prevent this type of error from occurring in the future, on-going training will be provided to the back-up employee and this employee will be involved in the process more often and in the presence of the regular accounting employee.

West Liberty University response

West Liberty has strengthened its procedures in place to ensure the drawdown requests are properly reviewed with the G5 monthly and if excess cash is discovered it will be returned to the Department of Education more timely.

2013-019 ELIGIBILITY

**Pierpont Community and Technical College
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

Establishment of the type of documentation required in support of a satisfactory academic progress appeal is determined by the institution. There are occasions when a counselor may, through conversation with the student, determine that there are circumstances which warrant an expansion of time to the student to re-establish eligibility. The Financial Aid Office is developing best practices for the collection of all documentation in support of areas that fall under professional judgment, i.e. SAP appeals, special condition/circumstance appeals, and dependency overrides.

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2013-020 ELIGIBILITY

West Virginia University - Parkersburg

CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364

West Virginia University – Parkersburg (WVUP) requires all faculty report attendance of students at the end of the fourth week of the semester. Defining satisfactory attendance is the faculty member’s discretion. WVUP will continue to train and educate the whole campus community (students, faculty, and staff) about the attendance verification policy and about the importance of accurate attendance monitoring and reporting.

2013-021 EARMARKING

New River Community and Technical College, West Virginia University, and West Virginia University - Parkersburg

CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364

New River Community and Technical College response

New River Community and Technical College (New River) has implemented procedures to expend more of the work study funds and are attempting to place them in community service jobs. Based on student population, it is sometimes difficult to place them in off campus positions as they already have part time jobs and work the work study between classes. New River is tracking the status of each student worker. Regarding the community service component, New River has spoken with the Department of Education regarding any penalty of this and was told New River just needs to return the difference if not already returning this with the unexpended funds. New River is currently returning the difference with the unexpended funds. New River is not being penalized for this. New River is attempting to hire only

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2013-021 EARMARKING (Continued)

tutors that are work study eligible to meet this component and place students in jobs that are community service related.

West Virginia University response

West Virginia University (WVU) will comply with the recommendation and implement procedures to monitor the percentage of Federal Work Study wages paid to students employed in a community service activity. In addition, community service organizations have been contacted to increase the interest in utilizing Federal Work Study student workers in their operations.

West Virginia University – Parkersburg response

WVUP will dedicate more work study dollars to community service, both on and off campus. WVUP is in the early stages of developing a community-service focused student organization. Work study could/will be designated to help administer any programs that organization participates in. WVUP will look for other potential off-campus community service opportunities for students participating in the CWS program.

2013-022 PROGRAM INCOME

Shepherd University and West Virginia State University

CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364

Shepherd University response

Shepherd recognizes that reconciliations need to be reviewed in a timely manner. The monthly bank reconciliations for Perkins are prepared by the Senior Accountant by the end of the following month and then reviewed and signed off by the Director of Finance for accuracy and completeness.

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2013-022 PROGRAM INCOME (Continued)

West Virginia State University response

WVSU will strengthen its internal control procedures by having bank reconciliations reviewed timely.

2013-023 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE

Bluefield State College, Concord University, Fairmont State University, New River Community and Technical College, Pierpont Community and Technical College, West Liberty University, and West Virginia School of Osteopathic Medicine

CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364

Bluefield State College response

The Financial Aid Office will implement an additional cross-check of data prior to reporting the Federal work study (FWS) information on the FISAP report. In addition to adding the work study earnings manually, the office will also utilize an Excel spreadsheet to summarize the data.

Concord University response

The FISAP report was prepared by the Director of Financial Aid and reviewed by the Controller before filing.

The review, however, was completed in a draft phase of the report preparation. In the future, the Director of Financial Aid and Controller will review the FISAP report in the final form before it is submitted to ensure the accuracy of the data included. Both supervisors will be required to review and initial the final form prior to submission.

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2013-023 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (Continued)

The Controller and the Director of Financial Aid will ensure that this process and the related procedures become a part of the institution's written accounting and financial aid procedures.

Fairmont State University response

The amount restated in Part III Section for the Federal Perkins Loan Program was cash on hand and in depository at October 31, 2012. This number is normally reported by December 15th deadline after the October bank statements are received and reconciled. The amount was erroneously reported by staff. The staff understands the importance of the accuracy of this number and the definition of cash balance is understood. The correct number will be reported to the Department of Education to correct the FISAP.

The four amounts corrected in Part V, Section H for the FWS Program were related to the one change identified by Fairmont State University (Fairmont) staff. The Office of Student Employment provides data to the Accounting Office to complete Section H. It was unknown to the Accounting staff that one student identified in the Off Campus Community Service category worked with the Boys and Girls Club and qualified to be counted as an employee under the family literacy activities criteria in Section H. This came to the attention of staff while submitting the FISAP for our partner institution. All four changes were to add one student to the number of students employed as reading tutors or family literacy activity employees and to add the compensation for the student to the report. Again this error was noted by Fairmont staff and was corrected through the update process provided by the Department of Education. The Accounting Staff has documented procedures and

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**2013-023 FISCAL OPERATIONS REPORT AND APPLICATION
TO PARTICIPATE (Continued)**

guidelines for each section of the FISAP and will work to prevent future errors.

New River Community and Technical College response

There was an error in the transferring of some data from the Banner System to the FISAP report. The tuition and fee figure changed after the initial submission of the FISAP. The U.S. Department of Education allows institutions to submit original FISAP reports and gives the institution the opportunity to update any corrected or changed data within a certain time frame. The U.S. Department of Education allows this because they are aware that data can change and there is no penalty for this. A closer review of the transfer of data will be done on any future FISAPs, but the updated information when data changes after the original submission cannot be prevented and New River will continue to follow regulations and submit these changes.

Pierpont Community and Technical College response

There were six line item changes in Part V Sections B, C, and D to the Pierpont Community and Technical College (Pierpont) FISAP for aid year 2012-2013. The error was made in calculating the Federal and Institutional Match for the FWS expenditures. The percentages were originally calculated on the wages and fringes and later calculation, allowed for a greater amount of FWS funds to be drawn and carried forward in aid year 2013-2014. The error was discovered by the institution prior to the December 2013 deadline to make the corrections. In order to not make this same error on forthcoming FISAP reports, documented procedures and guidelines for each section of the FISAP to be followed, citing specific examples.

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**2013-023 FISCAL OPERATIONS REPORT AND APPLICATION
TO PARTICIPATE (Continued)**

West Liberty University response

West Liberty will add an additional person to review the FISAP results once all fields are completed. The final person will be to check any and all information reported is accurate with documentation and reporting. The 2014-2015 FISAP was completed with the additional person checking the results and data provided.

West Virginia School of Osteopathic Medicine response

WVSOM has internal procedures to perform review before submission of report. These procedures will be reviewed and strengthened to eliminate necessary corrections after the submission date.

**2013-024 SPECIAL TESTS AND PROVISIONS - VERIFICATION
Fairmont State University, West Liberty University,
West Virginia School of Osteopathic Medicine, and
West Virginia University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

Fairmont State University response

Fairmont conducts training prior to the start of verification for the new aid year and continues with periodic training throughout the aid year. As part of quality control, selected verifications are reviewed for accuracy. Fairmont agrees that one student in the sample was not correctly verified and was the result of human error. Training will continue into the 2014-2015 year in order to emphasize the importance of verification.

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**2013-024 SPECIAL TESTS AND PROVISIONS - VERIFICATION
(Continued)**

West Liberty University response

West Liberty will continue to follow all policies and procedures in place to ensure accuracy when completing verifications. West Liberty will also require annual training on verification requirements and procedures.

West Virginia School of Osteopathic Medicine response

WVSOM has internal procedures to perform the verification process. These procedures will be reviewed and strengthened to all documentation provided.

West Virginia University response

WVU procedures for verifying the student aid application information will be enhanced to ensure the correct amounts for Adjusted Gross Income, U.S. income tax paid, and untaxed income and benefits are properly identified on the various tax forms. These procedures will be communicated to the Office of Financial Aid staff through individual training sessions.

**2013-025 SPECIAL TESTS AND PROVISIONS – DISBURSEMENTS
TO OR ON BEHALF OF STUDENTS**

**Concord University, Fairmont State University,
Pierpont Community and Technical College, West
Virginia School of Osteopathic Medicine, West
Virginia University, and West Virginia University -
Parkersburg**

**CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

Concord University response

Concord University (Concord) is working with its IT department to use the Banner disbursement file to have an email sent to the student's Concord email and record this

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**2013-025 SPECIAL TESTS AND PROVISIONS – DISBURSEMENTS
TO OR ON BEHALF OF STUDENTS (Continued)**

communication in RUAMAIL. The merged file will be saved for documentation.

Fairmont State University response

Fairmont provides general notification regarding disbursement of funds on the office webpage. This will be supplemented by development of specific notifications which will be sent to the student or parent at the time of disbursement of any federal loan (Fairmont does not participate in the TEACH Grant program). The Office of Financial Aid and the area of Student Accounts will work with Institutional Technology in order to develop an electronic notification that will be sent to the student or parent; this notification will contain the anticipated date and amount of disbursement; the right to cancel all or part of a portion of the loan or disbursement; and procedures for canceling a loan and the timeframe in which the student or parent needs to notify Fairmont that the loan should be canceled. This will be implemented during Spring 2014.

Pierpont Community and Technical College response

Pierpont provides general notification regarding disbursement of funds on the office's webpage. This will be supplemented by development of specific notifications which will be sent to the student or parent at the time of disbursement for any federal loan (Pierpont does not participate in the TEACH Grant program). The Office of Financial Aid and the area of Student Accounts will work with Institutional Technology in order to develop an electronic notification that will be sent to the student or parent; this notification will contain the anticipated date and amount of disbursement; the right to cancel all or part of

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**2013-025 SPECIAL TESTS AND PROVISIONS – DISBURSEMENTS
TO OR ON BEHALF OF STUDENTS (Continued)**

a portion of the loan or disbursement; and procedures for canceling a loan and the timeframe in which the student or parent needs to notify Pierpont that the loan should be canceled. This will be implemented during Spring of 2014.

West Virginia School of Osteopathic Medicine response
WVSOM does provide notice in writing in accordance with 34 CFR Section 668.165 paragraph (a)(2). There is no hard copy or scanned copy maintained as the documentation that the notice was sent is automatically logged in the BANNER system, which also generates the notice. Beginning with the 2014-2015 academic year, written notices will be copied to the Director of Financial Aid, who will index to the student's file using the school's imaging system.

West Virginia University response

WVU will implement a procedure to ensure that required disbursement notifications are distributed in a timely manner. The scheduled implementation of this practice will be for the Summer 2014 semester.

West Virginia University – Parkersburg response

WVUP is currently reviewing all notifications and timeframes and policies relating to disbursement notifications. WVUP will work with other campus offices and Higher One to ensure all disbursement notifications are timely and compliant with any and all policies and regulations.

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**2013-026 SPECIAL TESTS AND PROVISIONS – RETURN OF
TITLE IV FUNDS
Concord University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

Using software provided by the U.S. Department of Education, the Senior Financial Aid Advisor performs the required calculations. The pages included in the calculation are printed and attached to the withdrawal form.

As a part of the corrective action, the Senior Financial Aid Advisor will sign each withdrawal form, copy the forms and file as required. The withdrawal form and related calculations will be reviewed by the Director of Financial Aid. If the Director is out of the office, the Loan Officer will perform the review. The report is then sent to the Business Office. The Director of Financial Aid and/or the Loan Officer will review for data entry accuracy and sign the forms showing final approval.

The Director of Financial Aid is to ensure that this process and the related procedures become a part of the institution's written financial aid procedures.

**2013-027 SPECIAL TESTS AND PROVISIONS – RETURN OF
TITLE IV FUNDS
West Liberty University, West Virginia Northern
Community College, and West Virginia University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

WEST VIRGINIA

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2013-027 SPECIAL TESTS AND PROVISIONS – RETURN OF TITLE IV FUNDS (Continued)

West Liberty University response

The return of Title IV funds will be assimilated by the West Liberty Financial Aid office in the future. This process should result in all proper procedures relating to the return of federal funds in accordance with the established guidelines in a timely manner.

West Virginia Northern Community College response

West Virginia Northern Community College (Northern) has had a Return of Title IV policy for years but has updated the policy to include verification by both the Enrollments Management and Financial Aid Office of the term break days screen in the Banner system prior to running the Return of Title IV process for any student each semester. This will prevent any missing information and will ensure the correct calculations being performed.

West Virginia University response

WVU did implement a quality assurance process whereby each month random Return of Title IV records were evaluated from start to finish assuring that refunds were calculated as well as returned to the federal government in accordance with federal guidelines. In addition, procedures to verify the accuracy of the refund calculation will be reviewed to explore methods that result in fewer errors.

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2013-028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING

**Blue Ridge Community and Technical College, Concord University, Fairmont State University, Marshall University, Mountwest Community and Technical College, West Liberty University, West Virginia Northern Community College, West Virginia School of Osteopathic Medicine, West Virginia State University, West Virginia University, and West Virginia University - Parkersburg
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364**

Blue Ridge Community Technical College response

Blue Ridge CTC does report enrollment statuses to the National Student Clearinghouse (the Clearinghouse) on the 25th of each month for their subsequent reporting of enrollment detail to the National Student Loan Data System (NSLDS). The discrepancy of the reporting was failure to update the enrollment status of students who withdrew during the semester after the Return of Title IV calculations were performed. Dates that are considered “official withdrawal dates” and dates used for R2T4 purposes were not consistent. To rectify this situation, Blue Ridge CTC has implemented procedures to ensure that all withdrawal forms verify the LAST DATE OF ATTENDANCE (LDA) as documented by the instructor. The faculty monitors attendance throughout the semester. Regardless of the date the withdrawal form is submitted to the Registrar’s office, the LDA that is the final attendance date is used as the status date. This procedure was corrected Fall 2013 for all withdrawals. For course withdrawal, the LDA is also used as the withdrawal date as course withdrawal could affect a student’s enrollment status if the student drops below half-time status.

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**2013-028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT
REPORTING (Continued)**

The Registrar and Financial Aid offices have implemented a streamlined communication plan to ensure that dates are all aligned and accurate for reporting purposes.

Concord University response

The discrepancy occurred due to a change in the withdrawal date after a required Return to Title IV calculation because the student did not earn a passing grade for the semester. The last date of the semester was originally reported. In coordination with the Clearinghouse, the Registrar's Office has revised the process so another file will be submitted to the Clearinghouse after the end of semester adjustments have been made. This file will report the revised last date of attendance to the appropriate agencies.

Fairmont State University response

Student level enrollment information is pulled from Fairmont's student information system (Banner) on a regular schedule and is submitted to the Clearinghouse. This report would reflect the enrollment status and any changes since the previous submission. A discrepancy can occur if there is a manual adjustment to a student's withdrawal date or enrollment status after submission of the report. In order to prevent these discrepancies in the future, Fairmont's staff who is authorized to make manual adjustments to those specific elements will notify the Financial Aid Office. The director or other designated staff will update NSLDS directly with the correct information.

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**2013-028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT
REPORTING (Continued)**

Marshall University response

Marshall contracts with the Clearinghouse as a third-party servicer for enrollment and degree reporting. To resolve the issue, the Registrar's Office will create a report of graduation records with continued enrollment for a subsequent term. After submission of the initial enrollment file each term, Marshall will update the Clearinghouse site manually for the graduates (with continued enrollment). This corrective action will be taken to ensure accurate reporting by the Clearinghouse to the NSLDS.

Mountwest Community and Technical College response

The student's separation date was reported correctly and timely to NSLDS as withdrawn from Mountwest Community and Technical College (Mountwest) effective 5/10/13. Mountwest updated the student's separation status on NSLDS to "graduated" on 9/18/13. In this student's case he was an exception rather than a rule. He completed all of his coursework in May but, did not apply for graduation until July. For all such exceptions in future, students who apply for graduation after ceasing enrollment, Mountwest will manually update the student's enrollment status on NSLDS to reflect the correct nature of the separation from Mountwest.

West Liberty University response

West Liberty has reviewed its policies and procedures for reporting enrollment updates to NSLDS through the Clearinghouse. West Liberty has updated the transmitting schedule from monthly to every three weeks to allow for processing time.

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**2013-028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT
REPORTING (Continued)**

West Virginia Northern Community College response

Northern has implemented an additional and new procedure for reporting graduation dates for current and future terms to NSLDS and the Clearinghouse. Northern also recently went back five years and reported the graduation dates of its students to assure that information accurately reflected a student's status as graduated.

West Virginia School of Osteopathic Medicine response

WVSOM reviewed internal procedures and have revised them to include a notification step from the Financial Aid Office staff to the Registrar's Office staff of any first time borrowers.

West Virginia State University response

WVSU will implement the following steps to ensure that enrollment reporting data is updated in a timely manner:

- Financial Aid Counselors are responsible for checking NSLDS for their population of students they process.
- Counselors will monitor their student populations when a change of status occurs and will make sure the NSDLS is reflected of the status change.
- Transmissions to NSLDS will continue to occur monthly as scheduled.
- The Director of Financial Aid will work closely with IT to determine if the transmission went through and if all records were transmitted successfully. If records are rejected the Director will review those records and provide the names to the counselors to manually update NSLDS.

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2013-028 SPECIAL TESTS AND PROVISIONS – ENROLLMENT REPORTING (Continued)

West Virginia University response

WVU continues to work on procedures to identify and correct discrepancies in the student enrollment information which can lead to untimely notifications to the U.S. Department of Education and NSLDS. A process has been developed to verify the self-reported student social security number in the Office of Admissions files with the student social security number from the FAFSA. This comparison needs to occur on a regular basis to ensure that any data discrepancies are corrected so the proper reporting can take place.

West Virginia University – Parkersburg response

WVUP has reviewed current reporting timelines and the financial aid staff now has access to the Clearinghouse. WVUP will work with their IT staff and the Clearinghouse to ensure they are promptly notifying the Department of Education and NSLDS of changes in a student's status is done accurately and timely.

2013-029 SPECIAL TESTS AND PROVISIONS – STUDENT LOAN REPAYMENTS

Concord University, Fairmont State University, and West Liberty University

CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268, 84.379, 93.264, 93.342, and 93.364

Concord University response

The employee who handles the Federal Perkins loans was replaced during the fiscal year 2013. The Supervisor has worked with the new Perkins Loan Officer now handling the loan program and provided additional training and education of the program requirements and how to effectively achieve those requirements. The Perkins Loan Officer will

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**2013-029 SPECIAL TESTS AND PROVISIONS – STUDENT LOAN
REPAYMENTS (Continued)**

maintain a calendar of the timing of the required exit generations and correspondences as the borrower(s) leave the institution. This training included not only the issue noted in this finding, but all requirements for correspondence and notifications required by 34 CFR §674.42 related to this program.

The Federal Perkins loan program will also be more closely monitored by the Controller in the future. A periodic review will be conducted by the Revenue Supervisor and the Controller (evidenced by a signature).

The Controller is required to ensure that the Perkins loan program requirements will be included in the institution's accounting and reporting procedures.

Fairmont State University response

Fairmont works diligently to ensure all documentation related to the processing of Federal Perkins Loans is correct. Fairmont agrees that one student in the sample did not have the economic hardship deferment properly processed based on the income documents provided. Fairmont also agrees that two more students in the sample that their request for forms were not adequately completed.

In order to ensure accuracy and compliance, Fairmont has developed policies and procedures to have their Federal Perkins Loan Servicer, ECSI, process all paperwork associated with Federal Perkins Loan processing including hardship deferments and forbearances. This began on 10/11/2013. Prior to 10/11/2013, all paperwork prepared by Fairmont for this program was reviewed by the Supervisor of the department responsible.

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**2013-029 SPECIAL TESTS AND PROVISIONS – STUDENT LOAN
REPAYMENTS (Continued)**

West Liberty University response

The missing documentation was the actual cancellation form. West Liberty was able to provide other documentation supporting the cancellation; however, the documentation required by the compliance supplement could not be located due to misfiling. The student was going through this process for the last 5 years and always completed the required documentation. In addition, a letter from his employer verifying completion of the prior year of service is the most vital piece of the process, which was provided. The student's file contained 4 other cancellation requests along with the supporting documentation, which would make one believe the student was going through the cancellation process. To avoid future misfiling, West Liberty will evaluate options to maintain the documentation electronically. Uploading and housing all borrowers' documentation on ECSI's secure site will be considered in the evaluation process.

**2013-030 SPECIAL TESTS AND PROVISIONS – FEDERAL
WORK STUDY AGREEMENTS
Marshall University and West Virginia University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

Marshall University response

Marshall agrees that documentation was unavailable to support individual student assignments to off-campus community service positions. Students in these positions were placed in the off-campus assignments after receiving verbal confirmation from the employer that the student was hired. Upon notice of this exception, Marshall obtained written documentation from each off-campus community service employer supporting each student's assignment to

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**2013-030 SPECIAL TESTS AND PROVISIONS – FEDERAL
WORK STUDY AGREEMENTS (Continued)**

the positions for the 2012-13 academic year. To prevent this exception from occurring in the future, the following procedures have been developed and implemented:

- Written Procedures for the Off-campus Community Service Employer and Marshall Office of Student Financial Assistance have been developed.
- A customized “Hiring Agreement” for each student employed at an off-campus community service position has been developed and is in use. Students may not begin to work until the agreement is fully executed and on file with the Office of Student Financial Assistance.

West Virginia University response

WVU has formalized procedures to require that written agreements with off-campus agencies and organizations be finalized before work study students are assigned to them.

**2013-031 SPECIAL TESTS AND PROVISIONS – BORROWER
DATA TRANSMISSION AND RECONCILIATION
Blue Ridge Community and Technical College and
West Virginia State University
CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

Blue Ridge Community and Technical College response

In October 2013, the Director of Financial Aid resigned. Upon this resignation, it was discovered that loan reconciliation was not performed on a monthly basis. Blue Ridge CTC hired FAS, a financial aid consulting firm, to fill the position on an interim basis until an adequate

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**2013-031 SPECIAL TESTS AND PROVISIONS – BORROWER
DATA TRANSMISSION AND RECONCILIATION
(Continued)**

replacement can be hired. The consultant immediately identified this to be a need and began immediate reconciliation of both 2012-2013 and 2013-2014 DL funds. To ensure that this reconciliation is performed on a monthly basis from this point forward, a monthly report with the COD and Banner loan detail information will be submitted to the VP of Enrollment for confirmation and quality control check. This monthly review began January 2014.

West Virginia State University response

WVSU will implement the following steps to ensure compliance with Borrower Data Transmission and Reconciliation:

- The Associate Director will manually check disbursed records once a week and update COD within 15 days after the disbursement has occurred.
- Reconciliation will occur monthly with COD, Student Accounts, G5, and Banner. Any discrepancies will be fixed at the time of reconciliation.

**2013-032 SPECIAL TESTS AND PROVISIONS – INSTITUTIONAL
ELIGIBILITY**

West Virginia University - Parkersburg

**CFDA Numbers 84.007, 84.033, 84.038, 84.063, 84.268,
84.379, 93.264, 93.342, and 93.364**

WVUP has ensured that our procedures and actions regarding SAP are fully compliant and consistent for all students. WVUP will review policies for potential revisions then update all policies and publications involving/mentioning SAP.

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**2013-033 INDIRECT COST ALLOCATION
Division of Rehabilitation Services
CFDA Number 84.126**

The West Virginia Division of Rehabilitation Services (DRS) will review all policies and procedures that are currently in place related to the allocation of indirect costs and develop any policies and procedures that may be needed to ensure compliance with OMB Circular A-87. DRS will take corrective action to ensure that the methods for allocating indirect costs as described by the Circular are implemented on a consistent basis.

**2013-034 DHHR INFORMATION SYSTEM AND RELATED
BUSINESS PROCESS CONTROLS
Department of Health and Human Resources
CFDA Numbers 10.551/10.561, 93.558/ARRA 93.714,
93.775/93.777/93.778 and ARRA 93.778, 93.568, 93.575/
93.596, 93.767, 93.659, 93.658**

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, DHHR implemented a detective control during 2012 to address demand payments (Security Level 15 access). With respect to automatic payments, DHHR restricts access to the FACTS and RAPIDS systems to a limited number of users and DHHR has 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 DHHR. DHHR will assess the possibility of implementing additional controls related to automatic payments.

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2013-035 ELIGIBILITY
Department of Health and Human Resources
CFDA Numbers 93.558 and ARRA 93.714

The auditors performed testing on cases within DHHR whereby the 60-month lifetime eligibility limitation would be applicable. The auditors discovered one case whereby DHHR made payments beyond the 60-month lifetime limit. DHHR discovered the error, in December 2012, established a claim and submitted a repayment request to the client in question in March 2013, in accordance with policy. Furthermore, DHHR will develop a means to ensure, to the extent practicable and possible, that all caseworkers have read and understand the policies and procedures surrounding the 60-month lifetime eligibility limitation.

2013-036 SPECIAL TESTS AND PROVISIONS - SANCTIONS
Department of Health and Human Resources
CFDA Number 93.558 and ARRA 93.714

As related to the prior year findings, DHHR received a determination letter from the Federal government dated February 11, 2014, that was in DHHR's favor. As related to the current year (FY 2013) finding, the auditors reviewed the determination letter and recognized the statements made by the Federal government, which was that the auditors did not note any exceptions with sanctions imposed upon a Temporary Assistance for Needy Families program recipient, and that the policies and procedures within DHHR are adequate to resolve the finding. However, the auditors believe that the control documentation maintained by DHHR, to ensure that caseworkers have read and understand the policies and procedures surrounding the issuance or removal of sanctions, is insufficient. Therefore, DHHR plans to continue discussing with the auditors and

WEST VIRGINIA

STATE OF WEST VIRGINIA CORRECTIVE ACTION PLAN FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**2013-036 SPECIAL TESTS AND PROVISIONS – SANCTIONS
(Continued)**

addressing this matter in an effort to enhance the documentation maintained within DHHR surrounding internal controls.

**2013-037 ALLOWABILITY AND ELIGIBILITY
Department of Health and Human Resources
CFDA Number 93.568**

DHHR believes that the 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, 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 caseworker in an effort to prevent a repeat condition. Furthermore, DHHR will develop a means to ensure, to the extent practicable and possible, that all caseworkers have read and understand the policies and procedures applicable to their particular areas of responsibility.

**2013-038 DISASTER RECOVERY PLAN
Department of Health and Human Resources
CFDA Number 93.596 and 93.575**

With respect to the prior year finding, DHHR had hoped to have a request for proposal issued by December 31, 2013, to have a vendor in place by June 30, 2014, to implement the document-imaging project throughout DHHR by February 28, 2015, and to apply the system to the resource and referral agencies by June 30, 2015. However, due to the complexities of the project and the need to revise the request for proposal to address certain needs of DHHR as a whole, DHHR did not

**STATE OF WEST VIRGINIA
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2013-038 DISASTER RECOVERY PLAN (Continued)

issue the request for proposal by December 31, 2013. There is a document-imaging group within DHHR that continues to work on this project and should be able to release the request for proposal soon. Given that the original estimates were conservative, and should still be able to have a vendor in place by June 30, 2014, implement document imaging throughout DHHR by February 28, 2015, and roll it out to the resource and referral agencies by June 30, 2015.

**2013-039 ELIGIBILITY REQUIREMENTS
Department of Health and Human Resources
CFDA Number 93.658**

While DHHR agrees that staff limitations contributed to the cause of the finding, the resources are not currently available within DHHR to increase staff. DHHR believes that the current training programs, policies and procedures are sufficient to address and comply with the Adoption Assistance and Child Welfare Act of 1980. Nonetheless, due to the cause of the finding being an apparent oversight by the applicable caseworkers, DHHR management will notify the caseworkers in question; will inform the caseworkers of the errors denoted within the finding and will work with the caseworkers in an effort to prevent a repeat condition. Furthermore, DHHR will develop a means to ensure, to the extent practicable and possible, that all caseworkers have read and understand the policies and procedures applicable to their particular areas of responsibility.

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**2013-040 ELIGIBILITY DOCUMENTATION
Department of Health and Human Resources
CFDA Number 93.659**

DHHR believes that the 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. For example, a checklist was developed several years ago in an effort to enhance procedures and ensure that all necessary documentation is included within the case files when adoption records are submitted to the subsidy unit, which appears to have corrected the issue for adoptions that occurred subsequent to implementation of the checklist. However, utilization of the checklist will not correct the issue for adoptions that occurred prior to implementation of the checklist because of the date of adoption and the limited recourse available to revise those files. Furthermore, the auditors select their samples based on payments made to adoptive payments during the audited year, even if the actual adoption occurred many years prior to the audited year. Nonetheless, due to the cause of the finding being oversight by the applicable caseworkers, 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 caseworker in an effort to prevent a repeat condition. Furthermore, DHHR will develop a means to ensure, to the extent practicable and possible, that all caseworkers have read and understand the policies and procedures applicable to their particular areas of responsibility.

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2013-041 EARMARKING
Department of Health and Human Resources
CFDA Number 93.667

DHHR will develop procedures to ensure that controls exist within DHHR as a means to track and document compliance with the earmarking requirement.

2013-042 ELIGIBILITY
State Children's Health Insurance Program /
Department of Health and Human Resources
CFDA Number 93.767

State Children's Health Insurance Program response
West Virginia Children's Health Insurance Program (WVCHIP) has post-enrollment processes in place to identify children enrolled that have obtained other insurance coverage. This was the case regarding the child that was covered by PEIA, the post-enrollment process worked appropriately, but there is a lag between when the child is enrolled and when information is available.

Department of Health and Human Resources response
DHHR believes the current policies and procedures are sufficient to address the SCHIP State Plan and related requirements regarding prospective recipients. Nonetheless, due to the cause of the finding being a lack of enforcement of the procedures, DHHR management will notify the caseworkers in question; will inform the caseworkers of the incomplete applications and errors in eligibility determination; and will work with the caseworkers in an effort to prevent a repeat condition. Furthermore, DHHR will develop a means to ensure, to the extent practicable and possible, that all caseworkers have read and understand the policies and procedures applicable to their particular areas of responsibility.

**STATE OF WEST VIRGINIA
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**2013-043 RAPIDS USER GUIDE
State Children's Health Insurance Program /
Department of Health and Human Resources
CFDA Number 93.767**

State Children's Health Insurance Program response

The Affordable Care Act changed regulations regarding premium collections and enrollment. Because of this, effective 10/1/2013, RAPIDS will better reflect enrollment of WVCHIP applicants as well as eligibility (it will hold eligibility and enrollment). Therefore, this situation should not be an issue in the future.

Department of Health and Human Resources response

This finding relates to a RAPIDS system work-around that was in effect for several years in order to create an eligibility record for the CHIP Premium category of Medical Assistance. The need for this work-around was eliminated with the implementation of the eligibility rules prescribed in the Patient Protection and Affordable Care Act in RAPIDS; effective October 1, 2013, a new CHIP Premium Medical Assistance Coverage Group (MGCP) was created, which should prevent a recurring condition of an applicant having a status of "closed" at the time of the claim.

**2013-044 SUBRECIPIENT MONITORING
Division of Homeland Security and Emergency
Management
CFDA Number 97.036**

Division of Homeland Security and Emergency Management (DHESM) proposes the following steps to provide evidence that sufficient subrecipient monitoring will be done:

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2013-044 SUBRECIPIENT MONITORING (Continued)

- DHSEM will ensure that the completed documentation pertaining to the on-site program monitoring will be retained and available for reviews.
- Copies of all single-act audits will be maintained in sub-recipient files along with the review sheets. A form developed by DHSEM will be completed for each audit that notes relevant audit findings and corrective actions for single audits related to sub-recipients. A spreadsheet will be kept by fiscal year that will detail all PA expenditures by disaster and sub-recipient.



SUMMARY
SCHEDULE OF
PRIOR AUDIT
FINDINGS

**STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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**2012-1 TAX REFUND MONTHLY RECONCILIATIONS
Department of Revenue
Partially Resolved**

The Department of Revenue (Revenue) implemented policies and procedures for the performance of the reconciliation between GenTax and WVFIMS in order to assure the resolution of unreconciled differences in a timely manner. Research Division prepares the FIMS transactions detail for the IT Tax help desk analyst (analyst). The analyst prepares the monthly global reconciliation and supporting documentation. The global reconciliation is electronically signed and saved as PDF by the analyst. The global reconciliation and supporting Excel workbooks are saved to the secured server by the analyst. The analyst sends an email to the Internal Auditor with the notification that the global reconciliation is ready for further review. The Internal Auditor reviews the global reconciliation to identify the reasons for any material discrepancies. The threshold for a material discrepancy is (+/-) 10% in any given account. The Internal Auditor adds comments to the global reconciliation explaining the discrepancies and initials the document to complete the review process. The documentation then is scanned and saved as PDF on the secure server.

FARS will work with Revenue to update the tax refund payable reporting and estimation process on an annual basis. FARS will review State Code and changes in State Code on an annual basis and work with Revenue to determine the implications it may have on the refund estimation process. See current year finding 2013-001.

**STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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2012-2 CAPITAL ASSETS

2011-1 Department of Administration - Overall State

2010-2 Partially Resolved

2009-3

2008-7

2007-8

2006-6

FARS will continue to discuss the importance of entering fixed assets into WVFIMS in a timely manner at this year's GAAP closing book training. The State has committed to the implementation of a new statewide accounting/purchasing/ fixed asset system which will go into use July 1, 2014. These systems will be integrated and costs that are attributed to capitalized assets will be more easily captured. See current year finding 2013-002.

2012-3 PAYROLL (PIMS/EPICS COMPARISON REPORTS)

State Budget Office

Partially Resolved

The State Budget Office, compares data from two systems (PIMS and EPICS) are owned and maintained by two separate agencies that are not truly integrated. The way data is input into each system may not be consistent (annually, hourly, 24-pay periods, 18-pay periods, 10-pay periods, FTEs); and this creates most of the discrepancies on the report. Differences on the report are compared each payroll cycle and notations made for the way data input is causing discrepancies. New "kick outs" of true differences are investigated and notations or corrective action is initiated. The State Budget Office has reaffirmed its commitment to review each report as fully as time allows ensuring the most accurate payroll possible. As the State has committed to the implementation of a new statewide accounting/human resources/payroll/purchasing, etc. system,

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**2012-3 PAYROLL (PIMS/EPICS COMPARISON REPORTS)
(Continued)**

the separate legacy systems currently used will be decommissioned and differences will be virtually eliminated.

**2012-4 UNCLAIMED PROPERTY
Overall State
Resolved**

Corrective action taken in FY2013.

**2012-5 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(SEFA)**

2011-4 Department of Administration – Overall State

2010-5 Partially Resolved

2009-11

2008-31

2007-32

2006-9

2005-14

2004-72

2003-71

The Financial Accounting and Reporting Section (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 manner. FARS discussed at the GAAP closing book training the importance of the internal control procedures at the agency level. A closing book form is 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 2013-003.

WEST VIRGINIA

**STATE OF WEST VIRGINIA
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2012-6 SUBRECIPIENT RISK ASSESSMENT
Department of Administration – Overall State
Partially Resolved

Corrective action taken in FY2013 for some of the agencies noted in the prior year finding. A current year finding exists for the agencies included in current year finding 2013-005.

**2012-7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY
AND REINVESTMENT ACT**
**2011-6 Department of Administration / Governor’s Office / Office
of Economic Opportunity**
2010-7 Partially Resolved

Department of Administration overall response

FARS discussed at the GAAP closing book training the importance of including the CFDA number and other required information on every disbursement. A written correspondence example was 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. See current year finding 2013-006.

**Governor’s Office (GO) response for CFDA number
ARRA 11.557, ARRA 84.394 and ARRA 84.397**

Every agency’s Federal American Recovery and Reinvestment Act (ARRA) grant administrator and finance office receives written notification of the requirement that includes the federal award number, CFDA number and amount of award at the time of each subaward and every disbursement through the end of grant term. In lieu of having the required information on disbursement checks, the GO’s Fiscal Officer and Office of Technology (OT) sends the information in a letter to its subrecipients when a reimbursement payment is made. In addition, at the 2013

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**2012-7 SUBRECIPIENT MONITORING - AMERICAN RECOVERY
AND REINVESTMENT ACT (Continued)**

GAAP closing book training FARS discussed this issue and provided a written example of the language to use when notifying subrecipients. See current year finding 2013-006.

**Office of Economic Opportunity response for CFDA
number ARRA 81.042**

Subgrantees that received payments from the ARRA Weatherization grant (DE-EE0000101) after June 14, 2013 have subsequently been notified of the required payment information detailed in the June 14, 2013 memo from State Single Audit Coordinator. See current year finding 2013-006.

**2012-8 TRANSPARENCY ACT REPORTING
2011-7 Department of Administration - Overall State,
Department of Education, Department of Health
and Human Resources
Partially Resolved**

**Department of Education response for CFDA numbers
84.010, and 84.027/84.173**

The West Virginia Department of Education has worked with its IT department to create a report that will be run in the first full week of each month and staff from the Office of Internal Operations will be assigned to enter/submit data as required by the Transparency Act. In order to meet the timelines for reporting as established by the Transparency Act, the report will pull activity for the prior month including all applicable first-tier subawards, as well as amendments that occur in that month to grants that had been previously reported. Prior to submission of the data, the report will be reviewed by the Director of Internal Operations or a designee. Once the data is approved, it will be submitted.

WEST VIRGINIA

**STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

2012-8 TRANSPARENCY ACT REPORTING (Continued)

This process was successfully implemented and began July 1, 2013. This process will be used to report all required FFATA reporting on federal awards received and subgranted through the West Virginia Department of Education.

The automation of this process and the identification of staff responsible to report all grants will ensure compliance with the reporting requirements to include proper review and complete and timely submission. See current year finding 2013-004.

**Department of Health and Human Resources response
for CFDA numbers 93.558, 93.575/93.596**

Corrective action taken in FY 2013.

**2012-9 SUBRECIPIENT IDENTIFICATION
2011-8 Department of Administration - Overall State
Resolved**

Corrective action taken in FY 2013.

**2012-10 FNS REVIEW - NUTRITION SERVICES
Department of Health and Human Services
Resolved**

Corrective action taken in FY 2013.

**2012-11 1512 REPORTING
Governor's Office
Resolved**

Corrective action taken in FY 2013.

**STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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2012-12 ALLOWABLE COSTS - LACK OF SUPPORTING DOCUMENTATION
Governor's Office
Resolved
 Corrective action taken in FY 2013.

2012-13 CASH MANAGEMENT
2011-11 Governor's Office
Partially Resolved
 The State Governor's Office has taken the necessary corrective action to address the independent accountant recommendations after the last audit findings by implementing a 30 day rule to ensure timely payments of all Broadband Technology Opportunities Program (BTOP) invoices. The Office of Technology implemented a new rule into its BTOP Invoice Payment Policy, effective April 16, 2013. A monthly reconciliation process was implemented, effective May 1, 2013, to ensure the amounts transferred to each agency matches to the FIMS expenditure detail. See current year finding 2013-007.

2012-14 REPORTING - FINANCIAL
Governor's Office
Resolved
 Corrective action taken in FY 2013.

2012-15 REPORTING - PERFORMANCE
Governor's Office
Resolved
 Corrective action taken in FY 2013.

WEST VIRGINIA

STATE OF WEST VIRGINIA SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

2012-16 **SUBRECIPIENT MONITORING - AUDIT REPORTS**
2011-14 **Department of Environmental Protection (DEP)**
2010-12 **Partially Resolved**
2009-19

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 Audit Clearinghouse according to the required deadlines and that all identified audit findings are resolved in a timely manner. In July 2013, DEP worked with the Office of Surface Mining to update DEP's standard operating procedures to allow for termination of payments to the sub-grantee for non-compliance with the A-133 audit requirement; otherwise, DEP has limited ability to enforce the submission of these audits.. See current year finding 2013-012.

2012-17 **INTERNAL CONTROLS OVER REPORTING**
2011-15 **WorkForce West Virginia (WorkForce)**
2010-14 **Partially Resolved**

WorkForce West Virginia has already placed controls and new procedures into production to alleviate this type of issue with ETA 227. The staff member responsible for completing this report has developed a new Excel spreadsheet to assist in the tabulation of each field on this particular report. In addition, several additional automated reports have been programmed to assist in preparation of this report.

**STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

2012-17 INTERNAL CONTROLS OVER REPORTING (Continued)

WorkForce has been able to fully automate the ETA 227 and is currently reviewing the report to ensure the accuracy. Upon completion of this review, WorkForce will be completing the ETA 227 report with data directly from the fully automated report being generated from the system. Whether WorkForce uses the current method of preparing the ETA 227 or the new automated report, an outside unit will still be reviewing the report before submission. Due to the time period used for the above audit, these measures were not in place for the 2013 audit. Therefore, WorkForce feels that the current procedures as well as new report will alleviate this type of issue in the future. See current year finding 2013-013.

**2012-18 DAVIS BACON ACT
Department of Highways
Resolved**

Corrective action taken in FY 2013.

**2012-19 1512 REPORTING
Department of Highways
Partially Resolved**

During Calendar year 2013, the issue of 1512 Reporting by the West Virginia Division of Highways (WVDOH) was reviewed, discussed, and critiqued in numerous sessions. These sessions included WVDOH staff responsible for the agency 1512 Reporting as well as agency Finance and Administration staff and the staff person from the Governor's Office responsible for monitoring State 1512 Reporting. As a result of these reviews, the WVDOH developed agency procedures for 1512 Reporting.

WEST VIRGINIA

STATE OF WEST VIRGINIA SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

2012-19 1512 REPORTING (Continued)

The procedures were developed and refined as a group effort by the staff previously mentioned. During 2013, the ARRA 1512 Reports received closer scrutiny. DOH Management will continue to emphasize the importance of the review function to ensure that the 1512 Reports match system data. An e-mail dated January 7, 2014, from the Federal Highway Administration (FHWA) states that the WVDOH has no missing 1512 Reports and that all agency 1512 Reporting requirements have been met. See current year finding 2013-014.

**2012-20 1512 REPORTING
Office of Economic Opportunity
Resolved**

Corrective action taken in FY 2013.

**2012-21 BORROWER DATA TRANSMISSION AND
RECONCILIATION
Overall Higher Education
Partially Resolved**

Corrective action was taken in FY 2013 with respect to some of the financial institutions. See current year finding 2013-031 for those institutions with exceptions in 2013.

**2012-22 CASH MANAGEMENT
Bluefield State College
Resolved**

Corrective action was taken in FY 2013.

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
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**2012-23 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE
Blue Ridge Community and Technical College (CTC)
Resolved**

Corrective action taken in FY 2013.

**2012-24 SPECIAL TEST AND PROVISIONS - RETURN OF TITLE IV FUNDS
Blue Ridge CTC
Resolved**

Corrective action taken in FY 2013.

**2012-25 ELIGIBILITY
Fairmont State University (Fairmont)
Resolved**

Corrective action taken in FY 2013.

**2012-26 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE
Fairmont State University
Partially Resolved**

The amount restated in Part III Section for the Federal Perkins Loan Program was cash on hand and in depository at October 31, 2012. This number is normally reported by December 15th deadline after the October bank statements are received and reconciled. The amount was erroneously reported by staff. The staff understands the importance of the accuracy of this number and the definition of cash balance is understood. The correct number will be reported to the Department of Education to correct the FISAP.

**STATE OF WEST VIRGINIA
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**2012-26 FISCAL OPERATIONS REPORT AND APPLICATION
TO PARTICIPATE (Continued)**

The four amounts corrected in Part V, Section H for the Federal Work-study Program were related to the one change identified by Fairmont staff. The Office of Student Employment provides data to the Accounting Office to complete Section H. It was unknown to the Accounting staff that one student identified in the Off Campus Community Service category worked with the Boys and Girls Club and qualified to be counted as an employee under the family literacy activities criteria in Section H. This came to the attention of staff while submitting the FISAP for our partner institution. All four changes were to add one student to the number of students employed as reading tutors or family literacy activity employees and to add the compensation for the student to the report. Again this error was noted by Fairmont staff and was corrected through the update process provided by the Department of Education. The Accounting Staff has documented procedures and guidelines for each section of the FISAP and will work to prevent future errors.

A current year finding was noted with respect to the Fiscal Operations Report and Application to Participate. See current year finding 2013-023.

**2012-27 SPECIAL TESTS AND PROVISIONS - DISBURSEMENTS
TO OR ON BEHALF OF STUDENTS
Fairmont State University
Partially Resolved**

Fairmont provides general notification regarding disbursement of funds on the office webpage. This will be supplemented by development of specific notifications which will be sent to the student or parent at the time of disbursement of any federal loan (Fairmont does not

**STATE OF WEST VIRGINIA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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

participate in the TEACH Grant program). The Office of Financial Aid and the area of Student Accounts will work with Institutional Technology in order to develop an electronic notification that will be sent to the student or parent; this notification will contain the anticipated date and amount of disbursement; the right to cancel all or part of a portion of the loan or disbursement; and procedures for canceling a loan and the timeframe in which the student or parent needs to notify Fairmont State that the loan should be canceled. This will be implemented during Spring 2014. See current year finding 2013-025.

**2012-28 SPECIAL TESTS AND PROVISIONS - RETURN OF
TITLE IV FUNDS
Fairmont State University
Resolved**

Corrective action taken in FY 2013.

**2012-29 SPECIAL TESTS AND PROVISIONS - LOAN REPAYMENTS
Fairmont State University
Partially Resolved**

Fairmont works diligently to ensure all documentation related to the processing of Federal Perkins Loans is correct. Fairmont agrees that one student in the sample did not have the economic hardship deferment properly processed based on the income documents provided. Fairmont State also agrees that two more students in the sample that their request for forms were not adequately completed.

WEST VIRGINIA

STATE OF WEST VIRGINIA SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**2012-29 SPECIAL TESTS AND PROVISIONS - LOAN REPAYMENTS
(Continued)**

In order to ensure accuracy and compliance, Fairmont has decided to now have their Federal Perkins Loan Servicer, ECSI, process all paperwork associated with Federal Perkins Loan processing including hardship deferments and forbearances. This began on 10/11/2013. Prior to 10/11/13 all paperwork prepared by the college for this program was reviewed by the Supervisor of the department responsible. See current year finding 2013-029.

**2012-30 SPECIAL TESTS AND PROVISIONS - INSTITUTIONAL
ELIGIBILITY
Fairmont State University
Resolved**

Corrective action taken in FY 2013.

**2012-31 FISCAL OPERATIONS REPORT AND APPLICATION TO
PARTICIPATE
Marshall University (Marshall)
Resolved**

Corrective action was taken in FY 2013.

**2012-32 EARMARKING
2011-35 New River Community and Technical College
Not Resolved**

New River Community and Technical College (New River) has implemented procedures to expend more of the work study funds and are attempting to place them in community service jobs. Based on student population, it is sometimes difficult to place them in off campus positions as they already have part-time jobs and work the work study between classes. New River

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2012-32 EARMARKING (Continued)

is tracking the status of each student worker. Regarding the community service component, New River has spoken with the Department of Education regarding any penalty of this and was told New River just needs to return the difference if not already returning this with the unexpended funds which New River is. New River is not being penalized for this. New River is attempting to hire only tutors that are work study eligible to meet this component and place students in jobs that are community service related. See current year finding 2013-021.

**2012-33 SPECIAL TESTS AND PROVISIONS – BORROWER
TRANSMISSION DATA AND RECONCILIATION
New River Community and Technical College
Resolved**

Corrective action taken in FY 2013.

**2012-34 FISCAL OPERATIONS REPORT AND APPLICATION
TO PARTICIPATE
West Virginia School of Osteopathic Medicine (WVSOM)
Partially Resolved**

WVSOM has internal procedures to perform review before submission of report. These procedures will be reviewed and strengthened to eliminate necessary corrections after the submission date. See current year finding 2013-023.

**2012-35 SPECIAL TESTS AND PROVISIONS –
INSTITUTIONAL ELIGIBILITY
Pierpont Community and Technical College
Resolved**

Corrective action taken in FY 2013.

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**2012-36 CASH MANAGEMENT
Shepherd University (Shepherd)
Partially Resolved**

Shepherd implemented a documented review procedure for all drawdown requests. Drawdown requests for Student Financial Assistance Cluster grants are done on a cost reimbursement basis. At least once a month, the Grants Manager will match the Student Financial Aid disbursed by the Financial Aid Office to the disbursement posted to the student account. This reconciliation will be reviewed and signed off by the Director of Finance. Upon approval, the Grants Manager will request the federal draw of the reconciled amount on the G5 website. See current year finding 2013-017.

**2012-37 PROGRAM INCOME
Shepherd University
Partially Resolved**

Shepherd recognizes that reconciliations need to be reviewed in a timely manner. The monthly bank reconciliations for Perkins are prepared by the Senior Accountant by the end of the following month and then reviewed and signed off by the Director of Finance for accuracy and completeness. See current year finding 2013-022.

**2012-38 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE
West Liberty University (WLU)
Partially Resolved**

WLU will add an additional person to review the FISAP results once all fields are completed. The final person will be to check any and all information reported is accurate with documentation and reporting. The 2014-2015 FISAP was

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2012-38 FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (Continued)

completed with the additional person checking the results and data provided. See current year finding 2013-023.

**2012-39 SPECIAL TESTS AND PROVISIONS - LOAN DEFAULTS
West Liberty University
Resolved**

Corrective action taken in FY 2013.

**2012-40 SPECIAL TESTS AND PROVISIONS - BORROWER
TRANSMISSION DATA TRANSMISSION AND
RECONCILIATION**

**2011-24 West Liberty University
Resolved**

Corrective action taken in FY 2013.

**2012-41 SPECIAL TESTS AND PROVISIONS - INSTITUTIONAL
ELIGIBILITY
West Liberty University
Resolved**

Corrective action taken in FY 2013.

**2012-42 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2011-28 West Virginia State University (WVSU)
Partially Resolved**

WVSU implemented a review process that is closely followed and documented. The receipts and disbursements error of including voided checks and recoveries in the reported amounts was the policy of the University for several years. Once the auditors discovered these items were included, WVSU changed

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**2012-42 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(SEFA) (Continued)**

the policy and resubmitted a revised SEFA. See current year finding 2013-016.

**2012-43 SPECIAL TESTS AND PROVISIONS - ENROLLMENT
REPORTING
West Virginia State University
Partially Resolved**

WVSU will implement the following steps to ensure that enrollment reporting data is updated in a timely manner:

1. Financial Aid Counselors are responsible for checking the National Student Loan Data System (NSLDS) for their population of students they process.
2. Counselors will monitor their student populations when a change of status occurs and will make sure the NSDLS is reflected of the status change.
3. Transmissions to NSLDS will continue to occur monthly as scheduled.
4. The Director of Financial Aid will work closely with IT to determine if the transmission went through and if all records were transmitted successfully. If records are rejected the Director will review those records and provide the names to the counselors to manually update NSLDS. See current year finding 2013-028.

**2012-44 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2011-20 West Virginia University (WVU)
Resolved**

Corrective action taken in FY 2013.

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**2012-45 SPECIAL TESTS AND PROVISIONS - VERIFICATION
West Virginia University
Partially Resolved**

West Virginia University procedures for verifying the student aid application information will be enhanced to ensure the correct amounts for Adjusted Gross Income, U.S. income tax paid, and untaxed income and benefits are properly identified on the various tax forms. These procedures will be communicated to the Office of Financial Aid staff through individual training sessions. See current year finding 2013-024.

**2012-46 SPECIAL TESTS AND PROVISIONS – RETURN OF
TITLE IV FUNDS
West Virginia University
Partially Resolved**

West Virginia University implemented a quality assurance process whereby each month random Return of Title IV records were evaluated from start to finish assuring that refunds were calculated as well as returned to the federal government in accordance with federal guidelines. In addition, procedures to verify the accuracy of the refund calculation will be reviewed to explore methods that result in fewer errors. See current year finding 2013-027.

**2012-47 SPECIAL TESTS AND PROVISIONS – ENROLLMENT
REPORTING
2011-22 West Virginia University
Partially Resolved**

West Virginia University continues to work on procedures to identify and correct discrepancies in the student enrollment information which can lead to untimely notifications to the

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**2012-47 SPECIAL TESTS AND PROVISIONS – ENROLLMENT
REPORTING (Continued)**

U.S. Department of Education and NSLDS. A process has been developed to verify the self-reported student social security number in the Office of Admissions files with the student social security number from the FAFSA. This comparison needs to occur on a regular basis to ensure that any data discrepancies are corrected so the proper reporting can take place. See current year finding 2013-028.

**2012-48 INSTITUTIONAL ELIGIBILITY
West Virginia University-Parkersburg (WVUP)
Partially Resolved**

WVUP has ensured that our procedures and actions regarding SAP are fully compliant and consistent for all students. WVUP will review policies for potential revisions then update all policies and publications involving/ mentioning SAP. See current year finding 2013-032.

**2012-49 SPECIAL TESTS AND PROVISIONS – ENROLLMENT
REPORTING
West Virginia University-Parkersburg
Partially Resolved**

WVUP has reviewed current reporting timelines and the financial aid staff now has access to the National Clearinghouse. WVUP will work with their IT staff and the Clearinghouse to ensure they are promptly notifying the Department of Education and NSLDS of changes in a student's status is done accurately and timely. See current year finding 2013-028.

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2012-50 INDIRECT COST ALLOCATION

**West Virginia Division of Rehabilitation Services
Unresolved**

The West Virginia Division of Rehabilitation Services (DRS) will review all policies and procedures that are currently in place related to the allocation of indirect costs and develop any policies and procedures that may be needed to ensure compliance with OMB Circular A-87. The DRS will take corrective action to ensure that the methods for allocating indirect costs as described by the Circular are implemented on a consistent basis. See current year finding 2013-033.

**2012-51 DHHR INFORMATION SYSTEM AND RELATED BUSINESS
PROCESS CONTROLS**

**2011-46 Department of Health and Human Resources
2010-43 Partially Resolved**

2009-43

2008-55

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, DHHR implemented a detective control during 2012 to address demand payments (Security Level 15 access). With respect to automatic payments, DHHR restricts access to the FACTS and RAPIDS systems to a limited number of users and DHHR has controls in place to ensure that authorized individuals review information input into FACTS and RAPIDS. The

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**2012-51 DHHR INFORMATION SYSTEM AND RELATED
BUSINESS PROCESS CONTROLS (Continued)**

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 DHHR. DHHR will assess the possibility of implementing additional controls related to automatic payments. See current year finding 2013-034.

**2012-52 PROCUREMENT PROCEDURES
Department of Health and Human Resources and
Department of Environmental Protection
Resolved**

Corrective action taken in FY 2013.

**2012-53 TIME AND ATTENDANCE AUTHORIZATION
PROCEDURES**

**2011-47 Department of Health and Human Resources and
Department of Environmental Protection
Resolved**

**2010-44
2009-44**

Corrective action taken in FY 2013.

**2012-54 ELIGIBILITY
2011-42 Department of Health and Human Services
2010-38 Resolved**

**2009-40
2008-54
2007-55
2006-38
2005-45
2004-52
2003-55
2002-56**

Corrective action taken in FY 2013.

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2012-55 REPORTING
2011-45 Department of Health and Human Resources
Resolved

Corrective action taken in FY 2013.

2012-56 SPECIAL TESTS AND PROVISIONS - SANCTIONS
2011-44 Department of Health and Human Resources
2010-41 Partially Resolved

As related to the prior year findings, DHHR received a determination letter from the Federal government dated February 11, 2014 that was in DHHR's favor. As related to the current year (FY 2013) finding, the auditors reviewed the determination letter and recognized the statements made by the Federal government, which was that the auditors did not note any exceptions with sanctions imposed upon a TANF recipient, and that the policies and procedures within DHHR are adequate to resolve the finding. However, the auditors believe that the control documentation maintained by DHHR, to ensure that caseworkers have read and understand the policies and procedures surrounding the issuance or removal of sanctions, is insufficient. Therefore, DHHR plans to continue discussing with the auditors and addressing this matter in an effort to enhance the documentation maintained within DHHR surrounding internal controls. See current year finding 2013-036.

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2012-57 **ALLOWABILITY AND ELIGIBILITY**
2011-50 **Department of Health and Human Resources**
2010-46 **Partially Resolved**
2009-48
2008-59
2007-59
2006-43
2005-50

DHHR will continue to notify caseworkers if their files do not include the necessary documentation as required per policy and procedures, and will continue to work with caseworkers in an effort to prevent any repeat conditions. Furthermore, DHHR will develop a means to ensure, to the extent practicable and possible, that all caseworkers have read and understand the policies and procedures applicable to their particular areas of responsibility. See current year finding 2013-037.

2012-58 **DISASTER RECOVERY PLAN**
2011-51 **Department of Health and Human Resources**
2010-47 **Partially Resolved**
2009-50
2008-61
2007-62
2006-45

With respect to the prior year finding, DHHR had hoped to have a request for proposal issued by December 31, 2013, to have a vendor in place by June 30, 2014, to implement the document-imaging project throughout DHHR by February 28, 2015, and to apply the system to the resource and referral agencies by June 30, 2015. However, due to the complexities of the project and the need to revise the request for proposal to address certain needs of DHHR as a whole, DHHR did not issue the request for proposal by December 31, 2013. DHHR has a document-imaging group within DHHR that continues to work on this project and should be able to release the

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2012-58 DISASTER RECOVERY PLAN (Continued)

request for proposal soon. Given that the original estimates were conservative, DHHR should still be able to have a vendor in place by June 30, 2014, implement document imaging throughout DHHR by February 28, 2015, and roll it out to the resource and referral agencies by June 30, 2015. See current year finding 2013-038.

**2012-59 ELIGIBILITY DOCUMENTATION
Department of Health and Human Resources
Partially Resolved**

DHHR will continue to notify caseworkers if their files do not include the necessary documentation as required per policy and procedures, and will continue to work with caseworkers in an effort to prevent any repeat conditions. Furthermore, DHHR will develop a means to ensure, to the extent practicable and possible, that all caseworkers have read and understand the policies and procedures applicable to their particular areas of responsibility. See current year finding 2013-040.

**2012-60 RAPIDS USER GUIDE
Department of Health and Human Resources
Partially Resolved**

State Children's Health Insurance Program response
The Affordable Care Act changed regulations regarding premium collections and enrollment. Because of this, effective 10/1/2013, RAPIDS will better reflect enrollment of West Virginia Children's Health Insurance Program (WVCHIP) applicants as well as eligibility (it will hold eligibility and enrollment). Therefore, this situation should

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2012-60 RAPIDS USER GUIDE (Continued)

not be an issue in the future. See current year finding 2013-043.

Department of Health and Human Services response

DHHR reviewed the RAPIDS User Guide. While the finding repeated for the Fiscal Year Ended June 30, 2013, the finding related to a RAPIDS system work-around that was in effect for several years in order to create an eligibility record for the CHIP Premium category of Medical Assistance. The need for this work-around was eliminated with the implementation of the eligibility rules prescribed in the Patient Protection and Affordable Care Act in RAPIDS; effective October 1, 2013, a new CHIP Premium Medical Assistance Coverage Group (MGCP) was created, which should prevent a recurring condition of an applicant having a status of "closed" at the time of the claim. See current year finding 2013-043.

2012-61 ELIGIBILITY

2011-55 Department of Health and Human Resources

2010-52 Partially Resolved

2009-56

State Children's Health Insurance Program response

WVCHIP has post-enrollment processes in place to identify children enrolled that have obtained other insurance coverage. This was the case regarding the child that was covered by PEIA, the post-enrollment process worked appropriately, but there is a lag between when the child is enrolled and when information is available. See current year finding 2013-042.

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2012-61 ELIGIBILITY (Continued)

Department of Health and Human Services response

DHHR will continue to notify caseworkers if there are documented instances of incomplete applications or errors in eligibility determination, and will continue working with caseworkers in an effort to prevent any repeat conditions. Furthermore, DHHR will develop a means to ensure, to the extent practicable and possible, that all caseworkers have read and understand the policies and procedures applicable to their particular areas of responsibility. See current year finding 2013-042.

**2012-62 UNALLOWABLE COSTS - PERSONAL CARE SERVICES
Department of Health and Human Resources
Resolved**

Corrective action taken in FY 2013.

**2012-63 QUALITY CONTROL ERROR RATE
2011-57 Department of Health and Human Resources
2010-53 Resolved**

Corrective action taken in FY 2013.

**2011-9 FNS REVIEW
Department of Health and Human Resources
Partially Resolved**

DHHR submitted a draft copy of the memorandum of understanding to the United States Department of Agriculture on October 22, 2013. The Department of Agriculture submitted comments to DHHR on January 10, 2014. DHHR Office of Management Information Services continues to work with the WV Office of Technology (centralized IT office) in an effort to

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2011-9 FNS REVIEW (Continued)

finalize the memorandum of understanding and address the particular needs of the WV WIC program.

**2011-36 FISCAL OPERATIONS REPORT AND APPLICATION
TO PARTICIPATE
New River Community and Technical College**

Resolved

Corrective action taken in FY 2013.