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PE 17-08-602

REGULATORY BOARD REVIEW

BOARD OF ACCOUNTANCY

AUDIT OVERVIEW

The West Virginia Board of Accountancy Complies With Most of the General Provisions of Chapter 30 of the West Virginia Code

The West Virginia Board of Accountancy's Website Needs Only Modest Improvements to Enhance User-Friendliness and Transparency



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Note: On Monday, February 6, 2017, the Legislative Manager/Legislative Auditor's wife, Elizabeth Summit, began employment as the Governor's Deputy Chief Counsel. Most or all the actions discussed and work performed in this report occurred after this date. However, the Governor's Deputy Chief Counsel was not involved in the subject matter of this report, nor did the audit team have any communications with her regarding the report. As Deputy Chief Counsel, the Legislative Auditor's wife is not in a policy making position within the Executive Branch. Therefore, the Performance Evaluation and Research Division does not believe there are any threats to independence with regard to this report as defined in A3.06.a and A3.06.b of the Generally Accepted Government Auditing Standards. Furthermore, the Legislative Auditor has instructed the Director of Performance Evaluation and Research Division to document and discuss any issues he believes are a threat to the division's independence with the President of the Senate and the Speaker of the House due to Ms. Summit's position.

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EXECUTIVE SUMMARY

The Performance Evaluation and Research Division (PERD) within the Office of the Legislative Auditor conducted a Regulatory Board Review of the West Virginia State Board of Accountancy (Board) pursuant to West Virginia Code §4-10-10(b) (10). Objectives of this audit were to assess the Board's compliance with the provisions of Chapter 30 and other applicable laws, and evaluate the Board's website for user-friendliness and transparency. The issues of this report are highlighted below.

Frequently Used Acronyms in This Report:

PERD – Performance Evaluation and Research Division

CPE – Continuing Professional Education

Report Highlights:

Issue 1: The West Virginia Board of Accountancy Complies With Most of the General Provisions of Chapter 30 of the West Virginia Code.

- The Board is financially self-sufficient, accessible to the public, has established continuing education requirements, and maintains due process rights for licensees.
- The Board resolves complaints in a timely manner, however, on three occasions, the Board failed to adhere to *W.Va. Code §30-1-5(c)* and send a status report to the complainant within six months of the complaint being filed. Therefore, the Board should comply with statutory language and submit status report updates for all complaints filed.
- The Board does not have adequate segregation of duties due to having only three full-time staff members. However, the Board has established internal controls to reduce the risk of fraud.
- The Board has established an online payment system for licensees, but because it still receives payment by paper documents, the Board should consider utilizing the West Virginia State Treasurer's Office Lockbox System.

Issue 2: The West Virginia Board of Accountancy's Website Needs Only Modest Improvements to Enhance User-Friendliness and Transparency.

- The Board's website needs only modest improvement to enhance user-friendliness and transparency. Additional features should be considered to further improve user-friendliness, such as social media links, foreign language accessibility, RSS feeds, and an online survey/poll to gauge user feedback.

- The Board's website could benefit from additional transparency features such as graphic capabilities, audio/video features, a privacy policy, and performance measures.

PERD's Response to the Agencies' Written Response

PERD received the Board's response to the draft copy of the regulatory board review on October 27, 2017. The Board's response can be found in Appendix D. The Board agrees with recommendation one and states that it will comply. Per recommendation two, while the Board recognizes the benefit of the West Virginia State Treasurer's Office Lockbox System, it has reservations about the use of such a system. Specifically, the Board is concerned about the timing of check processing being before the Board can review applications, and would be forced to refund fees in the event of an application being rejected. Furthermore, as the Board is receiving more revenue through the use of online applications and renewals, the Board does not believe it is necessary to utilize the Lockbox System to process paper applications at this time. However, it is PERD's opinion the Board should consider the Lockbox System to minimize the handling of revenue by its staff. The Board states that while its current website, launched in March 2017, implemented several features related to transparency and user-friendliness, it will consider PERD's recommended improvements at its next scheduled meeting in January of 2018.

Recommendations

- 1. The Board should comply in all cases with West Virginia Code §30-1-d(c) and submit status reports to the party filing the complaint within six months after the complaint is initially filed if the complaint has not been resolved.*
- 2. The Board should consider utilizing the West Virginia State Treasurer's Office lockbox to process licensure fees and annual license applications and renewals and further reduce the risk of fraud.*
- 3. The Legislative Auditor recommends that the Board consider enhancing the user-friendliness and transparency of its website by incorporating more of the website elements identified.*

ISSUE1

The West Virginia Board of Accountancy Complies With Most of the General Provisions of Chapter 30 of the West Virginia Code.

Issue Summary

The Board of Accountancy (Board) is financially self-sufficient, accessible to the public, has established continuing education requirements, and maintains due process rights for licensees. However, the Board has had three instances in which a status report was not sent to the complainant within six months of the complaint being filed. The Board has three full-time staff members. To have adequate segregation of duties, there should be controls in place to prevent one person from performing two or more control activities associated with the four components of the cash handling process. Therefore, due to a lack of staff, the Board does not have adequate segregation of duties. However, the Board has reduced the risk of fraud by assigning each employee with more than one activity. The Board has established an online payment system for licensees, but still receives payment by paper documents, which must be handled and processed by the Board. Therefore, the Board should minimize the handling of revenue by considering utilization of the West Virginia State Treasurer's Office lockbox system.

The Board is in satisfactory compliance with most of the general provisions of Chapter 30 of West Virginia Code.

The Board Complies With Most of the General Provisions of Chapter 30 With One Exception.

The Board is in satisfactory compliance with most of the general provisions of Chapter 30 of *West Virginia Code*. These provisions are important for the effective operation of regulatory boards. The Board is in compliance with the following provisions:

- The Chair, Executive Director, or the Chief Financial Officer shall attend an orientation session conducted by the State Auditor (§30-1-2a(c)(2));
- The Board has adopted an official seal (§30-1-4);
- The Board meets at least once annually (§30-1-5(a));
- The Board's complaints are investigated and resolved with due process (§30-1-8);
- The Board has promulgated rules specifying the investigation and resolution procedure of all complaints (§30-1-8(k));
- The Board is financially self-sufficient in carrying out its responsibilities (§30-1-6(c));
- The Board has established continuing education requirements (§30-1-7a);

- The Board has a register of all applicants with appropriate information specified in code, such as the date of the application, name, age, education and other qualifications, place of residence, examination required, whether the license was granted or denied, any suspensions, etc. (§30-1-12(a));
- The Board has submitted an annual report to the Governor and Legislature describing transactions for the preceding two years (§30-1-12(b));
- The Board has complied with public access requirements as specified by (§30-1-12(c));
- A roster has been prepared and maintained of all licensees that includes names, and office addresses (§30-1-13);
- Each board member shall attend at least one orientation session during each term of office (§30-1-2a(c)(3)).

The Board is not in compliance with the following provision:

- The Board shall investigate and resolve complaints which it receives, and shall, within six months of the complaint being filed, send a status report to the party filing the complaint by certified mail with a signed return receipt and within one year of the status report's return receipt date issue a final ruling unless the party filing the complaint and the board agree in writing to extend the time for the final ruling (§30-1-5(c)).

The Board maintains an end-of-year cash balance that is in excess of one year of expenditures.

The Board Is Financially Self Sufficient.

The Board maintains an end-of-year cash balance that is in excess of one year of expenditures (see Table 1). *West Virginia Code §30-1-6(c)* requires boards to be financially self-sufficient. It is the Legislative Auditor's opinion that cash reserves in the amount of one to two times a board's annual expenditures are an acceptable level.

Table 1
Board of Accountancy Budget Information
FY 2014 - 2016

Fiscal Year	Beginning Cash Balance	Revenue	Disbursements	Ending Cash Balance
2014	622,927	361,873	422,697	562,103
2015	562,103	374,409	338,563	597,949
2016	597,950	371,965	338,326	631,589
Average	594,327	369,416	366,529	597,214

Source: West Virginia Financial Information Management System and Oasis.

The Board’s annual revenue comes from individual certified public accountant and firm fees for application, licensure, and renewals. Annual disbursements include staff salaries and benefits, utilities, and travel costs. Per the Board’s fiscal year (FY) 2016 annual report, there are 348 firms and 2,278 active licensees, with 1,728 practicing in West Virginia.

There are 348 firms and 2,278 active licensees, with 1,728 practicing in West Virginia.

West Virginia and surrounding states’ licensure and renewal fees can be seen in Table 2. Not only does West Virginia charge the highest initial licensure fee, when adjusted to an annual basis, they also have the highest renewal fee of the adjacent states.

Table 2 Board of Accountancy Licensure Fees for West Virginia and Surrounding States			
State	Initial Licensure Fee	Renewal Fee	Renewal Cycle
Kentucky	100	100	Biennial
Maryland	22	56	Annual
Ohio	0	155	Triennial
Pennsylvania	65	100	Biennial
Virginia	75	60	Annual
West Virginia	120	85	Annual

Sources: State licensure boards’ websites; W.Va. CSR 1-01.

The Board Resolves Complaints in a Timely Manner, but Status Reports Need to Be Sent in All Cases Within Six Months of the Complaint Being Filed.

The Legislative Auditor reviewed disciplinary data and complaints investigated by the Board for FY 2014 – 2016. Per *W. Va. CSR 1-3-5.1*, complaints against licensees can be filed with the Board by any person, firm, corporation, member of the Board, or public official. The Board provides a complaint form on its website, though complaints may be filed in any written form. Of the 21 grievances filed during our scope, none resulted in disciplinary action. Table 3 provides an overview of the complaints received and average time to resolve the complaints.

Of the 21 grievances filed during our scope, none resulted in disciplinary action.

Table 3
Complaint Decision Statistics
FY 2014 - 2016

Fiscal Year	Number of Complaints Received	Number of Cases with Disciplinary Actions	Average Resolution Time in Days
2014	10	0	135
2015	4	0	128
2016	7*	0	256

Source: West Virginia Board of Accountancy Annual Reports and Disciplinary Data.

**One complaint is currently open due to a pending decision by the West Virginia Supreme Court of Appeals.*

Therefore, the average resolution time was calculated on the basis of six complaints.

According to *W. Va. Code §30-1-5(c)*, each Chapter 30 board is required to close a complaint within 18 months of the initial filing. Furthermore, the Board is required to send status reports to the complainant six months after the complaint was initially filed if the case has not been resolved prior to six months. As shown in Table 3, the Board complies with closing complaints within the 18-month guideline. It should be noted that one complaint is still open through 18 months; however, the case was granted a stay and its closure is pending a decision by the West Virginia Supreme Court of Appeals.

The Board complies with closing complaints within the 18-month guideline.

During the scope of the audit, the Board had seven cases in which status reports were to be sent to the complainant six months after the complaint was initially filed. The Board adhered to the statutory requirement on four occasions. However, on three occasions, the Board failed to send a status report to the complainant within the required time frame. **The Board should comply with *West Virginia Code §30-1-5(c)* and submit status reports to the party filing the complaint within six months after the complaint is initially filed.**

On three occasions, the Board failed to send a status report to the complainant within the required time frame.

The Board Has Established Continuing Education Requirements.

The Board has established continuing education requirements for its licensees. *W. Va. CSR §1-1-7.3* states that each individual licensee is required to have 120 hours of continuing professional education (CPE) units during each rolling three-year period, with no less than 20 hours secured in any given year. Table 4 provides the continuing education requirements in West Virginia and the surrounding states.

State	CPE Hours	Renewal Period
Kentucky	80	Biennial
Maryland	80	Biennial
Ohio	20	Annual
Pennsylvania	80	Biennial
Virginia	20	Annual
West Virginia	20	Annual

Source: State's licensing board website and regulations.

Licenses have a period of one year to acquire 20 CPE hours relevant to the practice of public accountancy. Licensees are mailed CPE reporting forms in late November each year, then must complete the form by recording each course completed, including the name, provider, date, and CPE earned. Upon receipt by the Board, each form is reviewed for compliance with CPE Standards and Board Guidelines. Licensees who fail to meet CPE compliance are not eligible for licensure renewal for the following period. According to the Executive Director, due to each licensee being evaluated and reviewed the process can take some time, in fact, *“With approximately 2,200 licensees, this process takes the CPE Coordinator between 4 and 5 months to complete.”*

Upon receipt by the Board, each form is reviewed for compliance with CPE Standards and Board Guidelines.

The Board Has Internal Controls in Place, but Should Utilize the State Treasurer’s Lock Box System.

The Board has three full-time employees who are responsible for receiving and processing revenue payable by check and cash accompanied by paper applications or renewal forms; online renewals (and accompanying credit card payments) are processed through the State Treasurer’s Office. In order to have adequate segregation of duties, there should be controls in place that prevent one person from performing two or more control activities associated with purchasing and receiving revenue, such as authorizing transactions, receiving merchandise, receiving and depositing revenue, recording transactions, and maintaining custody of assets.

As an example of appropriate segregation of duties for handling cash, the West Virginia State Treasurer specifies in its *Cash Receipts Handbook for West Virginia Spending Units*, *“Unless otherwise authorized by the State Treasurer’s Office, an individual should not have the sole responsibility for more than one of the following cash handling components:”*

- collection,
- depositing,
- disbursement, and
- reconciling.

While the Board has an insufficient number of employees to maintain adequate segregation of duties, the Board has established internal controls to reduce the risk of fraud. For example, each staff member reviews documents, such as renewal forms for completeness, ensures the payment amount is correct, and records the payment by its pay code and status. After the checks are verified by each staff member, the administrative assistant takes the deposit to the bank and returns with the deposit ticket to turn in to the CPE coordinator for a signature and placement in the office safe. Finally, reconciliation is performed, by separate employees, on a daily, monthly, and quarterly basis.

In January 2016, the Board signed a contract with a software firm to create an online e-licensing system to handle all board operations for licensure. During FY 2016, 71 percent of the Board's revenue was administered online and 29 percent was processed by Board staff through paper documents. To minimize the handling of any revenue, the Board should consider the utilization of the State Treasurer's lockbox system. The State Treasurer's Office provides a lockbox operation whereby remittances can be picked up from a post office box, opened and sorted, imaged, deposited, and the information forwarded to the Board by the Treasurer's Office for a fee. Use of the lockbox operation helps to mitigate the risk of fraud and is beneficial to boards with little or no staff to handle such procedures. **Therefore, the Legislative Auditor recommends the Board consider utilizing the State Treasurer's lockbox to further reduce risk.**

Expenditures are made by the Board through P-card reconciliations and the OASIS financial system. However, the Board does not enter their own disbursements into the OASIS system. Instead, disbursements and P-Card reconciliations are mailed to the Department of Administration's Finance Division for processing. The Board President reviews and signs off on P-card purchases monthly and all P-card purchases are reviewed and ratified by the entire Board quarterly. Not all expenditures are completed by the P-card. For example, the Board does receive a request for payments by invoice from Conference Nation (a conference call provider) and all state services, such as the Attorney General's Office, Office Max, payroll processing fees, court reporters, and the Department of Administration. However, as with P-card transactions, the Board sends the invoices to the Department of Administration for processing through the OASIS financial system.

While the Board has an insufficient number of employees to maintain adequate segregation of duties, the Board has established internal controls to reduce the risk of fraud.

During FY 2016, 71 percent of the Board's revenue was administered online and 29 percent was processed by Board staff through paper documents.

In order to assess the risk of fraud and gain a reasonable assurance that fraud has not occurred, PERD examined the Board's revenue and expenditures. For revenue, PERD calculated the minimum expected revenue for the Board by multiplying annual individual renewal fees by the number of licensees for FY 2014 – 2016 and found that actual revenue exceeded expected revenue. There would be concern if expected revenues were significantly higher than actual revenues and would require additional inquiry by PERD. PERD did not tabulate the number of firms within expected revenues due to the renewal rate (\$100-\$300) being based on the number of employees within each firm. However, if all of the firms from each fiscal year were multiplied by the highest renewal rate, then added to the expected revenues seen in Table 5, the Board's actual revenues would still be higher than the expected revenues. Table 5 provides a comparison of actual and expected revenues for the Board.

Table 5
Board of Accountancy
Expected and Actual Revenues
FY 2014 - 2016

Fiscal Year	Expected Revenues	Actual Revenues
2014	192,695	361,873
2015	195,075	374,409
2016	193,630	371,965

Source: PERD calculations based on the Board's roster and fees, revenue data as compiled in the Digest of Revenue Sources in West Virginia, FY 2014 – 2016.

PERD also calculated the percentage of low-risk expenditures. PERD evaluated the Board's expenditures for FY 2014 – 2016 and determined that on average 87 percent of the Board's expenses consisted of expected and required expenditures to vendors. The Legislative Auditor's opinion is that when the Board's required expenditures are 90 percent or more of the Board's total annual expenditures, the likelihood of fraud having occurred on the expenditure side is relatively low. In the case of the Board of Accountancy, the Legislative Auditor finds no need for concern as their average score of 87 percent is in large part due to high spending (excess of \$10,000 annually) attributed to professional services from the State Attorney's office.

Table 6
Board of Accountancy
Percentage of Expected and Required Expenditures

Fiscal Year	Percent of Expected & Required Expenditures
2014	90
2015	87
2016	86

Source: PERD calculations based on State Auditor's Office data.

Conclusion

The Board complies with virtually all of the general provisions of Chapter 30. The only exception is the Board should adhere to W.Va. Code §30-1-5(c) and send official status reports to complainants within six months after the complaint is initially filed. Lastly, the West Virginia State Treasurer's Office lockbox should be utilized by the Board to process licensure fees and annual license application and renewals.

Recommendations

- 1. The Board should comply in all cases with West Virginia Code §30-1-5(c) and submit status reports to the party filing the complaint within six months after the complaint is initially filed if the complaint has not been resolved.*
- 2. The Board should consider utilizing the West Virginia State Treasurer's Office lockbox to process licensure fees and annual license application and renewal and further reduce risk.*

ISSUE 2

The West Virginia Board of Accountancy’s Website Needs Only Modest Improvements to Enhance User-Friendliness and Transparency.

Issue Summary

The Office of the Legislative Auditor conducted a literature review on assessments of governmental websites and developed an assessment tool to evaluate West Virginia’s state agency websites (see Appendix C). The assessment tool lists several website elements. Some elements should be included in every website, while other elements such as social media links, graphics, and audio/video features may not be necessary or practical for some state agencies. Table 7 indicates the Board integrates 64 percent of the checklist items in its website. This measure indicates that the Board has a good website and only modest improvements in user-friendliness and transparency are needed.

Substantial Improvement Needed	More Improvement Needed	Modest Improvement Needed	Little or No Improvement Needed
0-25%	26-50%	51-75%	76-100%
		64%	
<i>Source: The Legislative Auditor’s review of the West Virginia State Board of Accountancy website as of September 25, 2017.</i>			

The Board’s Website Scores Relatively High in User-Friendliness and Transparency

In order to actively engage with the agency online, citizens must first be able to access and comprehend the information on government websites. Therefore, government websites should be designed to be user-friendly. A user-friendly website is understandable and easy to navigate from page to page. Government websites should also provide transparency of an agency’s operation to promote accountability and trust.

The Legislative Auditor reviewed the Board’s website for both user-friendliness and transparency. As illustrated below in Table 8, the website requires modest improvement to increase its user-friendliness and transparency. **The Board should consider making modest website improvements to provide a better online experience for the public.**

Table 8
Website Evaluation Score

Category	Possible Points	Agency Points	Percentage
User-Friendly	18	11	61%
Transparency	32	21	66%
Total	50	32	64%

Source: The Legislative Auditor's review of the Board's website as of September 25, 2017.

The Board's Website Is Navigable but Could Use Modest User-Friendly Features.

The Board's website is easy to navigate, and according to the Flesch-Kincaid Test for readability, is written on an average 9th grade reading level, making it easy to understand.

User-Friendly Considerations

Although some items may not be practical for this board, the following are a few attributes that could improve user-friendliness:

- **Foreign Language Accessibility**- A link to translate all web pages into languages other than English.
- **Site Map**- A list of pages contained in a website that can be accessed by web crawlers and users.
- **Feedback Options**- A page where users can voluntarily submit feedback about the website or particular section of the website.
- **Online Survey/Poll**- A short survey that pops up and requests users to evaluate the website.
- **Social Media Links**- The website should contain buttons that allow users to post an agency's content to social media pages such as Facebook and Twitter.
- **RSS Feeds**- This allows subscribers to receive regularly updated work (i.e. blog posts, news stories, audio/video, etc.) in a standardized format.

The Board's website is easy to navigate, and according to the Flesch-Kincaid Test for readability, is written on an average 9th grade reading level, making it easy to understand.

The Website Has Good Transparency Features but Some Improvements Can Be Made.

A website that is transparent should promote accountability and provide information for citizens about how well the Board is performing, as well as encouraging public participation. The Board's website has 66 percent of the core elements that are necessary for a general understanding of the Board's mission and performance. The Board's website contains important transparency features such as email contact information, the agency's phone number, and public records such as statutes, rules, and meeting minutes.

Transparency Considerations

The Board should consider providing additional elements to the website to improve the Board's transparency. The following are a few attributes that could be beneficial:

- **Location of Agency Headquarters-** An embedded map that shows the Board's location.
- **Administrator's Biography-** A biography explaining the administrator's professional qualifications and experience.
- **Privacy Policy-** A clear explanation of the agency/state's online privacy policy.
- **Graphic Capabilities-** Allows users to access relevant graphics such as maps, diagrams, etc.
- **Audio/Video Features-** Allows users to access and download relevant audio and video content.
- **Performance Measures/Outcomes-** A page linked to the homepage explaining the agency's performance measures and outcomes.
- **Job Postings/Links to Personnel Division Website-** A section on the homepage for open job postings and a link to the application page.

The Board should consider providing additional elements to the website to improve the Board's transparency.

Conclusion

The Legislative Auditor finds only modest improvements are needed to the Board's website in the areas of user-friendliness and transparency. The website can benefit from incorporating several common features. The Board has pertinent public information on its website including its mission statement, rules and regulations, and a calendar of events. The Board's contact information is also provided, as are downloadable publications such as license application forms. However, providing website users with additional elements and capabilities, as suggested in the report, would improve user-friendliness and transparency.

Recommendation

- The Legislative Auditor recommends that the Board consider enhancing the user-friendliness and transparency of its website by incorporating more of the website elements identified.*

Appendix A Transmittal Letter

WEST VIRGINIA LEGISLATURE *Performance Evaluation and Research Division*

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John Sylvia
Director

October 24, 2017

Brenda Turley, Executive Director
West Virginia Board of Accountancy
405 Capitol Street, Suite 908
Charleston, WV 25301-1744

Dear Executive Director Turley:

This is to transmit a draft copy of the audit report. This report is tentatively scheduled to be presented during the November 12 - 14 interim meetings of the Joint Committee on Government Operations, and the Joint Committee on Government Organization. We will inform you of the exact time and location once the information becomes available. It is expected that a representative from your agency be present at the meeting to orally respond to the report and answer any questions committee members may have during or after the meeting.

If you would like to schedule an exit conference to discuss any concerns you may have with the report, please notify us by October 31st, 2017. In addition, we need your written response by noon on Friday, November 3rd, 2017, in order for it to be included in the final report. If your agency intends to distribute additional material to committee members at the meeting, please contact the House Government Organization staff at 304-340-3192 by Thursday, November 9th, 2017, to make arrangements.

We request that your personnel not disclose the report to anyone not affiliated with your agency. Thank you for your cooperation.

Sincerely,

A handwritten signature in blue ink that reads "John Sylvia".

John Sylvia

Enclosure

Joint Committee on Government and Finance

Appendix B

Objective, Scope and Methodology

The Performance Evaluation and Research Division (PERD) within the Office of the Legislative Auditor conducted this Regulatory Board Review of the West Virginia Board of Accountancy (Board) as required and authorized by the West Virginia Performance Review Act, Chapter 4, Article 10, of the *West Virginia Code (WVC)*, as amended. As established in *West Virginia Code* §30-9, the purpose of the Board is to protect the public interest in receiving accurate and reliable financial information and assurance.

Objectives

The objectives of this regulatory board review are to assess the Board's compliance with the general provisions of Chapter 30, Article 1, of the *West Virginia Code*; the Board's enabling statute (*WVC* §30-9-et al.); and the Board's handling of complaints. Finally, it is also the objective of the Legislative Auditor to assess the Board's website for user-friendliness and transparency.

Scope

The regulatory board review included an assessment of the Board's financial internal controls; policy and procedures regarding internal controls and complaints; meeting minutes; complaint files from fiscal years 2014 through 2016; complaint-resolution process; disciplinary procedures and actions; revenues and expenditures for the period of fiscal years 2014 through 2016; continuing education requirements and verification; the Board's compliance with the general statutory provisions (*WVC* §30-1-et al.) for regulatory boards and other applicable laws; and key features of the Board's website.

Methodology

PERD gathered and analyzed several sources of information and conducted audit procedures to assess the sufficiency and appropriateness of the information used as audit evidence. The information gathered and audit procedures are described below.

Testimonial evidence was gathered for this review through interviews or discussions with the Board's staff and confirmed by written statements. PERD staff made multiple visits to the Board's office to review files and meet with staff. PERD collected and analyzed the Board's meeting minutes, complaint data, budgetary information, annual reports, procedures for investigating and resolving complaints, continuing education, and procedures for collecting revenue and disbursing expenditures. Information was gathered from Ohio, Virginia, Pennsylvania, Kentucky, and Maryland's regulatory boards regarding their continuing education requirements and license fee structures.

The Legislative Auditor also tested the Board's expenditures for fiscal years 2014 through 2016 to assess risks of fraud on the expenditure side. The test involved determining if low-risk expenditures were at least 90 percent of total expenditures. Some low-risk expenditures include various payroll expenses, board-member compensation, and office rent and utilities.

Additionally, the Legislative Auditor compared the Board's actual revenue to expected revenue in order to assess the risks of fraud, and to obtain reasonable assurance that revenue figures were sufficient and

appropriate. Expected revenues were approximated by applying license fees to the number of licensees for the period of fiscal years 2014 through 2016.

In order to evaluate state agency websites, the Legislative Auditor conducted a literature review of government websites, reviewed top-ranked government websites, and reviewed the work of groups that rate government websites in order to establish a master list of essential website elements. The Brookings Institute's "2008 State and Federal E-Government in the United States," and the Rutgers University's 2008 "*U.S. States E-Governance Survey (2008): An Assessment of State Websites*," helped identify the top ranked states in regard to e-government. The Legislative Auditor identified three states (Indiana, Maine, and Massachusetts) that were ranked in the top 10 in both studies and reviewed all 3 states' main portals for trends and common elements in transparency and open government. The Legislative Auditor also reviewed a 2010 report from the West Virginia Center on Budget and Policy that was useful in identifying a group of core elements from the master list that should be considered for state websites to increase their transparency and e-governance. It is understood that not every item listed in the master list is to be found in a department or agency website because some technology may not be practical or useful for some state agencies. Therefore, the Legislative Auditor compared the Board's website to the established guidelines for user-friendliness and transparency so that the Board can determine if it is progressing in step with the e-government movement and if improvements to its website should be made.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix C

Website Criteria Checklist and Points System

West Virginia State Board of Accountancy			
User-Friendly	Description	Total Points Possible	Total Agency Points
Criteria	The ease of navigation from page to page along with the usefulness of the website.	18	11
		Individual Points Possible	Individual Agency Points
Search Tool	The website should contain a search box (1), preferably on every page (1).	2 points	2
Help Link	There should be a link that allows users to access a FAQ section (1) and agency contact information (1) on a single page. The link's text does not have to contain the word help, but it should contain language that clearly indicates that the user can find assistance by clicking the link (i.e. "How do I...", "Questions?" or "Need assistance?")	2 points	2
Foreign language accessibility	A link to translate all webpages into languages other than English.	1 point	0
Content Readability	The website should be written on a 6 th -7 th grade reading level. The Flesch-Kincaid Test is widely used by Federal and State agencies to measure readability.	No points, see narrative	
Site Functionality	The website should use sans serif fonts (1), the website should include buttons to adjust the font size (1), and resizing of text should not distort site graphics or text (1).	3 points	3
Site Map	A list of pages contained in a website that can be accessed by web crawlers and users. The Site Map acts as an index of the entire website and a link to the department's entire site should be located on the bottom of every page.	1 point	0
Mobile Functionality	The agency's website is available in a mobile version (1) and/or the agency has created mobile applications (apps) (1).	2 points	1
Navigation	Every page should be linked to the agency's homepage (1) and should have a navigation bar at the top of every page (1).	2 points	2

West Virginia State Board of Accountancy			
FAQ Section	A page that lists the agency's most frequent asked questions and responses.	1 point	1
Feedback Options	A page where users can voluntarily submit feedback about the website or particular section of the website.	1 point	0
Online survey/poll	A short survey that pops up and requests users to evaluate the website.	1 point	0
Social Media Links	The website should contain buttons that allow users to post an agency's content to social media pages such as Facebook and Twitter.	1 point	0
RSS Feeds	RSS stands for "Really Simple Syndication" and allows subscribers to receive regularly updated work (i.e. blog posts, news stories, audio/video, etc.) in a standardized format.	1 point	0
Transparency	Description	Total Points Possible	Total Agency Points
Criteria	A website which promotes accountability and provides information for citizens about what the agency is doing. It encourages public participation while also utilizing tools and methods to collaborate across all levels of government.	32	21
		Individual Points Possible	Individual Agency Points
Email	General website contact.	1 point	1
Physical Address	General address of stage agency.	1 point	1
Phone Number	Correct phone number of state agency.	1 point	1
Location of Agency Headquarters	The agency's contact page should include an embedded map that shows the agency's location.	1 point	0
Administrative officials	Names (1) and contact information (1) of administrative officials.	2 points	1
Administrator(s) biography	A biography explaining the administrator(s) professional qualifications and experience.	1 point	0
Privacy policy	A clear explanation of the agency/state's online privacy policy.	1 point	0

West Virginia State Board of Accountancy			
Public Records	<p>The website should contain all applicable public records relating to the agency's function. If the website contains more than one of the following criteria the agency will receive two points:</p> <ul style="list-style-type: none"> • Statutes • Rules and/or regulations • Contracts • Permits/licensees • Audits • Violations/disciplinary actions • Meeting Minutes • Grants 	2 points	2
Complaint form	A specific page that contains a form to file a complaint (1), preferably an online form (1).	2 points	2
Budget	Budget data is available (1) at the checkbook level (1), ideally in a searchable database (1).	3 points	1
Mission statement	The agency's mission statement should be located on the homepage.	1 point	1
Calendar of events	Information on events, meetings, etc. (1) ideally imbedded using a calendar program (1).	2 points	2
e-Publications	Agency publications should be online (1) and downloadable (1).	2 points	2
Agency Organizational Chart	Anarrativedescribingtheagencyorganization (1), preferably in a pictorial representation such as a hierarchy/organizational chart (1).	2 points	2
Graphic capabilities	Allows users to access relevant graphics such as maps, diagrams, etc.	1 point	0
Audio/video features	Allows users to access and download relevant audio and video content.	1 point	0
FOIA information	Information on how to submit a FOIA request (1), ideally with an online submission form (1).	2 points	2

West Virginia State Board of Accountancy			
Performance measures/ outcomes	A page linked to the homepage explaining the agency's performance measures and outcomes.	1 point	0
Agency history	The agency's website should include a page explaining how the agency was created, what it has done, and how, if applicable, has its mission changed over time.	1 point	1
Website updates	The website should have a website update status on screen (1) and ideally for every page (1).	2 points	2
Job Postings/links to Personnel Division website	The agency should have a section on homepage for open job postings (1) and a link to the application page Personnel Division (1).	2 points	0

Appendix D Agency Response

West Virginia Board of Accountancy

405 Capitol Street, Suite 908
Charleston, West Virginia 25301-1744

Jim Justice, Governor

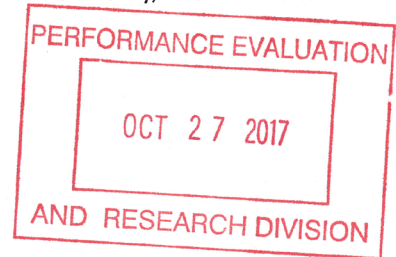


October 26, 2017

John Sylvia, Director
Performance Evaluation and Research Division
West Virginia Legislature
Building 1, Room W-314
Charleston, WV 25305-0610

Board Members:
Jon W. Cain, Sr., CPA - President
Louis J. Costanzo, III, CPA - Vice President
Robin M. Baylous, CPA - Secretary
Richard A. Riley, Jr. CPA, PhD, CFE, CFF, Assist. Sec.
Horace W. Emery, CPA
Theodore A. Lopez, CPA
Matthew R. Bowles, Esq. - Public Member

Brenda S. Turley, Executive Director



Re: 2017 Legislative Audit - West Virginia Board of Accountancy

Dear Mr. Sylvia:

Thank you for the draft copy of the audit report to be submitted to the Joint Committee on Government Operations and the Joint Committee on Government Organization during the interim meetings on November 12-14, 2017.

With response to the Recommendations provided by the Performance Evaluation Division, please see the following:

Recommendation 1:

The Board should comply in all cases with the West Virginia Code § 30-1-5(c) and submit status reports to the party filing the complaint within six months after the complaint is initially filed if the complaint has not been resolved.

The Board agrees and will comply with this recommendation.

Recommendation 2:

The Board should consider utilizing the West Virginia State Treasurer’s Office lockbox to process licensure fees and annual license applications and renewals and further reduce risk.

The Lockbox System provided by the West Virginia State Treasurer’s Office is a good resource for those agencies that have few employees. However, one drawback is that the checks are processed and deposited before Board staff can review the application to determine if the applicant meets Board requirements. Once the check is deposited, the Board must request that the fees be refunded if the applicant does not qualify. Requesting a refund check to be cut is costly to the Board and the applicant must wait for the check to be received by mail.

As mentioned in your report, the Board of Accountancy has acquired an e-licensing system and has been working with the provider to customize it to our specifications. Some online applications are already available for use, with the rest to be released within a few months. All licensees were able to renew via the new online service during the last renewal period. When all applications have

Response to Performance Evaluation Recommendations
October 26, 2017

Page 2 of 2

been customized and are available through the online portal, the Board anticipates that over 90% of the revenue collected will be processed via credit card through the West Virginia State Treasurer's portal. Therefore, with the Board moving more and more toward revenue collection through online applications and renewals, the Board does not believe it is necessary to engage the Treasurer's Lockbox System to process paper applications at this time.

Recommendation 3:

The Legislative Auditor recommends that the Board consider enhancing the user-friendliness and transparency of its website by incorporating more of the website elements identified.

The current website was launched in March 2017 with the implementation of the new e-licensing system. The website was designed with public education, information and protection as the primary consideration. Several current features did not exist on the previous web site, such as:

- ▶ Purpose and Mission Statement,
- ▶ Q&A Pages,
- ▶ Public Records and FOIA Requests,
- ▶ Online Complaint Form,
- ▶ Enhanced License and Firm Verification,
- ▶ Annual Reports,
- ▶ Meeting Minutes and Agendas,
- ▶ Web Site Updates,
- ▶ Calendar of Events, and
- ▶ Mobile Functionality.

Transparency Considerations as well as the User-Friendly Criteria provided by the Legislative Auditor were reviewed and the Board believes that incorporating the following additional functionality would be beneficial toward meeting our goal of protecting the public:

1. Privacy Policy,
2. Foreign Language Accessibility, and
3. Feedback Options.

The Board will review the complete listing of user-friendly criteria provided by the Legislative Auditor at its next scheduled meeting in January 2018 to determine if there are other features that can be added to the web site as well.

Thank you for the opportunity to respond to your recommendations. If you or the Joint Committees need additional information, please feel free to contact me.

Respectfully submitted,



Brenda S. Turley
Executive Director



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