

WEST VIRGINIA LEGISLATIVE AUDITOR'S OFFICE
Post Audit Division



1900 Kanawha Blvd. East, Room W-329
Charleston, WV 25305-0610
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Denny Rhodes
Director

March 22, 2018

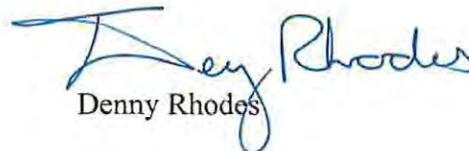
Lori J. Paletta- Davis, Esq. Administrative Counsel
WV Supreme Court of Appeals
Capitol Complex
1900 Kanawha Blvd., East
Building 1, Room E-100
Charleston, WV 25305-0830

Dear Ms. Paletta-Davis:

Enclosed is our summary of the meeting with Ms. Tammy Smith, held on March 19, 2018. We would like to request that Ms. Smith review this summary for accuracy. Any inaccuracies or necessary clarifications should be noted on the summary document and sent back to us at your earliest convenience, but no later than Thursday, March 29, 2018. We will correct those noted discrepancies and send the corrected summary back for a final review and approval. If no discrepancies are noted, we ask that a letter from Ms. Smith be sent to us indicating that our summary of the meeting is accurate. Also, we request that she sign the first page of the summary and initial each subsequent page and return this signed and initialed summary back to us with her letter indicating its accuracy. Please thank Ms. Smith for her cooperation in this matter.

If you have any questions regarding this request, please feel free to contact me. Thank you for your assistance.

Sincerely,



Denny Rhodes

Post Audit Meeting Summary

Tammy Smith, Director of Payroll, West Virginia Supreme Court of Appeals

Purpose: To Discuss Taxable Fringe Benefits

March 19, 2018

Meeting Attendees

Denny Rhodes, Director, Post Audit Division
Justin Robinson, Audit Manager, Post Audit Division
Judy Strawderman, Auditor, Post Audit Division
Doren Burrell, Legislative Services Attorney

Tammy Smith, Director of Payroll, West Virginia Supreme Court of Appeals
Lori Paletta-Davis, Administrative Counsel, West Virginia Supreme Court of Appeals

Background

Ms. Smith has been with the WV Supreme Court of Appeals since May 1998. She became the Director of Payroll July 1, 2016. She took over from Chris Workman. Prior to becoming Director, she was an administrator in personnel, payroll, and human resources.

Involvement with 941s and payroll adjustments

- Aided in the development of recap sheets, examining all W-2 information, FICA, etc. and matched with the Epics report to check for accuracy.
- Ms. Smith worked with Chris Workman and Janis Kitzmiller to develop the compilation of materials.
- Adjustments were usually leave related: medical leave, family leave, and needs to be off payroll. There were no other circumstances which required adjustment.
- When Ms. Smith was asked about her knowledge of Justice Ketchum using a vehicle for commuting purposes she stated she did not know anything about it.
- An adjustment was made for an employee of the court, Scott Conrad. This was back in 2008-2009. Mr. Conrad was an IT worker for the court and was using a van to go to all counties. Michael Proops, Finance Manager for the court, determined the IRS commuter rule of \$1.50/day would be necessary to do a fringe benefit adjustment. Ms. Smith indicated for Mr. Conrad there was a list of dates to which the \$1.50/day was applied but there were no mileage records kept. Ms. Smith had no input in making the \$1.50/day determination, but she did devise a form for them to use. Prior to this time there were no forms or policy for this type of situation.

- When Ms. Smith was asked if she was aware of any other similar situations requiring an adjustment for commuting since Mr. Conrad's she stated she was unaware of any.
- When asked if she had ever made an adjustment for Justice Ketchum, she indicated that if she wasn't provided with information, she cannot make an adjustment.
- In her role, Ms. Smith is unaware of vehicle usage.
- Ms. Smith is not a CPA.
- There have been no questionnaires on the potential possibility of taxable fringe benefits.
- Ms. Smith works closely with Ms. Sue. Racer-Troy on budgeting issues, but otherwise is not closely involved with her.
- Ms. Smith is unaware of any need for current fringe benefits to be recorded or W-2's to be modified.
- Ms. Paletta-Davis indicated there has been no communication to Ms. Smith related to a potential commuting issue.
- Ms. Smith did not know if the same rules would apply to the Justices as to a regular employee in terms of commuting. She did not know if she would be able to do a W-2c for something in the past.
- Ms. Paletta-Davis indicated there had been adjustments to procedures after the IRS audit and the \$.15/mile rule was in use and this was considered taxable as income.